CITY OF ATLANTA, GEORGIA
OFFER TO TENDER BONDS
made by

CITY OF ATLANTA, GEORGIA

to the Holders described herein of all or any portion of the maturities listed on pages (iv) - (v) herein of the

CITY OF ATLANTA

Water and Wastewater Revenue Refunding Bonds, Series 2017A

Water and Wastewater Revenue and Revenue Refunding Bonds, Series 2018B

Water and Wastewater Revenue Refunding Bonds, Series 2018C

Water and Wastewater Revenue Refunding Bonds, Series 2019

Water and Wastewater Revenue Refunding Bonds, Taxable Series 2020

THE TENDER OFFER WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON MONDAY, MAY 11, 2026, UNLESS THE OFFER IS EARLIER TERMINATED, MODIFIED OR EXTENDED AS DESCRIBED HEREIN. TENDERED BONDS MAY BE WITHDRAWN AT ANY TIME PRIOR TO THE EXPIRATION DATE

This Offer to Tender Bonds, dated April 28, 2026 (as it may be amended or supplemented, this "**Offer**"), describes an offer by the City of Atlanta, Georgia (the "**City**"), with the assistance of Goldman Sachs & Co. LLC and Loop Capital Markets LLC (each a "**Dealer Manager**" and together, "**Dealer Managers**"), to the beneficial owners (the "**Holders**" or "**Bondholders**") of certain of the City's outstanding bonds of the series and maturities listed on pages (iv)-(v) of this Offer (collectively, the "**Bonds**" or the "**Target Bonds**") to tender such Target Bonds for purchase for consideration in the form of cash (the "**Tender Offer**" or the "**City Offer**") at purchase prices (collectively, the "**Purchase Prices**") to be determined as follows:

(a) with respect to the *federally tax-exempt Bonds* as listed on pages (iv)-(v) of this Offer (the "***Tax-Exempt Target Bonds***"), the offer prices will be based on the fixed spread, which will be confirmed or amended in the Pricing Notice, which is expected to be dated on or about May 1, 2026 (as may be amended and supplemented, the "***Pricing Notice***,") to be added to the yield on the relevant benchmark BVAL Index (as defined herein) as set forth on pages (iv)-(v). The applicable BVAL Index for a CUSIP will be the BVAL Index yield (the "**BVAL Yield**") for the month and year corresponding to the maturity of such Bonds, as set forth in the Monthly Value Table as of the Determination of Purchase Prices, as shown on the EMMA Website at the following

address: https://emma.msrb.org/ToolsAndResources/BloombergYieldCurve?daily=True and accessed by the link to Monthly Value Table and will be determined at close of business New York City time on May 11, 2026.

and

(b) with respect to the *federally taxable Bonds* as listed on page (v) of this Offer (the "***Taxable Target Bonds***"), the offer prices will be based on the fixed spread, which will be confirmed or amended in the Pricing Notice, to be added to the yields on certain reference United States Treasury Securities (each a "**Benchmark Treasury Security**") as set forth on page (v).

plus, in each case, Bondholders who tender Target Bonds will receive accrued and unpaid interest on the Target Bonds accepted for purchase from the last interest payment date up to but not including the Settlement Date (as defined below) ("**Accrued Interest**").

On or about May 1, 2026, the City expects to publish the Pricing Notice, which will confirm or amend the fixed spreads set forth on pages (iv)-(v) of this Offer (collectively, the "**Fixed Spreads**") for each respective CUSIP of the Target Bonds.

If issued, the City's Water and Wastewater Subordinate Lien Revenue and Revenue Refunding Bonds, Series 2026 (the "Series 2026 Bonds") will be dated as of the Settlement Date, and be issued in the manner, on the terms and with the security therefor described in the Preliminary Official Statement relating to the Series 2026 Bonds attached hereto as **Appendix A** (the "**2026 POS**"), as completed by a final official statement.

Subject to the terms and conditions of the City Offer, the City will purchase Target Bonds tendered for purchase on May 21, 2026, unless such date is extended by the City (such date being the "**Settlement Date**"), assuming all conditions to the City Offer have then been satisfied or waived by the City, provided that such Target Bonds have been validly tendered for purchase by the Offer Expiration Date set forth below. Bondholders who tender Target Bonds for purchase will receive Accrued Interest on such Target Bonds on the Settlement Date. The source of funds to purchase the Target Bonds validly tendered for purchase pursuant to the Tender Offer and not validly withdrawn ("**Tendered Bonds**") with respect to the principal amount thereof will be limited to proceeds of the Series 2026 Bonds anticipated to be issued on the Settlement Date, together with any funds of the City's Water and Wastewater System, as determined in the City's sole discretion. In accordance with the Series 2026 Bond Ordinance and the related Series 2026 Supplemental Pricing Ordinance, a portion of such proceeds will be deposited into a separate fund to be known as the "**Tendered Bonds Purchase Fund**" for application to the payment of the Purchase Prices for Tendered Bonds accepted (and not validly withdrawn) for purchase by the City ("**Purchased Bonds**"). The payment of Accrued Interest on Purchased Bonds will be funded from amounts on deposit in applicable debt service subaccounts established pursuant to the Bond Ordinance, or from other available funds of the City, as determined by the City. The purchase of any Tendered Bonds is contingent on the issuance and delivery of the Series 2026 Bonds. The consummation of the City Offer is also subject to certain other conditions, including, without limitation, the Financing Conditions (as defined herein). See "**INTRODUCTION – Financing Conditions**" and "**TERMS OF THE CITY OFFER – Conditions to Purchase**" herein.

HOLDERS OF TARGET BONDS WHO DO NOT ACCEPT THE CITY OFFER, AS WELL AS HOLDERS OF TARGET BONDS WHO TENDER TARGET BONDS FOR PURCHASE WHEREIN THE CITY IN ITS SOLE DISCRETION DOES NOT ACCEPT SUCH TENDER FOR PURCHASE, WILL CONTINUE TO HOLD SUCH BONDS (THE "UNPURCHASED BONDS") AND SUCH UNPURCHASED BONDS WILL REMAIN OUTSTANDING UNDER THE BOND ORDINANCE PURSUANT TO WHICH SUCH UNPURCHASED BONDS WERE ORIGINALLY ISSUED. THE CITY MAY, SUBJECT TO MARKET CONDITIONS AND IN ITS SOLE DISCRETION, REFUND OR DEFEASE TO THE APPLICABLE MATURITY DATE SOME OR ALL OF THE TARGET BONDS NOT TENDERED OR PURCHASED PURSUANT TO THE TENDER OFFER USING A PORTION OF THE PROCEEDS RECEIVED BY IT FROM THE SALE AND ISSUANCE OF THE SERIES 2026 BONDS AND OTHER FUNDS OF THE CITY. See "INTRODUCTION – Bonds Not Tendered for Purchase" and "ADDITIONAL CONSIDERATIONS" herein.

To make an informed decision as to whether, and how, to tender Target Bonds for purchase pursuant to the Tender Offer, Bondholders must read this Offer carefully, including APPENDIX A, and consult with their broker, account executive, financial advisor, attorney and/or other professionals. For more information about risks concerning the City Offer, please see "**ADDITIONAL CONSIDERATIONS**" herein.

Any Bondholder wishing to accept the City Offer to purchase Target Bonds pursuant to this Offer should follow the procedures more specifically described herein. Bondholders and their brokers and account executives with questions about this Offer should contact the Dealer Managers or the Information Agent and Tender Agent.

Key Dates and Times

All of these dates and times are subject to change. All times are New York City time. Notices of changes will be sent in the manner provided for in this Offer.

Launch Date and 2026 POS Date	Before 12:00 p.m. on April 28, 2026
Pricing Notice	May 1, 2026
Tender Offer Expiration Date ("Offer Expiration Date")	5:00 p.m. on May 11, 2026
Preliminary Notice of Acceptance	May 12, 2026
Determination of Purchase Prices	Approximately 10:30 a.m. on May 12, 2026
Notice of Purchase Prices	May 12, 2026
Notice of Final Acceptance ("Offer Acceptance Date")	May 13, 2026
Settlement Date	May 21, 2026

The Dealer Managers for the City Offer are:

Goldman Sachs & Co. LLC
Loop Capital Markets LLC

The Information Agent and Tender Agent for the City Offer is:

Globic Advisors Inc.

BONDS SUBJECT TO THE TENDER OFFER

Water and Wastewater Revenue Refunding Bonds, Series 2017A

Series	CUSIP*	Maturity Date	Interest Rate	Par Amount Outstanding	Reference BVAL Index	Indicative Fixed Spreads (Basis Points)^
2017A	047870NQ9	11/1/2028	5.00%	12,275,000	Nov-28	-7
2017A	047870NY2	11/1/2036	4.00%	19,130,000	Nov-36	0

Water and Wastewater Revenue and Revenue Refunding Bonds, Series 2018B

Series	CUSIP*	Maturity Date	Interest Rate	Par Amount Outstanding	Reference BVAL Index	Indicative Fixed Spreads (Basis Points)^
2018B	047870QE3	11/1/2028	5.00%	7,430,000	Nov-28	-7
2018B	047870QF0	11/1/2029	5.00%	7,810,000	Nov-29	-22
2018B	047870QL7	11/1/2034	4.00%	9,980,000	Nov-34	-18
2018B	047870QM5	11/1/2035	4.00%	10,385,000	Nov-35	-9
2018B	047870QN3	11/1/2036	4.00%	10,810,000	Nov-36	0
2018B	047870QP8	11/1/2037	4.00%	11,255,000	Nov-37	9
2018B	047870QQ6	11/1/2038	4.00%	11,710,000	Nov-38	7
2018B	047870SR2	11/1/2043	5.00%	2,525,000	Nov-43	-47
2018B	047870QR4	11/1/2043	3.50%	30,000,000	Nov-43	31
2018B	047870QT0	11/1/2047	5.00%	65,680,000	Nov-47	-59

Water and Wastewater Revenue Refunding Bonds, Series 2018C

Series	CUSIP*	Maturity Date	Interest Rate	Par Amount Outstanding	Reference BVAL Index	Indicative Fixed Spreads (Basis Points)^
2018C	047870QZ6	11/1/2028	5.00%	15,300,000	Nov-28	-7
2018C	047870RA0	11/1/2029	5.00%	16,050,000	Nov-29	-22
2018C	047870RJ1	11/1/2037	4.00%	23,580,000	Nov-37	9
2018C	047870RK8	11/1/2038	4.00%	24,500,000	Nov-38	7

Water and Wastewater Revenue Refunding Bonds, Series 2019

Series	CUSIP*	Maturity Date	Interest Rate	Par Amount Outstanding	Reference BVAL Index	Indicative Fixed Spreads (Basis Points)^
2019	047870RU6	11/1/2031	5.00%	7,450,000	Nov-31	-3
2019	047870RV4	11/1/2032	5.00%	7,930,000	Nov-32	-10
2019	047870RW2	11/1/2033	4.00%	6,615,000	Nov-33	-1
2019	047870RX0	11/1/2034	4.00%	8,560,000	Nov-34	0
2019	047870RY8	11/1/2035	4.00%	8,325,000	Nov-35	10
2019	047870SB7	11/1/2038	4.00%	10,030,000	Nov-38	29

Water and Wastewater Revenue Refunding Bonds, Taxable Series 2020

Series	CUSIP*	Maturity Date	Interest Rate	Par Amount Outstanding	Benchmark Treasury Security	Indicative Fixed Spreads (Basis Points)^
2020	047870SK7	11/1/2027	1.265%	7,255,000	2-year	-15
2020	047870SL5	11/1/2028	1.537%	25,695,000	2-year	-15
2020	047870SM3	11/1/2029	1.637%	25,630,000	3-year	-12
2020	047870SN1[1]	11/1/2035	2.257%	301,885,000	10-year	-20
2020	047870SP6[2]	11/1/2043	2.913%	101,800,000	20-year	-5

* CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by FactSet Research Systems Inc., on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. CUSIP numbers are provided for convenience of reference only. Neither the City, the Dealer Managers, the Information Agent and the Tender Agent nor their respective agents or counsel assume responsibility for the accuracy of such numbers.

§ Preliminary, subject to change. Purchase Price excludes Accrued Interest. Final Purchase Price will be included in the Notice of Purchase Prices.

Note: Each Benchmark Treasury Security, if applicable, will be the most recently auctioned "on-the-run" U.S. Treasury Security for the maturity indicated as of the date and time that the Purchase Price for the Target Bonds is set.

1. Will be priced to the average life date of 5/9/2034
2. Will be priced to the average life date of 11/8/2042

^ Fixed Spreads are shown in basis points and do not include Accrued Interest on the Bonds tendered for purchase and are preliminary and subject to change.

IMPORTANT INFORMATION

This Offer and other information with respect to the Tender Offer are and will be available from Goldman Sachs & Co. LLC and Loop Capital Markets LLC (each a "**Dealer Manager**" and together, the "**Dealer Managers**") and Globic Advisors Inc. (the "**Information Agent and Tender Agent**") at http://emma.msrb.org and https://www.globic.com/atlww. Bondholders wishing to tender their Target Bonds for purchase pursuant to the Tender Offer should follow the procedures described in this Offer. The City reserves the right to cancel, modify or extend the Tender Offer at any time on or prior to the Offer Expiration Date, and reserves the right to make a future tender offer at prices different than the prices described herein or a future exchange offer for new bonds, in each case in its sole discretion. The City will have no obligation to purchase Tendered Bonds if cancellation or modification of this Offer occurs or if the City is unable to issue the Series 2026 Bonds. The City reserves the right to accept nonconforming tenders or waive irregularities in any tender. Though it may not be economic on the date of this Offer, the City also reserves the right in the future and at the City's sole discretion to refund (on an advance or current basis) any remaining portion of outstanding Target Bonds through the issuance of publicly offered bonds, through the issuance of privately placed bonds or with other legally available funds of the City's Water and Wastewater System, as determined in the City's sole discretion (or any combination of the foregoing). The consummation of the City Offer is also subject to certain other conditions, including, without limitation, the Financing Conditions (as defined herein) that are anticipated to occur after the Offer Expiration Date but prior to the Settlement Date.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THIS OFFER OR PASSED UPON THE FAIRNESS OR MERITS OF THIS OFFER OR UPON THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED IN THIS OFFER. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

This Offer is not being extended to, and Bonds tendered in response to this Offer will not be accepted from or on behalf of, Bondholders in any jurisdiction in which this Offer or such acceptance thereof would not be in compliance with the laws of such jurisdiction. In any jurisdictions where the securities, "blue sky," or other laws require this Offer to be made through a licensed or registered broker or dealer, this Offer shall be deemed to be made on behalf of the City through the Dealer Managers or one or more registered brokers or dealers licensed under the laws of that jurisdiction.

References to web site addresses herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not a part of, this Offer.

No dealer, salesperson, or other person has been authorized to give any information or to make any representation not contained in this Offer, including APPENDIX A, and, if given or made, such information or representation may not be relied upon as having been authorized by the City or any of its affiliates.

The delivery of this Offer shall not under any circumstances create any implication that any information contained herein is correct as of any time subsequent to the date hereof or that there has been no change in the information set forth herein or in any attachments hereto or materials delivered herewith or in the affairs of the City, or its affiliates (including the Department of Watershed Management), since the date hereof. The information contained in this Offer is as of the date of this Offer only and is subject to change, completion, or amendment without notice. None of the City, the Dealer Managers or the Information Agent and Tender Agent are responsible for The Depository Trust Company ("**DTC**") process and holders interactions with DTC and DTC participants.

The Dealer Managers make no representation or warranty, express or implied, as to the accuracy or completeness of the information contained herein, including APPENDIX A. The Dealer Managers have not independently verified any of the information contained herein and assume no responsibility for the accuracy or completeness of any such information.

Certain statements included or incorporated by reference into this Offer constitute "forward-looking statements." Such statements are generally identifiable by the terminology used such as "forecast," "plan," "expect," "estimate," "budget" or similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The City does not plan to issue any updates or revisions to those forward-looking statements if or when changes to its expectations, or events, conditions or circumstances on which such statements are based, occur.

This Offer, including APPENDIX A, contains important information which should be read carefully in its entirety before any decision is made with respect to this Offer.

TABLE OF CONTENTS

Page

INTRODUCTION 1

General 1
Financing Conditions 3
Consideration for City Offer 4
Sources of Funds to Purchase Bonds and Pay Accrued Interest 5
Bonds not Tendered for Purchase 6
Dealer Managers, Information Agent and Tender Agent 7

TERMS OF THE CITY OFFER 7

Expiration Date 7
Offers Only Through the City's ATOP Account 7
Information to Bondholders 8
Minimum Denominations and Consideration 8
Accrued Interest 9
Provisions Applicable to All Tenders 9
Representations by Tendering Bondholders to the City 10
Tender of Bonds by Financial Institutions; City's ATOP Account 10
Determinations as to Form and Validity of City Offer; Right of Waiver and Rejection 11
Amendment or Withdrawals of Tenders Prior to the Offer Expiration Date 11
Acceptance of Tenders 12
Acceptance of Tenders Constitutes Irrevocable Agreement; Notice of Acceptance 13
Settlement Date; Purchase of Bonds 13
Conditions to Purchase 14
Extension, Termination and Amendment of the City Offer; Changes to Terms 15

AVAILABLE INFORMATION 16
ADDITIONAL CONSIDERATIONS 16

Market for Bonds 17
Treatment of Bonds Not Tendered Pursuant to the Tender Offer 17
The City May Later Purchase Bonds at More Favorable Prices or in Exchange for Bonds 17
Timeliness of Offers 18
Offer Acceptance Date 18

SUMMARY OF CERTAIN FEDERAL INCOME TAX CONSEQUENCES 18
DEALER MANAGERS 19
INFORMATION AGENT AND TENDER AGENT 19
APPROVAL OF LEGAL PROCEEDINGS 19
MISCELLANEOUS 20
APPENDIX A 22

OFFER TO TENDER BONDS
made by
CITY OF ATLANTA, GEORGIA

to the Holders described herein of all or any portion of the maturities listed on pages (iv)-(v) herein of the

CITY OF ATLANTA

Water and Wastewater Revenue Refunding Bonds, Series 2017A

Water and Wastewater Revenue and Revenue Refunding Bonds, Series 2018B

Water and Wastewater Revenue Refunding Bonds, Series 2018C

Water and Wastewater Revenue Refunding Bonds, Series 2019

Water and Wastewater Revenue Refunding Bonds, Taxable Series 2020

INTRODUCTION

General

This Offer to Tender Bonds, dated April 28, 2026 (as it may be amended or supplemented including the cover page and Appendices hereto, this "Offer"), describes an offer by the City of Atlanta, Georgia (the "**City**"), with the assistance of Goldman Sachs & Co. LLC and Loop Capital Markets LLC, as dealer managers (each a "**Dealer Manager**" and together, the "**Dealer Managers**"), to the beneficial owners (the "**Holders**" or "**Bondholders**") of the City's outstanding bonds of the series and certain maturities listed on pages (iv)-(v) of this Offer (collectively, the "**Bonds**" or the "**Target Bonds**") to tender such bonds for purchase for consideration in the form of cash (the "**Tender Offer**" or the "**City Offer**") at purchase prices (collectively, the "**Purchase Prices**") to be determined as follows:

(a) with respect to the *federally tax-exempt Bonds* as listed on pages (iv)-(v) of this Offer (the "***Tax-Exempt Target Bonds***"), the offer prices will be based on the fixed spread, which will be confirmed or amended in the Pricing Notice, which is expected to be dated on or about May 1, 2026 (as may be amended and supplemented, the "***Pricing Notice***,") to be added to the yield on the relevant benchmark BVAL Index (as defined herein) as set forth on pages (iv)-(v). The applicable BVAL Index for a CUSIP will be the BVAL Index yield (the "**BVAL Yield**") for the month and year corresponding to the maturity of such Bonds, as set forth in the Monthly Value Table as of the Determination of Purchase Prices, as shown on the EMMA Website at the following address: https://emma.msrb.org/ToolsAndResources/BloombergYieldCurve?daily=True and

accessed by the link to Monthly Value Table and will be determined at close of business New York City time on May 11, 2026.

and

(b) with respect to the *federally taxable Bonds* as listed on page (v) of this Offer (the "***Taxable Target Bonds***"), the offer prices will be based on the fixed spread, which will be confirmed or amended in the Pricing Notice, to be added to the yields on certain reference United States Treasury Securities (each a "**Benchmark Treasury Security**") as set forth on page (v).

plus, in each case, Bondholders who tender Target Bonds will receive accrued and unpaid interest on the Target Bonds accepted for purchase from the last interest payment date up to but not including the Settlement Date (as defined below) ("**Accrued Interest**").

On or about May 1, 2026, the City expects to publish the Pricing Notice, which will confirm or amend the fixed spreads set forth on pages (iv)-(v) of this Offer (collectively, the "**Fixed Spreads**") for each respective CUSIP of the Target Bonds. Subject to the terms and conditions of the Tender Offer, the City will purchase the Bonds tendered for purchase on May 21**,** 2026 (such date being the "**Settlement Date**"), unless such date is extended by the City, assuming all conditions to the Tender Offer have been satisfied or waived by the City (acting in its sole discretion), provided that such Bonds have been validly tendered for purchase by the Offer Expiration Date (as defined herein).

Bondholders who tender Bonds for purchase will receive Accrued Interest on such Bonds on the Settlement Date. The source of funds to purchase the Bonds validly tendered for purchase pursuant to the Tender Offer and accepted by the City with respect to the principal amount thereof will be limited to proceeds of the Series 2026 Bonds (as defined herein) and, as applicable, other legally available funds of the City's Water and Wastewater System (the "**System**"), as determined in the City's sole discretion. The Series 2026 Bonds are expected to be issued in the manner, on the terms and with the security therefor described in the Preliminary Official Statement dated April 28, 2026, attached hereto as **Appendix A** (the "**2026 POS**"), as completed by a final official statement. In accordance with the Series 2026 Bond Ordinance and the Series 2026 Supplemental Pricing Ordinance, proceeds applied to tendered Bonds accepted for purchase will be deposited to the Tendered Bonds Purchase Fund and applied through the book-entry facilities of DTC as described herein. All payment of Accrued Interest on Bonds validly tendered and accepted for purchase pursuant to the Tender Offer will be funded from amounts on deposit in applicable debt service subaccounts established under the Bond Ordinance or from other legally available funds of the System (as determined in the City's sole discretion). **The purchase of any Bonds tendered pursuant to the Tender Offer is contingent on the issuance of the Series 2026 Bonds**. The consummation of the Tender Offer is also subject to certain other conditions, including, without limitation, the Financing Conditions (as defined herein). See "INTRODUCTION – Financing Conditions" herein and "TERMS OF THE CITY OFFER – Conditions to Purchase" herein. The City Offer is being made to reduce the City's debt service requirements and to optimize its debt profile.

The City is issuing its Water and Wastewater Subordinate Lien Revenue and Revenue Refunding Bonds, Series 2026 (the "**Series 2026 Bonds**") to fund, among other things, the

Purchase Prices of the Bonds. The Series 2026 Bonds will be issued pursuant to and secured by the City's Master Bond Ordinance adopted on March 31, 1999, as supplemented and amended, and the Series 2026 Bond Ordinance and Series 2026 Supplemental Pricing Ordinance (together, the "**Series 2026 Ordinance**" and, together with the Master Bond Ordinance and other applicable supplemental ordinances, the "**Bond Ordinance**"). For certain information concerning the City and the security for the Series 2026 Bonds, see the 2026 POS attached hereto as **APPENDIX A**.

The source of funds to purchase the Bonds validly tendered for purchase pursuant to the Tender Offer and accepted by the City is limited to the proceeds of the Series 2026 Bonds, anticipated to be issued on the Settlement Date pursuant to the Bond Ordinance, together with any other legally available funds of the System (as determined in the City's sole discretion). See "Sources of Funds to Purchase Bonds and Pay Accrued Interest" herein.

Financing Conditions

Notwithstanding any other provision of this Offer, the consummation of the City Offer and the City's obligation to accept for purchase and to pay for Tendered Bonds (and not validly withdrawn) pursuant to the City Offer and accepted by the City are subject to the satisfaction of, or waiver by the City, of the following conditions on or prior to the Settlement Date:

(a) the successful completion by the City of a debt financing transaction including the issuance of the Series 2026 Bonds (the "**Proposed Financing**"), the proceeds of which will be sufficient to fund the purchase of all Tendered Bonds and to pay all fees and expenses associated with the Proposed Financing and the City Offer;

(b) the City obtaining satisfactory and sufficient economic benefit as a result of the consummation of the City Offer when taken together with the Proposed Financing (collectively, the "**Financing Conditions**"), all on terms and conditions that are in the City's best interests in its reasonable discretion; and

(c) the other conditions set forth in "TERMS OF THE CITY OFFER – Conditions to Purchase."

The City reserves the right, subject to applicable law, to amend or waive any of the conditions to the City Offer, in whole or in part, at any time prior to the Offer Expiration Date or from time to time, in its sole discretion. This Offer may be withdrawn by the City at any time prior to the Offer Expiration Date.

THIS TENDER OFFER MAY BE WITHDRAWN BY THE CITY AT ANY TIME PRIOR TO THE SETTLEMENT DATE IF THE CONDITIONS SET FORTH HEREIN ARE NOT SATISFIED OR WAIVED BY GIVING NOTICE OF SUCH CANCELLATION TO THE INFORMATION AGENT AND TENDER AGENT AND POSTING SUCH NOTICE ON THE EMMA WEBSITE AND THE GLOBIC WEBSITE. THE CITY RESERVES THE RIGHT TO DETERMINE WHETHER EACH FINANCING CONDITION HAS BEEN SATISFIED AND TO DETERMINE WHETHER TO WAIVE ANY FINANCING CONDITION.

TO MAKE AN INFORMED DECISION AS TO WHETHER, AND HOW, TO TENDER THEIR BONDS FOR PURCHASE, BONDHOLDERS MUST READ CAREFULLY THIS OFFER AND ALL APPENDICES TO THIS OFFER.

None of the City, the Dealer Managers or the Information Agent and Tender Agent (as defined herein) makes any recommendation that any Bondholder tender or refrain from tendering all or any portion of such Bondholder's Bonds for purchase for cash consideration. Bondholders must make their own decisions and should read this Offer carefully and consult with their broker, account executive, financial advisor, attorney and/or other appropriate professionals in making these decisions.

Subject to the terms and conditions of the Tender Offer, the City will purchase Bonds tendered for purchase, provided that such Bonds tendered for purchase in consideration of cash as required by the terms of the Tender Offer have been validly tendered by 5:00 p.m., New York City time, on May 11, 2026 (as extended from time to time in accordance with this Offer, the "**Offer Expiration Date**") and accepted by the City on or before 5:00 p.m., New York City time, on May 13, 2026 (the "**Offer Acceptance Date**"), unless extended by the City, assuming all conditions to the City Offer have been satisfied or waived by the City on or prior to the Settlement Date. Bondholders who tender Bonds for purchase on the Settlement Date will receive Accrued Interest on such Bonds from the last interest payment date to but not including the Settlement Date.

In the event all conditions to the City Offer are not satisfied or waived by the City on or prior to the Settlement Date, this Tender Offer shall have no force or effect, and any Bonds tendered pursuant to the City Offer shall be returned to the Holder and remain outstanding under the Bond Ordinance pursuant to which such Bonds were originally issued.

HOLDERS OF BONDS WHO DO NOT TENDER ANY BONDS PURSUANT TO THE TENDER OFFER, AS WELL AS HOLDERS OF BONDS WHO TENDER BONDS FOR PURCHASE WHEREIN THE CITY IN ITS SOLE DISCRETION DOES NOT ACCEPT SUCH TENDER FOR PURCHASE, WILL CONTINUE TO HOLD SUCH BONDS (THE "UNPURCHASED BONDS") AND SUCH UNPURCHASED BONDS WILL REMAIN OUTSTANDING UNDER THE BOND ORDINANCE PURSUANT TO WHICH SUCH UNPURCHASED BONDS WERE ORIGINALLY ISSUED AND HELD BY THE HOLDERS THEREOF, AND WILL REMAIN SUBJECT TO FUTURE REDEMPTION, REFUNDING, DEFEASANCE OR INVITATION TO TENDER, ALL IN ACCORDANCE WITH THE BOND ORDINANCE AND APPLICABLE SERIES DOCUMENTS. See "– Bonds Not Tendered for Purchase" below and "ADDITIONAL CONSIDERATIONS" herein.

Consideration for City Offer

***Tax-Exempt Bonds*.** Bondholders are invited to tender tax-exempt Bonds for purchase at the Fixed Spreads as set forth on pages (iv)-(v) of this Tender Offer. The Fixed Spreads represent the yield, expressed as an interest rate percentage above the yield on the indicated Bloomberg Valuation Index AAA Callable Municipal Curve (set forth on pages (iv)-(v) of this Tender Offer) (the "**BVAL Index**") to be used in establishing the Purchase Price for such Bonds. The Fixed Spreads will be added to the BVAL Index for the applicable CUSIPs to arrive at a yield (the

"**Purchase Yield**"). The applicable BVAL Index for a CUSIP will be the BVAL Index yield (the "**BVAL Yield**") for the month and year corresponding to the maturity of such Bonds, as set forth in the Monthly Value Table as of the Determination of Purchase Prices, as shown on the EMMA Website at the following address:

https://emma.msrb.org/ToolsAndResources/BloombergYieldCurve?daily=True

and accessed by the link to Monthly Value Table and will be determined at close of business New York City time on May 11, 2026.

The Purchase Yield will be used to calculate a price (the "**Purchase Price**"). The Purchase Price will be calculated using the market standard bond pricing formula as of the Settlement Date using the Purchase Yield.

The City will publish a Pricing Notice on or about May 1, 2026.

Taxable Bonds. The Fixed Spread for each CUSIP for such taxable Bonds as set forth on page (v) of this Tender Offer represents the yield, expressed as an interest rate percentage, above the yield on the indicated Benchmark U.S. Treasury Security at which the City will purchase such taxable Bonds.

The applicable Fixed Spread for a CUSIP will represent the spread which will be added to the yield on the Benchmark U.S. Treasury Security corresponding thereto to arrive at a yield (the "**Purchase Yield**") used to calculate the Purchase Price for each maturity and corresponding CUSIP of such taxable Bonds.

The yields on the Benchmark Treasury Securities (the "**Treasury Security Yields**") will be determined at approximately 10:30 A.M., New York City time, on May 12, 2026, based on the bid-side price of the U.S. Reference Treasury as quoted on the Bloomberg Bond Trader FIT1 series of pages and calculated in accordance with standard market practice. The Fixed Spread will be added to the Benchmark Treasury Security Yield to arrive at a Purchase Yield. The Benchmark Treasury Security for each CUSIP is identified in the table set forth on page (v) of this Offer.

The purchase prices for taxable Bonds will be equal to the sum of the present value of all remaining scheduled principal and interest on the applicable Bonds, discounted at the Purchase Yield to the Settlement Date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months), minus Accrued Interest up to but not including the Settlement Date. The City will publish a Pricing Notice on or about May 1, 2026 and a Notice of Purchase Prices on May 12, 2026.

In addition to the Purchase Prices accepted for purchase by the City, Accrued Interest on such Bonds will be paid by, or on behalf of, the City to the tendering Bondholders on the Settlement Date.

Sources of Funds to Purchase Bonds and Pay Accrued Interest

The source of funds to purchase the Bonds validly tendered for cash purchase pursuant to the Tender Offer and accepted by the City will be limited to the proceeds of the Series 2026 Bonds

and other legally available funds of the System (as determined in the City's sole discretion). In accordance with the Series 2026 Bond Ordinance and the Series 2026 Supplemental Pricing Ordinance, a portion of the proceeds of the Series 2026 Bonds will be deposited to the Tendered Bonds Purchase Fund and applied to pay the Purchase Prices of tendered Bonds accepted by the City through the book-entry facilities of DTC. The payment of Accrued Interest on Bonds validly tendered and accepted for purchase pursuant to the Tender Offer will be funded from amounts on deposit in applicable debt service subaccounts established under the Bond Ordinance or from other available funds of the City. The Series 2026 Bonds are described in the 2026 POS. **THE PURCHASE OF ANY BONDS TENDERED PURSUANT TO THE TENDER OFFER IS CONTINGENT ON THE ISSUANCE BY THE CITY OF THE SERIES 2026 BONDS, THE ISSUANCE OF WHICH IS SUBJECT TO CONDITIONS TO BE SATISFIED ON OR PRIOR TO THE SETTLEMENT DATE**.

Brokerage Commissions and Solicitation Fees

Bondholders will not be obligated to pay any brokerage commissions or solicitation fees to the City, the Dealer Managers, or the Information Agent and Tender Agent in connection with the City Offer. However, Bondholders should check with their broker, bank, account executive or other financial institution which maintains the account in which their Bonds are held (their "**Financial Representative**") to determine whether it will charge any commissions or fees.

Bonds not Tendered for Purchase

Any Bonds that are not validly tendered and accepted for purchase for cash consideration in response to the City Offer will continue to be outstanding, payable and secured, pursuant to the terms of the Bond Ordinance and applicable series documents under which the Bonds were originally issued and held by the holders thereof, and will remain subject to future redemption, refunding, defeasance or invitation to tender in accordance therewith. The City may, subject to market conditions and in its sole discretion, refund or defease to the applicable maturity date some or all of the Bonds not tendered for purchase by the holders thereof or tendered for purchase and not accepted by the City using a portion of the proceeds received by it from the sale and issuance of the Series 2026 Bonds and other legally available funds of the System (as determined in the City's sole discretion).

The purchase by the City of Bonds of any CUSIP number may have certain potential adverse effects on holders of Bonds not purchased pursuant to the Tender Offer, including the following:

- if Bonds not tendered for purchase or tendered and not accepted by the City are not refunded or defeased to maturity with proceeds of the Series 2026 Bonds, the principal amount of the Bonds of such CUSIP number available to trade publicly will be reduced, which could adversely affect the liquidity and market value of any Bonds of that CUSIP number that remain outstanding; and

- if Bonds not tendered for purchase or tendered and not accepted by the City are not refunded or defeased to maturity with proceeds of the Series 2026 Bonds, and if less than all of the Bonds of a CUSIP number for which sinking fund installments

have been established are purchased by the City pursuant to the Tender Offer, the average life of the remaining Bonds of that CUSIP number may change.

Dealer Managers, Information Agent and Tender Agent

Goldman Sachs & Co. LLC and Loop Capital Markets LLC are the Dealer Managers for the City Offer. Investors with questions about the City Offer should contact the Dealer Managers or Globic Advisors Inc., which serves as Information Agent and Tender Agent (the "**Information Agent and Tender Agent**") for the City Offer, at the addresses and telephone numbers set forth on the page preceding Appendix A appended to this Offer. See "DEALER MANAGERS" and "INFORMATION AGENT AND TENDER AGENT" herein.

In addition to their role as Dealer Managers for the Bonds, Goldman Sachs & Co. LLC and Loop Capital Markets LLC are also serving as the senior managing underwriters for the Series 2026 Bonds to be issued by the City, as described in Appendix A.

TERMS OF THE CITY OFFER

Expiration Date

The City Offer will expire on the Offer Expiration Date, unless earlier terminated or extended, as described in this Offer. See "TERMS OF THE CITY OFFER – Extension, Termination and Amendment of the City Offer; Changes to Terms" herein for a discussion of the City's ability to extend the Offer Expiration Date and to terminate or amend the City Offer.

Offers Only Through the City's ATOP Account

The Bonds are held in book-entry-only form through the facilities of **DTC**. The City, through the Information Agent and Tender Agent, will establish an Automated Tender Offer Program ("**ATOP**") account at DTC for the City Offer to which this Offer relates promptly after the date of this Offer. Bondholders who wish to accept the City Offer must do so through the City's ATOP account.

ALL TENDERS FOR PURCHASE MUST BE MADE THROUGH THE CITY'S ATOP ACCOUNT. THE CITY WILL NOT ACCEPT ANY TENDERS FOR PURCHASE FOR CASH THAT ARE NOT MADE THROUGH ITS ATOP ACCOUNT. LETTERS OF TRANSMITTAL ARE NOT BEING USED IN CONNECTION WITH THE CITY OFFER.

Any financial institution that is a participant in DTC may make a book-entry tender of the Bonds by causing DTC to transfer such Bonds into the City's ATOP account relating to the City Offer, specifying the series, maturity and CUSIP number in accordance with DTC's procedures for such transfer. Bondholders who are not DTC participants can only tender Bonds pursuant to the City Offer by making arrangements with and instructing their Financial Representative to tender the Bondholder's Bonds through the City's ATOP account. To ensure a Bondholder's Bonds are tendered to the City's ATOP account by 5:00 p.m., New York City time, on the Offer Expiration Date, the Bondholder must provide instructions to the Bondholder's Financial Representative in sufficient time for the Financial Representative to tender the Bonds to the City's ATOP account by this deadline. A Bondholder should contact its Financial Representative for information as to when

the Financial Representative needs the Bondholder's instructions in order to tender the Bondholder's Bonds to the City's ATOP account by 5:00 p.m., New York City time, on the Offer Expiration Date. See "TERMS OF THE CITY OFFER – Tender of Bonds by Financial Institutions; City's ATOP Account."

The City, the Dealer Managers, and the Information Agent and Tender Agent are not responsible for the transfer of any tendered Bonds to the City's ATOP account or for any mistakes, errors or omissions in the transfer of any tendered Bonds.

Information to Bondholders

The City may give information about the City Offer to the market and Bondholders by delivery of the information to the following institutions: Bloomberg Financial Market Systems and the Municipal Securities Rulemaking Board through EMMA, which such institutions, together with the Information Agent and Tender Agent are collectively referred to herein as the "**Information Services**." The Information Agent and Tender Agent will deliver information provided to it by the City through its website, https://www.globic.com/atlww. Delivery by the City of information to the Information Services will be deemed to constitute delivery of this information to each Bondholder.

The City, the Dealer Managers, and the Information Agent and Tender Agent have no obligation to ensure that a Bondholder actually receives any information given to the Information Services. Bondholders who would like to receive information transmitted by or on behalf of the City to the Information Services may receive such information from the Dealer Managers or the Information Agent and Tender Agent by contacting them using the contact information on the page preceding the Appendices appended to this Offer or by making appropriate arrangements with its Financial Representative or directly with the Information Services.

Any updates to this Offer, including, without limitation, any supplements to the 2026 POS, will be distributed through the Information Services. The final Official Statement with respect to the Series 2026 Bonds will be posted to the EMMA Website and the Globic Website subsequent to the Offer Acceptance Date and prior to the Settlement Date assuming the sale of the Series 2026 Bonds.

Minimum Denominations and Consideration

A Bondholder may tender Bonds for purchase of a particular CUSIP number that it owns in an amount of its choosing, but only in a principal amount equal to the minimum denomination of $5,000 (the "Minimum Authorized Denomination") or any integral multiple of $5,000 in excess thereof. Holders who tender less than all of their Bonds must continue to hold Bonds in at least the Minimum Authorized Denomination.

Tender Consideration. The Purchase Prices for Bonds with each particular CUSIP tendered pursuant to the Tender Offer is set forth on pages (iv)-(v) of this Offer. The source of funds for payment of Accrued Interest on Bonds validly tendered and accepted for purchase will be from amounts on deposit in applicable debt service subaccounts under the Bond Ordinance or other legally available funds of the System (in the sole discretion of the City) and paid on the Settlement Date.

Accrued Interest

The Purchase Price of the Bonds will not be deemed to include any amount representing the interest which will have accrued on a tendered Bond of a particular CUSIP number from the last payment of interest thereon to but not including the Settlement Date (such amount is referred to herein as Accrued Interest). In addition to the Purchase Prices of the Bonds accepted for purchase by the City, Accrued Interest on such Bonds will be paid by, or on behalf of, the City to the tendering Bondholders on the Settlement Date.

Provisions Applicable to All Tenders

Need for Advice. A Bondholder should ask its Financial Representative or financial advisor for help in determining whether to tender Bonds of a particular CUSIP number for purchase, and the principal amount of Bonds of such CUSIP number to be tendered. A Bondholder also should inquire as to whether its Financial Representative or financial advisor will charge a fee for submitting tenders if the City purchases the Bondholder's tendered Bonds. The City, the Dealer Managers, and the Information Agent and Tender Agent will not charge any Bondholder for tendering Bonds.

Need for Specificity of Tender. A tender cannot exceed the par amount of Bonds owned by the Bondholder and must include the following information: the CUSIP number(s) of the Bond(s) being tendered, and the principal amount of each CUSIP number being tendered (such principal amount must be stated in integral multiples of $5,000 and if not so stated, for tenders of less than all of the holder's position in the Bonds, such principal amount will be reduced to the greatest integral multiple of $5,000). Any Bondholder located outside of the United States should check with their broker to determine if there any additional minimal increments, alternative settlement timing or other limitations.

"All or none" offers are not permitted.

Bonds may be tendered and accepted for payment only in principal amounts equal to the Minimum Authorized Denomination and integral multiples of $5,000 in excess thereof. Holders who tender less than all of their Bonds must continue to hold their Bonds in at least the Minimum Authorized Denomination and integral multiples of $5,000 in excess thereof. No alternative, conditional or contingent tenders will be accepted.

ALL TENDERS FOR PURCHASE MUST BE MADE THROUGH THE CITY'S ATOP ACCOUNT. THE CITY WILL NOT ACCEPT ANY TENDERS FOR PURCHASE THAT ARE NOT MADE THROUGH ITS ATOP ACCOUNT. LETTERS OF TRANSMITTAL ARE NOT BEING USED IN CONNECTION WITH THE CITY OFFER. See "TERMS OF THE CITY OFFER – Tender of Bonds by Financial Institutions; City's ATOP Account."

General. A Bondholder may only tender Bonds it owns or controls. By tendering Bonds pursuant to the City Offer, a Bondholder will be deemed to have represented and agreed with the City as set forth below under "TERMS OF THE CITY OFFER – Representations by Tendering Bondholders to the City." All tenders shall survive the death or incapacity of the tendering Bondholder.

Bondholders who would like to receive information furnished by the City to the Information Services must make appropriate arrangements with their Financial Representatives, the Dealer Managers, or the Information Agent and Tender Agent.

Representations by Tendering Bondholders to the City

By tendering Bonds for purchase, each tendering Bondholder will be deemed to have represented to and agreed with the City that:

(a) the Bondholder has received this Offer and the 2026 POS and has had the opportunity to review this Offer and the 2026 POS prior to making its decision to tender Bonds, and agrees if the purchase of any tendered Bonds is consummated, the purchase of such Bonds shall be on the terms and conditions set forth in this Offer;

(b) the Bondholder has full power and authority to tender, sell, assign and transfer the tendered Bonds; and on the Settlement Date, the City will acquire good, marketable and unencumbered title thereto, free and clear of all liens, charges, encumbrances, conditional sales agreements or other obligations and not subject to any adverse claims, subject to payment to the Bondholder of the Purchase Price(s) plus Accrued Interest;

(c) the Bondholder has made its own independent decision to tender its Bonds for purchase pursuant to the City Offer, and as to the terms thereof, and such decision is based upon the Bondholder's own judgment and upon advice from such advisors with whom the Bondholder has determined to consult;

(d) the Bondholder is not relying on any communication from the City, the Dealer Managers or the Information Agent and Tender Agent as investment advice or as a recommendation to tender the Bondholder's Bonds at the applicable Purchase Price, it being understood that the information from the City, the Dealer Managers and the Information Agent and Tender Agent related to the terms and conditions of the City Offer made pursuant to this Offer shall not be considered investment advice or a recommendation to tender Bonds; and

(e) the Bondholder is capable of assessing the merits of and understanding (on its own and/or through independent professional advice), and does understand, agree and accept, the terms and conditions of the City Offer.

Tender of Bonds by Financial Institutions; City's ATOP Account

The City, through the Information Agent and Tender Agent, will establish the City's ATOP account at DTC for the City Offer to which this Offer relates promptly after the date of this Offer. Tenders of Bonds pursuant to the City Offer may only be made by transfer to the City's ATOP account. Any financial institution that is a participant in DTC may make a book-entry tender of the Bonds by causing DTC to transfer such Bonds into the City's ATOP account in accordance with DTC's procedures.

Concurrently with the delivery of Bonds through book-entry transfer into the City's ATOP account, an Agent's Message (as described below) in connection with such book-entry transfer must be transmitted to and received at the City's ATOP account by not later than 5:00 p.m., New

York City time, on the Offer Expiration Date. The confirmation of a book-entry transfer to the City's ATOP account as described above is referred to herein as a "Book-Entry Confirmation." The term "Agent's Message" means a message transmitted by DTC to, and received by, the Information Agent and Tender Agent and forming a part of a Book-Entry Confirmation which states that DTC has received an express acknowledgment from the DTC participant tendering Bonds that are the subject of such Book-Entry Confirmation, stating the CUSIP number(s) and the principal amount(s) of the Bonds that have been tendered by such participant pursuant to the City Offer, and to the effect that such participant agrees to be bound by the terms of the City Offer. By causing DTC to transfer Bonds into the City's ATOP account, a financial institution warrants to the City that it has full authority, and has received from the Bondholder(s) of such Bonds all direction necessary, to tender, transfer and sell such Bonds as set forth in this Offer.

ALL TENDERS FOR PURCHASE MUST BE MADE THROUGH THE CITY'S ATOP ACCOUNT. THE CITY WILL NOT ACCEPT ANY TENDERS FOR PURCHASE THAT ARE NOT MADE THROUGH ITS ATOP ACCOUNT. LETTERS OF TRANSMITTAL ARE NOT BEING USED IN CONNECTION WITH THE CITY OFFER.

Bondholders who are not DTC participants can only tender Bonds pursuant to the City Offer by making arrangements with and instructing their Financial Representative to tender the Bondholder's Bonds through the City's ATOP account. To ensure a Bondholder's Bonds are tendered to the City's ATOP account by 5:00 p.m., New York City time, on the Offer Expiration Date, a Bondholder must provide instructions to its Financial Representative in sufficient time for the Financial Representative to tender the Bondholder's Bonds to the City's ATOP account by this deadline. A Bondholder should contact its Financial Representative for information as to when the Financial Representative needs the Bondholder's instructions in order to tender the Bondholder's Bonds to the City's ATOP account by 5:00 p.m., New York City time, on the Offer Expiration Date.

Determinations as to Form and Validity of City Offer; Right of Waiver and Rejection

All questions as to the validity (including the time of receipt at the City's ATOP account), form, eligibility and acceptance of any Bonds tendered for purchase pursuant to the City Offer will be determined by the City in its sole discretion and such determinations will be final, conclusive and binding.

The City reserves the right, acting in its sole discretion, to waive any irregularities or defects in any tender. The City, the Dealer Managers, and the Information Agent and Tender Agent are not obligated to give notice of any defects or irregularities in tenders and they will have no liability for failing to give such notice.

The City reserves the absolute right, acting in its sole discretion, to reject any and all offers, whether or not they comply with the terms of this Offer.

Amendment or Withdrawals of Tenders Prior to the Offer Expiration Date

A Bondholder may amend its offer to tender for purchase in respect of the amount being tendered by causing an amended offer to be received at the City's ATOP account at or before 5:00 P.M., New York City time, on the Offer Expiration Date (as such Offer Expiration Date may be terminated or extended pursuant to this Offer).

An offer to tender for purchase may be withdrawn by a Bondholder by causing a withdrawal notice to be received at the City's ATOP account at or before 5:00 P.M., New York City time, on the Offer Expiration Date (as such Expiration Date may be terminated or extended pursuant to this Offer).

An amended offer or a notice of withdrawal must be submitted in substantially the same manner as an offer.

Bondholders who have tendered their Bonds will not receive any information from the City, the Dealer Managers or the Information Agent and Tender Agent concerning offers by other Bondholders. Tendering Bondholders will not be afforded an opportunity to amend their offers after 5:00 P.M., New York City time, on the Offer Expiration Date. An amended or withdrawn offer must specify the applicable CUSIP number, and with respect to amended offers, the principal amount previously offered and the new amount being offered. All questions as to the validity (including the time of receipt) of an amendment or withdrawal will be determined by the City in its sole discretion and will be final, conclusive and binding.

Tenders of Bonds may be withdrawn prior to 5:00 P.M., New York City time, on the Offer Expiration Date. **ALL TENDERS OF BONDS SHALL BE IRREVOCABLE UPON THE OFFER EXPIRATION DATE.**

Acceptance of Tenders

As of the Offer Acceptance Date, upon the terms and subject to the conditions of the City Offer, as set forth in this Offer, the City will elect to accept for purchase for cash consideration outstanding Bonds validly tendered pursuant to the City Offer (or defectively tendered, if such defect has been waived by the City in its sole discretion), with acceptance subject to the satisfaction of, or waiver by the City, of the conditions to the purchase of tendered Bonds. See "TERMS OF THE CITY OFFER – Acceptance of Tenders Constitutes Irrevocable Agreement; Notice of Acceptance" and "TERMS OF THE CITY OFFER – Conditions to Purchase."

The City will have no obligation to purchase Bonds tendered if cancellation or modification of this Offer occurs or if the City is unable to issue the Series 2026 Bonds. Subject to the terms and conditions of this Offer, the City has the right to purchase none, some or all of the Bonds offered. Bonds that will be purchased will be indicated by CUSIP. With respect to Bonds not purchased by the City pursuant to this Offer, the City shall have the right in the future to either refund some or all of the Bonds, or invite Bondholders to tender their Bonds for purchase by the City.

After the Offer Expiration Date, the City in its sole discretion will select which, if any, Bonds to purchase of a particular CUSIP based on its determination of the economic benefit from such purchase. Should the City choose to purchase some but not all of the tendered Bonds of a particular CUSIP, the City will accept those tendered Bonds on a pro rata basis reflecting the ratio of the principal amount, if any, the City determines to purchase to the aggregate principal amount of valid offers to sell received. In such event, should the principal amount of any individual tender offer, when adjusted by the pro rata acceptance, result in an amount that is not a multiple of the Minimum Authorized Denomination, the principal amount of such offer will be rounded up to the

nearest multiple of $5,000. The City will determine the proration factor that permits it to accept the amount of Target Bonds it has determined to purchase.

Following the Final Acceptance Date, all Target Bonds that were tendered but were not accepted for purchase will be released and returned to the tendering institution in accordance with DTC's ATOP procedures.

Notwithstanding any other provision of this Offer, the consummation of the City Offer and the City's obligation to accept for purchase, and to pay for Bonds validly tendered (and not validly withdrawn) pursuant to the City Offer and accepted by the City are subject to the satisfaction of, or waiver by the City of, the Financing Conditions (see "INTRODUCTION – Financing Conditions" herein) and the other conditions set forth in "Conditions to Purchase" herein. The City reserves the right, subject to applicable law, to amend or waive any of the conditions to the City Offer, in whole or in part, at any time prior to the Offer Expiration Date, in its sole discretion. This Offer may be withdrawn by the City at any time prior to the Offer Expiration Date.

Acceptance of Tenders Constitutes Irrevocable Agreement; Notice of Acceptance

Acceptance by the City of Bonds tendered for purchase will constitute an irrevocable agreement between the tendering Bondholder and the City to sell and purchase such Bonds for cash, subject to satisfaction of, or waiver by the City, all conditions to the City's obligation to purchase tendered Bonds and the other terms of the City Offer. See "Minimum Denominations and Consideration" above and "TERMS OF THE CITY OFFER – Conditions to Purchase" herein.

The acceptance of Bonds tendered for purchase is expected to be made by notification to the Information Services no later than 5:00 p.m., New York City time, on the Offer Acceptance Date. This notification will state the principal amount of the Bonds of each CUSIP number that the City has agreed to purchase for cash consideration, in accordance with the City Offer, which may be zero for a particular CUSIP number.

Settlement Date; Purchase of Bonds

Subject to satisfaction of, or waiver by the City, all conditions to the City's obligation to purchase tendered Bonds for cash as described herein, including, without limitation, the Financing Conditions, the Settlement Date is the day on which Bonds accepted for purchase for cash will be purchased at the Purchase Price(s), together with Accrued Interest thereon in each case. The Settlement Date will occur following the Offer Acceptance Date, subject to all conditions to the City Offer having been satisfied or waived by the City. The expected Settlement Date is May 21, 2026, unless extended by the City, assuming all conditions to the City Offer have been satisfied or waived by the City. Bondholders whose Bonds are accepted for purchase on the Settlement Date will receive Accrued Interest.

The City may, in its sole discretion, change the Settlement Date by giving notice to the Information Services prior to the change. See "TERMS OF THE CITY OFFER – Conditions to Purchase."

Subject to satisfaction of, or waiver by the City, all conditions to the City's obligation to purchase Bonds tendered for purchase pursuant to the Tender Offer, as described herein, payment by the City, or on the City's behalf, will be made in immediately available funds on the Settlement Date by deposit with DTC of the aggregate Purchase Price and Accrued Interest on the Bonds accepted for purchase. The City expects that, in accordance with DTC's standard procedures, DTC will transmit the Purchase Price (plus Accrued Interest) in immediately available funds to each of its participant financial institutions holding the Bonds accepted for purchase on behalf of Bondholders for delivery to the Bondholders.

The City, the Dealer Managers, and the Information Agent and Tender Agent have no responsibility or liability for the distribution of the Purchase Prices plus Accrued Interest by DTC to the Bondholders.

Purchase and Accrued Interest Funds

The source of funds to pay the principal portion of the purchase price of the Bonds validly tendered for purchase pursuant to the Tender Offer and accepted by the City is anticipated to be proceeds of the Series 2026 Bonds deposited into the Tendered Bonds Purchase Fund. The source of funds for payment of Accrued Interest on Bonds validly tendered and accepted for purchase will be from amounts on deposit in applicable debt service subaccounts established under the Bond Ordinance or other available funds of the City and paid on the Settlement Date. The purchase of any Bonds tendered pursuant to the Tender Offer is contingent on the issuance by the City of the Series 2026 Bonds, as well as certain other conditions which must be satisfied on or prior to the Settlement Date. See "INTRODUCTION – Financing Conditions" and "TERMS OF THE CITY OFFER – Conditions to Purchase" below for more information on the conditions precedent to the Offer.

Conditions to Purchase

In addition to the Financing Conditions (see "INTRODUCTION – Financing Conditions" herein), if after the Offer Acceptance Date, but prior to payment for Bonds tendered and accepted by the City on the Settlement Date, any of the following events should occur, the City will have the absolute right to cancel its obligations to purchase Bonds without any liability to any Bondholder:

- Litigation or another proceeding is pending or threatened which the City reasonably believes may, directly or indirectly, have an adverse impact on the City Offer or the expected benefits of the City Offer to the City or the Bondholders;
- A war, national emergency, banking moratorium, suspension of payments by banks, a general suspension of trading by the New York Stock Exchange or a limitation of prices on the New York Stock Exchange exists and the City reasonably believes this fact makes it inadvisable to proceed with the purchase of Bonds;
- A material change in the business or affairs of the City or the City's Department of Watershed Management has occurred which the City reasonably believes makes it inadvisable to proceed with the purchase of Bonds;

- A material change in the net economics of the transaction has occurred due to a material change in market conditions which the City reasonably believes makes it inadvisable to proceed with the purchase of Bonds;
- There shall have occurred a material disruption in securities settlement, payment or clearance services; or
- If, for any reason, the Series 2026 Bonds are not issued.

These conditions (including the Financing Conditions) (collectively, the "**Conditions to Purchase**") are for the sole benefit of the City and may be asserted by the City, prior to the time of payment of the Bonds it has agreed to purchase, regardless of the circumstances giving rise to any of these conditions or may be waived by the City in whole or in part at any time and from time to time in its discretion, and may be exercised independently for each maturity and interest rate of the Bonds. The failure by the City at any time to exercise any of these rights will not be deemed a waiver of any of these rights, and the waiver of these rights with respect to particular facts and other circumstances will not be deemed a waiver of these rights with respect to any other facts and circumstances. Each of these rights will be deemed an ongoing right of the City which may be asserted at any time and from time to time prior to the time of payment of the Bonds it has agreed to purchase. Any determination by the City concerning the events described in this section will be final and binding upon all parties.

(a) If the Conditions to Purchase have been satisfied, the City expects to apply proceeds of the Series 2026 Bonds to refund or defease to maturity, as applicable, all or a portion of the Bonds not purchased by the City in connection with the purchase of the tendered Bonds it has decided to purchase.

(b) Any tendered Bonds not purchased as a result of a failure to satisfy the Conditions to Purchase may now or in the future be refunded by the City and at any time in the future Bondholders may be invited to tender such tendered Bonds for purchase by the City in the sole discretion of the City.

Extension, Termination and Amendment of the City Offer; Changes to Terms

Through and including the Offer Expiration Date, the City has the right to extend the City Offer, as to any or all of the Bonds, to any date in its sole discretion, provided that a notice of any extension of the Offer Expiration Date is given to the Information Services, including by posting such notice to the EMMA Website and the Globic Website on or about 9:00 a.m., New York City time, on the first Business Day after the Offer Expiration Date.

The City also has the right, in its sole discretion and prior to acceptance of Bonds tendered for purchase as described herein under the heading "TERMS OF THE CITY OFFER – Acceptance of Tenders Constitutes Irrevocable Agreement; Notice of Acceptance," to terminate the City Offer at any time by giving notice to the Information Services. The termination will be effective at the time specified in such notice.

The City also has the right, in its sole discretion and prior to acceptance of Bonds tendered for purchase as described herein under the heading "TERMS OF THE CITY OFFER – Acceptance of Tenders Constitutes Irrevocable Agreement; Notice of Acceptance," to amend or waive the

terms of the City Offer in any respect and at any time by giving notice to the Information Services. This amendment or waiver will be effective at the time specified in such notice.

If the City extends the City Offer, or amends the terms of the City Offer (including a waiver of any term) in any material respect, including, without limitation, a change in the Purchase Price of the Bonds pursuant to the Tender Offer, the City shall provide notice thereof no less than five (5) Business Days prior to the Offer Expiration Date, as extended. **In such event, any offers submitted with respect to the affected Bonds prior to such change in the Purchase Price for such Bonds pursuant to the Tender Offer will remain in full force and effect and any Bondholder of such affected Bonds wishing to revoke their offer to tender such Bonds must affirmatively withdraw such offer prior to the Offer Expiration Date.**

"Business Day" means any day other than a Saturday, Sunday, or a day on which the federal government of the United States observes a legal holiday. For purposes of this Offer, a Business Day consists of the time period from 12:01 a.m. to 12:00 midnight, New York City time.

No extension, termination or amendment of the City Offer (or waiver of any terms of the City Offer) will change the City's right to decline to purchase any Bonds without liability. See "TERMS OF THE CITY OFFER – Conditions to Purchase."

The City, the Dealer Managers and the Information Agent and Tender Agent have no obligation to ensure that a Bondholder actually receives any information given to the Information Services.

AVAILABLE INFORMATION

Certain information relating to the Bonds and the City may be obtained by contacting the Dealer Managers or Information Agent and Tender Agent at the contact information set forth on the page preceding Appendix A appended to this Offer. Such information is limited to (i) this Offer, including the information set forth in the 2026 POS which is attached hereto as APPENDIX A, and (ii) information about the City available through the EMMA Website and the Globic Website (www.globic.com/atlww). **Unless specified otherwise herein, no information available on the EMMA Website is specifically incorporated into, and is not a part of, this Offer.**

ADDITIONAL CONSIDERATIONS

None of the City, the Dealer Managers or the Information Agent and Tender Agent make any recommendation that any Bondholder tender or refrain from tendering all or any portion of the Bonds. Each Bondholder must make its decision and should read this Offer and the 2026 POS and consult with its broker, account executive, financial advisor and/or other financial professional in making such decision.

In deciding whether to participate in the City Offer, each Bondholder should consider carefully, in addition to the other information contained in this Offer, the following:

- The City may, subject to market conditions, refund some or all of the Bonds or defease to the applicable maturity date some or all of the Bonds not tendered for purchase by the holders thereof or tendered for purchase and not accepted by the

City using a portion of the proceeds received by it from the sale and issuance of the Series 2026 Bonds.

- In the event that the Series 2026 Bonds are not issued and sold, tendered Bonds accepted for purchase are not required to be purchased by the City and in such event, Bondholders will continue to hold their respective tendered Bonds which will continue to be outstanding, payable and secured, pursuant to the terms of the Bond Ordinance under which the Bonds were originally issued.
- Even if the City does not purchase any tendered Bonds, the City has the right now or in the future to refund all or any portion of the tendered Bonds or may in the future invite Bondholders to tender such tendered Bonds for purchase by the City.

Market for Bonds

The Bonds are not listed on any national or regional securities exchange. To the extent that the Bonds are traded, their prices may fluctuate greatly depending on the trading volume and the balance between buy and sell orders. Bondholders may be able to effect a sale of the Bonds at a price higher than the Purchase Price(s) established in connection with the Offer.

Treatment of Bonds Not Tendered Pursuant to the Tender Offer

Bonds not validly tendered pursuant to the Tender Offer will remain outstanding. If Bonds are purchased in connection with the Tender Offer, the principal amount of Bonds for a particular CUSIP that remains outstanding will be reduced, which could adversely affect the liquidity and market value of the Bonds of that CUSIP that remain outstanding. Bonds may currently be included in benchmark bond indices, which may change if Bonds tendered and accepted by the City for purchase reduce the par amount outstanding of each maturity below relevant index thresholds.

The terms and conditions of the Bonds that remain outstanding will continue to be governed by the terms of the Bond Ordinance and related bond documents, including without limitation the redemption and call provisions, as applicable. The City reserves the right now and in the future to, and may decide to, refund (on an advance, forward, or current basis) or defease to maturity some or all of the Bonds not purchased pursuant to the Tender Offer through the issuance of the Series 2026 Bonds, or other legally available funds of the System (in the City's sole discretion), or any series of publicly-offered or privately-placed bonds, in each case subject to market conditions and the terms of the Bond Ordinance.

The City May Later Purchase Bonds at More Favorable Prices or in Exchange for Bonds

The City reserves the right to, and may in the future decide to, acquire some or all of the Bonds not purchased pursuant to the City Offer through open market purchases, privately negotiated transactions, subsequent tender offers, exchange offers or otherwise, upon such terms and at such prices as it may determine, which may be more or less than the consideration offered pursuant to the City Offer set forth in this Offer, which could be cash or other consideration. Any future acquisition or exchange of Bonds may be on the same terms or on terms that are more or less favorable to Bondholders than the terms of the City Offer described in this Offer. The decision to make future purchases or exchanges by the City and the terms of such future transactions will

depend on various factors existing at that time. There can be no assurance as to which of these alternatives, if any, the City will ultimately choose to pursue in the future.

Timeliness of Offers

The City Offer will expire at 5:00 p.m., New York City time, on the Offer Expiration Date, unless extended or terminated. Bonds tendered for purchase as described in this Offer after 5:00 p.m., New York City time, on the Offer Expiration Date will not be considered.

Offer Acceptance Date

Notification of acceptance of Bonds tendered pursuant to the City Offer will be given on or before 5:00 p.m., New York City time, on the Offer Acceptance Date, unless the Offer Expiration Date is extended or the City Offer is terminated. See "TERMS OF THE CITY OFFER – Acceptance of Tenders" herein.

SUMMARY OF CERTAIN FEDERAL INCOME TAX CONSEQUENCES

The following is a general summary of the U.S. federal income tax consequences for tendering Bondholders. No assurances can be given that future changes in U.S. federal income tax laws will not alter the conclusions reached herein. The discussion below does not purport to deal with U.S. federal income tax consequences applicable to all categories of investors. Further, this summary does not discuss all aspects of U.S. federal taxation that may be relevant to a particular investor in the Bonds in light of the investor's particular circumstances or to certain types of investors subject to special treatment under U.S. federal income tax laws. Tendering Bondholders should note that no rulings have been or will be sought from the Internal Revenue Service (the "IRS"), and no assurance can be given that the IRS will not take contrary positions, with respect to any of the U.S. federal income tax consequences discussed below. This U.S. federal income tax discussion is included for general information only and should not be construed as a tax opinion nor tax advice by the City or any of its advisors or agents to the Bondholders, and Bondholders therefore should not rely upon such discussion. Bondholders should consult with their own tax advisors regarding the tax consequences of tendering Bonds pursuant to this Tender Offer.

A Bondholder who tenders its Bonds for cash pursuant to this Tender Offer generally will recognize a gain or loss for U.S. federal income tax purposes in an amount equal to the difference between the amount realized, which is generally the Purchase Price (not including Accrued Interest) received by the Bondholder, and the Bondholder's adjusted tax basis in its tendered Bonds. Any gain or loss arising in connection with a taxable sale pursuant to this Tender Offer may be capital gain or loss or may be ordinary income or loss, depending on the particular circumstances of the Bondholder. Non-corporate holders may be eligible for reduced rates of U.S. federal income tax on long-term capital gains. The deductibility of capital losses is subject to various limitations. A Bondholder's amount realized and adjusted tax basis are determined as set forth in the Internal Revenue Code of 1986, as amended, and Treasury Regulations promulgated thereunder.

DEALER MANAGERS

The City has retained Goldman Sachs & Co. LLC ("Goldman") and Loop Capital Markets LLC ("Loop") to act on its behalf as Dealer Managers for the City Offer. The City has agreed to pay the Dealer Managers customary fees for their services and to reimburse the Dealer Managers for their reasonable out-of-pocket costs and expenses relating to the City Offer. References in this Offer to the Dealer Managers are to Goldman and Loop, in each case only in their respective capacity as Dealer Managers. The compensation of the Dealer Managers is based upon the amount of Bonds tendered to and accepted by the City.

The Dealer Managers may contact Bondholders regarding the City Offer and may request brokers, dealers, custodian banks, depositories, trust companies and other nominees to forward this Offer to beneficial owners of the Bonds.

The Dealer Managers, including their respective affiliates, are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Dealer Managers and their respective affiliates may have, from time to time, performed and may in the future perform, various investment banking services for the City for which they received or will receive customary fees and expenses. In the ordinary course of their various business activities, the Dealer Managers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities and financial instruments which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment securities activities may involve securities and instruments of the City, including the Bonds. Affiliates of the Dealer Managers may have holdings of Bonds that they are unable to disclose for legal or regulatory reasons.

In addition to their role as Dealer Managers for the Bonds, Goldman and Loop are also serving as Senior Managing Underwriters for the Series 2026 Bonds as described in APPENDIX A.

The Dealer Managers are not acting as financial or municipal advisors to the City in connection with the Tender Offer.

INFORMATION AGENT AND TENDER AGENT

The City has retained Globic Advisors Inc. to serve as Information Agent and Tender Agent for the City Offer. The City has agreed to pay the Information Agent and Tender Agent customary fees for its services and to reimburse the Information Agent and Tender Agent for its reasonable out-of-pocket costs and expenses relating to the City Offer.

APPROVAL OF LEGAL PROCEEDINGS

Certain legal matters and the issuance of the Series 2026 Bonds will be passed upon by McGuireWoods LLP, Atlanta, Georgia, and Townsend & Lockett, LLC, Atlanta, Georgia, Co-Bond Counsel to the City. The form of opinion of Bond Counsel to be delivered with the Series 2026

Bonds is expected to be set forth in an appendix to the 2026 POS attached hereto as Appendix A. Certain legal matters will be passed upon for the City by the City Attorney. Certain legal matters will be passed upon for the Dealer Managers by their counsel.

MISCELLANEOUS

No one has been authorized by the City, the Dealer Managers, or the Information Agent and Tender Agent to recommend to any Bondholder whether to tender Bonds pursuant to the City Offer or the amount of Bonds to tender. No one has been authorized to give any information or to make any representation in connection with the City Offer other than those contained in this Offer. Any recommendations, information and representations given or made cannot be relied upon as having been authorized by the City, the Dealer Managers or the Information Agent and Tender Agent.

None of the City, the Dealer Managers, or the Information Agent and Tender Agent make any recommendation that any Bondholder tender or refrain from tendering all or any portion of the principal amount of such Bondholder's Bonds. Bondholders must make their own decisions and should read this Offer carefully and consult with their broker, account executive, financial advisor, attorney and/or other professional in making their decisions.

Investors with questions about the City Offer should contact the Dealer Managers or the Information Agent and Tender Agent. The contact information for the Dealer Managers and the Information Agent and Tender Agent is as follows:

[Remainder of page intentionally left blank]

The Dealer Managers for the City Offer are:

Goldman Sachs & Co. LLC
200 West St.
New York, New York 10282
Tel: (212) 357-3189
Attn: Ken Ukaigwe
Email: ken.ukaigwe@gs.com

Loop Capital Markets LLC
425 South Financial Place, Suite 2700
Chicago, Il 60605
Tel: (312) 913-2208
Attn: David Gellert
Email: david.gellert@loopcapital.com

The Information Agent and Tender Agent for the City Offer is:

Globic Advisors Inc.
477 Madison Avenue, 6th Floor
New York, New York 10022
Tel: (212) 227-9622
Attn: Robert Stevens
Email: rstevens@globic.com
Document Website: www.globic.com/atlww

APPENDIX A

PRELIMINARY OFFICIAL STATEMENT

This Preliminary Official Statement and any information contained herein are subject to completion and amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2026 Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, or qualification under the securities laws of such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED APRIL 28, 2026

DAC Bond®

NEW ISSUE - BOOK-ENTRY ONLY **RATINGS: See "RATINGS" herein**

In the opinion of Co-Bond Counsel, under existing law and subject to the conditions described in "TAX MATTERS" herein, interest on the Series 2026 Bonds (a) is excludable from the gross income of the owners thereof for purposes of federal income taxation under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (b) is not a specific item of tax preference for purposes of the federal alternative minimum tax on individuals. However, such interest is included in the "adjusted financial statement income" (as defined in Section 56A of the Code) of certain corporations in determining the applicability and amount of the federal corporate alternative minimum tax imposed under Section 55(b) of the Code. Co-Bond Counsel is further of the opinion that under current law, the income on the Series 2026 Bonds, including the interest thereon, is exempt from income taxation by the State of Georgia. See "TAX MATTERS" herein regarding other tax considerations.

$1,100,000,000*
CITY OF ATLANTA
WATER AND WASTEWATER SUBORDINATE LIEN REVENUE AND REVENUE REFUNDING BONDS, SERIES 2026 (SUSTAINABILITY BONDS)

Dated: Date of Delivery **Due: November 1, as shown on the inside front cover page**

This Official Statement relates to the issuance and sale by the City of Atlanta (the "City") of $1,100,000,000* in aggregate principal amount of its Water and Wastewater Subordinate Lien Revenue and Revenue Refunding Bonds, Series 2026 (Sustainability Bonds) (the "Series 2026 Bonds") pursuant to, among other things, that certain Master Bond Ordinance adopted by the City Council of the City (the "City Council") on March 31, 1999, as previously supplemented and amended (the "Master Bond Ordinance"), and particularly as supplemented by that certain Series 2026 Bond Ordinance adopted by the City Council on March 16, 2026 and approved by the Mayor on March 17, 2026, as supplemented by that certain Series 2026 Supplemental Pricing Ordinance expected to be adopted by the City Council and approved by the Mayor on May 13, 2026 (together, the "Series 2026 Bond Ordinance"). The Master Bond Ordinance and the Series 2026 Bond Ordinance are hereinafter referred to as the "Bond Ordinance." All capitalized terms used herein and not otherwise expressly defined herein shall have the meanings assigned thereto in "APPENDIX C - SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDINANCE" attached hereto.

The Series 2026 Bonds are being issued by the City as part of a plan of finance to purchase, or refund, pay, redeem, and defease all or a portion of the hereinafter defined Select Outstanding Bonds, pay all or a portion of the amounts outstanding under the 2024 Commercial Paper Notes (as defined herein) and finance certain improvements to the System. The proceeds of the Series 2026 Bonds will be used by the City to provide funds, together with other available funds of the City, to: (a) purchase, in connection with a voluntary tender offer relating to the Select Outstanding Bonds (the "Tender Offer"), the portion of the Select Outstanding Bonds tendered for purchase pursuant to the terms and conditions set forth in the Tender Offer (the "Purchased Bonds"); (b) pay all or a portion of the amounts outstanding under the 2024 Commercial Paper Notes; (c) pay the costs of refunding and defeasing all or a portion of the Select Outstanding Bonds that are not purchased pursuant to the Tender Offer (the "Refunded Bonds"); (d) finance certain improvements to the System; and (e) pay certain costs of issuance in connection with the issuance of the Series 2026 Bonds and the Tender Offer. See "PLAN OF FINANCE," "ESTIMATED SOURCES AND USES OF FUNDS" and "OUTSTANDING SYSTEM OBLIGATIONS - Senior Bonds" herein.

The Series 2026 Bonds will be initially issued as fully registered bonds in denominations of $5,000 or any integral multiple thereof and initially will be registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"). Purchases of beneficial ownership interests in the Series 2026 Bonds will be made in book-entry form only and purchasers will not receive physical delivery of bond certificates representing the beneficial ownership interests in the Series 2026 Bonds so purchased. Payments of principal of, redemption premium, if any, and interest on, any Series 2026 Bond will be made to Cede & Co., as nominee for DTC as registered owner of the Series 2026 Bonds, by U.S. Bank Trust Company, National Association, as registrar and paying agent, to be subsequently disbursed to the Beneficial Owners (as defined in APPENDIX F attached hereto). See "DESCRIPTION OF THE SERIES 2026 BONDS - General" herein and "APPENDIX F - DTC AND THE BOOK-ENTRY ONLY SYSTEM" attached hereto.

Interest on the Series 2026 Bonds is payable semiannually on May 1 and November 1 of each year, commencing on November 1, 2026. The Series 2026 Bonds will bear interest at the rates and will be payable as to principal in the amounts and on the dates set forth on the inside front cover page of this Official Statement. See "DESCRIPTION OF THE SERIES 2026 BONDS - General" herein.

Certain of the Series 2026 Bonds may be subject to redemption prior to maturity as more fully described under "DESCRIPTION OF THE SERIES 2026 BONDS - Redemption Provisions" herein.

The Series 2026 Bonds are special limited obligations of the City being issued as Subordinate Bonds (as defined herein) under and pursuant to the provisions of the Bond Ordinance and are payable: (a) on a parity with the Outstanding Subordinate Bonds (as defined herein) and any additional Bonds issued on a parity basis with the Outstanding Subordinate Bonds and (b) solely from and secured by a pledge of, and lien on, the Pledged Revenues (as defined herein) junior and subordinate to the lien thereon securing the Outstanding Senior Bonds (as defined herein) and any additional Bonds issued on a parity basis with the Outstanding Senior Bonds, but senior to the lien securing any Outstanding Other System Obligations (as defined herein) and any additional Other System Obligations issued under and pursuant to the Bond Ordinance. **The Series 2026 Bonds are not payable from and are not secured by a charge, lien, or encumbrance upon any funds or assets of the City other than the Pledged Revenues.** See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2026 BONDS" and "OUTSTANDING SYSTEM OBLIGATIONS" herein and "APPENDIX C - SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDINANCE" attached hereto.

THE SERIES 2026 BONDS SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OF THE CITY WITHIN THE MEANING OF ANY CONSTITUTIONAL LIMITATION ON DEBT NOR A PLEDGE OF THE FAITH AND CREDIT OF THE CITY. THE SERIES 2026 BONDS SHALL NOT BE PAYABLE FROM OR A CHARGE UPON ANY FUNDS OTHER THAN THE REVENUES AND AMOUNTS PLEDGED TO THE PAYMENT THEREOF, NOR SHALL THE CITY BE SUBJECT TO ANY PECUNIARY LIABILITY THEREON. NO OWNER OR OWNERS OF THE SERIES 2026 BONDS SHALL EVER HAVE THE RIGHT TO COMPEL ANY EXERCISE OF THE TAXING POWER OF THE CITY TO PAY THE SERIES 2026 BONDS OR THE INTEREST THEREON, NOR TO ENFORCE PAYMENT OF THE SERIES 2026 BONDS AGAINST ANY PROPERTY OF THE CITY; NOR SHALL THE SERIES 2026 BONDS CONSTITUTE A CHARGE, LIEN, OR ENCUMBRANCE, LEGAL OR EQUITABLE, UPON ANY PROPERTY OF THE CITY, EXCEPT FOR THE PLEDGED REVENUES AND ANY OTHER FUNDS PLEDGED TO SECURE THE SERIES 2026 BONDS.

The City has designated the Series 2026 Bonds as Sustainability Bonds (as defined herein) based upon, among other things, the independent external review and opinion of S&P Global Ratings that the Series 2026 Bonds are in alignment with the Green Bond Principles, the Social Bond Principles as well as the Sustainability Bond Guidelines (each as defined herein), and therefore qualify for Sustainability Bonds designation. See "DESIGNATION OF SERIES 2026 BONDS AS SUSTAINABILITY BONDS" herein and "APPENDIX G - SECOND PARTY OPINION FROM S&P GLOBAL RATINGS" attached hereto.

This cover page contains certain limited information for quick reference only. It is not, and is not intended to be, a summary of the matters relating to the Series 2026 Bonds. Potential investors should read the entire Official Statement, including the inside front cover page and the appendices attached hereto, to obtain information essential to the making of an informed investment decision.

The Series 2026 Bonds will be offered when, as, and if issued by the City and received by the underwriters referenced below, subject to prior sale and to withdrawal or modification of the offer without notice, and subject to the approving opinions of McGuireWoods LLP and Townsend & Lockett, LLC, both of Atlanta, Georgia, in their capacity as co-bond counsel. Certain legal matters in connection with the Series 2026 Bonds will be passed upon for the City by the City's Department of Law. Greenberg Traurig, LLP and Riddle & Schwartz, LLC, both of Atlanta, Georgia, have served as co-disclosure counsel in connection with the Series 2026 Bonds. Certain legal matters in connection with the Series 2026 Bonds will be passed upon for the underwriters by Squire Patton Boggs LLP and Tiber Hudson LLC, both of Atlanta, Georgia. Hilltop Securities Inc., Dallas, Texas, Grant & Associates LLC, Marietta, Georgia and PFM Financial Advisors LLC, Philadelphia, Pennsylvania are serving as co-financial advisors to the City. The Series 2026 Bonds are expected to be delivered through the book-entry system of DTC on or about May 21, 2026.

Loop Capital Markets **Goldman Sachs & Co. LLC**

Mesirow Financial, Inc. **RBC Capital Markets** **Truist Securities**

Academy Securities **Blaylock Van, LLC**

Security Capital Brokerage, Inc. **Stern Brothers**

_____, 2026

* Preliminary, subject to change.

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS, PRICES, AND INITIAL CUSIP NUMBERS[†]

$1,100,000,000[*]
CITY OF ATLANTA
WATER AND WASTEWATER SUBORDINATE LIEN REVENUE AND REVENUE REFUNDING BONDS, SERIES 2026 (SUSTAINABILITY BONDS)

$_____[*] Serial Bonds

Maturity (November 1)[*]	Principal Amount[*]	Interest Rate	Yield	Price	Initial CUSIP No.[†]
2026	$				
2027					
2028					
2029					
2030					
2031					
2032					
2033					
2034					
2035					
2036					
2037					
2038					
2039					
2040					
2041					
2042					
2043					
2044					
2045					
2046					

$_____[*] - ____% Term Bond, Due November 1, 2051[*], Yield ___%
Price ____, Initial CUSIP No. _____[†]

$_____[*] - ____% Term Bond, Due November 1, 2056[*], Yield ___%
Price ____, Initial CUSIP No. _____[†]

[†] Initial CUSIP® numbers have been assigned to the Series 2026 Bonds by an organization not affiliated with the City or the Co-Financial Advisors (as defined herein) and are included for the convenience of the owners of the Series 2026 Bonds only at the time of the initial issuance of the Series 2026 Bonds. CUSIP® is a registered trademark of the American Bankers Association. None of the City, the Co-Financial Advisors nor the Underwriters (as defined herein) or their agents or counsel is responsible for the selection, use or accuracy of the CUSIP® numbers nor is any representation made as to their correctness with respect to the Series 2026 Bonds as included herein or at any time in the future. The CUSIP® number for a specific maturity is subject to being changed after the initial issuance of the Series 2026 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 Series 2026 Bonds.

[*] Preliminary; subject to change.

CITY OF ATLANTA

ELECTED OFFICIALS

Mayor

Andre Dickens

City Council

Marci Collier Overstreet, *President*

Jason Winston, *District 1*
Kelsea Bond, *District 2*
Byron Amos, *District 3*
Jason S. Dozier, *District 4*
Liliana Bakhtiari, *District 5*
Alex Wan, *District 6*
Thomas Worthy, *District 7*
Mary Norwood, *District 8*
Dustin R. Hillis, *District 9*
Andrea L. Boone, *District 10*
Wayne Martin, *District 11*
Antonio Lewis, *District 12*
Michael Julian Bond, *Post 1, At-Large*
Matt Westmoreland, *Post 2, At-Large*
Eshé Collins, *Post 3, At-Large*

Finance/Executive Committee of the City Council

Jason Winston, *Chair*
Byron Amos
Dustin Hillis
Wayne Martin
Alex Wan, *Vice Chair*
Mary Norwood
Matt Westmoreland

City Utilities Committee of the City Council

Dustin Hillis, *Chair*
Kelsea Bond
Andrea L. Boone
Jason Dozier
Liliana Bakhtiari, *Vice Chair*
Mary Norwood
Alex Wan

APPOINTED OFFICIALS

Mohamed M. Balla, *Chief Financial Officer*
LaChandra Burks, *Chief Operating Officer*
Marquetta J. Bryan, Esq., *City Attorney*
Courtney English, *Chief of Staff and Chief Policy Officer*
Greg Eyerly, *Commissioner, Department of Watershed Management*

CONSULTANTS TO THE CITY

Feasibility Consultant

Galardi Rothstein Group
Montreat, North Carolina

Co-Bond Counsel

McGuireWoods LLP
Atlanta, Georgia

Townsend & Lockett, LLC
Atlanta, Georgia

Co-Disclosure Counsel

Greenberg Traurig, LLP
Atlanta, Georgia

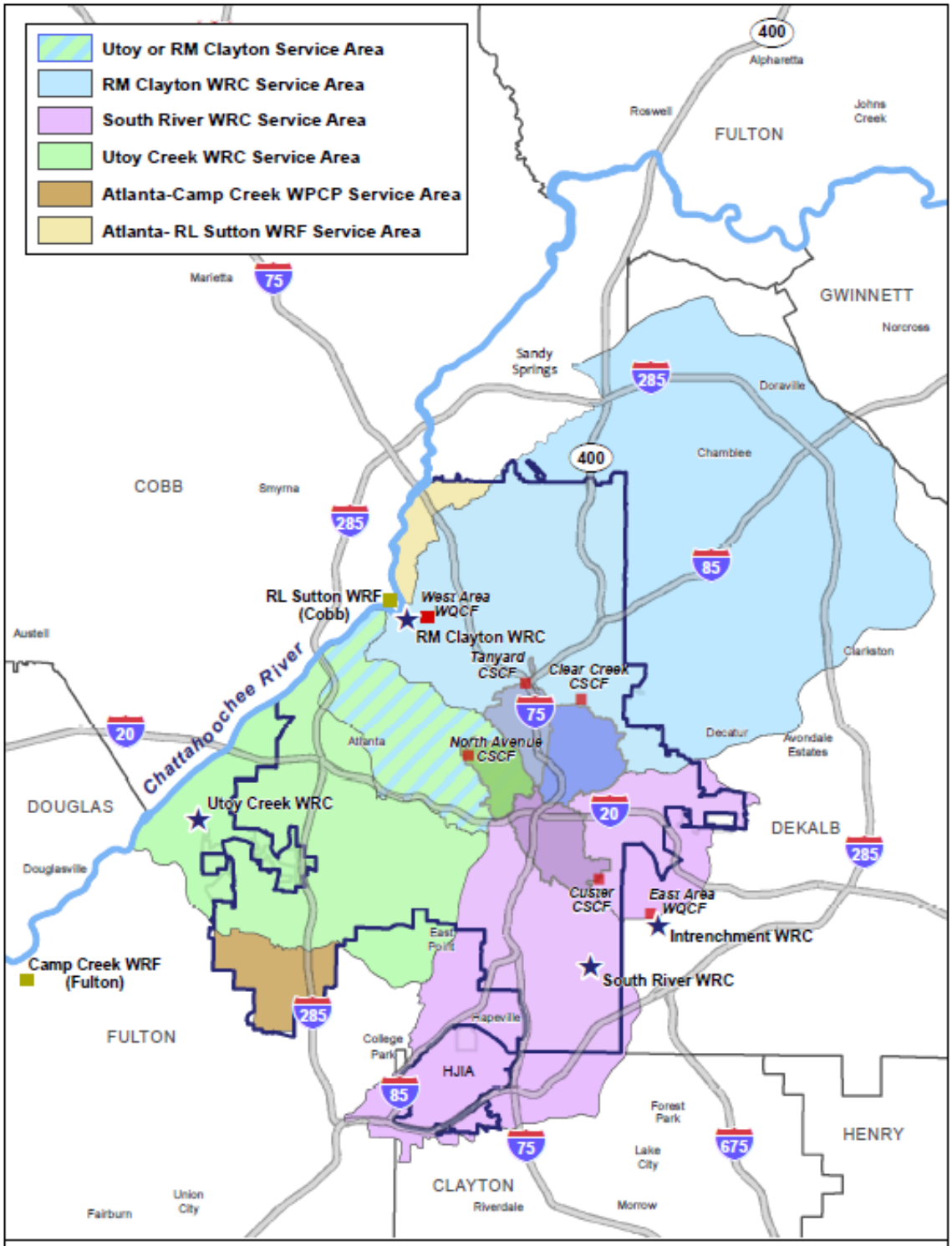
Riddle & Schwartz, LLC
Atlanta, Georgia

Co-Financial Advisors

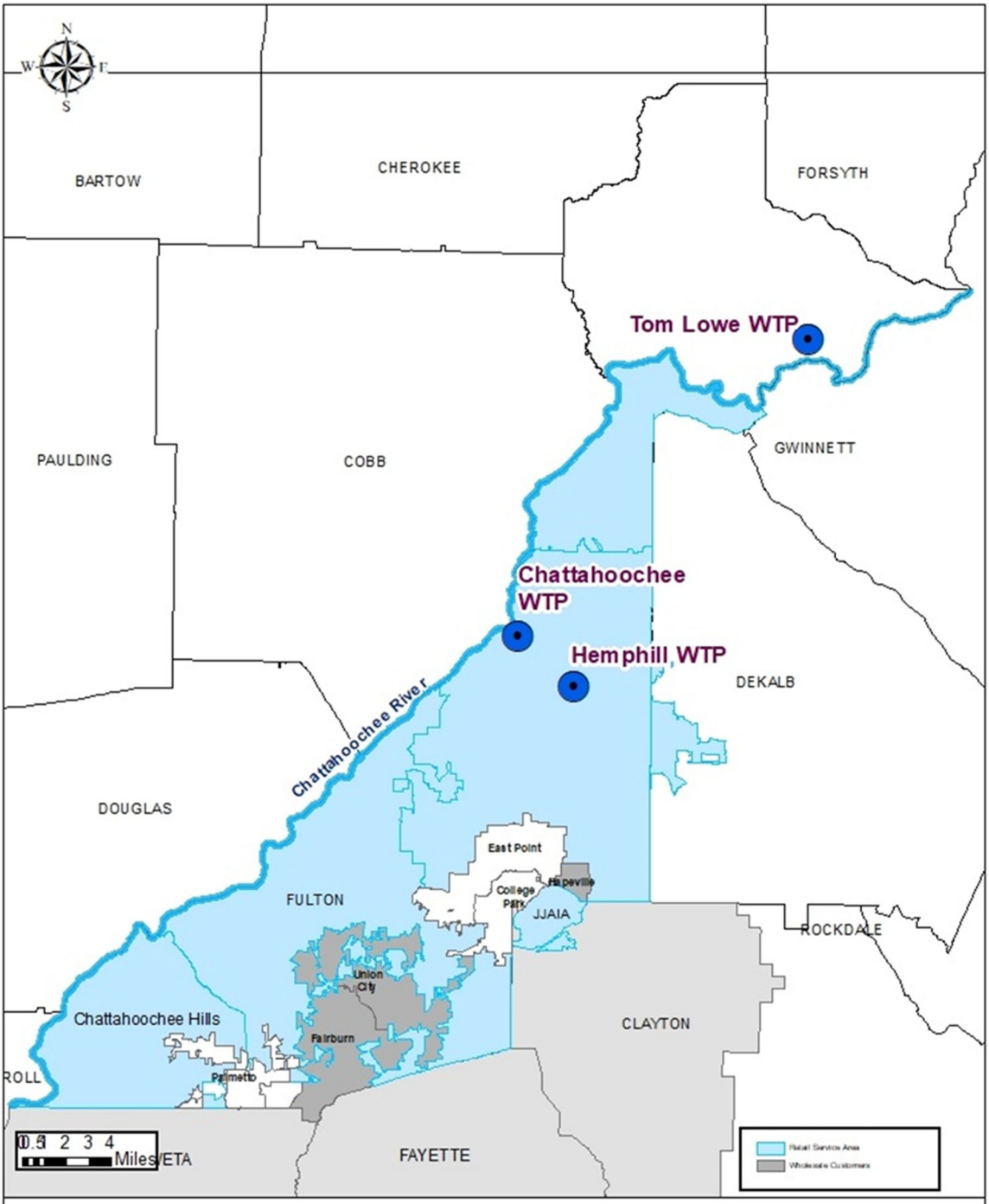
Hilltop Securities Inc.
Dallas, Texas

Grant & Associates LLC
Marietta, Georgia

PFM Financial Advisors LLC
Philadelphia, Pennsylvania



Wastewater Service Area



City of Atlanta Drinking Water Service Area

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This Official Statement does not constitute a contract between the City or the Underwriters and any one or more owners of the Series 2026 Bonds, nor does it constitute an offer to sell or the solicitation of an offer to buy the Series 2026 Bonds in any jurisdiction to any person to whom it is unlawful to make such an offer in such jurisdiction.

No dealer, broker, salesman or any other person has been authorized by the City or the Underwriters to give any information or to make any representations, other than those contained in this Official Statement, in connection with the offering of the Series 2026 Bonds, and if given or made, such information or representations must not be relied upon as having been authorized by the City or any other person. The information and expressions of opinion contained in this Official Statement are subject to change without notice, and this Official Statement speaks only as of its date. Neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create the implication that there has been no change in the matters described herein since the date hereof. Except as otherwise indicated, the information contained in this Official Statement, including in the appendices attached hereto, has been obtained from representatives of the City, the Underwriters and from public documents, records and other sources considered to be reliable.

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 responsibilities 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.

THIS PRELIMINARY OFFICIAL STATEMENT IS IN A FORM DEEMED FINAL BY THE CITY FOR PURPOSES OF RULE 15c2-12 ("RULE 15c2-12") OF THE U.S. SECURITIES AND EXCHANGE COMMISSION (THE "SEC") PROMULGATED PURSUANT TO THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, EXCEPT FOR CERTAIN INFORMATION PERMITTED TO BE OMITTED PURSUANT TO PARAGRAPH (b)(1) OF RULE 15c2-12.

THE CITY IS INCLUDING THE FOLLOWING STATEMENT IN THIS OFFICIAL STATEMENT BASED UPON LONG STANDING HISTORICAL PRACTICES OF MUNICIPAL ISSUERS AND THE CITY AND THE UNDERWRITERS MAKE NO STATEMENT OR REPRESENTATION AS TO THE ACCURACY OR APPLICABILITY OF THE FOLLOWING STATEMENT TO THIS PARTICULAR TRANSACTION: IN CONNECTION WITH THE OFFERING OF THE SERIES 2026 BONDS, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN MARKET PRICES OF THE SERIES 2026 BONDS AT LEVELS ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE SERIES 2026 BONDS HAVE NOT BEEN REGISTERED WITH THE SEC UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE BOND ORDINANCE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON CERTAIN EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE SERIES 2026 BONDS IN

ACCORDANCE WITH APPLICABLE PROVISIONS OF THE SECURITIES LAWS OF THE STATES, IF ANY, IN WHICH THE SERIES 2026 BONDS HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN CERTAIN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE SERIES 2026 BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE CITY, THE DEPARTMENT (AS DEFINED HEREIN), THE SYSTEM, AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE SERIES 2026 BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

THE ORDER AND PLACEMENT OF INFORMATION IN THIS OFFICIAL STATEMENT, INCLUDING THE INSIDE FRONT COVER PAGE AND THE APPENDICES ATTACHED HERETO, ARE NOT AN INDICATION OF RELEVANCE, MATERIALITY OR RELATIVE IMPORTANCE, AND THIS OFFICIAL STATEMENT, INCLUDING THE INSIDE FRONT COVER PAGE AND APPENDICES ATTACHED HERETO, SHOULD BE READ IN ITS ENTIRETY. THE CAPTIONS AND HEADINGS IN THIS OFFICIAL STATEMENT ARE FOR CONVENIENCE ONLY AND IN NO WAY DEFINE, LIMIT OR DESCRIBE THE SCOPE OR INTENT, OR AFFECT THE MEANING OR CONSTRUCTION, OF ANY PROVISION OR SECTION IN THIS OFFICIAL STATEMENT.

THIS OFFICIAL STATEMENT IS BEING PROVIDED TO PROSPECTIVE PURCHASERS IN EITHER BOUND OR PRINTED FORMAT ("ORIGINAL BOUND FORMAT") OR IN ELECTRONIC FORMAT ON THE FOLLOWING WEBSITE: WWW.MUNIOS.COM. THIS OFFICIAL STATEMENT MAY BE RELIED ON ONLY IF IT IS IN ITS ORIGINAL BOUND FORMAT, OR IF IT IS PRINTED IN ITS ENTIRETY DIRECTLY FROM SUCH WEBSITE.

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TABLE OF CONTENTS

Page

INTRODUCTION 1

General 1
The City 1
Authorization for the Series 2026 Bonds 2
Purpose of the Series 2026 Bonds 2
Security and Sources of Payment for the Series 2026 Bonds 2
Description of the Series 2026 Bonds 3
Financial Feasibility Study 3
Designation of the Series 2026 Bonds as Sustainability Bonds 4
Continuing Disclosure 4
Other Information 4

PLAN OF FINANCE 5

Select Outstanding Bonds 6
Purchase of the Purchased Bonds 7
Refunding of the Refunded Bonds 7
The 2024 Commercial Paper Notes 8
Capital Improvements to the System 8

DESIGNATION OF SERIES 2026 BONDS AS SUSTAINABILITY BONDS 8

General 9
Sustainability Bonds Designation 10
Certain Factors Affecting the Market for Sustainability Bonds and Other Considerations 10

ESTIMATED SOURCES AND USES OF FUNDS 11

DESCRIPTION OF THE SERIES 2026 BONDS 11

General 11
Redemption Provisions 12
Notice of Redemption 13
Registration Provisions; Transfer and Exchange 14

BOOK-ENTRY ONLY SYSTEM 14

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2026 BONDS 15

General 15
Pledged Revenues 15
Municipal Option Sales Tax (MOST) Revenues 16
Expenses of Operation and Maintenance 16

Flow of Funds 16
Rate Covenant 20
Additional System Obligations 22
Limited Obligations 23

OUTSTANDING SYSTEM OBLIGATIONS 24

Senior Bonds 24
Subordinate Bonds 26
Other System Obligations 27
Hedge Agreements 30
Pension and OPEB Matters 30

ESTIMATED PRINCIPAL AND INTEREST REQUIREMENTS 30

THE CITY 32

THE DEPARTMENT OF WATERSHED MANAGEMENT 32

General 32
Certain Appointed Officials and Key Personnel 35

THE SYSTEM 39

General 39
Service Area 40
Water System 40
Wastewater System 45
Watershed Protection Services 49
Insurance 50
System Security 51
Extreme Weather Events 52

REGULATORY, LEGAL AND OTHER MATTERS AFFECTING THE SYSTEM 53

Water System 54
Wastewater System 56
Other Matters Affecting the System 58

CAPITAL IMPROVEMENT PROGRAM 60

SYSTEM REVENUES 62

General 62
Rates and Charges 62
Other Service Revenues 64
Municipal Option Sales Tax (MOST) Revenues 64
Other Revenues 66

Inter-jurisdictional Capital Contributions 66

SYSTEM FINANCE MATTERS 67

General 67
Management's Discussion and Analysis (Unaudited) 67
Projected Revenues, Expenses and Coverage 76

MUNICIPAL ADVISOR'S FINANCIAL FEASIBILITY STUDY 77

LITIGATION 78

VALIDATION 78

TAX MATTERS 78

Opinion of Co-Bond Counsel – Federal Income Tax Status of Interest 78
Reliance and Assumptions; Effect of Certain Changes 79
Certain Collateral Federal Tax Consequences 80
Original Issue Discount 80
Original Issue Premium 81
Information Reporting and Backup Withholding 81
Internal Revenue Service Audits 82
Opinion of Co-Bond Counsel – Georgia Income Tax Consequences 82
Changes in Federal and State Tax Law and Regulations 82

CONTINUING DISCLOSURE 83

CERTAIN LEGAL MATTERS 83

VERIFICATION OF CERTAIN CALCULATIONS 84

FINANCIAL STATEMENTS 84

CO-FINANCIAL ADVISORS 85

RATINGS 85

UNDERWRITING 85

General 85
Additional Information Provided by Certain Underwriters 86

DISCLOSURE OF CERTAIN RELATIONSHIPS 86

FORWARD-LOOKING STATEMENTS 87

MISCELLANEOUS 88

AUTHORIZATION OF THE OFFICIAL STATEMENT 89

APPENDIX A - DEPARTMENT OF WATERSHED MANAGEMENT AUDITED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED JUNE 30, 2025 AND 2024
APPENDIX B - MUNICIPAL ADVISOR'S FINANCIAL FEASIBILITY STUDY
APPENDIX C - SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDINANCE
APPENDIX D - FORM OF OPINIONS OF CO-BOND COUNSEL
APPENDIX E - FORM OF CONTINUING DISCLOSURE AGREEMENT
APPENDIX F - DTC AND THE BOOK-ENTRY ONLY SYSTEM
APPENDIX G - SECOND PARTY OPINION FROM S&P GLOBAL RATINGS

OFFICIAL STATEMENT

relating to

$1,100,000,000[*]
CITY OF ATLANTA
WATER AND WASTEWATER SUBORDINATE LIEN
REVENUE AND REVENUE REFUNDING BONDS,
SERIES 2026 (SUSTAINABILITY BONDS)

INTRODUCTION

General

The purpose of this Official Statement, which includes the inside front cover page and the appendices attached hereto, is to provide certain information in connection with the issuance and sale by the City of Atlanta (the "City") of $1,100,000,000[*] in aggregate principal amount of its Water and Wastewater Subordinate Lien Revenue and Revenue Refunding Bonds, Series 2026 (Sustainability Bonds) (the "Series 2026 Bonds"). All capitalized terms used herein and not otherwise expressly defined herein shall have the meanings assigned thereto in "APPENDIX C - SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDINANCE" attached hereto.

This Introduction is not a summary of this Official Statement and is intended only for quick reference. It is only a brief description of and guide to, and is qualified in its entirety by reference to, the more complete and detailed information contained in the entire Official Statement, including the inside front cover page and the appendices attached hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement, including the inside front cover page and the appendices attached hereto, and of the documents summarized or described herein. The offering of the Series 2026 Bonds to potential investors is made only by means of the entire Official Statement, including the inside front cover page and the appendices attached hereto. No person is authorized to detach this Introduction from this Official Statement or to otherwise use it without the entire Official Statement, including the inside front cover page and the appendices attached hereto.

The City

The City is a municipal corporation of the State of Georgia (the "State") created by an act of the Georgia General Assembly (the "General Assembly") in 1843 and now existing and subject to the provisions of the Charter of the City of Atlanta, as amended (the "Charter"). The City is the seat of government of the State and Fulton County, Georgia ("Fulton County"). The City's fiscal year is the 12-month period ending on June 30 of each year (the "Fiscal Year"). See "THE CITY" herein.

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[*] Preliminary; subject to change.

Authorization for the Series 2026 Bonds

The Series 2026 Bonds will be issued pursuant to: (a) the Constitution and laws of the State, including specifically, but without limitation, Article 3 of Chapter 82 of Title 36 of the Official Code of Georgia Annotated, as amended, known as the "Revenue Bond Law"; (b) the Charter; and (c) that certain Master Bond Ordinance adopted by the City Council of the City (the "City Council") on March 31, 1999, as previously supplemented and amended (the "Master Bond Ordinance"), and particularly as supplemented by that certain Series 2026 Bond Ordinance adopted by the City Council on March 16, 2026 and approved by the Mayor on March 17, 2026, as supplemented by that certain Series 2026 Supplemental Pricing Ordinance expected to be adopted by the City Council and approved by the Mayor on May 13, 2026 (together, the "Series 2026 Bond Ordinance"). The Master Bond Ordinance and the Series 2026 Bond Ordinance are hereinafter referred to as the "Bond Ordinance."

Purpose of the Series 2026 Bonds

The Series 2026 Bonds are being issued by the City as part of a plan of finance to purchase, or refund, pay, redeem, and defease all or a portion of the hereinafter defined Select Outstanding Bonds, pay all or a portion of the amounts outstanding under the 2024 Commercial Paper Notes (as defined herein) and finance certain improvements to the System. The proceeds of the Series 2026 Bonds will be used by the City to provide funds, together with other available funds of the City, to: (a) purchase, in connection with a voluntary tender offer relating to a portion of the Select Outstanding Bonds (the "Tender Offer"), the portion of the Select Outstanding Bonds tendered for purchase and actually purchased by the City in accordance with the Tender Offer and subject to the terms and conditions set forth in the Tender Offer (the "Purchased Bonds"); (b) pay all or a portion of the amounts outstanding under the 2024 Commercial Paper Notes; (c) pay the costs of refunding and defeasing all or a portion of the Select Outstanding Bonds that are not purchased pursuant to the Tender Offer (the "Refunded Bonds"); (d) finance certain improvements to the System; and (e) pay certain costs of issuance in connection with the issuance of the Series 2026 Bonds and the Tender Offer. See "PLAN OF FINANCE," "ESTIMATED SOURCES AND USES OF FUNDS" and "OUTSTANDING SYSTEM OBLIGATIONS - Senior Bonds" herein.

Security and Sources of Payment for the Series 2026 Bonds

The Series 2026 Bonds are special limited obligations of the City being issued as Subordinate Bonds (as defined herein) under and pursuant to the provisions of the Bond Ordinance and are payable: (a) on a parity with the Outstanding Subordinate Bonds (as defined herein) and any additional Bonds issued on a parity basis with the Outstanding Subordinate Bonds and (b) solely from and secured by a pledge of, and lien on, the Pledged Revenues (as defined herein) junior and subordinate to the lien thereon securing the Outstanding Senior Bonds (as defined herein) and any additional Bonds issued on a parity basis with the Outstanding Senior Bonds, but senior to the lien securing any Outstanding Other System Obligations (as defined herein) and any additional Other System Obligations issued under and pursuant to the Bond Ordinance. **The Series 2026 Bonds are not payable from and are not secured by a charge, lien, or encumbrance upon any funds or assets of the City other than the Pledged Revenues**. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2026 BONDS" and "OUTSTANDING SYSTEM

OBLIGATIONS" herein and "APPENDIX C - SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDINANCE" attached hereto.

THE SERIES 2026 BONDS SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OF THE CITY WITHIN THE MEANING OF ANY CONSTITUTIONAL LIMITATION ON DEBT NOR A PLEDGE OF THE FAITH AND CREDIT OF THE CITY. THE SERIES 2026 BONDS SHALL NOT BE PAYABLE FROM OR A CHARGE UPON ANY FUNDS OTHER THAN THE REVENUES AND AMOUNTS PLEDGED TO THE PAYMENT THEREOF, NOR SHALL THE CITY BE SUBJECT TO ANY PECUNIARY LIABILITY THEREON. NO OWNER OR OWNERS OF THE SERIES 2026 BONDS SHALL EVER HAVE THE RIGHT TO COMPEL ANY EXERCISE OF THE TAXING POWER OF THE CITY TO PAY THE SERIES 2026 BONDS OR THE INTEREST THEREON, NOR TO ENFORCE PAYMENT OF THE SERIES 2026 BONDS AGAINST ANY PROPERTY OF THE CITY; NOR SHALL THE SERIES 2026 BONDS CONSTITUTE A CHARGE, LIEN, OR ENCUMBRANCE, LEGAL OR EQUITABLE, UPON ANY PROPERTY OF THE CITY, EXCEPT FOR THE PLEDGED REVENUES AND ANY OTHER FUNDS PLEDGED TO SECURE THE SERIES 2026 BONDS.

Description of the Series 2026 Bonds

The Series 2026 Bonds will be initially issued as fully registered bonds in denominations of $5,000 or any integral multiple thereof and initially will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). Purchases of beneficial ownership interests in the Series 2026 Bonds will be made in book-entry form only and purchasers will not receive physical delivery of bond certificates representing the beneficial ownership interests in the Series 2026 Bonds so purchased. Payments of principal of, premium, if any, and interest on, any Series 2026 Bond will be made to Cede & Co., as nominee for DTC as registered owner of the Series 2026 Bonds, by U.S. Bank Trust Company, National Association, as paying agent (in that capacity, the "Paying Agent"), to be subsequently disbursed to the Beneficial Owners (as defined in APPENDIX F attached hereto). See "DESCRIPTION OF THE SERIES 2026 BONDS - General" herein and "APPENDIX F - DTC AND THE BOOK-ENTRY ONLY SYSTEM" attached hereto.

Interest on the Series 2026 Bonds is payable semiannually on May 1 and November 1 of each year, commencing on November 1, 2026. The Series 2026 Bonds will bear interest at the rates and will be payable as to principal in the amounts and on the dates set forth on the inside front cover page of this Official Statement. See "DESCRIPTION OF THE SERIES 2026 BONDS - General" herein.

Certain of the Series 2026 Bonds may be subject to redemption prior to maturity as more fully described under "DESCRIPTION OF THE SERIES 2026 BONDS - Redemption Provisions" herein.

Financial Feasibility Study

In connection with the Series 2026 Bonds, the City commissioned and the Feasibility Consultant (as defined herein) prepared the Financial Feasibility Study (as defined herein). The Financial Feasibility Study reviews the operation and maintenance of the System, updates the

City's strategic financial plan to reflect revisions to the System's capital improvement program funding allocations, and to demonstrates the financial feasibility of the planned issuance by the City of the Series 2026 Bonds. The Financial Feasibility Study also provides, among other things, a detailed forecast of the financial performance of the Department (as defined herein) for the Forecast Period (as defined herein). See "MUNICIPAL ADVISOR'S FINANCIAL FEASIBILITY STUDY" herein and "APPENDIX B - MUNICIPAL ADVISOR'S FINANCIAL FEASIBILITY STUDY" attached hereto.

Designation of the Series 2026 Bonds as Sustainability Bonds

The City has designated the Series 2026 Bonds as Sustainability Bonds (as defined herein) based upon, among other things, the independent external review and opinion of S&P Global Ratings that the Series 2026 Bonds are in alignment with the Green Bond Principles, the Social Bond Principles as well as the Sustainability Bond Guidelines (each as defined herein), and therefore qualify for Sustainability Bonds designation. See "DESIGNATION OF SERIES 2026 BONDS AS SUSTAINABILITY BONDS" herein and "APPENDIX G - SECOND PARTY OPINION FROM S&P GLOBAL RATINGS" attached hereto.

Continuing Disclosure

In order to assist the Underwriters (as defined herein) in complying with paragraph (b)(5) of Rule 15c2-12 of the U.S. Securities and Exchange Commission (the "SEC") promulgated pursuant to the Securities Exchange Act of 1934 (the "Exchange Act"), as in effect on the date hereof ("Rule 15c2-12"), simultaneously with the issuance of the Series 2026 Bonds, the City, as an "obligated person" under Rule 15c2-12, will enter into a Continuing Disclosure Agreement (the "Continuing Disclosure Agreement") with Digital Assurance Certification, L.L.C. ("DAC"), as initial disclosure dissemination agent, under which the City will undertake to provide continuing disclosure with respect to the Series 2026 Bonds and the System for the benefit of the holders of the Series 2026 Bonds. See "CONTINUING DISCLOSURE" herein and "APPENDIX E - FORM OF CONTINUING DISCLOSURE AGREEMENT" attached hereto.

Other Information

This Official Statement speaks only as of its date and the information contained herein is subject to change. This Official Statement, including the inside front cover page and the appendices attached hereto, contains brief descriptions of, among other matters, the City, the System, the Series 2026 Bonds, the security and sources of payment for the Series 2026 Bonds, and the Bond Ordinance. Such descriptions and information do not purport to be comprehensive or definitive. The summaries of various constitutional provisions, statutes, the Bond Ordinance, and other documents are intended as summaries only and are qualified in their entirety by reference to such documents, and references herein to the Series 2026 Bonds are qualified in their entirety to the form thereof included in the Bond Ordinance. Copies of the Bond Ordinance and other relevant documents and information are available, upon written request and payment of a charge for copying, mailing and handling, from the Chief Financial Officer, Department of Finance, 68 Mitchell Street, S.W., Suite 11100, South Tower, Atlanta, Georgia 30303, telephone (404) 330-6430.

PLAN OF FINANCE

The Series 2026 Bonds are being issued by the City as part of a plan of finance to purchase, or refund, pay, redeem, and defease all or a portion of the Select Outstanding Bonds pay all or a portion of the amounts outstanding under the 2024 Commercial Paper Notes and finance certain improvements to the System. The Purchased Bonds will be purchased with a portion of the proceeds of the Series 2026 Bonds, together with other available funds of the City, pursuant to the Tender Offer. The hereinafter defined Series 2015 Bonds along with the portion of the other Select Outstanding Bonds that are not Purchased Bonds (such portion being the "Advance Refunded Taxable Bonds") will be refunded and defeased with a portion of the proceeds of the Series 2026 Bonds and other available funds of the City, all as more fully described below. The Series 2015 Bonds along with the Advance Refunded Taxable Bonds are hereinafter referred to as the "Refunded Bonds."

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Select Outstanding Bonds

The following table is a list of the Outstanding Senior Bonds that may be subject to purchase, redemption or defeasance with the proceeds of the Series 2026 Bonds together with other available funds of the City (the "Select Outstanding Bonds").

Series	CUSIP Number (047870)	Maturity Date (November 1)	Par Call Date (November 1)	Interest Rate	Outstanding Principal Amount
2015	MU1	2026	Currently Callable	5.000%	$ 28,475,000
2015	MV9	2027	Currently Callable	5.000	30,945,000
2015	MW7	2028	Currently Callable	5.000	32,615,000
2015	MX5	2029	Currently Callable	5.000	34,245,000
2015	MY3	2030	Currently Callable	5.000	23,700,000
2015	MZ0	2031	Currently Callable	5.000	68,970,000
2015	NA4	2032	Currently Callable	5.000	72,595,000
2015	NE6	2040[1]	Currently Callable	5.000	453,220,000
2017A	NQ9	2028	2027	5.000	12,275,000
2017A	NY2	2036	2027	4.000	19,130,000
2017A	PB0	2039	2027	3.500	3,905,000
2018B	QE3	2028	2027	5.000	7,430,000
2018B	QF0	2029	2027	5.000	7,810,000
2018B	QL7	2034	2027	4.000	9,980,000
2018B	QM5	2035	2027	4.000	10,385,000
2018B	QN3	2036	2027	4.000	10,810,000
2018B	QP8	2037	2027	4.000	11,255,000
2018B	QQ6	2038	2027	4.000	11,710,000
2018B	SR2[2]	2043[1]	2027	5.000	2,525,000
2018B	QR4	2043[1]	2027	3.500	30,000,000
2018B	QT0	2047	2027	5.000	65,680,000
2018C	QZ6	2028	2027	5.000	15,300,000
2018C	RA0	2029	2027	5.000	16,050,000
2018C	RJ1	2037	2027	4.000	23,580,000
2018C	RK8	2038	2027	4.000	24,500,000
2019A	RT9	2030	2029	5.000	6,830,000
2019A	RU6	2031	2029	5.000	7,450,000
2019A	RV4	2032	2029	5.000	7,930,000
2019A	RW2	2033	2029	4.000	6,615,000
2019A	RX0	2034	2029	4.000	8,560,000
2019A	RY8	2035	2029	4.000	8,325,000
2019A	RZ5	2036	2029	3.000	8,775,000
2019A	SA9	2037	2029	3.000	9,305,000
2019A	SB7	2038	2029	4.000	10,030,000
2020	SJ0	2026	n/a	1.035	7,170,000
2020	SK7	2027	n/a	1.265	7,255,000
2020	SL5	2028	n/a	1.537	25,695,000
2020	SM3	2029	n/a	1.637	25,630,000
2020	SN1	2035[1]	2030	2.257	301,885,000
2020	SP6	2043[1]	2030	2.913	101,800,000

[1] Term Bond.

[2] Represents the unrefunded portion of this maturity of the Series 2018B Bonds which was defeased in 2024.

Source: Hilltop Securities Inc.

Purchase of the Purchased Bonds

A portion of the proceeds of the Series 2026 Bonds will be used by the City to provide funds, together with other available funds of the City, to purchase the Purchased Bonds in accordance with the Tender Offer subject to the terms and conditions of the Tender Offer. See "ESTIMATED SOURCES AND USES OF FUNDS" and "OUTSTANDING SYSTEM OBLIGATIONS - Senior Bonds" herein.

The City, with the assistance of Goldman Sachs & Co. LLC and Loop Capital Markets LLC, in their capacity as dealer managers (the "Co-Dealer Managers"), released the Tender Offer inviting owners of Select Outstanding Bonds to tender such Select Outstanding Bonds for purchase by the City subject to the terms and conditions set forth in the Tender Offer. The offer to purchase Purchased Bonds is made solely through the Tender Offer subject to the terms and conditions set forth therein and no such offer is being made pursuant to this Official Statement. The purchase by the City of any of the Purchased Bonds pursuant to the Tender Offer is contingent on the issuance of the Series 2026 Bonds as well various other terms and conditions set forth in the Tender Offer. See "ESTIMATED SOURCES AND USES OF FUNDS" herein.

Promptly following (a) the delivery of the Series 2026 Bonds and (b) the payment by the City of the purchase price for Purchased Bonds, the City will instruct the Bond Registrar to cause such Purchased Bonds to be cancelled and retired. Upon their purchase and cancellation, the Purchased Bonds will no longer be Outstanding under the Bond Ordinance. See "ESTIMATED SOURCES AND USES OF FUNDS" herein.

Refunding of the Refunded Bonds

A portion of the proceeds of the Series 2026 Bonds will be used by the City to provide funds, together with other available funds of the City, to refund, pay, redeem, and defease all or a portion of the Refunded Bonds. See "ESTIMATED SOURCES AND USES OF FUNDS" herein.

To effect the refunding and redemption of all or a portion of the Series 2015 Bonds, a portion of the proceeds of the Series 2026 Bonds will be deposited with the Paying Agent. By virtue of such deposit, such Series 2015 Bonds will be deemed, as of the date of delivery of the Series 2026 Bonds, paid and no longer outstanding under the Bond Ordinance.

To effect the refunding of the Advance Refunded Taxable Bonds maturing _____, the City will enter into an Escrow Deposit Agreement (the "Escrow Deposit Agreement") with U.S. Bank Trust Company, National Association (in that capacity, the "Escrow Agent") on or prior to the delivery of the Series 2026 Bonds. By virtue of such deposit, such Advance Refunded Taxable Bonds will be deemed, as of the date of delivery of the Series 2026 Bonds, paid and no longer outstanding under the Bond Ordinance.

Pursuant to the terms of the Escrow Deposit Agreement, on the date of issuance of the Series 2026 Bonds, the City will deposit portions of the proceeds of the Series 2026 Bonds and certain other available funds of the City, if any, with the Escrow Agent for deposit to the credit of the escrow deposit trust fund established for the related series of the Advance Refunded Taxable Bonds (each an "Escrow Deposit Trust Fund") established pursuant to the Escrow Deposit Agreement. Such monies will be applied to pay when due all principal of, and accrued interest on

the related series of the Advance Refunded Taxable Bonds, through the dates of maturity or redemption for each series of the Advance Refunded Taxable Bonds, as applicable, as provided in the Escrow Deposit Agreement.

Upon delivery of the Series 2026 Bonds, Terminus Analytics, LLC, as verification agent (the "Verification Agent") will verify the accuracy of the arithmetical computations of the sufficiency of the amounts to be deposited (a) with the Paying Agent to pay the purchase price of the Purchased Bonds, (b) in each Escrow Deposit Trust Fund to be held by the Escrow Agent to pay the principal of, and accrued interest on the related series of Advance Refunded Taxable Bonds, through the dates of maturity or redemption of each series of the Advance Refunded Taxable Bonds and the computation of the yield on the Series 2026 Bonds and the amounts to be deposited in each Escrow Deposit Trust Fund, and (c) with the Paying Agent to pay the principal of, and accrued interest on all or a portion of the Series 2015 Bonds. See "VERIFICATION OF CERTAIN CALCULATIONS" herein.

The amounts deposited to each Escrow Deposit Trust Fund shall constitute sufficient funds to advance refund the Advance Refunded Taxable Bonds and upon deposit of such amounts with the Escrow Agent pursuant to the Escrow Deposit Agreement, each series of the Advance Refunded Taxable Bonds will be deemed, as of the date of delivery of the Series 2026 Bonds, paid and no longer outstanding under the Bond Ordinance. The amounts held by the Escrow Agent in each Escrow Deposit Trust Fund will not be available to pay debt service on the Series 2026 Bonds.

The 2024 Commercial Paper Notes

A portion of the proceeds of the Series 2026 Bonds will be used by the City to provide funds, together with other available funds of the City, to pay all or a portion of the amounts outstanding under the 2024 Commercial Paper Notes. See "ESTIMATED SOURCES AND USES OF FUNDS" herein.

Capital Improvements to the System

A portion of the proceeds of the Series 2026 Bonds will be used by the City together with other available funds of the City to (a) finance certain improvements to the System and (b) to pay certain costs of issuance in connection with Series 2026 Bonds. See "ESTIMATED SOURCES AND USES OF FUNDS" herein.

DESIGNATION OF SERIES 2026 BONDS AS SUSTAINABILITY BONDS

Certain information under this caption relating to the Green Bond Principles (2025) (the "Green Bond Principles"), the Social Bond Principles (2025) (the "Social Bond Principles"), and the Sustainability Bond Guidelines (2021) (the "Sustainability Bond Guidelines") established by the International Capital Market Association ("ICMA"), has been obtained from the Second Party Opinion (as defined herein) provided by S&P Global Ratings and attached hereto as "APPENDIX G - SECOND PARTY OPINION FROM S&P GLOBAL RATINGS." None of the City, the hereinafter defined Underwriters, Co-Financial Advisors, Co-Bond Counsel, or Co-Disclosure Counsel: (a) has independently confirmed or verified all of the information under this caption; (b) has assumed any obligation to ensure that the Series 2026 Bonds comply with any

legal or other standards or principles that may be related to the Sustainability Bonds designation discussed below, including the Green Bond Principles, the Social Bond Principles, and the Sustainability Bond Guidelines; and (c) make any representation or warranty or take any responsibility for the accuracy, completeness, or reliability of all of the information under this caption.

General

The City has designated the Series 2026 Bonds as Sustainability Bonds based upon, among other things, (a) the Second Party Opinion provided by S&P Global Ratings, as more particularly described under "DESIGNATION OF SERIES 2026 BONDS AS SUSTAINABILITY BONDS - Sustainability Bonds Designation" and (b) the information from the sources indicated in the Second Party Opinion and the assumptions contained therein. The Sustainability Bond Guidelines state that "Sustainability Bonds" are bonds where the proceeds will be exclusively applied to finance or re-finance a combination of both Green Projects and Social Projects. For additional information relating to the Series 2026 Bonds and the proposed use of the proceeds of the Series 2026 Bonds, see "PLAN OF FINANCE" herein and "APPENDIX G - SECOND PARTY OPINION FROM S&P GLOBAL RATINGS" attached hereto.

The City's obligation to make payments with respect to the Series 2026 Bonds is not conditioned on the completion of any particular project, the satisfaction of any condition relating to any eligible Green Projects, Social Projects or Sustainability Projects (as described in the Green Bond Principles, Social Bond Principles, Sustainability Bond Guidelines and the Second Party Opinion) or the designation of the Series 2026 Bonds as Sustainability Bonds.

The designation by the City of the Series 2026 Bonds as Sustainability Bonds does not entitle the owner of any Series 2026 Bonds to any benefit under the Internal Revenue Code of 1986, as amended (the "Code") or under the Bond Ordinance nor does such designation entitle the owners of the Series 2026 Bonds to any additional security beyond that described under "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2026 BONDS" herein and "APPENDIX C - SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDINANCE" attached hereto.

Unanticipated events and circumstances may occur which impact the accuracy of the information and assumptions in the Second Party Opinion, the information from the sources indicated in the Second Party Opinion, and/or necessitate changes to such information and assumptions. The City cannot guarantee that any such events or circumstances will not affect the continuing qualification of the Series 2026 Bonds as Sustainability Bonds in the future. The City has no obligation to ensure compliance with any legal or other principles relating to Sustainability Bonds, including as such principles may evolve over time, and any noncompliance with such principles will not constitute a default under the Bond Ordinance. See "DESIGNATION OF SERIES 2026 BONDS AS SUSTAINABILITY BONDS - Certain Factors Affecting the Market for Sustainability Bonds and Other Considerations" below.

Sustainability Bonds Designation

S&P Global Ratings has determined that the Series 2026 Bonds are in alignment with the Green Bond Principles, the Social Bond Principles as well as the Sustainability Bond Guidelines, as described in the independent second party opinion of S&P Global Ratings, which is attached hereto as APPENDIX G (the "Second Party Opinion").

For a detailed discussion of S&P Global Ratings' analysis of the alignment of the City's framework to the Green Bond Principles, the Social Bond Principles and the Sustainability Bond Guidelines, see "APPENDIX G - SECOND PARTY OPINION FROM S&P GLOBAL RATINGS - Alignment Assessment" attached hereto. For a detailed discussion of S&P Global Ratings' analysis of the eligible projects, based on their environmental benefits and risks, as well as their analysis of eligible projects considered to have clear social benefits and to address or mitigate a key social issue see "APPENDIX G - SECOND PARTY OPINION FROM S&P GLOBAL RATINGS - Analysis of Eligible Projects" attached hereto.

Certain Factors Affecting the Market for Sustainability Bonds and Other Considerations

The information in this section describes certain factors affecting the market for Sustainability Bonds and other considerations which may impact the designation of the Series 2026 Bonds as Sustainability Bonds. The following discussion is not meant to be an exhaustive list of the factors and other considerations affecting the market for Sustainability Bonds or impacting the designation of the Series 2026 Bonds as Sustainability Bonds and does not necessarily reflect the relative importance of the various factors and considerations. In addition, there can be no assurance that other factors or considerations not discussed herein are not and/or will not become relevant or material in the future. Investors are advised to consider the following factors along with all other information described in the Second Party Opinion, this Official Statement or incorporated by reference herein when evaluating the City's designation of the Series 2026 Bonds as Sustainability Bonds to obtain information essential to the making of an informed investment decision.

The sustainable finance market, which includes the market for Sustainability Bonds, is rapidly evolving and various factors relating to the market for Sustainability Bonds may be relevant to the investment decisions of potential investors. Such factors include, but are not limited to, (a) competing and variable industry practices; (b) anti-ESG legislation, regulations and pronouncements by Federal, State and local governments; (c) inconsistent legal, regulatory, and policy expectations; (d) inconsistent identification of sustainability bond factors or principles considered by market participants, including issuers, credit analysts, investors, rating agencies, and external reviewers; (e) inconsistent identification of factors relating to Sustainability Bonds and the nexus to credit and materiality; (f) disparity in the standards for labeling or designating bonds as Sustainability Bonds; (g) availability, quality, and comparability of reporting relating to Sustainability Bonds; (h) potential failure to achieve expected impacts of projects relating to Sustainability Bonds; and (i) the risk that the proceeds of the sale of a bond marketed as a Sustainability Bond will not be applied to the appropriate projects.

ESTIMATED SOURCES AND USES OF FUNDS

The proceeds of the Series 2026 Bonds are expected to be applied as follows:

Sources of Funds:	
Par Amount of Series 2026 Bonds	$
Other Available Funds of the City[(1)]	
Net Original Issuance Discount/Bond Premium	
Total Sources of Funds:	$
Uses of Funds:	
Deposit to Tendered Bonds Purchase Fund	$
Deposit with Paying Agent to Redeem Series 2015 Bonds	
Deposit with Escrow Agent to Redeem Advance Refunded Taxable Bonds	
Deposit with Paying Agent to Pay the 2024 Commercial Paper Notes	
Deposit to 2026 Project Account of the Project Fund	
Series 2026 Costs of Issuance[(2)]	
Total Uses of Funds:	$

(1) Includes funds on deposit and transferred from certain funds and accounts relating to the Select Outstanding Bonds under the Bond Ordinance.

(2) Includes, among other things, underwriters' discount, legal, financial, advisory, and other consultant fees, initial fees of U.S. Bank Trust Company, National Association, as registrar (in that capacity, the "Bond Registrar") and Paying Agent, rating agency fees, printing costs, validation court costs, fees and expenses related to the Tender Offer, including the fees of the Co-Dealer Managers, Second Party Opinion fee, and other miscellaneous fees and costs with respect to the issuance of the Series 2026 Bonds.

DESCRIPTION OF THE SERIES 2026 BONDS

General

The Series 2026 Bonds will be dated as of the date of their issuance and delivery and will bear interest from the dated date thereof at the rates set forth on the inside front cover page of this Official Statement, payable semiannually on May 1 and November 1 of each year, commencing November 1, 2026.

The Series 2026 Bonds will be initially issued as fully registered bonds in denominations of $5,000 or any integral multiple thereof and initially will be registered in the name of Cede & Co., as nominee of DTC. Purchases of beneficial ownership interests in the Series 2026 Bonds will be made in book-entry form only and purchasers will not receive physical delivery of bond certificates representing the beneficial ownership interests in the Series 2026 Bonds so purchased. Payments of principal of, premium, if any, and interest on, any Series 2026 Bond will be made to Cede & Co., as nominee for DTC as registered owner of the Series 2026 Bonds, by the Paying Agent, to be subsequently disbursed to the Beneficial Owners (as defined in APPENDIX F

attached hereto). See "DESCRIPTION OF THE SERIES 2026 BONDS - General" herein and "APPENDIX F - DTC AND THE BOOK-ENTRY ONLY SYSTEM" herein.

Redemption Provisions

Optional Redemption. The Series 2026 Bonds maturing on or before November 1, 20__ may not be called for optional redemption prior to maturity. The Series 2026 Bonds maturing on or after November 1, 20__ are subject to optional redemption prior to maturity at the option of the City on or after November 1, 20__, in whole or in part at any time in the manner and subject to the provisions of the Bond Ordinance, at a redemption price equal to the principal amount thereof, together with accrued interest to the redemption date and without premium.

Mandatory Redemption. The Series 2026 Bonds maturing on November 1, 20__ are subject to mandatory redemption prior to maturity by application of payments from the Sinking Fund, in accordance with the Bond Ordinance, at a redemption price equal to the principal amounts of the Series 2026 Bonds set forth below plus the interest due and accrued thereon on the redemption date, on the dates set forth below:

November 1 of the Year	Principal Amount
*	

* Final Maturity.

The Series 2026 Bonds maturing on November 1, 20__ are subject to mandatory redemption prior to maturity by application of payments from the Sinking Fund, in accordance with the Bond Ordinance, at a redemption price equal to the principal amounts of the Series 2026 Bonds set forth below plus the interest due and accrued thereon on the redemption date, on the dates set forth below:

November 1 of the Year	Principal Amount
*	

* Final Maturity.

Selection of the Series 2026 Bonds to be Redeemed. If less than all of the Series 2026 Bonds of like maturity are called for redemption, the particular Series 2026 Bonds, or portions of Series 2026 Bonds, to be redeemed shall be selected by lot by the City or in such other

manner as the City in its sole discretion may deem proper. The portion of any Series 2026 Bond of a denomination of more than $5,000 to be redeemed shall be in the principal amount of $5,000 or an integral multiple thereof, and, in selecting portions of such Series 2026 Bonds for redemption, the City shall treat each such Series 2026 Bond as representing that number of Series 2026 Bonds which is obtained by dividing the principal amount of such Series 2026 Bond to be redeemed in part by $5,000.

If the Series 2026 Bonds are registered in book-entry only form and so long as DTC or a successor securities depository is the sole registered owner of the Series 2026 Bonds, the selection for redemption of such Series 2026 Bonds of a series and maturity shall be made pursuant to DTC rules and procedures.

For so long as DTC or a successor securities depository continues to serve as securities depository for the Series 2026 Bonds, all transfers of beneficial ownership interests will be made by book-entry only, and no investor or other party purchasing, selling, or otherwise transferring beneficial ownership of Series 2026 Bonds is to receive, hold, or deliver any Series 2026 Bond certificate.

Notice of Redemption

General. Notice of call of any Series 2026 Bonds for redemption will be given by mailing a copy of the redemption notice by first class mail, postage prepaid, to the registered owners of such Series 2026 Bonds or portions thereof to be redeemed, not less than 30 days nor more than 60 days prior to the redemption date, at their last addresses shown on the registration books of the City maintained by the Bond Registrar. While the Series 2026 Bonds are held in a book-entry only system of registration, notice of redemption will be sent to Cede & Co., as described below. If notice of redemption has been given in the manner provided in the Bond Ordinance, and moneys for payment of the redemption price are held by the Paying Agent as provided therein, the Series 2026 Bonds or portions thereof so called for redemption will, on the redemption date designated in such notice, become due and payable at the redemption price provided for redemption of such Series 2026 Bonds, and interest on such Series 2026 Bonds or portions thereof will cease to accrue on such date, such Series 2026 Bonds or portions thereof will cease to be entitled to any lien, benefit or security under the Bond Ordinance, and the holders of such Series 2026 Bonds or portions thereof will have no rights in respect thereof except to receive payment of the redemption price thereof.

Conditional Notice of Redemption. Notwithstanding the foregoing, notices of redemption of Series 2026 Bonds shall be provided as required by the Bond Ordinance; provided, further, that, in the case of an optional redemption, the notice may state that (a) it is conditioned upon the deposit of moneys with the Paying Agent in an amount necessary to effect the redemption prior to the redemption date or (b) the City retains the right to rescind such notice on or prior to the scheduled redemption date, and such notice and optional redemption shall be of no effect if such moneys are not so deposited or if the notice is rescinded as described in the Bond Ordinance.

Registration Provisions; Transfer and Exchange

The City has established a book-entry system of registration for the Series 2026 Bonds. Except as specifically provided otherwise in the Bond Ordinance, an agent will hold the Series 2026 Bonds on behalf of the Beneficial Owners. By acceptance of a confirmation of purchase, delivery, or transfer, the Beneficial Owners shall be deemed to have agreed to such arrangement. While the Series 2026 Bonds are in the book-entry system of registration, the Bond Ordinance provides special provisions relating to the Series 2026 Bonds that override certain other provisions of the Bond Ordinance. See "APPENDIX F - DTC AND THE BOOK-ENTRY ONLY SYSTEM" attached hereto.

The City shall cause the Bond Register for the registration and for the transfer of the Series 2026 Bonds as provided in the Bond Ordinance to be kept by the Bond Registrar. The Series 2026 Bonds shall be registered as to principal and interest on the Bond Register upon presentation thereof to the Bond Registrar which shall make notation of such registration thereon. The Series 2026 Bonds may be transferred by surrender for transfer at the principal corporate trust office of the Bond Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the registered owner or the registered owner's attorney duly authorized in writing. The City shall cause to be executed and the Bond Registrar shall authenticate and deliver in the name of the transferee or transferees a new Series 2026 Bond or Series 2026 Bonds of the same series, maturity, interest rate, aggregate principal amount, and tenor, of any authorized denomination or denominations, and bearing numbers not then outstanding.

The Bond Registrar shall not be required to transfer or exchange any Series 2026 Bond after notice calling such Series 2026 Bond for redemption has been given or during the period of 15 days (whether or not a business day for the Bond Registrar, but excluding the date of giving such notice of redemption and including such 15th day) immediately preceding the giving of such notice of redemption.

In any exchange or registration of transfer of any Series 2026 Bond, the owner of the Series 2026 Bond shall not be required to pay any charge or fee; provided, however, if and to whatever extent any tax or governmental charge is at any time imposed on any such exchange or transfer, the City or the Bond Registrar may require payment of a sum sufficient for such tax or charge. All Series 2026 Bonds surrendered for exchange or transfer of registration shall be cancelled and destroyed by the Bond Registrar in accordance with the Bond Ordinance.

BOOK-ENTRY ONLY SYSTEM

Purchases of beneficial ownership interests in the Series 2026 Bonds will be made in book-entry form only and purchasers will not receive physical delivery of bond certificates representing the beneficial ownership interests in the Series 2026 Bonds so purchased. For a description of DTC and the book-entry only system, see "APPENDIX F - DTC AND THE BOOK-ENTRY ONLY SYSTEM" attached hereto.

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2026 BONDS

General

The Series 2026 Bonds are special limited obligations of the City being issued as Subordinate Bonds under and pursuant to the provisions of the Bond Ordinance and are payable: (a) on a parity with the Outstanding Subordinate Bonds and any additional Bonds issued on a parity basis with the Outstanding Subordinate Bonds and (b) solely from and secured by a pledge of, and lien on, the Pledged Revenues junior and subordinate to the lien thereon securing the Outstanding Senior Bonds and any additional Bonds issued on a parity basis with the Outstanding Senior Bonds, but senior to the lien securing any Outstanding Other System Obligations and any additional Other System Obligations issued under and pursuant to the Bond Ordinance. **The Series 2026 Bonds are not payable from and are not secured by a charge, lien, or encumbrance upon any funds or assets of the City other than the Pledged Revenues**. See "OUTSTANDING SYSTEM OBLIGATIONS" herein and "APPENDIX C - SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDINANCE" attached hereto.

Pledged Revenues

The Bond Ordinance defines "Pledged Revenues" to mean Operating Revenues, Investment Earnings, Hedge Receipts, and all moneys paid or required to be paid into, and all moneys and securities on deposit from time to time in, the funds and accounts specified in the Bond Ordinance, but excluding any amounts required in the Bond Ordinance to be set aside pending, or used for, rebate to the United States government pursuant to Section 148(f) of the Code, including, but not limited to, amounts in the Rebate Fund.

The Bond Ordinance defines "Operating Revenues" to mean all income and revenue of any nature derived from the operation of the System, including monthly water and sewage billings, service charges, other charges for water and sewage service and the availability thereof (other than any special assessment proceeds), connection or tap fees (whether accounted for as revenues or as contributed capital), hydrant rentals, and local, state, or federal grants, capital improvement contract payments, or other moneys (other than taxes) that may be used for the payment of Expenses of Operation and Maintenance, but excluding local, state, or federal grants, loans, capital improvement contract payments, or other moneys that are required to be used for capital improvements to the System and excluding Investment Earnings.

The Bond Ordinance defines "Investment Earnings" to mean all interest received on and profits derived from investments made with Pledged Revenues or any moneys in the funds and accounts established under the Bond Ordinance.

The Bond Ordinance defines "Hedge Receipts" to mean amounts payable by any provider of a Hedge Agreement pursuant to such Hedge Agreement, other than termination payments, fees, expenses, and indemnity payments. For additional information relating to Hedge Agreements, see "OUTSTANDING SYSTEM OBLIGATIONS - Hedge Agreements" herein.

See "APPENDIX C - SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDINANCE - Summary of the Bond Ordinance - Pledged Revenues" attached hereto.

Municipal Option Sales Tax (MOST) Revenues

Pursuant to the Bond Ordinance, Pledged Revenues do not include the proceeds from the Sales Tax (as defined herein), but such proceeds may be taken into account for purposes of determining compliance with the City's rate covenant, see "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2026 BONDS - Rate Covenant" and additional bonds test under the Bond Ordinance. For additional information regarding the Sales Tax, see "SYSTEM REVENUES - Municipal Option Sales Tax (MOST) Revenues" herein.

Expenses of Operation and Maintenance

Under the Bond Ordinance, the term "Expenses of Operation and Maintenance" is defined generally to include all expenses reasonably incurred in connection with the operation and maintenance of the System. Under the Bond Ordinance, however, the term "Expenses of Operation and Maintenance" is defined to exclude Franchise and Pilot Payments in an amount not to exceed the sum of (a) five percent of the Operating Revenues for the preceding Fiscal Year (as defined herein) and (b) the ad valorem property taxes that would have been due to the City in the current calendar year, if title to the System were vested in an entity subject to ad valorem taxation, assuming that the fair market value of the System equaled the Book Value for purposes of determining the assessed value of the System. Such expenses also exclude expenses described above to the extent that the same were or are reasonably expected to be paid with taxes levied or imposed and in effect on or before the date of calculation. Such taxes include the proceeds to be received by the City from the Sales Tax to fund water and sewer projects and costs described under "SYSTEM REVENUES - Municipal Option Sales Tax (MOST) Revenues" herein.

Flow of Funds

The Bond Ordinance creates and requires the City to maintain the following funds:

(a) the Revenue Fund;

(b) the Sinking Fund and therein the following two accounts:

  (i) Payments Account;

    (A) Interest Subaccount;

    (B) Hedge Payments Subaccount;

    (C) Principal Subaccount; and

  (ii) Debt Service Reserve Account (for Senior Bonds);

(c) the Series 2026 Subordinate Bonds Sinking Fund;

(d) the Renewal and Extension Fund;

(e) the Rebate Fund;

(f) the Project Fund and therein the following accounts:

(A) 2026 Project Account;

(i) Series 2026 Capitalized Interest Subaccount;

(g) Tendered Bonds Purchase Fund.

Under the terms of the Bond Ordinance, moneys in the funds and accounts established thereunder must be invested in permissible investments under State law which have (or are collateralized by obligations which have) a rating by any rating agency then rating any bonds issued under the Bond Ordinance which is equal to or greater than the third highest long-term rating category or the second highest short-term rating category of such rating agency. Such investments may contain such maturities as are deemed suitable by the City and must be valued at fair market value on each interest payment date.

Revenue Fund. The Bond Ordinance requires the City to deposit and continue to deposit all operating revenues of the System in the Revenue Fund from time to time as and when received. Under the terms of the Bond Ordinance, moneys in the Revenue Fund are to be applied by the City from time to time to the following purposes and, prior to the occurrence and continuation of an event of default under the Bond Ordinance, in the order of priority determined by the City in its sole discretion: (a) to pay Expenses of Operation and Maintenance of the System, (b) to deposit into the Sinking Fund the amounts described below to pay debt service on the Senior Bonds, among others things, (c) to deposit into the Rebate Fund the amounts required to make provision for arbitrage rebate payments to the United States government, (d) to pay any amounts due to any issuer (a "Credit Issuer") of a credit facility (such as an insurance policy, letter of credit, guaranty, surety bond, standby bond purchase agreement, or line of credit) providing credit or liquidity support for any Senior Bonds (as defined herein) or bonds that are junior and subordinate in lien and right of payment to the Senior Bonds issued under the Bond Ordinance (including the Series 2026 Bonds), (e) to pay any amounts due any Reserve Account Credit Facility Provider (as defined herein), (f) to make provision for the payment of debt service on Subordinate Bonds (including the Series 2026 Bonds upon issuance) and the payment of amounts due to providers of Hedge Agreements (such as interest rate swap agreements) relating to Subordinate Bonds, and (g) to pay any amounts required to be paid with respect to any other obligations issued by the City to finance or refinance the System.

In addition, the Bond Ordinance allows the City from time to time to deposit into the Renewal and Extension Fund any moneys and securities held in the Revenue Fund in excess of 30 days' estimated Expenses of Operation and Maintenance of the System.

Payments Account. The Bond Ordinance requires the City to deposit sufficient moneys in periodic installments from the Revenue Fund into the Payments Account for the purpose of paying debt service on the Senior Bonds when due and for the purpose of paying amounts (other than termination, indemnity, and expense payments) due to providers of Hedge Agreements (such as interest rate swap agreements) relating to Senior Bonds.

No Debt Service Reserve for Subordinate Bonds. **The Series 2026 Bonds will be issued as Subordinate Bonds and are not entitled to the benefits of the amounts on deposit in the**

Debt Service Reserve Account. In addition, the Bond Ordinance does not require the establishment of a debt service reserve in connection with the issuance of Subordinate Bonds and accordingly, the Series 2026 Bonds will not be secured by a debt service reserve.

Debt Service Reserve Account for Senior Bonds. The Bond Ordinance requires the City to maintain the Debt Service Reserve Account at an amount determined from time to time by the City as a reasonable reserve for the payment of debt service on the Senior Bonds. The City initially determined this amount to be the maximum annual Debt Service Requirement (as defined herein) with respect to Senior Bonds in the then current or any succeeding Fiscal Year (the "Prior Debt Service Reserve Requirement"). Notwithstanding the foregoing, the terms of the Bond Ordinance permit the City, in its sole discretion, to change, reduce, or increase the Prior Debt Service Reserve Requirement, without the consent of the owners of any Outstanding Bonds, but in no event may the City reduce the Prior Debt Service Reserve Requirement below (a) the greater of (i) 50% of the average annual Debt Service Requirement with respect to Senior Bonds in the then current or any succeeding Fiscal Year or (ii) the maximum annual Debt Service Requirement with respect to the City's Water and Wastewater Revenue Bonds, Series 1999A Bonds and Water and Wastewater Revenue Bonds, Series 1999B in the then current or any succeeding Fiscal Year, and (b) unless each rating agency rating the Senior Bonds indicates in writing to the City that such reduction will not, by itself, result in a reduction or withdrawal of its current rating on the Senior Bonds. Accordingly, that certain Fourteenth Supplemental Ordinance, which was adopted by the City Council on June 17, 2024 and approved per Section 2-403 of the Charter on June 26, 2024 (the "Fourteenth Supplemental Ordinance"), modified the amount of the Debt Service Reserve Requirement under the Bond Ordinance to an amount equal to 50% of the average annual Debt Service Requirement with respect to Senior Bonds in the then current or any succeeding Fiscal Year (the "New Debt Service Reserve Requirement"). Consistent with the terms of the Fourteenth Supplemental Ordinance, upon the New Debt Service Reserve Requirement taking effect on June 26, 2024, the City may use any amounts contained in the Debt Service Reserve Account in excess of the New Debt Service Reserve Requirement (the "Excess Amounts") for legally permissible purposes as determined by the Chief Financial Officer (as defined herein) for among other things, the payment of capital costs of the System. The City plans to transfer a portion of the current Excess Amounts out of the Debt Service Reserve Account in the amount of $_____ (the "Released Amount") to pay a portion of the purchase price of the Purchased Bonds. After the transfer of the Released Amount from the Debt Service Reserve Account, the City will still be in compliance with the provisions of the Bond Ordinance provisions relating to the Debt Service Reserve Requirement and the amount on deposit in the Debt Service Reserve Account will equal or exceed the New Debt Service Reserve Requirement.

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As of April 28, 2026, the following table presents the reserve fund credit instruments and the values credited to the Debt Service Reserve Account, which excludes the Released Amount, includes the remaining portion of the Excess Amounts, and equals or exceeds the New Debt Service Reserve Requirement.

Reserve Fund Credit Instruments	Values Credited to the Debt Service Reserve Account for the New Debt Service Reserve Requirement
Mass Mutual Guaranteed Investment Contract ("GIC")[1]	$10,088,256
Bank of America GIC[2]	70,488,659
Money Market, Mutual Funds, Agencies and U.S. Treasuries	11,987,223
Total[3]	$92,564,138

(1) The GIC with Mass Mutual is yielding approximately 4.81%.
(2) The GIC with Bank of America is yielding approximately 5.065%.
(3) Debt Service Reserve Account balances are net of the Released Amount.

Source: City of Atlanta, Department of Finance.

Renewal and Extension Fund. In addition to the deposits to be made to the Renewal and Extension Fund described above, the Bond Ordinance requires the City to deposit in the Renewal and Extension Fund all termination payments received under any Hedge Agreements relating to Senior Bonds or Subordinate Bonds. Whenever, for any reason the amount in the Interest Subaccount or Principal Subaccount is insufficient to pay all interest or principal falling due on the Senior Bonds within the subsequent seven days, the City shall first make up the deficiency by transfers from the Renewal and Extension Fund. Under the terms of the Bond Ordinance, amounts held in the Renewal and Extension Fund must be used first to prevent default in the payment of debt service on the Senior Bonds when due and then will be applied by the City from time to time, as and when the City shall determine, to the following purposes and, prior to the occurrence and continuation of an event of default under the Bond Ordinance, in the order of priority determined by the City in its sole discretion: (a) for the purposes for which moneys held in the Revenue Fund may be applied as described above (including for the payment of principal and interest payments on Subordinate Bonds), (b) to pay any amounts which may then be due and owing under any Hedge Agreement relating to Senior Bonds or Subordinate Bonds (including termination payments, fees, expenses, and indemnity payments), (c) to pay any governmental charges and assessments against the System or any part thereof which may then be due and owing, (d) to make acquisitions, betterments, extensions, repairs, or replacements or other capital improvements (including the purchase of equipment) to the System deemed necessary by the City (including payments under contracts with vendors, suppliers, and contractors for the foregoing purposes), (e) to acquire Senior Bonds by redemption or by purchase in the open market at a price not exceeding the callable price, and (f) to make optional annual transfers to the General Fund of the City, on or after December 15 of each year, of an amount not to exceed the sum of (i) 5% of the gross operating revenues of the System for the preceding Fiscal Year of the City and (ii) the ad valorem property taxes that would be due to the City (and not to any other governmental body) in the current calendar year, if title to the System were vested in an entity subject to ad valorem taxation, assuming that the fair market value of the System equaled its Book Value for purposes of determining the assessed value of the System.

The gross revenues derived by the City from the ownership and operation of the System may be used only in accordance with the provisions of the Bond Ordinance described above and, except as described above, may not be transferred to either the General Fund or any other fund of the City.

Rebate Fund. The City established the Rebate Fund under the terms of the Bond Ordinance to hold amounts to be paid to the United States government as arbitrage rebate payments. Amounts in the Rebate Fund are not pledged to holders of any Bonds issued under the Bond Ordinance.

Project Fund. The City established the Project Fund under the terms of the Bond Ordinance to hold proceeds of the sale of Senior Bonds and Subordinate Bonds. The Bond Ordinance requires amounts held in the Project Fund to be applied to the payment of costs related to the acquisition, construction, reconstruction, improvement, betterment, extension, or equipping of the System.

Rate Covenant

The City has covenanted in the Bond Ordinance to prescribe, fix, maintain, and collect rates, fees, and other charges for the services, facilities, and commodities furnished by the System fully sufficient at all times to: (a) provide for 100% of the Expenses of Operation and Maintenance of the System and for the accumulation in the Revenue Fund of a reasonable reserve therefor, and (b) produce net operating revenues of the System in each Fiscal Year of the City which (together with investment earnings on the funds held under the Bond Ordinance):

(a) will equal at least 110% of the Debt Service Requirement on all Senior Bonds then outstanding for the year of computation and 100% of the Debt Service Requirement on all Subordinate Bonds then outstanding for the year of computation;

(b) will enable the City to make all required payments, if any, into the Debt Service Reserve Account and the Rebate Fund and to any Credit Issuer, any Reserve Account Credit Facility Provider, and any provider of a Hedge Agreement relating to Senior Bonds or Subordinate Bonds;

(c) will enable the City to accumulate an amount to be held in the Renewal and Extension Fund, which in the judgment of the City is adequate to meet the costs of major renewals, replacements, repairs, additions, betterments, and improvements to the System, necessary to keep the same in good operating condition or as is required by any governmental agency having jurisdiction over the System; and

(d) will remedy all deficiencies in required payments into any of the funds and accounts mentioned in the Bond Ordinance from prior Fiscal Years of the City.

If the City fails to prescribe, fix, maintain, and collect rates, fees, and other charges, or to revise such rates, fees, and other charges, as described above, the Bond Ordinance allows the owners of not less than 25% in aggregate principal amount of the Senior Bonds then outstanding, without regard to whether any event of default thereunder shall have occurred, to institute and prosecute in any court of competent jurisdiction an appropriate action to compel the City to

prescribe, fix, maintain, or collect such rates, fees, and other charges, or to revise such rates, fees, and other charges, in accordance with the requirements of the Bond Ordinance described above.

"Debt Service Requirement" is defined in the Bond Ordinance to mean the total principal and interest coming due, whether at maturity or upon mandatory redemption, in any specified period. If any Bonds outstanding or proposed to be issued under the Bond Ordinance bear interest at a variable rate, the interest coming due in any specified future period will be determined as if the variable rate in effect at all times during such future period equaled, at the option of the City, either (a) the average of the actual variable rates which were in effect (weighted according to the length of the period during which each such variable rate was in effect) for the most recent twelve-month period immediately preceding the date of calculation for which such information is available (or shorter period if such information is not available for a twelve-month period), or (b) the current average annual long-term fixed rate of interest on securities of similar quality having a similar maturity date as certified by a financial advisor to the City. If any compound interest bonds are outstanding or proposed to be issued under the Bond Ordinance, the total principal and interest coming due in any specified period will be determined, with respect to such compound interest bonds, by the supplemental ordinance of the City authorizing such compound interest bonds. With respect to any Senior Bonds or Subordinate Bonds secured by a credit facility, Debt Service Requirement will include (a) any commission or commitment fee obligations with respect to such credit facility, (b) unreimbursed draws or advances on such credit facility and interest thereon, (c) any additional interest owed on Senior Bonds or Subordinate Bonds owned by a Credit Issuer while they are so owned, except that as otherwise permitted by the Bond Ordinance, amounts on deposit in the Debt Service Reserve Account shall not be used to pay Additional Interest or accelerated interest or principal payments on certain Index Rate Bonds, and (d) any remarketing agent fees. With respect to any Senior Bonds or Subordinate Bonds hedged by a Hedge Agreement, the interest on such hedged bonds, for so long as the provider of the related Hedge Agreement has not defaulted on its payment obligations thereunder, will be calculated by adding (x) the amount of interest payable by the City on such hedged bonds pursuant to their terms and (y) the amounts (other than termination, indemnity, and expense payments) payable by the City under the related Hedge Agreement and subtracting (z) the amounts (other than termination, indemnity, and expense payments) payable by the provider of the related Hedge Agreement at the rate specified in the related Hedge Agreement; provided, however, that to the extent that the provider of any Hedge Agreement is in default thereunder, the amount of interest payable by the City on the related hedged bonds will be the interest calculated as if such Hedge Agreement had not been executed. In determining the amounts (other than termination, indemnity, and expense payments) payable or receivable under a Hedge Agreement which are not fixed (i.e., which are variable), payable or receivable for any future period, such payments or receipts for any period of calculation (the "Determination Period") will be computed by assuming that the variables comprising the calculation (e.g., indices) applicable to the Determination Period are equal to the average of the actual variables which were in effect (weighted according to the length of the period during which each such variable was in effect) for the most recent twelve-month period immediately preceding the date of calculation for which such information is available (or shorter period if such information is not available for a twelve-month period). For the purpose of calculating the Debt Service Requirement on Balloon Bonds (as defined herein) (a) which are subject to a commitment to refinance or (b) which do not have a Balloon Date (as defined herein) within 12 months from the date of calculation, such bonds will be assumed to be amortized in substantially equal annual amounts to be paid for principal and interest over an assumed

amortization period of 20 years at an assumed interest rate (which shall be the interest rate certified by a financial advisor to the City to be the interest rate at which the City could reasonably expect to borrow the same amount by issuing bonds with the same priority of lien as such Balloon Bonds and with a 20-year term); provided, however, that if the maturity of such bonds (taking into account the term of any commitment to refinance) is in excess of 20 years from the date of issuance, then such bonds will be assumed to be amortized in substantially equal annual amounts to be paid for principal and interest over an assumed amortization period of years equal to the number of years from the date of issuance of such bonds to maturity (including the commitment to refinance) and at the interest rate applicable to such bonds. For the purpose of calculating the Debt Service Requirement on Balloon Bonds (a) which are not subject to a commitment to refinance and (b) which have a Balloon Date within 12 months from the date of calculation, the principal payable on such bonds on the Balloon Date will be calculated as if paid on the Balloon Date. The principal of and interest on Senior Bonds and Subordinate Bonds and payments under Hedge Agreements relating thereto will be excluded from the determination of Debt Service Requirement to the extent that the same were or are expected to be paid with amounts on deposit on the date of calculation (or bond proceeds to be deposited on the date of issuance of proposed bonds) in the Project Fund, the Sinking Fund, or a similar fund for Subordinate Bonds. The Bond Ordinance defines (a) "Balloon Bonds" to mean any series of Senior Bonds or Subordinate Bonds 25% or more of the original principal amount of which (i) is due (whether at maturity or by mandatory redemption) in any 12-month period or (ii) may, at the option of the registered owners, be required to be redeemed, prepaid, purchased directly or indirectly by the City, or otherwise paid in any 12-month period, and (b) "Balloon Date" to mean any date on which more than 25% of the original principal amount of related Balloon Bonds mature or are subject to mandatory redemption or could, at the option of the registered owners, be required to be redeemed, prepaid, purchased directly or indirectly by the City, or otherwise paid.

Additional System Obligations

In addition to the Outstanding Senior Bonds, the City may issue additional revenue bonds of the City under the Bond Ordinance on a parity basis with the Outstanding Senior Bonds. See "OUTSTANDING SYSTEM OBLIGATIONS - Senior Bonds - *Potential Issuance of Additional Senior Bonds"* herein.

The Series 2026 Bonds will be equally and ratably secured on a parity basis with the Outstanding Subordinate Bonds and any additional Subordinate Bonds of the City hereafter issued on a parity basis with the Outstanding Subordinate Bonds and the Series 2026 Bonds. See "OUTSTANDING SYSTEM OBLIGATIONS - Subordinate Bonds - *Proposed Issuance of Additional Subordinate Bonds*" herein.

In addition to the Other System Obligations currently outstanding, the City may issue additional Other System Obligations under the Bond Ordinance. See "OUTSTANDING SYSTEM OBLIGATIONS - Other System Obligations - *Proposed Issuance of Additional Other System Obligations"* herein.

Limited Obligations

The Series 2026 Bonds are special limited obligations of the City being issued as Subordinate Bonds under and pursuant to the provisions of the Bond Ordinance and are payable: (a) on a parity with the Outstanding Subordinate Bonds and any additional Bonds issued on a parity basis with the Outstanding Subordinate Bonds and (b) solely from and secured by a pledge of, and lien on, the Pledged Revenues junior and subordinate to the lien thereon securing the Outstanding Senior Bonds and any additional Bonds issued on a parity basis with the Outstanding Senior Bonds, but senior to the lien securing any Outstanding Other System Obligations and any additional Other System Obligations issued under and pursuant to the Bond Ordinance. **The Series 2026 Bonds are not payable from and are not secured by a charge, lien, or encumbrance upon any funds or assets of the City other than the Pledged Revenues**. See "OUTSTANDING SYSTEM OBLIGATIONS" herein and "APPENDIX C - SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDINANCE" attached hereto.

THE SERIES 2026 BONDS SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OF THE CITY WITHIN THE MEANING OF ANY CONSTITUTIONAL LIMITATION ON DEBT NOR A PLEDGE OF THE FAITH AND CREDIT OF THE CITY. THE SERIES 2026 BONDS SHALL NOT BE PAYABLE FROM OR A CHARGE UPON ANY FUNDS OTHER THAN THE REVENUES AND AMOUNTS PLEDGED TO THE PAYMENT THEREOF, NOR SHALL THE CITY BE SUBJECT TO ANY PECUNIARY LIABILITY THEREON. NO OWNER OR OWNERS OF THE SERIES 2026 BONDS SHALL EVER HAVE THE RIGHT TO COMPEL ANY EXERCISE OF THE TAXING POWER OF THE CITY TO PAY THE SERIES 2026 BONDS OR THE INTEREST THEREON, NOR TO ENFORCE PAYMENT OF THE SERIES 2026 BONDS AGAINST ANY PROPERTY OF THE CITY; NOR SHALL THE SERIES 2026 BONDS CONSTITUTE A CHARGE, LIEN, OR ENCUMBRANCE, LEGAL OR EQUITABLE, UPON ANY PROPERTY OF THE CITY, EXCEPT FOR THE PLEDGED REVENUES AND ANY OTHER FUNDS PLEDGED TO SECURE THE SERIES 2026 BONDS.

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OUTSTANDING SYSTEM OBLIGATIONS

Senior Bonds

Outstanding Senior Bonds. Prior to the purchase of the Purchased Bonds and the refunding and defeasance of the Refunded Bonds with the proceeds of the Series 2026 Bonds, the following are the Senior Bonds Outstanding under the Bond Ordinance, all of which are secured by a first priority pledge of, and lien on, the Pledged Revenues (the "Outstanding Senior Bonds").

Outstanding Senior Bonds[(1)]

Senior Bonds	Original Aggregate Principal Amount	Outstanding Aggregate Principal Amount
Water and Wastewater Revenue Refunding Bonds, Taxable Series 2020 (the "Series 2020 Bonds")[(2)]	$ 504,590,000	$ 469,435,000
Water and Wastewater Draw-Down Revenue Bond (North Fork Project), Taxable, Series 2020 (the "Series 2020 WIFIA Bond")	61,949,715	31,644,728
Water and Wastewater Revenue Refunding Bonds, Series 2019 (the "Series 2019 Bonds")[(2)]	103,135,000	86,110,000
Water and Wastewater Revenue and Revenue Refunding Bonds, Series 2018C (the "Series 2018C Bonds")[(2)]	288,900,000	109,460,000
Water and Wastewater Revenue and Revenue Refunding Bonds, Series 2018B (the "Series 2018B Bonds")[(2)]	289,730,000	181,380,000
Water and Wastewater Revenue Refunding Bonds, Series 2017A (the "Series 2017A Bonds")[(2)]	226,175,000	35,310,000
Water and Wastewater Revenue Refunding Bonds, Series 2015 (the "Series 2015 Bonds")[(2)]	1,237,405,000	744,765,000
Water and Wastewater Revenue Bonds, Series 2009B	448,965,000	36,185,000
Water and Wastewater Revenue Bonds, Series 2004	849,330,000	114,760,000
Water and Wastewater Revenue Bonds, Series 2001A	415,310,000	36,340,000
Total Outstanding Senior Bonds	$4,425,489,715	$1,845,389,728

(1) Numbers may not total due to rounding.

(2) The Series 2020 Bonds, Series 2019 Bonds, Series 2018C Bonds, Series 2018B Bonds, Series 2017A Bonds and Series 2015 Bonds are part of the Select Outstanding Bonds which could ultimately be purchased as part of the Purchased Bonds or refunded and defeased as part of the Refunded Bonds, all with a portion of the proceeds of the Series 2026 Bonds together with other available funds of the City. See "PLAN OF FINANCE" herein.

Source: City of Atlanta, Department of Finance.

Initial WIFIA Loan. Ordinance No. 20-O-1551 adopted by the City Council on August 17, 2020 and approved by the Mayor of the City on August 18, 2020, as supplemented by Resolution 20-R-4368 adopted by the City Council on September 21, 2020 and approved by the Mayor of the City on September 23, 2020, authorized, among other things, (a) the issuance and sale by the City of the Series 2020 WIFIA Bond evidencing the initial loan in the aggregate principal amount of $61,949,715 pursuant to the Water Infrastructure Finance and Innovation Act ("WIFIA") and the hereinafter described WIFIA Master Agreement (the "Initial WIFIA Loan") as a Senior Bond under the Master Bond Ordinance on a parity with other Senior Bonds issued under the Bond Ordinance and (b) the execution and delivery of, among other things, (i) the WIFIA Master Agreement dated as of September 18, 2020 (the "WIFIA Master Agreement") between the City and the United States Environmental Protection Agency (the "EPA") pursuant to which the City may request certain loans for eligible projects under a master program, from time to time (each a "WIFIA Loan") in an aggregate principal amount not to exceed $216,883,841; and (ii) the WIFIA Loan Agreement (North Fork Storage Tank and Pump Station Project) dated as of September 18, 2020 (the "WIFIA Loan Agreement") by and between the City and the EPA in connection with the Initial WIFIA Loan. The City subsequently issued the Series 2020 WIFIA Bond and has $154,934,126 in remaining capacity under the WIFIA Master Agreement. The proceeds of the Initial WIFIA Loan will be used to fund a portion of the costs associated with the North Fork Peachtree Creek Storage Tank and Pump Station project (the "North Fork Peachtree Creek Project"). It is expected that the proceeds of the Initial WIFIA Loan will be disbursed over a 30-month period after construction commences on the North Fork Peachtree Creek Project.

As a result of construction delays, the North Fork Peachtree Creek Project did not achieve substantial completion by July 1, 2024, which triggered an event of default under the WIFIA Loan Agreement. The City received a letter from the EPA, dated July 31, 2024, confirming that the EPA does not intend to pursue remedies under the WIFIA Loan Agreement, as long as the City, among other things, achieves substantial completion of the North Fork Peachtree Creek Project by October 1, 2026. Construction of the North Fork Peachtree Creek Project commenced in February 2024 and the City currently anticipates that the North Fork Peachtree Creek Project will be completed in October 2026. As of March 2026 the Department has delivered roughly $92 million (53%) of the total $173 million in project cost. For a more detailed discussion of the City's request to the EPA and GEPD to remove certain projects from the list of remaining Consent Decree Projects and adjust the completion schedule for certain projects, see "REGULATORY, LEGAL AND OTHER MATTERS AFFECTING THE SYSTEM - Wastewater System" herein and "APPENDIX B - MUNICIPAL ADVISOR'S FINANCIAL FEASIBILITY STUDY - Pending Regulatory, Legal and Legislative Issues Pending Regulatory Issues - Request to Revise Consent Decree Projects" attached hereto.

Potential Issuance of Additional Senior Bonds. The City may issue additional Senior Bonds, after the date of issuance of the Series 2026 Bonds, in connection with financing the acquisition, construction, reconstruction, improvement, betterment, extension, or equipping of the System or refinancing opportunities that: (a) lower costs of borrowing and/or maximize savings in accordance with long term planning objectives, and/or (b) provide funding for projects approved by the City Council.

Subordinate Bonds

Outstanding Subordinate Bonds. Prior to the issuance and delivery of the Series 2026 Bonds, the following are the Subordinate Bonds Outstanding under the Bond Ordinance (the "Outstanding Subordinate Bonds"), all of which are payable solely from and secured by a pledge of, and lien on, the Pledged Revenues junior and subordinate to the lien thereon securing the Outstanding Senior Bonds and any additional Bonds issued on a parity basis with the Outstanding Senior Bonds, but senior to the lien securing any Outstanding Other System Obligations and any additional Other System Obligations issued under and pursuant to the Bond Ordinance.

Outstanding Subordinate Bonds

Subordinate Bonds	Original Aggregate Principal Amount	Outstanding Aggregate Principal Amount
Water and Wastewater Subordinate Lien Revenue Bonds, Series 2024 (Sustainability Bonds) (the "Series 2024 Bonds")	$390,945,000	$390,945,000
Water and Wastewater Environmental Impact Subordinate Lien Revenue Bonds (Proctor Creek Watershed Project), Series 2018D (the "Series 2018D Bonds")	14,020,000	4,785,000
Total Outstanding Subordinate Bonds	**$404,965,000**	**$395,730,000**

Source: City of Atlanta, Department of Finance.

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Proposed Issuance of Additional Subordinate Bonds. The City currently anticipates issuing additional Subordinate Bonds in Fiscal Year 2029 in the aggregate principal amount of $300,000,000 (the "Proposed Series 2029 Bonds") for the purpose of, among other things, repaying any then outstanding amount of the 2024 Commercial Paper Notes to finance the Capital Improvement Plan. See "OUTSTANDING SYSTEM OBLIGATIONS - Other System Obligations - *Outstanding Commercial Paper Notes*" and "CAPITAL IMPROVEMENT PROGRAM" herein and "APPENDIX B - MUNICIPAL ADVISOR'S FINANCIAL FEASIBILITY STUDY" attached hereto.

In addition, the City may issue additional Subordinate Bonds in connection with financing the acquisition, construction, reconstruction, improvement, betterment, extension, or equipping of the System or refinancing opportunities that: (a) lower costs of borrowing and/or maximize savings in accordance with long term planning objectives, and/or (b) provide funding for projects approved by the City Council.

Other System Obligations

Outstanding Other System Obligations. As of April 28, 2026, the following were the outstanding obligations which are paid as Other System Obligations, including the 2024 Commercial Paper Notes, the hereinafter defined Outstanding GEFA Loans, and Outstanding Capital Leases (the "Outstanding Other System Obligations"). Under the Bond Ordinance, Other System Obligations are secured by a pledge of, and lien on, the Pledged Revenues junior and subordinate to the lien thereon securing the Outstanding Senior Bonds, the Outstanding Subordinate Bonds, and any additional Bonds issued on a parity basis with the Outstanding Senior Bonds or the Outstanding Subordinate Bonds.

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Outstanding Other System Obligations

Other System Obligations	Original Aggregate Principal Amount[(1)]	Outstanding Aggregate Principal Amount[(1)]
Series 2024A-1 Notes[(2)]	$125,000,000	$125,000,000
Series 2024A-2 Notes[(2)]	175,000,000	105,220,000
Outstanding GEFA Loans[(3)]	333,175,702[(4)]	169,300,486
Outstanding Capital Leases[(5)]	141,818,698	85,426,838
Total Other System Obligations	$774,994,400	$484,947,324

(1) Numbers may not total due to rounding.

(2) The Series 2024A-1 Notes and Series 2024A-2 Notes are expected to be refunded with proceeds of the Series 2026 Bonds.

(3) The outstanding GEFA loans referenced above (the "Outstanding GEFA Loans") are general obligation debts of the City, which the City has elected to pay from the Pledged Revenues but are not secured by a pledge of, or lien on, the Pledged Revenues. See "OUTSTANDING SYSTEM OBLIGATIONS - Other System Obligations - *Outstanding Georgia Environmental Finance Authority Loans*" herein.

(4) Reflects the original aggregate principal amount of several GEFA loans, including a GEFA loan in the maximum amount of $12,851,000, which has been fully drawn and is in construction status as of April 28, 2026 ("GEFA Loan #2018-018"). Construction of the East Area Water Quality Control Facility should be completed by mid-calendar year 2026 and GEFA Loan #2018-018 will begin amortization thereafter.

(5) The Outstanding Capital Leases are general obligation debts of the City, which the City has elected to pay from the Pledged Revenues but are not secured by a pledge of, or lien on, the Pledged Revenues. See "OUTSTANDING SYSTEM OBLIGATIONS - Other System Obligations - *Outstanding Capital Leases*" herein.

Source: City of Atlanta, Department of Finance.

Outstanding Commercial Paper Notes. Pursuant to that certain Commercial Paper Ordinance enacted by the City Council on January 17, 2006, as previously supplemented and particularly as supplemented by that certain 2024 Supplemental Commercial Paper Ordinance adopted by the City Council on May 20, 2024 and signed by the Mayor on May 21, 2024 (collectively, the "Commercial Paper Ordinance") the City issued: (a) not to exceed $125,000,000 in aggregate principal amount of its Wastewater Revenue Commercial Paper Notes, Series 2024A-1 (the "Series 2024A-1 Notes") supported by an irrevocable, direct-pay letter of credit issued by Wells Fargo Bank, National Association which has an expiration date on July 16, 2027 and (b) not to exceed $175,000,000 in aggregate principal amount of its Wastewater Revenue Commercial Paper Notes, Series 2024A-2 (the "Series 2024A-2 Notes" and, together with the Series 2024A-1 Notes, the "2024 Commercial Paper Notes") supported by an irrevocable, direct-pay letter of credit issued by TD Bank, N.A., which has an expiration date on July 16, 2027, to facilitate anticipated capital project contracting. For the current outstanding amount under the 2024 Commercial Paper Notes, see "OUTSTANDING SYSTEM OBLIGATIONS - Other System Obligations - *Outstanding Other System Obligations*." A portion of the Series 2026 Bonds will be used to pay the then current amount outstanding under the 2024 Commercial Paper Notes. See "PLAN OF FINANCE" herein.

Outstanding Georgia Environmental Finance Authority Loans. The Georgia Environmental Finance Authority ("GEFA") is an instrumentality of the State authorized to accept capitalization grants disbursed under the Federal Water Pollution Control Act and Safe Drinking Water Act and, with such grants, to establish a revolving fund to assist local governments in the construction of publicly-owned sewer and drinking water systems. Pursuant to its authority, GEFA established the State Revolving Loan Fund and entered into a capitalized grant agreement with the EPA. The Outstanding GEFA Loans are general obligation debts of the City, which the City has elected to pay from the Pledged Revenues but are not secured by a pledge of, or lien on, the Pledged Revenues. For the current outstanding principal amount of the Outstanding GEFA Loans see "OUTSTANDING SYSTEM OBLIGATIONS - Other System Obligations - *Outstanding Other System Obligations*."

Outstanding Capital Leases. As of April 28, 2026, the City has entered into the following capital leases relating to the System: (a) a contract with Ostara, which requires annual lease payments in the amount of $1.1 million until Fiscal Year 2030, for a turnkey, fully financed, nutrient recovery system; (b) a contract with NORESCO to implement three energy conservation measures ("ECMs"), which currently requires annual lease payments in the amount of $7.2 million until Fiscal Year 2035; (c) a contract with Schneider Electric, which requires annual lease payments in the amount of $3.1 million until Fiscal Year 2034, to implement 17 ECMs; and (d) two contracts with First Municipal Credit Company, LLC, as amended, one of which has been fully amortized as of December 31, 2025. The second contract has quarterly lease payments of $429,438 until Fiscal Year 2029, both for the purchase of various trucks and equipment (collectively, the "Outstanding Capital Leases"). The Outstanding Capital Leases are general obligation debts of the City, which the City has elected to pay from the Pledged Revenues but are not secured by a pledge of, or lien on, the Pledged Revenues.

Proposed Issuance of Additional Other System Obligations. The City may establish, from time to time, one or more new commercial paper programs in one or more series and subseries by supplemental ordinance. The maximum aggregate principal amount of the commercial paper notes that may be outstanding under the Commercial Paper Ordinance at any one time shall not exceed $1,200,000,000, including the 2024 Commercial Paper Notes.

The City does not expect, as part of its current capital financing strategy, to incur additional loans from GEFA during the Forecast Period except for GEFA Loans #CW2025008, #DW2025009, and #GF2025016. The City may, however, request loans from GEFA in addition to the aforementioned loans as it continues to evaluate its project portfolio.

The City is not currently contemplating any additional capital leases or installment purchase obligations.

In addition, the City may issue additional Other System Obligations in connection with financing the acquisition, construction, reconstruction, improvement, betterment, extension, or equipping of the System or refinancing opportunities that: (a) lower costs of borrowing and/or maximize savings in accordance with long term planning objectives, and/or (b) provide funding for projects approved by the City Council.

Hedge Agreements

As of April 28, 2026, there were no Hedge Agreements outstanding under the Bond Ordinance.

Pension and OPEB Matters

The City is required to have actuarial estimates produced for its pension and other post-employment benefits ("OPEB") liabilities. Actuarial estimates are "forward-looking" information that reflect the judgment of the fiduciaries of the pension plans and are based upon a variety of assumptions, one or more of which may prove to be inaccurate or be changed in the future, and will change with the future experience of the pension plans. A summary of the City's pension and OPEB liabilities is included in the City's most recent audited basic financial statements, which are available through the Electronic Municipal Market Access website ("EMMA"). For a summary of the financial impact of such obligations on the City's Department of Watershed Management (the "Department"), see "APPENDIX A - DEPARTMENT OF WATERSHED MANAGEMENT AUDITED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED JUNE 30, 2025 AND 2024 - Notes to the Financial Statements - Note 12 - Pension Plan and Other Employee Benefits" attached hereto.

In addition, see the Department's Annual Comprehensive Financial Report for the Fiscal Years Ended June 30, 2025 and 2024, which is available through EMMA, for the management's discussion and analysis, the schedule of proportionate share of net pension liability and related ratios, and the schedule of proportionate share of total OPEB liability and related ratios relating to the City's pension and OPEB liabilities and the financial impact of such obligations on the Department.

ESTIMATED PRINCIPAL AND INTEREST REQUIREMENTS

The following table presents the estimated annual Debt Service Obligations of the City on: (a) the Outstanding Senior Bonds, (b) the Outstanding Subordinate Bonds (excluding the Series 2026 Bonds), (c) the total Outstanding Senior Bonds and Outstanding Subordinate Bonds, and (e) the Outstanding GEFA Loans, prior to the issuance and delivery of the Series 2026 Bonds, the purchase of the Purchased Bonds and the defeasance of the Refunded Bonds. Upon the issuance and delivery of the Series 2026 Bonds, the purchase of the Purchased Bonds and the defeasance of the Refunded Bonds, the following table will present the estimated annual debt service obligations of the City on: (a) the Outstanding Senior Bonds, (b) the Outstanding Subordinate Bonds (excluding the Series 2026 Bonds), (c) the Series 2026 Bonds, (d) the total Outstanding Senior Bonds and Outstanding Subordinate Bonds (including the Series 2026 Bonds), (e) the Outstanding GEFA Loans, and (f) the total System debt service (excluding the 2024 Commercial Paper Notes and the Outstanding Capital Leases). For additional information relating to the Outstanding Senior Bonds, the Outstanding Subordinate Bonds, and the Outstanding Other System Obligations, see "OUTSTANDING SYSTEM OBLIGATIONS" herein.

Fiscal Year Ending June 30	Outstanding Senior Bonds Debt Service[1][2][3]	Outstanding Subordinate Bonds Debt Service[1]	Series 2026 Bonds[1]			Total Outstanding Senior and Subordinate Bonds Debt Service[1][2][3]	Outstanding GEFA Loans Debt Service[1][4]	Total System Debt Service[1][2][3][4][5]
			Principal	Interest	Debt Service			
2026	$ 38,910,940	$ 9,821,888					$ 2,604,141	
2027	188,207,698	21,148,913					16,411,805	
2028	190,361,488	21,147,988					16,411,805	
2029	186,673,634	21,144,663					16,411,805	
2030	173,819,805	31,586,400					16,411,805	
2031	137,537,798	57,474,650					16,411,805	
2032	133,611,708	56,648,525					16,411,805	
2033	133,790,823	56,786,900					16,284,533	
2034	147,367,105	54,532,025					15,831,205	
2035	141,637,003	46,910,150					15,831,205	
2036	143,225,151	45,809,025					13,995,959	
2037	162,996,623	27,669,525					12,437,263	
2038	166,591,423	24,129,525					9,085,031	
2039	166,411,348	24,854,900					3,747,877	
2040	162,868,760	16,763,400					2,351,314	
2041	48,687,485	24,497,400					2,351,314	
2042	47,785,242	32,283,025					2,350,403	
2043	47,726,907	5,881,700					2,340,386	
2044	50,130,758	3,417,000					1,563,674	
2045	20,457,064	-					786,961	
2046	20,457,064	-					786,961	
2047	20,457,064	-					-	
2048	20,455,064	-					-	
2049	2,343,314	-					-	
2050	2,343,314	-					-	
2051	2,343,314	-					-	
2052	2,343,314	-					-	
2053	2,343,314	-					-	
2054	2,343,314	-					-	
2055	2,343,314	-					-	
2056	2,343,314	-					-	
2057	2,343,314	-					-	
2058	1,171,657	-					-	
	$2,572,429,429	$582,507,600					$200,819,057	

(1) Numbers may not total due to rounding.

(2) Reflects debt service on the Series 2020 WIFIA Bond based on current amortization period. The Series 2020 WIFIA Bond bears interest at a rate of 1.22%. The proceeds of the Series 2020 WIFIA Bond will actually be disbursed over a 30-month period as construction of the North Fork Peachtree Creek Project advances consistent with the presentation of the forecasted debt service coverage through the Forecast Period presented under "SYSTEM FINANCE MATTERS - Projected Revenues, Expenses and Coverage" herein. For additional information regarding the actual terms of the Initial WIFIA Loan and the Series 2020 WIFIA Bond, see "OUTSTANDING SYSTEM OBLIGATIONS - Senior Bonds - *Initial WIFIA Loan*" herein.

(3) Includes debt service on all of the Select Outstanding Bonds, certain of which may be purchased, refunded or defeased with the proceeds of the Series 2026 Bonds. See "PLAN OF FINANCE," "ESTIMATED SOURCES AND USES OF FUNDS" and "OUTSTANDING SYSTEM OBLIGATIONS - Senior Bonds - *Outstanding Senior Bonds*" herein.

(4) Reflects estimated debt service on the Outstanding GEFA Loans, including GEFA Loan #2018-018. See "OUTSTANDING SYSTEM OBLIGATIONS - Other System Obligations - *Outstanding Other System Obligations*" herein.

(5) Excludes debt service on the 2024 Commercial Paper Notes and the Outstanding Capital Leases. See "OUTSTANDING SYSTEM OBLIGATIONS - Other System Obligations - *Outstanding Commercial Paper Notes*," and " - *Outstanding Capital Leases*" herein.

Source: Hilltop Securities Inc. and City of Atlanta, Department of Finance.

THE CITY

Under the Charter, all legislative powers of the City are vested in the City Council and all executive and administrative powers of the City are vested in the Mayor.

The City Council consists of 15 members who are elected to serve four-year terms of office. The City is divided into 12 City Council districts. Twelve members of the City Council are elected by district, and three members of the City Council are elected at-large. The three at-large members of the City Council are required to reside, respectively, in District No. 1, 2, 3 or 4; District No. 5, 6, 7 or 8; and District No. 9, 10, 11 or 12.

The Charter establishes the office of the President of the City Council. The President of the City Council is elected from the City at-large for a term of four years. The President of the City Council presides at meetings, but is not a member of the City Council, and votes only in the case of a tie vote of the City Council. Under the Charter, the President of the City Council exercises all powers and discharges all duties of the Mayor in the case of a vacancy in the Office of the Mayor or during the disability of the Mayor. Under the Charter, the Mayor is elected from the City at-large for a term of four years. The Charter does not allow any Mayor who has been elected for two consecutive terms to be eligible to be elected for the next succeeding term. The Mayor is the chief executive officer of the City and has the power to direct and supervise the administration of all departments of the City. The Charter grants the Mayor the power to veto any ordinance or resolution adopted by the City Council, which veto may be overridden only upon the vote of two thirds of the total membership of the City Council. The Charter also grants the Mayor the power to veto any item or items of any ordinance or resolution making appropriations, which veto may be overridden only upon the vote of two thirds of the total membership of the City Council.

THE DEPARTMENT OF WATERSHED MANAGEMENT

General

The Department was created in 2002 to oversee the City's comprehensive approach to providing water, watershed protection and wastewater services (including selected watershed protection services) to residential, commercial, industrial and governmental ratepayers across its service area. For Fiscal Year 2026, the Department has an authorized staffing level of 1,579 positions. As of the beginning of Fiscal Year 2025, the Department had 1,298 filled operating positions and 281 vacancies. The Department is planning to implement strategies to facilitate the hiring of new employees to fill such vacancies and retain its existing employees. The functions and staffing of the Department are structured as follows:

Office of the Commissioner. The Commissioner's Office is responsible for setting the strategic direction for the Department and providing leadership in all areas of operations and management. It has ultimate responsibility for regulatory compliance, management of the System's infrastructure assets, customer service and management of human and financial resources. Its priorities are provision of high-quality customer service, environmental compliance and operational efficiency. The Fiscal Year 2026 budget provides for funding of 126 positions in the Commissioner's Office and supported by various core staff and functional reporting areas. The

Department's Chief of Staff, Assistant Commissioner of Technical Services, and Assistant Commissioner of Operations are all positions funded in this office.

Policy and Intergovernmental Affairs. The Policy and Intergovernmental Affairs functional area is responsible for planning, drafting and coordinating legislative, regulatory and strategic initiatives on behalf of the Department to address issues at the municipal, state and national levels. This area coordinates with other municipalities, regulatory agencies, and national and regional industry organizations to guide policy decisions that are in the City's best interest. The Policy and Intergovernmental Affairs team reports directly to the Deputy Commissioner of Administration and the positions within this office are budgeted within the Office of the Commissioner.

Communications and Community Relations. The Communications and Community Relations functional area coordinates the Department's engagement with key community groups including the City's Neighborhood Planning Units. This group develops and coordinates publication of informational materials on Department programs and initiatives and is the designated point of contact with local media. This functional area also has responsibility for coordinating departmental communications through internal newsletters and employee briefings, as well as serving as a liaison to the Mayor's Office. This functional area reports directly to the Office of the Commissioner and the personnel in this office are budgeted within the Office of Commissioner.

Performance and Accountability. The Performance and Accountability functional area coordinates the development and evaluation of performance measures to institutionalize accountability for System performance and support continuous improvement efforts. This area is responsible for reporting on progress related to the Department's priorities, currently oriented toward improved customer service, workplace safety and loss prevention, regulatory compliance and environmental protection and efficient operations. This area also includes the Department's Internal Audit function responsible for evaluation of internal controls and business processes. This team reports to the Chief of Staff and personnel within this office are budgeted within the Office of the Commissioner.

Office of Safety, Security & Emergency Management. The Office of Safety, Security & Emergency Management has responsibility for implementing and monitoring compliance with the Department's workplace safety programs, ensuring compliance with U.S. Department of Homeland Security regulations related to system safety and security measures, and emergency preparedness planning and training initiatives. This functional area reports to the Chief of Staff. The Fiscal Year 2026 budget provides for funding of 42 positions.

Asset Accountability Management. The Asset Accountability Management team is responsible for maintenance of the Department's approximately 1,200 services vehicles and heavy equipment, seven warehouses and three inventory control service centers. The fleet services staff works in collaboration with the Department of Public Works (Fleet Services) to ensure all vehicles and equipment are fully operational. This team reports to the Chief of Staff. The Fiscal Year 2026 budget provides for funding of 53 positions.

Facilities Management. The Facilities Management team is responsible for maintenance of the Department's 117 facilities and grounds. Facilities Management coordinates with the Department of Enterprise Asset Management for facility capital improvement needs and the maintenance and upkeep of the Department's Headquarters at 72 Marietta Street. This team reports to the Chief of Staff. The Fiscal Year 2026 budget provides for funding of 57 positions.

Atlanta Information Management (AIM). The Atlanta Information Management team is a component of the centralized City-wide Information Technology organization and provides IT solutions and services including application development and support, technology Quality Assurance/Quality Control services, and end user support. The area coordinates acquisition and updating of IT and communication resources across the Department to promote compatibility of applications, facilitate data warehousing and sharing, and promote operating efficiencies. This team provides technological support for ongoing business process evaluation and redesign initiatives. The Fiscal Year 2026 budget provides for funding of 60 positions.

Clean Water Atlanta. The Clean Water Atlanta initiative team, which is comprised of personnel from other Department offices, is responsible for planning, design, and construction of improvements to the City's drinking water and wastewater systems, as well as environmental compliance reporting, to comply with the City's consent decrees and administrative orders. The Clean Water Atlanta team reports to the Assistant Commissioner within the Office of the Commissioner.

Office of Financial Administration. The Office of Financial Administration is responsible for the preparation, evaluation and monitoring of the Department's budget, updating of the Department's strategic financial plan, support of its capital financing program, and capitalization of fixed assets. It is responsible for accounting functions including recording of revenues and expenses, and support of both internal and annual external audits as well as cash collections, accounts payable, payroll, and billing of IJ Partners (as defined herein). The Fiscal Year 2026 budget provides for funding of 84 positions.

Office of Customer Care and Billing Services. The Office of Customer Care and Billing Services manages the Department's customer service operation, including management of the customer service billing system, call centers and walk-in customer service functions. In addition, the Office of Customer Care and Billing Services coordinates investigation of small metering issues as well as service cuts and repairs. The Fiscal Year 2026 budget provides for funding of 171 positions.

Office of Engineering Services. The Office of Engineering Services is responsible for the capital program related to the Department's consent decree compliance, as well as in-house project design, construction, project and asset management, Geographic Information System, leak detection and water loss programs, inter-governmental agency agreements, surveying, master planning, hydraulic modeling and utility locates. The Fiscal Year 2026 budget provides for funding of 154 positions.

Office of Water Treatment and Reclamation. The Office of Water Treatment and Reclamation is responsible for drinking water production and wastewater treatment. Drinking water production involves operation and maintenance of the water supply intakes, three water

treatment plants ("WTPs"), finished water storage and distribution system pumping, including system pressure management and provision of fire flows. Wastewater treatment involves operation and maintenance of four wastewater treatment facilities, six permitted combined sewer discharge sites, and sewage pumping stations. The Office of Water Treatment and Reclamation is responsible for complying with all applicable regulatory requirements including the federal and State Safe Drinking Water Acts ("SDWAs") and Federal Clean Water Act (as defined herein) on which it reports to the Georgia Environmental Protection Division (the "EPD"). The Office of Water Treatment and Reclamation also includes a Division of Automation and Sustainability oriented toward enhancing efficiency and environmental performance of Office operations, in part through the implementation of new automation technologies. The Fiscal Year 2026 budget provides for funding of 299 positions.

Office of Linear Infrastructure Operations. The Office of Linear Infrastructure Operations is responsible for all aspects of the management, operation and maintenance of the Department's over 2,700 miles of water distribution pipelines and 2,150 miles of sanitary sewer pipe, including all City-owned storm sewers and structures. The Office of Linear Infrastructure Operations provides 24/7 incident and request response, performs both preventive and reactive maintenance and repairs of System assets (including pipelines, valves, hydrants and other appurtenances) and tests, repairs and replaces service meters throughout the System. The movement of the dispatch function within this Office enables efficient deployment of field service personnel and improved customer service by facilitating "one-stop" field work order resolution. The Fiscal Year 2026 budget provides for funding of 424 positions.

Office of Watershed Protection. The Office of Watershed Protection leads the Department's holistic approach to integrated water resource management. It manages water policy initiatives, leads the development of watershed plans including Basin Assessments, Watershed Protection Plans, Watershed Improvement Plans, Total Maximum Daily Load Implementation Plans, and guides ecosystem restoration capital improvements. The Office of Watershed Protection performs wastewater flow monitoring, inter-jurisdictional flow metering as well as floodplain modeling and management activities. In addition, the Office of Watershed Protection has responsibility for the Department's stormwater compliance programs; fats, oil and grease management; industrial pre-treatment permitting and inspections, and manages the Department's laboratories, providing analytical services related to treatment plant performance.

The Office of Watershed Protection has responsibility for ensuring, monitoring and reporting compliance with all pertinent State and federal environmental regulations. By providing analytical and compliance monitoring services independently of the Department's offices responsible for treatment plant and linear infrastructure operations, a segregation of duties has been put in place to provide improved assurance of compliance with all applicable environmental regulations. The Fiscal Year 2026 budget provides for funding of 173 positions.

Certain Appointed Officials and Key Personnel

The following are brief resumes of certain appointed officials and key personnel of the City involved in the administration and operation of the System.

LaChandra Burks serves as the City's Chief Operating Officer. Ms. Burks is a dedicated public-sector leader with a distinguished career with the City. She succeeded in her previous role as Deputy Chief Operating Officer, which she held for over three years. Ms. Burks has also served as the Interim Commissioner of the City's Department of Parks and Recreation. Throughout her tenure, Ms. Burks has been instrumental in advancing public safety initiatives, including significant improvements to the Atlanta Fire Rescue Department stations and enhancements in airport operations and in areas of human services. Her focus remains on addressing critical operational and infrastructure needs, particularly in public safety, public works, and transportation, as emphasized by Mayor Andre Dickens.

During her tenure as Interim Parks Commissioner, Ms. Burks facilitated and oversaw key components of the 10-year masterplan, which serves as the roadmap for the evolution of parks, greenspace, and recreation in the City, adapting to the City's growing population and increasing needs. Additionally, she effectively managed the operation of 33 recreation centers and over 400 parks, ensuring they remained vibrant community spaces for City residents to enjoy.

An Atlanta native, Ms. Burks brings a wealth of experience and a profound commitment to her role. She has served under five previous Atlanta Mayors and has held key positions throughout the City, and served as an elected member and Board Chair of the Atlanta Board of Education.

In addition to her current role, Ms. Burks's leadership extends to her involvement with significant city projects and organizations. She was a Founding Board Member for the Atlanta Beltline, Inc., and a former board member of Invest Atlanta. Ms. Burks holds multiple degrees, including a Master's degree in Business Administration ("MBA") and a Master's degree in Education.

Mohamed M. Balla serves as the City's Chief Financial Officer (the "Chief Financial Officer"). Mr. Balla joined the City in 2011 and began serving as Chief Financial Officer in July 2021. In his current role, Mr. Balla advises the Mayor and the City Council on a variety of policies, issues, and financial activities. Previously, Mr. Balla served as the Deputy Commissioner and Chief Financial Officer for the Department. In this role, Mr. Balla provided leadership over the Department's multibillion dollar financial functions. Prior to joining the Department, Mr. Balla served as a key member of the City's pension reform team responsible for restructuring the City's $3 billion pension plan. Mr. Balla also served as the City's Cash and Investment Manager overseeing the City's $1.5 billion cash and investment portfolio.

Mr. Balla has over 15 years of experience in investment banking, corporate finance, and public finance. Before joining the City, Mr. Balla worked as an investment banking professional at Citigroup Corporate and Investment Bank and Wachovia Securities. Mr. Balla has an extensive background in financial modeling and analysis, leverage lending, and public finance. Mr. Balla earned his B.A. in Business Administration from Morehouse College with a concentration in Finance and an M.B.A. from the Stephen M. Ross School of Business at the University of Michigan.

Youlanda C. Carr serves as the City's Deputy Chief Financial Officer. Ms. Carr is a CPA that has worked with the Department of Finance for approximately two decades. During this time,

she has worked in various offices within finance including the Office of Revenue, the Office of Budget and Fiscal Policy, as well as the Controller's Office. She has over 25 years of experience in financial management, budgeting, auditing, financial statements, revenue, pension, forecasting, and accounting. Her responsibilities as Deputy Chief Financial Officer include oversight of Payroll, Accounts Payable, Grants Accounting, Pension Accounting, Financial Statement Reporting, General Accounting, and Financial Information Systems. She earned a bachelor's in Accounting from Georgia State University and a Master's in Information Systems from Mercer University.

Marquetta J. Bryan, Esq., serves as the City Attorney for the City. Ms. Bryan is admitted to practice law in Georgia, New York, and before the Supreme Court of the United States. She is a highly respected attorney, mediator, and strategic advisor known for her commitment to resolving complex disputes with precision, empathy, and integrity. Marquetta has over twenty years of experience spanning employment litigation and counseling, training and investigations, commercial litigation, contracting and procurement disputes, and multi-party negotiations. Prior to joining the City, Marquetta was a Litigation Partner with Pierson Ferdinand LLP, and a mediator and arbitrator with Henning Mediation & Arbitration Services. She was a former Partner with Nelson Mullins Riley & Scarborough, where she chaired the Firm's Ethics Committee for two terms, and Carlock Copeland, & Stair LLP (currently known as Copeland Stair Valz & Lovell, LLP). In addition to representing private entities, Marquetta has served as outside counsel to a host of public-school districts, state agencies, municipalities, and nonprofit organizations. Marquetta has also served as a neutral hearing officer in ethics and personnel disputes related to public employees and elected officials. Marquetta began her legal career at the U.S. Department of Housing and Urban Development (HUD), gaining invaluable insight into federal regulatory frameworks and public service.

An Atlanta native and proud graduate of Emory University, Marquetta continues to give back to her alma mater through her service as a member of the Executive Committee of the Emory Alumni Board of Directors. She went on to earn her J.D., cum laude, from Cleveland State University College of Law, where she distinguished herself as a member of Law Review, Vice-Chair of the Student Discipline Tribunal, President of the Black Law Students Association, a Teaching and Research Assistant, and represented plaintiffs in the school's Employment Law Clinic.

Beyond her professional achievements, Marquetta has received numerous awards and honors for her service to the community and legal profession, including Pro Bono Partnership of Atlanta "Lawyer of the Year" Award, Nelson Mullins Scarborough Award for Pro Bono Service, the prestigious Justice Robert Benham Award for Community Service, Rolling Out Magazine Woman to Watch, Atlanta Magazine Women Making a Mark, and the Profiles in Diversity Journal Leadership Award. Marquetta is a 2016 graduate of Leadership DeKalb and served as Chair of the Leadership DeKalb Board of Directors for two terms. She is also a 2017 graduate of the Georgia Education Policy Fellowship Program.

Greg Eyerly serves as the Commissioner for the Department. He is responsible for oversight of the Department's dedicated workforce of over 1,500 employees, a $733 million annual operating budget, a five-year capital improvement plan of more than $1 billion, including the

Water Supply Program and Clean Water Atlanta Consent Decree Program aimed at the elimination of sanitary sewer overflows and a state consent order to improve water quality.

Mr. Eyerly brings over 32 years of extensive experience in the water and wastewater industry. He began his career as an entry-level operator in training and advanced through various roles, including operator, utility worker, plant shift supervisor, plant manager, and regional manager. Most recently, he held the position of Director of Houston Water, where he successfully led a team of over 1,700 professionals. In this capacity, he was responsible for delivering comprehensive water and wastewater services, as well as overseeing strategic planning, regulatory compliance, and client relations for a service area that encompassed 5.58 million residents across 18 cities and 83 municipal districts.

In 2022, Mr. Eyerly identified an opportunity to enhance his service to the industry by addressing the challenges associated with the consent decree for Houston Water and facilitating the ongoing recovery efforts from Hurricane Harvey. This commitment led him to relocate from Oregon to Texas. By 2024, he took a proactive role in advocating for public transparency concerning Houston's water infrastructure issues, engaging with local elected officials, business leaders, regulatory agencies, media outlets, and the Texas State Legislature. As a testament to his leadership and dedication, Houston Water was honored with the Water Environment Services Water Heroes Award and the Water Environment of Texas Heroic Service Award in 2025. Furthermore, Mr. Eyerly recently received the Water Leadership Award for Texas, recognizing him as the state's outstanding water leader of the year.

Mr. Eyerly and his wife are dedicated volunteers within their church and local community, and they are proud parents of four adult children. He has lived in Georgia on two occasions while serving in the Army at Fort Gordon and Fort Benning. Mr. Eyerly is an accomplished athlete, having competed in running and cycling, and he is a four-time current-age group world powerlifting champion. His interests include outdoor activities, college wrestling, and NASCAR, and he is a lifelong recovering fan of the Dallas Cowboys. Greg looks forward to engaging and working with the staff to promote long-term water security in the greater Atlanta area.

Jonathan Williams serves as the Department's Deputy Commissioner of the Office of Financial Administration. Mr. Williams has over 35 years of experience in financial management and oversite in both private and public as well as domestic and international businesses. He began his most recent assignment in July of 2021, filling the role vacated by the current Chief Financial Officer, Mohamed M. Balla. In his current role, Mr. Williams leads a team responsible for preparing, evaluating, and monitoring the Department's operating and capital budget, payroll, cash management, accounts payable, collections, financial statement development, and audit coordination. For nine years prior to joining the Department, Mr. Williams was Executive Director of the Office of Management Consulting Services, established by the Chief Financial Officer and tasked with providing operations, financial and Six Sigma consultative process improvements and management support across a range of businesses to maximize profitability, streamline operations, improve controls, and eliminate waste. Prior to joining the City, Mr. Williams has led a wide range of financial and operational applications for a number of industries in the private sector. These roles included Senior Vice President of operations, Director of Internal Audit, and Controller of Global Distribution and Repair Services, all with both domestic and international oversite. Mr. Williams prepared strategic planning and Wall Street view documentation for the Office of

the Chairman for AT&T, and performed critical risk assessment programs for Executive Leadership at Georgia Pacific and IKON Office Solutions. Mr. Williams began his career in accounting for General Motors in Dayton, Ohio. Mr. Williams has a degree in economics from Oberlin College, is a certified Six Sigma Blackbelt as well as a certified Internal Auditor.

THE SYSTEM

General

The System includes a Water System and a Wastewater System (all as hereinafter described). The "Water System" is comprised of facilities which include three WTPs with a combined treatment capacity of 246.4 million gallons per day (mgd), one of which (along with a raw water intake) is jointly owned with Fulton County. The City's distribution system includes a network of more than 2,700 miles of water distribution pipelines, four finished water pump stations, three re-pump stations, 11 booster pump locations (eight of which are in reserve), two raw water pump stations, two reservoir emergency draw-down pump stations, four surge tanks and 12 ground and elevated storage tanks. The "Wastewater System" is comprised of facilities which encompass more than 2,150 miles of sanitary and combined sewers, three permitted water reclamation centers ("WRCs"), two permitted CSO water quality control facilities ("WQCF"), four permitted CSO control facilities, and 16 pump stations. The Wastewater System has a total treatment capacity of 220 mgd and is permitted to discharge up to 188 mgd, based on a monthly average, under a combined permit.

For more information regarding the Water System and the Wastewater System, see "THE SYSTEM - Water System" and "- Wastewater System" herein.

The Water System operates under permits issued by the Georgia Department of Natural Resources, the EPD, requirements of the federal and SDWAs, and is subject to two administrative consent orders issued in 1997 and 2003 by the EPD related to the water treatment and distribution system (the "Water Consent Orders"), which require the City to increase the Water System's reliability and to meet the demands of a growing regional population base. The Wastewater System operates pursuant to Environmental Permits (as defined herein) pursuant to the Clean Water Act (33 U.S.C. §1251 et seq.) (the "Federal Clean Water Act") and the Georgia Water Quality Control Act (O.C.G.A. § 12-5-20 et seq.) (the "Georgia Water Quality Control Act") and is subject to the Amended Consent Decree, which specifies operational and capital improvements that the City is required to make within specified timeframes to its wastewater collection and treatment systems and CSO control facilities in order to resolve all outstanding requirements of the Amended Consent Decree. The Wastewater System is subject to several administrative consent orders (collectively, the "Wastewater Consent Orders").

For more information regarding the Water Consent Orders, the Wastewater Consent Orders and other regulatory, legal and other matters affecting the System, see "REGULATORY, LEGAL AND OTHER MATTERS AFFECTING THE SYSTEM" herein.

Service Area

The service area for the Wastewater System is regional and is bordered on the west by the Chattahoochee River and extends into northwest DeKalb County, a small portion of Clayton County and parts of north and south Fulton County. Together, the City's WRCs serve a total area of 225 square miles, with the City's WQCFs and CSO control facilities providing supplemental capacity for a total area of approximately 11 square miles. The retail water service area of the Water System includes the City, unincorporated areas of Fulton County (south of the City), the areas located within the cities of Sandy Springs and Chattahoochee Hills and portions of incorporated areas located in the City of South Fulton and Union City. The City's wholesale customers include three cities in Fulton County (City of Hapeville, City of Fairburn, and Union City) and the counties of Coweta (Coweta County Water and Sewerage Authority), Clayton (Clayton County Water Authority) and Fayette. The City supplies all water needed by the wholesale cities and a limited portion of the total water needed by the wholesale counties; while these customer counties continue to have active wholesale water meters, their water demands are limited to exceptional circumstances reflecting recent demand patterns and their respective development of alternative water supply arrangements.

Service area growth through territory acquisition or purchase or new significant wholesale customers is possible but not currently anticipated.

Water System

The Water System obtains its drinking water from the Chattahoochee River through two raw water intakes located downstream of Lake Lanier, a multi-purpose water reservoir owned and operated by the U.S. Army Corps of Engineers (the "Corps"). The City is currently permitted to withdraw a combined total of approximately 225 mgd. The raw water is treated at the City's three WTPs, one of which (along with a raw water intake) is jointly owned with Fulton County. The WTPs have a combined treatment capacity of 246.4 mgd. The City's distribution system includes more than 2,700 miles of water distribution pipelines, four finished water pump stations, three re-pump stations, 11 booster pump locations (eight of which are in reserve), the Chattahoochee Raw Water Pump Station, one reservoir emergency draw-down pump station, four surge tanks and 12 ground and elevated storage tanks. In Fiscal Year 2025, the Water System served over 175,000 active water accounts. See "THE SYSTEM - Service Area" for a description of the service area of the Water System.

Water Quality. The Water System is in compliance with all of its applicable permits. The water treated and delivered by the Water System meets or exceeds all drinking water standards established by the EPA and no maximum contaminant level has been exceeded. The City meets all current water quality standards of the federal and SDWAs as regulated by the EPA and the EPD, respectively, and has never been cited for a water quality violation.

Water Supply. In Fiscal Year 2025, the average daily water production for the Water System was 121.17 mgd. The City currently is permitted to withdraw 136.5 mgd (monthly average) of raw water for the Hemphill plant, 64.9 mgd (monthly average) from the Chattahoochee plant, and 45 mgd for the Atlanta-Fulton County North Area WTP, which was renamed as the Tom Lowe WTP. The City currently has a raw water storage capacity of approximately 2.4 billion

gallons at Bellwood Quarry (more than 30 days of water supply), which was renamed the Shirley Clarke Franklin Pumping Station and Reservoir, 550 million gallons at the Hemphill facility, 890 million gallons of capacity shared with Fulton County at the Tom Lowe WTP, and a combined finished water storage capacity of approximately 37 million gallons. The Hemphill facility has two raw water reservoirs. Reservoir No. 1 is currently out of service for repairs while investigations and repairs to address leakage are being performed to determine the feasibility of returning the reservoir to service.

The Chattahoochee River, the raw water supply source for the City, is regulated by several federal dam projects. The most important of these projects for the City is Buford Dam, which impounds the river to create Lake Lanier and is operated by the Corps. The City's raw water intake sits downstream of Buford Dam along the Chattahoochee River. As such, the City depends upon the Corps to operate Buford Dam to regulate the flow of the Chattahoochee River to ensure a sufficient water supply is available. The operation of Buford Dam and Lake Lanier were the subject of protracted litigation over 20 years known as the Tri-State Water Rights Litigation, which has since been resolved. See "REGULATORY, LEGAL AND OTHER MATTERS AFFECTING THE SYSTEM - Water System - *Tri-State Water Supply Litigation*" herein. The City currently withdraws water from the Chattahoochee River under a surface water withdrawal permit. A new permit was issued by the EPD on February 4, 2022 and allows a 10-year duration for water withdrawal from the date of issuance. Future withdrawal permits will be required to be consistent with future regional and State water plans. The City provides return flows of its water withdrawals to the Chattahoochee River via the City's WRCs and it does not withdraw water from the Flint, Apalachicola, Alabama, Coosa or Tallapoosa River basins.

As mandated under legislation enacted by the General Assembly in 2004, the EPD developed a Comprehensive State-wide Water Management Plan (the "State-wide Water Management Plan"), which was adopted by the General Assembly in 2008. Pursuant to the State-wide Water Management Plan, ten regional water plans were officially adopted in November 2011 which require basin management plans to be developed. These regional water plans: (a) outline management practices to meet future water needs, (b) address both water quantity and water quality challenges, (c) include forecasts of future water supply and wastewater treatment needs, and (d) identify practices to ensure that future needs can be met. Prior to the statewide efforts, the Metropolitan North Georgia Water Planning District (the "Planning District"), of which the City is a part, was formed in 2001 and engaged in a comprehensive two-year planning process for stormwater, wastewater and water supply, and water conservation. The Planning District issued its first water resource management plan documents in 2003. At that time, the Planning District issued three separate plans: Water Supply and Water Conservation, Wastewater Management, and Watershed Management. These plans were updated by the Planning District in 2009. In 2012, the Planning District combined the three separate plan documents into one comprehensive plan (the "Regional Water Resource Management Plan") to highlight the interrelationships between approaches to water, wastewater, and watershed management. The Regional Water Resource Management Plan was amended again in 2022 adding new sections for the forecasts of water plant residuals and wastewater plant biosolids, the development of a stormwater forecast for the Planning District, and a revised set of water supply and water conservation action items to reflect the major areas of focus for the Planning District. The Planning District's planning efforts provide local jurisdictions and state officials with recommended actions, policies and investments for water supply and water conservation, wastewater management, and watershed management activities.

The Regional Water Resource Management Plan was developed to meet State laws, local needs and Planning District goals. The Regional Water Resource Management Plan describes existing conditions and projects future conditions of the region's water resources and its water, wastewater, and watershed management infrastructure, and promotes the protection of water resources for the purposes of supply, quality, and recreation in the region and downstream.

Water Treatment Plants. The Water System has three WTPs serving more than one million people in the metropolitan Atlanta region, providing approximately 120 mgd of water each day within a 650 square mile service area. The Chattahoochee and Hemphill WTPs obtain water from the City-owned Chattahoochee River Intake and the Chattahoochee Raw Water Pump Station under a combined surface water withdrawal permit for the two treatment plants. The Tom Lowe WTP also obtains water from the Chattahoochee River, but at a different, jointly owned location and under a separate surface water withdrawal permit. The City currently withdraws water from the Chattahoochee River under a surface water withdrawal permit. A new permit was issued by the EPD on February 4, 2022 and allows a 10-year duration for water withdrawal from the date of issuance. Future withdrawal permits will be required to be consistent with future regional and State water plans. The City provides return flows of its water withdrawals to the Chattahoochee River via the City's WRCs and it does not withdraw water from the Flint, Apalachicola, Alabama, Coosa or Tallapoosa River basins. The Chattahoochee WTP has a maximum capacity of 64.9 mgd and provides approximately 40 percent of the drinking water for the City and parts of Fulton County. The current permitted capacity of the Hemphill WTP is 136.5 mgd. The Hemphill WTP supplies approximately 48 percent of drinking water to retail, residential, commercial, industrial, and institutional customers within the City and portions of Fulton County south of the Chattahoochee River, and to the City's wholesale water customers. The Tom Lowe WTP is a high-rate surface water filtration plant located on the Chattahoochee River in Alpharetta and is permitted to withdraw up to 90 mgd of raw water at this location which is withdrawn at the jointly owned Atlanta-Fulton County Raw Water Intake.

Water Production, Connections, Demand and Revenues. The following table summarizes information regarding maximum and average daily water production for Fiscal Year 2021 through Fiscal Year 2025.

Maximum and Average Daily Water Production[(1)]
(millions of gallons)

	Fiscal Year				
	2021	**2022**	**2023**	**2024**	**2025**
Maximum Daily Production	114.91	121.10	176.62	145.17	161.38
Average Daily Production[(2)]	94.12	104.60	113.74[(2)]	110.24	121.44

(1) The System includes a raw water supply with a permitted withdrawal amount of 225 mgd and a combined treatment capacity of 246 mgd as of June 30, 2025.

(2) Average Daily Production in Fiscal Year 2023 revised December 2024 due to calculation error.

Source: City of Atlanta, Department of Watershed Management.

The following tables summarize certain information regarding water connections, percentage water demand, and percentage water revenues by customer class for Fiscal Year 2021 through Fiscal Year 2025.

Water Connections, Demand and Revenues by Customer Class

Water Connections by Customer Class

Fiscal Year	Residential[(1)]	Commercial	Industrial	Total[(2)]
2021	152,103	13,513	136	165,752
2022	154,292	13,938	137	168,367
2023	156,805	14,011	136	170,952
2024	158,581	14,138	134	172,853
2025	161,040	14,316	137	175,493

Percentage Water Demand by Customer Class

Fiscal Year	Residential[(1)]	Commercial	Industrial	Wholesale	Government
2021	56%	34%	2%	5%	3%
2022	54	36	2	5	3
2023	54	36	2	5	3
2024	53	37	2	5	3
2025	53	37	2	5	3

Percentage Water Revenues by Customer Class

Fiscal Year	Residential[(1)]	Commercial	Industrial	Wholesale	Government
2021	56%	38%	2%	3%	1%
2022	54	40	2	3	1
2023	55	39	1	3	2
2024	54	39	2	3	2
2025	53	39	2	3	3

(1) Includes apartment complexes, which are served by single connection.

(2) Excludes government and wholesale customers. In Fiscal Year 2025, there were 1,168 government customers and six wholesale customers, with 54 wholesale accounts, in these two categories.

Source: City of Atlanta, Department of Watershed Management.

Distribution System. Potable drinking water is delivered to the City's retail and wholesale customers through a network of approximately 2,900 miles of water mains and pipelines. Water is piped to customers through pipelines ranging in diameter from two to 96 inches. The City's distribution system contains 12 storage tanks (below ground, ground and elevated) and 11 booster station locations dispersed throughout the System to manage instantaneous water demand and pressure fluctuations in the service area. In addition, there are four surge tanks protecting the finished water system.

Customers. In Fiscal Year 2025, the City's five largest water customers in the aggregate accounted for approximately 3.00% of the City's total billings of approximately $210,020,000 for Fiscal Year 2025. The following table shows the five largest retail water customer billings for Fiscal Year 2025. No independent investigation has been made of, and consequently no representation can be made as to, the stability or financial condition of any of the customers listed below or that such customers will continue to maintain their status as major customers of the Water System.

Five Largest Water Users (Fiscal Year 2025)
(dollars in thousands)

Customers	Billings[(1)]	% of Total Billings[(2)]
QTC Quaker, Tropicana, Gatorade	$1,756	0.84%
Quality Technology Services	1,432	0.68
Coca-Cola Company USA	1,113	0.53
City of Union City 5011	1,060	0.50
City of Hapeville	893	0.43

(1) Billings for the period beginning July 1, 2024, and ending June 30, 2025.
(2) Based on total billings of $210,020,000 for the period beginning July 1, 2024, and ending June 30, 2025.

Source: City of Atlanta, Department of Watershed Management

Wholesale Water and Wastewater Agreements Generally. The City provides water and wastewater service on a wholesale basis to counties and municipalities outside of the City's boundaries. Generally, these services are provided under long-term inter-jurisdictional agreements of 30 years or longer. The City is operating under wastewater service agreements with DeKalb County and the cities of College Park, East Point, and Hapeville. The DeKalb County, City of East Point, and the City of Hapeville wastewater agreements expire in 2029 while the City of College Park agreement expires in 2028. The City is currently operating under an updated wholesale water service agreement with the City of Hapeville that is set to expire in 2051. In addition, new wholesale water service agreements are currently being negotiated with Union City and the City of Palmetto. Wholesale water services are also provided to Fayette County and the cities of Fairburn and Union City under current wholesale rates, but the City does not have updated wholesale water service agreements with these entities.

Under the current terms of the wastewater agreements, the City provides conveyance and treatment services for wastewater flow volumes. The contracting governmental entities which currently include Fulton and DeKalb counties as well as the cities of College Park, East Point, and Hapeville (collectively, "IJ Partners") pay their share of associated operational costs and are required to implement and enforce sewer use regulations that are no less restrictive than those imposed by the City. The IJ Partners share in capital costs based on the capacity they have reserved in City facilities pursuant to the relevant agreements. Treatment plant monthly operating costs are based on the IJ Partners' proportionate share of flows entering facilities in which they have reserved capacity. In addition, the IJ Partners are obligated to pay a pro rata share of wastewater transmission and collection operations and maintenance costs based on the portion of the System from which they benefit. Alternatively, some IJ Partners can elect to pay a wholesale wastewater

rate, as defined in the relevant agreements. Capital cost payments are billed according to IJ Partners' share of costs for particular capital projects in the Wastewater System. Long-term wholesale water service contracts with IJ Partners provide for water sales at bulk wholesale rates set by the City, pursuant to the Rate Ordinance (as defined herein) which was adopted by the City Council on July 2, 2012 and approved by the Mayor. The City may adjust rates at its discretion.

Water Restrictions. On June 2, 2010, the Georgia Water Stewardship Act went into effect statewide. The Georgia Water Stewardship Act is complemented by regulations promulgated by EPD which allow the EPD to require graduated increases in restrictions based upon the level of severity of a drought. In 2014, the EPD Watershed Protection Branch held a stakeholder meeting to inform and solicit input from the public and impacted organizations and received comments from stakeholders regarding the possible development of water use efficiency rules. On August 4, 2015, EPD adopted Drought Management Rules that replaced former rule provisions relating to outdoor water use as well as the 2003 Drought Management Plan. The Drought Management Rules, Chapter 391-3-30, require specific drought response strategies during specified levels of drought, as declared by the EPD, that may limit or restrict some of the outdoor water uses.

For more information regarding the Water Consent Orders and other regulatory, legal and other matters affecting the Water System, see "REGULATORY, LEGAL AND OTHER MATTERS AFFECTING THE SYSTEM" herein.

Wastewater System

The Wastewater System encompasses approximately 1,555 miles of separate sanitary sewers; 364 miles of combined sewers; 28 miles of tunnels; 15 miles of force mains; 20 pump stations; three permitted WRCs; two permitted WQCFs; and four permitted combined sewage control facilities ("CSCFs"). The City's wastewater treatment facilities and pump stations are operated and maintained by the Office of Water Treatment and Reclamation. The City's sewers and force mains are operated and maintained by the Department's Office of Linear Infrastructure Operations. Each WRC receives wastewater from one or more pump stations and multiple trunk sewers. The RM Clayton WRC (as defined herein) is one of the largest wastewater treatment plants in the southeast region of the United States and provides wastewater treatment for a service area that encompasses the City (primarily north of Interstate 20), a portion of the City of Sandy Springs and most of northern DeKalb County. The Utoy Creek Water Reclamation Center (the "Utoy Creek WRC") provides wastewater treatment for the wastewater service area that encompasses portions of southwest Atlanta, northwest Atlanta, the City of East Point and Fulton County. The South River WRC provides wastewater treatment for the South River wastewater service area that encompasses the City of Hapeville and portions of Atlanta, the City of East Point, the City of College Park, DeKalb County and Clayton County. The South River WRC also treats partially treated effluent from the Intrenchment Creek WRC that serves portions of Atlanta and a small portion of DeKalb County. All three of the City's permitted WRCs discharge treated effluent to the Chattahoochee River. The Intrenchment Creek WRC sends partially treated effluent to the South River WRC where it receives further treatment. Since all effluent from the Intrenchment Creek WRC is discharged via the NPDES (as defined herein) permitted outfall for the South River WRC, the Intrenchment Creek WRC does not have a NPDES permit. See "THE SYSTEM - Service Area" for a description of the service area of the Wastewater System. For a

history of the wastewater system, see "APPENDIX B - MUNICIPAL ADVISOR'S FINANCIAL FEASIBILITY STUDY - Wastewater System History".

Wastewater from a small portion of northeast Atlanta is treated at the R.L. Sutton Wastewater Treatment Plant, which is owned by Cobb County. Wastewater from a small portion of southwest Atlanta is treated at the Camp Creek WRC, which is owned by Fulton County.

In Fiscal Year 2025, the Wastewater System served over 99,000 active retail wastewater accounts in the City (and also billed wastewater service provided by Fulton County for accounts that receive water service from the City). In addition, the Wastewater System treats flows from wholesale customers including DeKalb and Fulton counties, and the cities of College Park, East Point and Hapeville.

Maximum Monthly Flow. The following table shows the maximum monthly flow treated at each of the City's WRCs (the Intrenchment Creek WRC's flow being included within the flow of the South River WRC) for Fiscal Year 2021 through Fiscal Year 2025.

Maximum Monthly Flow (mgd)

	Fiscal Year				
	2021	**2022**	**2023**	**2024**	**2025**
RM Clayton	84	82	84	86	83
Utoy Creek	28	32	39	35	32
South River	35	35	32	31	33

Source: City of Atlanta, Department of Watershed Management.

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Wastewater Connections and Demand. The following tables summarize certain information concerning wastewater connections, percentage wastewater demand, and percentage wastewater revenues by customer class for Fiscal Year 2021 through Fiscal Year 2025.

Wastewater Connections, Demand and Revenues by Customer Class

Wastewater Connections by Customer Class[1]

Fiscal Year	Residential[2]	Commercial	Industrial	Total[3]
2021	88,004	6,555	107	94,666
2022	87,706	6,653	107	94,466
2023	89,311	6,669	107	96,087
2024	90,524	6,718	108	97,350
2025	92,057	6,736	109	98,902

Percentage Wastewater Demand by Customer Class[1]

Fiscal Year	Residential[2]	Commercial	Industrial	Government
2021	59%	35%	2%	4%
2022	57	38	2	3
2023	57	38	2	3
2024	56	39	2	3
2025	56	39	2	3

Percentage Wastewater Revenues by Customer Class[1]

Fiscal Year	Residential[2]	Commercial	Industrial	Government
2021	57%	39%	3%	1%
2022	56	40	3	1
2023	57	40	2	1
2024	55	40	3[4]	2
2025	54	42	1	3

(1) Excludes wholesale customers.
(2) Includes apartment complexes, which are served by single connection.
(3) Excludes government customers. In Fiscal Year 2025, there were 455 government customers (unaudited).
(4) The Department's Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2025 includes a calculation error with respect to the Percentage of Wastewater Revenues by Customer Class for Industrial Customers; the correct Percentage of Wastewater Revenues by Customer Class for Industrial Customers is presented in this table.

Source: City of Atlanta, Department of Watershed Management.

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Customers. In Fiscal Year 2025, the City's five largest wastewater customers in the aggregate accounted for approximately 2.60% of the City's total billings of $277,518,000. The following table shows the five largest retail wastewater customer billings for Fiscal Year 2025. No independent investigation has been made of, and consequently no representation can be made as to, the stability or financial condition of any of the customers listed below or that such customers will continue to maintain their status as major customers of the System.

Five Largest Wastewater Users
(dollars in thousands)

Customers	Billings[(1)]	% of Total Billings[(2)]
Coca-Cola Company USA	$2,476	0.89%
Fulton Dekalb Hospital	1,310	0.47
Atlanta Marriott Marquis 267	1,252	0.45
Fulton County Jail	1,111	0.40
Federal Penitentiary 601	1,073	0.39

(1) Billings for the period beginning July 1, 2024 and ending June 30, 2025.
(2) Based on total billings of $277,518,000 for the period beginning July 1, 2024 and ending June 30, 2025.

Source: City of Atlanta, Department of Watershed Management.

Service Agreement. A small portion of the Wastewater System is located outside the topographic area served by the Utoy Creek WRC. Wastewater from this area is taken to Fulton County's Camp Creek Treatment Plant. The City pays a share of the operating costs of such plant based on use by City residents and capital improvements based on reserve capacity. In addition, costs at the Long Island Pumping Station owned and operated by Fulton County are similarly shared. That facility pumps wastewater from the area of the City north of the Nancy Creek Basin for treatment by Cobb County. Currently, the City pays Cobb County $7.12 per thousand gallons for wastewater services.

Collection System. The City's collection and transmission system is comprised of approximately 2,150 miles of combined and separate sewer pipe. The system consists of lateral, collection and trunk sewers that convey wastewater from homes, businesses, and institutional and industrial facilities to a treatment facility. This includes an estimated 62 miles of combined sewers, 1,659 miles of separate sanitary sewers (exclusive of sewer lines serving the Airport), and 430 miles of lines of service laterals in public rights-of-way. The collection system also includes the wastewater pumping stations, force mains and tunnels which convey flow to pump stations, the City's WRCs and CSO facilities. Effluent transmission mains include force mains, tunnels and gravity flow pipelines that are used to convey treated wastewater from a WRC to a receiving stream or river. The City's collection system includes 16 remote pump stations that are used throughout the system to pump wastewater to high points, after which the wastewater flows by gravity to the next pump station or a WRC.

The City's wastewater collection and transmission system, with a few exceptions, is geographically located within the City's corporate limits. This system collects wastewater from the City and is also used to convey wastewater from portions of Clayton County, the City of

College Park, DeKalb County, the City of East Point, Fulton County and the City of Hapeville to the City's WRCs for treatment.

Combined Sewage Control Facilities. The City owns and operates six combined sewage system control facilities: two WQCFs and four CSCFs, which operate under two separate NPDES permits; one for the East Area Facilities (as defined herein) which discharge into Intrenchment Creek, a tributary to South River; and a separate permit for the West Area Facilities (as defined herein) which discharge into the Chattahoochee River or local streams.

The combined sewer system is located in an 11-square-mile area of the City in downtown Atlanta. The combined sewer area includes portions of the Peachtree Creek watershed (including the Tanyard Creek and Clear Creek sub-watersheds), the Proctor Creek watershed (including the North Avenue subwatershed) and the Intrenchment Creek watershed (including the Custer Avenue sub-watershed). Under dry weather conditions, sewage from the combined sewer areas are transported to a WRC for treatment. During storm events, the flows from the combined sewer areas continue to be transported to the WRCs for treatment. However, if the flow volumes increase to a level that exceeds the collection system's transmission or storage capacity and/or the WRC treatment capacity, a portion of the flow is conveyed to one of the WQCFs for treatment prior to being discharged. Combined sewer flows are typically treated in this manner until such time as their respective collection tunnels are reaching storage capacity. When the heaviest rain events occur, flow volumes can exceed the combined treatment capacities of the WRCs and the WQCFs and tunnel storage capacity. In these instances, individual CSCFs are brought online, as needed, to provide additional treatment capacity prior to discharge to their respective receiving streams.

The "East Area Facilities" include the East Area WQCF22 and the Custer Avenue CSCF. When activated, these facilities discharge to receiving streams located in the South River Basin, which generally flows to the east and are tributaries to the Ocmulgee River.

The "West Area Facilities" include the West Area WQCF and the Clear Creek, North Avenue and Tanyard CSCFs. Flows from the corresponding sub-basins are conveyed to the RM Clayton WRC via the West Area Tunnel. During some wet weather events, flows from the West Area Tunnel are diverted to the West Area WQCF to provide additional treatment capacity. Both the RM Clayton WRC and the West Area WQCF discharge to the Chattahoochee River, which generally flows to the south and the west. The three CSCFs, when operating, discharge to Clear Creek, Proctor Creek, and Tanyard Creek, which also flow to the Chattahoochee River.

Watershed Protection Services

The Department delivers a broad variety of watershed protection services, frequently in collaboration with other City departments such as the Department of Public Works and the Department of Parks and Recreation. These services include a variety of activities required under the Department's NPDES permits and other water-quality related regulatory requirements. The Department works collaboratively to perform a number of stormwater management and drainage functions.

The Department places heightened emphasis on these aspects of the Department's responsibilities in response to emerging regulatory trends and infrastructure development

opportunities. These regulatory changes, aspects of which have been incorporated into wastewater treatment plant permit requirements, reflect a focus on water quality improvement that requires effective management of both point source and non-point discharges to receiving waters. Although stormwater management activities are a fundamental requirement of the Department's NPDES permit requirements for the WRC and CSS Control Facilities, such activities are currently not included within the definition of "System" under the Bond Ordinance for which revenues of the System may be spent. A review of the Department's recent historic and budgeted expenditures was conducted in 2013, prior to issuance of the current NPEDS permits, to assess the extent of expenditures on primarily stormwater management measures outside of the combined sewer areas and required for the City's compliance with MS4 stormwater management regulations (often performed by general fund departments in other jurisdictions). However, given the regulatory pressures to address stormwater management in a more robust manner, the Department has increased investment in stormwater management since 2013.

While revenues of the System have historically been deployed to ensure compliance with aspects of the Wastewater System regulatory requirements, the Department continues to use "green infrastructure" approaches and embrace integrated planning promoted by the EPA.

As part of its efforts to develop a stormwater action plan, in 2017 the Department completed an update to a Stormwater Utility Feasibility Study initiated in 2009. This study assesses the need for and implementation steps required to establish a dedicated sustainable funding source to support the City's stormwater management program. The study addresses the cost of service associated with operation and maintenance (personnel costs, equipment, drainage system routine/preventive/emergency maintenance); capital improvements (infrastructure repair/replacement and green infrastructure, stream restoration and other watershed-based improvements); and compliance (costs associated with our municipal separate storm sewer system program and Federal Clean Water Act compliance). The Department estimates that the City annually receives over 1,300 customer service requests to address stormwater issues impacting almost every neighborhood in the City. Although up to ten percent of the proceeds of the MOST (as defined herein) will continue to be allocated to address stormwater issues, such proceeds are not estimated to be sufficient to provide adequate funding to address the most pressing needs for developing a comprehensive stormwater management program, so the Department is considering various alternatives to provide such funding and benchmarking to establish rates that are consistent with industry standards and cost of implementation.

For more information regarding the Wastewater Consent Orders and other regulatory, legal and other matters affecting the Wastewater System, see "REGULATORY, LEGAL AND OTHER MATTERS AFFECTING THE SYSTEM" herein.

Insurance

The City self-insures the System for third party property damage and for bodily injury resulting from operations. Third party claims for property damage and bodily injury are forwarded to the City's Law Department where they are reviewed and recommendations are made for their ultimate disposition and are litigated as necessary by the City's Law Department. In addition, the City currently maintains a property insurance policy in the amount of $300,000,000, which insures against property damage to the facilities in the System, and self-insures for workers' compensation.

The City has settled third party claims for property damage and bodily injury against the System for the calendar years and in amounts as follows:

Calendar Year	Amount of Claims
2019	$ 453,342
2020	395,443
2021	113,337
2022	122,923
2023	778,563
2024	5,001,347[(1)]
2025	962,417

[(1)] In 2024, there was a claim settlement of approximately $3 million, which was an anomaly.

Source: City of Atlanta.

System Security

By direction of the EPA, a vulnerability assessment of the security of the City's drinking water supply, treatment and distribution was completed in 2004 (the "2004 Vulnerability Assessment"). The Department's emergency response plan was updated with provisions for mitigating physical attack and contamination. The 2004 Vulnerability Assessment identified capital improvements, estimated to cost a total of $28 million, to enhance system security. In January 2004, in conjunction with the System-wide water and wastewater service rate increases, the Mayor and City Council approved a $0.15/convention center financing surcharge for a seven-year term to "harden" existing facilities with new facilities to be designed with compliant security measures. As a result of the 2004 Vulnerability Assessment and the capital improvements funded by the surcharge, the City established the Office of Safety and Security whose responsibility is to maintain compliance of the System with the mandates of the EPA, including vulnerability assessments, corrective actions and emergency response planning and implementation.

In 2012, the Department retained Atkins, NA Security Group to perform a "high level" security assessment of the System. This assessment resulted in the publication of the 2012 Security Master Plan (the "Master Security Plan"). The Master Security Plan provides an organized approach to the development and enhancement of security requirements, security system technology and implementation needs. The Master Security Plan breaks down the various System facilities into three categories which are Priority 1 - Critical; Priority 2 - Urgency; and Priority 3 - Important. In January 2015, under the direction of the newly hired and current Director of the Office of Safety, Security and Emergency Management, the Master Security Plan was established as the roadmap to enhance the level of security on System facilities. This process includes adding a surveillance system which currently employs 518 cameras throughout the System. An additional 200 cameras are currently being added to the System. All cameras are monitored in the Security Operations Center and available for viewing by the Atlanta Police Department in the Atlanta Police Department’s Video Integration Center. In addition, access control has been enhanced through the addition of card readers and an overhaul of the badging

system. Currently, all Department employees are issued a blue background badge while all contractors are issued a red background badge. All other visitors must be escorted. In addition, the Office of Safety and Security in conjunction with the U.S. Department of Homeland Security is currently conducting a follow-up vulnerability assessment to update the security plan and identify additional measures to enhance security. As a result of vulnerability assessments conducted in conjunction with the U.S. Department of Homeland Security, upgrades to the security infrastructure were implemented in 2021 through 2023 to include integration into the citywide FUSUS video management system, upgrade of the citywide access control server, and replacement of approximately 100 cameras. The closed camera television system is being upgraded to replace end-of-life aging hardware and to be fully integrated into the Atlanta Police Department Security Operations Center. Additionally, access control has been improved through hardware and software upgrades.

The City in general, and the Department in particular, continue to place appropriate emphasis on security. The City has a proprietary disaster and emergency management plan which is onsite and approved by the U.S. Department of Homeland Security. All of the Department's facilities, except for a few small wastewater pumping stations, have onsite, standby and emergency generators. Most of the City's major facilities are on two different transmission feeds from independent substations. In the last few years, many city governments reported customer or data breaches and other fraudulent activities/attacks, which have heightened awareness of data security. A ransomware attack against the City in 2018, and the resulting impacts on the City's operations, were the catalyst for an enhanced cyber security program at the City that continues to evolve to meet changing needs and threats relating to unauthorized access to data or breaches of confidential information due to criminal conduct, attacks by hackers, employee or insider malfeasance, or human error. Additionally, to enhance the City's security posture, the City works with a range of state and federal law enforcement agencies, including the Department of Homeland Security and the FBI.

The City operates in the local government arena which makes the City a target of cyber-attacks. Additionally, outside parties may attempt to fraudulently induce the City's employees, customers, business partners, service providers and other users of its services to disclose information in order to gain access to sensitive data and the City's systems. The City has devoted, and continues to devote, significant resources to security measures, processes, and technologies to protect and secure the City's networks and systems.

However, the techniques used to obtain unauthorized access to, or to disable or degrade, electronic networks, computers, systems and solutions are rapidly evolving and have become increasingly complex and sophisticated. Such incidents are likely to continue and the City is unable to predict the direct or indirect impact of these future attacks and activities on the City.

Extreme Weather Events

The City may be susceptible to the effects of extreme weather events and natural disasters including floods, droughts, tornadoes, and hurricanes, which could result in negative economic impacts on the System. No assurance can be given as to whether future extreme weather events will occur that could materially impact the operation of the System or the Pledged Revenues.

There are no known material lingering operational impacts on the System attributable to prior events, and there have been no indications to date of material long-term operational impairments to the System as a result of extreme weather events. The System is functioning in the ordinary course, and the Department continues to monitor infrastructure performance and implement resilience measures as part of its ongoing capital planning and maintenance programs. However, as previously noted, the City remains susceptible to future extreme weather events and other natural disasters, which could adversely affect System operations, infrastructure, and revenues. No assurance can be given that future events will not materially impact the System or its financial performance.

In January 2026, Atlanta and its surrounding counties experienced two winter storms as temperatures dropped significantly due to an Arctic air surge. During the cold snap between January 30, 2026 and February 2, 2026, the Department observed a lagged correlation between below-freezing air temperatures and water main breaks.

The Department responded by repairing 15 water main breaks, with 11 completed within the service level agreement of two calendar days. Work orders included major water main breaks at the intersection of Courtland Street NE and Ralph McGill Blvd NE and at the intersection of North Fulton Drive NE and Buckhead Avenue NE. The Department also repaired the Hemphill WTP Water Surge Tank and addressed burst water pipes in the Hemphill Generator Building sprinkler system. Additionally, the Department maintained continuous monitoring of more than 50 pressure sensors within the drinking water distribution system. There are no known lingering operational impacts on the system attributable to the January 2026 winter storm events.

REGULATORY, LEGAL AND OTHER MATTERS AFFECTING THE SYSTEM

General Water and Wastewater System Regulatory Framework. The Department must adhere to applicable state and federal regulations of its water, watershed protection, and wastewater system and services. Water standards are based on the requirements established by the federal and SDWAs, while stormwater management and wastewater treatment and disposal are governed by the Federal Clean Water Act. The National Pollutant Discharge Elimination System ("NPDES") permit program is authorized by the Federal Clean Water Act and the GEPD is delegated the authority to issue NPDES permits for the Department's facilities when required and is responsible for monitoring its compliance, including regulating point sources that discharge pollutants into waters of the United States. The GEPD also monitors the Department's water system operations and monitoring for compliance under the SDWA. The EPA has delegated authority to EPD to administer the NPDES program within the State.

The City entered into two administrative consent orders issued in 1997 and 2003 by the GEPD related to the water treatment and distribution system (the "Water Consent Orders"), which require the City to increase the Water System's reliability and to meet the demands of a growing regional population base. The City entered into the Amended Consent Decree related to the City's combined sewer overflow system and wastewater collection and transmission system. The EPA and the GEPD are parties to and oversee implementation of the Amended Consent Decree. The City is also subject to a consent decree which resulted from the settlement of a citizen suit brought under the Federal Clean Water Act by Chattahoochee Riverkeeper against the City regarding

alleged violations of the R.M. Clayton NPDES permit which was entered in federal court on February 4, 2026 (the "R.M. Clayton Consent Decree").

Operation of the Water System and the Wastewater System is subject to several federal and State environmental laws and regulations including the 2017 Consolidated NPDES Permit (as defined below), which was issued in order to meet the requirements of the Federal Clean Water Act and the Georgia Water Quality Control Act. Some of the key areas covered by these regulations include: the quality and safety of drinking water; standards and limitations on water and air pollutants to the environment; availability of water as a resource; handling and disposal of solid waste; and health and safety standards for personnel. Compliance with these laws and regulations in the ordinary course of operations requires significant operating and capital expenditures. Failure to comply with these regulations also could have material adverse effects, including, among others, the imposition of civil liability or fines by regulatory agencies or liability to private parties.

In addition to the foregoing, the Department carefully monitors the evolving regulatory landscape related to its services and is focused on various pending regulatory, legal and legislative issues that, prospectively, could have a material impact on its financial position. Certain of these issues are summarized below.

Water System

Water Consent Orders. The Water Consent Orders relate to the water treatment and distribution system and have now been resolved. The water treated and delivered by the City meets or exceeds all drinking water standards established by both the federal and State Safe Drinking Water Acts.

R.M. Clayton Consent Decree. As noted above, the R.M. Clayton WRC is subject to a R.M. Clayton Consent Decree which resulted from the settlement of a citizen suit brought by Chattahoochee Riverkeeper pursuant to the Federal Clean Water Act against the City regarding alleged violations of the facility's NPDES permit. The R.M. Clayton Consent Decree resolves the alleged NPDES permit violations and requires the City to undertake certain projects at R.M. Clayton over the next five years. The costs for the R.M. Clayton Consent Decree are included in the projected funding requirements for the System. See "APPENDIX B - MUNICIPAL ADVISOR'S FINANCIAL FEASIBILITY STUDY - Capital Improvement Program" attached hereto.

Tri-State Water Supply Litigation. The City's water is sourced from the Chattahoochee River below Buford Dam. Flows in the river are managed by the two dams to meet the needs of the City and other metro-area "river users," which include Cobb County-Marietta Water Authority, DeKalb County, and the Atlanta Fulton County Water Resources Commission which is a joint venture between the City and Fulton County and are hereinafter referred to as the "Metro-Area River Users. In 2011, after decades of litigation, the United States Court of Appeals for the Eleventh Circuit (the "Eleventh Circuit") held that the water supply operations by the Metro-Area River Users described above are within the Corps' authority. *In re MDL-1824 Tri-State Water Rights Litig*., 644 F.3d 1160 (11th Cir. 2011) and remanded the matter to the Corps to determine the limits of this authority.

After additional studies and analysis, the Corps determined that Buford Dam can be operated to accommodate water supply withdrawals by the Metro-Area River Users of up to 379 mgd. This operation was incorporated into an updated Master Manual for the Apalachicola Chattahoochee-Flint River system adopted by the Corps in 2017 (the "2017 Master Manual"). Operations pursuant to the 2017 Master Manual are projected to meet the water supply needs of the Metro-Area River Users at least through 2050.

The 2017 Master Manual is the subject of litigation currently pending before the United States Court of Appeals for the Eleventh Circuit. Two appeals - one by the National Wildlife Federation ("NWF") and other non-governmental organizations, *National Wildlife Federation, et. al. v. U.S. Army Corps of Engineers*, 11th Cir. No. 21-13104 and the other by the State of Alabama, *State of Alabama v. U.S. Army Corps of Engineers*, 11th Cir. No. 21-13444 - have been consolidated. The State of Alabama's appeal directly challenges the Corps' operation of Buford Dam to provide water supply to the City and other metro communities. The appeal by NWF also implicates the Corps' water supply operation, but to a lesser extent.

The challenges by NWF and the State of Alabama were adjudicated by the United States District Court for the Northern District of Georgia, which granted summary judgment dismissing all challenges to the 2017 Master Manual on August 11, 2021. *In re: ACF Basin Water Litig*. N.D. Ga. No. 1:18-MI-43-TWT, Doc. 234.

The State of Alabama voluntarily dismissed its appeal in January 2026 pursuant to an agreement between the State of Alabama, the Corps, the State, the City, and six other "Water Supply Providers" with whom the City shares counsel. NWF did not participate in that settlement agreement, however, and its appeal is still pending. The matter is fully briefed, but oral argument has yet to be scheduled. A final decision is anticipated sometime in 2026 or 2027. As of the date of this Official Statement, it is unclear whether, or how, an adverse decision in the NWF appeal could affect the Corps' operation of Buford Dam for water supply purposes.

PFAS Regulation. PFAS is a general catchall acronym to refer to perfluoroalkyl and polyfluoroalkyl substances - a class of fluorinated organic chemicals containing at least one fully fluorinated carbon atom, which are currently subject to proposed EPA and GEPD rules and guidance including, but not limited to, drinking water, hazardous waste remediation and wastewater treatment. The Department has adopted a strategic, risk-based approach to addressing emerging PFAS regulatory and treatment requirements. The Department is actively evaluating PFAS occurrence, regulatory thresholds, and treatment technologies while developing long-term mitigation and control strategies. These efforts include conducting PFAS monitoring in compliance with the UCMR5 - Fifth Unregulated Contaminant Monitoring Rule, which calls for analyzing for 29 PFAS analytes at drinking water plants, updating Industrial Pretreatment Permits to include language drawn from EPA and GEPD guidance to prohibit discharge of PFAS except in compliance with a Best Management Plan, developing plans for enhanced monitoring, source water protection, operational controls, and capital planning for potential treatment upgrades to ensure regulatory readiness, protect public health, and manage future compliance costs in a financially responsible manner. These activities are intended to ensure regulatory readiness, protect public health and manage future compliance costs in a financially responsible manner.

Lead Service Line Regulation. The Department is evaluating the possible need to implement corrosion control processes at the treatment plants should an increase in distribution system monitoring be required under the EPA's new Lead and Copper Rule. As part of the EPA's Lead and Copper Rule Revisions (LCRR), all community water systems must inventory their service lines and identify those made of lead. The Department completed the initial phase of the LCRR service line inventory, which was submitted in October 2024. The Department's initial findings did not locate any lead service lines; however, private lead service lines are likely to still exist. The study will continue with a required conclusion date of 2027.

Wastewater System

Amended Consent Decree. The Wastewater System is operating pursuant to environmental permits issued by the State in accordance with the requirements of the Federal Clean Water Act and the Georgia Water Quality Control Act (the "Environmental Permits"). In 1998, the City entered into a federal consent decree (the "1998 Consent Decree") which required the City to achieve full compliance with the Environmental Permits, the Federal Clean Water Act and the Georgia Water Quality Control Act with regard to the City's combined sewer system control facilities ("CSS Control Facilities"). In 1999, the City entered into a second federal consent decree which amended the 1998 Consent Decree and required the City to achieve, by 2014, full compliance with the Environmental Permits, the Federal Clean Water Act and the Georgia Water Quality Control Act with regard to the WRCs, collection system and pump stations, to eliminate all unpermitted discharges, and to eliminate all sanitary sewage overflows (the "First Amended Consent Decree"). In April 2010, the City submitted a Financial Capability-Based Schedule Extension Request Report seeking an extension of the completion date required for improvements to the Wastewater System pursuant to the First Amended Consent Decree. In September 2012, an order providing for important modifications to the First Amended Consent Decree, including the extension of the final completion date from July 1, 2014 to July 1, 2027 was filed in United States District Court, Northern District of Georgia (the "Second Amendment to the First Amended Consent Decree"). The 1998 Consent Decree, the First Amended Consent Decree, and the Second Amendment to the First Amended Consent Decree are collectively referred to herein as the "Amended Consent Decree." In 2024, the City paid $485,000 to the EPA for a violation under the Amended Consent Decree.

The last five years have presented significant and challenging economic conditions impacting the projects included within the scope of the Amended Consent Decree (the "Consent Decree Projects"), including supply chain issues, delays in obtaining materials, labor shortages, cost increases, and contractor constraints. Like many water and wastewater utilities throughout the country, the Department has experienced significant cost estimate increases in most project categories, especially since the COVID-19 pandemic. The profound increase in project cost estimates is due to a variety of factors, including materials and skilled labor shortages and increased demand for regional and national construction-related services.

On August 29, 2023, the City delivered a letter to the EPA and the EPD to, among other things, provide an update regarding the current status of the City's obligations to complete the Consent Decree Projects and initiate cooperative engagement with EPA and GEPD to address the need for schedule relief relating to certain Consent Decree Projects (the "Schedule Relief Letter"). At that time, the City believed that many of the remaining Consent Decree Projects, as previously

identified to EPA and GEPD, may be completed within the applicable deadlines, with the exception of two major projects.

After August 29, 2023, the City, through its technical experts, conducted a series of assessments of remaining projects previously identified to EPA and GEPD to be performed under the First Amended Consent Decree. These assessments included a review of all sanitary sewer overflows (SSOs) that occurred from 2014 to 2025; whether completed and/or upcoming projects mitigated or will mitigate the SSOs; and the status of each Consent Decree Project and whether there is a continuing need for each project to achieve compliance with the Amended Consent Decree. Based on these assessments, the City has determined that many of the Consent Decree Projects are not required to achieve compliance with the Amended Consent Decree, and, as such, the City is in discussions with the EPA and the GEPD to terminate the Amended Consent Decree after completion of two significant projects. As a result, in recent and ongoing meetings and information exchanges with the EPA and the GEPD, the Department has presented information regarding the above-referenced assessments and projects currently designated as Consent Decree Projects. The Department has requested to revise the remaining Consent Decree Projects to two major projects - the North Fork Peachtree Creek Project and Custer Avenue Multi-Benefit Capacity Relief Project. If the EPA and the GEPD agree with this approach, the City will seek termination of the Amended Consent Decree upon completion of these projects pursuant to the termination provisions of the Amended Consent Decree. The Department has proposed that the remaining Consent Decree Projects, with current funding estimates totaling $696.5 million and project delivery requirements totaling $894.3 million, be completed either under the Department's Capital Improvement Program or in the normal course under the Department's Management, Operation and Maintenance Programs or Stormwater Program. Significantly, several previously identified Consent Decree Projects that the City no longer believes are necessary to comply with the Amended Consent Decree have already been funded and contracted as part of the Capital Improvement Program. The City is engaged in discussions with the EPA and the GEPD to reach agreement on the remaining Consent Decree Projects and has or will inform the EPA and the GEPD that the City has concluded that it cannot meet the July 1, 2026 milestone relating to the North Fork Peachtree Creek Project, despite the City's extraordinary efforts. However, the Department does anticipate achieving substantial completion of the North Fork Peachtree Creek Project by October 1, 2026 and the Custer Avenue Multi-Benefit Capacity Relief Project by the milestone date of July 31, 2027 under the Amended Consent Decree and will continue working with the EPA and the GEPD to develop a revised completion schedule.

There is a risk that the EPA and the GEPD may not agree with the City on its request to revise the remaining Consent Decree Projects and the corresponding project schedules, which may subject the City to stipulated penalties for those projects that are not completed by the milestone date of July 31, 2027 under the Amended Consent Decree. To the extent any such stipulated penalties for those projects are imposed, the payment of such stipulated penalties would not have a materially adverse effect on the operation of the System or the Pledged Revenues. For a more detailed discussion of the City's request to revise the list of remaining Consent Decree Projects, see "APPENDIX B - MUNICIPAL ADVISOR'S FINANCIAL FEASIBILITY STUDY - Pending Regulatory, Legal and Legislative Issues Pending Regulatory Issues - Request to Revise Consent Decree Projects" attached hereto.

State Consent Orders. In addition to the Amended Consent Decree, the Department is operating under the following State of Georgia consent orders issued by the GEPD:

GEPD-WP-8602, Intrenchment Creek Decommissioning/South River WRC Improvements. This order, dated January 30, 2019, requires the decommissioning of the Intrenchment Creek WRC, construction of a new collection and transmission pump station, and improvements at the South River WRC to treat the anticipated higher influent pollutant loads. All conditions have been met and the City expects this consent order to be closed soon.

GEPD-WP-9558, East Area Combined Sewer System. This order, dated September 25, 2024, included a fine of $40,000 for unpermitted discharges and effluent limit exceedances between July 1, 2022 and June 30, 2023 and requires the City to (a) submit the most recently updated management, operations and maintenance plan for the Custer Avenue CSCF; (b) confirm completion of the bar screen replacement at Custer avenue CSCF and capacity and floatable control study; (c) submit the results of the Custer Avenue CSCF flow optimization and hydraulic study; submit an updated Corrective Action Plan that includes any short-term and long-term actions to reduce the number of discharges over the weir at the Custer Avenue CSCF; and (d) submit semi-annual progress reports on actions taken to reduce overflows at the Custer Avenue CSCF.

GEPD-WP-9597, RM Clayton WRC. This order, dated April 16, 2025, included a fine of $290,817 for effluent permit limit exceedances and operational violations from July 2023 through November 2024 at R. M. Clayton WRC and requires the City to submit (a) an updated schedule for repairs for key equipment; (b) an updated operations and maintenance standard operating procedure; (c) an evaluation of the causes and responses to address elevated nutrients; (d) an evaluation of the causes and responses to address Total Residual Chlorine (TRC) exceedances; (e) a Standard Operating Procedure for GEPD approval for reacting to plant upsets or issues once identified; (f) the Organic Loading Pilot Study Report and the Influent Monitoring Plan based on the pilot study report; (a) a completed solids inventory of all treatment equipment and processes; and (g) quarterly progress reports on the status of implementation of each of the foregoing deliverables.

Other Matters Affecting the System

Water Supply and Wastewater Treatment Disputes. Georgia law requires coordinated and comprehensive planning and service delivery by counties and municipalities and specifically the execution of local government service delivery strategy agreements ("SDS Agreements") to delineate the responsible governments and/or authorities for the provision of various governmental services within each particular county on a per county basis. One of the primary purposes of the SDS Agreements is to minimize the inefficiencies resulting from duplication of services and competition among local governments. Further, among the criteria for such SDS Agreements are that they remediate or avoid overlapping and unnecessary competition and duplication of service delivery. The City is located primarily within Fulton County and is a party to a current SDS Agreement dated October 27, 2005 ("Fulton County SDS Agreement"). The Fulton County SDS Agreement delineates the retail and wholesale service areas of the City and several municipalities located in the South Fulton area for water treatment and distribution services and for wastewater treatment and collection services. The SDS statutory scheme in Georgia Official Code of Georgia,

§ 36-70-20 through § 36-70-28) requires an update, if necessary, upon the creation of several new municipalities within Fulton County. As a result of the creation of several new cities within Fulton County, the Fulton County SDS Agreement required an update by the State of Georgia Department of Community Affairs.

While many issues among the parties to the Fulton County SDS Agreement have been resolved between the parties following a lengthy mediation process, there remain unresolved issues that are currently part of on-going litigation in the matter styled *Fulton County Georgia v. City of Alpharetta*, Civil Action File No. 2009-CV-17723. Specifically, a dispute was resolved over the definition of the drinking water service areas of the City and several municipalities located in the South Fulton Area. Service areas of the cities of Fairburn, Palmetto and Union City generally reflect the current municipal boundaries of the respective cities, as of May 25, 2012, while recognizing that existing retail customers of the respective cities remain unchanged (including the City's retail customers located within the cities as a result of annexation). Currently, the only unresolved item under the SDS Act and associated litigation is the City of Sandy Springs, Georgia's claim that the water rate differential that the City imposes on customers of Sandy Springs is arbitrary. The claim has been dismissed twice and is currently on appeal.

The City has affirmed its commitment to deliver services within its currently designated water and wastewater service areas, and the City has no plans to accept any proposal to reduce or amend its current retail or wholesale service areas, unless ordered otherwise in the on-going litigation of the Fulton County SDS Agreement. Except for the wholesale water service to the cities of Fairburn and Union City, the City's financial plans reflect the assumption that it will retain the water and wastewater service areas to which it currently delivers services and for which it has made and will continue to make major infrastructure investments.

Rate Litigation. The City has successfully defended a series of challenges to the Department's outside-City retail water rate differential. In the most recent challenge, the Superior Court of Fulton County granted the City's objection to a court-appointed Special Master's Report and Recommendation indicating that Atlanta's outside-City retail water rates were "arbitrarily higher" than the City's inside-City retail customers in violation of Georgia law. On December 19, 2025, the Court found that the City has "a rational basis for setting the outside city rate differential as it did, … followed a reasonable, appropriate, and, in fact, robust process using a highly competent professional firm in setting the water-rate differential." However, the Court's reversal of the Special Master's recommendation and grant of the City's objection is subject to further appeal.

MOST Expiration in 2032. While consistent local voter support for water and wastewater system funding through the MOST has been demonstrated, the Department recognizes the significance of this revenue source and regularly evaluates scenarios that examine capital funding capacity and corresponding service rate increase scenarios given the prospective expiration of legislative authorization for MOST in 2032. While the specific attributes of the Department's longer-term financing strategy will be determined over the course of the next several years, the Department has several options to sustain MOST funding support, or ensure an orderly reduction on its reliance, as it continues to evaluate and refine alternative funding strategies for its capital program. See "APPENDIX B - MUNICIPAL ADVISOR'S FINANCIAL FEASIBILITY

STUDY - Financial Performance - Municipal Option Sales Tax (MOST) Revenues" attached hereto.

CAPITAL IMPROVEMENT PROGRAM

In order to effectively prioritize the Department's capital project investments in light of prevailing financial constraints and in support of the implementation of the Clean Water Atlanta program and the Water Supply Program, the City has developed a revised capital improvement program to define the capital needs of the System during the Forecast Period providing for project encumbrance requirements totaling $1,356.1 million in current dollars and approximately $1.457 billion in nominal dollars (the "Capital Improvement Program"). The Capital Improvement Program will be funded through five sources: (a) interim funding from the 2024 Commercial Paper Notes, which with the payment from the proceeds from the Series 2026 Bonds will be restored to the $300 million capacity; (b) proceeds of the Proposed Series 2029 Bonds ($300.0 million); (c) proceeds of new WIFIA Loans ($154.9 million); (d) proceeds of new GEFA loans ($29.4 million); and (e) revenue and other reserves from the Department's operating funds ($675.4 million), all of which are presented in nominal dollars and equal the amount for total nominal project encumbrances during the Forecast Period ($1,459.7 million). The Department expects to use the available capacity under the 2024 Commercial Paper Notes to facilitate capital project encumbrances which will be repaid with the proceeds of the Proposed Series 2029 Bonds. For a more detailed discussion of the Capital Improvement Program, the funding requirement forecasts and the capital funding plan, see "APPENDIX B - MUNICIPAL ADVISOR'S FINANCIAL FEASIBILITY STUDY - Capital Improvement Program" and " - Financial Performance" attached hereto.

The Capital Improvement Program is subject to frequent review and modification based on evolving priorities of the System and unforeseen expenditures. To the extent actual encumbrance needs are more or less than projected encumbrances in a given forecast year, the Department will adjust cash financing amounts of the Capital Improvement Program, reschedule or re-program project spending, and/or revise proposed debt financing amounts.

Over the last 25 years, the Capital Improvement Program has largely reflected prioritization of Consent Decree Projects. Even the Department's major Water Supply Program that featured construction of the Bellwood Quarry was accomplished while achieving compliance with prescribed milestone dates under the Amended Consent Decree. Considering the Department's request to the EPA and the GEPD to revise the remaining Consent Decree Projects, which contemplates completion of two major projects with termination of the Amended Consent Decree thereafter, as well as ongoing assessments of other water, wastewater and stormwater system needs, the Capital Improvement Program continues to be revised to re-balance System investments and prioritize water system integrity. See "REGULATORY, LEGAL AND OTHER MATTERS AFFECTING THE SYSTEM - Wastewater System - Amended Consent Decree" herein and "APPENDIX B - MUNICIPAL ADVISOR'S FINANCIAL FEASIBILITY STUDY - Pending Regulatory, Legal and Legislative Issues Pending Regulatory Issues - Request to Revise Consent Decree Projects" for more detailed information regarding the City's ongoing discussions with the EPA and the GEDP regarding revising the remaining Consent Decree Projects.

The Capital Improvement Program planning is informed by operational experience and ongoing asset performance and condition assessments, as well as reference to the Department's Master Plans, Integrated Water Resources Plan, and Strategic Asset Management Plans. These planning efforts employed a formal prioritization framework where projects were scored and ranked based on evaluation criteria related to (1) regulatory compliance, (2) service reliability, (3) safety, (4) financial impacts and (5) customer impact. Funding allocations to project cost categories are based on project evaluations, cost estimate updates, and scheduling considerations as well as operational experience and regular assessment (and re-assessments) of asset conditions (captured in the Department's asset management related databases).

Funding of the Capital Improvement Program has been allocated across eight different project cost categories, including: Consent Decree Projects, Wastewater Treatment, Wastewater Pumping/Collection, Water Treatment, Water Transmission/Distribution, Stormwater, Annual Projects, and Support Services Projects.

The Department's Capital Improvement Program allocations are also informed by recognition of effective constraints on project spending both due to regional construction market capacity as well as internal project delivery limitations. The Department delivered, on average, approximately $170 million of capital projects per year between Fiscal Year 2022 and Fiscal Year 2025, with the project delivery total increasing each year across that time period. The level of Capital Improvement Program encumbrances (totaling $1,457.0 million in nominal dollars) will therefore enable a substantial increase in the pace of capital project spending over the Forecast Period, especially in light of an additional $845.2 million of prior period encumbrances currently awaiting project delivery. To accelerate capital expenditures, the Department is planning to engage additional program management resources to address water system resiliency as well as expand its use of alternative project delivery mechanisms (e.g., progressive design-build, construction management at risk, master services agreements) to more adroitly execute projects and manage related risks.

The Financial Feasibility Study also references certain additional capital investments and matching revenue enhancement measures but such additional capital investments are not included in the Capital Improvement Program and corresponding financial metrics summarized therein. In general, such additional investments will be advanced under protocols that preserve or improve upon the Department's projected financial performance metrics as revenue enhancement measures are adopted.

Like many water and wastewater utilities throughout the country, the Department has experienced significant cost estimate increases in most project categories, especially since the COVID-19 pandemic. The profound increase in project cost estimates is due to a variety of factors, including materials and skilled labor shortages and increased demand for regional and national construction-related services. An increase in the incidence of reactive projects (i.e. water transmission and distribution repair) caused by unusual weather conditions has also contributed to recent project cost escalation. The Department applies a three percent annual inflation factor in order to establish the nominal capital project encumbrance requirements presented in the Capital Improvement Program.

See "APPENDIX B - MUNICIPAL ADVISOR'S FINANCIAL FEASIBILITY STUDY - Capital Improvement Program" attached hereto for a more detailed discussion of the sources and uses of funding for the Capital Improvement Program, the status of the Department's prior period encumbrances and the Department's investigation of non-traditional investment vehicles and revenue enhancement options to fund key initiatives.

SYSTEM REVENUES

General

Water and wastewater rates are set by the Mayor or the Commissioner of the Department, subject to adoption by the City Council and approval by the Mayor. A mayoral veto may be overridden by a two-thirds majority vote of the City Council. The City's practice is to set rates every four years at a time which does not coincide with municipal election cycles but does occur after scheduled referenda to renew the Sales Tax. The latest rate ordinance which was adopted by the City Council on June 17, 2024 and approved by the Mayor (the "Rate Ordinance") held rates constant through June 30, 2028, provided for continued financing of the Clean Water Atlanta program and successful operations and management of the Department while providing rate stability to the City's water and sewer customers after nine consecutive years of substantial rate increases. The City's water and wastewater rates have not been revised by the City Council since Fiscal Year 2012.

Rates and Charges

Pursuant to the Rate Ordinance, the City Council approved a rate plan designed to provide for continued financing of the Clean Water Atlanta program and successful operations and management of the Department. This rate plan was developed to ensure the Department meets its financial performance targets, including targeted debt service coverage. The previous rate plan provided for increases to all water and wastewater service rates and charges of 27.5% in Fiscal Year 2009, 12.5% in Fiscal Year 2010, 12.5% in Fiscal Year 2011 and 12% in Fiscal Year 2012. The City's water and wastewater rates have not been revised by the City Council since Fiscal Year 2012. The City is not currently contemplating water or wastewater rate increases during the Forecast Period. For additional information, see "APPENDIX B - MUNICIPAL ADVISOR'S FINANCIAL FEASIBILITY STUDY - Historical Perspectives and Prospective Considerations - Governance and Funding" attached hereto.

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The following table presents the current rates which became effective on July 2, 2012, which rates have not been revised since:

Water and Wastewater System Service Rates

Water System Service Rates[1]	
Base Charge[2]	$6.56
Inside-City - Retail	
1 - 3 CCF Usage	$2.58/CCF
4 - 6 CCF Usage	$5.34/CCF
7 CCF and Above Usage	$6.16/CCF
Outside - City Retail	
1 - 3 CCF Usage	$3.51/CCF
4 - 6 CCF Usage	$6.48/CCF
7 CCF and Above Usage	$7.47/CCF
Wholesale	
All Usage	$3.70/CCF

Wastewater System Service Rates[1]	
Base Charge[2]	$6.56
1 - 3 CCF Usage	$9.74/CCF
4 - 6 CCF Usage	$13.64/CCF
7 CCF and Above Usage	$15.69/CCF

(1) Rates are for water usage metered approximately monthly.
(2) Base charges are applied to each customer unit on a monthly basis.

Source: City of Atlanta, Department of Watershed Management.

Senior Discounts. On January 5, 2004, the City adopted an ordinance which provides for a waiver of 30% of the water and wastewater rates charged to domestic customers, age 65 years and older, with a maximum household income of $25,000. Eligible ratepayers are required to apply for the waiver with the Department's Office of Business and Customer Service. Approximately, 4,822 customers are currently receiving the senior citizen discount.

Care & Conserve. The Department offers an affordability program named the Care and Conserve program ("Care & Conserve") to support low- to moderate-income ratepayers who meet eligibility criteria and are experiencing difficulty paying their water and sewer bills. Care & Conserve provides financial assistance and plumbing repair services to help reduce high water bills, prevent future billing issues, and support long-term affordability and overall education about water usage management.

Since 2013, Care & Conserve has assisted approximately 6,000 ratepayers, providing one-time financial or plumbing relief, with the option to reapply after two years if additional assistance is needed. Eligibility is determined based on household income and size for single-family homes

within the Department's customer base. The Department promotes Care & Conserve by conducting community outreach, water bill messaging, utilizing social media, forming partnerships with community-based organizations, referrals from other assistance agencies, and word-of-mouth. The Department is also reviewing opportunities to enhance our Care and Conserve program to benefit as many as eligible water customers as possible.

Other Service Revenues

Other service revenues of the Department include operating plant charges from the Department's IJ Partners and other operating revenues of the System. See "APPENDIX B - MUNICIPAL ADVISOR'S FINANCIAL FEASIBILITY STUDY" attached hereto.

Municipal Option Sales Tax (MOST) Revenues

State Legislation; Voter Approval; Reauthorization. In 2004, the Georgia legislature enacted House Bill 709, codified as O.C.G.A. § 48-8-200, *et seq.* (the "Initial MOST Legislation"), which allowed the City to impose (subject to voter approval) a special one percent sales and use tax, the revenues derived from which would be applied for, among other things, water and sewer projects and other related costs. Accordingly, the City Council authorized a referendum held on July 20, 2004 which provided for the imposition of a special one percent sales and use tax, commonly referred to as the municipal option sales tax (the "MOST" or "Sales Tax") which was approved on that date by a majority of the voters for the purpose of initially raising not more than $750,000,000 for water and sewer project costs.

In December 2015, the City Council adopted Ordinance No. 14-O-1453 which allows dedication of up to ten percent of the proceeds of the Sales Tax for stormwater management related projects. Accordingly, MOST revenues for stormwater projects have and will continue to be used to address structural and capacity deficiencies of the City's Municipal Separate Storm Sewer System (MS4) (the "Stormwater Projects"). The Stormwater Projects will alleviate surface flooding and provide for water quantity control. Green infrastructure projects will also provide water quality improvement benefits.

The Sales Tax was reauthorized by voters in 2008, 2012, and 2016 by wide margins. In May 2018, the Governor signed into law House Bill 929 which was enacted by the General Assembly in March 2018, amending the Initial MOST Legislation, which allows for up to three additional referenda to enable extension of the Sales Tax beyond 2020 (the "Amended MOST Legislation"). Consistent with the Amended MOST Legislation, voter approval for the Sales Tax is required every four years beginning in 2020 with the potential to extend the Sales Tax through October 2032. In June 2020, 71.6% of voters approved the extension of the Sales Tax for an additional four years until October 2024. In May 2024, approximately 75% of voters approved the extension of the Sales Tax for an additional four years until September 30, 2028. The new Sales Tax extension went into effect on October 1, 2024. If reauthorization and/or extension (as applicable) of the Sales Tax does not occur in the future, additional service rate increases will be required to preserve debt service coverage at target levels and provide sufficient financing capacity for projects relating to the Amended Consent Decree, Water Consent Orders and Wastewater Consent Orders and other critical System investments. The Department is evaluating the potential

to extend the Sales Tax beyond 2032. See "REGULATORY, LEGAL AND OTHER MATTERS AFFECTING THE SYSTEM - Other Matters Affecting the System - *MOST Expiration in 2032*."

From its implementation in Fiscal Year 2005 through Fiscal Year 2025, the Sales Tax has provided approximately $2.94 billion to support the Department's operation and maintenance of System assets and distribute costs of the compliance program associated with the Amended Consent Decree, Water Consent Orders, and Wastewater Consent Orders, regionally.

Sales Tax. The Sales Tax is imposed on the retail purchase, retail sale, rental, storage, use, or consumption of tangible personal property and on services within the City, subject to numerous exemptions, including sales to certain governmental entities and to certain non-profit organizations, professional, insurance, and personal service transactions, sales of motor vehicles, sales of certain agricultural products, sales to and by certain agricultural enterprises, sales of certain types of manufacturing equipment, the sale or use of certain types of industrial materials, sales of prescription drugs, certain medical devices and equipment, and lottery tickets. The Sales Tax was established as a dedicated supplemental funding source for the Clean Water Atlanta program and provides a 'dollar-for-dollar' reduction to the operating expenses of the Department. Visitors who use the City's water and wastewater infrastructure, but do not pay for service as residents of the City, help pay for upgrading and maintaining the System infrastructure.

The Sales Tax is generally imposed on the purchaser of tangible personal property or services and is generally collected by the seller of tangible personal property or services from the purchaser at the time of sale. Sellers of tangible personal property or services are generally required to file tax returns with the Revenue Commissioner on or before the 20th day of each month, showing taxable sales during the preceding calendar month, and to remit the Sales Tax shown due on the return with the return. Sellers of tangible personal property or services are allowed the following deductions from Sales Taxes timely remitted to the Revenue Commissioner: (a) 3% of the first $3,000 of Sales Tax reported due on each monthly return (other than Sales Tax on motor fuel), (b) 0.5% of Sales Tax in excess of $3,000 reported due on each monthly return (other than Sales Tax on motor fuel), and (c) 3% of Sales Tax on motor fuel reported due on each monthly return. When any seller fails to make any return or to pay the full amount of the Sales Tax, there will be imposed a penalty to be added to the Sales Tax in the amount of 5% or $5, whichever is greater, if the failure is for not more than 30 days and an additional 5% or $5, whichever is greater, for each additional 30 days or fraction of 30 days during which the failure continues. The penalty for any single violation will not exceed 25% or $25 in the aggregate, whichever is greater.

State law provides that the Sales Tax shall be exclusively administered and collected by the Revenue Commissioner for the use and benefit of the City. The proceeds of the Sales Tax collected by the Revenue Commissioner must be disbursed to the City as soon as practicable after collection, after deducting one percent of the amount collected for the State Treasury in order to defray the costs of administration.

State law provides that the proceeds received by the City from the Sales Tax shall be used by the City exclusively for the purpose or purposes specified in the resolution calling for imposition of the Sales Tax. Such proceeds are required by State law to be kept in a separate

account from other funds of the City and may not in any manner be commingled with other funds of the City prior to expenditure.

Other Revenues

Other revenues, which consists primarily of investment income, ranged from $8.3 million in Fiscal Year 2021 to $53.3 million in Fiscal Year 2025 due to market volatility, increases in interest rates, and changes in invested balances. See "APPENDIX B - MUNICIPAL ADVISOR'S FINANCIAL FEASIBILITY STUDY" attached hereto.

Inter-jurisdictional Capital Contributions

Inter-jurisdictional capital contributions reflect reimbursements to the Department for capital incurred by the Department to provide wastewater system capacity to the IJ Partners. Contributions are estimated by project for each IJ Partner and include payments for previously constructed, ongoing, and future capital projects. The timing and availability of these reimbursements is based on the Department's current expectations of project duration and completion timeframes, a 12-month collection period, and the Department's procedural requirements to make these funds available for future capital projects.

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SYSTEM FINANCE MATTERS

General

The following table summarizes the historical operating results of the System for Fiscal Years 2021 through 2025 and the debt service requirements for the Outstanding Senior Bonds, the Outstanding Subordinate Bonds, and certain other debt outstanding for such period.

Historical Operating Results of the System
(dollars in millions)[1]

	Fiscal Year				
	2021	**2022**	**2023**	**2024**	**2025**
Water and Wastewater Service Revenue	$431.2	$458.2	$465.5	$473.8	$482.0
Other Service Revenue	21.9	23.8	28.4	33.5	35.1
MOST Revenue	155.0	191.7	203.5	209.2	216.3
Other Revenue	8.3	(6.9)	24.3	53.9	53.3
Total Operating Revenue[2]	$616.4	$666.8	$721.7	$770.4	$786.7
Operating Expenses[3]	236.7	188.9	256.4	299.6	356.7
Net Revenue Available for Debt Service	$379.7	$477.9	$465.3	$470.8	$430.0
Senior Lien Debt Service	$195.2	$207.6	$207.9	$203.7	$185.3
Senior Lien Debt Service Coverage	1.95	2.30	2.24	2.31	2.32
Subordinate Lien Debt Service	$ 1.7	$ 1.7	$ 1.7	$ 1.7	$ 11.1
Subordinate Lien Debt Service Coverage	1.93	2.28	2.22	2.29	2.19
Other System Obligations[4]	$ 20.7	$ 28.0	$ 29.3	$ 32.4	$ 32.5
Total Debt Service Coverage	1.75	2.01	1.95	1.98	1.88

(1) Numbers may not total due to rounding.
(2) As presented in this table, Total Operating Revenue includes revenues of the System, including MOST revenues.
(3) For the purpose of establishing debt service coverage, Operating Expense in this table does not include depreciation.
(4) Consistent with the Master Bond Ordinance, Other System Obligations includes repayment of GEFA loans, interest on the amounts outstanding under the 2024 Commercial Paper Notes, and leases or other installment purchase obligations.

Source: City of Atlanta, Department of Watershed Management.

For additional information regarding the historical operating results of the System, see "APPENDIX B - MUNICIPAL ADVISOR'S FINANCIAL FEASIBILITY STUDY" attached hereto.

Management's Discussion and Analysis (Unaudited)

The following represents management of the Department's discussion and analysis of results of operations of the System.

The Department's total revenues for the first six months of Fiscal Year 2026 ended December 31, 2025, decreased by approximately $14.5 million or 3.62% compared to first six months of Fiscal Year 2025 ended December 31, 2024. Total operating revenue, which primarily

consists of water and wastewater fees, sewer service charges from other governmental units, and intergovernmental revenue decreased by approximately $11.6 million or 4.3%. Non-operating revenue decreased by approximately $2.9 million or 2.2%, which was due primarily to a decrease related to the investment income.

The Department's total expenses for the first six months of Fiscal Year 2026 ended December 31, 2025, decreased by approximately $162.6 million or 58.43% compared to first six months of Fiscal Year 2025 ended December 31, 2024. The decrease in total expenses was due to a reduction in non-operating expenses related to reduced interest and other expenses resulting in a decrease of $171.8 million or 364.7%. Total operating expenses operating expenses increased by $9.2 million or 4.0%.

The tables below show the composition of assets and deferred outflows of resources, liabilities and deferred inflows of resources, net position, revenues, expenses and change in net position as of and for the Fiscal Years ended June 30, 2025, 2024 and 2023.

	Fiscal Year 2025	Fiscal Year 2024	% Change	Fiscal Year 2023	% Change
Assets and deferred outflows of resources (in thousands)					
Capital assets, net	$6,014,193	$5,877,813	2.32%	$5,830,703	0.81%
Current and other assets	1,531,996	1,500,467	2.10	1,431,854	4.79
Total assets	$7,546,189	$7,378,280	2.28	$7,262,557	1.59
Pension related deferred outflows	$ 31,625	$ 31,835	(0.66)	$ 50,620	(37.11)
OPEB related deferred outflows	44,198	32,662	35.32	42,650	(23.42)
Deferred losses on debt refunding	204,995	230,574	(11.09)	244,068	(5.53)
Total deferred outflows of resources	$ 280,818	$ 295,071	(4.83)	$ 337,338	(12.53)
Total assets and deferred outflows of resources	$7,827,007	$7,673,351	2.00%	$7,599,895	0.97%

The total assets for the Fiscal Year ended June 30, 2025 compared to the Fiscal Year ended June 30, 2024 increased by approximately $167.9 million or 2.28%. During the period, current and other assets increased by approximately $31.5 million or 2.10% due to increases in the restricted investment. Capital assets increased from the Fiscal Year ended June 30, 2024 compared to the Fiscal Year ended June 30, 2025 in the amount of approximately $136.4 million or 2.32% which was attributed to an increase in capital assets expenditures, water and wastewater and treatment facilities and the Department's water collection and delivery system.

The total assets for the Fiscal Year ended June 30, 2024 compared to the Fiscal Year ended June 30, 2023 increased by approximately $115.7 million or 1.59%. During the period, current and other assets increased by approximately $68.6 million or 4.79% due to an increase in the restricted investment and the cash management pool. Capital assets increased from the Fiscal Year ended June 30, 2023 compared to the Fiscal Year ended June 30, 2024 in the amount of approximately $47.1 million or 0.81% which was attributed to an increase in capital asset expenditures in the department water collection and delivery system.

	Fiscal Year 2025	(Restated) Fiscal Year 2024	% Change	(Restated) Fiscal Year 2023	% Change
Liabilities and deferred inflows of resources (in thousands)					
Long-term portion of bonds and other debt	$2,545,273	$2,674,448	(4.83%)	$2,786,200	(4.01%)
Other liabilities	869,591	764,541	13.74	779,414	(1.91)
Total liabilities	$3,414,864	$3,438,989	(0.70)	$3,565,614	(3.55)
Deferred inflows pension-related	$ 3,414	$ 4,733	(27.86)	$ 7,310	(35.25)
OPEB related deferred inflows	39,629	48,709	(18.64)	47,004	3.63
Lease related deferred inflows	784	942	(16.77)	1,108	(14.98)
Total deferred inflows	$ 43,827	$ 54,384	(19.40)	$ 55,422	(1.87)
Total liabilities and deferred inflows of resources	$3,458,691	$3,493,373	(0.99)	$3,621,036	(3.53)

At June 30, 2025, total liabilities decreased by approximately $24.1 million, or 0.70%, from the Fiscal Year ended June 30, 2024. The decrease was due primarily to a reduction in the balance of commercial paper retirement in Fiscal Year 2025. Deferred inflows decreased by approximately $10.6 million at June 30, 2025 compared to June 30, 2024 primarily due to activities related to pension deferred inflows.

At June 30, 2024, total liabilities decreased by approximately $126.8 million, or 3.56%, from the Fiscal Year ended June 30, 2023. The decrease was due primarily to a reduction in the balance of bond debt in Fiscal Year 2024. At June 30, 2024, deferred inflows decreased by approximately $1.0 million compared to the Fiscal Year ended June 30, 2023 primarily due to activities related to pension deferred inflows.

	Fiscal Year 2025	(Restated) Fiscal Year 2024	% Change	(Restated) Fiscal Year 2023	% Change
Net position (in thousands)					
Net investment in capital assets	$3,729,107	$3,303,683	12.88%	$3,016,990	9.50%
Restricted	-	-	-	221,594	(100.00)
Unrestricted	639,209	876,295	(27.06)	740,275	18.37
Total net position	$4,368,316	$4,179,978	4.51	$3,978,859	5.05

The Department's total net position increased for the Fiscal Year ended June 30, 2025 by approximately $188.3 million or 4.51%. The decrease in the restricted line of the net position was due to moving the restricted amount to adjust the net investment in capital assets. Other changes were due primarily to the capitalization of continuing construction costs from the Department's operating activities during the Fiscal Year ended June 30, 2025.

The Department's total net position increased for the Fiscal Year ended June 30, 2024 by approximately $201.3 million or 5.06%. The decrease in the restricted line of the net position was due to moving the restricted amount to adjust the net investment in capital assets. Other changes were due primarily to the capitalization of continuing construction costs from the Department's operating activities during the Fiscal Year ended June 30, 2024.

Revenues (in thousands)	Fiscal Year 2025	Fiscal Year 2024	% Change	Fiscal Year 2023	% Change
Operating revenues:					
Water and wastewater service charges	$482,035	$473,811	1.74%	$465,542	1.78%
Sewer service charges from other governmental units	32,467	25,453	27.56	24,176	5.28
Other	2,620	8,015	(67.31)	4,238	89.12
Total operating revenues	$517,122	$507,279	1.94	$493,956	2.70
Non-operating revenue:					
Municipal Option Sales Tax revenue	$216,257	$209,244	3.35	$203,494	2.83
Other revenues (expenses)	(9,798)	2,003	(589.17)	3,028	(33.85)
Investment income (loss)	53,283	53,853	(1.06)	24,259	121.99
Total non-operating revenues	$259,742	$265,100	(2.02)	$230,781	14.87
Total Revenues	$776,864	$772,379	0.58	$724,737	6.57

Source: City of Atlanta, Department of Watershed Management.

The Department's total revenues for the Fiscal Year ended June 30, 2025 increased by approximately $4.5 million or 0.58% compared to the Fiscal Year June 30, 2024. Total operating revenue, which primarily consists of water and wastewater fees and intergovernmental revenue increased by approximately $9.8 million or 1.94%. The increase is due to a higher water and wastewater revenue. Non-operating revenue decreased by approximately $5.4 million or 2.02%, which was due primarily to a decrease related to unfavorable other expenses incurred during the fiscal period for debt related activity during the period.

The Department's total revenues for the Fiscal Year ended June 30, 2024 increased by approximately $47.6 million or 6.57% compared to Fiscal Year June 30, 2023. Total operating revenue, which primarily consists of water and wastewater fees, licenses and permits, and intergovernmental revenue increased by approximately $13.3 million or 2.70%. The increase is due to a higher water and wastewater revenue. Non-operating revenue increased by approximately $34.3 million or 14.87%, which was due to an increase related to favorable market rates incurred during the fiscal period for investment income.

Expenses (in thousands)	Fiscal Year 2025	Fiscal Year 2024	% Change	Fiscal Year 2023	% Change
Operating Expenses:	$492,346	$434,907	13.21%	$389,990	11.52%
Non-operating expenses:					
Interest expense	104,441	120,198	(13.11)	124,308	(3.31)
Total expenses	$596,787	$555,105	7.51	$514,298	7.93

Source: City of Atlanta, Department of Watershed Management.

The Department's total expenses increased by approximately $41.7 million or 7.51% for the Fiscal Year ended June 30, 2025. The increase in the operating expenses were due to an increase in salaries costs, general services and engineering expenses compared to the previous period. The non-operating decrease was due primary to a lower debt related bonds interest due in Fiscal Year 2025.

Total expenses increased by approximately $40.8 million or 7.90% for the Fiscal Year ended June 30, 2024. The increase in the operating expenses were due to an increase in salaries costs, general services and engineering expenses compared to the previous period. There were

also increases in the cost of supplies and materials used in operating the System. The non-operating decrease was due primarily to a lower debt related bond interest due in Fiscal Year 2024.

	Fiscal Year 2025	Fiscal Year 2024	% Change	Fiscal Year 2023	% Change
Change in net position before capital contributions and transfers (in thousands):	$180,077	$217,274	(17.12%)	$210,439	3.25%
Capital contributions and transfers (in thousands):					
Capital contributions	33,845	11,470	195.07	5,167	121.99
Transfers in (out)	(25,584)	(27,625)	(7.39)	(33,912)	(18.54)
	$ 8,261	($ 16,155)	(151.12)	($ 28,745)	(43.80)

The Department's change in total capital contributions and transfers for the Fiscal Year ended June 30, 2025, is approximately $24.4 million. The change was due primarily to an increase in non-operating income related to MOST investment income. There was also an increase in the capital revenue related to capital contributions from shared partners.

The Department's change in total capital contributions and transfers for the Fiscal Year ended June 30, 2024 is approximately $12.6 million. The change was due primarily to an increase in non-operating income related to MOST investment income. There was also an increase in the capital revenue related to capital contributions from shared partners.

Change in net position (in thousands)	Fiscal Year 2025	Fiscal Year 2024	% Change	Fiscal Year 2023	% Change
Net position at beginning of year	$4,179,978	$3,978,859	5.05%	$3,799,237	4.73%
Change in net position	188,338	201,119	(6.35)	181,694	10.69
Restatement - change in accounting principle	-	-		(2,072)	(100.00)
Net position at end of year	$4,368,316	$4,179,978	4.45	$3,978,859	5.05

The Department's change in net position for the Fiscal Year ended June 30, 2025 is approximately $188.3 million, which is a decrease of approximately $12.7 million compared to the Fiscal Year ended June 30, 2024. The decrease is due primarily to revenue and investment activities during the Fiscal Year ended June 30, 2024.

The Department's change in net position for the Fiscal Year ended June 30, 2024 is approximately $201.3 million, which is an increase of approximately $19.6 million compared to the Fiscal Year ended June 30, 2023. The increase was due primarily to revenue and investment activities during the Fiscal Year ended June 30, 2023.

CITY OF ATLANTA, GEORGIA
DEPARTMENT OF WATERSHED MANAGEMENT
Statements of Net Position
June 30, 2025 and 2024
(dollars in thousands)

	Fiscal Year 2025	Fiscal Year 2024
ASSETS		
Current assets:		
Cash and cash equivalents	$ 13,105	$ 12,965
Deposit in Transit	5,331	4,698
Restricted cash and cash equivalents	190,030	191,238
Equity in cash management pool	516,150	952,127
Accounts receivable, net of allowance for doubtful accounts of $186,615 in 2025 and $177,613 in 2024	74,890	78,448
Restricted Interest receivable	690	682
MOST receivable	16,773	16,849
Lease receivable	120	153
Prepaid expense	1,235	3,508
Due from other parties	102	102
Due from other governmental units	67,192	33,222
Materials and supplies	14,015	15,255
Total current assets	$ 899,633	$1,309,247
Noncurrent assets:		
Restricted investments	$ 575,222	$ 131,309
Investment in joint venture	56,441	59,081
Lease receivable, non-current	700	830
Capital assets:		
Land	148,418	141,168
Land improvements	15,471	14,735
Water collection and distribution system	6,197,812	6,022,280
Water and wastewater plant and treatment facilities	2,285,867	2,271,261
Other property and equipment	317,942	313,152
Construction in progress	354,279	281,673
Right of use assets, net of amortization	-	7,578
Right of use assets SBITA, net of amortization	2,994	4,761
	9,322,783	9,056,608
Less: accumulated depreciation	(3,308,590)	(3,178,795)
Capital assets, net	6,014,193	5,877,813
Total noncurrent assets	6,646,556	6,069,033
Total assets	$7,546,189	$7,378,280
DEFERRED OUTFLOWS OF RESOURCES		
Pension related deferred outflows	$ 31,625	$ 31,835
OPEB related deferred outflows	44,198	32,662
Deferred losses on debt refunding	204,995	230,574
Total assets and deferred outflows of resources	$7,827,007	$7,673,351

CITY OF ATLANTA, GEORGIA
DEPARTMENT OF WATERSHED MANAGEMENT
Statements of Net Position
June 30, 2025 and 2024
(dollars in thousands)

	Fiscal Year 2025	Fiscal Year 2024
LIABILITIES		
Current liabilities payable from operating assets:		
Accounts payable	$ 50,378	$ 46,865
Accrued liabilities, vacations and compensatory pay	13,890	13,690
Current other post-retirement benefits	5,106	4,507
Claims payable	648	2,736
Other current liabilities	324	364
Customer deposits	11,254	10,879
Current portion of other debt	11,026	10,711
Lease liability current	-	2,517
SBITA liability current	1,682	1,648
Current maturities of financial/installment purchase obligations	10,144	9,943
Accrued workers' compensation	2,040	2,003
Total current liabilities payable from operating assets	$ 106,492	$ 105,863
Current liabilities payable from restricted assets:		
Accounts payable restricted	$ 31,367	$ 21,054
Arbitrage Rebate Payable	1,007	1,007
Accrued interest payable	19,412	20,462
Contract retention	10,622	8,515
Current maturities of revenue bond payable	108,058	102,307
Commercial note payable	196,624	111,065
Total current liabilities payable from restricted assets	367,090	264,410
Total current liabilities	$ 473,582	$ 370,273
Noncurrent liabilities:		
Revenue bonds payable and other debt, less current maturities	2,545,273	2,674,448
Financial/installment purchase obligations, less current maturities	85,026	95,171
Lease liability, excluding current	-	5,607
SBITA liability non-current	1,293	2,975
Claims payable, less current portion	8,261	9,211
Arbitrage Rebate Payable non-current	269	269
Accrued workers' compensation, less current portion	7,757	8,030
Net pension liability	179,812	178,695
Other post-retirement benefits, less current portion	113,591	94,310
Total noncurrent liabilities	2,941,282	3,068,716
Total liabilities	$3,414,864	$3,438,989
DEFERRED INFLOWS OF RESOURCES		
Pension related deferred inflows	$ 3,414	$ 4,733
OPEB related deferred inflows	39,629	48,709
Lease related deferred inflows	784	942
Total liabilities and deferred inflows of resources	$3,458,691	$3,493,373
NET POSITION		
Net investment in capital assets	$3,729,107	$3,303,683
Unrestricted	639,209	876,295
Total net position	$4,368,316	$4,179,978

Source: City of Atlanta, Department of Watershed Management.

See "APPENDIX A - DEPARTMENT OF WATERSHED MANAGEMENT AUDITED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED JUNE 30, 2025 AND 2024" attached hereto for the accompanying notes to the financial statements for Fiscal Year 2025.

CITY OF ATLANTA, GEORGIA
DEPARTMENT OF WATERSHED MANAGEMENT
Statements of Revenues, Expenses and Changes in Net Position
For the Fiscal Years Ended June 30, 2025 and 2024
(dollars in thousands)

	Fiscal Year 2025	Fiscal Year 2024
Operating revenues:		
Water and wastewater service charges	$ 482,035	$ 473,811
Sewer service charges from other governmental units	32,467	25,453
Rentals, admission and concessions	149	8
Other	2,471	8,007
Total operating revenues	$ 517,122	$ 507,279
Operating expenses:		
Salaries and employee benefits	$ 150,740	$ 124,548
Utilities	31,225	28,019
Supplies and materials	35,322	29,951
Repairs, maintenance and other contractual services	15,175	12,086
Motor equipment services	6,196	5,785
Engineering and consultant fees	72,096	49,873
General services	45,902	49,483
Depreciation and amortization	135,690	135,162
Total operating expenses	$ 492,346	$ 434,907
Operating income	$ 24,776	$ 72,372
Non-operating revenues (expenses):		
Municipal Option Sales Tax revenue	$ 216,257	$ 209,244
Investment income	53,283	53,853
Interest expense	(104,441)	(120,198)
Other revenue (expenses)	(9,798)	2,003
Total non-operating revenues, net	$ 155,301	$ 144,902
Change in net position before capital contributions and transfers	180,077	217,274
Capital contributions	33,845	11,470
Transfers in	136	-
Transfers out	(25,720)	(27,625)
Change in net position	188,338	201,119
Net position, beginning of period	$4,179,978	$3,980,931
Restatement - change in accounting principle	-	(2,072)
Net Position - beginning of period, as restated	4,179,978	3,978,859
Net position, end of year	$4,368,316	$4,179,978

Source: City of Atlanta, Department of Watershed Management.

See "APPENDIX A - DEPARTMENT OF WATERSHED MANAGEMENT AUDITED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED JUNE 30, 2025 AND 2024" attached hereto for the accompanying notes to the financial statements for Fiscal Year 2025.

For additional information relating to the results of operation for the Department for Fiscal Year 2025, see "APPENDIX B - MUNICIPAL ADVISOR'S FINANCIAL FEASIBILITY STUDY" attached hereto.

For the Fiscal Year 2026 budget, the Department has incorporated the impacts of growth in the water and sewer revenues associated with on-going population growth, while maintaining flat water rates. Although not included in the budget estimate, the Department is currently contemplating a storm water utility charge as well as updates to activity-based fees in the near term. From an expense perspective, the Department has incorporated additional resources in the customer support and collections areas as well as providing for increased facility maintenance and security requirements. Additionally, the Department has included the impacts of accommodating increases in compensation as directed by a recent pay and class study.

The Fiscal Year 2027 budget is under development, with projected revenue expected to increase 1.4% relative to the Fiscal Year 2026 budget, from $808.2 million to $819.2 million. Adjusted operating expenses are expected to increase by 3.5%, from $370.4 million in Fiscal Year 2026 to $383.2 million in Fiscal Year 2027. The operating revenue outlook remains relatively stable, with annual growth estimates based on a series of conservative assumptions. These include projected account growth, evolving customer demand trends, planned major events in the upcoming fiscal year, such as hosting the FIFA World Cup 2026, and prevailing macroeconomic conditions. Non-operating revenue, including the MOST, is conservatively projected at approximately $220.0 million for Fiscal Year 2027. While MOST receipts have increased significantly in recent years—from $155 million in Fiscal Year 2021 to approximately $216 million in Fiscal Year 2025, representing a compound annual growth rate (CAGR) of 8.7%; this level of growth may not continue at the same pace due to current economic uncertainties. As a result, a cautious approach has been applied in forecasting future MOST revenue growth. Fiscal Year 2027 operating expense projections reflect anticipated increases driven by several key factors. These include higher costs associated with staffing technical positions (e.g., engineers, operators, chemists, and biologists), as well as increased maintenance expenditures at treatment facilities. Sustained inflationary pressures and ongoing supply chain volatility have also contributed to rising costs for supplies and materials. The Department anticipates that the re-balanced Capital Improvement Program, including capital expenditures and corrections of deferred maintenance at the Department’s treatment plants, will enable containment of selected O&M expenses that have experienced higher cost increases in recent years. More generally, the Department's Commissioner has and will continue to identify opportunities to increase efficiency and contain O&M expenses, both through disciplined O&M expense budgeting and other policy changes throughout the Department (e.g. overtime pay, favorable contract agreements during renewal negotiations).

Projected Revenues, Expenses and Coverage

The following table presents the forecasted performance of the Department relative to its targeted debt service coverage metrics including forecasted net operating revenues, expenses, debt service, and debt service coverage through the Forecast Period.

Projected Senior and Total Debt Service Coverage
Fiscal Years 2026 through 2031[1]

	Fiscal Year					
	2026	**2027**	**2028**	**2029**	**2030**	**2031**
Total Revenues[1]	$780.2	$789.5	$798.9	$808.5	$818.2	$828.1
- IJ Capital Contributions[2]	(7.0)	(7.0)	(7.0)	(7.0)	(7.0)	(7.0)
Adjusted Operating Revenues	$773.2	$782.5	$791.9	$801.5	$811.2	$821.1
Operating Expenses	$334.7	$344.7	$355.1	$365.7	$376.7	$388.0
+ Direct and Indirect Charges	39.8	41.8	43.9	46.1	48.4	50.8
+ OPEB	10.0	10.5	11.0	11.6	12.2	12.8
- Capitalized Expense	(20.0)	(20.6)	(21.2)	(21.9)	(22.5)	(23.2)
Total Operating Expense	$364.5	$376.5	$388.8	$401.6	$414.8	$428.4
Net Revenue Available for Debt Service	**$408.6**	**$406.0**	**$403.1**	**$399.9**	**$396.4**	**$392.6**
Existing Senior Debt Service[3]	$185.7	$118.0	$119.0	$115.2	$ 94.8	$ 70.4
WIFIA Loans (senior lien)[4]	1.1	2.0	3.6	6.4	11.5	11.5
Total Senior Debt Service	**$186.8**	**$120.0**	**$122.5**	**$121.6**	**$106.2**	**$ 81.9**
Projected Senior Lien Coverage Ratio[5]	**2.18**	**3.38**	**3.28**	**3.28**	**3.73**	**4.79**
Existing Subordinate Debt Service[6]	$ 21.1	$ 21.1	$ 21.1	$ 21.1	$ 31.6	$ 57.5
Series 2026 Bonds Debt Service[7]	-	65.7	64.7	68.5	78.5	76.9
Proposed Series 2029 Bonds Debt Service[8]	-	-	-	-	18.3	18.3
Total Subordinate Lien Debt Service	$ 21.1	$ 86.8	$ 85.9	$ 89.7	$128.4	$152.7
Projected Subordinate Lien Coverage[5]	**1.96**	**1.96**	**1.93**	**1.89**	**1.68**	**1.67**
GEFA Loans[9]	$ 16.2	$ 17.2	$ 17.7	$ 18.2	$ 18.5	$ 18.5
Commercial Paper Interest Expense	5.3	1.3	4.2	5.3	1.3	4.2
Lease and Installment Purchases	13.3	13.2	13.2	12.3	11.4	10.4
Total Other System Obligations	$ 34.7	$ 31.6	$ 35.0	$ 35.7	$ 31.2	$ 33.0
Total Debt Service	**$242.6**	**$238.4**	**$243.4**	**$246.9**	**$265.8**	**$267.6**
Total Debt Service Coverage Ratio[6]	**1.68**	**1.70**	**1.65**	**1.61**	**1.49**	**1.46**

(1) Numbers in millions; numbers may not total due to rounding.
(2) Non-Service Revenues are excluded from the projected debt service coverage.
(3) Reflects the impact of the issuance of the Series 2026 Bonds.
(4) Forecasted loan repayment schedule for $216.9 million in previously approved WIFIA Loans.
(5) Debt service coverage metrics rounded down to the second significant digit.
(6) Includes all Outstanding Subordinate Bonds.
(7) The Series 2026 Bonds are assumed to refund the Refunded Bonds, purchase and cancel the Purchased Bonds and also provide $300 million in new money to provide substitute funding for all outstanding obligations under the 2024 Commercial Paper Notes at the time of issuance. The Series 2026 Bonds are assumed to be issued at an interest rate of 4.53% and level repayment of the new money component.
(8) The Proposed Series 2029 Bonds, which is assumed will be issued at an interest rate of 4.53% and level repayment schedule, will provide $300 million to refund projected Commercial Paper obligations at the time of its issuance in Fiscal Year 2029.
(9) Outstanding GEFA Loans and repayment associated with $41.9 million of GEFA loans that will amortize during the Forecast Period.

Source: Municipal Advisor's Feasibility Study attached hereto as Appendix B.

MUNICIPAL ADVISOR'S FINANCIAL FEASIBILITY STUDY

Galardi Rothstein Group (the "Feasibility Consultant") has prepared its report dated March 6, 2026 (the "Financial Feasibility Study"), which report is attached hereto as "APPENDIX B - MUNICIPAL ADVISOR'S FINANCIAL FEASIBILITY STUDY." Under the Master Bond Ordinance, the City is not required to engage the Feasibility Consultant to prepare a report related to the issuance of refunding bonds. However, in connection with the issuance of the Series 2026 Bonds, the City retained the Feasibility Consultant to review the operation and maintenance of the System, update the City's strategic financial plan to reflect revisions to the funding allocations related to the Capital Improvement Program and to demonstrate the financial feasibility of the planned issuance by the City of the Series 2026 Bonds. The Financial Feasibility Study provides, among other things, a detailed forecast of the financial performance of the Department for Fiscal Year 2026 through Fiscal Year 2031 (the "Forecast Period") and updates other information presented in the Feasibility Consultant's opinion letter issued in September 2024 and prepared in connection with the Series 2024 Bonds. The Financial Feasibility Study is included herein as Appendix B in reliance upon the knowledge and experience of the Feasibility Consultant as experts in utility systems, feasibility analyses, revenue forecasting, and related financial matters.

The Feasibility Consultant has assembled financial forecasts of Revenues of the System available for debt service during the Forecast Period based upon assumptions and estimates concerning future events and circumstances which the City and the Department believe to be reasonable. Sources of Revenues of the System and forecast debt service coverage ratios are contained in the Financial Feasibility Study. The Financial Feasibility Study also sets forth certain conclusions of the Feasibility Consultant's independent development of the financial forecast for the Department for the Forecast Period. See "APPENDIX B - MUNICIPAL ADVISOR'S FINANCIAL FEASIBILITY STUDY - Conclusions" attached hereto for a summary of such conclusions.

The Financial Feasibility Study should be read in its entirety for a discussion of historical and forecast financial results of the System, and an understanding of all of the assumptions and rationale underlying the forecasts and the conclusions contained therein. See "APPENDIX B - MUNICIPAL ADVISOR'S FINANCIAL FEASIBILITY STUDY - Key Assumptions" attached hereto. No assurances can be given that the assumptions on which the forecasts in the Financial Feasibility Study are based will materialize. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances will occur. Therefore, actual results achieved during the Forecast Period will vary from those set forth in the Financial Feasibility Study and the variations may be material. Further, the forecast period covered by the Financial Feasibility Study does not cover the entire period through maturity of the Series 2026 Bonds. See "APPENDIX B - MUNICIPAL ADVISOR'S FINANCIAL FEASIBILITY STUDY" attached hereto.

LITIGATION

The City, like other similar bodies, is subject to a variety of suits and proceedings arising in the ordinary conduct of its affairs. The City, after reviewing the current status of all pending and threatened litigation with the City's Department of Law, believes that, while the outcome of litigation cannot be predicted, the final settlement of all lawsuits which have been filed and of any actions or claims pending or, to the knowledge of the City, threatened against the City or its officials in such capacity are adequately covered by insurance or sovereign immunity or will not have a material adverse effect upon the financial position or results of operations of the System, except as noted under "REGULATORY, LEGAL AND OTHER MATTERS AFFECTING THE SYSTEM" herein which provide a discussion of the Amended Consent Decree, Water Consent Orders, and the Wastewater Consent Orders as well as other legal matters affecting the System.

There is no litigation now pending or, to the knowledge of the City, threatened against the City which restrains or enjoins the issuance or delivery of the Series 2026 Bonds or the use of the proceeds of the Series 2026 Bonds or which questions or contests the validity of the Series 2026 Bonds or the proceedings and authority under which they are to be issued, executed, and delivered. Neither the creation, organization nor existence of the City, nor the title of the present members or other officials of the City to their respective offices, is being currently contested or questioned to the knowledge of the City.

VALIDATION

The City received an order and final judgment by the Superior Court of Fulton County, Georgia, on April 21, 2026, confirming and validating the Series 2026 Bonds and the security therefor. Under State law, if no appeal of the judgment of validation is timely filed, the judgment is final and forever conclusive against the City with respect to the validity of the Series 2026 Bonds and the security therefor.

TAX MATTERS

Opinion of Co-Bond Counsel – Federal Income Tax Status of Interest

The opinion of McGuireWoods LLP and Townsend & Lockett, LLC (collectively, "Co-Bond Counsel") regarding the federal income tax status of the interest on the Series 2026 Bonds will state that, under current law and assuming continuing compliance with the Covenants (as defined herein), interest on the Series 2026 Bonds (a) is excludable from the gross income of the owners thereof for purposes of federal income taxation under Section 103 of the Code and (b) is not a specific item of tax preference for purposes of the federal alternative minimum tax on individuals. However, such interest is included in the "adjusted financial statement income" (as defined in Section 56A of the Code) of certain corporations in determining the applicability and amount of the federal corporate alternative minimum tax imposed under Section 55(b) of the Code. See "APPENDIX D - FORM OF OPINIONS OF CO-BOND COUNSEL attached hereto.

Co-Bond Counsel's opinion speaks as of its date, is based on current legal authority and precedent, covers certain matters not directly addressed by such authority and precedent, and

represents Co-Bond Counsel's judgment as to the excludability of interest on the Series 2026 Bonds for federal income tax purposes. Co-Bond Counsel's opinion does not contain or provide any opinion or assurance regarding the future activities of the City or about the effect of future changes in the Code, the applicable regulations, or the interpretation or the enforcement thereof by the Internal Revenue Service (the "IRS") and the courts.

Although Co-Bond Counsel is of the opinion that interest on the Series 2026 Bonds is excludable from gross income for federal income tax purposes, the ownership or disposition of, or the accrual or receipt of interest on, the Series 2026 Bonds may otherwise affect the federal tax liability of an owner of the Series 2026 Bonds. The nature and extent of these other federal tax consequences depend on the owner's particular tax status and levels of other income or deductions. Co-Bond Counsel will express no opinion regarding any such other tax consequences and prospective purchasers of the Series 2026 Bonds should consult their own tax advisors with respect thereto.

Reliance and Assumptions; Effect of Certain Changes

In delivering its opinion regarding the federal income tax treatment of interest on the Series 2026 Bonds, Co-Bond Counsel is relying upon certifications of representatives of the City, the Underwriters, as hereinafter defined, and other persons as to facts material to the opinion, which Co-Bond Counsel has not independently verified.

In addition, Co-Bond Counsel is assuming continuing compliance with the Covenants by the City. The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied after the issuance of the Series 2026 Bonds in order for interest on the Series 2026 Bonds to be and remain excludable from gross income for purposes of federal income taxation. These requirements include, by way of example and not limitation, restrictions on the use, expenditure and investment of the proceeds of the Series 2026 Bonds and the use of the property financed or refinanced by the Series 2026 Bonds, limitations on the source of the payment of and the security for the Series 2026 Bonds, and the obligation to rebate certain excess earnings on the gross proceeds of the Series 2026 Bonds to the United States Treasury. The tax compliance certificate for the Series 2026 Bonds contains covenants (the "Covenants") with which the City has agreed to comply. Failure by the City to comply with the Covenants could cause interest on the Series 2026 Bonds to become includable in gross income for federal income tax purposes retroactively to their date of issue. If such a failure were to occur, the available enforcement remedies may be limited by applicable provisions of law and, therefore, may not be adequate to prevent interest on the Series 2026 Bonds from becoming includable in gross income for federal income tax purposes.

Co-Bond Counsel has no responsibility to monitor compliance with the Covenants after the date of issue of the Series 2026 Bonds.

Certain requirements and procedures contained, incorporated or referred to in the tax compliance certificate, including the Covenants, may be changed and certain actions may be taken or omitted subject to the terms and conditions set forth in such certificate. Co-Bond Counsel expresses no opinion concerning any effect on the excludability of interest on the Series 2026 Bonds from gross income for federal income tax purposes of any such subsequent change or action

that may be made, taken or omitted upon the advice or approval of counsel other than Co-Bond Counsel.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral federal income tax matters with respect to the Series 2026 Bonds. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner thereof. Prospective purchasers of the Series 2026 Bonds, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning or disposing of the Series 2026 Bonds.

Prospective purchasers of the Series 2026 Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to certain taxpayers including, without limitation, banks and other financial institutions, certain insurance companies, dealers in tax-exempt obligations, certain corporations (including S corporations and foreign corporations), certain foreign corporations subject to the "branch profits tax," individual recipients of Social Security or Railroad Retirement benefits, owners of an interest in a financial securitization trust, taxpayers entitled to claim the refundable credit in Section 36B of the Code for coverage under a qualified health plan, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations and taxpayers attempting to qualify for the earned income tax credit.

Original Issue Discount

Series 2026 Bonds purchased in the initial public offering with yields higher than their applicable interest rates, as shown on the inside cover page hereof, have been sold with "original issue discount." Each such Series 2026 Bond is referred to below as an "OID Bond." The excess of (a) the stated amount payable at the maturity (excluding qualified stated interest) of any OID Bond over (b) the issue price of the OID Bond as determined under Section 1273 of the Code (which may differ from the price shown on the inside front cover page of this Official Statement) constitutes the amount of original issue discount, which is treated in the same manner as interest on the Series 2026 Bonds for federal income tax purposes.

The Code provides that the amount of original issue discount accrues in accordance with a constant interest method based on the compounding of interest. In the case of an original owner of an OID Bond, the amount of original issue discount that is treated as having accrued on such OID Bond is added to the owner's adjusted basis in determining, for federal income tax purposes, gain or loss upon the disposition of the OID Bond (including its sale, redemption or payment at maturity). The amounts received upon such disposition that are attributable to accrued original issue discount will be excludable from the gross income of the owner for federal income tax purposes.

The accrual of original issue discount and its effect on the redemption, sale or other disposition of OID Bonds that are not purchased in the initial public offering may be determined according to rules that differ from those described above.

In addition, original issue discount that accrues in each year to an owner of an OID Bond is included in the calculation of the distribution requirements of certain regulated investment

companies and may result in some of the collateral federal income tax consequences discussed in this section. Consequently, the owner of an OID Bond should be aware that the accrual of original issue discount in each year may result in additional distribution requirements or other collateral federal income tax consequences although such owner has not received cash attributable to such original issue discount in such year.

Prospective purchasers of OID Bonds should consult their own tax advisors with respect to the precise determination for federal income tax purposes of the original issue discount accrued upon sale or redemption of such OID Bonds (including OID Bonds not purchased in the initial public offering) and with respect to the state and local tax consequences of owning OID Bonds.

Original Issue Premium

Series 2026 Bonds purchased in the initial public offering with yields lower than their applicable interest rates, as shown on the inside cover page hereof, have been sold with "bond premium." Each such Series 2026 Bond is referred to below as an "OIP Bond." The excess of (a) the owner's basis in the OIP Bond immediately after acquisition over (b) the amount payable at maturity (excluding qualified stated interest) as determined under Section 171 of the Code constitutes the amount of the bond premium. Under the Code, the bond premium is amortized based on the owner's yield over the remaining term of the OIP Bond (or, in the case of certain callable OIP Bonds, to an earlier call date that results in a lowest yield on the OIP Bond). The owner of an OIP Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period against the bond premium allocable to that period. No deduction is allowed for such amortization of bond premium even though the owner is required to decrease the adjusted basis in the owner's OIP Bond by the amount of the amortizable bond premium, which will result in an increase in the gain (or decrease in the loss) recognized for federal income tax purposes upon a sale or disposition of the OIP Bond prior to its maturity.

Prospective purchasers of any OIP Bonds should consult their own tax advisors regarding the treatment of bond premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, sale, exchange, or other disposition of, and amortization of bond premium on, such OIP Bonds.

Information Reporting and Backup Withholding

Prospective purchasers should be aware that the interest on the Series 2026 Bonds is subject to information reporting to the IRS in a manner similar to interest paid on taxable obligations. In addition, interest on the Series 2026 Bonds may be subject to backup withholding if the interest is paid to an owner who or which (a) is not an "exempt recipient" and (b) (i) fails to furnish an accurate U.S. taxpayer identification number in the manner required, (ii) has been notified of a failure to report all interest and dividends required to be shown on federal income tax returns or (iii) fails to certify under penalty of perjury that the owner is not subject to withholding. Individuals generally are not exempt recipients, although corporations and other entities generally are.

The reporting and backup withholding requirements do not in and of themselves affect the excludability of interest on the Series 2026 Bonds from gross income for federal income tax purposes, and amounts withheld under the backup withholding rules may be refunded or credited against the owner's federal income tax liability, if any, provided that the required information is timely furnished to the IRS.

Internal Revenue Service Audits

The IRS has established a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Series 2026 Bonds, the IRS will, under its current procedures, treat the City as the taxpayer. As such, the beneficial owners of the Series 2026 Bonds will have only limited rights, if any, to participate in the audit or any administrative or judicial review or appeal thereof. Any action of the IRS, including but not limited to the selection of the Series 2026 Bonds for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the marketability or market value of the Series 2026 Bonds.

Opinion of Co-Bond Counsel – Georgia Income Tax Consequences

Co-Bond Counsel's opinion will also state that, under current law, interest on the Series 2026 Bonds is exempt from income taxation by the State. Co-Bond Counsel will express no opinion regarding (a) other tax consequences arising with respect to the Series 2026 Bonds under the laws of the State or (b) any consequences arising with respect to the Series 2026 Bonds under the tax laws of any state or local jurisdiction other than the State. Prospective purchasers of the Series 2026 Bonds should consult their own tax advisors regarding the tax status of interest on the Series 2026 Bonds in a particular state or local jurisdiction other than the State.

Changes in Federal and State Tax Law and Regulations

Legislation affecting tax-exempt obligations is regularly considered by the U.S. Congress and various state legislatures. Such legislation may effect changes in federal or state income tax rates and the application of federal or state income tax laws (including the substitution of another type of tax), or may repeal or reduce the benefit of the excludability of interest on the tax-exempt obligations from gross income for federal or state income tax purposes.

The U.S. Department of the Treasury and the IRS and state regulatory authorities are continuously drafting regulations to interpret and apply the provisions of the Code and state law and court proceedings may be filed the outcome of which could modify the federal or state tax treatment of tax-exempt obligations.

There can be no assurance that legislation proposed or enacted after the date of issue of the Series 2026 Bonds, regulatory interpretation of the Code or state laws or actions by a court involving either the Series 2026 Bonds or other tax-exempt obligations will not have an adverse effect on the Series 2026 Bonds' federal or state tax status, marketability or market price or on the economic value of the tax-exempt status of the interest on the Series 2026 Bonds.

Prospective purchasers of the Series 2026 Bonds should consult their own tax advisors regarding the potential consequences of any such proposed or pending federal or state tax legislation, regulations or litigation, as to which Co-Bond Counsel expresses no opinion.

CONTINUING DISCLOSURE

In order to assist the Underwriters in complying with paragraph (b)(5) of Rule 15c2-12, simultaneously with the issuance of the Series 2026 Bonds, the City will enter into the Continuing Disclosure Agreement for the benefit of the holders of the Series 2026 Bonds, substantially in the form attached hereto as "APPENDIX E - FORM OF CONTINUING DISCLOSURE AGREEMENT." The City, as an "obligated person" under Rule 15c2-12, will undertake in the Continuing Disclosure Agreement to provide: (a) certain financial information and operating data relating to the System in each year (the "Annual Report") and (b) notice of the occurrence of certain enumerated events relating to Series 2026 Bonds (each a "Listed Event Notice"). The Annual Report and each Listed Event Notice, if applicable, will be filed by DAC, on behalf of the City, on EMMA, a service of the Municipal Securities Rulemaking Board. The specific nature and timing of the filing of the Annual Report and each Listed Event Notice, and other details of the City's undertakings are more fully described in "APPENDIX E - FORM OF CONTINUING DISCLOSURE AGREEMENT" attached hereto.

The following disclosure is being provided by the City for the sole purpose of assisting the Underwriters in complying with Rule 15c2-12: The City previously entered into continuing disclosure undertakings, as an "obligated person" under Rule 15c2-12 (collectively, the "Undertakings"). In the previous five-year period beginning on April 13, 2021 and ending on April 13, 2026 (the "Compliance Period"), the City has, on several instances during the Compliance Period, failed to comply with certain provisions of the Undertakings, including: (a) failing to file or timely file certain financial information and/or operating data; (b) failing to provide certain required financial information and/or operating data in its filings; or (c) failing to file or timely file certain notices.

CERTAIN LEGAL MATTERS

Certain legal matters incident to the authorization, issuance, validity, sale and delivery of the Series 2026 Bonds are subject to the approving opinions of McGuireWoods LLP and Townsend & Lockett, LLC, both of Atlanta, Georgia, in their capacity as co-bond counsel (together, "Co-Bond Counsel"), whose approving opinions (in substantially the form attached hereto as "APPENDIX D - FORM OF OPINIONS OF CO-BOND COUNSEL") will be delivered concurrently with the issuance of the Series 2026 Bonds. The legal opinions of Co-Bond Counsel will speak only as of their dates and subsequent distribution of them by recirculation of this Official Statement or otherwise will not create any implication that subsequent to the dates of the legal opinions Co-Bond Counsel has affirmed its opinions. The proposed text of the legal opinions of Co-Bond Counsel is attached hereto as "APPENDIX D - FORM OF OPINIONS OF CO-BOND COUNSEL." The actual legal opinions to be delivered may vary from the text of APPENDIX D, if necessary, to reflect facts and law on the date of delivery of the Series 2026 Bonds.

Certain legal matters in connection with the Series 2026 Bonds will be passed upon for the City by its Department of Law. Greenberg Traurig, LLP and Riddle & Schwartz, LLC, both of Atlanta, Georgia, have served as co-disclosure counsel in connection with the Series 2026 Bonds (together, "Co-Disclosure Counsel"). Certain legal matters in connection with the Series 2026 Bonds will be passed upon for the Underwriters by Squire Patton Boggs LLP and Tiber Hudson LLC, both of Atlanta, Georgia.

The legal opinions to be delivered concurrently with the delivery of the Series 2026 Bonds express the professional judgment of the attorneys rendering the opinions regarding the legal issues expressly addressed therein. By rendering a legal opinion, the attorneys providing such opinion do not become insurers or guarantors of the result indicated by that expression of professional judgment, of the transaction on which the opinion is rendered, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

VERIFICATION OF CERTAIN CALCULATIONS

The Verification Agent will deliver to the City, on or before the issuance of the Series 2026 Bonds, its verification report indicating that it has verified, in accordance with attestation standards established by the American Institute of Certified Public Accountants, the accuracy of the arithmetical computations of the sufficiency of the amounts to be deposited (a) with the Paying Agent to pay the purchase price of the Purchased Bonds, (b) in the Escrow Deposit Trust Fund to be held by the Escrow Agent to pay the principal of, and accrued interest on the related series of the Advance Refunded Taxable Bonds, through the dates of maturity or redemption of each series of the Advance Refunded Taxable Bonds and the computation of the yield on the Series 2026 Bonds and the amounts to be deposited in the Escrow Deposit Trust Fund, and (c) with the Paying Agent to pay the principal of, and accrued interest on all or a portion of the Series 2015 Bonds.

The verification performed by the Verification Agent will be solely based upon assumptions and information provided to the Verification Agent by the Underwriters and the Co-Financial Advisors on behalf of the City. The Verification Agent has restricted its procedures to examining the arithmetical accuracy of certain computations and has not made any study or evaluation of the assumptions and information upon which the computations are based, and accordingly, has not expressed an opinion on the data used, the reasonableness of the assumptions or the achievability of the forecasted outcome.

FINANCIAL STATEMENTS

The basic financial statements of the Department as of and for the Fiscal Year ended June 30, 2025 have been audited by Mauldin & Jenkins, LLC, the City's independent auditors (the "Auditors"). The report of the Auditors (the "Report of the Auditors"), together with the basic financial statements and notes to the financial statements for Fiscal Year ended June 30, 2025 are attached hereto as "APPENDIX A - DEPARTMENT OF WATERSHED MANAGEMENT AUDITED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED JUNE 30, 2025 AND 2024." The Auditors have not been engaged to perform and have not performed, since the date of the Report of the Auditors, any procedures on the financial statements addressed in the

Report of the Auditors. The Auditors also have not been engaged to perform and have not performed any procedures relating to this Official Statement. See "APPENDIX A - DEPARTMENT OF WATERSHED MANAGEMENT AUDITED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED JUNE 30, 2025 AND 2024" attached hereto.

CO-FINANCIAL ADVISORS

Hilltop Securities Inc., Dallas, Texas, Grant & Associates LLC, Marietta, Georgia and PFM Financial Advisors LLC, Philadelphia, Pennsylvania are serving as co-financial advisors to the City (together, the "Co-Financial Advisors") in connection with the issuance of the Series 2026 Bonds. The Co-Financial Advisors assisted in matters related to the planning, structuring, and issuance of the Series 2026 Bonds and provided other advice. The Co-Financial Advisors did not engage in any underwriting activities with respect to the issuance and sale of the Series 2026 Bonds.

RATINGS

Moody's Ratings ("Moody's"), S&P Global Ratings ("S&P") and Kroll Bond Rating Agency ("KBRA", and together with S&P and Moody's, the "Rating Agencies") have assigned ratings of "Aa3", "AA-" and "AA-," respectively, to the Series 2026 Bonds.

The ratings, including any related outlook with respect to potential changes in such ratings, reflect only the respective views of the Rating Agencies, and an explanation of the significance of such ratings may be obtained from the Rating Agencies furnishing the ratings. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies, and assumptions of its own. There is no assurance that such ratings will remain unchanged for any given period of time or that they will not be revised downward or withdrawn entirely by the rating agency furnishing the same, if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such ratings or other actions by the Rating Agencies or either of them, may have an adverse effect on the liquidity and/or market price of the affected Series 2026 Bonds. The City has not undertaken any responsibility to oppose any such revision, suspension, or withdrawal.

UNDERWRITING

General

Loop Capital Markets LLC (the "Representative"), on behalf of itself and the other underwriters listed on the front cover page of this Official Statement (collectively, the "Underwriters"), has agreed jointly and severally, pursuant to a Bond Purchase Agreement between the Representative and the City to purchase the Series 2026 Bonds (the "Bond Purchase Agreement") at a price equal to $_____ (representing the aggregate principal amount of the Series 2026 Bonds of $_____, plus/minus a net original issue discount/bond premium of $_____, minus an underwriters' discount in the amount of $_____). The Bond Purchase

Agreement provides that the obligations of the Underwriters to accept delivery of the Series 2026 Bonds are subject to various conditions of the Bond Purchase Agreement, but the Underwriters will be obligated to purchase all of the Series 2026 Bonds, if any are purchased.

The Underwriters reserve the right to join with dealers and other underwriters in offering the Series 2026 Bonds to the public. The prices and other terms with respect to the offering and sale of the Series 2026 Bonds may be changed from time to time by the Underwriters after such Series 2026 Bonds are released for sale, and the Series 2026 Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell the Series 2026 Bonds into investment accounts.

Additional Information Provided by Certain Underwriters

The following information has been provided by certain of the Underwriters for inclusion in this Official Statement:

Distribution Agreements. Certain of the Underwriters have entered into distribution agreements with other broker dealers (that have not been designated by the City as underwriters with respect to the Series 2026 Bonds) for the distribution of the Series 2026 Bonds at the original issue prices set forth on the inside front cover page hereof. Such agreements generally provide that the Underwriters will share a portion of its underwriting compensation or selling concession with such broker-dealers.

DISCLOSURE OF CERTAIN RELATIONSHIPS

The Underwriters and their respective affiliates may be full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage services. Certain of the Underwriters and their respective affiliates may have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for the City, for which they may have received or may receive customary fees and expenses. Loop Capital Markets LLC and Goldman Sachs & Co. LLC are serving as Co-Senior Managing Underwriters of the Series 2026 Bonds and are also serving as Co-Dealer Managers in connection with the Tender Offer. A portion of the proceeds from the Series 2026 Bonds will be used by the City to purchase the Purchased Bonds subject to the terms and conditions set forth in the Tender Offer with the assistance of the Co-Dealer Managers. The City has agreed to pay the Co-Dealer Managers a customary fee for its services and to reimburse the Co-Dealer Managers for their reasonable expenses incurred in connection with the Tender Offer. See "PLAN OF FINANCE" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities, which may include credit default swaps) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of City.

City National Bank, an affiliate of RBC Capital Markets, LLC which is one of the Underwriters, holds a loan to the City which loan is not secured by, or payable from, Pledged Revenues.

Greenberg Traurig, LLP, Co-Disclosure counsel to the City, has represented in the past, may currently represent, and expects to represent in the future, certain of the Underwriters in matters unrelated to the Series 2026 Bonds.

FORWARD-LOOKING STATEMENTS

Any statements made in this Official Statement, including the inside front cover page and the appendices attached hereto, involving estimates, projections, forecasts, or matters of opinion, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates, projections, forecasts, or matters of opinion will be realized.

Use of the words "shall" or "will" in this Official Statement or in summaries of documents to describe future events or continuing obligations is not intended as a representation that such event or obligation will occur but only that the document contemplates or requires such event to occur or obligation to be fulfilled.

The statements contained in this Official Statement, including the inside front cover page and the appendices attached hereto, that are not purely historical, are "forward-looking statements." Such statements generally are identifiable by the terminology used, such as "may," "will," "should," "expect," "project," "forecast," "intend," "plan," "anticipate," "believe," "estimate," "predict," "potential," "budget" or other similar words. Such forward-looking statements include, but are not limited to, certain statements contained in the information set forth under "ESTIMATED PRINCIPAL AND INTEREST REQUIREMENTS," "THE SYSTEM," "REGULATORY, LEGAL AND OTHER MATTERS AFFECTING THE SYSTEM," "CAPITAL IMPROVEMENT PROGRAM," "SYSTEM REVENUES," "SYSTEM FINANCE MATTERS," "MUNICIPAL ADVISOR'S FINANCIAL FEASIBILITY STUDY," and "CERTAIN LEGAL MATTERS" herein and "APPENDIX B - MUNICIPAL ADVISOR'S FINANCIAL FEASIBILITY STUDY" attached hereto. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included or incorporated by reference in this Official Statement are based on information available on the date hereof and the City assumes no obligation to update any such forward-looking statements. It is important to note that the actual results could differ materially from those in such forward-looking statements.

The forward-looking statements herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including, but not limited to, risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in regional, domestic, and international social, economic, political, business, industry, market, legal, legislative, judicial, and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial and other governmental authorities and officials, the outbreak of any disease or public health threat, other

future global health concerns, and other events or circumstances beyond the control of the City. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the City. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement, including the inside front cover page and the appendices attached hereto, will prove to be accurate.

MISCELLANEOUS

The references, excerpts, and summaries of all documents referred to herein do not purport to be complete statements of the provisions of such documents and reference is directed to all such documents for full and complete statements of all matters of fact relating to the Series 2026 Bonds, the security for and the source for repayment for the Series 2026 Bonds, and the rights and obligations of the holders of the Series 2026 Bonds. Copies of such documents may be obtained as specified under "INTRODUCTION - Other Information" herein.

The appendices attached hereto are integral parts of this Official Statement and should be read together with all other parts of this Official Statement.

Any statements made in this Official Statement involving matters of opinion or of estimates, forecasts, or projections, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates, forecasts, projections, or matters of opinion will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the holders of the Series 2026 Bonds.

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AUTHORIZATION OF THE OFFICIAL STATEMENT

The execution and delivery of this Official Statement, and its distribution and use by the Underwriters in connection with the initial public offering, sale, and distribution of the Series 2026 Bonds by the Underwriters, have been authorized and approved by the City.

CITY OF ATLANTA

By:_____
Andre Dickens, Mayor

By:_____
Mohamed M. Balla, Chief Financial Officer

By:_____
Greg Eyerly, Commissioner, Department of Watershed Management

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APPENDIX A

DEPARTMENT OF WATERSHED MANAGEMENT
AUDITED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

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Financial Section

MAULDIN & JENKINS
CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members
of the City Council of the
City of Atlanta, Georgia

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the **Department of Watershed Management** (the "Department"), a major proprietary fund of the City of Atlanta, Georgia as of and for the fiscal years ended June 30, 2025 and June 30, 2024, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements as listed in the table of contents.

We did not audit the financial statements of the Atlanta-Fulton County Water Resources Commission, a joint venture for which the Department has an equity interest recorded in the amount of $56,441,334 or 1.3% of the Department's net position at June 30, 2025 that was determined based on those financial statements. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Atlanta-Fulton County Water Resources Commission, is based solely on the report of the other auditors.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the Department as of June 30, 2025 and June 30, 2024, and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Department and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Department of Watershed Management, a major proprietary fund of the City of Atlanta, and do not purport to, and do not present fairly the financial position of the City of Atlanta, Georgia, as of June 30, 2025 and June 30, 2024, the changes in its financial position, or, where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

As discussed in Note 1 to the financial statements, the City implemented Governmental Accounting Standard Board (GASB) Statement No. 101, *Compensated Absences*, as of July 1, 2024. This standard significantly changed the reporting of the City's compensated absences liability. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Department's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 Department's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Department's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis, the Schedule of Proportionate Share of Net Pension Liability and Related Ratios, Schedule of Employer Contributions – Pension Plan, and the Schedule of Proportionate Share of Total OPEB Liability and Related Ratios that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2025, on our consideration of the Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Department's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Department's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Atlanta, Georgia
December 18, 2025

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CITY OF ATLANTA, GEORGIA
DEPARTMENT OF WATERSHED MANAGEMENT
Statements of Net Position
June 30, 2025 and 2024
(In Thousands)

	2025	2024
ASSETS		
Current assets:		
Cash and cash equivalents	$ 13,105	$ 12,965
Deposit in Transit	5,331	4,698
Restricted cash and cash equivalents	190,030	191,238
Equity in cash management pool	516,150	952,127
Accounts receivable, net of allowance for doubtful accounts of $186,615 in 2025 and $177,613 in 2024	74,890	78,448
Restricted interest receivable	690	682
MOST receivable	16,773	16,849
Lease receivable	120	153
Prepaid Expense	1,235	3,508
Due from other parties	102	102
Due from other governmental units	67,192	33,222
Materials and supplies	14,015	15,255
Total current assets	899,633	1,309,247
Non-current assets:		
Restricted investments	575,222	131,309
Investment in joint venture	56,441	59,081
Lease receivable, non-current	700	830
Capital assets:		
Land	148,418	141,168
Land improvements	15,471	14,735
Water collection and distribution system	6,197,812	6,022,280
Water and wastewater plant and treatment facilities	2,285,867	2,271,261
Other property and equipment	317,942	313,152
Construction in progress	354,279	281,673
Right of use assets, net of amortization	—	7,578
Right of use assets SBITA, net of amortization	2,994	4,761
	9,322,783	9,056,608
Less: accumulated depreciation	(3,308,590)	(3,178,795)
Capital assets, net	6,014,193	5,877,813
Total non-current assets	6,646,556	6,069,033
Total assets	7,546,189	7,378,280
DEFERRED OUTFLOWS OF RESOURCES		
Pension related deferred outflows	31,625	31,835
OPEB related deferred outflows	44,198	32,662
Deferred losses on debt refunding	204,995	230,574
Total assets and deferred outflows of resources	$ 7,827,007	$ 7,673,351

See accompanying notes to the financial statements. (Continued)

CITY OF ATLANTA, GEORGIA
DEPARTMENT OF WATERSHED MANAGEMENT
Statements of Net Position
June 30, 2025 and 2024
(In Thousands)

	2025	2024
LIABILITIES		
Current liabilities payable from operating assets:		
Accounts payable	$ 50,378	$ 46,865
Accrued liabilities, vacations, and compensatory pay	13,890	11,434
Current other post retirement benefits	5,106	4,507
Claims payable	648	2,736
Other current liabilities	324	364
Customer deposits	11,254	10,879
Current portion of other debt	11,026	10,711
Lease liability current	—	2,517
SBITA liability current	1,682	1,648
Current maturities of financial/installment purchase obligations	10,144	9,943
Accrued workers' compensation	2,040	2,003
Total current liabilities payable from operating assets	106,492	105,863
Current liabilities payable from restricted assets:		
Accounts payable restricted	31,367	21,054
Arbitrage Rebate Payable	1,007	1,007
Accrued interest payable	19,412	20,462
Contract retention	10,622	8,515
Current maturities of revenue bonds payable	108,058	102,307
Commercial note payable	196,624	111,065
Total current liabilities payable from restricted assets	367,090	264,410
Total current liabilities	473,582	370,273
Non-current liabilities:		
Revenue bonds payable and other debt, less current maturities	2,545,273	2,674,448
Financial/installment purchase obligations, less current maturities	85,026	95,171
Lease liability, excluding current	—	5,607
SBITA liability non-current	1,293	2,975
Claims payable, less current portion	8,261	9,211
Arbitrage Rebate Payable non-current	269	269
Accrued worker's compensation, less current portion	7,757	8,030
Net pension liability	179,812	178,695
Other post retirement benefits, less current portion	113,591	94,310
Total non-current liabilities	2,941,282	3,068,716
Total liabilities	3,414,864	3,438,989
DEFERRED INFLOWS OF RESOURCES		
Pension related deferred inflows	3,414	4,733
OPEB related deferred inflows	39,629	48,709
Lease related deferred inflows	784	942
Total liabilities and deferred inflows of resources	3,458,691	3,493,373
NET POSITION		
Net investment in capital assets	3,729,107	3,303,683
Unrestricted	639,209	876,295
Total net position	$ 4,368,316	$ 4,179,978

See accompanying notes to the financial statements.

CITY OF ATLANTA, GEORGIA
DEPARTMENT OF WATERSHED MANAGEMENT
Statements of Revenue, Expenses, and Changes in Net Position
For the Years Ended June 30, 2025 and 2024
(In Thousands)

	2025	2024
Operating revenues:		
Water and wastewater service charges	$ 482,035	$ 473,811
Sewer service charges from other governmental units	32,467	25,453
Rentals, admissions and concessions	149	8
Other	2,471	8,007
Total operating revenues	517,122	507,279
Operating expenses:		
Salaries and employee benefits	150,740	124,548
Utilities	31,225	28,019
Supplies and materials	35,322	29,951
Repairs, maintenance and other contractual services	15,175	12,086
Motor equipment services	6,196	5,785
Engineering and consultant fees	72,096	49,873
General services	45,902	49,483
Depreciation and amortization	135,690	135,162
Total operating expenses	492,346	434,907
Operating income	24,776	72,372
Non-operating revenues (expenses):		
Municipal Option Sales Tax revenue	216,257	209,244
Investment income	53,283	53,853
Interest expense	(104,441)	(120,198)
Other revenue (expenses)	(9,798)	2,003
Total nonoperating revenues, net	155,301	144,902
Change in net position before capital contributions and transfers	180,077	217,274
Capital contributions	33,845	11,470
Transfers in	136	—
Transfers out	(25,720)	(27,625)
Change in net position	188,338	201,119
Net position, beginning of period	4,179,978	3,980,931
Restatement - change in accounting principle	—	(2,072)
Net Position - beginning of period, as restated	4,179,978	3,978,859
Net position, end of year	$ 4,368,316	$ 4,179,978

See accompanying notes to the financial statements.

CITY OF ATLANTA, GEORGIA
DEPARTMENT OF WATERSHED MANAGEMENT
Statements of Cash Flows
For the Years Ended June 30, 2025 and 2024
(In Thousands)

	2025	2024
Cash flows from operating activities:		
Cash received from customers	$ 472,193	$ 480,744
Cash received from interfund services provided	14,292	11,422
Cash paid to employees for services	(151,502)	(134,604)
Cash paid to suppliers for goods and services	(186,850)	(161,536)
Cash paid for interfund services received	(12,402)	(9,603)
Net cash provided by operating activities	135,731	186,423
Cash flows from investing activities:		
Purchase of investments	(443,921)	—
Investment income	53,283	75,418
Change in pooled investments	435,977	(54,572)
Net cash provided by investing activities	45,339	20,846
Cash flows from capital and related financing activities:		
Capital contributions	33,953	14,095
Payment to escrow agent-defeased funds	(443,222)	—
Principal repayment of debt and lease obligations	(234,026)	(115,175)
Acquisition, construction, and improvement of capital assets	(240,398)	(163,094)
Proceeds from issuance of debt	602,896	17,662
Interest paid	(82,108)	(122,458)
Other debt related fees	(9,906)	(622)
Net cash used in capital and related financing activities	(372,811)	(369,592)
Cash flows from non-capital financing activities:		
MOST sales tax revenue	216,257	209,289
Transfers from other funds	136	—
Transfers to other funds	(25,720)	(27,625)
Net cash provided by non-capital financing activities	190,673	181,664
Increase/(Decrease) in cash and cash equivalents	(1,068)	19,341
Cash and cash equivalents:		
Beginning of year	204,203	184,862
End of year	$ 203,135	$ 204,203

See accompanying notes to the financial statements.

(Continued)

CITY OF ATLANTA, GEORGIA
DEPARTMENT OF WATERSHED MANAGEMENT
Statements of Cash Flows
For the Years Ended June 30, 2025 and 2024
(In Thousands)

	2025	2024
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$ 24,776	$ 72,556
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation/Amortization	135,690	135,162
Changes in assets and liabilities:		
Accounts receivable - net of allowances	2,958	(6,649)
Due from other funds of the City of Atlanta	76	(37)
Due from other governmental units - net of allowance	(33,970)	(8,182)
Materials and supplies - net of allowances	1,240	(736)
Prepaid expenses	2,273	(3,508)
Investment in joint venture	2,640	2,639
Accounts payable and accrued expenses	2,751	(3,837)
Claims payable and other current liabilities	(3,078)	(703)
Customer deposits	375	(282)
Net cash provided by operating activities	$ 135,731	$ 186,423
Schedule of noncash capital and related financing activity:		
Acquisition of capital assets in accounts payable	$ 31,367	$ 21,054
Amortization of bond discount and premium, net	2,195	15,898
Amortization of capital assets through lease liabilities	(8,124)	178
Retainage payable	10,622	8,515

See accompanying notes to the financial statements.

Note 1 – Reporting Entity and Summary of Significant Accounting Policies

Reporting Entity

The City of Atlanta, Georgia - Department of Watershed Management (Department) accounts for all activities associated with the provision and management of clean water, wastewater and stormwater systems, and water pollution control services to individuals, organizations, and other governmental units within and around the City of Atlanta, Georgia (City). All revenue from sources applicable to such operations and all costs and expenses incurred in the provision of such services are recorded in this fund. The accompanying financial statements include only the financial activities of the Department. The Department is an integral part of the City's reporting entity and its results are included in the Annual Comprehensive Financial Report (ACFR) of the City as a proprietary fund. The City's most recent available ACFR is as of and for the year ended June 30, 2025. The City's ACFR should be read in conjunction with these financial statements.

The accounting policies of the Department conform to U.S. generally accepted accounting principles (GAAP) as applied to governmental units. The Department's most significant accounting policies are summarized below.

Basis of Accounting

As required by various City ordinances, the financial activities of the Department are accounted for in separate funds established by such ordinances and are combined for financial reporting purposes and presented as a single proprietary fund. Proprietary fund financial statements are prepared on the accrual basis of accounting, whereby revenue is recognized as earned and expenses are recognized as incurred.

Revenue Recognition

Substantially all revenues are accrued and recognized as earned. Revenue for water and sewer service charges is billed based on cycle billings sent to customers. Service charges, including amounts not yet billed as of year-end, are pro-rated based on days applicable to the financial reporting period.

Grants which finance either capital or current operations are reported as non-operating revenue. The Department recognizes related receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as unearned revenue by the Department.

Cash and Cash Equivalents

The Department considers all highly liquid debt securities with an original maturity of no more than three months to be cash equivalents. At June 30, 2025 and 2024, cash and cash equivalents included the following (in thousands):

	2025	2024
Unrestricted cash and cash equivalents	$ 13,105	$ 12,965
Restricted cash and cash equivalents	190,030	191,238
	$ 203,135	$ 204,203

(Continued)

Investments

Investments are reported at fair value, based on quoted market prices, and include any accrued interest.

The City maintains a pooled investment fund in which the Department participates. Investment income of this pooled fund is allocated to each participating fund based on that fund's recorded equity in the pooled fund. Debt service and construction project funds of the Department are held as restricted assets and are not included in the pooled investment fund.

Materials and Supplies

Materials and supplies are stated at cost and are reduced by an allowance for obsolescence.

Customer Deposits

Deposits made on customer accounts will be refunded, provided no action to terminate service has been taken, after five years of uninterrupted water service. When accounts are closed, the deposit credited to such accounts is applied to any unpaid balance. Any credit remaining after unpaid balances are satisfied may, at the customer's request, be refunded without interest or transferred without interest to another account to serve as a deposit or a portion of the required deposit for such new account.

Water main deposits are typically collected from developers of new businesses and residential buildings. Deposits are only refundable when the water mains are laid within the City limits, a request has been made by the developer, the project is complete, and water meters have been installed and activated. If a request for refund is not made by the developer after 10 years of the approval date of the contract, all rights to a refund by the developer are relinquished.

Restricted Assets

Restricted assets represent amounts required to be maintained pursuant to City ordinances relating to bonded indebtedness (construction, renewal and extension, escrow, and sinking funds) and funds received for specific purposes pursuant to U.S. government grants (see note 3).

When costs are incurred for purposes for which there are both restricted and unrestricted assets available, it is the Department's policy to apply those costs to restricted assets to the extent such are available and then to unrestricted assets.

Interfund Transactions

During the course of normal operations, transactions take place between the funds comprising the Department and other funds within the City. These interfund transactions are not eliminated and are classified as "due from other funds of the City of Atlanta" and "advance to other funds of the City of Atlanta". There are no advance interfund outstanding for June 30, 2025.

(Continued)

Capital Assets

Capital assets and right of use leased assets are recorded at cost, if purchased. If donated, the capital asset is measured at estimated acquisition value. The Department capitalizes plant and facilities, systems, machinery and equipment with a cost of $5,000 or more. Depreciation and amortization is provided on the straight-line method over the following estimated useful lives:

Classification	Range of Lives
Water and wastewater plant and treatment facilities	50 years
Right to use building	5-15 years
Water collection and distribution system	75 years
Wastewater system	67 years
Machinery, equipment, and other	5 - 15 years
Land improvements	10 - 20 years
Right to use equipment	5-10 years
Right to use - SBITA	5-10 years

Leases/SBITA

Leases are defined by the general government as the right to use an underlying asset. As lessee, the Department recognizes a lease liability and an intangible right-of-use lease asset at the beginning of a lease unless the lease is considered a short-term lease or transfers ownership of the underlying asset. Right-of-use lease assets are measured based on the net present value of the future lease payments at inception, using the weighted average cost of capital, which approximate the incremental borrowing rate. Re-measurement of a lease liability occurs when there is a change in the lease term and/or other changes that are likely to have a significant impact on the lease liability.

Subscription-Based Information Technology Arrangements (SBITAs) - As lessee, the Department recognizes a lease liability and an intangible right-of-use lease asset at the beginning of a lease unless the lease is considered a short-term lease or transfers ownership of the underlying asset. SBITA results in a right-to-use subscription asset of an intangible asset—and a corresponding subscription liability that requires note disclosures regarding a SBITA Right-of-use lease assets are measured based on the net present value of the future lease payments at inception, using the weighted average cost of capital.

As lessor, the Department recognizes a lease receivable and deferred inflows of resources. The lease receivable is measured using the net present value of future lease payments to be received for the lease term and deferred inflow of receivables at the beginning of the lease term. Periodic amortization of the discount on the receivable are reported as interest revenue for that period. Deferred inflows of resources are recognized as inflows on a straight-line basis over the term of the lease. This recognition does not apply to short-term leases, contracts that transfer ownership, leases of assets that are investments, or certain regulated leases. Any initial direct costs are reported as an outflow of resources for that period. Re-measurement of lease receivables occur when there are modifications, including but not limited to changes in the contract price, lease term, and adding or removing an underlying asset to the lease agreements. In the case of a partial or full lease termination, the carrying value of the lease receivable and the related deferred inflow of resources will be reduced and will include a gain or loss for the difference.

(Continued)

Capitalization of Interest

Net interest costs incurred during construction of system lines, plant facilities, and other structures are capitalized as part of the historical cost of acquiring these assets. The interest earned on investments acquired with proceeds from tax-exempt borrowings (where such borrowings are restricted to the acquisition of assets) is offset against the related interest costs in determining either the amount of interest to be capitalized or limitations on the amount of interest costs to be capitalized. In the FY2022 period, the Department discontinued the capitalization of interest per the GASB statement No. 89.

Compensated Absences

Department employees can accrue a maximum of 25 to 45 days of annual leave, depending upon length of service. Vested or accumulated vacation leave and the related employee benefits are recorded as an expense and liability as the benefits accrue to employees. Sick pay is accumulated in accordance with GASB Statement No. 101. An estimate for the time to be used has been accrued.

Net Position

Net investment in capital assets - Consists of capital assets including restricted capital assets and right of use leased assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets. Included are the deferred outflows of resources and deferred inflows of resources that are attributed to acquisition, construction, or improvement of those assets or related debt. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted - Consists of net position with constraints placed on use either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation reduced by liabilities and deferred inflows of resources related to those assets.

When an expense is incurred for purposes for which there is both restricted and unrestricted net position available, it is the Department's policy to apply those expenses to restricted net position, to the extent such are available, and then to unrestricted net position.

Unrestricted - All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resource (expense) until then. The deferred losses on debt refunding result from the difference in the carrying value of refunded debt and reacquisition price. The amount for pensions and OPEB relates to certain differences between projected and actual actuarial results, certain differences between projected and actual investment earnings, as well as contributions between measurement and reporting dates, which are accounted for as deferred outflows of resources.

(Continued)

Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. Changes in the fair value of interest rate swaps that are effective hedging derivatives are reported as deferred inflows or outflows of resources. The amounts for pensions and OPEB relate to certain differences between projected and actual actuarial results and certain differences between projected and actual investment earnings, which are accounted for as deferred inflows of resources.The deferred inflow related to the lessor's leases receivable is amortized over the life of the lease.

Classification of Revenues and Expenses

Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operations of the Department. Operating revenues consist primarily of charges for services, with a small portion attributable to ancillary activities. Non-operating revenues and expenses consist of those revenues and expenses that are related to financing and investing types of activities and that result from non-exchange transactions.

Long-Term Debt

Bond discounts and premiums are deferred and amortized over the term of the bonds using the bonds outstanding method, which approximates the effective interest method. Bond discounts and premiums are presented net of the face amount of bonds payable.

Bond issuance costs are recorded as an outflow of resources (expensed) in the year in which they are incurred.

Franchise Fees

In fiscal years 2025 and 2024, a franchise fee was charged by and paid to the City’s general fund. The payment was based on the carrying value of the property and assessments on revenue. These charges were approximately $25,720,000 and $25,828,000, respectively, for the years ended June 30, 2025 and 2024, and are reported on the accompanying statements of revenue, expenses and changes in net position as transfers out. (Continued)

General Services Costs

The Department is one of a number of funds and/or departments maintained by the City. Certain general services costs, such as purchasing, accounting, budgeting, and personnel administration represent services provided to the Department by other City departments and/or funds. Such costs are allocated to the Department based on allocation methods determined by an independent study. For the years ended June 30, 2025 and 2024, such allocated expenses totaled approximately $12,402,000 and $9,603,000 respectively.

(Continued)

Fair Value Measurement

The Department applies the provisions of GASB Statement No. 72, *Fair Value Measurement and Application*. This Statement provides hierarchical guidance for determining fair value measurement for assets and liabilities for financial reporting purposes and also provides guidance for required disclosures related to fair value measurements.

Change in Accounting Principle

During Fiscal year 2025, the City adopted GASB Statement No. 101, *Compensated Absences*. This statement requires a change in how the government recognizes a liability for compensated absences.

Previously, the government only accrued a liability for unused vacation leave that was eligible for payment upon separation. However, under GASB 101, a liability must now be recognized for accumulated sick leave when it is attributable to services already rendered, accumulates for future use, and is "more likely than not" to be used for time off or paid out.

This change in principle required the government to re-evaluate its compensated absence policies and estimate the accumulated sick leave liability as of the beginning of the current fiscal year. As a result, the beginning net position of the government-wide statements has been restated to reflect the new liability for accumulated sick leave. The previously reported net position has been adjusted to reflect the impact of this change. The new recognition criteria for sick leave have been applied consistently throughout the current year's financial statements. The following tables reflect the restatement of net position of the Department, due to this change in accounting principle (dollars in thousands):

Business-type activities-DWM		
Net position - beginning of period, as previously reported (FY25)	$	4,182,234
Adjusted due to implementation of GASB 101		(2,256)
Net Position - beginning of period, as restated	$	4,179,978

New Accounting Pronouncements

Pronouncements effective for the 2025 financial statements:

In June 2022, the GASB issued Statement No. 101, Compensated Absences. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This statement is effective in fiscal years beginning after December 15, 2023. The City has adopted this statement in its 2025 Annual Comprehensive Financial Report.

In December 2023, the GASB issued Statement No. 102, Certain Risk Disclosures. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. This statement is effective in fiscal years beginning after June 15, 2024. The City is in

(Continued)

the process of evaluating the impact of this pronouncement on its financial statements.

Pronouncements issued, but not yet effective, which will be adopted by the City in future years:

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. This Statement continues the requirement that the basic financial statements be preceded by management's discussion and analysis (MD&A), which is presented as required supplementary information (RSI). This statement is effective in fiscal years beginning after June 15, 2025. The City is in the process of evaluating the impact of this pronouncement on its financial statements.

In September 2024 the GASB issued Statement No 104, *Disclosure of Certain Capital Assets*. The objective of this statement is to clarify which types of capital assets must be separately disclosed in the notes to the financial statements, as well as to establish disclosure requirements for capital assets that are held for sale. This statement is effective in fiscal year beginning after June 15, 2025. The City is in the process of evaluating the impact of this pronouncement on its financial statements.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses and disclosures. Actual results could differ from those estimates.

Note 2 – Deposits and Investments

Pooled Cash and Investments Held in City Treasury

The City maintains a cash and investment pool that is available for use by various City funds including the Department. The Department's portion of this pool is displayed on the accompanying statements of net position as equity in cash management pool.

Investment in Local Government Investment Pool

The City is a voluntary participant in the Georgia Local Government Investment Pool (Georgia Fund 1) that is managed by the Office of Treasury and Fiscal Services. Georgia Fund 1 is designed to maximize current income while preserving principal and providing daily liquidity. It is managed to maintain a $1.00 value and a weighted maturity of 60 days or less, with a maximum maturity of any investment limited to 397 days. At June 30, 2025 and 2024, portfolio composition consisted of the Federal Home Loan Bank (FHLB), Federal Home Loan Mortgage Corporation (FHLMC), Federal National Mortgage Association (FNMA), Federal Farm Credit Bank (FFCB), Repurchase Agreements (Repos), and Negotiated Investment Deposit Agreements (NIDA).

(Continued)

As of June 30, 2025 and 2024, the Department's investments in Georgia Fund 1 are approximately $862,000 and $822,000, respectfully. The Georgia Fund 1 investments are included in restricted cash and cash equivalents in the accompanying statements of net position. The total amount held by all public agencies in Georgia Fund 1 at both June 30, 2025 and 2024 is approximately $36.4 billion and $30.8 billion, respectively. As of June 30, 2025 Georgia Fund 1 is rated AAAf/S1 and the weighted average maturity was 51 days and as of June 30, 2024 Georgia Fund 1 is rated AAA/S1 and the weighted average maturity was 33 days.

Investments Authorized by the Official Code of Georgia and the City's Investment Policy

The City has adopted an investment policy (Policy) to minimize the inherent risks associated with deposits and investments. The primary objective of the Policy is to invest funds to provide for the maximum safety of principal.

The Policy also identifies certain provisions of the Official Code of Georgia Annotated (OCGA) that address interest rate risk, credit risk and concentration of credit risk. The Policy governs all governmental and business-type activities for the City, but does not govern the City's pension plans. Identified below are the investment types that are authorized for the City by the Policy.

The City's investments are limited to U.S. government-guaranteed securities and U.S. government agency securities which are limited to issues of the FFCB, Federal Home Loan Bank System (FHLBS), FHLMC and FNMA. Under the Policy, the City restricts investments in eligible obligations to discount notes and callable or non-callable fixed-rate securities with a fixed principal repayment amount.

Also, the City may invest in fully collateralized repurchase agreements provided the City has on file a signed Master Repurchase Agreement, approved by the City Attorney, detailing eligible collateral, collateralization ratios, standards for collateral custody and control, collateral valuation, and conditions for agreement termination. The Policy requires the securities being purchased by the City to be assigned to the City, held in the City's name, deposited, at the time the investment is made, with the City or with a third party selected and approved by the City, and placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in Georgia, which is rated no less than "A" or its equivalent by two nationally recognized rating services.

Under the Policy, the City's investment portfolio, in aggregate, will be diversified to limit its exposure to interest rate, credit and concentration risks by observing the above limitations.

Fair Value Measurement

GASB Statement No. 72, *Fair Value Measurement and Application,* enhances comparability of governmental financial statements by requiring fair value measurement for certain assets and liabilities using a consistent definition and accepted valuation techniques. The standard establishes a hierarchy of inputs used to measure fair value that prioritizes the inputs into three categories – Level 1, Level 2 and Level 3 inputs – considering the relative reliability of the inputs. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements).

(Continued)

The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted (unadjusted) prices in active markets for identical financial assets or liabilities that the Department has the ability to access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the financial asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the financial asset or liability.

The level in the fair value hierarchy within which a fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The Georgia Fund 1 is a investment pool which does meet the criteria of GASB No. 79 and is thus valued at fair value in accordance with GASB Statement No. 31. As a result, the Department does not disclose the investment in the Georgia Fund 1 within the fair value hierarchy.

The following tables present the financial assets carried at fair value by level within the valuation hierarchy as of June 30, 2025 and 2024:

	2025			
	Level 1	Level 2	Level 3	Total
Investments by fair value level:				
Debt securities				
U.S. Agencies	$ —	50,928	—	50,928
Total debt securities	—	50,928	—	50,928
Equity securities				
Guaranteed investment contracts	—	70,489	10,088	80,577
Other Investment	—	443,717	—	443,717
Total equity securities	—	514,206	10,088	524,294
Equity in cash management pool	—	—	—	516,150
Total Investments	$ —	565,134	10,088	1,091,372

	2024			
	Level 1	Level 2	Level 3	Total
Investments by fair value level:				
Debt securities				
U.S. Agencies	$ —	50,732	—	50,732
Total debt securities	—	50,732	—	50,732
Equity securities				
Guaranteed investment contracts	—	70,489	10,088	80,577
Equity in cash management pool				952,127
Total Investments	$ —	121,221	10,088	1,083,436

(Continued)

Debt securities classified as Level 2 are subject to pricing by an alternative pricing source due to lack of information by the primary vendor. Guaranteed investment contracts were valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices for identical securities in markets that are not active.

There are no investments classified as Level 3. The equity in cash management pool represents the Department's participation in the City's internal cash pool which is measured at net asset value (NAV) per share.

Investment Risk Disclosures

Interest rate risk - Interest rate risk is the risk that changes in market rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Additionally, the fair values of the investments may be highly sensitive to interest rate fluctuations. The Policy establishes maximum maturity dates by investment type in order to limit interest rate risk. The City manages its exposure to interest rate risk by purchasing a combination of shorter-term and longer-term investments and by timing cash flows from maturities so that a portion is maturing, or approaching maturity, evenly over time, as necessary to provide the cash flow and liquidity needs for operations. The City has the ability and generally has the intention to hold all investments until their respective maturity dates. If it becomes necessary or strategically prudent for the City to sell a security prior to maturity, the Policy allows for occasional restructuring of the portfolio to minimize the loss of fair value and/or to maximize cash flows.

Credit risk - Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This risk is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Policy does not specify a minimum bond rating for investments.

As of June 30, 2025, the Department had the following investments with the corresponding credit ratings and maturities (in thousands):

			Maturity					
Type of investments	**Credit rating**		**Under 30 Days**	**31 - 180 Days**	**181 - 365 Days**	**1 - 5 Years**	**Over 5 years**	**Carrying value**
U.S. government obligations	Aaa/AAA	$	—	50,928	—	—	—	50,928
Equity in cash management pool	N/A		516,150	—	—	—	—	516,150
GIC's	*		—	—	—	70,489	10,088	80,577
Equity - open end fund	Exempt		—	—	—	443,717	—	443,717
		$	516,150	50,928	—	514,206	10,088	1,091,372

*All Guaranteed Investment Contracts (GIC's) are fully collateralized by U.S. Government Obligations or Agency securities.

(Continued)

As of June 30, 2024, the Department had the following investments with the corresponding credit ratings and maturities (in thousands):

		Maturity					
Type of investments	Credit rating	Under 30 Days	31 - 180 Days	181 - 365 Days	1 - 5 Years	Over 5 years	Carrying value
U.S. government obligations	Aaa/AAA	$ —	50,732	—	—	—	50,732
Equity in cash management pool	N/A	952,127	—	—	—	—	952,127
GIC's	*	—	—	—	70,489	10,088	80,577
		$ 952,127	50,732	—	70,489	10,088	1,083,436

*All Guaranteed Investment Contracts (GIC's) are fully collateralized by U.S. Government Obligations or Agency securities.

Custodial credit risk - Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Department will not be able to recover its deposits or collateral securities that are in the possession of an outside party. Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the Department will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

Through the Georgia Secure Deposit Program, public deposits held with covered depositories participating in the program in excess of FDIC insurance limits are protected through a combination of collateral pledged by the bank and the contingent liability provisions of the program that require participating banks to jointly cover all deposits not protected by FDIC insurance and the sale of pledged collateral in the event of a loss. The Depository agrees that, as long as the State Treasurer of the State of Georgia or any Public Body has Public Funds on deposit with the Depository, the Depository shall maintain at all times Pledged Securities with an aggregate Fair Market Value equal to at least the Required Collateral determined by the State Treasurer. As of June 30, 2025 and 2024, all of the department's bank balances were insured and/or collateralized as defined by GASB and required State Statutes.

The Department requires that the fair value of collateralized pledged securities must be at least 102% for repurchase agreements. As a result, the Department had no deposits with custodial risks as of June 30, 2025 and 2024. All investments of the Department are either held by the Department or by a counterparty in the Department’s name; therefore, the Department’s investments had no custodial credit risk as of June 30, 2025 and 2024.

Concentration of credit risk - The Policy contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the OCGA. The Department has no investments in any one issuer that represents 5% or more of total financial instruments, except for Citigroup Global Inc. (8.84%).

Foreign currency risk - Foreign currency risk is the risk that changes in exchange rates could adversely affect an investment’s or deposit’s fair value. The Department is not exposed to this risk as the Policy does not provide for investments in foreign currency risk-denominated securities.

Note 3 – Restricted Assets

The Department’s bond covenants require certain reserves for debt service payments. Principal and interest payments are not required to be deposited into the sinking fund accounts until 30 days prior to the payment being due.

(Continued)

Cash equivalents and investments at June 30, 2025 and 2024 are restricted for the following (in thousands):

	2025	2024
Construction revenue funds:		
Cash and cash equivalents	$ 190,030	$ 191,238
Sinking fund:		
Investments	575,222	131,309
Total restricted cash equivalents and investments	$ 765,252	$ 322,547

The following is a summary of carrying amounts of restricted assets as shown on the accompanying statements of net position at June 30, 2025 and 2024 (in thousands):

	2025	2024
Cash and cash equivalents	$ 190,030	$ 191,238
Investments	575,222	131,309
Restricted interest receivable	690	682
Total	$ 765,942	$ 323,229

Note 4 – Due from Other Funds of the City of Atlanta and Transfers

Due from Other Funds of the City of Atlanta

During the course of its operations, the Department makes transfers between other City funds to finance operations, provide services, and acquire assets and service debt. To the extent that certain transfers between funds had not been received as of year-end, balances of interfund amounts, receivable or payable, have been recorded. Interfund receivable and advance balances as of June 30, 2025 and 2024 are as follows (in thousands):

	2025	2024
Due from other funds:		
MOST receivable	$ 16,773	$ 16,849

Transfers

Transfers are used to move revenues collected in one fund to another fund for payment of expenses as required by statute, ordinance or budget. Transfers for the years ended June 30, 2025 and 2024, are as follows (in thousands):

	2025	2024
Transfers (in)/out:		
General fund	$ 25,720	$ 25,828
Capital Fund	—	1,797
Non-major Government	(136)	—
	$ 25,584	$ 27,625

In fiscal year 2025, the transfer out to the City of Atlanta's general fund represents primarily franchise fees of approximately $25,720,000, the transfer in represents a return of resources previously transferred out of the Department's fund into a Non-major Government fund for approximately $136,000 of project costs. In fiscal year 2024, the transfer out to the City of Atlanta’s general fund represents primarily franchise fees of approximately $25,828,000, shared Oracle Cloud ERP project cost information system, and project costs of approximately $1,797,000.

(Continued)

Note 5 - Due from Other Parties

During the year ended June 30, 2008, the Department advanced $30,000,000 to a component unit of the City, Atlanta Beltline, Inc., an affiliate of the Atlanta Development Authority. The funds are to be used in the accomplishment of certain consent decree objectives. As of June 30, 2025 and 2024, approximately $102,000 for both years, of the advance was expended on this project and is reflected as construction in progress by the Atlanta Development Authority, the component unit. In FY2023, the project was transferred to the Department. The balance transferred was approximately $23,898,000.

	2025	2024
Due from other parties	$ 102	$ 102

Note 6 - Capital Assets

A summary of capital asset activity and changes in accumulated depreciation/amortization for the years ended June 30, 2025 and 2024 follows (in thousands):

	Balance at June 30, 2024	Additions	Deletions/ Retirements	Transfers and Adjustments	Balance at June 30, 2025
Capital assets not being depreciated/ amortized:					
Land	$ 141,168	1,960	—	5,290	$ 148,418
Construction in progress	281,673	257,036	—	(184,430)	354,279
Total capital assets not being depreciated/amortized	422,841	258,996	—	(179,140)	502,697
Capital assets being depreciated/amortized:					
Land improvements	14,735	—	—	736	15,471
Water collection and distribution system	6,022,280	26	—	175,506	6,197,812
Water and wastewater plant and treatment facilities	2,271,261	14,606	—	—	2,285,867
Other property and equipment/amortized	313,152	3,309	(914)	2,395	317,942
Right-to-use assets	21,787	—	(1,257)	(12,630)	7,900
Total capital assets being depreciated/ amortized	8,643,215	17,941	(2,171)	166,007	8,824,992
Total capital assets	9,066,056	276,937	(2,171)	(13,133)	9,327,689
Less: Accumulated depreciation/amortization					
Land improvements	(12,762)	(234)	—	—	(12,996)
Water collection and distribution system	(2,046,180)	(81,106)	—	319	(2,126,967)
Water and wastewater plant and treatment facilities	(853,151)	(43,218)	2,707	—	(893,662)
Other property and equipment	(266,702)	(9,365)	918	184	(274,965)
Right-to-use assets	(9,448)	(1,767)	1,257	5,052	(4,906)
Total accumulated depreciation/ amortization	(3,188,243)	(135,690)	4,882	5,555	(3,313,496)
Net capital assets	$ 5,877,813	$ 141,247	$ 2,711	$ (7,578)	$ 6,014,193

(Continued)

	Balance at June 30, 2023	Additions	Deletions/ Retirements	Transfers and Adjustments	Balance at June 30, 2024
Capital assets not being depreciated/ amortized:					
Land	$ 141,388	5	(244)	19	$ 141,168
Construction in progress	285,806	180,173	—	(184,306)	281,673
Total capital assets not being depreciated/amortized	427,194	180,178	(244)	(184,287)	422,841
Capital assets being depreciated/amortized:					
Land improvements	13,376	51	—	1,308	14,735
Water collection and distribution system	5,859,941	—	—	162,339	6,022,280
Water and wastewater plant and treatment facilities	2,254,302	183	—	16,776	2,271,261
Other property and equipment	308,456	2,104	(1,272)	3,864	313,152
Right-to-use assets	22,584	—	(797)	—	21,787
Total capital assets being depreciated/ amortization	8,458,659	2,338	(2,069)	184,287	8,643,215
Total capital assets	8,885,853	182,516	(2,313)	—	9,066,056
Less: Accumulated depreciation/ amortization					
Land improvements	(12,507)	(255)	—	—	(12,762)
Water collection and distribution system	(1,967,217)	(78,963)	—	—	(2,046,180)
Water and wastewater plant and treatment facilities	(811,964)	(41,187)	—	—	(853,151)
Other property and equipment	(257,938)	(10,036)	1,272	—	(266,702)
Right-to-use assets	(5,524)	(4,721)	797	—	(9,448)
Total accumulated depreciation/ amortization	(3,055,150)	(135,162)	2,069	—	(3,188,243)
Net capital assets	$ 5,830,703	$ 47,354	$ (244)	—	$ 5,877,813

Depreciation and amortization expense incurred during the years ended June 30, 2025 and 2024 totaled approximately $135,690,000 and $135,162,000, respectively.

(Continued)

Capital assets right to use lease/subscription assets

The Department previously leased office building space. In fiscal year 2025, the Department purchased the leased office building. When the capital asset was terminated the Department reclassified the right-to-use asset to a building asset and also recorded the land related to the transaction. In addition, the Department leases certain equipment and subscription based assets under long-term non-cancelable agreements. The terms and conditions for these leases varies. Some leases are fixed, periodic payments over the lease term, which ranges between various years. The Department recognizes a right to use leased asset and lease liability for these arrangements.

At June 30, 2025 and 2024 right to use leased assets consisted of the following:

	Beginning Balance June 30, 2024	Additions	Retirements	Transfers	Ending Balance June 30, 2025
Right of Use - Building	$ 12,630	—	—	(12,630)	—
Right of Use - SBITA	9,157	—	(1,257)	—	7,900
Total Leases	21,787	—	(1,257)	(12,630)	7,900
Less accumulated amortization for:					
Right of Use - Building	(5,052)	—	—	5,052	—
Right of Use - SBITA	(4,396)	(1,767)	1,257	—	(4,906)
Total accumulated amortization	(9,448)	(1,767)	1,257	5,052	(4,906)
Leases, net	$ 12,339	(1,767)	—	(7,578)	2,994

	Beginning Balance June 30, 2023	Additions	Retirements	Transfers	Ending Balance June 30, 2024
Right of Use - Building	$ 12,630	—	—	—	12,630
Right of Use - Equipment	392	—	(392)	—	—
Right of Use - SBITA	9,562	—	(405)	—	9,157
Total Leases	22,584	—	(797)	—	21,787
Less accumulated amortization for:					
Right of Use - Building	(2,526)	(2,526)	—	—	(5,052)
Right of Use - Equipment	(340)	(52)	392	—	—
Right of Use - SBITA	(2,658)	(2,143)	405	—	(4,396)
Total accumulated amortization	(5,524)	(4,721)	797	—	(9,448)
Leases, net	$ 17,060	(4,721)	—	—	12,339

(Continued)

Notes 7 – Accounts Payable

At June 30, 2025, the accounts payable balance includes 38% capital asset payables or 31,367,000 and 62% vendor payables or $50,378,000. At June 30, 2024, the accounts payable balance includes 31% capital asset payables or $21,054,000 and 69% vendor payables or $46,865,000.

Note 8 – Commercial Paper Notes Payable

On July 29, 2021 the City of Atlanta issued its Water and Wastewater Commercial Paper Notes, Series 2021 in the aggregate amount of $125,000,000 (the "Series 2021 Commercial Paper Notes"). The Series 2021 Commercial Paper Notes were issued to (a) pay the principal off and interest on the maturing Series 2018 Commercial Paper Notes or amounts required to reimburse any draw on a related credit facility for the Series 2018 Commercial Paper Notes; and (b) pay the costs associated with the issuance of the Series 2021 Commercial Paper Notes. The Series 2018 Commercial Paper Notes were paid in full on July 29, 2021.

On July 17, 2024, the City of Atlanta issued its Water and Wastewater Commercial Paper Notes, Series 2024A-1 with a maximum amount of ($125,000,000) and Water and Wastewater Commercial Paper Notes, Series 2024A-2 with a maximum amount of ($175,000,000) (collectively, the “Series 2024 Commercial Paper Notes”). The department has drawn $196,624,000 as of June 30, 2025. The Series 2024 Commercial Paper Notes were issued to (a) finance or refinance, on an interim basis, costs included as a part of a multi-phase long term capital improvement program for the System; (b) pay the principal of and any interest on the maturing Series 2021 Commercial Paper Notes or amounts required to reimburse any draw on a related credit facility for the Series 2021 Notes; (c) pay the costs associated with the issuance of the Series 2024 Commercial Paper Notes.

Short-term Series 2021 and Series 2024 Notes debt activity for the year ended June 30, 2025 and 2024, was as follows (in thousands):

	June 30, 2024	Increases	Decreases	June 30, 2025
Commercial paper	$ 111,065	196,624	(111,065)	196,624

	June 30, 2023	Increases	Decreases	June 30, 2024
Commercial paper	$ 77,607	33,458	—	111,065

(Continued)

Note 9 – Long-Term Liabilities

Long-term debt at June 30, 2025 and 2024 consists of the following (in thousands):

Revenue Bonds	2025	2024
Water and Wastewater Revenue Bonds, $415,310 Series 2001A, term bonds (5.50%), due serially through 2027	$ 53,445	$ 69,480
Water and Wastewater Revenue Bonds, $849,330 Series 2004, serial bonds (5.75%), due serially through 2030	134,110	134,110
Water and Wastewater Revenue Bonds, $448,965 Series 2009B, combination serial bonds (4.00% - 5.50%) and term bonds (5.25-5.375%),		
Water and Wastewater Revenue Bonds, $200,140 Series 2013B, serial bonds (5.00% - 5.50%), due serially through 2030	—	17,505
Water and Wastewater Revenue Bonds, $1,237,405 Series 2015, combination serial bonds (2.00% - 5.00%) and term bonds (5.00%), due serially through 2043	771,240	793,600
Water and Wastewater Revenue Refunding Bonds, $226,175 Series 2017A, serial bonds (3.50% - 5.00%), due serially through 2039	35,310	200,475
Water and Wastewater Revenue Refunding Bonds, $51,210 Series 2018A, serial bonds (5.00%), due serially through 2041	—	51,210
Water and Wastewater Revenue Refunding Bonds, $289,730 Series 2018B, term bonds (3.50% - 5.00%), due serially through 2047	187,775	263,485
Water and Wastewater Revenue Refunding Bonds, $288,900 Series 2018C, serial bonds (4.00% - 5.00%), due serially through 2038	122,640	277,015
Water and Wastewater Revenue Refunding Bonds, $14,020 Series 2018D, serial term bonds (3.50% - 5.00%), due serially through 2028	6,260	7,680
Water and Wastewater Revenue Refunding Bonds, $103,135, Series 2019, serial bonds (2.00% - 5.00%), due serially through 2038	86,110	91,695
Water and Wastewater Revenue Refunding Bonds, $61,949, Series 2020, serial bonds due serially through 2058	15,932	3,220
Water and Wastewater Revenue Refunding Bonds, $504,590, Series 2020, serial bonds (0.19%) - 2.91%), due serially through 2044	476,540	483,595
Water and Wastewater Revenue Refunding Bonds, $390,945, Series 2024, serial bonds due serially through 2044	390,945	—
	2,333,407	2,446,170
Other Debt		
Georgia Environmental Finance Authority (GEFA) $19,006 Loan, (3.82%), due serially through 2035	9,497	10,186
Georgia Environmental Finance Authority (GEFA) $19,034 Loan, (3.92%), due serially through 2036	10,325	10,986
Georgia Environmental Finance Authority (GEFA) $31,409 Loan, (3.00%), due serially through 2027	16,415	17,534
Georgia Environmental Finance Authority (GEFA) $19,021 Loan, (4.12%), due serially through 2038	11,167	11,798
Georgia Environmental Finance Authority (GEFA) $31,216 Loan, (3.00%), due serially through 2027	16,427	17,486
Georgia Environmental Finance Authority (GEFA) $31,053 Loan, (3.00%), due serially through 2028	16,895	17,942
Georgia Environmental Finance Authority (GEFA) $5,500 Loan, (3.00%), due serially through 2032	2,528	2,814
Georgia Environmental Finance Authority (GEFA) $3,000 Loan, (3.81%), due serially through 2032	1,451	1,607
Georgia Environmental Finance Authority (GEFA) $34,990 Loan, (3.00%), due serially through 2035	20,526	22,211
Georgia Environmental Finance Authority (GEFA) $51,426 maximum gross loan (2.03%), due serially through 2039	36,742	39,100
Georgia Environmental Finance Authority (GEFA) $45,000 maximum gross loan (2.25%), construction status	154	168
Georgia Environmental Finance Authority (GEFA) $12,851 maximum gross loan (2.25%), construction status	11,843	641
Georgia Environmental Finance Authority (GEFA) $25,000 Loan, (2.25%),due serially through 2043.	23,489	15,980
Total other debt	177,459	185,610
Total revenue bonds and other debt	2,510,866	2,631,780
Unamortized bond premiums	153,628	155,902
Unamortized bond discounts	(137)	(216)
Less: Current maturities	(119,026)	(113,018)
Total long-term debt	$ 2,545,331	$ 2,674,448

(Continued)

The annual debt service requirements at June 30, 2025 are as follows (in thousands):

	Revenue Bonds		Other Debt - GEFA Notes Payable		
Year Ending	Principal	Interest	Principal	Interest	Total
2026	$ 108,058	$ 99,139	$ 11,026	$ 4,598	$ 222,821
2027	113,858	93,624	11,351	4,273	223,106
2028	121,679	87,739	11,687	3,938	225,043
2029	123,760	81,967	12,032	3,593	221,352
2030	126,870	76,444	12,388	3,236	218,938
2031-2035	658,564	297,275	66,352	10,484	1,032,675
2036-2040	776,438	154,424	35,534	2,148	968,544
2041-2045	239,074	31,335	5,246	215	275,870
2046-2050	50,846	4,752	—	—	55,598
2051-2055	400	859	—	—	1,259
2056-2058	13,860	421	—	—	14,281
	$ 2,333,407	$ 927,979	$ 165,616	$ 32,485	$ 3,459,487
	Loans in draw phase		11,843		
			$ 177,459		

The revenue bonds are payable from Department revenue and are collateralized by Department revenue remaining after reasonable and necessary operating and maintenance costs. In addition, the bond ordinances require the maintenance of sinking funds to provide for debt service on the related bonds (see note 3). The ordinances require that revenue must be 110% of maximum annual debt service.

On September 18, 2020, the City of Atlanta issued its Water and Wastewater Draw-Down Revenue Bond (North Fork Project), Taxable Series 2020 in the aggregate amount of $61,949,715 (The “Series 2020 WIFIA Bonds”). The Series 2020 WIFIA Bonds were issued for the purpose of financing certain eligible project costs of the North Fork Storage Tank and Pump Station Project and costs of issuance related to the Series 2020 WIFIA Bonds.

On October 29, 2020, the City of Atlanta issued approximately $504.6 million of its Water and Wastewater Revenue Refunding Bonds, Series 2020 (the “Series 2020 Bonds”). The Series 2020 Bonds were issued to: (a) refunding the "Refunding Bonds," which comprised of a portion of the City's outstanding Water and Wastewater Revenue Refunding Bonds, the "Series 2013Bonds" (the “Series 202013B Bonds”); and Water and Wastewater Revenue Refunding Bonds, Series 2015 bonds (the “Series 202015 Bonds”) and (b) paying the cost of insurance related to the Series 2020 Bonds. The refunding associated with the Series 2020 Bonds resulted in a net present value savings of approximately $52.4 million.

On November 7, 2024, the City of Atlanta issued its Water and Wastewater Subordinate Lien Revenue Bonds in the amount of $390,945,000 (“Series 2024 Bonds”). The Series 2024 Bonds were issued for the purpose of: (a) financing all or a portion of the costs of the acquisition, construction, improvement, betterment, and extension of the System (collectively, the 2024 Project) and (b) paying the costs of issuance related to the Series 2024 Bonds.

(Continued)

Changes in long-term liabilities are as follows (in thousands):

	Balance at June 30, 2024	Additions	Reductions	Balance at June 30, 2025	Due Within One Year
Long-term debt:					
Revenue bonds payable	$ 2,446,170	403,713	(516,476)	2,333,407	108,058
GEFA loans	185,610	2,560	(10,711)	177,459	11,026
Bond premiums	155,902	—	(2,274)	153,628	—
Bond discounts	(216)	—	79	(137)	—
Total long-term debt	2,787,466	406,273	(529,382)	2,664,357	119,084
Other long-term liabilities:					
Finance/installment purchase obligations	105,114	—	(9,944)	95,170	10,144
Lease liability	8,124	—	(8,124)	—	—
SBITA Liability	4,623	—	(1,648)	2,975	1,682
Accrued workers' compensation	10,033	1,576	(1,812)	9,797	2,040
Health and dental claims payable	1,795	22,132	(22,342)	1,585	324
Claims payable	10,516	271	(3,139)	7,648	648
Other post-retirement benefits	98,817	31,852	(11,972)	118,697	5,106
Net pension liability	178,695	17,675	(16,558)	179,812	—
Total other long-term liabilities	417,717	73,506	(75,539)	415,684	19,944
Total long-term liabilities	$ 3,205,183	$ 479,779	$ (604,921)	$ 3,080,041	$ 139,028

	Balance at June 30, 2023	Additions	Reductions	Balance at June 30, 2024	Due Within One Year
Long-term debt:					
Revenue bonds payable	$ 2,541,511	—	(95,341)	2,446,170	102,307
GEFA loans	178,098	17,662	(10,150)	185,610	10,711
Bond premiums	171,890	—	(15,988)	155,902	—
Bond discounts	(306)	—	90	(216)	—
Total long-term debt	2,891,193	17,662	(121,389)	2,787,466	113,018
Other long-term liabilities:					
Finance/installment purchase obligations	114,875	—	(9,761)	105,114	9,943
Lease liability	10,516	178	(2,570)	8,124	2,517
SBITA Liability	6,626	—	(2,003)	4,623	1,648
Accrued workers' compensation	13,452	—	(3,419)	10,033	2,003
Health and dental claims payable	2,424	19,073	(19,702)	1,795	364
Claims payable	10,590	1,121	(1,195)	10,516	2,736
Other post-retirement benefits	116,087	10,312	(27,582)	98,817	4,507
Net pension liability	192,265	18,245	(31,815)	178,695	—
Total other long-term liabilities	466,835	48,929	(98,047)	417,717	23,718
Total long-term liabilities	$ 3,358,028	$ 66,591	$ (219,436)	$ 3,205,183	$ 136,736

(Continued)

Defeased Debt

The Department defeased a portion of the Series 2013B and 2015 bond issues during fiscal years 2017 and 2021, respectively, by creating separate irrevocable trust funds. New debt was issued and the proceeds were used to purchase U.S. government securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore, removed as a liability from the Department's basic financial statements.

On September 24, 2024, the Department executed a cash defeasance, which led to the full defeasance of its Water and Wastewater Bonds from Series 2018A, and a partial defeasance of bonds from Series 2017A, 2018B, and 2018C. The amounts placed in escrow are as follows: Series 2017A ($163,460,750), Series 2018A ($55,001,033), Series 2018B (74,927,436), and Series 2018C (149,833,205) The Department ensured that the proceeds, along with other eligible funds, were permanently placed in escrow and designated exclusively for the defeasance of these respective bond series. For financial reporting purposes, the debt of $414,170,000 has been considered defeased and therefore, removed as a liability from the Department's basic financial statements. The defeasance resulted in a deferred loss of $6,855,805.

Below is a description of the Department's defeased bonds and the outstanding balances as of June 30, 2025 (dollars in thousands):

Date Originally Issued	Original par Amount	Redemption Call Date	Date Defeased	Maturities Defeased	Interest Rate Defeased Bonds %	Amount Defeased	Outstanding 6/30/2025
10/22/2009	$ 448,965	11/1/2039	5/4/2017	2022-2039	4.25-5.50%	$ —	$ 53,100
9/12/2013	200,140	11/1/2030	10/29/2020	2022-2030	4.5-5.25%	—	—
5/4/2017	226,175	11/1/2039	9/24/2024	2024-2027	5.0%	153,455	35,310
6/21/2018	51,210	11/1/2041	9/24/2024	2024-2025	5.0%	51,210	—
7/26/2018	289,730	11/1/2047	9/24/2024	2024-2027	5.0%	69,625	187,775
10/30/2018	288,900	11/1/2038	9/24/2024	2024-2027	5.0%	139,880	122,640
	$ 1,505,120					$ 414,170	$ 398,825

Finance/Installment Purchase

On August 31, 2016, the Department entered into an installment purchase agreement for the purchase of certain heavy equipment. This agreement is reflected as an installment purchase obligation at the present value of the aggregate payments due over the remaining life of the agreement. The annual interest rate is 1.39 percent. Included in other property and equipment as of June 30, 2025 and 2024 was approximately $7,143,000 of heavy duty equipment. The accumulated amortization on this equipment is approximately $3,754,670 and $3,278,480 as of June 30, 2025 and 2024, respectively, and related amortization expense was approximately $476,000 for both of the fiscal years ended June 30, 2025 and 2024.

(Continued)

On November 30, 2017, the Department entered into an addendum to the existing installment purchase agreement for the purchase of a nutrient recovery system. This agreement is reflected as an installment purchase obligation at the present value of the aggregate payments due over the remaining life of the agreement. The annual interest rate is 2.70 percent. The accumulated amortization on this equipment is approximately $8,957,000 as of both June 30, 2025 and 2024 and related amortization expense was approximately $636,914 and $517,490 for fiscal years ended June 30, 2025 and 2024, respectively.

On December 19, 2017, the Department entered into two equipment-lease purchase agreements with Noresco and Schneider for the purchase of an energy service performance initiative. These lease agreements qualified as capital leases for accounting purposes and the lease payments are reflected as capital lease obligations at the present value of the aggregate payments due over the remaining life of the leases. The annual interest rate ranges from 2.83 to 3.46 percent. There were costs included Noresco and Schneider in other property and equipment as of June 30, 2025 and 2024 of the $143,684,355 energy service performance initiative to be ultimately acquired under these equipment-lease purchase agreements.The accumulated amortization on this equipment is approximately $4,612,797 and $2,684,888 as of June 30, 2025 and 2024. Included in construction in progress related to the equipment-lease purchase agreement for Schneider was approximately $1,986,048. respectively. and related amortization expense was approximately $1,287,753 for fiscal years ended June 30, 2025 and 2024, respectively.

On December 28, 2018, the Department entered into an installment purchase agreement for the purchase of certain equipment. This agreement is reflected as an installment purchase obligation at the present value of the aggregate payments due over the remaining life of the agreement. The annual interest rate is approximately 3.55 percent. In FY2021 Equipment 3 portion of the installment purchase agreement was refinanced with an annual interest of 2.55 percent. Included in other property and equipment as of June 30, 2025 is $8,415,000 of the $16.5 million equipment to be ultimately acquired under this installment purchase agreement. The accumulated amortization on this equipment is approximately $4,539,284 and $3,790,255 as of June 30, 2025 and 2024, respectively, and related amortization expense was approximately $749,029 and $822,915 for fiscal year ended June 30, 2025 and 2024, respectively.

The present value of future minimum installment purchase payments as of June 30, 2025, is as follows (in thousands):

Fiscal year	
2026	13,276
2027	13,159
2028	13,159
2029	12,300
2030	11,441
2031-2035	48,637
Total minimum payments	111,972
Less amount representing interest	(16,802)
Present value of minimum installment purchase payments	$ 95,170

(Continued)

Note 10 – Leases

Lessee:
The Department leased an office building and parking spaces under a lease for periods through 2027. In fiscal year 2025, the Department purchased the office building for $16,750,000. When the lease was terminated the Department reclassified the right-to-use asset to a building asset and also recorded the land related to the transaction. The lease liability was removed and the difference between the lease liability and the purchase price of the asset was recorded as an adjustment to the carrying amount of the asset.

SBITA Leases:
Recognize & measure right-to-use subscription asset (intangible) & corresponding subscription liability. Subscription-Based Information Technology Arrangements (SBITAs) using facts & circumstances at the Subscription liability initially measured at present value of subscription payments expected to be made during the subscription term, discounted using rate charged by vendor or incremental borrowing rate. As the lease does not contain a specific interest rate, the Department has used its incremental borrowing rate of 5% as the discount rate for the lease. For the current year, the Department recognized $1,648,000 in lease payment and $160,000 in interest expense related to the lease.

Fiscal period ending	Principal	Interest	Total
2026	$ 1,682	$ 145	$ 1,827
2027	1,293	507	1,800
Total	$ 2,975	$ 652	$ 3,627

Lessor:
The Department is the lessor of space for cell towers on tanks, building, and land under an non-cancelable lease for periods through 2036. The Department receives variable monthly payments ranging from $8,000 to $37,000 which include the principal and interest components of the payments. As the lease does not contain a specific interest rate, the Department has used its incremental borrowing rate of 4% as the discount rate for the lease. For the current year, the Department recognized $124,000 in lease revenue and $11,387 in interest revenue related to the lease. Also, the Department has a lease receivable of $820,000 and a deferred inflow of resources associated with this lease that will be recognized over the lease term that ends on May 31, 2036. This deferred inflows of resources has a balance of $784,000 as of June 30, 2025.

Note 11– Transactions with Fulton County

Investment in Joint Venture

The Atlanta-Fulton County Water Resources Commission (Commission) is a joint venture between Fulton County, Georgia (County) and the City for the construction and operation of a water treatment plant accounted for under the equity method of accounting. The Commission is governed by a seven-member management commission, of which three members are appointed by the City, three by the County, and one independent member is elected by majority vote of the other members. The City and County also approve the annual budget of the Commission.

(Continued)

Under the terms of the amended Joint Venture Agreement, the City and the County share equally the costs of all capital expenditures. Capital contributions are recorded during the year in which the additions to capital assets are accrued. The City and the County each contributed no funds for both years ended June 30, 2025 and 2024. These capital costs are reflected as investment in joint venture in the accompanying statements of net position.

The costs of operations of the plant are paid directly by the County as incurred. The County is subsequently reimbursed by the City for its pro rata share of the cost of operations, net of personnel costs paid by the City. The costs of operations, including personnel costs, are allocated between the City and the County on the basis of water delivered to each. The City's share of those operating costs was approximately $4,334,000 and $3,600,000 for the years ended June 30, 2025 and 2024, respectively. The costs are reflected in operating expenses in the accompanying statements of revenue, expenses, and changes in net position. At June 30, 2025 and 2024, the City owes the County approximately $330,290 and $243,116, respectively for expenses associated with this joint venture. The unpaid expenses are reflected within the current liability section of the statements of net position.

The Commission's fiscal year end is December 31. Therefore, the financial information of the Commission does not match the Department's financial information. Financial information for the Commission as summarized below is as of and for the years ended December 31, 2024 and 2023 (in thousands):

	2024	2023
Total assets	$ 108,356	$ 113,771
Total net assets	$ 107,337	$ 112,615
Total operating revenue	$ 11,446	$ 12,301
Total operating expenses	$ 16,810	$ 17,645
Net loss	$ (5,364)	$ (5,344)

Separate financial statements of the Commission may be obtained from the Atlanta-Fulton County Water Resources Commission, 9750 Spruill Road, Alpharetta, Georgia 30022.

Other Contractual Agreements

The City and the County have contractually agreed that, among other things, monies owed by the City to the County would be used solely for making repairs, replacements, and extensions to the portion of the City's water distribution system located in the unincorporated portion of South Fulton County. The agreement also provides that the City retains custody of the funds and the County determines the projects for which such funds shall be used. There were no capital expenditures incurred by the City for water projects in the unincorporated area of South Fulton County during the years ended June 30, 2025 and 2024.

(Continued)

Note 12 – Pension Plan and Other Employee Benefits

The City maintains an agent multiple employer defined benefit pension plan, entitled the General Employees' Pension Plan (GEPP), and one single employer defined contribution pension plan, entitled the General Employees' Defined Contribution Plan (DCP), in both of which the Department participates.

The City has two other single-employer defined benefit pension plans, the Firefighters' Pension Plan and the Police Officers' Pension Plan. A very small number of the Department's employees participate in the Police Officers' Pension Plan, and therefore this plan is not considered material to the Department. No employees of the Department participated in the Firefighters' Pension Plan.

As noted above, the employees of the Department are covered by either the GEPP or the DCP (collectively, the Plans). The Plans do not provide for measurements of assets for individual units of the City. Such information for the City as a whole is presented in the City's Annual Comprehensive Financial Report.

Complete financial statements for the GEPP can be obtained at the following address:

City of Atlanta
68 Mitchell Street, S.W., Suite 14106
Atlanta, Georgia 30303

Separate financial statements have not been prepared for the DCP.

Administration of the Plan - In December 2017, the City of Atlanta (the City) adopted legislation to combine the management of its three separate pension plans and create one board of trustees to be known as the City of Atlanta Defined Benefit Pension Plan Investment Board (the Board) in order to improve administrative efficiency, governance and investment returns. The City consolidated and set minimum requirements for the Investment Board of Trustees of the three Pension Plans in order to optimize investment returns, establish national leadership in pension management best practices, and increase the City revenues available for compensation of active employees.

The GEPP is administered as an agent multiple-employer defined benefit pension plan by the Board. The Board membership includes The Mayor or his/her designee, the City's Chief Financial Officer, a member of the City Council, two active City employee representatives, one retired City representative, one active Atlanta Public School System representative, and one retired Atlanta Public School System representative. All modifications to the GEPP must be supported by actuarial analysis and receive the recommendations of the City Attorney, the Chief Financial Officer, and the Board. Each pension law modification must be adopted by at least two-thirds vote of the City Council and be approved by the Mayor.

(Continued)

General Employees' Pension Plan

In June 2011, the City Council approved changes to the City's GEPP effective September 1, 2011 for new hires and November 1, 2011 for existing employees. All non-sworn employees hired prior to July 1, 2001 regardless of payroll grade, and all non-sworn employees hired after July 1, 2001 below payroll grade 19 or its equivalent, are required to contribute to the GEPP.

Contribution requirements - Under the Georgia Legislature principle of Home Rule and the Atlanta Code of Ordinances, Section 6, the Board has the authority to administer the GEPP including establishing and amending contribution requirements. The funding methods and determination of benefits payable were established by the Atlanta Code of Ordinances, Part 1, Section 6 legislative acts creating the GEPP, as amended, and in general, provide that funds are to be accumulated from employee contributions, City contributions, and income from the investment of accumulated funds.

Prior to July 1, 2001, all permanent employees of the Department were eligible to participate in the GEPP. Effective July 1, 2001, all new, permanent employees of the Department were only eligible to participate in the then-newly created DCP. Effective December 5, 2002, employees previously participating in the GEPP were given the option of transferring to the new DCP. Effective September 1, 2005, classified employees and certain non-classified employees pay grade 18 and below enrolled in the DCP had a one-time option of transferring to the GEPP. Classified employees and certain non-classified employees pay grade 18 and below not covered by either the Police Officers' or Firefighters' Pension Plans and hired after September 1, 2005 are required to become members of the GEPP.

Employees hired on or after September 1, 2011 who are below pay grade 19 or its equivalent are required to participate in a hybrid defined benefit plan with a mandatory defined contribution component. The defined benefit portion of this plan includes a 1% multiplier, which includes a mandatory employee contribution of 3.75% of salary that is matched 100% by the City. Additionally, these employees may voluntarily contribute up to an additional 4.25% of salary, which is also matched 100% by the City. Employees vest in the City's contributions at a rate of 20% per year and become fully vested in the City's contribution after five years of participation.

Beginning on November 1, 2011, employees participating in the GEPP and hired before September 1, 2011, and after January 1, 1984, had an increase of 5% in their mandatory contributions into the GEPP fund in which they participate. The contribution is such that the new contribution is 12% of salary (without a designated beneficiary) or 13% of salary (with a designated beneficiary).

Beginning in fiscal year 2012, there is a cap on the maximum amount of the City's contribution to the GEPP measured as a percentage of payroll. The City's annual contribution to the GEPP may not exceed 35% of payroll of the participants in the City's GEPP. In the event that this 35% cap is reached, the City will fund any overage for the first 12-month period from its reserves. During that period, the City's management must agree on an alternative method to reduce the overage. If no alternative is reached, beginning with the second 12-month period, the City and the participants will equally split the cost of the overage, subject only to a provision that employee contributions may not increase more than 5%. Contribution requirements may be amended by the Board under the authority of the City ordinance, but the employer contribution requirement is subject to State minimums.

(Continued)

During fiscal year 2024, the City had an actuarial assessment conducted to review the pay cap. The assessment determined the City was at 25.12%, well within the cap. The 35% cap is not projected to be exceeded over the next 30 years based on the fiscal year 2025 results projected forward with the 2012 Pension Reform.

The following table provides the Department's contributions used in the determination of the Department's proportionate share of collective pension amounts reported (dollars in thousands).

Plan	Proportionate share of contribution	Allocation percentage of proportionate share of collective pension amount
General employees:		
2025	$ 15,607	32.00 %
2024	$ 15,466	32.00 %

Description of the benefit terms **–** In June 2011, the City Council approved changes for the GEPP, effective on September 1, 2011 for new hires, and November 1, 2011 for existing employees.

Prior to the change approved in June 2011, the GEPP provided monthly retirement benefits that initially represent 3% of each year of credited service multiplied by the participants' final average three-year earnings (limited to 80% of the average). Retirement benefits were adjusted annually based on the change in the consumer price index, limited to 3% per year. Upon the death of a vested participant who has beneficiary coverage, his or her eligible beneficiary(ies) would be entitled to three-fourths of the amount the deceased participant was receiving or would have been entitled to receive.

Subsequent to the June 2011 changes, the retirement age increased to age 62 for participants in the GEPP. Early Retirement Age is changed from any age (as long as vested) with penalty to age 52 for hires after September 1, 2011. Upon retirement, these participants will receive an annually calculated cost of living increase to their pension benefit that may not exceed 1% and is based upon the Consumer Price Index. Sick and vacation leave are no longer applied to retirement benefits for employees hired after September 1, 2011. Below are the terms the GEPP has established to receive benefits.

Normal Pension:

Hired before July 1, 2010:
Age 60 after completing 10 years of service.
Monthly benefit is 2.5% of average monthly salary for each year of credited service.

Hired between July 1, 2010 and October 31, 2011:
Age 60 after completing 15 years of service.
Monthly benefit is 2.0% of average monthly salary for each year of credited service.

(Continued)

Hired after October 31, 2011:
Age 62 after completing 15 years of service.
Monthly benefit is 1.0% of average monthly salary for each year of credited service.
This amount cannot be less than $12 per month for each year of service, capped at 80% of average monthly salary.

The average monthly salary for employees hired before November 1, 2011, is the average of the highest consecutive 36 months of salary. For those employees hired after October 31, 2011, the average monthly salary is the average of the highest consecutive 120 months of salary.

Early Pension:

Hired before July 1, 2010
10 years of credited service.

Hired between July 1, 2010 and October 31, 2011
15 years of credited service.

Hired after October 31, 2011
Age 52 and 15 years credited service.

The monthly benefit for employees hired before November 1, 2011, is reduced by one half of 1% per month for the first 60 months and by one quarter of 1% per month for the remaining months by which age at retirement is less than 60. More favorable early retirement adjustments may apply to participants in prior plans. Unreduced early retirement is available with 30 years of credited service. For employees hired after October 31, 2011, the monthly benefit amount is reduced by one half of 1% per month before age 62.

Disability:
Service requirement:
Five years of credited service for non-job-related disability. None for job-related disability.

Normal pension benefit based on service accrued and final average salary at disability, payable immediately; cannot be less than 50% of average monthly salary. This amount is payable until attainment of normal retirement age at which time the benefit is recalculated to include years while disabled as years of service.

The GEPP Investments - The investments for the GEPP are made within the Public Retirement Systems Investment Authority Law of the Georgia Code (O.C.G.A. 47-20-80). The GEPP Board has been granted the authority by City Ordinance to establish and amend the GEPP investment policy. The GEPP Board is responsible for making all decisions with regard to the administration of the GEPP, including the management of plan assets, establishing the investment policy and carrying out the policy on behalf of the GEPP.

The GEPP's investments are managed by various investment managers under contract with the Board, who have discretionary authority over the assets managed by them and within the GEPP's investment guidelines as established by the Board.

(Continued)

The investments are held in trust by the GEPP's custodian in the GEPP's name. These assets are held exclusively for the purpose of providing benefits to members of the GEPP and their beneficiaries.

State of Georgia Code and City statutes authorize the GEPP to invest in U.S. government obligations, U.S. government agency obligations, State of Georgia obligations, obligations of a corporation of the U.S. government, the Georgia Fund 1 (a government investment pool maintained by the State of Georgia), and alternative investments. The Plan invests in repurchase agreements only when they are collateralized by U.S. government or agency obligations. The GEPP is also authorized to invest in collateralized mortgage obligations (CMOs) to maximize yields. These securities are based on cash flows from interest payments on underlying mortgages. CMOs are sensitive to prepayment by mortgagees, which may result from a decline in interest rates. For example, if interest rates decline and mortgagees refinance their mortgages, thereby prepaying the mortgages underlying these securities, the cash flows from interest payments are reduced and the value of these securities declines. Likewise, if mortgagees pay on mortgages longer than anticipated, the cash flows are greater and the return on the initial investment would be higher than anticipated.

In the development of a current asset allocation plan, the Board reviews the long-term performance and risk characteristics of various asset classes, balancing the risks and rewards of market behavior, and reviewing state legislation regarding investments options. The following asset classes are included in the GEPP's investment objectives: Domestic Equities, International Equities, Domestic Fixed Income, International Fixed Income and Alternative Investments.

There were no changes to the policy in fiscal year 2025. The policy may be amended by the Board by a majority vote of its members. Below is the asset allocation target asset mix for the GEPP:

General employees' pension plan

Asset class	2025 Target allocation	2024 Target allocation
Domestic equity	43 %	42 %
International equity	18 %	28 %
Fixed income	30 %	25 %
Alternative investments	9 %	5 %
	100 %	100 %

The long-term expected rate of return on investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Estimates of real rates of return for each major asset class included in the GEPP's target asset allocation as of June 30, 2025 is summarized in the following table:

(Continued)

General employees' pension plan	
Asset class	Long-term expected real rate of return
Domestic equity	6.60 %
International equity	7.06 %
Fixed income	1.80 %
Alternative investments	13.30 %

For the years ended June 30, 2025 and 2024, the annual money-weighted rate of return on the GEPP investments, net of pension plan investment expense, was 11.40% and 10.00%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Changes in Net Pension Liability - The changes in net pension liability of the GEPP for the years ended June 30, 2025 and 2024, are as follows (in thousands):

	Total Pension Liability	Plan Net Position	Net Pension Liability
Balances at June 30, 2024	$ 2,025,127	$ 1,466,705	$ 558,422
Changes for the year:			
Service cost	26,681	—	26,681
Interest expense	138,499	—	138,499
Difference between expected and actual experiences	54,570	—	54,570
Contributions - employer	—	48,772	(48,772)
Contributions - employee	—	20,431	(20,431)
Net investment income	—	148,177	(148,177)
Benefit payments and refunds	(146,515)	(146,515)	—
Administrative expenses	—	(1,158)	1,158
Other	—	36	(36)
Net changes	73,235	69,743	3,492
Balances at June 30, 2025	$ 2,098,362	$ 1,536,448	$ 561,914

(Continued)

	Total Pension Liability	Plan Net Position	Net Pension Liability
Balances at June 30, 2023	$ 2,004,776	$ 1,403,948	$ 600,828
Changes for the year:			
Service cost	26,523	—	26,523
Interest expense	137,206	—	137,206
Difference between expected and actual investment earnings	(944)	—	(944)
Contributions - employer	—	48,330	(48,330)
Contributions - employee	—	19,547	(19,547)
Net investment income	—	138,393	(138,393)
Benefit payments and refunds	(142,434)	(142,434)	—
Administrative expenses	—	(1,162)	1,162
Other	—	83	(83)
Net changes	20,351	62,757	(42,406)
Balances at June 30, 2024	$ 2,025,127	$ 1,466,705	$ 558,422

Net Pension Liability - The Department has recorded and disclosed its proportionate share of the net pension liability of the GEPP as of June 30, 2025 and 2024 using a measurement date of June 30, 2024 and 2023, respectively as determined based on the June 30, 2023 and 2022, respectively actuarial valuation, projected forward to the measurement date of (dollars in thousands).

	2025	2024
Total pension liability	$ 2,098,362	$ 2,025,127
Plan fiduciary net position	1,536,448	1,466,705
Net pension liability	$ 561,914	$ 558,422
Plan fiduciary net position as a percentage of the total pension liability	73.22 %	72.43 %

The Department allocation of the net pension liability in GEPP at June 30, 2025 and 2024 is $179,812 thousand or 32% and $178,695 thousand or 32%, respectively.

Discount Rate - The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the actuarial determined contribution rates. Based on those assumptions, the GEPP's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The GEPP discount rate is 7.00% and 7.00% as of June 30, 2024 and 2023, respectively measurement dates.

(Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the Department's proportionate share of the net pension liability of the GEPP, calculated using the current discount rate, as well as what the Department's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate (dollars in thousands).

	2025		
	1% Decrease	Current discount rate	1% Increase
	6.00%	7.00%	8.00%
Department - net pension liability	$ 249,174	179,812	121,112

	2024		
	1% Decrease	Current discount rate	1% Increase
	6.00%	7.00%	8.00%
Department - net pension liability	$ 246,411	178,695	121,555

Actuarial Assumptions - The total pension liability as of June 30, 2024 and 2023 was determined by an actuarial valuation as of June 30, 2023 and 2022, respectively, with the results rolled forward to the measurement date of June 30, 2024 and 2023, respectively using the following actuarial assumptions, applied to all periods included in the measurement.

	2025	2024
Asset valuation method	Fair value	Fair value
Inflation rate	2.25 %	2.25 %
Salary increases	3.00 %	3.00 %
Investment rate of return	7.00 %	7.00 %

Healthy mortality rates were based on the RP-2006 Blue Collar Healthy Annuitant Table and the Pri-2012 Blue Collar Employee Amount-weighted Mortality Table during 2025 and 2024, respectively. No provision was made for future mortality improvement after the valuation date as the current tables were determined to contain provision appropriate to reasonably reflect future mortality improvement based on the review of mortality experience for the 2014-2019 period. Mortality rates were applied on a generational basis, meaning members are assumed to receive additional mortality improvements in each future year, throughout their lifetime.

The actuarial assumptions used in the June 30, 2024 and 2023 valuations were based on the results of an experience study for the period July 1, 2014 to June 30, 2019.

(Continued)

For the years ended June 30, 2025 and 2024, the City recognized approximately $55.2 million and $57.0 million in pension (benefit) expense, respectively, related to the GEPP. The Department's proportionate share of pension (benefit) expense was approximately $17.7 million and $18.2 million for the years ended June 30, 2025, and 2024, respectively, related to the GEPP.

Deferred outflows of resources were related to differences between expected and actual experience and contributions made after the measurement date. The difference between expected and actual experience with regard to economic and demographic factors is amortized over the average of the expected remaining service life of active and inactive members, which is approximately five years. The first year of amortization is recognized as pension expense with the remaining years shown as a deferred outflow of resources.

See the following table for deferred outflows and deferred inflows of resources related to the GEPP for the Department (in thousands):

	2025	2024
Deferred Inflows		
Net difference between projected and actual pension investments	$ (1,245)	$ (4,733)
Net difference between projected and actual earnings on pension plan investments	(2,169)	—
	$ (3,414)	$ (4,733)
Deferred Outflows		
Net difference between projected and actual pension investments	$ 13,097	$ 10,568
Changes of assumptions or other inputs	862	5,660
Contributions subsequent to the measurement date	17,666	15,607
	$ 31,625	$ 31,835
Deferred amount to be amortized	$ 10,545	$ 11,495

The Department’s deferred outflows related to contributions subsequent to the measurement date of $17,666,000 will be recognized as a reduction of the net pension liability during the year ending June 30, 2026. The Department’s other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense by the Department during the next four years ended June 30 as follows (in thousands):

Year ending June 30,	Deferred inflows/outflows
2026	$ (3,485)
2027	18,577
2028	(1,450)
2029	(3,097)
	$ 10,545

(Continued)

The City's practice is to have actuarial valuations of its defined benefit pension plans performed annually by an enrolled actuary. The following schedule reflects membership data for the GEPP at the beginning of the fiscal year ended June 30, 2024.

Inactive plan members or beneficiaries currently receiving benefits	3,993
Inactive plan members entitled to, but not yet receiving benefits	1,897
Active plan members	3,745
Total membership	9,635

Deferred Compensation Plan

The City has adopted a deferred compensation plan in accordance with the 1997 revision of Section 457 of the Internal Revenue Code. The deferred compensation plan, available to all Department employees, allows an employee to voluntarily defer receipt of up to 25% of gross compensation, not to exceed certain limits per year. Each participant elects one of three insurance providers to administer the investment of the deferred funds. Administration costs of the deferred compensation plan are deducted from the participants' accounts. The plan assets are held in custodial accounts for the exclusive benefit of the deferred compensation plan participants and their beneficiaries, and are therefore not included in the Department's financial statements.

Defined Contribution Plan

The City's Defined Contribution Plan (Defined Contribution Plan) provides funds at retirement for employees of the City and, in the event of death, provides funds for their beneficiaries, through an arrangement by which contributions are made to the Defined Contribution Plan by employees and the City. The current contribution requirement of the City is 6% of employee's payroll. Employees also make a pre-tax contribution of 6%, plus have the option to contribute amounts up to the amount legally limited for retirement contributions.

> All modifications to the Defined Contribution Plan, including contribution requirements, must receive the recommendations and advice from the offices of the Chief Financial Officer and the City Attorney. Each pension law modification must be adopted by at least a two-thirds vote of the City Council and be approved by the Mayor.

As described earlier in note 12, all new, permanent employees hired after July 1, 2001 were eligible to participate in the Defined Contribution Plan, while persons employed prior to July 1, 2001 were given the option to transfer to the Defined Contribution Plan.

Effective September 1, 2005, classified employees and certain non-classified employees pay grade 18 and below then enrolled in the Defined Contribution Plan had the one-time option of transferring to the Defined Benefit Pension Plan. Classified employees and certain non-classified employees' pay grade 18 and below hired after September 1, 2005 were required to become participants of the Defined Benefit Pension Plan.

(Continued)

Employees hired on or after September 1, 2011, who are below payroll grade 19 or its equivalent, are required to participate in the Defined Contribution Plan which will include a mandatory employee contribution of 3.75% of salary and be matched 100% by the City. Additionally, these employees may voluntarily contribute up to an additional 4.25% of salary which will also be matched 100% by the City. Employees vest in the amount of the City's contributions at a rate of 20% per year and become fully vested in the City's contribution after five years of participation.

As of June 30, 2025 and 2024, there were 2,022 and 2,195 participants, respectively, in the Defined Contribution Plan. The covered payrolls for employees in the Defined Contribution Plan were approximately $175,504,000 and $165,802,000 for the years ended June 30, 2025 and 2024, respectively. Employer contributions for the years ended June 30, 2025 and 2024 were approximately $17,538,000 and $21,339,000, respectively, and employee contributions for the years then ended were approximately $15,801,000 and $18,690,000, respectively, collectively totaling 24.10% and 24.14% of covered payroll for 2025 and 2024, respectively.

The Defined Contribution Plan uses the accrual basis of accounting. Investments are reported at Fair value, based on quoted market prices and there were no nongovernmental individual investments that exceeded 5% of the net position of the Plan.

The total employer contributions to the Defined Contribution Plan for the Department were approximately $7,410,000 and $3,164,000 for the years ended June 30, 2025 and 2024, respectively.

Post-Employment Benefits

Plan Description - The City's Retiree Healthcare Plan (Healthcare Plan) is a single-employer defined benefit healthcare plan which provides other postemployment benefits (OPEB) to eligible retirees, dependents and their beneficiaries. The Healthcare Plan was established by legislative acts and functions in accordance with existing City laws. OPEB of the City includes health, dental, vision care and life insurance. Separate financial statements are not prepared for the Healthcare Plan.

Funding Policy - The City is not required by law or contractual agreement to provide funding for OPEB other than the pay-as-you-go amounts necessary to provide current benefits to retirees, eligible dependents and beneficiaries. For the fiscal years ended June 30, 2025 and 2024, the City made approximately $50.5 million and $62.1 million "pay-as-you-go" benefit payments, respectively, on behalf of the Plan. Retiree contributions vary based on the plan elected, dependent coverage and Medicare eligibility. Eligible retirees receiving benefits contributed approximately $51.7 million and $46.9 million, respectively, during 2025 and 2024 through their required contributions.

For the fiscal years ended June 30, 2025 and 2024, respectively, the Department paid approximately $9,896,000 and $9,067,000, respectively on behalf of the OPEB Plan.

(Continued)

Contributions - Pay-as-you-go premiums are net of retiree contributions. There has not been a Trust established for this plan.

Reporting Date for Employer under GASB 75	June 30, 2025
Measurement Date for Employer under GASB 75	June 30, 2024

Changes in Total OPEB Liability - The changes in the City's total OPEB liability for the years ended June 30, 2025 and 2024 are as follows (in thousands):

	Total OPEB Liability	Contributions	Total OPEB Liability
Balances at June 30, 2024	$ 738,647	$ —	$ 738,647
Changes for the year:			
Service cost	20,959	—	20,959
Interest expense	26,812	—	26,812
Difference between expected and actual experiences	79,816	—	79,816
Contributions - employer	—	50,501	(50,501)
Change in assumptions	106,319	—	106,319
Benefit payments and refunds	(50,501)	(50,501)	—
Net changes	183,405	—	183,405
Balances at June 30, 2025	$ 922,053	$ —	$ 922,053

	Total OPEB Liability	Contributions	Total OPEB Liability
Balances at June 30, 2023	$ 756,440	$ —	$ 756,440
Changes for the year:			
Service cost	21,429	—	21,429
Interest expense	26,446	—	26,446
Difference between expected and actual experiences	29,072	—	29,072
Contributions - employer	—	62,122	(62,122)
Change in assumptions	(32,618)	—	(32,618)
Benefit payments and refunds	(62,122)	(62,122)	—
Net changes	(17,793)	—	(17,793)
Balances at June 30, 2024	$ 738,647	$ —	$ 738,647

(Continued)

Total OPEB Liability - The Department has recorded and disclosed its proportionate share of the total OPEB liability using a measurement date of June 30, 2025 and 2024 as determined based on the July 1, 2024 and 2023, respectively, actuarial valuation, projected forward to the measurement dates of June 30, 2024 and 2023 (dollars in thousands).

	2025	2024
Total OPEB liability	$ 922,053	$ 738,647

The Department's allocation of the total OPEB liability at June 30, 2025 and 2024 is approximately $118.7 million or 12.87% and 98.8 million or 13.38%, respectively.

Funded Status - As of June 30, 2024, the most recent actuarial valuation date, the Plan was not funded.

Plan Membership - The Valuation Date is June 30, 2024 and claims and participant data is collected as of this date. Employees covered by benefit terms as of June 30, 2024, consisted of the following:

Participant Data	Medical	Dental	Life Insurance
Inactive employees or beneficiaries currently receiving benefits	6,883	7,585	7,158
Active employees	9,182	9,182	9,182
	16,065	16,767	16,340

Actuarial Methods and Assumptions - The Valuation Date is June 30, 2024. The actuaries collect claims and participant data as of this date. The Measurement Date is June 30, 2024. Financial data is collected as of this date. Assumptions are set and the substantive plan is defined as of this date. The Reporting Date is June 30, 2025.

The following summarizes the major benefit provisions as included in the valuation.

Early Retirement:

General Employees:

Any age with 10 years of creditable service (if hired prior to July 1, 2010),
Any age with 15 years of creditable service (if hired before September 1, 2011),
Age 52 with 15 years of creditable service (if hired after August 31, 2011).

Normal Retirement:

General Employees:

Age 65 regardless of service (all employees),
Age 60 with 5 years of service (if hired before July 1, 2010),
Age 60 with 10 years of service (if hired before September 1, 2011),
Age 62 with 10 years of service (if hired before August 31, 2011),

(Continued)

Benefit Types:	
Duration of Coverage:	Medical, prescription drug, dental and life insurance. Lifetime.
Dependent Benefit:	Medical, prescription drug, dental, and life insurance.
Dependent Coverage:	Lifetime

Total OPEB Liability represents the value of all future benefit payments for current retirees and active employees taking into account assumptions about demographics, turnover, mortality, disability, retirement, health care trends, and other actuarial assumptions (in thousands):

	2025	2024
Reporting Date	June 30, 2025	June 30, 2024
Measurement Date	June 30, 2024	June 30, 2023
Department total OPEB Liability	$118,697	$98,817
Annual OPEB Expense (benefit)	$3,953	$(17,270)
Service Cost	$2,314	$2,530
Total Covered-employee Payroll	$109,894	$68,459

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and the actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The total OPEB liability in the actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

	2025	2024
Asset valuation method	Fair value	Fair value
Inflation rate	2.25 %	2.25%
Salary increases	3.00 %	2.25%
Discount Rate	3.93 %	3.65%
Health costs trend rates		
Medical (non-MA)	16.26% for the first year, then 7.87% graded down annually to an ultimate rate of 4.5%	
Prescription drug (MA)	6.64% for the first year, then 5.87% graded down annually to an ultimate rate of 4.50%	
Dental	5.32% for the first year, then 3.00% every year after	
Mortality Rates (Healthy)	General Employees, Sex-distinct Pri-2012 Blue Collar Healthy Retiree Amount-weighted Mortality Table with rates increased by 15%, projected generationally using Scale MP-2020.	

The discount rate is based on a rate of return based on an index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

(Continued)

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of the sharing of benefit costs between the employer and plan members to that point The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets consistent with the long-term perspective of the calculations.

Sensitivity of the Total OPEB Liability to changes in the discount rate - The following presents the Department's proportionate share of the total OPEB liability, calculated using the current discount rate, as well as what the Department's proportionate share of the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate (dollars in thousands).

Changes in Discount Rate	**2025**		
	1% Decrease	Current discount rate	1% Increase
	2.93%	3.93%	4.93%
Department - total OPEB liability	$133,420	118,697	106,389
Changes in Discount Rate	**2024**		
	1% Decrease	Current discount rate	1% Increase
	2.65%	3.65%	4.65%
Department - total OPEB liability	$111,412	98,817	88,331

Sensitivity of the Total OPEB Liability to Changes in the healthcare cost trend rates - The following presents the Department's proportionate share of the total OPEB liability, calculated using the current healthcare cost trend, as well as what the Department's proportionate share of the total OPEB liability would be if it were calculated using a healthcare cost trend that is 1-percentage-point lower or 1-percentage-point higher than the current rate (dollars in thousands):

Changes in Medical Trend	**2025**		
	1% Decrease	Current healthcare cost trend	1% Increase
Department - total OPEB liability	$106,394	118,697	133,618
Changes in Medical Trend	**2024**		
	1% Decrease	Current healthcare cost trend	1% Increase
Department - total OPEB liability	$87,821	98,817	112,139

(Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - For the years ended June 30, 2025 and 2024, the City recognized OPEB expenses of approximately $45.8 million and $14.9 million, respectively. Of the total OPEB expense, the Department recognized approximately $4.0 million and $696.0 thousand for the years ended June 30, 2025 and 2024, respectively.

The following table presents the Departments deferred outflows and deferred inflows of resources as indicated above for the years ended June 30, 2025 and 2024 (in thousands):

	2025	2024
Deferred Inflows		
Net difference between projected and actual pension investments	$ (1,606)	$ (3,438)
Changes in proportion and differences between employer contributions and proportionate share of contributions	(18,720)	(29,289)
Assumption changes	(19,303)	(15,982)
	$ (39,629)	$ (48,709)
Deferred Outflows		
Changes in proportion and differences between employer contributions and proportionate share of contributions	$ 1,954	$ 4,292
Contributions subsequent to the measurement date	5,163	7,370
Assumption Changes	9,769	351
Demographic gain/loss	27,312	20,649
	$ 44,198	$ 32,662
Deferred amount to be amortized	$ (594)	$ (23,417)

The Department's deferred outflows related to contributions subsequent to the measurement date of $5,162,000 will be recognized as a reduction of the total OPEB liability during the year ending June 30, 2026. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (in thousands). The Department's other amounts reported as deferred inflows and outflows of resources related to OPEB will be recognized in OPEB expense by the Department during the next five years ended June 30 as follows (in thousands):

	Deferred inflows/outflows
Year ending June 30,	
2026	$ (3,512)
2027	(442)
2028	(681)
2029	647
2030 and thereafter	3,394
	$ (594)

(Continued)

Note 13 – Self-Insurance

The City and the Department are self-insured for workers' compensation and general claims liabilities. The City pays for such claims as they become due. These claim liabilities are accounted for in the general fund and the applicable enterprise funds. Claims generated by governmental funds expected to be paid subsequent to one year are recorded only in the City's government-wide financial statements. There were no significant reductions in insurance coverage or claims in excess of insurance coverage during the years ended June 30, 2025 and 2024.

The City's workers' compensation liability is calculated by an outside actuary. Liabilities are reported when it is probable a loss has occurred and the amount can be reasonably estimated including amounts for claims incurred but not yet reported. The calculation of the present value of future workers' compensation liabilities, as calculated by the outside actuary, is based on the discount rate of 3.5% for both 2025 and 2024.

Prior to March 1, 2011, the City had no specific excess or annual aggregate coverage for its self-insured workers' compensation claims. Effective March 1, 2011, the City purchased an annual excess insurance policy with a $5 million per occurrence retention with no annual aggregate coverage.

The City's medical and dental plans under Blue Cross Blue Shield Point of Service are fully self-insured. The Kaiser HMO, OHS dental plan and Spectra vision plan are fully insured. The City's health and dental liability is calculated by an outside actuarial firm. Liabilities are reported when it is probable a loss has occurred and the amount can be reasonably estimated, including amounts for claims incurred but not yet reported.

Net changes in the balance of liabilities for workers' compensation and general claims attributable to the Department during fiscal years ended June 30, 2025, 2024, and 2023 were as follows (in thousands):

	Beginning of Year	Current Year Claims and Changes in Estimates	Claims Payments	End of Year
Workers' compensation:				
2025	$ 10,033	$ 1,576	$ (1,812)	$ 9,797
2024	13,452	(2,419)	(1,000)	10,033
2023	9,842	4,424	(814)	13,452
General claims liability:				
2025	$ 10,258	$ 864	$ (1,195)	$ 9,927
2024	10,589	864	(1,195)	10,258
2023	7,862	3,179	(452)	10,589

The City participates in the State Subsequent Injury Trust Fund, a public entity managed by the State of Georgia. This pool is designed to provide insurance coverage for employees who are hired with previous medical conditions. Historically, premiums have not been significant.

(Continued)

Note 14 – Commitments and Contingencies

Commitments

Construction - The Department currently has several significant construction projects budgeted. At June 30, 2025, the Department was contractually obligated to expend approximately $230,914,000 related to these projects

Other Governments - In July 1968, the City and DeKalb County, Georgia (DeKalb County) entered into an agreement (Clayton Agreement) providing for the construction of a 120-mgd water pollution control facility known as the R.M. Clayton Water Reclamation Center (Plant). Pursuant to the Clayton Agreement, the City agreed to assume responsibility for the financing, construction, operation, and maintenance of the Plant. In addition, the Clayton Agreement gave DeKalb County the right to use 25 mgd or 20.83% of the Plant capacity. The Clayton Agreement was amended in 1987 to increase DeKalb County's capacity in the Plant to 50-mgd which is 48.54% of the 103-mgd capacity.

In 1977, DeKalb County entered into an agreement for 2.62-mgd or 5.82% capacity rights in the South River Water Reclamation Center and 2.60-mgd or 12.38% capacity rights in the Intrenchment Creek Water Reclamation Center. These two Water Reclamation Centers, along with the R.M. Clayton Water Reclamation Center, are hereafter referred to as the "Plants".

Additional capital improvements may be made to the Plants upon the determination by the Department that excessive flows or loads are impairing the efficient operation of the City's sewer system, improved processes are available, and that additional improvements are necessary or desirable for the efficient operation of the Department or to comply with applicable laws. In any such event, the Department and DeKalb County have agreed to share the costs of such capital improvements generally upon the basis of relative sewerage flow contributed by the City and DeKalb County, respectively.

DeKalb County, Fulton County, the City of Hapeville, the City of East Point, and the City of College Park (collectively, the "Municipalities") share in the costs of the operation and maintenance of the Plants based upon the ratio that their sewerage flow bears to the total flows to the Plants. The Municipalities' shares of the operation and maintenance costs for the Plants for the years ended June 30, 2025 and 2024 were approximately $32,466,000 and $25,453,000, respectively. These payments are recorded as operating revenues in the accompanying statements of revenue, expenses, and changes in net position.

The Municipalities have agreed to share in the capital improvement costs made to the Plants with their share being based on their portion of the sewerage flow. The Municipalities' shares of the capital improvement costs for the years ended June 30, 2025 and 2024 were approximately $33,844,000 and $11,470,000, respectively. These payments are reported on the accompanying statements of revenue, expenses and changes in net position as capital contributions.

(Continued)

Contingencies

Litigation - The Department is subject to various lawsuits and proceedings arising in the ordinary conduct of its affairs and has been named as defendant in several lawsuits claiming personal property damages. The City is working with most of the property owners to settle these claims that primarily relate to water and sewer overflow issues. The nature of the Department's operations and the matters currently being alleged are such that similar suits may be filed in the future. The outcomes of these matters are not expected to materially affect the Department's financial position.

Other than the lawsuits discussed above, the Department has been named defendant of a class-action lawsuit in May 2014. Plaintiffs plead for a class-action lawsuit and allege that a payment-in-lieu-of-taxes (PILOT) and Franchise Fee paid by the Water and Wastewater enterprise fund to the City's General Fund is an illegal tax that must cease. The class seeks a refund for all allegedly illegal taxes paid since June 29, 2009, plus interest. The estimated maximum potential liability in that litigation is approximately $62 million, and based on the current information available, the City believes it is more likely than not that it will be successful in its defense.

Consent Decrees for Wastewater System - The Department is subject to two related consent decrees the City entered into to resolve alleged violations of the Federal Clean Water Act and the Georgia Water Quality Control Act.

On October 10, 1995, the Upper Chattahoochee Riverkeeper Fund, Inc. (Riverkeeper), brought suit against the City pursuant to the citizen suit provision of the Clean Water Act seeking injunctive relief and the assessment of civil penalties. Subsequently, the United States of America, acting at the request and on behalf of the Environmental Protection Agency (EPA), and the State of Georgia, at the request of the Georgia Environmental Protection Division (EPD), also filed a complaint against the City alleging violations of the Clean Water Act and seeking similar relief. The actions were consolidated.

The plaintiffs alleged that the City violated the terms of its permits which authorize discharge of wastewater from the City's combined sewer overflows (CSO) control facilities and its wastewater treatment facilities. In 1998, the plaintiffs and the City agreed to the entry of a consent decree relating to the CSO control facilities. On December 20, 1999, the First Amended Consent Decree (FACD) was entered with the United States District Court for the Northern District of Georgia. The United States, the State of Georgia, and the City are the parties to the FACD. Because claims brought by Riverkeeper were resolved under the CSO Consent Decree, Riverkeeper is not a party to the FACD. Current CSO related contract commitments for the wastewater project is approximately $156,137,000.

CSO Consent Decree - With respect to the October 10, 1995 action brought against the City by Riverkeeper, the court dismissed allegations regarding the phosphorus reduction program and common law nuisance claims, but found that the City violated Federal and State water pollution laws with regard to the City's operation of its Tanyard Creek, Proctors Creek/North Avenue, and Proctor Creek/Greensferry CSO treatment facilities. As mentioned, the City and the citizen plaintiffs settled the lawsuit in what is referred to as the CSO Consent Decree (EPA and the EPD also joined). The CSO Consent Decree requires the City to study the performance of the existing CSO treatment facilities, evaluate treatment alternatives that may be necessary for meeting State water quality standards, and improve the performance, maintenance, operation, and management of the existing treatment facilities. As of June 30, 2025, all projects required under the CSO Consent Decree were substantially complete. Remaining liabilities for the CSO is $0.

(Continued)

First Amended Consent Decree - The FACD resolved allegations regarding the City's wastewater treatment facilities, inter-jurisdictional requirements, and the City's sewerage collection and transmission system. For the wastewater treatment facilities, the FACD requires the City to continue its ongoing wastewater treatment facilities Capital Improvement Program to complete upgrades at the R.M. Clayton, Utoy Creek, Intrenchment Creek, and South River Water Reclamation Centers; install and implement a maintenance management system, revise the current operations program, and implement upgrades to the current laboratory information system; and review its inter-jurisdictional agreements to address over loading and pretreatment issues. There are milestones that must be completed on schedule. The provisions regarding the wastewater treatment facilities were completed in March 2004. All capital improvements, upgrades, and repairs under the FACD had an original completion date of July 1, 2014.

Amendment to the First Amended Consent Decree - On September 24, 2012, the court entered an amendment to the FACD. This amendment contained five changes: (1) it extended the deadlines on the work to rehabilitate and provide capacity relief in the City's sewerage collection and transmission system with the final deadline for this work extended from 2014 to 2027; (2) it eliminated the requirement that sewer lines that were merely surcharging as opposed to overflowing be upgraded; (3) it required that the City complete one major project, the Peachtree Creek Storage and Pump Station, by July 1, 2014; (4) it required that the City reassess its financial capability on July 1, 2020 and accelerate remaining projects if financial conditions substantially improve; and (5) it required the City to report certain performance metrics to federal and state environmental protection agencies on a semi-annual basis as opposed to a quarterly basis. This amendment allows the City to continue to improve the financial condition of its water and wastewater system, balance its competing system needs, and prevent a substantial increase in the burden on its ratepayers.

Clean Water Atlanta Program - The City is actively seeking federal and state grants and loans and other sources of funding to perform the tasks outlined in the Clean Water Atlanta (CWA) Program. Key elements of the comprehensive funding and financing plan include the following:

- Municipal Option Sales Tax (MOST) - Effective October 1, 2004, a 1% municipal sales and use tax is being collected for retail sales and use occurring in the incorporated city limits of the City of Atlanta. Proceeds from this tax are used for operations, debt service and funding renovations to the City's water and sewer system. The MOST was approved by the City's residents in the July 2004 general election for a period not to exceed four years and for raising not more than $750,000,000. In 2024 the amount was increased to 1,100,000,000.Up to two extensions, at four years each can be approved by a vote of the City's residents. In the February 2008 general election, the residents approved the first extension and in the March 2012 general election, the residents approved the second extension. In 2010, the statute was amended to allow up to three four-year extensions. In May 2018, the City of Atlanta secured state legislative approval for an additional referendum to continue MOST as a funding source for the Department's system improvements. MOST was reauthorized on June 9, 2020 for an additional four years through 2024. MOST was reauthorized on May 21, 2024 for an additional four years through 2028. Proceeds from the MOST for the years ended June 30, 2025 and 2024 were approximately $216,257,000 and $209,244,000, respectively, of which approximately $16,773,000 and $16,849,000 was receivable from the Georgia Department of Revenue at June 30, 2025 and 2024, respectively.
- Federal Appropriation - Some small federal grants have been obtained and efforts to secure additional federal grants continue.

(Continued)

- State GEFA Loans - The State of Georgia passed legislation to provide up to $50,000,000 per year in low interest Georgia Environmental Finance Authority (GEFA) loans to the City. The Department is pursuing the maximum loan amount for each year of the CWA Program. Liabilities for these loans are recorded at the time the funds are drawn. In fiscal year 2025 the Department received $2,560,000 in funding from GEFA. As of June 30, 2025 and 2024, the City had approximately $177,459,000 and $185,610,000, respectively, in short-and long-term loans outstanding to GEFA.

- The City Council approved annual increases to the current water and wastewater rates to support revenue bonds financing the five-year portion (2008-2012) of the CWA Capital Improvement Program. The graduated three-tiered rate structure is intended to minimize, to the extent possible, the impact of rate increases on ratepayers to maintain affordability and to permit water conservation. The 2019- 2023 rates are summarized below. In July 2020, the Atlanta City Council approved holding the current water and wastewater rates at fiscal year 2012 levels through fiscal year 2028.

Graduated City Monthly Water Rate Structure

Water Consumption	2021	2022	2023	2024	2025
Base Charge	$6.56	6.56	6.56	6.56	6.56
1-3 ccf	$2.58	2.58	2.58	2.58	2.58
4-6 ccf	$5.34	5.34	5.34	5.34	5.34
Above 7 ccf	$6.16	6.16	6.16	6.16	6.16

Graduated Monthly Wastewater Rate Structure

Water Consumption	2021	2022	2023	2024	2025
Base Charge	$6.56	6.56	6.56	6.56	6.56
1-3 ccf	$9.74	9.74	9.74	9.74	9.74
4-6 ccf	$13.64	13.64	13.64	13.64	13.64
Above 7 ccf	$15.69	15.69	15.69	15.69	15.69

Consent Orders for Drinking Water System - The City is subject to two administrative Consent Orders issued by the Georgia Department of Natural Resources Environmental Protection Division. They are dated December 9, 1997, and March 21, 2003. Those orders require capital improvement at the Chattahoochee and Hemphill Treatment Plants, as well as operational improvement to ensure compliance with Georgia Rules for Safe Drinking Water. While the City is in substantial compliance with the provisions of both Consent Orders, certain aspects of the capital program remain to be completed. Estimated remaining costs to satisfy the CSO is approximately $26,442,000.

Estimated Capital Costs to Complete Compliance with Decrees and Orders – The City is in the midst of a Capital Improvement Program (CIP) mandated by court orders, regulatory and priority requirements. This CIP details all of the improvements needed through the year 2027 to meet the aforementioned objectives. The current remaining cost estimate as of June 30, 2025 of the overall CIP is approximately $1.64 billion. Total capital cost recorded to date is approximately $4.30 billion.

(Continued)

The following is a summary of the funded and unfunded future costs to complete projects by type based on the current estimate:

Project Types	Total 2006-2027 CIP (In millions)	Remaining Cost 2025-2027 CIP (In millions)
Wastewater Projects:		
Consent Decree Program (CSO)	$ 863	$ —
First Amended Consent Decree Program (SSO)	1,393	1261
Regulatory	165	—
Renewal & Extension Fund Projects	756	153
	$ 3,177	$ 1,414
Water Projects:		
Consent Order	$ 44	$ 26
Non-Consent Order	1,081	196
	$ 1,125	$ 222
	$ 4,302	$ 1,636

APPENDIX B

MUNICIPAL ADVISOR'S FINANCIAL FEASIBILITY STUDY

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Municipal Advisor's Feasibility Report

Water and Wastewater Subordinate Lien Revenue Refunding Bonds, Series 2026

Prepared for:

City of Atlanta

Prepared by:

Galardi Rothstein Group

APRIL 15, 2026

April 15, 2026

Mayor Andre Dickens and Members of the City Council
City of Atlanta
68 Mitchell St SW
Atlanta, GA 30335

Subject: Municipal Advisor's Feasibility Report Water & Wastewater Subordinate Lien Revenue Bonds, Series 2026

Dear Mayor, President and Members of the Council:

The City of Atlanta (the "City") engaged Galardi Rothstein Group to prepare this report on the financial feasibility of the City's planned issuance of its Water & Wastewater Subordinate Lien Revenue Bonds, Series 2026 (the "Series 2026 Bonds"). This report has been developed in collaboration with the Department which has proactively revised investment plans to re-balance its planned water, wastewater and stormwater system (the "System") capital project allocations.

The estimated capital project encumbrance allocations and flow of funds in this report supplant similar information provided in our Muncipal Advisor Opinion Letter issued September 16, 2024 in support of the issuance of the Department's Water and Wastewater Subordinate Lien Revenue Bonds, Series 2024.

This report includes updated descriptions of the Department and its water, wastewater, and watershed protection systems; summarizes prior period encumbrances and prospective capital program encumbrance allocations; and provides revisions to the capital funding plan and financial performance projections.

Of particular importance, this report incorporates:

- Updated projections of water and wastewater service revenues based on an extensive database of water use demand and billable wastewater flow patterns as well as updated projections of Municipal Options Sales Tax (MOST) revenue based on recent economic trends.
- O&M expense projections that include higher levels of expense associated with purchased and contracted services, increased maintenance and repair activities at DWM's treatment facilities, increased personnel expenses due to filling of certain technical position vacancies, and adjustments for notable one-time expenses that occurred in the previous fiscal year.

- Planned allocations of prospective capital program encumbrance capacity that re-balance System investments in light of the Department's request to revise the remaining FACD projects.
- Projected debt service requirements that reflect:
    - Projected savings from the planned refunding of the Series 2015 Bonds.
    - Prospective new money issuances of $300 million for the Series 2026 Bonds and $300 million again in FY 2029 to repay outstanding obligations and refresh the Department's Commercial Paper Program encumbrance capacity (i.e. using revenue bond proceeds to pay off interim financing obligations).

The financial forecasts reported herein, which are based on information available as of late February 2026, demonstrate that the City can support the Series 2026 Bonds from System revenues derived primarily from existing water and wastewater rates and Municipal Option Sales Tax revenues. This report does not incorporate potential revenue enhancements and related revisions to capital program funding capacity. The Department intends to employ a discipline under which capital program spending is prioritized and constrained to ensure continued achievement of financial performance metrics that are consistent with highly-rated credits. **We affirm the financial feasibility of the Department's revised capital program allocations, including the City's planned issuance of the Series 2026 Bonds.**

We appreciate the opportunity to conduct this review and are prepared to answer any questions regarding its contents.

Eric Rothstein, CPA
Principal

Contents

1.0 Introduction 1-1

1.1 Purpose 1-1

1.2 Use of Proceeds 1-1

1.3 Scope 1-2

1.4 Firm Qualifications 1-3

1.5 System Financing Overview 1-4

1.6 Report Organization 1-6

2.0 Pending Regulatory, Legal and Legislative Issues 2-1

2.1 Pending Regulatory Issues 2-1

Request to Revise Consent Decree Projects 2-1

PFAS Regulation 2-3

Lead Service Line Regulation 2-4

Cybersecurity Coordination 2-4

2.2 Pending Legal and Legislative Issues 2-4

Rate Litigation 2-4

Fulton County Service Delivery Strategy Agreement 2-5

Tri-State Water Supply Litigation 2-5

MOST Expiration in 2032 2-5

3.0 Dept. of Watershed Management 3-1

3.1 Overview 3-1

3.2 Department Organization 3-1

Office of the Commissioner 3-2

Chief of Staff 3-3

Assistant Commissioner of Technical Services 3-4

Assistant Commissioner of Operations 3-5

Human Resources 3-6

Information Management 3-6

Communications and Community Relations 3-6

Office of Financial Administration 3-6

3.3 Inter-Jurisdictional Agreements 3-7

3.4 Department Strategic Plan 2022: A One Water Vision 3-8
4.0 Wastewater System 4-1
4.1 Overview 4-1
4.2 Wastewater System History 4-2
4.3 Service Area 4-4
4.4 Water Treatment and Collection Facilities 4-6
Water Reclamation Centers 4-6
Combined Sewer System Treatment Facilities 4-7
Collection System Facilities 4-9
4.5 Condition, Capacity, and Regulatory Compliance 4-11
Treatment Facilities 4-11
Collection System Evaluation 4-16
State Consent Orders 4-16
5.0 Watershed Protection Services 5-1
5.1 Overview 5-1
5.2 Regulatory Requirements 5-2
MS4 Permit 5-2
Stream Walks 5-3
Consolidated WRC Permit 5-3
East and West Area CSS Permits 5-4
Georgia General Stormwater Permit 5-4
5.3 Biennial Biological Monitoring 5-4
5.4 Stormwater Management Assets 5-5
Gray Infrastructure 5-5
Green Infrastructure 5-6
Engineered Green Infrastructure 5-6
Natural Green Infrastructure 5-7
In-House Design Team 5-7
Future Directions: One Water Vision 5-7
Safe Dam-Related Regulatory Enforcement 5-8
6.0 Water System 6-1
6.1 Overview 6-1

6.2 Water System History....6-2
6.3 Service Area....6-2
6.4 Water Treatment Facilities....6-4
Raw Water Supply Facilities....6-5
Water Treatment Plants....6-5
Chattahoochee Water Treatment Plant....6-6
Hemphill Water Treatment Plant....6-6
Tom Lowe Atlanta Fulton County Water Treatment Plant....6-7
Water Distribution System....6-7
6.5 Condition, Capacity, and Regulatory Compliance....6-11
Raw Water Supply....6-11
Water Treatment Plants....6-11
Distribution System Evaluation....6-12
Fulton County Service Delivery Strategy Agreement....6-13
Tri-State Water Supply Litigation....6-13
7.0 Capital Improvement Program....7-1
7.1 Overview....7-1
7.2 Capital Program Development Status and Considerations....7-2
Request to Revise Consent Decree Projects....7-2
Water System Risk Assessment....7-3
Construction Market and Project Delivery Constraints....7-3
7.3 Baseline Capital Program....7-3
7.4 Capital Project Cost Estimation / Escalation....7-8
7.5 Capital Program Sources and Uses of Funds....7-8
7.6 Potential Alternative Capital Financing and Related Projects....7-9
7.7 Previously Encumbered Projects....7-10
7.8 Opportunities for Enhanced Capital Program....7-12
8.0 Financial Performance....8-1
8.1 Overview....8-1
8.2 Historical Performance....8-1
8.3 Financial Management....8-3
Operating Funds....8-3

Debt Management Funds....8-3
8.4 Historical Rate Adjustments....8-4
8.5 Water and Wastewater Bill Comparisons....8-5
8.6 Municipal Option Sales Tax (MOST) Revenues....8-7
Long-Term Municipal Option Sales Tax (MOST) Strategies....8-7
8.7 Capital Financing....8-8
8.8 Forecasted Operating Results....8-12
Revenues....8-12
Water Demand Patterns....8-12
Water and Wastewater Service Revenues....8-15
Other Service Revenues....8-17
Municipal Option Sales Tax Revenues....8-17
Other Revenues....8-18
IJ Capital Contributions....8-18
Total System Revenues....8-18
Operating Expenses....8-18
Direct and Indirect Charges, PILOT and Franchise Fees....8-19
Other Expense....8-20
Debt Service....8-20
Existing Senior and Subordinate Lien Debt Service....8-20
Forecasted Debt Service....8-21
GEFA Loans....8-22
Commercial Paper Interest Expense....8-23
Capital Leases / Installment Purchase Obligations....8-23
Other System Obligations....8-24
Equity Financing of Capital....8-24
Fund Balances....8-24
8.9 Projected Debt Service Coverage....8-25
8.10 Key Assumptions....8-27
8.11 Conclusions....8-28
APPENDIX- Rate Schedule

Tables

3-1 Priorities for Department's Strategic Plan 2022: A One Water Vision....3-9

4-1 Wastewater Accounts, Billed Volumes and System Influent, FY 2020-FY 2025....4-6

4-2 General Information, Water Reclamation Centers....4-6

4-3 Maximum Month Flow at WRCs, 2019-2025....4-7

4-4 Summary of Combined Sewage Area Control Facilities....4-9

4-5 Collection System Pump Stations and Force Mains....4-10

4-6 Wastewater Tunnels....4-11

4-7 WRC NPDES Permit Violations, 2022-2024....4-14

4-8 East Area CSS NPDES Permit Violations, 2022-2024....4-15

4-9 West Area CSS NPDES Permit Violations, 2022-2024....4-15

5-1 MS4 Asset Inventory....5-6

6-1 Account and Water Sales History, FY 2019-FY 2025....6-4

6-2 Water Plant Production, FY 2019-FY 2025....6-6

6-3 Water Distribution Pipelines by Size....6-8

7-1 Projected Encumbrance Requirements by CIP Project Category, FY 2026-FY 2031 (nominal dollars)....7-5

7-2 CIP Encumbrance Requirements, Sources & Uses of Funds FY 2026-FY 2031 (nominal dollars)....7-9

7-3 Prior Period Encumbrances as of January 2026....7-11

8-1 Historical Water and Wastewater System Operating Results, FY 2021-FY 2025....8-2

8-2 Analysis of Outstanding Bond Funds as of January 15, 2026....8-4

8-3 Water and Wastewater Monthly Bill Comparisons....8-6

8-4 Capital Program Sources and Uses of Funds, FY 2026-FY 2031 (nominal dollars)....8-9

8-5 Forecasted Sources and Uses of Cash, Combined Funds (5051 and 5052), FY 2026-FY 2031....8-13

8-6 Accounts, Customer Units and Unit Growth by Customer Class....8-14

8-7 Usage Per Account, Per Unit and Related Trends by Customer Class....8-15

8-8 Outstanding Senior and Subordinate Lien Debt....8-21

8-9 Projected Senior Lien, Subordinate Lien, and Total Debt Service Coverage, FY 2026-FY 2031 8-25
8-10 Key Financial Planning Assumptions 8-27
A-1 Proposed Water and Wastewater Rate Schedule ..... (appendix)

Figures

3-1 Department of Watershed Management Organization 3-2
4-1 Wastewater Service Area 4-5
4-2 Combined Sewer Facilities and CSO Tunnels 4-8
6-1 Water System Service Area 6-3
6-2 Water Treatment Facility Schematic 6-4
6-3 Water System Pressure Zones 6-9
6-4 Water System Facilities 6-10
8-1 Historical Water and Wastewater Bill (Inside City Customer, 8 CCF) 8-5

Acronyms and Abbreviations

ACF	Apalachicola-Chattahoochee-Flint
AMI	advanced metering infrastructure
AMR	advanced meter reading
AWWA	American Water Works Association
BMP	best management plan
BNR	biological nutrient removal
CAGR	compounded annual growth rate
CAP	corrective action plan
CCF	hundred cubic feet
CIP	capital improvement program
CMMS	computerized maintenance management system
COD	chemical oxygen demand
COLA	cost of living adjustments
CSCF	combined sewer control facilities
CSO	combined sewer overflow
CSS	combined sewer system
CWA	Clean Water Act
CWS	community water systems
DEAM	Department of Enterprise Asset Management
DIP	ductile iron pipe
DNR	Department of Natural Resources
DWM / Department	Department of Watershed Management
ECM	energy conservation measures
EIB	environmental impact bonds

EPA	United States Environmental Protection Agency
FACD	First Amended Consent Decree
FEMA	Federal Emergency Management Agency
FOG	fats, oils, and grease
FY	fiscal year
GEFA	Georgia Environmental Finance Authority
GEPD	Georgia Environmental Protection Division
GIS	geographic information system
GRG	Galardi Rothstein Group
HDPE	high density polyethylene pipe
IJ	inter-jurisdictional
IRMA	independent registered municipal advisor
IT	information technology
LCRR	Lead and Copper Rule Revisions
LTWMP	long-term watershed monitoring program
MG	million gallons
mgd	million gallons per day
MOM	management, operations and maintenance
MOR	monthly operating reports
MOST	Municipal Option Sales Tax
MS4	municipal separate storm sewer system
MSRB	Municipal Securities Rulemaking Board
NACWA	National Association of Clean Water Agencies
NAVD	North American Vertical Datum
NORESCO	NORESCO, LLC; an energy services company
NPDES	National Pollutant Discharge Elimination System
NPU	neighborhood planning units

NTNCWS	non-transient non-community water systems
NWF	National Wildlife Federation
O&M	operations and maintenance
OCCR	Office of Communications and Community Relations
OLIO	Office of Linear Infrastructure Operations
OPEB	other post-employment benefits
OWTR	Office of Water Treatment and Reclamation
PCCP	prestressed concrete cylinder pipe
PFAS	perfluoroalkyl and polyfluoroalkyl substances
PILOT	payments in lieu of taxes
PMST	Program Management Services Team
PPCA	Procurement, Planning and Contract Administration
PPP	public-private partnerships
PPS	Peachtree Pump Station
PS	pump station
PVC	polyvinylchloride pipe
QWSF	Quarry Water Supply Facility
SDA	Service Delivery Act
SDS Agreement	Service Delivery Strategy Agreement
SDWA	Safe Drinking Water Act
SLGS	State and Local Government Series
SSES	sewer system evaluation survey
SSO	sanitary sewer overflow
SWMP	Stormwater Management Plan
SWPPP	Storm Water Pollution Prevention Plan
TBL	triple bottom line
TMDL	total maximum daily load

TRC	total residual chlorine
TSS	total suspended solids
UCMR5	Fifth Unregulated Contaminant Monitoring Rule
USAID	United States Agency for International Development
UV	ultraviolet
WEF	Water Environment Federation
WIFIA	Water Infrastructure Finance and Innovation Act
WQCF	water quality control facilities
WRC	water reclamation centers
WRF	Water Research Foundation
WTP	water treatment plant

1.0 Introduction

1.1 Purpose

Galardi Rothstein Group (GRG) was engaged[1] by the City of Atlanta (the "City") to prepare this report. The purpose of this report is to review the operation and maintenance of the water, wastewater and watershed protection system (the "System") of the City; update the City's strategic financial plan to reflect revisions to the System's capital improvement program (CIP, or "capital program") funding allocations; and to demonstrate the financial feasibility of the planned issuance by the City of its Water and Wastewater Subordinate Lien Revenue Refunding Bonds, Series 2026 (the "Series 2026 Bonds").

This report, which relies on information available through late February 2026, provides a detailed forecast of the financial performance of the City's Department of Watershed Management (DWM or the "Department") for the forecast period Fiscal Year (FY) 2026 through FY 2031 and updates other information presented in the Municipal Advisor's Opinion Letter (the "Series 2024 Opinion Letter") issued in September 2024 and prepared in connection with the City's Water and Wastewater Subordinate Lien Revenue Bonds, Series 2024 (the "Series 2024 Bonds").

This report has been developed in collaboration with the Department, which is responsible for operating, maintaining and upgrading the System. GRG Principals have assisted with development of Engineer's or Municipal Advisor's financial feasibility studies, opinion letters or certificates for all of the City's water and wastewater system bond issues since the City's issuance of its Water and Wastewater Revenue Bonds, Series 2004.

1.2 Use of Proceeds

The Series 2026 Bonds, with estimated sources of funds of approximately $1.2 billion, are being used for the following purposes: (a) to refund the City's outstanding Series 2015 Bonds in the amount of $744.7 million,[2] (b) to refund outstanding Commercial Paper notes or otherwise provide substitute encumbrance financing for projects

[1] The services were performed in accordance with an Engagement Letter between the City of Atlanta and GRG dated December 1, 2025. We have relied on selected information provided by the City and other parties and, unless otherwise expressly indicated, have made no independent investigation as to the validity, completeness, or accuracy of such information. This Report summarizes the results of our studies and analyses up to the date of this Report. Prospective purchasers of the Series 2026 Bonds should not rely upon the information contained in this Report for a current description of any matters set forth herein as of any date subsequent to the date of this Report. Changing conditions occurring or becoming known after such date could affect the material presented herein to the extent of such changes.

[2] The City's adopted Series 2020 Bond Ordinance authorizes refunding of the City's Series 2015 Water and Wastewater Revenue Bonds in the event of favorable market conditions.

funded with the line of credit in the amount of $300.0 million (through the issuance of a new money component), (c) to fund a tender program that will buy back outstanding Series 2020 Bonds which—based on an estimated 30% participation rate—would result in approximately $128.8 million of additional refunded par, and (d) to pay approximately $13.8 million in costs of issuance and underwriter's discount associated with the Series 2026 Bonds.[3]

1.3 Scope

This Report presents a summary description of the Department's organizational structure and strategic vision. It provides updates to descriptions of the System, its capital program, and our independent projections of financial performance that inform our evaluation of the financial feasibility of the Series 2026 Bonds. This Report includes:

- Descriptions of the Department's organization and its water, watershed protection and wastewater systems;
- A summary of pending regulatory and legal issues that present opportunities and risks that could have a material impact on the Department's financial performance;
- A summary of capital program planning considerations, project categories and funding allocations; a forecast of capital program encumbrance allocations by project category and forecast year, and a listing of expected sources of capital project encumbrance funding by forecast year; and
- A review of recent System financial performance and a detailed projection of financial operating results that demonstrate the financial feasibility of the Series 2026 bonds.

This Report summarizes the results of recent DWM efforts to rebalance capital program funding allocations relative to that previously reported in the Series 2024 Opinion Letter in light of the City's recent request to revise the projects under the City's wastewater collection and transmission system Consent Decree, referred to herein as the "First Amended Consent Decree" or "FACD." Project category funding allocations reflect recent asset management evaluations as well as assessments of the System's ability to meet requirements of the Federal Clean Water Act, the Georgia Water Quality Control Act, the Federal Safe Drinking Water Act, and the Georgia Safe Drinking Water Act.

The Department's capital project category funding allocations represent $1.46 billion (in nominal dollars) of project funding capacity over the FY 2026 to FY 2031 forecast period. The Department is also evaluating alternative revenue enhancement and project delivery options that could enable additional capital investments. The

[3] To the extent that additional bonds are tendered (either in the form of higher participation rates or offering additional series of bonds for tender), will result in increased debt service savings that may improve the projected financial performance of the Department presented herein.

Department recognizes that such additional investments must be supported by revenue enhancement and/or cost control measures that will sustain (if not enhance) the Department's projected financial performance and credit quality.

Our financial evaluations have included a detailed analysis of historical billing system data, updating of detailed revenue forecasting models, and revisions to the strategic financial planning model used to determine System rate revenue requirements. The strategic financial planning model forecasts all System cash flows, employing FY 2025 audited financial statements and recent forecasts of capital financing expenses funded through prior and anticipated revenue bond proceeds, low-interest Georgia Environmental Finance Authority (GEFA) State Revolving Fund loans, federal Water Infrastructure Finance and Innovation Act (WIFIA) loans, the Department's Commercial Paper Program, and operating revenues. The resulting financial plan, which is reported on herein, was developed to ensure compliance with the applicable covenants of the City's Master Bond Ordinance adopted on May 31, 1999 as thereafter supplemented and amended (the "Master Bond Ordinance").

1.4 Firm Qualifications

GRG provides strategic financial and management consulting services to government agencies, public-private partnerships and special districts worldwide.[4] GRG is the partnering of Galardi Consulting LLC, established in 1996 – a certified Woman-Owned and Emerging Small Business Enterprise; Stanger Consulting LLC established in 2012; and the Rothstein Group LLC established in 2007. Principals Eric Rothstein and Cody Stanger are Municipal Advisors registered with the Municipal Securities Rulemaking Board (MSRB).[5]

GRG has prepared strategic financial plans, conducted cost-of-service rate studies, and participated in consent decree negotiations related to financial capabilities for numerous utilities throughout North America including Akron, OH; Halifax Regional Water Commission, Nova Scotia; Honolulu, HI; Northeast Ohio Regional Sewer District (Cleveland, OH); Salem, OR; Metropolitan St. Louis Sewer District, MO; Tucson, AZ and Winnipeg, Manitoba. GRG, through a contract with Chemonics International Inc., was engaged in 2012 by the United States Agency for International Development (USAID) to participate in a national tariff study for the Government of Egypt's Ministry of Housing, Utilities and Urban Development. GRG prepared the Municipal Advisor's Report for the $1.785 billion Series 2013 Jefferson County Alabama Sewer Warrant issue that enabled the county to exit from bankruptcy under a Plan of Adjustment confirmed by the U.S. Federal Bankruptcy Court in November 2013. GRG Principal Eric

[4] GRG, under a separate contract, serves as a sub-contractor of the Stantec/SG Joint Venture Program Management Services Team (PMST) responsible for various aspects of the City's FACD compliance program.

[5] Though Eric Rothstein and Cody Stanger are Municipal Advisors registered with the Municipal Securities Rulemaking Board (MSRB), the City has not designated Galardi Rothstein Group as its independent registered municipal advisor ("IRMA") for purposes of SEC Rule 15Ba1-1(d)(3)(vi) (the "IRMA exemption").

Rothstein served as Implementation Planning Program Manager for the creation of the Great Lakes Water Authority in Detroit, Michigan and as a member of the Flint Water Advisory Task Force appointed by Michigan Governor Rick Snyder in October 2015.

More recently, GRG has supported the Guam Waterworks Authority's applications for rate increase relief (FY 2020 – FY 2024 and FY 2025 – FY 2029 Five Year Rate Plans) and related annual true-ups; has supported recently completed water and wastewater system consent decree negotiations with the United States Environmental Protection Agency (EPA) for both Guam Waterworks Authority and Hamilton County, Ohio[6]; and has supported litigants in various lawsuits related to purported PFAS contaminations of public water supplies, and related to purported violations of Michigan law governing utility rates. GRG developed the Municipal Advisor Feasibility Study reports used for Jefferson County, Alabama's ($2.42 billion) Sewer Revenue Warrants, Series 2024 issue and for Guam Waterworks Authority's ($266.5 million) Water and Wastewater System Revenue Bonds Series 2025A issue.

GRG Principals have also been involved in the development of water and wastewater industry manuals of practice for financial planning and rate setting and authored numerous articles and presentations for industry professional societies and research organizations including the American Water Works Association, National Association of Clean Water Agencies (NACWA), Water Environment Federation (WEF), and Water Research Foundation (WRF). Most recently, Eric Rothstein served as a Principal Contributor for development of the water sector professional society sponsored reports: *Developing a New Framework for Household Affordability and Financial Capability Assessment in the Water Sector* (2019), and *Low-Income Water Customer Assistance Program Assessment* (2024) and for a NACWA sponsored white paper: *Resilience Strategies for a Shifting Financial Landscape for Public Clean Water Utilities* (to be released in early 2026).

1.5 System Financing Overview

Prior to 2006, DWM used proceeds of revenue bonds, GEFA loans, and operating revenues to finance the development of the System. The 2006 Commercial Paper Program provided interim funding for the Clean Water Atlanta program with notes subordinate in lien and right-of-payment to revenue bonds issued by the City under the Master Bond Ordinance. In 2009, the City issued the Series 2009A Bonds to refinance all of its outstanding notes under the 2006 Commercial Paper Program, realign project commitments funded by the 2006 Commercial Paper Program, and secure new money for the Department's capital projects.[7] In October 2009, the City issued its Series 2009B Bonds to refinance certain of its outstanding variable rate demand obligations for which liquidity support had expired. In 2013, the City issued the Series 2013A Bonds

[6] Hamilton County, Ohio is the owner and principal of the Metropolitan Sewer District of Greater Cincinnati.

[7] The 2006 Commercial Paper Program was terminated at this time.

and Series 2013B Bonds to refinance selected revenue bond issues and align its swap contracts to portions of its variable debt portfolio. In 2015, the City issued the Series 2015 Bonds to refinance selected revenue bond issues and installed a new interim short-term financing facility, the 2015 Commercial Paper Program, to facilitate funding of the Department's Water Supply Program.

In July 2016, the Department entered into a capital lease for heavy equipment and energy service. In April 2017, the City issued the Series 2017A Bonds to refund a portion of the Series 2009B Bonds. In November and December 2017, the Department entered into three capital leases to acquire heavy equipment, install energy conservation measures, and implement nutrient recovery. Two additional capital leases related to acquisition of rolling stock were issued in December 2018.

In 2018 and early 2019, the Department issued four revenue bond series and secured both GEFA and WIFIA loans.[8] The Series 2018A Bonds, Series 2018B Bonds, and Series 2018C Bonds provided for approximately $50M in new money, refunding of selected revenue bonds, and refinancing of the Department's 2015 Commercial Paper notes. In addition, the City established its 2018 Commercial Paper program. In January 2019, the Series 2019A Environmental Impact Bonds (EIB) (with transaction support funded by a Rockefeller Foundation grant) was the first public offering of an EIB to finance stormwater green infrastructure investments. The EIB has been used to fund innovative green infrastructure projects that addresses critical flooding and water quality issues, reduces stormwater runoff, and enhances the quality of life of Westside neighborhoods in the Proctor Creek watershed.

Pursuant to the applicable terms of the Master Bond Ordinance, the City adopted a Supplemental Ordinance on June 17, 2024 providing for a reduction to the amount of the Debt Service Reserve Requirement to 50% of the average annual Debt Service Requirement with respect to senior lien bonds in the then current or any succeeding Fiscal Year. Upon the newly established Debt Service Reserve Requirement taking effect, the City released $149.7 million from its Debt Service Reserve Account. DWM then used available cash to fund the defeasance and redemption of the Series 2017A Bonds, Series 2018A Bonds, Series 2018B Bonds and Series 2018C Bonds.

In general, the Department has used net operating revenues, GEFA and WIFIA loans, and a series of tax exempt commercial paper programs to finance the costs of planning, engineering, design, acquisition, construction and reconstruction of certain additions, extensions, improvements and betterments included as a part of the Department's multi-phase long term capital improvement program for the System. As discussed in Section 8, the Department intends to continue to finance its capital program primarily with operating revenues and revenue bond issues (FY 2026, FY 2029) used to refinance Commercial Paper notes.

[8] In addition to the GEFA loans, the Department secured approval for up to $216.9 million in WIFIA loans.

1.6 Report Organization

This Report contains the following sections:

- Section 1 – Introduction: outlines the purpose and scope of the report, data sources, municipal advisor qualifications and a summary of the Department's historical approaches to capital project financing.
- Section 2- Pending Regulatory, Legal and Legislative Issues: provides a brief overview of various regulatory and compliance matters, summarizes pending litigation matters related to operational aspects of the tri-state water supply and DWM's outside-City rates, and discusses the expiration of legislative authorization for the Municipal Option Sales Tax (MOST) in 2032.
- Section 3 – Department of Watershed Management: provides a review of DWM's organizational structure and brief descriptions of its offices, summarizes inter-jurisdictional agreements with regional service delivery partners, and outlines the Department's 2022 strategic plan.
- Section 4 – Wastewater System: describes the current wastewater system service area, facilities, operations and assets; discusses consent decree compliance and provides a general assessment of the condition of System assets.
- Section 5 – Watershed Protection Services: describes the current infrastructure asset base, distinguishes between public and private responsibilities, delineates regulatory requirements for stormwater management planning, and reviews City programs employed to deliver watershed protection services and comply with applicable regulatory requirements.
- Section 6 – Water System: describes the current water system service area, facilities, operations and assets, discusses consent order compliance and provides a general assessment of the condition of water system assets.
- Section 7 – Capital Improvement Program (CIP): outlines the Department's capital program development status and considerations, historical capital planning efforts, existing capital project encumbrances and reviews the allocation and scheduling of prospective encumbrances to fund the Department's capital program by major expenditure category.
- Section 8 – Financial Performance: provides historical financial performance information; compares the System's water and wastewater bills with those of other major metropolitan areas; and summarizes projections of revenues and expenses, debt service coverage and fund balances for the period FY 2026 through FY 2031.
- Appendix – Rate Schedule : provides the Department's existing and proposed water and wastewater rates, by component.

2.0 Pending Regulatory, Legal and Legislative Issues

The Department must adhere to state and federal regulations of its water, watershed protection, and wastewater system and services. Water standards are based on the requirements established by the Safe Drinking Water Act (SDWA), while stormwater management and wastewater treatment and disposal are governed by the Clean Water Act (CWA). The Georgia Environmental Protection Division (GEPD) issues National Pollutant Discharge Elimination System (NPDES) permits for DWM facilities when required and is responsible for monitoring its compliance. GEPD also monitors DWM water system operations and monitoring for SDWA compliance.

In general, the Department has a good record of compliance with applicable permits and regulations. The Department has entered into several water system and wastewater system Consent Orders with GEPD. In addition, the City is implementing two federal Consent Decrees, one of which concerns the City's Combined Sewer System (referred to as the "CSO Consent Decree") and the other regarding the City's wastewater collection and transmission system, referred to as the First Amended Consent Decree (FACD) as noted earlier. The EPA and GEPD are parties to and oversee implementation of these two Consent Decrees. The City is also subject to a third Consent Decree that resulted from the settlement of a CWA citizen suit brought by Chattahoochee Riverkeeper against the City regarding alleged violations of the R.M. Clayton NPDES permit (the "R.M. Clayton Consent Decree"). That Consent Decree was entered in federal court on February 4, 2026.

The Department emphasizes regulatory compliance, and carefully monitors the evolving regulatory landscape related to its services. In so doing, DWM is focused on several pending regulatory, legal and legislative issues that, prospectively, could have a material impact on its financial position. The most significant of these issues are summarized below:

2.1 Pending Regulatory Issues

Request to Revise Consent Decree Projects

On August 29, 2023, the City delivered a letter to EPA and GEPD to, among other things, provide an update regarding the current status of the City's obligations to complete the First Amended Consent Decree Projects and initiate cooperative engagement with EPA and GEPD to address the need for schedule relief relating to certain First Amended Consent Decree Projects (the "Schedule Relief Letter"). At that time, the City believed that many of the remaining First Amended Consent Decree Projects, as previously

identified to EPA and GEPD, may be completed within the applicable deadlines, with the exception of two major projects.

After August 29, 2023, the City, through its technical experts, conducted a series of assessments of remaining projects previously identified to EPA and GEPD to be performed under the First Amended Consent Decree. These assessments included a review of all sanitary sewer overflows (SSOs) that occurred from 2014 to 2025; whether completed and/or upcoming projects mitigated or will mitigate the SSOs; and the status of each First Amended Consent Decree project and whether there is a continuing need for each project to achieve compliance with the First Amended Consent Decree. Based on these assessments, the City has determined that many of the projects are not required to achieve compliance with the First Amended Consent Decree and, as such, the City is in discussions with EPA and GEPD to terminate the First Amended Consent Decree after completion of two significant projects. As a result, the City has requested and is in discussions with EPA and GEPD to revise the remaining FACD projects to two significant projects. After completion of these two projects, the City may then seek termination under the termination provisions of the First Amended Consent Decree.

In recent (and ongoing) meetings and information exchanges with EPA and GEPD, the Department has presented information regarding the above-referenced assessments and projects currently designated as required under the First Amended Consent Decree. The Department has requested to revise the remaining FACD projects to two major projects – the North Fork Storage Tank and Pump Station Project and the Custer Avenue Multi-Benefit Capacity Relief Project. If the agencies agree with this approach, the City will seek termination of the FACD upon completion of these projects pursuant to the FACD's termination provisions. The Department has proposed that the remaining FACD projects, with current funding estimates totaling $696.5 million and project delivery requirements totaling $894.3 million, be completed either under the City's Capital Improvement Program or in the normal course under the City's Management, Operation and Maintenance Programs or Stormwater Program. Significantly, several previously identified FACD projects that the City no longer believe are necessary to comply with the First Amended Consent Decree have already been funded and contracted under the capital program.[9] The City is engaged in discussions with EPA and GEPD to reach agreement on the remaining FACD projects.

There is a risk that the agencies may not agree with the City on its request to revise the remaining FACD projects, which may subject the City to stipulated penalties for those projects that are not completed by the First Amended Consent Decree milestone date of July 31, 2027.[10] To the extent any such stipulated penalties for those projects are

[9] These projects, which were funded from proceeds from the Series 2024 Bonds, include Sewer Group 5 projects in the Westside and Eastside Peachtree Creek Basin ($80.2 million) and Sewer Group 6 projects in the Utoy Creek Basin ($99.9 million).

[10] Maximum stipulated penalties as outlined in the FACD are $8,500 per day.

imposed, the payment of such stipulated penalties would not have a materially adverse effect on the operation of the System or Pledged Revenues for debt service.

PFAS Regulation

The Department of Watershed Management has adopted a strategic, risk-based approach to addressing emerging PFAS regulatory and treatment requirements.[11] The Department is actively evaluating PFAS occurrence, regulatory thresholds, and treatment technologies while developing long-term mitigation and control strategies. These efforts include conducting PFAS monitoring in compliance with the UCMR5- Fifth Unregulated Contaminant Monitoring Rule,[12] which calls for analyzing for 29 PFAS analytes at drinking water plants, updating Industrial Pretreatment Permits to include language drawn from EPA and GEPD guidance to prohibit discharge of PFAS except in compliance with a Best Management Plan (BMP), developing plans for enhanced monitoring, source water protection, operational controls, and capital planning for potential treatment upgrades to ensure regulatory readiness, protect public health, and manage future compliance costs in a financially responsible manner. Activities include:

- Actively evaluating PFAS occurrence, regulatory thresholds, and treatment technologies while developing long-term mitigation and control strategies.
- Updating Industrial Pretreatment Permits to include language from EPA guidance
- Developing BMPs pertaining to PFAS (referring to the Industrial Pretreatment Permits)
- Enhanced monitoring (planning stage)
- Source water protection
- Operational controls
- Capital planning for potential treatment upgrades

These activities are intended to ensure regulatory readiness, protect public health and manage future compliance costs in a financially responsible manner.

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11 PFAS is a general catchall acronym to refer to perfluoroalkyl and polyfluoroalkyl substances – a class of fluorinated organic chemicals containing at least one fully fluorinated carbon atom, which are currently subject to proposed EPA and Georgia EPD rules and guidance including, but not limited to, drinking water, hazardous waste remediation and wastewater treatment.

12 UCMR 5 requires monitoring by certain public water systems for 29 PFAS substances and lithium in drinking water between 2023 and 2025. All community water systems and non-transient non-community water systems serving 3,300 or more people and a nationally representative sample of those serving fewer than 3,300 people are required to monitor during a single 12-month timeframe in the three years of monitoring.

Lead Service Line Regulation

The Department is evaluating the possible need to implement corrosion control processes at the treatment plants should an increase in distribution system monitoring be required under the EPA's new Lead and Copper Rule. As part of the EPA's Lead and Copper Rule Revisions (LCRR), all community water systems must inventory their service lines[13] and identify those made of lead. The Department completed the initial phase of the LCRR service line inventory, which was submitted in October 2024. DWM's initial findings did not locate any lead service lines; however, private lead service lines are likely to still exist. The study will continue with a required conclusion date of 2027.

Cybersecurity Coordination

The City in general, and the Department in particular, continue to place appropriate emphasis on security. The City has a proprietary disaster and emergency management plan which is onsite and approved by the U.S. Department of Homeland Security. All of the Department's facilities, except for a few small wastewater pumping stations, have onsite, standby and emergency generators. Most of the City's major facilities are on two different transmission feeds from independent substations. A ransomware attack against the City in 2018, and the resulting impacts on the City's operations, were the catalyst for an enhanced cyber security program at the City that continues to evolve to meet changing needs and threats relating to unauthorized access to data or breaches of confidential information due to criminal conduct, attacks by hackers, employee or insider malfeasance, or human error. Additionally, to enhance the City's security posture, the City works with a range of state and federal law enforcement agencies, including the Department of Homeland Security and the FBI.

2.2 Pending Legal and Legislative Issues

Rate Litigation

On December 19, 2025, the Superior Court of Fulton County, State of Georgia granted the City of Atlanta's objection to a court appointed Special Master's Report and Recommendation indicating that Atlanta's outside-City retail water rates were "arbitrarily higher" than Atlanta's inside-City retail customers in violation of Georgia law:

> *"In the Court's estimation, not only did the City of Atlanta have a rational basis for setting the outside city rate differential as it did, the City of Atlanta followed a reasonable, appropriate, and, in fact, robust process using a highly competent professional firm in setting the water-rate differential."*[14]

[13] A service lateral is the smaller pipe connecting the street's water main to the customer's property.

[14] Order in Civil Action File No. 2009-CV-177235, p. 10.

Though this is the latest in a series of successful defenses of the City of Atlanta's outside-City retail water rate differential, the Court's reversal of the Special Master's recommendation and grant of the City of Atlanta's objection is subject to further appeal.

Fulton County Service Delivery Strategy Agreement

The City of Atlanta is located primarily within Fulton County, Georgia and is a party to the Fulton County Service Delivery Strategy Agreement (SDS Agreement)[15] dated October 27, 2005. As part of the statutorily required, periodic renegotiations of the SDS Agreement, the City of Sandy Springs, Georgia is challenging the City of Atlanta's water rate differential pursuant to a state statutory process (Fulton County Georgia v. City of Alpharetta, Civil Action File No. 2009-CV-17725). The City of Atlanta received a favorable ruling from the trial court on all pending matters in December 2025, and said ruling is on appeal by the City of Sandy Springs.

Tri-State Water Supply Litigation

As further described in Section 6.5, the Army Corps of Engineers determined that Buford Dam can be operated to accommodate water supply withdrawals of up to 379 million gallons per day ("mgd") by the river users. This operational capacity was incorporated into an updated Master Manual for the Apalachicola-Chattahoochee-Flint (ACF) River system adopted by the Corps in 2017. Operations pursuant to the 2017 Master Manual are projected to meet the river users' water supply needs at least through 2050.

Yet, this manual is the subject of litigation currently pending before the United States Court of Appeals for the 11th Circuit brought by two parties, the State of Alabama and the National Wildlife Federation. The State of Alabama appeal is currently held in abeyance pursuant to an agreement between Alabama, the Corps, the State of Georgia, the City of Atlanta, and six other "Water Supply Providers" with whom the City shares counsel. If implemented by the Corps following public notice and environmental review, this agreement will result in Alabama's appeal being voluntarily dismissed. The National Wildlife Federation did not participate in the agreement, however, and its appeal is currently proceeding.

MOST Expiration in 2032

While consistent local voter support for water and wastewater system funding through the MOST has been demonstrated, the Department recognizes the significance of this revenue source and regularly evaluates scenarios that examine capital funding capacity and corresponding service rate increase scenarios given the prospective expiration of

[15] As required by the Service Delivery Act, pursuant to O.C.G.A. § 36-70-20, et seq. (SDS Act).

legislative authorization for MOST in 2032. As noted in Section 8, components of responsive strategies[16] being evaluated include the following:

- DWM may seek legislative re-authorization of the MOST beyond 2032, or a permanent allocation of special tax proceeds dedicated to the provision of water and wastewater service;
- DWM may re-initiate previously deferred annual water and wastewater system service rate adjustments;
- DWM may restructure its existing debt portfolio or modify the structure of future debt service to tailor long-term debt service obligations; and
- DWM may implement new fees and charges—such as an impervious area-based stormwater fee and/or impact fees for new customers—that could supplant a portion of MOST proceeds.

While the specific attributes of DWM's longer-term financing strategy will be determined over the course of the next several years, DWM has several options to sustain MOST funding support, or ensure an orderly reduction on its reliance, as it continues to evaluate and refine alternative funding strategies for its capital program.

[16] The Department's capital financing scenario analyses that contemplate alternative revenue streams are not included in this Report as the legislative authorization for MOST expires beyond the forecast period and the financial plan anticipates voter renewal of MOST in 2028.

3.0 Dept. of Watershed Management

3.1 Overview

The Atlanta City Council established the Department on September 16, 2002 (Ordinance 02-O-1450) to lead the City's comprehensive approach to water supply, watershed protection, and wastewater management. Reporting directly to the Mayor and the City's Chief Operating Officer, the Department manages services through a State of Georgia–certified regional service area and coordinates with surrounding municipalities and counties via inter-jurisdictional agreements. All financial transactions are managed through a single, independent enterprise fund.

The Department delivers drinking water, watershed protection, and wastewater services to residential, commercial, industrial, and governmental customers. Key responsibilities include:

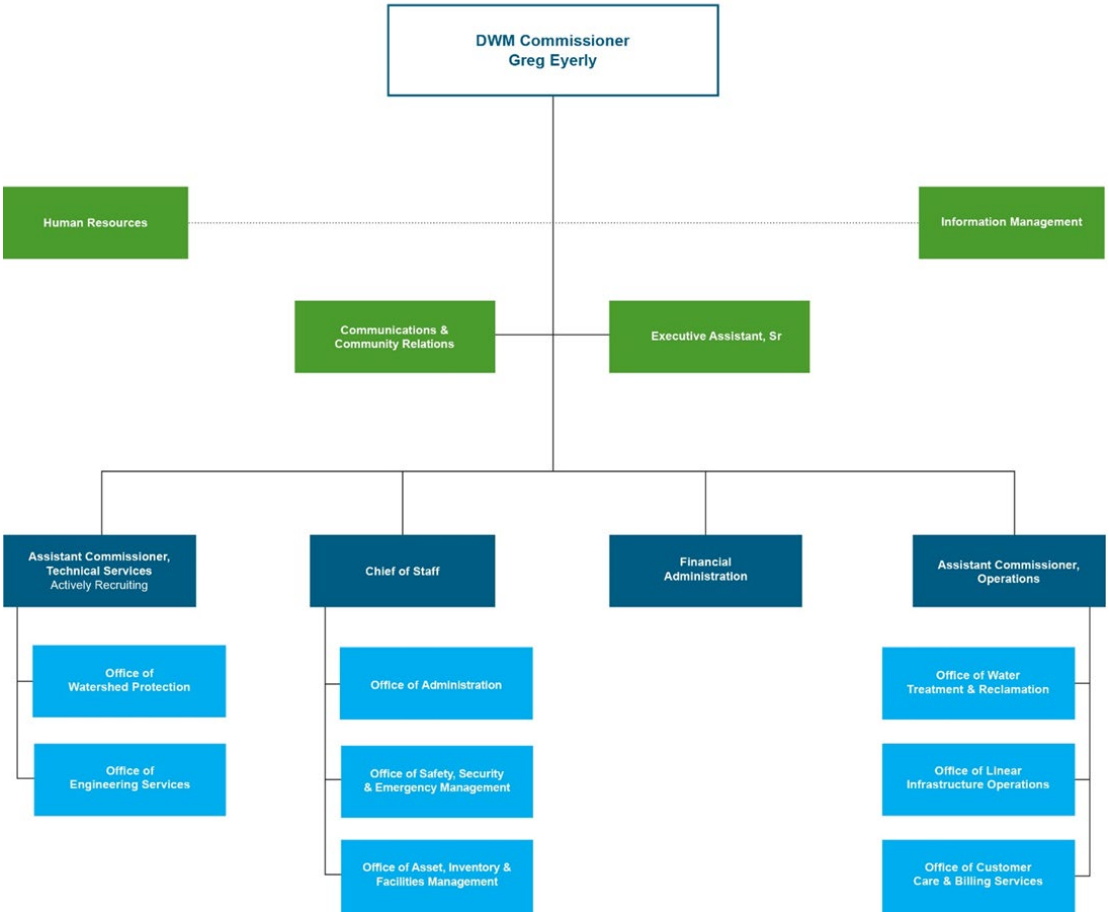
- Staffing and Operations – Overseeing 1,500+ dedicated employees who operate and maintain facilities and infrastructure for safe drinking water delivery, wastewater collection and treatment, and stormwater management.
- Infrastructure Maintenance – Operating and maintaining the City's extensive water, wastewater, and stormwater systems to ensure safe, reliable service.
- Capital Improvements – Managing the City's capital improvement program guided by integrated master and strategic planning, asset management, and system-wide prioritization.
- Holistic Water Resource Management – Monitoring, planning, and evaluating utility system impacts to promote long-term water sustainability.
- Public Engagement – Educating stakeholders, sharing information, and delivering responsive customer service.
- Affordability and Assistance – Administering the *Care and Conserve* program to help qualifying low-income customers with bill assistance and water efficiency improvements.

3.2 Department Organization

The Department's organizational structure, shown in Figure 3-1, is designed to support effective service delivery, responsiveness to ratepayers, environmental stewardship and adherence to regulatory requirements. For FY 2026, the Department has an

authorized staffing level of 1,579 positions. As of January 1, 2026, 1,298 positions were filled, with 281 vacancies.

FIGURE 3-1
Department of Watershed Management Organization



Details on the Department's functions and staffing are provided in the following subsections.

Office of the Commissioner

The Office of the Commissioner provides overall leadership, sets the Department's strategic direction, and ensures alignment across all operational and management functions. It holds ultimate responsibility for regulatory compliance, infrastructure asset management, customer service excellence, and the effective stewardship of human and financial resources. Key priorities include delivering high-quality customer service, maintaining environmental compliance, and achieving operational efficiency. The Clean Water Atlanta initiative, which manages planning, design, and construction projects to improve the City's drinking water and wastewater systems and ensures

compliance with consent decrees and administrative orders, is also included in the Office of the Commissioner. For FY 2026, the Office of the Commissioner is funded for 126 positions and supported by various core staff and functional reporting areas. The Department's Chief of Staff, Assistant Commissioner of Technical Services, and Assistant Commissioner of Operations are all positions funded in this office.

Chief of Staff

This position provides strategic, cross-functional leadership in support of the Commissioner and ensures operational alignment across environmental, regulatory, and infrastructure functions. The Chief of Staff maintains executive-level oversight to drive coordination and execution across all functions of the Department of Watershed Management. This role also engages with the Administration, constituents, and key stakeholders to advance public strategies and coordinates emergency response efforts. With the recent implementation of the enhanced Command Center—which serves as a central hub for monitoring, communication, and the management of real-time operational responses—the Chief of Staff helps facilitate swift responses to service disruptions, supports system performance and reporting, and promotes efficient decision-making to uphold the integrity and reliability of the City's water distribution and wastewater systems. The following offices report to the Chief of Staff:

- Office of Administration – This office manages personnel that prepare bid solicitation packages and coordinates other procurement requests to secure qualified suppliers and contractors. It works closely with the City's Department of Procurement to execute and manage contracts per City Code. This office also coordinates legislative, regulatory, and strategic initiatives at municipal, state, and national levels and with industry organizations to advance policies that serve the City's best interests. The Office of Administration also includes DWM University, the purpose of which is to build a sustainable pipeline of highly skilled professionals while enhancing the capabilities of current employees to meet the Department's operational demands and customer expectations. DWM University fosters strategic partnerships with educational institutions and industry organizations to deliver targeted training programs, professional development opportunities, and certification pathways that strengthen workforce competency and long-term organizational performance. The positions within the Office of Administration are budgeted within the Office of the Commissioner.
- Office of Safety, Security & Emergency Management - This office implements and monitors comprehensive workplace safety programs, ensures compliance with U.S. Department of Homeland Security regulations, and leads emergency preparedness planning, training, and response coordination across the Department. The FY 2026 budget funds 42 positions.

- Office of Asset, Inventory & Facilities Management – This office is responsible for maintaining approximately 1,250 service vehicles, heavy equipment, and seven warehouses. This office also coordinates with the Department of Public Works' Office of Fleet Services to ensure operational readiness. Personnel in this office oversee maintenance of the Department's 120 facilities and grounds, including capital improvements and upkeep of the Department's headquarters at 72 Marietta Street. The FY 2026 budget funds 106 positions.

Assistant Commissioner of Technical Services

This senior executive role serves as the technical backbone of the Department, providing strategic oversight of engineering, capital project delivery, asset management, regulatory compliance support, and long-term infrastructure planning. Recently established under the Commissioner, this position strengthens executive-level technical leadership and reports directly to the Office of the Commissioner. The Assistant Commissioner oversees the Office of Watershed Protection, the Office of Engineering Services, and implementation of the FACD (also known as Clean Water Atlanta initiative), ensuring coordinated execution of regulatory mandates, infrastructure investments, and system resiliency initiatives. Through integrated technical governance and strategic program oversight, the role advances regulatory compliance, and sustainable infrastructure planning across the Department.

- Office of Watershed Protection - This office is primarily responsible for improving and protecting surface water quality in the City's waterways, including oversight of the City's Municipal Separate Storm Sewer System (MS4) permit compliance and the design, construction, operations and maintenance of stormwater management facilities including ecological enhancement and green infrastructure measures. This office also manages the fats, oils, and grease (FOG) program; industrial pretreatment program; and site development and compliance services. Watershed Protection includes laboratory services through our EPA-certified facility to continuously test and monitor raw water, drinking water, and wastewater quality. The FY2026 budget funds 173 positions.

- Office of Engineering Services - This office is responsible for developing and implementing water and wastewater master plans that serve as a basis for DWM's five-capital program. The Office oversees the city's drinking water, wastewater, and combined sewer systems capital program implementation from planning and design to construction. This office also supports project management for implementing capital projects for green infrastructure and stormwater management. In addition to capital program management, this office is responsible for DWM's asset management program and other technical support for DWM's water and wastewater facilities and linear infrastructure operations. The FY 2026 budget funds 154 positions.

Assistant Commissioner of Operations

The Assistant Commissioner of Operations serves as the senior executive responsible for the safe, reliable, and efficient operation of the water treatment and distribution and wastewater collection and treatment systems. This role provides strategic and operational oversight of treatment plants, pump stations, distribution networks, collection systems, maintenance functions, and field operations. The Assistant Commissioner ensures compliance with federal and state regulatory requirements, operational performance standards, and public health protections. This position leads workforce planning, operational readiness, emergency response coordination, and continuous improvement initiatives to optimize system performance and asset reliability. The Assistant Commissioner oversees the Office of Water Treatment and Reclamation, the Office of Linear Infrastructure Operations, and the Office of Customer Care and Billing Services.

- Office of Water Treatment and Reclamation (OWTR) – This office regulates drinking water production and wastewater treatment. Drinking water production includes operating and maintaining water supply intakes, two water treatment plants, drinking water storage (raw and finished water), and pumping stations. Wastewater treatment includes operating and maintaining three permitted wastewater reclamation centers, combined sewer (including water quality control) facilities, and sewage pumping stations. Operations include chemical, mechanical, and electrical systems and daily and monthly sampling and reporting. This office leads the Department's coordination of the Tom Lowe Atlanta Fulton County Water Treatment Plant, operated and maintained under a separate contract and jointly owned with Fulton County. The FY 2026 budget funds 299 positions.
- Office of Linear Infrastructure Operations (OLIO) – This office is responsible for operating, maintaining, and repairing the City's water distribution lines, wastewater collection system sewers, and system appurtenances, including maintaining system reliability and compliance. In the event of asset failure, OLIO provides rapid response to minimize impacts to the community and the environment. Operations include managing a work order system to schedule, track, and report on customer service requests as well as linear infrastructure emergency maintenance needs, including water main breaks and sanitary sewer failures. The OLIO team also coordinates with the Department of Public Works to provide for cleaning and clearing of the City's separate storm sewer system to prevent or relieve flooding. The FY 2026 budget funds 424 positions.
- Office of Customer Care and Billing Services - This office is responsible for customer service operations, including customer relations, meter field operations, and billing services. DWM's Customer Care Call Center handles incoming customer calls and addresses questions and issues relating to water accounts. Similarly, the Customer Assurance and Satisfaction Team handles

escalated service requests by interfacing with the customer and the appropriate office to ensure that work tasks are completed and that the customer is satisfied with the resolution. This office is also responsible for reviewing billing adjustment requests and scheduling any requests for a Water and Sewer Appeals Board hearing. New meter installations are also performed by this office. The FY 2026 budget funds 171 positions.

Human Resources

The Department's HR Director serves as a strategic advisor to the Commissioner and Executive Leadership team, ensuring that the Department's workforce practices align with City Code, operational priorities, regulatory requirements, and sound governance standards. It partners with leadership to support recruitment efforts and the timely filling of critical positions, ensuring that DWM maintains the staffing levels necessary to deliver essential water and wastewater services to its customers. The office also advises executive leadership on employment actions, applicable federal and state laws, workplace investigations, defensible decision-making, and professional standards across the Department. Through workforce stability initiatives, the HR Director strengthens the Department's operational reliability and governance framework. Personnel in this office are budgeted within the Office of the Commissioner.

Information Management

The Office of Information Management coordinates with the City's centralized Information Technology (IT) organization. This office delivers technology solutions including application development, quality assurance, and end-user support. It manages IT and communication resources, promotes system compatibility, supports data integration, and assists with process improvement. The Geographic Information System (GIS) and Data Analytics Division provides mapping and asset database support. The Deputy Chief Information Officer reports directly to the Commissioner. Personnel in this office are budgeted within the Office of the Commissioner.

Communications and Community Relations

The Office of Communications and Community Relations reports directly to the Office of the Commissioner and leads the Department's outreach, education, and public engagement efforts. It works directly with community organizations, including the City's Neighborhood Planning Units (NPUs), to share information about Department programs and initiatives. The office develops and distributes informational materials, serves as the primary contact for international, national, and local media, and acts as liaison to the Mayor's Office of Communications. The office also manages internal communications to ensure consistent messaging across the organization. Personnel in this office are budgeted within the Office of the Commissioner.

Office of Financial Administration

This office is responsible for all aspects of financial management, including financial planning and budgeting, reporting, payroll, accounts payable, capital management, the

determination of rates, fees, and charges, inter-jurisdictional billing, accounting, collections, and tracking expenditures, as well as coordination with Treasury to manage long and short-term debt issuance and the payment of debt service. DWM's cash management operations fall under the Office of Financial Administration, including the sale of meters; and this office is responsible for administering the Department's affordability program, Care and Conserve. The FY 2026 budget funds 84 positions.

3.3 Inter-Jurisdictional Agreements

The City provides wholesale water and wastewater services to counties and municipalities outside its boundaries, primarily through long-term inter-jurisdictional (IJ) agreements—typically 30 years or longer.

Current wastewater service agreements are in place with DeKalb County, Fulton County, and the municipalities of College Park, East Point, Forest Park and Hapeville. Wholesale water service agreements exist with the Coweta County Water and Sewerage Authority, Clayton County Water Authority, and the City of Hapeville. In addition, wholesale water is supplied to Fayette County and the cities of Fairburn and Union City at current wholesale rates, although no formal water service agreements exist with these entities.

- Wastewater Service Agreements - Under existing agreements, the City conveys and treats wastewater flows for its IJ partners. These partners pay their proportionate share of operating costs and must adopt and enforce sewer use regulations at least as restrictive as the City's. Capital costs are shared based on the capacity reserved by each partner in City facilities. Monthly treatment plant operating costs are allocated according to each partner's proportionate share of flows entering facilities where they hold capacity. Partners also pay a pro rata share of transmission and collection system operations and maintenance costs, based on the portion of the system they use. Some partners may alternatively choose to pay a wholesale wastewater rate as defined in their agreements. Capital cost billing is based on each partner's share of project costs for associated wastewater system improvements.
- Wholesale Water Service Agreements - Long-term wholesale water contracts establish bulk water rates pursuant to the City's rate ordinance. The City retains discretion to adjust rates, and all system-wide rate changes between 2004 and 2013 were applied equally to wholesale customers. When agreements are renewed, the City has included an additional rate to cover operation and maintenance of assets necessary to ensure on-demand water supply. This monthly fee, historically borne entirely by the City, is now assessed to the applicable IJ partner and will be incorporated into all agreements upon renewal.
- Atlanta-Fulton County Water Resource Commission - The City and Fulton County jointly constructed and operate the Tom Lowe Drinking Water

Treatment Plant, a facility with a rated capacity of 90 million gallons per day (mgd) included among the three plants described in the Office of Water Treatment and Reclamation section. The plant is operated by Veolia/KHAFRA, a joint venture with Veolia Water North America, Inc. The City utilizes its 50% share of the plant's capacity to serve portions of its service area located north of the City.

3.4 Department Strategic Plan 2022: A One Water Vision

In 2017, the Department launched a collaborative strategic planning process that produced its Strategic Plan 2020: A One Water Vision. This plan was updated in 2022 to reaffirm the Department's leadership in holistic water resource management, align with the attributes of Effectively Managed Utilities, [17] and advance innovative, sustainable, and resilient solutions.

The 2022 Plan defines the Department's guiding principles as follows:

Vision: To distinguish ourselves as leaders in innovation, service, and value.

Mission

- Provide excellent customer service through a motivated, skilled, and empowered workforce.
- Deliver high-quality drinking water, and collect and treat wastewater to exceptional standards, while pursuing innovative resource recovery solutions.
- Implement sustainable stormwater management, integrated planning, and flood mitigation, while partnering to protect, restore, and enhance watersheds.
- Build capacity to be a strong partner in the City's resilience efforts.

Values

- Teamwork – Leveraging collective strengths to deliver outstanding service.
- Integrity – Upholding high ethical standards and acting with purpose and fairness.
- Customer-Centric – Understanding needs and delivering on commitments.

[17] EPA sponsored initiatives delineating Effective Water Utility Management Practices as documented in Effective Utility Management: A Primer for Water Sector Utilities (2024) available at: https://www.watereum.org/wp-content/uploads/2025/01/FINAL-2024-EUM-PRIMER.pdf - accessed January 2, 2026.

- Accountability – Taking responsibility for our actions and outcomes.
- Employee Commitment – Recognizing employees as our most valuable resource.

These statements reflect the Department's forward-thinking approach to utility management, where sustainability and resilience are embedded into everyday decision-making. They informed the establishment of eight priority areas for FY 2020–2022, with specific goals outlined for each.

TABLE 3-1
Priorities for Department's Strategic Plan 2022: A One Water Vision

No.	Priority Area	Goal Statement
1	Service Delivery	Deliver highly effective customer service and outreach to all classes of customers through the use of technology and proactive communication.
2	Infrastructure Reliability	Plan for, and sufficiently invest in, our infrastructure assets to facilitate full compliance with regulatory requirements, including the public health needs of our stakeholders and protection of our environmental resources.
3	Workforce Development	Build a pipeline of highly skilled workers and leverage the skills of current employees to meet our business demands and customer expectations.
4	Operational Efficiency	Efficient delivery of core services to customers, through ongoing, timely, cost-effective, and sustainable improvements in all facets of operations.
5	Financial Resiliency	Responsibly manage the full life-cycle costs of the utility; establishing and maintaining an effective balance between long-term debt, asset value, operating revenues and operational and maintenance expenditures; resulting in predictable rates consistent with community and regulatory expectations to adequately invest in current and future needs.
6	Compliance	Fulfill our compliance and resilience requirements by focusing on the triple bottom line of fiscal responsibility, environmental stewardship, and social betterment.
7	Digital Transformation	Develop greater business acumen through the continuous collection and integration of information and data across the department to analyze operations and service delivery for actionable insight that enables better decision making.
8	Safety and Security	Develop, implement, and communicate comprehensive policies and processes aimed at protecting the health, well-being, and security of our employees, our assets, and the communities we serve; ensuring the effective management and continuity of our operations in the face of vulnerabilities.

4.0 Wastewater System

4.1 Overview

The City's wastewater system consists of both combined and separate sewers. Combined sewers collect stormwater runoff and wastewater in one pipe. Separate sewers convey stormwater runoff in one pipe and collect wastewater in a second pipe. The City has separated much of its combined sewer system except for an approximately 11 square mile area largely concentrated in the downtown area. However, the combined sewers flow into and through separate sewers enroute to one of the City's three wastewater treatment plants.

The City's wastewater treatment and collection system encompasses approximately 1,522 miles of separate sanitary sewers; 371 miles of combined sewers; 28 miles of tunnels; 15 miles of force mains; 20 pump stations; three permitted Water Reclamation Centers (WRCs); two permitted Water Quality Control Facilities (WQCFs); and four permitted Combined Sewer Control Facilities (CSCFs). The City's wastewater treatment facilities and pump stations are operated and maintained by the Department's Office of Water Treatment and Reclamation (OWTR). The City's sewers and force mains are operated and maintained by the Department's Office of Linear Infrastructure Operations (OLIO).

The three WRCs have a combined hydraulic treatment capacity of 220 mgd and are permitted to discharge up to 188 mgd, based on a monthly average, under a consolidated permit (NPDES Permit No. GA0039012).[18] All three WRCs discharge treated effluent to the Chattahoochee River.

The CSCFs and WQCFs provide supplemental treatment capacity to address increased flow associated with stormwater runoff combined with wastewater in the Combined Sewer System (CSS). These facilities are permitted under two NPDES permits: one for the East Area CSS facilities (NPDES Permit No. GA0037168) and one for the West Area CSS facilities (NPDES Permit No. GA0038644). The current CSS permits have been administratively extended.[19] The collection system is regulated under the NPDES permits for the associated treatment facilities and is also subject to the terms of EPA enforcement orders for sanitary sewer overflows (SSOs) and combined sewer overflows (CSOs) as detailed below.

[18] The Consolidated NPDES permit for the WRCs went into effect on July 1, 2017. The permit includes mass loadings applied collectively to all WRCs rather than applying specific effluent concentration limits to the individual plants.

[19] NPDES permits are administratively extended when the permittee submits a timely application for renewal. Georgia EPD has issued draft NPDES permits for both the East and West Areas and has held the required public hearing.

In addition to the consolidated WRC permit and the East and West Area CSS permits, the wastewater collection system operates under two primary federal consent decrees: the Combined Sewer Overflow Consent Decree and the First Amended Consent Decree (FACD).[20]

The capital program discussed in Section 8 reflects the City's request to revise the FACD projects to limit the remaining projects to two major projects currently under construction and anticipated to be completed by 2027, the North Fork Storage Tank and Pump Station Project and Custer Avenue Multi-Benefit Capacity Relief Project.

Also, as noted, the R.M. Clayton WRC is subject to a Consent Decree that resulted from the settlement of a CWA citizen suit brought by Chattahoochee Riverkeeper against the City regarding alleged violations of the facility's NPDES permit. The R.M. Clayton Consent Decree resolves the alleged NPDES permit violations and requires the City to undertake certain projects at R.M. Clayton over the next five years. The costs for the R.M. Clayton Consent Decree are included in the projected funding requirements for the System (see Section 7).

4.2 Wastewater System History

Construction on Atlanta's sewer system began in the late 1800s. By 1880, there were 8 miles of stone, masonry, and small pipe sewers ranging in size from 12-inches to 6-feet in diameter. In 1910, $1.35 million in bonds were issued to construct three sewage treatment plants: Proctor Creek, Peachtree Creek, and Intrenchment Creek. Between 1935 and 1945 the R.M. Clayton, Utoy Creek, and South River treatment plants were added and two of the existing plants, Proctor Creek and Peachtree Creek, were decommissioned.

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[20] In 1998, the City entered into the CSO Consent Decree, which mandated improvements to the combined sewer system. The City completed the work required under the CSO Consent Decree in October 2008, including partial separation of three combined sewer areas and tunnel construction. It then completed a two-year post-compliance evaluation period and successfully avoided substantial noncompliance, as defined by the CSO Consent Decree, during that timeframe. The Department continues to submit quarterly and semi - annual reports detailing CSO Consent Decree compliance.

In 1999, the City entered into the FACD, which mandated improvements to the separate sewer system. The FACD required the City to achieve, by 2014, full compliance with the City's environmental permits, the federal Clean Water Act and the Georgia Water Quality Control Act with regard to the City's WRCs, collection system and pump stations, to eliminate all unpermitted discharges, and to eliminate all sanitary sewer overflows (SSOs). Numerous improvement projects designed to achieve these objectives have been completed. These improvement projects include upgrades to treatment facilities, system-wide inspection and rehabilitation of the collection system, and additional tunnel construction. The City's CIP has been developed to meet these objectives as well as ensure the renewal and operational efficiency and reliability of the collection system. Based on the work completed, the provisions for the treatment facilities were terminated by order of the U.S. District Court, Northern District of Georgia, on March 31, 2004.

In April 2010, the City submitted a Financial Capability-Based Schedule Extension Request Report seeking an extension of the completion date required for wastewater system improvements required under the FACD. On September 24, 2012, an order providing for important modifications to the FACD, including the extension of the final completion date from July 1, 2014, to July 1, 2027, was entered by the U.S. District Court, Northern District of Georgia.

In 1972, the City placed the Flint River treatment plant into operation. By the early 1980s, it was clear that discharging to the Flint River was cost prohibitive. In 1985, the Three Rivers Water Quality Management Program was completed. This program included the construction of the Three Rivers Tunnel, the Flint River Transmission Main, and the Intrenchment Creek Force Main. The Three Rivers Tunnel linked the South River WRC with the Chattahoochee River, thereby eliminating inter-basin transfers and effluent discharges into the South River. The Flint River Water Pollution Control Plant was converted into a pump station and the Flint River Transmission Main was constructed to link the Flint River Pump Station to the South River WRC. Thus, the discharge of effluent into the Flint River was eliminated. Likewise, the Intrenchment Creek Force Main was constructed and discharge of treated effluent from the Intrenchment Creek WRC into Intrenchment Creek was eliminated. Rather, effluent from the Intrenchment Creek WRC was pumped to the South River WRC for further treatment. In 2021, contracts were issued to decommission the Intrenchment Creek WRC and construct a new pump station to transfer incoming wastewater to the South River WRC. Upgrades to the South River WRC are also being constructed under the decommissioning contract. The Intrenchment Creek WRC is currently only operating to "pass through" flow for the treatment units that cannot be fully bypassed. The Intrenchment Creek Pump Station, South River WRC Upgrades, and Intrenchment Creek WRC full decommissioning reached substantial completion in October 2025 and final completion in January 2026.

In the mid- to late-1990s, the City completed a $630 million Phosphorus Reduction Program (frequently identified as the Senate Bill 500 Improvements) whereby the City's WRCs were upgraded to comply with new limits on the amount of phosphorus the City may discharge to the Chattahoochee River. These improvements included upgrades to many processes, as well as the addition of new processes such as disinfection using ultraviolet light and odor control. The City's wastewater treatment facilities and collection system have been expanded and upgraded to meet the demands of the service area population and increasingly stringent regulatory requirements. Over the last two decades, the City has invested more than $3.0 billion in its wastewater system to meet federal and state requirements, protect water quality and rehabilitate its existing infrastructure.

The Department is currently within the last year of a lease purchase contract whereby Ostara provided a turnkey, fully financed, nutrient recovery system. Ostara's patented nutrient recovery process selectively extracts nutrients (phosphorus and nitrogen) from wastewaters and converts these into a slow-release fertilizer for agricultural applications. Ostara completed the installation with its first fertilizer product delivery in December 2021.

In December 2017, the Department contracted with NORESCO to implement three Energy Conservation Measures (ECMs) to be paid over a 15-year financing period. Two of the ECMs were completed in March 2021. The first project was the Biosolids

Beneficial Reuse Project which included the installation of new sludge dryers and a corresponding reduction in energy consumption compared with sludge hauling and landfill costs. The second project was the Ultraviolet Disinfection System Improvement Project where direct energy reduction was achieved. The third project was the Water Distribution System Optimization where it was determined, after further study, that the pump optimization activities should be indefinitely delayed.

In January 2018, the Department contracted with Schneider Electric to implement seventeen ECMs at the South River and Utoy Creek WRCs at a projected cost of $36.2 million. Schneider provided turnkey engineering design, project management, and start-up and commissioning services as well as training on operation, maintenance, and warranty procedures for Department staff. Projects include South River anaerobic digestion and solids optimization and Utoy Creek low energy thickening equipment. Some projects have been completed by Schneider or self-performed by DWM, while completion dates on remaining projects have been extended. Due to cost inflation, the Department continues to observe minimal savings related to the ECMs.

4.3 Service Area

The City's wastewater service area is regional. The area is bordered on the west by the Chattahoochee River and extends into northwest DeKalb County, a small portion of Clayton County, and parts of north and south Fulton County. Together, the City's WRCs serve a total area of 225 square miles. Figure 4-1 illustrates the City's wastewater service area and shows the location of the City's treatment facilities.

Wastewater from a small portion of northeast Atlanta is treated at the R.L. Sutton Wastewater Treatment Plant, which is owned by Cobb County. Wastewater from a small portion of southwest Atlanta is treated at the Camp Creek WRC, which is owned by Fulton County.

Historical accounts, billed wastewater volumes, and System influent data are provided in Table 4-1. The City's wastewater treatment and collections system serves over 99,000 active retail wastewater accounts in the City (and also bills for wastewater services provided by Fulton County for accounts that receive water service from the City). In addition, the City treats wastewater from wholesale customers including DeKalb and Fulton counties and the cities of College Park, East Point, and Hapeville.

FIGURE 4-1
Wastewater Service Area

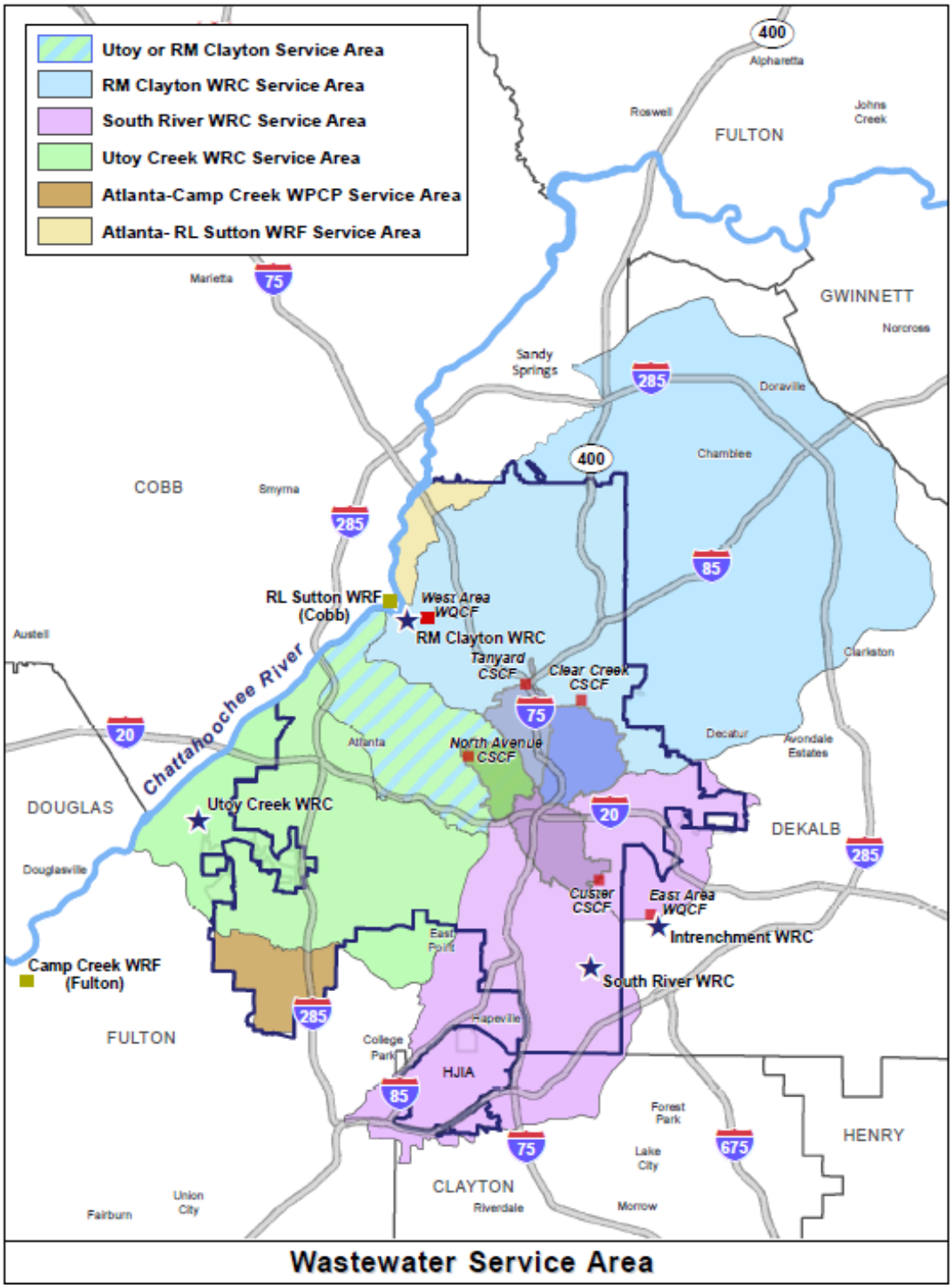


TABLE 4-1
Wastewater Accounts, Billed Volumes and System Influent, FY 2020-FY 2025

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
City of Atlanta Retail Wastewater Accounts[1]	94,062	95,132	94,930	96,543	97,807	99,357
City of Atlanta Retail Wastewater – Adjusted Billed Volumes (mgd)	37.93	35.93	37.64	39.34	39.71	40.72
Wastewater System Average Daily Flow (mgd)[2]	136.5	128.8	130.7	136.8	129.7	131.4

1 - Data extracted based on monthly, end-of-year (June) billing statistics. Monthly account totals exhibit variability due to a variety of factors, including re-development, the timing of weekly billing cycles, account closeout activity, etc.

2 - Data compiled by Office of Water Treatment and Reclamation – Consolidated Data.

4.4 Water Treatment and Collection Facilities

The following subsections describe operations of the water reclamation centers, the combined sewer treatment facilities, and the collection system facilities.

Water Reclamation Centers

As noted above and shown in Figure 4-1, the City owns three permitted WRCs: the R.M. Clayton WRC in northwest Atlanta, the South River WRC in southeast Atlanta, and the Utoy Creek WRC in unincorporated Fulton County. Each WRC receives wastewater from one or more pump stations and multiple trunk sewers. Table 4-2 presents general information on each of the three permitted WRCs.

TABLE 4-2
General Information, Water Reclamation Centers

WRC:	R.M. Clayton	South River	Utoy Creek
Original Construction Year	1935	1936	1932
Maximum Average Daily Discharge Limit (mgd)	100	48	40
Combined Sewer System Facilities	Clear Creek, North Avenue, and Tanyard Creek CSCFs and West Area WQCF	Custer Avenue CSCF and East Area WQCF	n/a
Influent Pump Stations	n/a	Jonesboro Road, Flint River, and Intrenchment Creek Pump Stations[1]	Utoy Creek Influent Pump Station
Discharge Stream	Chattahoochee River	Chattahoochee River	Chattahoochee River

1 - Flint River PS and Intrenchment Creek PS are classified collection and transmission system pump stations, but discharge directly to the South River WRC

The treatment plant capacities listed in Table 4-2 are the plant's NPDES effluent discharge permitted capacities. Table 4-3 presents the historical maximum month daily flows through each WRC between calendar years 2019 and 2025.

TABLE 4-3
Maximum Month Flow at WRCs, 2019-2025

Plant	Maximum Month Average Daily Flow (mgd) Calendar Years Ended December 31						
	2019	2020	2021	2022	2023	2024	2025
R.M. Clayton WRC	94	102	84	78	84	86	83
Utoy Creek WRC	35	36	39	41	43	45	42
South River WRC	33	37	28	32	32	31	31

The R.M. Clayton, South River, and Utoy Creek WRCs employ similar advanced primary, secondary and tertiary processes for treating wastewater. At all three facilities, wastewater passes through mechanically cleaned bar screens, fine mesh rotary drum screens and grit removal facilities. The screened wastewater then undergoes primary clarification, nutrient removal in the aeration basins/biological nutrient removal (BNR) tanks, secondary clarification, effluent filtration, ultraviolet (UV) disinfection and post-aeration prior to being discharged to the Chattahoochee River.

In the solids handling portion of the treatment facilities, primary sludge is sent directly to the digesters, and waste activated sludge from the secondary clarifiers is thickened before being sent to the digesters. The digested biosolids from the R.M. Clayton WRC are dewatered and incinerated and resultant ash is sent to a landfill for disposal.

Combined Sewer System Treatment Facilities

As noted above and shown in Figure 4-1, the City owns and operates six combined sewage system control facilities: two WQCFs and four CSCFs, which operate under two separate NPDES permits; one for the East Area Facilities and one for the West Area Facilities. Figure 4-2 shows the combined sewer service area and the WQCF and CSCF locations as well as the CSO tunnel routes. Table 4-4 presents a summary of the facilities currently in use by the City to manage and treat combined sewage flows, along with their corresponding receiving streams and the year each facility was constructed.

The WQCFs provide the equivalent of primary treatment for wet weather flows and operate only after the downstream WRC is operating at capacity and the available collection system storage is maximized. Treatment units include bar screens, fine mesh drum screens, grit removal, settling basins, sodium hypochlorite disinfection, and sodium bisulfite de-chlorination. Settled solids at the East Area WQCF are sent to a

sludge holding tank and dewatered for landfill disposal. Settled solids at the West Area WQCF are discharged to the primary clarifiers at the R.M. Clayton WRC.

FIGURE 4-2
Combined Sewer Facilities and CSO Tunnels

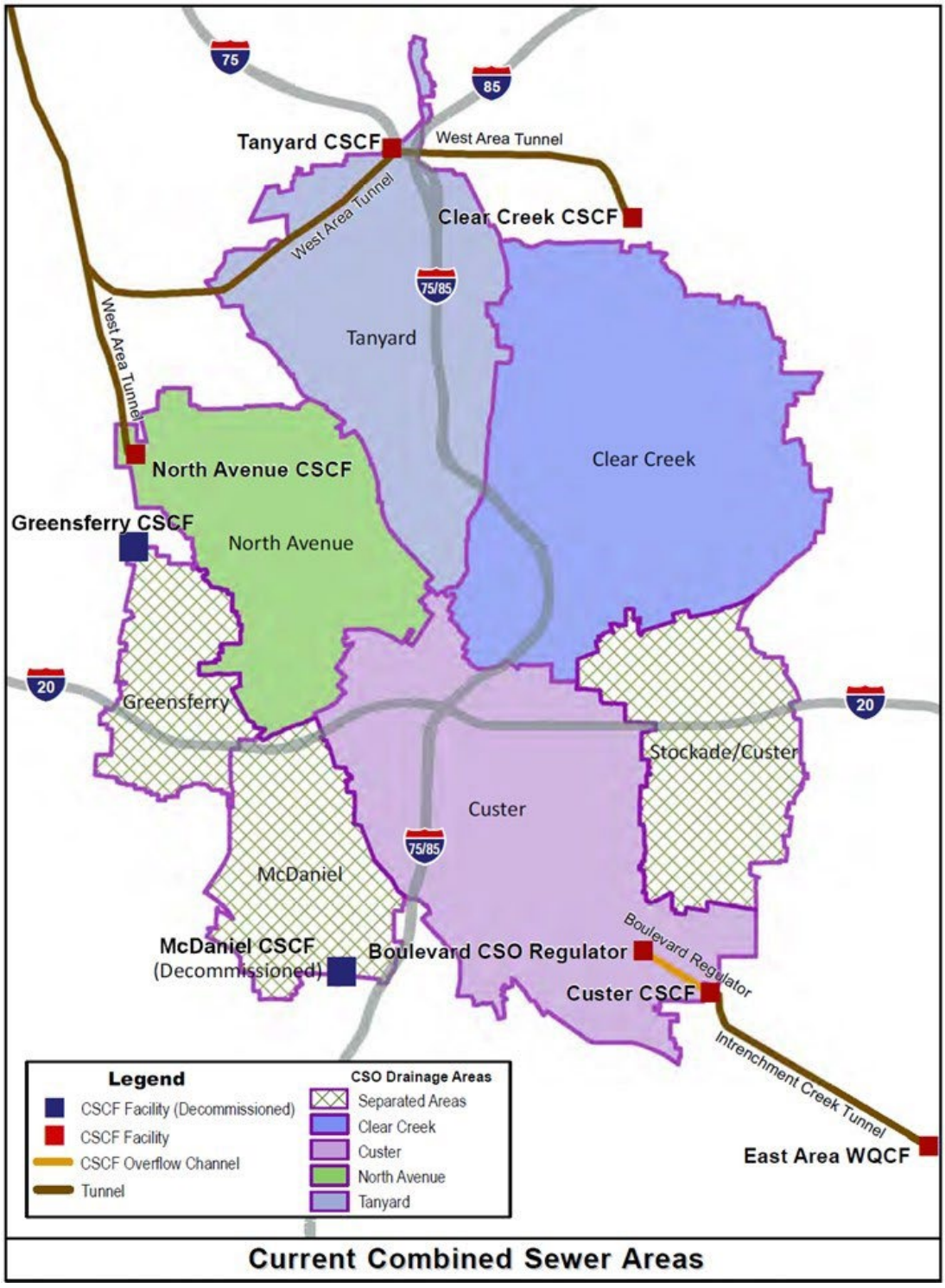


TABLE 4-4
Summary of Combined Sewage Area Control Facilities

Facility	Wet Weather Discharges To	Year Constructed	Design Flow
East Area Combined Sewer System Facilities			
East Area WQCF	Intrenchment Creek	1983	20 mgd
Custer Avenue CSCF	Intrenchment Creek	Mid-1980s	500 mgd
West Area Combined Sewer System Facilities			
West Area WQCF	Chattahoochee River	2007	85 mgd
Clear Creek CSCF	Clear Creek	1996	1,500 mgd
North Avenue CSCF	Proctor Creek	1994	650 mgd
Tanyard Creek CSCF	Tanyard Creek	1994	385 mgd

The four CSCFs provide coarse and fine screening, sodium hypochlorite disinfection, and sodium bisulfite de-chlorination of combined sewer flows. Screenings are dewatered and landfilled. In conjunction with directing "first flush" flows that typically have higher pollutant concentrations to the transmission and storage tunnel, the CSCF also provide equivalent primary treatment. The CSCFs are activated only when wet weather flows exceed the downstream WQCF and the available tunnel storage capacity is maximized.

Collection System Facilities

The City's collection and transmission system is comprised of 1,893 miles of combined and separate sewer pipe, 28 miles of storage and conveyance tunnels, 15 miles of force mains, and 20 collection system pump stations. Customers are served by lateral pipes that extend from the sewer main to the customer's building. It is estimated that there are 430 miles of service laterals in public rights of way. The collection system contains a variety of pipe materials ranging in size from 6 to 180 inches in diameter as well as brick and concrete arch sewers constructed as part of the combined sewer system.

The Proctor Creek Diversion Structure, located on the Proctor Creek Trunk off Perry Boulevard in northwest Atlanta, can direct flow to either the R.M. Clayton WRC or the Utoy Creek WRC. This diversion facility was installed in 2007 and includes two electrically actuated sluice gates for diverting flow.

Effluent transmission mains include force mains, tunnels, and gravity flow pipelines that are used to convey treated wastewater from a WRC to a receiving stream or river. The longest of the effluent transmission mains is the South River Effluent Tunnel that pumps treated effluent from the South River WRC to the Chattahoochee River.

The City's wastewater collection and transmission system, with a few exceptions, is geographically located within the City's corporate limits. This system collects wastewater from the City of Atlanta and is also used to convey wastewater from

portions of Clayton County, College Park, DeKalb County, East Point, Fulton County, and Hapeville to the City's WRCs for treatment.

In addition to the 18 collection and transmission pump stations, there are two flow equalization stations, the first of which transfers flow from the sewer to a flow equalization storage tank and the second of which returns flow to the sewer when capacity becomes available. Table 4-5 identifies the installation date and the capacity of the collection and transmission pump stations along with the size, material, and length for the force main serving that pump station.

TABLE 4-5
Collection System Pump Stations and Associated Force Mains

Facility	Year Constructed	Pump Station Capacity (mgd)	Force Main Size (inches) and Material[1]	Force Main Length (miles)
Adams Drive PS	2023	1.00	6" PVC	0.14
Bell South PS	1998	0.05	2" PVC	0.11
Bolton Road PS	1972	45.10	36" DIP	0.59
Cascade PS	1968	0.26	4" DIP	0.02
Flint River	1987	19.35 (1st Stage) 21.89 (2nd Stage)	24" & 30" DIP	5.74
Hanover West PS	1992	0.72	8" DIP	0.09
Highlands PS	1992	0.27	6" DIP	0.26
Howell Mill	2020	0.29	4" DIP	0.16
Intrenchment Creek PS	2025	30.00	30", 36",& 42" DIP/PCCP	5.74
Liddell Diversion	2012	67.00	48" DIP	0.27
Liddell Return	2012	30.00	48" DIP	0.06
Niskey Lake PS No. 1	1968	0.58	8" DIP	0.03
Niskey Lake PS No. 2	1983	0.36	8" DIP	0.05
Northside PS	1998	0.05	2" PVC	0.02
Paul Avenue PS	1958	0.29	8" DIP	0.19
Philip Lee PS	1973	57.00	42" DIP	0.53
Rebel Forest PS	1960	3.70	12" DIP	0.27
Rivermeade PS	1963	0.51	8" HDPE	0.42
South River Industrial PS	2001	0.66	8" DIP	0.08
Woodward Way PS	2021	6.48	8" DIP (dry) 18" DIP (wet	0.08 each

1- DIP = ductile iron pipe; HDPE = high density polyethylene pipe; PCCP = prestressed concrete cylinder pipe; PVC = polyvinylchloride pipe.

The City's collection and transmission system includes five operating tunnels: four wastewater conveyance tunnels and one effluent discharge tunnel. Table 4-6 lists attributes for the tunnels. The East Area and West Area Tunnels are combined sewer tunnels and are shown in Figure 4-2. The Nancy Creek and the South River Tunnels are separate sewer tunnels. The Three Rivers Tunnel is an effluent discharge tunnel.

TABLE 4-6
Wastewater Tunnels

Tunnel	Year Constructed	Length (miles)	Diameter (feet)	Shaft Depth (feet)	Capacity (MG)
East Area Tunnel[1]	Mid 1980s	1.8	26.0	130	44.0
Nancy Creek Tunnel	2005	8.5	16.0	139	67.0
South River Tunnel	2011	1.7	14.0	177	10.0
Three Rivers Tunnel	Early 1980s	7.2	5.5	n/a	6.7
West Area Tunnel	2008	8.7	24.0	182	177.0

1 - Expanded capacity in 2008 with the addition of the Custer Avenue Deep Rock Tunnel and Storage Cavern.

4.5 Condition, Capacity, and Regulatory Compliance

Defining CIP needs for wastewater systems requires an assessment of asset conditions, projected capacity needs and regulatory compliance requirements. These factors were evaluated as part of development of the Wastewater Master Plan completed in 2020 and are considered as part of the CIP project development process. In general, the master planning engineering evaluations included limited visual inspections of selected major above ground facilities operated by the City, interviews of key staff responsible for operation of facilities, and reviews of ongoing and planned capital improvements. Limited field testing and detailed evaluation of facility maintenance records was performed to confirm scoring or to assign more refined condition scores. As part of the Department's refinement of the master planning recommendations, more specific asset evaluations are conducted as part of the design or the design-build procurement activities.

Treatment Facilities

The Department conducted Tier 1 condition assessments of the WRCs, the East and West Area WQCFs, the four CSCFs, and associated pump stations between 2016 and 2019. Tier 1 assessments consisted of visual assessments of all vertical (above ground) assets managed within the Maximo™ computerized maintenance management system (CMMS). Between 2020 and 2021, Tier 2 condition assessments were completed on those assets identified as requiring performance and/or non-destructive testing to confirm condition and reliability. Tier 2 assessments were completed by the end of 2022. Currently, additional condition assessments are planned by the Department.

- The R.M. Clayton WRC undergoes frequent repair, modification, or upgrades to maintain ever more stringent compliance limitations from regulatory agencies. Such upgrades are expected to continue on a routine basis.
- The core function of the South River WRC, the activated sludge process, is efficient; however, the associated equipment and building are showing age. In particular, electrical and power equipment are aging. Evaluations of strategies on how best to effectively address the concerns is underway.

- Improvements associated with the decommissioning of the Intrenchment Creek WRC were completed on September 19, 2025.
- The Utoy Creek WRC is in good condition but the plant is at the mark when the equipment will need to be refurbished or replaced.
- The CSS treatment facilities are experiencing greater equipment wear due to excessive amounts of grit resulting in worn and corroding equipment. Further, much of the instrumentation equipment is obsolete with spare parts unavailable or expensive to purchase.
- The Consolidated NPDES permit for the WRCs has consolidated limits for the three facilities as well as individual limits for the R.M. Clayton, South River, and Utoy Creek WRCs. The Consolidated NPDES permit violations for the WRCs are listed in Table 4-7 for the 2022 to 2024 period. As shown, the WRCs experienced consolidated loading exceedances relative to the limitations for ammonia and phosphorus in 2023 and 2024.
- The R.M. Clayton WRC exceeded ammonia, chemical oxygen demand (COD), total phosphorus and total suspended solids (TSS) effluent limitations in 2023 and 2024 while the South River WRC exceeded ammonia, dissolved oxygen, total phosphorus, and TSS effluent limitations in 2023 with total phosphorus and TSS exceedances continuing through 2024. These trends have provided data-driven direction for targeted corrective actions and strengthened treatment process controls. The South River WRC also experienced one major spill during the reporting period, in 2023, which was promptly addressed within established reporting and response protocols.
- The Utoy Creek WRC demonstrated stable compliance performance, with only one effluent exceedance in 2022 and one in 2024.

The CSS facilities operated in compliance during the 2022 to 2024 period with minimal NPDES permit violations as shown in Table 4-8 (for the East Area facilities) and in Table 4-9 (for the West Area facilities). Permit violations will be avoided in the future by maintaining equipment in operational status in the facility, phasing out obsolete components, and replacing equipment that is not cost-effective to repair.

- The East Area facilities have not had any effluent exceedances.
- The only effluent exceedance in the West Area was at the Clear Creek CSCF in 2022.

In the plant capacity evaluations, the Wastewater Master Plan noted that process models of the WRCs indicated both the R.M. Clayton WRC and the South River WRC are approaching capacity at maximum month flows and loads during winter conditions. However, the Utoy Creek WRC was able to process Year 2060 projected maximum month flow and loadings during winter conditions. Thus, higher priority was given to

improvements to the Proctor Creek Diversion Structure and the Bolton Road PS to facilitate directing more influent flow to the Utoy Creek WRC. Additional emphasis was placed on maximizing operational and process improvements to optimize treatment capacity of the existing facilities at R.M. Clayton WRC and to implement improvements at the South River WRC to accommodate higher loading once the Intrenchment Creek PS is on-line.

To address permit violations, remediation actions—including those required under the R.M. Clayton Consent Decree—have been and will be focused on the grit removal systems, fine screens removal, primary clarifiers, BNR repairs, secondary clarifiers, sand filters and UV systems:

- For the grit systems there were repairs and pump replacements that were needed, and fine screens will also require replacements.
- For the primary clarifiers, the clarifiers needed to be cleaned and pumps and valves repaired. BNRs diffusers systems 11, 3, 4 and 14 were repaired.
- For secondary clarifiers 5, 6 and 8, the internal mechanisms had to be completely replaced. For the remaining 7 clarifiers, the mechanical components will need to be replaced.
- For the sand filters, 3 filters need to have underdrains repaired and a complete media exchange. An ongoing investigation will determine if additional work is needed.
- UV systems were cleaned and broken bulbs and sleeves replaced.

Additional improvements to biosolids processing and disposal to reduce the amount of sludge that is being stockpiled in process tanks from recent landfill disruptions were recommended. Subsequent to completion of the Wastewater Master Plan, the Department invested in new thermal dryers and repairs of the R.M. Clayton incinerators to extend their useful life and provide greater flexibility in sludge disposal options.

The CSS treatment facilities are expected to see greater use due to more frequent and more intense storm events as the impacts of global climate change affect the area. Additionally, more stringent limitations for total residual chlorine, for winter E. coli discharges, and, potentially, for copper discharges will be imposed with the next permit issuance. These new permit limitations may require process improvements at the CSCFs and the WQCFs.

TABLE 4-7
WRC NPDES Permit Violations, 2022-2024

Violation	Consolidated Permit [1]			R.M. Clayton WRC			South River WRC			Utoy Creek WRC			Totals
	2022	2023	2024	2022	2023	2024	2022	2023	2024	2022	2023	2024	
Ammonia	0	37	19	0	37	16	0	7	0	0	0	0	**116**
Biological Oxygen Demand	0	7	1	0	0	0	0	0	0	0	0	0	**8**
Chemical Oxygen Demand	0	0	0	0	10	9	0	0	0	0	0	0	**19**
Dissolved Oxygen	0	0	0	0	0	0	0	39	0	0	0	1	**40**
Failure to Collect Sample	0	0	0	0	0	0	0	0	0	0	0	0	**0**
Fecal Coliform	0	0	0	0	9	0	0	0	0	0	0	0	**9**
Major Spill	0	0	0	0	0	0	0	1	0	0	0	0	**1**
Phosphorous, Loading	1	15	12	2	0	0	0	0	0	1	0	0	**31**
Phosphorus, Total	0	0	0	0	16	15	0	2	4	0	0	0	**37**
Stream Temp. Monitoring	0	0	0	0	0	0	0	0	0	0	0	0	**0**
Total Suspended Solids	0	0	0	0	18	18	0	11	3	0	0	0	**50**
Unpermitted Discharges	0	0	0	0	0	0	0	0	0	0	0	0	**0**
Annual Totals	1	59	32	2	90	58	0	60	7	1	0	1	**311**
3-Year Totals	**92**			**150**			**67**			**2**			**311**

1- The Consolidated NPDES Permit for the WRCs includes daily, weekly, and monthly limits. In some instances, a one-time exceedance can trigger as many as seven violations.

TABLE 4-8
East Area CSS NPDES Permit Violations, 2022-2024

Violation	Custer Avenue CSCF			East Area CSCF			Totals
	2022	2023	2024	2022	2023	2024	
Failure To Sample or Follow MOM Plans	0	0	0	0	0	0	**0**
TRC Exceedances[1]	0	0	0	0	0	0	**0**
Fecal Exceedances	0	0	0	0	0	0	**0**
Annual Totals	0	0	0	0	0	0	**0**
3-Year Totals	**0**			**0**			**0**

1 - TRC = Total Residual Chlorine

TABLE 4-9
West Area CSS NPDES Permit Violations, 2022-2024

Violation[1]	Clear Creek CSCF			North Avenue CSCF			Tanyard Creek CSCF			West Area CSCF			Totals
	2022	2023	2024	2022	2023	2024	2022	2023	2024	2022	2023	2024	
Failure To Sample or Follow MOM Plans	0	0	0	0	0	0	0	0	0	0	0	0	**0**
TRC Exceedances[1]	0	0	0	0	0	0	0	0	0	0	0	0	**0**
Fecal Coliform Exceedances	1	0	0	0	0	0	0	0	0	0	0	0	**0**
Annual Totals	1	0	0	0	0	0	0	0	0	0	0	0	**1**
3-Year Totals	**1**			**0**			**0**			**0**			**1**

1 - TRC = Total Residual Chlorine

Collection System Evaluation

The City has an ongoing program to meet the requirements of the First Amended Consent Decree to reduce sanitary sewer system overflows. The Wastewater Master Plan effort reviewed ongoing programmatic improvements and, based on program and utility records and utility staff feedback from the Clean Water Atlanta team's sewer system evaluation survey (SSES) condition data, the wastewater collection system piping is rated in good condition. The FACD-required structural remediation projects are nearing completion and selected capacity remedial measures projects are continuing and will be scheduled within the Department's wastewater pumping/collection system allocation.

Influent pumping stations at the City WRCs were included in the condition assessments. The City's wastewater collection system pump stations are rehabilitated or replaced based on age, condition, and capacity needs. Most of the stations are relatively small and a few have been recently replaced. The stations most in need of replacement are the Bolton Road PS, Flint River PS, Phillip Lee PS, Rivermeade PS, Niskey Lake No. 1, Niskey Lake No. 2, and Highlands PS.

State Consent Orders

In addition to the CSO Consent Decree and the FACD, the Department is operating under the following State of Georgia consent orders issued by the GEPD:

- Georgia EPD-WP-8602, Intrenchment Creek Decommissioning/South River WRC Improvements. This order, dated January 30, 2019, requires the decommissioning of the Intrenchment Creek WRC, construction of a new collection and transmission pump station, and improvements at the South River WRC to treat the anticipated higher influent pollutant loads. All conditions have been met and the consent order is expected to be closed soon.
- Georgia EPD-WP-9558, East Area Combined Sewer System. This order, dated September 25, 2024, included a fine of $40,000 for unpermitted discharges and effluent limit exceedances between July 1, 2022 and June 30, 2023 and requires the City to submit the most recently updated management, operations and maintenance (MOM) plan for the Custer Avenue CSCF; confirm completion of the bar screen replacement at Custer avenue CSCF and capacity and floatable control study; submit the results of the Custer Avenue CSCF flow optimization and hydraulic study; submit an updated Corrective Action Plan (CAP) that includes any short-term and long-term actions to reduce the number of discharges over the weir at the Custer Avenue CSCF; submit semi-annual progress reports on actions taken to reduce overflows at the Custer Avenue CSCF.

- Georgia EPD-WP-9597, RM Clayton WRC. This order, dated April 16, 2025, included a fine of $290,817 for effluent permit limit exceedances and operational violations from July 2023 through November 2024 at R. M. Clayton WRC and requires the City to submit an updated schedule for repairs for key equipment; submit an updated operations and maintenance standard operating procedure; submit an evaluation of the causes and responses to address elevated nutrients; submit an evaluation of the causes and responses to address TRC exceedances; submit a Standard Operating Procedure for GEPD approval for reacting to plant upsets or issues once identified; submit the Organic Loading Pilot Study Report and the Influent Monitoring Plan based on the pilot study report; complete a solids inventory of all treatment equipment and processes; and submit quarterly progress reports on the status of implementations.

5.0 Watershed Protection Services

5.1 Overview

The Department delivers a broad variety of watershed protection services, frequently in collaboration with other City departments including the Department of Public Works, the Department of Transportation, and the Department of Parks and Recreation. As described below, these services include a variety of activities required under the Department's National Pollutant Discharge Elimination System (NPDES) permits and other water-quality related regulatory requirements.[21]

The City's watershed protection assets serve the 136.3 square miles of area within the City of Atlanta jurisdictional boundaries. Assets are in the combined wastewater system (approximately 11 square miles), and approximately 125 square miles of area is served by separate stormwater management infrastructure. In addition, the City treats flows from Dekalb and Fulton Counties from an additional 103.5 sq mi area. The broad array of stormwater management / drainage assets (e.g., culverts, inlets, outfalls, etc.) were constructed primarily in conjunction with land and road development.

The City's stormwater management and infrastructure responsibilities, as defined in both the Stormwater Master Plan and the Municipal Separate Storm Sewer System (MS4) Stormwater Management Plan, are specifically limited to infrastructure that:

- is located within the City of Atlanta's right-of-way along municipal roadways; or
- primarily conveys runoff from City owned property or City right-of-way; or
- was formally deeded to, and accepted by, the City; or
- is subject to an easement in favor of the City and for which a written easement has been recorded; or
- was constructed by the City; or
- is located on City property.

Nearly 71% of the stormwater infrastructure within the City limits has been installed to provide additional developable land for the benefit of private properties or other non-municipal government lands and has not been dedicated to the City. If the City does

[21] Stormwater management activities are a fundamental requirement of the Department's NPDES permit requirements for the WRC and CSS Control Facilities A review of the Department's historic and budgeted expenditures was conducted in 2013, prior to issuance of the current NPDES permits, to assess the extent of expenditures on primarily stormwater management measures outside of the combined sewer areas and required for the City's compliance with MS4 stormwater management regulations (often performed by General Fund Departments in other jurisdictions). Given the regulatory pressures to address stormwater management in a more robust manner, DWM has increased investment in stormwater management since 2013.

not have an easement, legal right, or duty to access such structures, the City cannot manage such infrastructure. Improvements to private property at public expense are prohibited under the Georgia Constitution. Consequently, about 29% of the stormwater infrastructure within the City is the responsibility of municipal government.

The Department is placing heightened emphasis on responding to emerging regulatory trends and infrastructure development opportunities. These regulatory changes, aspects of which have been incorporated into wastewater treatment plant permits, reflect a focus on water quality improvement that requires effective management of both point source and non-point discharges to receiving waters. While System funding to ensure compliance with these aspects has historically been relatively limited, the Department is increasingly pursuing opportunities with "green infrastructure" approaches and EPA's embrace of integrated planning.[22]

5.2 Regulatory Requirements

The primary regulatory permit governing the City's stormwater system is the MS4 Permit. However, a number of additional NPDES permits govern specific aspects of the stormwater system. The City's NPDES permits relating to stormwater management include:

- Atlanta MS4 Permit No. GAS0001000;
- Consolidated R.M. Clayton, South River, and Utoy Creek Water Reclamation Center (WRC) Effluent Permit No. GA0039012;
- East Area Combined Sewer System Permit No. GA0037168;
- West Area Combined Sewer System Permit No. GA0038644; and
- Georgia General Permit for Storm Water Discharges Associated with Industrial Activity Permit No. GAR050000.

The following subsections summarize stormwater-related requirements of these permits.

MS4 Permit

In 1990, under the NPDES, the EPA established a stormwater management program to regulate stormwater discharges from municipal separate storm sewer systems (MS4s). As a Phase 1 community with a resident population greater than 100,000 people, the

[22] EPA Memorandum: "Integrated Municipal Stormwater and Wastewater Planning Approach Framework"; from Nancy Stoner and Cynthia Giles to EPA Regional Administrators and Regional Permit and Enforcement Division Directors; June 5, 2012. The Water Infrastructure Improvement Act of 2018 codified into the law EPA's Integrated Planning process, providing crucial legislative certainty to local communities seeking to develop an Integrated Plan to manage costs and prioritize their clean water investments.

City applied for and obtained its initial MS4 Permit in 1992. Since that time the City has maintained compliance with the permit requirements established by EPA and GEPD.

The MS4 Permit requires the City to implement a stormwater management program. This is described in the City's GEPD-approved Stormwater Management Plan (SWMP). This program is incorporated by reference into the City's MS4 permit issued, most recently, on June 11, 2019. The purpose of the SWMP is to document the City's MS4 stormwater management program and establish implementation protocols to achieve, to the maximum extent practicable, the objective of controlling pollutants discharged from the MS4 and to prevent the discharge of non-point stormwater into the MS4.

Stream Walks

In accordance with the MS4 Permit, it is the responsibility of DWM's Natural Resources team to walk approximately 226 miles of streams throughout 10 different watersheds within the City of Atlanta. The City's annual goal is to traverse at least 20% of the perennial streams, or 45 stream miles, per year. Stream walks are conducted during dry weather conditions, which are defined as less than 0.1-inches of rainfall per day for at least 72 hours.

During stream walks, field inspectors assess the geomorphic and hydrological condition of City streams, as well as inspect MS4 outfalls. City of Atlanta sewer infrastructure is inspected, and any issues found are called in and reported on. All MS4 outfall data is used to supplement a yearly MS4 stormwater report that is required by the GEPD and satisfies the SWMP. All other data is used for various Watershed Improvement Plans and other DWM projects.

Consolidated WRC Permit

This consolidated permit addresses the treatment and discharge of wastewater, including combined sewage, at the City's three WRCs – R.M. Clayton WRC, South River WRC, and Utoy Creek WRC. Part C.8 of this permit requires that the City develop watershed assessments and watershed protection plans for all the watersheds that are in the basins or sub-basins served by WRC facilities and are within the City's jurisdictional boundaries. This permit was most recently renewed by the GEPD on December 22, 2023, and went into effect on January 1, 2024.

- The watershed assessment plan must document baseline water quality and identify stressors that affect the quality of the water resources in the area. Requirements also include identification of water quality parameters and specification of monitoring frequencies for all streams within the area.
- The watershed protection plan must address the findings of the watershed assessment including determinations of baseline water quality conditions, long-term monitoring activities, and a schedule to correct water quality problems, and implementation of best management practices (BMPs) to prevent future water quality standards violations.

Pursuant to the watershed requirements, the City completed Watershed Improvement Plans for all 10 of its defined watersheds. The last of the 10 watershed plans, the South River Watershed Improvement Plan, was completed in 2019.

East and West Area CSS Permits

Each of the Combined Sewer System (CSS) permits address operation and management of combined sewer facilities within that area. These CSS facilities provide supplemental treatment capacity to address increased flows associated with stormwater runoff combined with sewage. The East Area includes the East Area Water Quality Control Facility and the Custer Avenue Combined Sewer Control Facility. The West Area includes the West Area Water Quality Control Facility and the Clear Creek, North Avenue, and Tanyard Creek Combined Sewer Control Facilities. General operation of these facilities was described in Section 4, Wastewater System.

A requirement of the East and West Area permits issued in August 2015 required that the City develop and implement an Integrated Plan that focuses on the use of Green Infrastructure to help reduce the amount of dissolved cadmium, copper, lead, nickel, and zinc being discharged in the treated effluent from these facilities. The required Integrated Plan was submitted on schedule August 18, 2017.

DWM was issued a draft permit for the East Area on August 14, 2024, and is currently in negotiations for the permit renewal. The current draft of the East Area permit includes additional requirements to meet effluent limitations for copper at all facilities except lead at the East Area WQCF. The West Area permit is currently operating in administrative status.

Georgia General Stormwater Permit

In accordance with both federal and state requirements, the City's three WRC facilities are considered industrial dischargers under Georgia General Permit No. GAR050000. As such, these facilities are required to obtain coverage and meet the requirements of the Georgia General Stormwater Permit. Specifically, each of these facilities is required to implement a facility-specific Storm Water Pollution Prevention Plan (SWPPP), which includes routine stormwater inspection requirements along with facility-specific water quality monitoring, and operation and management procedures that must be implemented.[23]

5.3 Biennial Biological Monitoring

DWM monitors the ecological health of its watersheds by conducting aquatic biological monitoring on a biennial basis. Beginning in 2001, DWM began to implement its Long-Term Watershed Monitoring Program (LTWMP) within the City's major watersheds. As part of the LTWMP, DWM has conducted biological monitoring every two years,

[23] Fourteen municipal facilities considered to be industrial facilities qualified for the No Significant Exposure Exemption provided for in the regulations.

including assessments of the physical habitat and the fish and benthic macroinvertebrate communities at 22 representative stream locations within six watersheds: Long Island Creek, Peachtree Creek, Proctor Creek, Sandy Creek, South River, and Utoy Creek.

The data collected as part of the biennial biological monitoring provide the City with substantial information to meet regulatory requirements and evaluate trends in biological communities and watershed conditions. The City has used this data to make informed watershed management decisions and prioritize watershed improvement protection strategies throughout the City. The data satisfies the Total Maximum Daily Load (TMDL) monitoring requirements for 305(b)/303(d) biota-listed streams, the City's NPDES Permits requirements, Metropolitan North Georgia Water Planning District Standards and Methodologies for Surface Water Quality Monitoring (March 2007), and Federal Consent requirements.

5.4 Stormwater Management Assets

Historically, stormwater management assets referred almost exclusively to constructed assets such as pipelines, drains, catch basins, retention and detention ponds, and other "hard" assets commonly referred to as "gray infrastructure".[24] However, the definition of stormwater management assets has evolved substantially as designers, planners, and engineers have come to recognize that natural processes can be used to supplement more traditional "hard" assets. These assets are commonly referred to as "green infrastructure". Gray infrastructure is summarized in the subsection below followed by a discussion of engineered and natural green infrastructure.

Gray Infrastructure

Gray stormwater infrastructure refers to the traditional, engineered systems designed to manage rainwater runoff from impervious surfaces such as roofs, roads, driveways, parking lots and sidewalks. These systems are built to collect, transport, and discharge stormwater efficiently, especially during heavy rainfall events. The rainfall is captured by various types of catch basins and transported through pipes and culverts to treatment facilities or natural bodies of water.

Under the MS4 Permit, the City reports catch basins, pipes, ditches, and ponds in their Annual Report to GEPD. The 2024-2025 MS4 Annual Report asset inventory is shown

[24] Structural assets for collection and transmission of combined sewage in the Combined Sewer Area are covered under the Consolidated WRC NPDES Permit and are excluded from the East Area and West Area NPDES permits. This is also consistent with the requirements of the First Amended Consent Decree. However, there are locally separated stormwater in the Combined Sewer Area that discharge directly to waters of the State that are covered under the MS4 Permit.

in Table 5-1.[25] The Department performed field inventory and verification activities from 2020 through 2022 on 4 of 10 basin groups to update the inventory. The Department continues to perform inspections throughout the system. In addition to the field verification updates, the inventory is updated as new structures are installed by (or dedicated to) the City.

TABLE 5-1
MS4 Asset Inventory

Inlets[1]	Number	Added This Period	June 16, 2025, Totals
Catch Basin	7,736	21	7,757
Totals	**7,736**	**21**	**7,757**
Conveyances[1]	**Feet**		
Pipe & Culverts	1,338,117	2,627	1,340,744
Totals	**1,338,117**	**2,627**	**1,340,744**

1 - 2024-2025 MS4 Annual Report, Appendix 1.A Asset Inventory 2025 and Appendix 1.H.2 Storm Lines and Structures Cleaned & Inspected 2024-2025.

Green Infrastructure

Under the Department's definition, green infrastructure is designed to manage stormwater in a manner that protects, restores, or mimics the natural water cycle through activities such as planting trees, restoring wetlands, promoting infiltration, or protecting stream banks and channels. Green infrastructure may be either engineered or natural. Engineered green infrastructure includes engineered approaches using site-specific conditions and construction of structures such as green roofs, vegetated swales, permeable pavement, infiltration planters and wells, and rain harvesting / gardens. These engineered types of green infrastructure assets are designed to mimic natural hydrologic functions and decrease the amount of stormwater runoff from sites. Natural green infrastructure emphasizes the use of natural drainage features to slow and clean stormwater runoff or enable it to infiltrate natural surfaces and includes passive techniques such as greenspace and forest conservation, stream bank restoration, and floodplain protection.

Engineered Green Infrastructure

The City was an early adopter of green infrastructure and water conservation efforts to help reduce the demands on the City's limited drinking water supplies while simultaneously increasing long-term wastewater treatment capacity by reducing the

[25] The City has completed converting hard copy and electronic (PDF) maps into a GIS compatible electronic database and conducted surveying in previously unmapped areas. This information has been incorporated into a database that identifies known municipal-responsible structures. The City continues to conduct field verification of stormwater management structures. The field verification work includes locating previously mapped structures documenting newly identified structures, surveying existing structures, collecting detailed construction information, and identifying ownership. These efforts are being conducted throughout the City's entire jurisdictional.

amount of stormwater runoff processed through its wastewater treatment facilities. The first governmental green roof project in the southeastern US was installed on top of City Hall in 2005. In 2018, the City developed the Green Infrastructure Strategic Action Plan with the purpose of promoting green infrastructure throughout the City by all departments. DWM has a dedicated team that identifies and implements green infrastructure projects in accordance with the Green Infrastructure Strategic Action Plan and Watershed Improvement Plans. Green infrastructure delivers multiple environmental, social, and economic benefits, including air quality, cooling, carbon storage, wildlife habitat, recreation and health, and property value enhancement. These are known as Triple Bottom Line (TBL) benefits.

The 2024-2025 MS4 Annual Report identifies 1,741 privately-owned and 216 publicly-owned Green Infrastructure/Low Impact Development structures.

Natural Green Infrastructure

DWM has purview over 2,020 acres of protected land managed as a network of natural green infrastructure. The majority of this land was acquired (in fee simple or via conservation easement) between 2001 and 2007 under the City's $25 million Greenway Acquisition Project, in accordance with the 1998 CSO Consent Decree, to preserve forested streamside buffers that protect water quality and reduce erosion. Additional properties were acquired for flood mitigation and floodplain protection through Federal Emergency Management Agency (FEMA) Hazard Mitigation grants or infrastructure projects. Using a model developed by the US Forest Service, DWM estimates that this forested natural green infrastructure network is reducing annual runoff by up to 151 million gallons via canopy interception and another 304 million gallons via transpiration. As with engineering green infrastructure described above, natural green infrastructure also delivers cost effective TBL benefits.

In-House Design Team

The Office of Watershed Protection has established a new in-house design group, the Stormwater Design and Construction Division, to support the planning, design, and delivery of stormwater capital projects for the City of Atlanta. This division is responsible for developing both gray and green infrastructure stormwater solutions, including traditional conveyance systems as well as nature-based practices that improve water quality, reduce flooding, and enhance community resilience. By performing project design internally, the City is positioned to reduce reliance on external consultants, increase project delivery efficiency, and achieve long-term cost savings while maintaining greater control over design standards, schedules, and outcomes.

Future Directions: One Water Vision

The Department is increasingly managing stormwater infrastructure with a watershed approach that emphasizes green infrastructure in both the combined sewer and separate storm sewer areas. Since many stormwater projects address localized

flooding and storm drainage complaints and are frequently relatively small in scope and budget, the Stormwater Master Plan prioritized types or categories of stormwater projects rather than individual CIP projects. This CIP category prioritization utilized TBL benefit scores based on general benefits associated with the types of projects included in the category. The Atlanta Integrated Water Resources Plan added Risk Reduction Benefit scores for the optimization modeling. The analysis accounted for typical stormwater infrastructure capital funding allocations.[26]

One of the CIP stormwater projects evaluated was implementation of a stormwater utility that would allow a dedicated revenue stream for stormwater management and separate funding of capital projects. The Department has re-assessed the opportunity for implementation of stormwater utility fees to create a separate funding source to support the City's stormwater management program.[27] A stormwater utility fee could be used to fund program operation and maintenance and infrastructure asset repair and replacement, green infrastructure, stream restorations, and other watershed-based improvements. The Department has updated impervious area measurements; outlined procedures to administer exemptions, credits, appeals, and assistance programs; and built financial models to evaluate revenue requirements, cash flows, and customer impacts under alternative level of service options and fee structures. Actual implementation of a stormwater utility fee depends on future conditions, acceptance by City stakeholders, and adoption by City Council, none of which is guaranteed.

Safe Dam-Related Regulatory Enforcement

The Department is operating under one State of Georgia consent order related to watershed issues under the State of Georgia's Safe Dam requirements. This order is Georgia EPD-WP-8997 and applies to the Lake Forrest Dam. The order requires that the lake level remains at or below 898.0 feet until the dam is either permitted or breached and that water quality monitoring is conducted during construction every time the area receives 0.5-inches of rain.

The Department's other dams include embankments for the Hemphill Reservoir No. 1 and the Hemphill Reservoir No. 2, the Lakewood Dam, and the Niskey Lake Dam.

[26] In December 2015, the Atlanta City Council adopted Ordinance No. 14-O-1453 that allows dedication of up to 10 percent of MOST proceeds to fund stormwater management.

[27] Several preliminary stormwater utility feasibility studies (or portions thereof) were conducted between 2006 and 2020 providing a foundation for analysis and reassessment.

6.0 Water System

6.1 Overview

The City obtains its drinking water from the Chattahoochee River through two raw water intakes located downstream of Lake Lanier, a multi-purpose water reservoir owned and operated by the U.S. Army Corps of Engineers. The raw water is treated at the City's three water treatment plants, one of which (along with a raw water intake) is jointly owned with Fulton County.

The retail water service area of the Water System includes the City, unincorporated areas of Fulton County (south of the City), areas located within the cities of Sandy Springs and Chattahoochee Hills and portions of incorporated areas located in South Fulton.

The City's wholesale customers include three cities in Fulton County (Hapeville, Fairburn and Union City) and the counties of Coweta (Coweta County Water and Sewage Authority), Clayton (Clayton County Water Authority) and Fayette ("Wholesale Counties"). The City supplies all water needed by the Wholesale Counties; while these Wholesale Counties continue to have active wholesale meters, their water demands are limited to exceptional circumstances reflecting recent demand patterns and their respective development of alternative water supply arrangements. The cities of College Park, East Point and Palmetto are supplied with water from entities other than the City and Fulton County.

The two wholly owned water treatment plants within the City (Hemphill and Chattahoochee) are operated and maintained by the Office of Water Treatment and Reclamation; water transmission and distribution system assets are operated and maintained by the Office of Linear Infrastructure Operations. The partially-owned water treatment plant (Tom Lowe Atlanta Fulton County) is operated and maintained by a contract operator under the supervision of the Atlanta Fulton County Water Resources Commission.

The drinking water system operates under permits issued by the State of Georgia Department of Natural Resources (DNR), Georgia EPD, pursuant to the requirements of the Federal and State Safe Drinking Water Acts. Water withdrawal is authorized by Georgia EPD Permit No. 060-1291-01, dated February 4, 2022, for a maximum 24-hour withdrawal of 158.52 mgd and a monthly average withdrawal of 135.3 mgd. The permit expires 10 years from issuance date, or February 4, 2032. The City's water system is permitted to operate as a Public Community Water System under Georgia EPD Permit No. CS1210001, dated November 27, 2019. This permit also expires 10 years from issuance date, or November 27, 2029.

6.2 Water System History

The original City of Atlanta water system was constructed in 1851 and consisted of five artesian wells. In 1891, the City's Water Commission recommended withdrawing up to 10 mgd from the Chattahoochee River to address water shortages. In 1893, the City's first river intake, a 30-inch pipeline located on the east bank of the Chattahoochee River just north of Peachtree Creek, was constructed to transfer water from the river to the Hemphill Water Treatment Plant (WTP) complex. A 36-inch main was added in 1910 and a 48-inch main was added in 1923.

The Chattahoochee WTP was constructed and placed in service in 1960. The Tom Lowe Atlanta Fulton County WTP was constructed and placed in service in 1991. Additionally, the City constructed 60-inch and 72-inch pipelines to transfer water from the raw water pump station to the Chattahoochee and Hemphill WTPs. Today, these three treatment plants serve more than one million people in the metropolitan Atlanta region, providing approximately 100 mgd of water each day within a 650-square-mile service area.

In 2020, the City completed a major Water Supply Program that converted an over century old rock quarry into a raw water reservoir capable of storing 2.4 billion gallons of water. Water stored in the reservoir will provide at least 30 days of emergency raw water supply for the City and will ensure reliable raw water availability for the next several decades.

6.3 Service Area

The City's water service area and treatment plant locations are shown in Figure 6-1. As shown, the Tom Lowe Atlanta Fulton County WTP is in the northeast corner of Fulton County; the Chattahoochee WTP is adjacent to the Chattahoochee River in the middle of the western border of the County; and the Hemphill WTP is in the center of the City of Atlanta.

The City's retail water system serves over 175,000 active water accounts. System customers, including both retail and wholesale customers, are served by over 2,700 miles of water distribution pipelines, four finished water pump stations, three re-pump stations, 11 booster pump locations (eight of which are in reserve), two raw water pump stations, two reservoir emergency draw-down pump stations, four surge tanks, and 12 ground and elevated storage tanks.

Table 6-1 provides a summary of water accounts and water system sales history for the period FY 2019 through FY 2025. The number of retail water accounts served by the System increased 7.5 percent while retail water sales increased 4.8 percent, from 66.83 mgd in FY 2019 to 70.01 mgd in FY 2025. Wholesale water sales remained relatively flat and total water sales increased 4.5 percent over the reporting period.

FIGURE 6-1
Water System Service Area

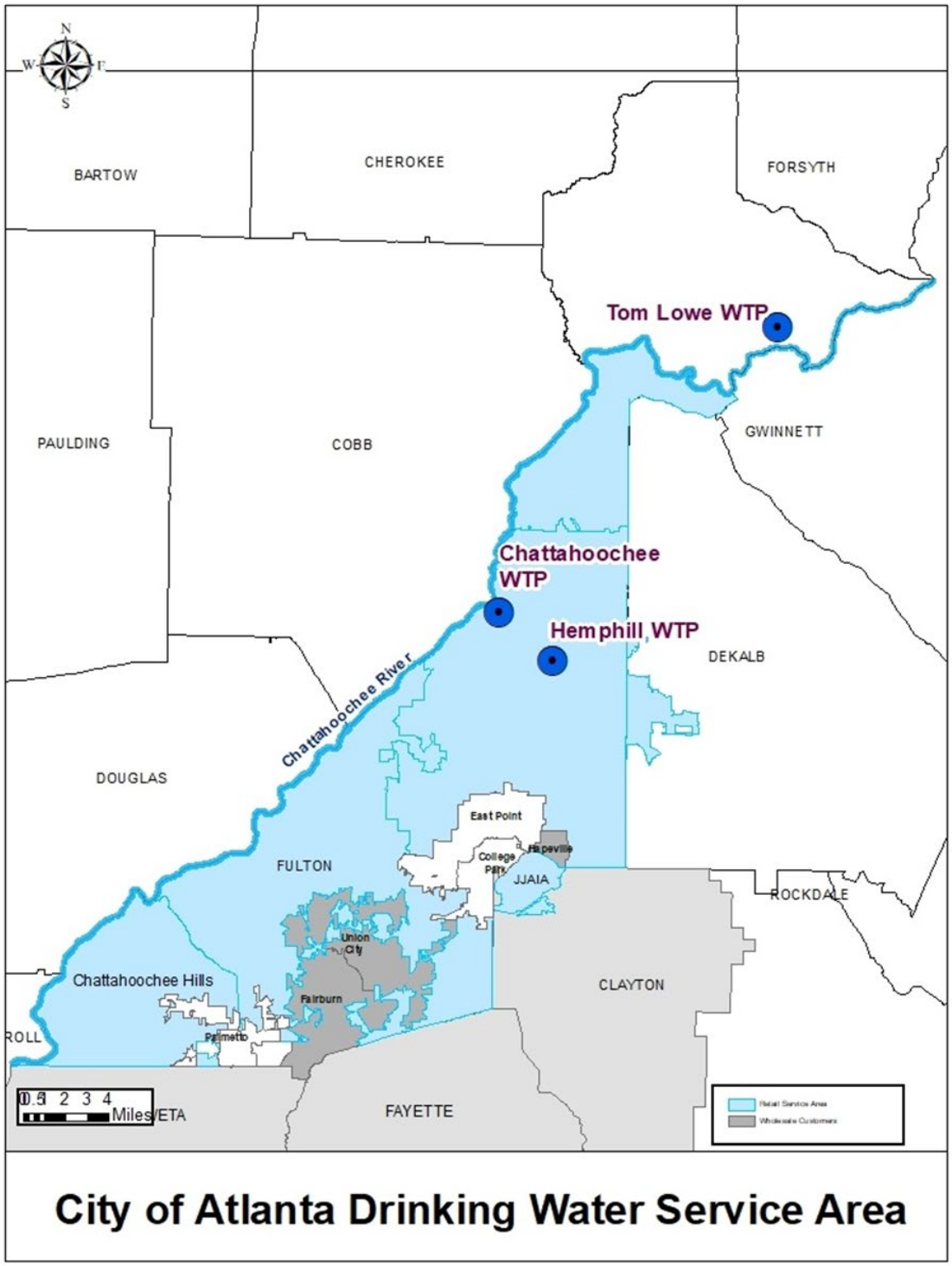


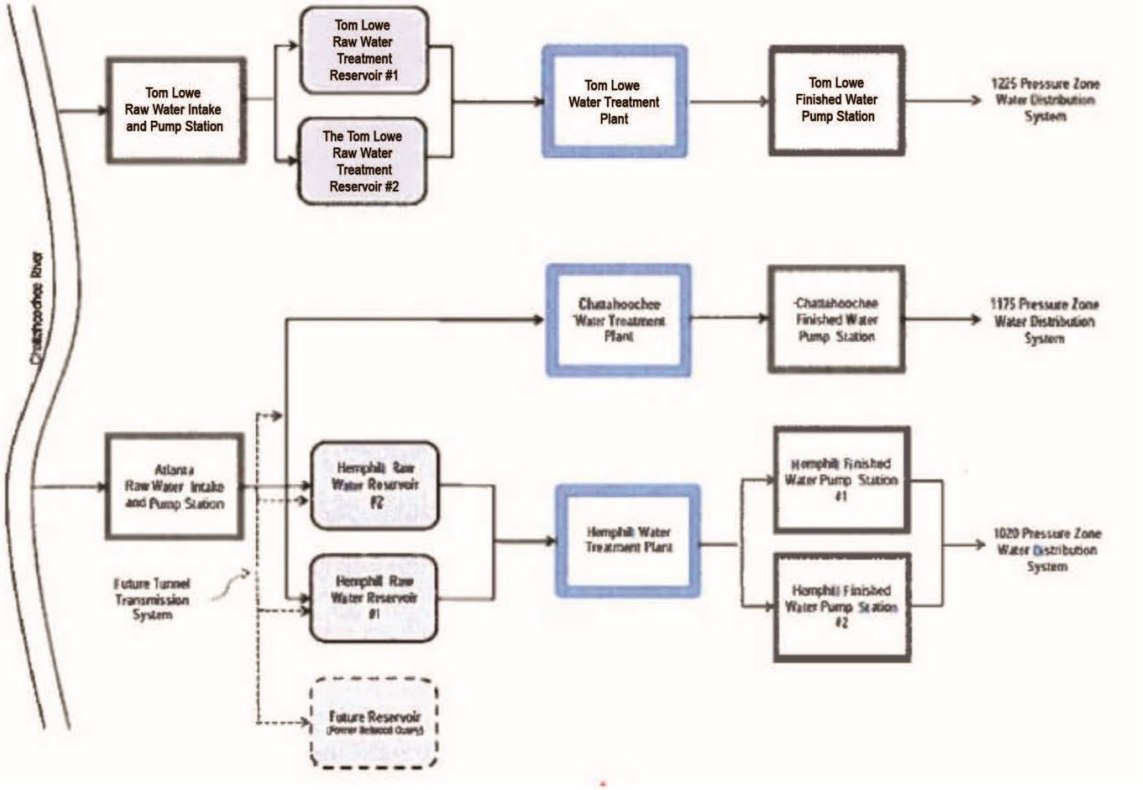
TABLE 6-1
Account and Water Sales History, FY 2019-FY 2025

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Water Retail Accounts	163,470	165,242	167,198	167,812	171,137	173,168	175,827
Water Wholesale Customers[2]	6	6	6	6	6	6	6
Total Water Sales (mgd)	70.14	70.56	67.21	69.57	72.84	72.24	73.33
Wholesale Water Sales (mgd)	3.31	3.38	3.56	3.72	3.99	3.87	3.33
Retail Water Sales (mgd)	66.83	67.18	63.65	65.85	68.86	68.37	70.01

6.4 Water Treatment Facilities

Figure 6-2 is a simple process diagram for the three water treatment facilities. The following subsections describe operations of the raw water supply facilities, the water treatment plants, and the water distribution system.

FIGURE 6-2
Water Treatment Facility Schematic



Raw Water Supply Facilities

The Chattahoochee River Intake has been the source of raw water for the City of Atlanta since 1893. A separate intake further north on the Chattahoochee River serves the Tom Lowe Atlanta Fulton County WTP.

Raw water is withdrawn from the Chattahoochee and screened to remove large debris. Screened water flows by gravity from the intake under Peachtree Creek to the Peachtree Pump Station (PPS). This electrically-powered PPS utilizes high service pumps to deliver raw water to the Hemphill raw water reservoirs where it is stored and treated as needed. The PPS's low service pumps deliver water directly to the Chattahoochee WTP for treatment.

To address lack of storage and reliance on aging high service pipelines from the PPS to the Hemphill WTP, the City completed the Water Supply Program in 2020. Facilities included the 2.4 billion gallon converted quarry reservoir, the Quarry Water Supply Facility (QWSF); a 5-mile long, 450-foot deep, 10-foot finished diameter tunnel (the "Water Supply Tunnel"); associated pump stations, the Hemphill Tunnel Pump Station; and various improvements to existing water supply infrastructure. The water stored in the QWSF provides at least 30 days of emergency raw water supply and the new tunnel could replace the raw water pipelines with a durable, resilient water supply conduit.

The Peachtree Pump Station pumps raw water from the Chattahoochee through the Raw Water Supply pipelines to the Hemphill reservoir and the QWSF. At the Hemphill WTP, the tunnel shaft is equipped with a Hemphill Tunnel Pump Station to move raw water from the tunnel system to the Hemphill Reservoir Complex, where the water can be directed to either Hemphill reservoir or directly to the treatment plant.

Hemphill Reservoir No. 2 is the larger reservoir with an approximate capacity of 260 million gallons (MG) and is located adjacent to the Hemphill Tunnel Pump Station. Hemphill Reservoir No. 2 delivers water to the Hemphill WTP by gravity. Reservoir No. 2 is also equipped with pumps to deliver flow to the rapid mix stage of the WTP when levels are too low to operate by gravity.

Reservoir No. 1 has a capacity of approximately 180 MG but is currently out-of-service while investigations and repairs to address leakage are being performed to determine the feasibility of returning the reservoir to service.

Water Treatment Plants

Raw water is treated at the Chattahoochee, Hemphill, or Tom Lowe WTPs. Table 6-2 presents the average and maximum daily water production for these plants for the period between FY 2019 and FY 2025.

TABLE 6-2
Water Plant Production, FY 2019-FY 2025

Plant	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Average Daily Production (mgd)							
Chattahoochee WTP	36.34	34.57	48.97	37.39	40.66	40.32	41.14
Hemphill WTP	48.00	48.62	48.93	53.8	56.75	61.08	65.83
Tom Lowe WTP	12.83	12.56	14.16	15.48	14.59	15.93	14.20
Totals	**97.17**	**95.75**	**112.06**	**106.67**	**112**	**117.33**	**121.17**
Maximum Daily Production (mgd)							
Chattahoochee WTP	37.66	48.78	43.91	38.62	42.23	41.88	43.15
Hemphill WTP	53.00	75.80	61.91	60.74	60.16	65.34	69.19
Tom Lowe WTP	14.98	14.65	16.73	18.45	17.79	20.23	17.17

Sources: City of Atlanta Department of Watershed Management's Monthly Operating Reports (MORs).

Chattahoochee Water Treatment Plant

The Chattahoochee WTP was originally constructed in 1961 and 1962. The plant was upgraded between 1968 and 1970 with the addition of seven filters to the original six plant filters. The Chattahoochee WTP has a maximum capacity of 64.9 mgd and provides approximately 40 percent of the drinking water for the City and served parts of Fulton County. The Chattahoochee WTP provides water to the Northside and Adamsville Re-pump Stations, which delivers water to the Buckhead and south Fulton County areas of the System, respectively.

The plant employs conventional treatment, consisting of rapid mixing, three-stage flocculation, sedimentation, dual media filtration, disinfection, finished water chemical application, and finished water storage. Treated water is stored in two clear wells at the facility until it is pumped into the distribution system. Solids removed during the treatment process are transferred to the City's R.M. Clayton WRC for processing in accordance with the requirements of the Georgia General NPDES permit for Filter Backwash Discharges (GAG640000).

Hemphill Water Treatment Plant

The Hemphill WTP was originally constructed in 1893 and has been expanded several times, most recently in 1987. The current permitted capacity of the plant is 136.5 mgd. This plant supplies approximately 48 percent of drinking water to retail, residential, commercial, industrial, and institutional customers within the City and portions of Fulton County south of the Chattahoochee River, and to the City's wholesale water customers.

The Hemphill WTP employs conventional treatment consisting of rapid mixing, hydraulic flocculation, sedimentation, dual media filtration, disinfection, finished water chemical application, and finished water storage. Solids are presently being processed

at the Hemphill Settled Solids Facility. Finished water is stored in two clear wells at the facility until it is pumped into the distribution system.

Tom Lowe Atlanta Fulton County Water Treatment Plant

The Tom Lowe Atlanta Fulton County WTP is a high-rate surface water filtration plant located in north Fulton County and is managed by the Atlanta-Fulton County Water Resources Commission. The Commission is a joint venture of the City and Fulton County. The facility serves approximately 12 percent of the Department's water demand in the northernmost portion of the City's service area.

The Tom Lowe Atlanta Fulton County WTP is staffed by a contract operator. The plant employs conventional treatment consisting of the following components and unit processes: raw water pumps and transmission lines, raw water metering, raw water storage, rapid mixing, flocculation, sedimentation, solids thickening, gravity filtration, wash water decanting, solids dewatering, chemical handling, clear well storage, and finished water pumping. All solids removed during the treatment process are treated on site through gravity thickening and dewatered using plate and frame presses. Treated water is stored in the clear well at the facility until it is pumped into the distribution system.

The Tom Lowe Atlanta Fulton County WTP is located on the Chattahoochee River in Alpharetta and is permitted to withdraw up to 90 mgd of raw water at this location. The City has rights to half of the plant capacity, or 45 mgd. Raw water from the Chattahoochee River is withdrawn at the jointly owned Tom Lowe Raw Water Intake via dual 54-inch pipes and transferred to two raw water reservoirs for storage prior to treatment.

Phase 1 of the facility was completed in 1991 with an initial production capacity of 45 mgd. Phase 2 was completed in 1998 bringing plant capacity to 90 mgd. In May 2007, Phase 2.5 was completed to expand raw water pumping capabilities and increase the capacity of raw water reservoir storage to approximately 890 MG. The Phase 2.5 improvements also upgraded the instrumentation and filter backwash systems resulting in improved reliability, security and energy efficiency. A Phase 3.0 project was completed to convert the treatment process from using chlorine gas disinfectant to a liquid sodium hypochlorite disinfectant which has much lower safety risk. In addition, new filter underdrain and plate settler replacements were installed in the sedimentation basins.

Water Distribution System

The City's water distribution network extends north from the City across Sandy Springs to the Chattahoochee River and south of the City into South Fulton County. The City's drinking water distribution system is also used to convey water to the City's wholesale water customers that include Hapeville, Union City, and Fairburn, the Clayton County Water Authority, the Coweta County Water and Sewerage Authority, and Fayette County.

The City's distribution system service area varies significantly in elevation, from an elevation high of approximately 1172 feet North American Vertical Datum (NAVD) to a low of about 759 feet NAVD. Generally, the highest elevations are in the northern part of the service area, and the lowest elevations are in areas to the west at the Chattahoochee River. Due to the range of elevations and the need to provide consistent water pressures to customers throughout the service area, the distribution system is divided into three major pressure zones (Chattahoochee 1020 zone, Hemphill 1175 zone, and North Area 1225 zone) as shown in Figure 6-3. The zones are named according to a combination of their associated water treatment facilities and the water level elevations of the storage tanks that "float" (fill and draft by gravity) in each zone. Booster pump stations that control the transfer of water between the pressure zones establish the pressure zone boundaries.

Potable drinking water is delivered to the City's retail and wholesale customers through a network of over 2,700 miles of water mains and pipelines. Table 6-3 summarizes the lengths and the relative distribution of the various pipe sizes in the System.

TABLE 6-3
Water Distribution Pipelines by Size

Water Main Size	Length[1] (miles)	Percentage of Total	Water Main Size	Length[1] (miles)	Percentage of Total
≤ 4 inches or unknown	66.17	2.37%	16 inches	143.37	5.15%
6 inches	677.1	24.30%	20 inches	45.58	1.64%
8 inches	1,329.53	47.72%	24 inches	69.2	2.48%
10 inches	19.17	0.69%	30 inches	30.75	1.10%
12 inches	350.38	12.58%	≥ 36 inches	55.05	1.98%
			Totals	**2,786.3**	**100.0**

1- Piping lengths exclude hydrant laterals, service, and fire laterals, and raw water piping.

Nearly all (95 percent) of the water supply lines in the City's distribution system are ductile or cast iron and range in age from 1 year to over 75 years. The older pipes are cast iron while ductile iron was installed starting in the 1960s.

As shown in Figure 6-4, the City's distribution system contains 12 storage tanks (below ground, ground level, and elevated) and 11 booster station locations dispersed throughout the System to manage instantaneous water demand and pressure fluctuations in the service area. In addition, there are four surge tanks protecting the finished water system. Many of the pump stations are designed as in-line booster stations to augment water pressure in the outlying reaches of the distribution system. The various tanks in the distribution system have a combined finished water storage capacity of approximately 37 million gallons. The tanks provide backup water during peak demand and stabilize pressure in the System especially during peak demands.

FIGURE 6-3
Water System Pressure Zones

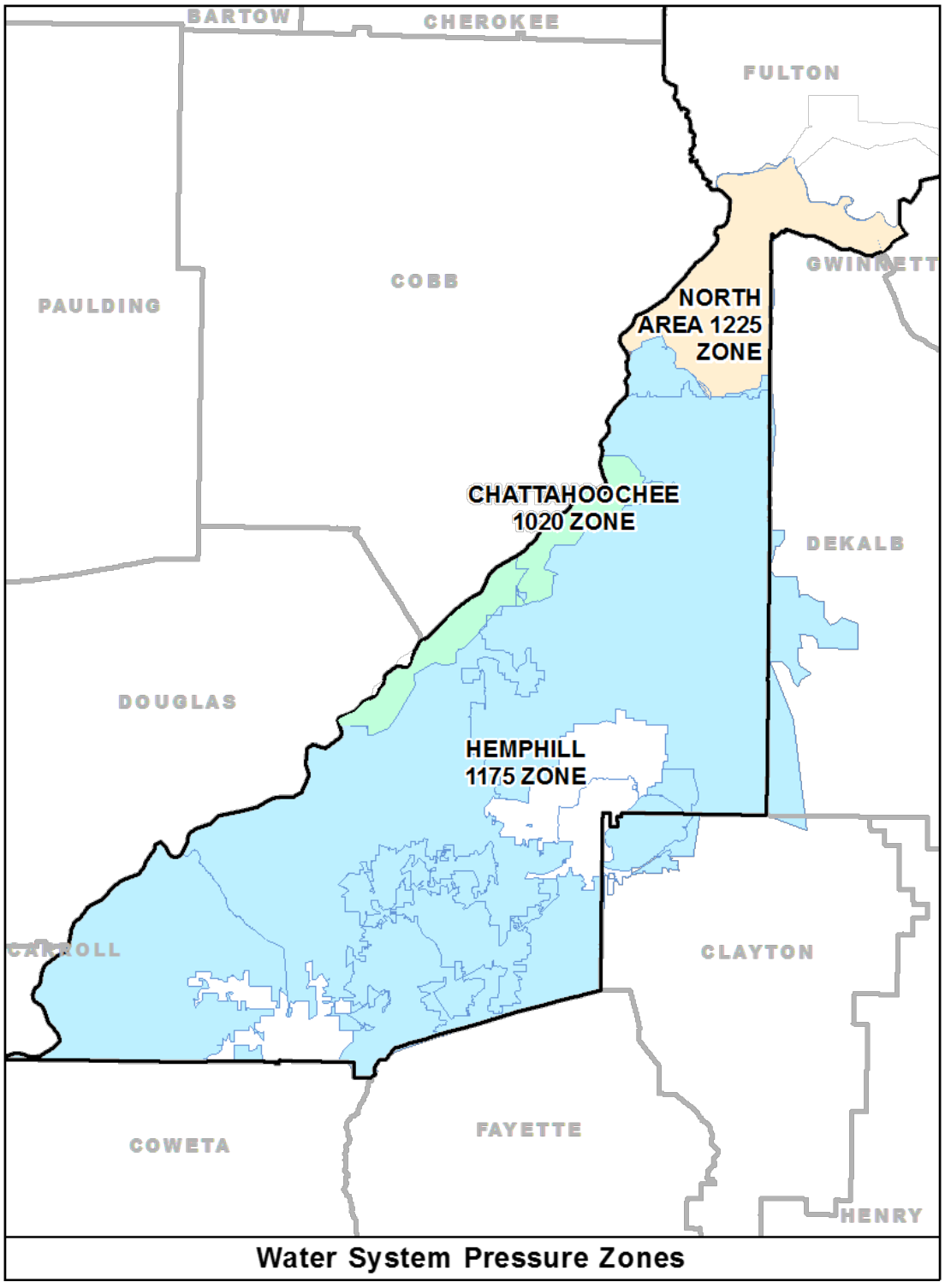
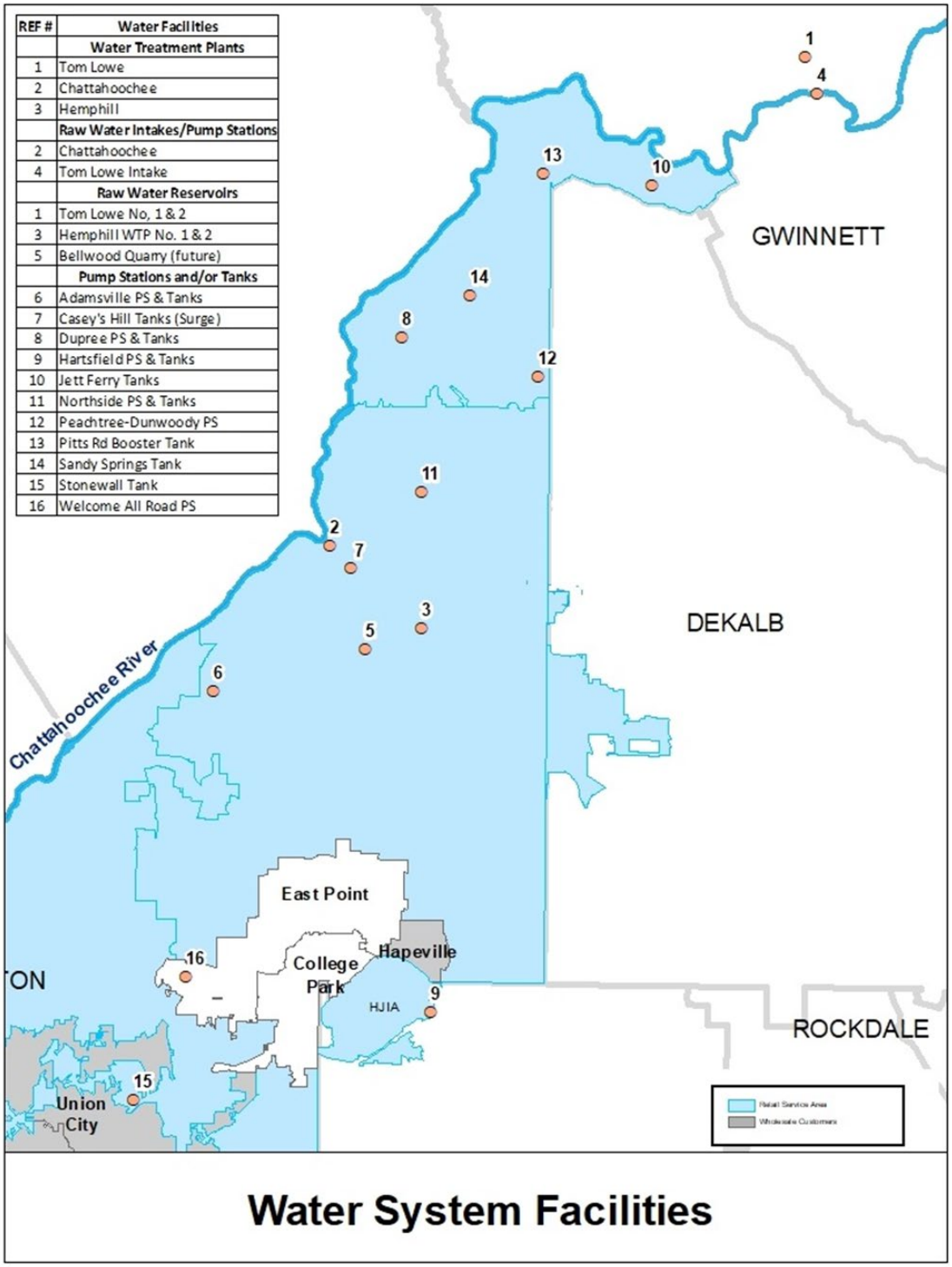


FIGURE 6-4
Water System Facilities



6.5 Condition, Capacity, and Regulatory Compliance

Defining capital project needs for water systems requires an assessment of asset condition, projected capacity needs, and regulatory compliance requirements. These factors were evaluated for the Water Master Plan completed in 2020 and were considered in the capital project allocation process. In general, the master planning engineering evaluations included limited visual inspections of selected major above ground facilities operated by the City, interviews of key staff responsible for operation of facilities, and reviews of ongoing and planned capital improvements. No field-testing or detailed evaluation of facility maintenance records was performed to confirm or assign more refined asset condition scores or funding allocations. As part of the Department's refinement of the master planning recommendations, more specific asset evaluations are conducted in conjunction with design or design-build procurement activities.

Raw Water Supply

The Water Supply Program completed in 2020 addressed deficiencies of the raw water system, including a lack of storage and lack of reliability in pumps and pipelines. Additional planned improvements include a second phase of the River Intake Pump Station and a River Intake Grit Removal Facility. The second phase of the River Intake Pump station will add additional screening equipment, pumps, and piping to provide an ultimate firm capacity of 200 mgd with a total station capacity of 240 mgd. The River Intake Grit Removal Facility will provide source control grit removal to prevent possible accumulation of grit in the tunnel.

No regulatory deficiencies were identified associated with the raw water supply facilities.

Water Treatment Plants

The Hemphill WTP was originally constructed over 100 years ago; the Chattahoochee WTP was originally constructed over 60 years ago; and the Tom Lowe Atlanta Fulton County WTP was originally constructed over 30 years ago. As such, many repairs, rehabilitation, and replacement projects have been completed over the years.

It is anticipated that a new treatment plant will need to be constructed to replace the Hemphill WTP at some future point in time and that expansion of the capacity of the Tom Lowe Atlanta Fulton County WTP to 135 mgd (with the City maintaining rights to 50 percent of the plant capacity) will be required. The timing of the new plant and the expansion of the Tom Lowe Atlanta Fulton County WTP remains to be determined and the costs associated with such expansion are not included in the Water System Priority Project allocations.

As previously noted, the City's drinking water system operates under permits issued by the Georgia EPD and requirements of the Federal and State Safe Drinking Water Acts. The Department is in compliance with its applicable permits. Two previous

Administrative Consent Orders issued by the Georgia EPD have been resolved. The water treated and delivered by the City meets or exceeds all drinking water standards established by both the U.S. and Georgia Safe Drinking Water Acts.

The Department is evaluating the possible need to implement corrosion control processes at the treatment plants should increased distribution system monitoring required under the EPA's new Lead and Copper Rule uncover problems. The Lead and Copper Rule is discussed further in Section 6.5. As part of the EPA's Lead and Copper Rule Revisions (LCRR), all community water systems must inventory their service lines[28] and identify any made of lead. The Department completed the initial phase of the LCRR Service Line Inventory which was submitted in October 2024. DWM reported initial findings, that there were no lead service lines found, however private lead service lines are likely to still exist.[29] The study will continue with a required conclusion date of 2027.

Distribution System Evaluation

The City's distribution network condition ranges from Very Good to Poor depending on the structural integrity of the pipelines within the network, the ability of the pipelines to deliver the necessary flow meeting minimum pressure requirements, and the ability of the System to deliver water without impacting water quality (e.g., dead ends in the System which create brown water). The condition of the network is a function of a variety of factors including pipe age, pipe material, soil conditions, past maintenance, initial construction, activities in the vicinity of the pipeline, the amount of growth which has occurred since the pipeline was designed and constructed, and the design of the System itself.

The City evaluates the condition of its water distribution system using a variety of techniques and information. Assessments employ field inspection, hydraulic modeling, leak detection, and the evaluation of complaints as well as historical operating data. There is still a considerable number of cast iron pipes within the network that will require renewal at substantial cost. This will provide benefits associated with reducing rates of water main breaks and water loss. It will also serve in boosting fire flow pressures in areas served by small diameter pipes that are advanced in age. System resilience will also be enhanced with the implementation of the proposed Downtown Storage Tank to provide additional finished water storage and boost pressures in the water mains feeding the southern portions of the distribution system.

The City is continuing to evaluate its water mains (while implementing asset management practices) to identify pipes needing rehabilitation or replacement, to sequence the projects to address highest priority needs, and to coordinate work on both the water and sewer pipeline systems. The replacement and repair of water lines

[28] A service lateral is the smaller pipe connecting the street's water main to the customer's property.

[29] The Department is working on establishing a pilot program to determine the probable magnitude and anticipated location of private lead service lines and to confirm the absence of public lead service lines

in conjunction with the completion of sewer collection replacement and repair work is an example of such coordination.

Fulton County Service Delivery Strategy Agreement

The City of Atlanta is located primarily within Fulton County, Georgia and is a party to the Fulton County Service Delivery Strategy Agreement, dated October 27, 2005 (SDS Agreement)[30]. As a result of the creation of several new cities within Fulton County, the SDS Agreement required an update by the State of Georgia Department of Community Affairs. Many issues were resolved between the parties following mediation. One of the main disputes resolved was over the definition of the drinking water service areas of the City of Atlanta and several municipalities located in the South Fulton area. Service areas of the cities of Fairburn, Palmetto, and Union City generally reflect the municipal boundaries of the respective jurisdictions, as of May 25, 2012, while recognizing that existing retail customer base of the respective cities remain unchanged (including the City's retail customers located within the cities as a result of annexation).

As part of the statutorily required, periodic renegotiations of the SDS Agreement, the City of Sandy Springs, Georgia is challenging the City of Atlanta's water rate differential pursuant to a state statutory process (Fulton County Georgia v. City of Alpharetta, Civil Action File No. 2009-CV-17725). The City of Atlanta received a favorable ruling from the trial court on all pending matters in December 2025, and said ruling is on appeal by the City of Sandy Springs.

The City has affirmed its commitment to deliver services within its currently designated water service areas.

Tri-State Water Supply Litigation

The City of Atlanta's water is sourced from the Chattahoochee River below Buford Dam. Flows in the river are managed by the two dams to meet the needs of the City and other metro-area "river users" (Cobb County-Marietta Water Authority, DeKalb County, Atlanta Fulton County Water Resources Commission, a joint venture between the City and Fulton County).

After decades of litigation, the United States Court of Appeals for the Eleventh Circuit in 2011 held that water supply operations described above are within the Corps' authority. In re MDL-1824 Tri-State Water Rights Litig., 644 F.3d 1160 (11th Cir. 2011). The court remanded the matter to the Corps to determine the limits of this authority.

After additional studies and analysis, the Corps determined that Buford Dam can be operated to accommodate water supply withdrawals of up to 379 million gallons per day ("mgd") by the river users. This operation was incorporated into an updated Master Manual for the Apalachicola-Chattahoochee-Flint (ACF) River system adopted by the

[30] As required by the Service Delivery Act, pursuant to O.C.G.A. § 36-70-20, et seq.

Corps in 2017. Operations pursuant to the 2017 Master Manual are projected to meet the river users' water supply needs at least through 2050.

The 2017 Master Manual is the subject of litigation currently pending before the United States Court of Appeals for the11th Circuit. Two appeals — one by the National Wildlife Federation ("NWF") and other non-governmental organizations, see National Wildlife Federation, et. al. v. U.S. Army Corps of Engineers, 11th Cir. No. 21-13104; the other by the State of Alabama, see State of Alabama v. U.S. Army Corps of Engineers, 11th Cir. No. 21-13444 — have been consolidated. The State of Alabama's appeal directly challenges the Corps' operation of Buford Dam to provide water supply to the City and other metro communities. NWF's appeal also implicates the Corps' water supply operation, but to a lesser extent.

The challenges by NWF and Alabama were adjudicated by the United States District Court for the Northern District of Georgia, which granted summary judgment dismissing all challenges to the 2017 Master Manual on August 11, 2021. See In re: ACF Basin Water Litig. N.D. Ga. No. 1:18-MI-43-TWT, Doc. 234.

Alabama's appeal is currently held in abeyance pursuant to an agreement between Alabama, the Corps, the State of Georgia, the City of Atlanta, and six other "Water Supply Providers" with whom the City shares counsel. If implemented by the Corps following public notice and environmental review, this agreement will result in Alabama's appeal being voluntarily dismissed. NWF did not participate in the agreement, however, and its appeal is currently proceeding. A final decision is anticipated in 2026. It is unclear whether, or how, an adverse decision in the NWF appeal could affect the Corps' operation of Buford Dam for water supply purposes.

7.0 Capital Improvement Program

7.1 Overview

Over the last 25 years, the Department's Capital Improvement Program (CIP or "capital program") has largely reflected prioritization of FACD projects. Even the Department's major Water Supply Program that featured construction of the Bellwood Quarry was accomplished while achieving compliance with prescribed Consent Decree milestone dates. Considering the Department's request to revise the remaining FACD projects, which contemplates completion of two major projects with termination of the FACD thereafter, [31] as well as ongoing assessments of other water, wastewater and stormwater system needs, the Department's capital program is being revised to re-balance System investments and prioritize water system integrity.

The Department's CIP planning is informed by operational experience and ongoing asset performance and condition assessments, as well as reference to DWM's Master Plans, Integrated Water Resources Plan, and Strategic Asset Management Plans. These planning efforts employed a formal prioritization framework where projects were scored and ranked based on evaluation criteria related to (1) regulatory compliance, (2) service reliability, (3) safety, (4) financial impacts and (5) customer impact. Funding allocations to project cost categories are based on project evaluations, cost estimate updates, and scheduling considerations as well as operational experience and regular assessment (and re-assessments) of asset conditions (captured in the Department's asset management related databases).

DWM's capital program anticipates project encumbrance requirements totaling $1,356.1 million in current dollars ($1,457.0 million in nominal terms) over the forecast period. Funding has been allocated across eight different project cost categories (described below), including: FACD Projects, [32] Wastewater Treatment, [33] Wastewater Pumping/Collection, Water Treatment, Water Transmission/Distribution, Stormwater, Annual Projects, and Support Services Projects.

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[31] The City is engaged in discussions with EPA and GEPD to reach agreement on the remaining FACD projects. There is a risk that the agencies may not agree with the City on its modification request of First Amended Consent Decree requirements, which may subject the City to stipulated penalties for those projects that are not completed by the First Amended Consent Decree milestone date of July 31, 2027 (see Section 2.1).

[32] Consists of remaining encumbrance requirements ($32.5 million) for the North Fork Storage Tank and Pump Station Project and Custer Avenue Multi-Benefit Capacity Relief Project. Approximately $301.4 million has already been spent or funded in prior periods for these two major projects (resulting in a combined cost total of $333.9 million).

[33] This cost category includes $50.9 million (nominal estimate) for the R.M. Clayton Consent Decree that is unrelated to the FACD projects.

This section also briefly outlines the sources and uses of funding for the capital program, summarizes the status of DWM's prior period encumbrances (i.e. projects that have been previously funded and are in various stages of procurement or delivery), and briefly discusses DWM's investigation of non-traditional investment vehicles and revenue enhancement options to fund key initiatives. Additional capital investments and matching revenue enhancement measures are highlighted herein but are not included in the capital program and corresponding financial metrics summarized in this Report (see Section 8). In general, these additional investments will be advanced under protocols that preserve or improve upon the Department's projected financial performance metrics as revenue enhancement measures are adopted.

7.2 Capital Program Development Status and Considerations

While the Department's capital planning initiatives – as well as targeted evaluations like the Army Corps of Engineers funded "Risk, Resiliency, and Water Line Condition Assessment Study" [34] – have and continue to delineate asset investment needs, its capital program encumbrance allocations were conceived in the context of profound uncertainties. Many projects have been conceptualized and preliminary cost estimates developed, yet a variety of factors – many of which continue to evolve - will need to be considered as the Department encumbers funds and initiates project delivery. Accordingly, the encumbrance allocations outlined in the following section effectively represent a strategic distribution of funding capacity based on the best available information at this time. Adjustments to these allocations are anticipated as new information becomes available regarding, for example, the outcomes of ongoing negotiations with Consent Decree parties (see Section 2.1) and the findings of the Army Corps of Engineers-funded water system risk assessment. Capital program adjustments will also be occasioned by changes to the pace and capacity to deliver projects.

Request to Revise Consent Decree Projects

Fundamentally, the Department's capital program is undergoing a major restructuring in light of the City's request to revise the remaining FACD projects. The request is founded on extensive data evidencing that, with the completion of two major projects, [35] the Department will achieve substantial compliance with the overall objectives of the Consent Decrees. DWM has noted that other previously defined FACD projects and operational activities have and are being accomplished through the

[34] "Water line condition assessment study contract for City of Atlanta awarded" U.S. Army Corps of Engineers, January 7, 2025 at: https://www.sas.usace.army.mil/Missions/Planning-Branch/Planning-Public-Notices/Article/4023542/water-line-condition-assessment-study-contract-for-city-of-atlanta-awarded/ - accessed on December 20, 2025.

[35] The North Fork Storage and Pump Station Capacity Project ($170.1 million) and Custer Avenue Multi-Benefit Capacity Relief Project ($163.8 million) -- both of which are expected to be completed by the final Consent Decree milestone date in July 2027.

Department's (now institutionalized) practices and procedures.[36] For example, several previously identified FACD projects that the City no longer believe are necessary to achieve substantial compliance with the objectives of the First Amended Consent Decree have already been funded and contracted under the capital program. These projects, which were funded from proceeds from the Series 2024 Bonds, include Sewer Group 5 projects in the Eastside Peachtree Creek Basin ($80.2 million) and Sewer Group 6 projects in the Utoy Creek Basin ($99.9 million).

Water System Risk Assessment

Following severe water main breaks in late May and early June 2024 that caused significant flooding, critical water shortages, closures of major landmarks and prompted a citywide boil water advisory, the City of Atlanta secured assistance from the US Army Corps of Engineers for conducting a comprehensive water system risk assessment. The study will report on an advanced 'consequence of failure analysis,' to help identify which water lines should be prioritized for assessments, repair, and/or replacement. Though a final report has not been issued, preliminary analyses indicate that water system reinvestment needs are estimated to be in the billions of dollars over the next two decades.[37]

Construction Market and Project Delivery Constraints

The Department's capital program allocations are also informed by recognition of effective constraints on project spending both due to regional construction market capacity as well as internal project delivery limitations. The Department delivered, on average, approximately $170 million of capital projects per year between FY 2022 and FY 2025, with the project delivery total increasing each year across that time period. Capital program encumbrances totaling $1,457.0 million (in nominal terms) will therefore enable a substantial increase in the pace of capital project spending over the six-year forecast period, especially in light of an additional $845.2 million of prior period encumbrances currently awaiting project delivery (see Table 7-3). To accelerate capital expenditures, the Department is planning to engage additional program management resources to address water system resiliency as well as expand its use of alternative project delivery mechanisms (e.g., progressive design-build, construction management at risk, master services agreements) to more adroitly execute projects and manage related risks.

7.3 Baseline Capital Program

The Department is currently in the process of reviewing and evaluating its infrastructure investment needs to further refine its capital program and prioritize

[36] The City is engaged in discussions with EPA and GEPD to reach agreement on the remaining FACD projects. There is a risk that the agencies may not agree with the City on its modification request of First Amended Consent Decree requirements, which may subject the City to stipulated penalties for those projects that are not completed by the First Amended Consent Decree milestone date of July 31, 2027 (see Section 2.1).

[37] https://www.fox5atlanta.com/news/atlanta-mayor-expected-talk-about-improvements-water-system-today

individual projects. The Department's prospective capital program allocations reflect recent planning efforts informed by its request to revise the remaining FACD projects, recent risk assessments, and substantially revised project cost estimates. This process is undertaken under a discipline that requires that planned encumbrance allocations do not exceed capital financing capacity projected to be available under existing service rates and charges outlined in Section 8. In general, capital project funding allocations are intended to provide for reinvestment through annual renewal and rehabilitation efforts and ensure compliance with the Clean Water Act, the Georgia Clean Waters Act, and the City's NPDES permits.

CIP development to date has involved allocation of prospective funding capacity for the forecast period to several general project categories, as noted above. Allocations across project categories involved a three step process. First, allocations for the Department's Annual, Stormwater and Support Services projects were delineated based largely on recent spending trends and the potential addition of more program management resources. Second, remaining encumbrance capacity by year was initially distributed across Priority Project categories based on the relative importance of each category. Priority water treatment projects were assigned highest priority garnering a 34 percent allocation of encumbrance capacity beyond Annual, Stormwater and Support Services projects; priority water transmission / distribution projects—including water resiliency projects identified through the US Army Corps of Engineers sponsored study—were assigned a 26 percent allocation; priority wastewater treatment projects—including the R.M. Clayton Consent Decree projects—were assigned a 24 percent allocation; and priority wastewater pumping / collection projects were assigned a 16 percent allocation reflecting the historical investment associated with FACD compliance. This rebalancing provides for a shift in the Department's focus to water system integrity. A final (third) step involved adjusting the timing of priority project allocations to account for known and tentatively scheduled projects (and associated cost estimates). Table 7-1 summarizes capital encumbrance allocations in nominal dollars by major cost category.

Priority project categories will address the most pressing needs of the System and are therefore candidates for additional encumbrance allocations if net revenues exceed projections and/or revenue enhancement measures are implemented.

- FACD Projects include approximately $32.5 million[38] of remaining encumbrance requirements for the two major FACD Decree projects to be completed by 2027. These project encumbrances are scheduled to support project completion as soon as practicable (as outlined in the Department's Schedule Relief Letter to EPA and subsequent request to revise the remaining FACD projects).

[38] All encumbrance requirements in this section are presented in nominal dollars.

TABLE 7-1
Projected Encumbrance Requirements by CIP Project Category, FY 2026–FY 2031 (nominal dollars)

	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	TOTAL[1]	Percent
FACD Projects[2]	32.5	-	-	-	-	-	32.5	
Wastewater Treatment[3]	26.2	37.2	15.8	25.7	23.2	23.6	151.8	
Wastewater Pumping / Collection	12.2	41.2	-	18.6	19.1	19.7	110.8	
Wastewater Subtotal	$ 70.8	$ 78.4	$ 15.8	$ 44.3	$ 42.3	$ 43.4	$ 295.0	20.2%
Water Treatment	43.3	20.6	5.3	49.2	50.6	52.2	221.1	
Water Transmission / Distribution	6.4	82.4	31.8	14.2	14.6	15.1	164.6	
Water Subtotal	$ 49.7	$ 103.0	$ 37.1	$ 63.4	$ 65.3	$ 67.2	$ 385.7	26.5%
Stormwater	15.0	15.5	15.9	16.4	16.9	17.4	97.0	6.7%
Annual Projects	75.0	77.3	79.6	82.0	84.4	86.9	485.1	33.3%
Support Services Projects[4]	30.0	30.9	31.8	32.8	33.8	34.8	194.1	13.3%
Projected Capital Encumbrances	**$ 240.5**	**$ 305.0**	**$ 180.2**	**$ 238.8**	**$ 242.7**	**$ 249.7**	**$ 1,457.0**	**100.0%**

1 - All numbers in millions, nominal dollars, slight calculation discrepancies may exist due to rounding

2 - Consists entirely of $32.5 million of remaining encumbrance requirements for the North Fork Storage Tank and Pump Station Project and Custer Avenue Multi-Benefit Capacity Relief Project

3 - Includes $50.9 million (nominal estimate) of R.M. Clayton Consent Decree projects that are unrelated to the FACD projects

4 - Includes A/E services and program management support

- Priority Wastewater Treatment Projects include projects to improve treatment processes for continued compliance with the federal Clean Water Act and the Department's NPDES permits. Projects under this category are intended to improve plant efficiency and reliability, upgrade instrumentation and controls, renew or replace assets, and address current and prospective regulatory requirements. Projected encumbrance allocations total $151.8 million over the forecast period and include $50.9 million of R.M. Clayton Consent Decree projects.[39] This category is allocated marginally less than the Department's priority water treatment plant category in part due to recent increases in operating and maintenance expenditures to address wastewater plant permit excursions and deferred maintenance.

- Priority Wastewater Pumping / Collection Projects may include previously identified FACD projects that the City no longer believe are necessary to achieve substantial compliance with the objectives of the First Amended Consent Decree and other projects that address deferred maintenance and permit compliance. Projected encumbrance allocations total $110.8 million over the forecast period. This relatively lower prospective investment reflects the recent and extensive historical investment associated with FACD compliance.

- Priority Water Treatment Plant Projects include projects to improve treatment processes for continued compliance with the Safe Drinking Water Act. Projects under this category are intended to improve efficiency and reliability, upgrade instrumentation and controls, renew or replace assets, or address current or prospective regulatory requirements. Projected encumbrance allocations total $221.1 million over the forecast period reflecting the prospective emphasis on water system integrity.

- Priority Water Transmission / Distribution Projects are related to the transmission and distribution of finished water and represent those projects that are intended to improve efficiency and reliability or replace /renew assets that have reached the end of their useful life. The distribution system is a large and diverse set of assets intended to provide uninterrupted flow and pressure for public health, business productivity, and fire flow. Replacing mains with a high break history or those with chronic leaks also reduces real water loss. In many instances, smaller mains may be replaced with larger pipe based on hydraulic modeling or anticipated System growth. The Department is responsible for operating over 2,800 miles of water transmission and distribution mains, with the majority of the water distribution system now more than 50 years old. The Department's capital program prioritizes replacement of defective pipes and also includes reactive maintenance. In recent years, reactive maintenance requirements reflect higher incidence of leaks and

[39] The City is subject to a Consent Decree that resulted from the settlement of a Clean Water Act citizen suit brought by Chattahoochee Riverkeeper against the City regarding alleged violations of the R.M. Clayton NPDES permit (the "R.M. Clayton Consent Decree"). That Consent Decree was entered in federal court on February 4, 2026.

water main breaks, due in part to winter periods with sustained, below-average temperatures. Projected encumbrance allocations total $164.6 million over the forecast period reflecting the prospective emphasis on water system integrity. System investment will include projects that address water system weaknesses revealed with the 2024 water crisis.[40]

- Stormwater Projects provide capacity relief and stormwater retention and detention. In December 2015, the Atlanta City Council adopted Ordinance No. 14-O-1453 that allows dedication of up to 10 percent of MOST proceeds to fund stormwater management. MOST funds for stormwater projects are used to address structural and capacity deficiencies of the City's MS4. These projects alleviate surface flooding and provide for water quantity control. Projects include green infrastructure that mimic the natural environment and wet weather storage facilities that divert and detain stormwater flows. These projects are integrated with wastewater projects where they will facilitate compliance with the Department's NPDES permit requirements that call for more proactive management of non-point source pollutant loadings. Projected encumbrance allocations are $97.0 million ($15.0 million per year in current dollars) over the forecast period. This funding allocation represents an increase relative to historical allocations reflecting a heightened emphasis on surface water flooding issues.

- Annual Projects include recurring annual costs that are required to address regular System needs including, for example, various small plant maintenance projects, valve and meter replacements, pipeline and tunnel cleaning and repairs, utility relocations, geotechnical testing and investigation, and street paving and resurfacing. Projected encumbrance allocations total $485.1 million over the forecast period based on recent spending patterns trending to approximately $75 million per year (in current dollars).

- Support Services Projects include projects performed by architectural and engineering (A&E) firms and the Program Management Services Team (PMST) to provide planning, design, construction management, and program support for DWM's projects and initiatives. Projected encumbrance allocations are assumed to be $30.0 million per year (in current dollars) for a forecasted nominal total of $194.1 million over the forecast period. This funding allocation is an increase relative to prior Department planning which reflects both increased costs for these services and the prospect of engaging additional program management resources to oversee water system planning and expand the Department's project delivery capacity.

[40] On May 31, 2024, water main breaks occurred in multiple locations in the Department's service area resulting in the City's issuance of boil water advisories in accordance with Georgia EPD guidelines for impacted areas including major portions of the downtown and midtown areas. The breaks included a major 30-inch main at West Peachtree Street and 11th Street in Midtown and another break at Boone Blvd and Brawley Drive. The boil water advisories were lifted on June 6, 2024.

7.4 Capital Project Cost Estimation / Escalation

Like many water and wastewater utilities throughout the country, the Department has experienced significant cost estimate increases in most project categories, especially since the COVID-19 pandemic. The profound increase in project cost estimates is due to a variety of factors, including materials and skilled labor shortages and increased demand for regional and national construction-related services. For example, DeKalb County's ongoing wastewater consent decree program, as well as Georgia Department of Transportation (GDOT) projects, have contributed to pronounced price escalation in the region. An increase in the incidence of reactive projects (i.e. water transmission and distribution repair) caused by unusual weather conditions has also contributed to recent project cost escalation. The Department applies a 3.0 percent annual inflation factor in order to establish the nominal capital project encumbrance requirements presented in this section.

7.5 Capital Program Sources and Uses of Funds

The Department has developed its capital program allocations to effectively prioritize capital investments in light of prevailing financial constraints. Table 7-2 presents planned sources and uses of capital project funding from FY 2026 to FY 2031 in nominal dollars.

As further outlined in Section 8.4, the capital financing plan relies upon the Department's Commercial Paper Program (with proceeds from revenue bonds used to repay obligations and restore the line of credit over time), net operating revenues, WIFIA loan proceeds, and GEFA borrowing.

TABLE 7-2
CIP Encumbrance Requirements, Sources & Uses of Funds FY 2026–FY 2031 (nominal dollars)

Project Category		Encumbrances[1]
Wastewater	Consent Decree	32.5
	Wastewater Treatment	151.8
	Wastewater Pumping / Collection	110.8
	Total Wastewater Projects	**$295.0**
Water	Water Treatment	221.1
	Water Transmission / Distribution	164.6
	Total Water Projects	**$385.7**
Stormwater		97.0
Annual Projects		485.1
Support Services Projects		194.1
	Total Uses of Funds	**$ 1,457.0**
Commercial Paper Program[2]		600.0
WIFIA Loan Proceeds		154.9
GEFA Loan Proceeds		29.4
Operating Revenues[3]		672.7
	Total Sources of Funds	**$ 1,457.0**

1- Slight calculation discrepancies may exist due to rounding; all numbers in millions
2- Commercial Paper obligations will ultimately be repaid from proceeds from the Series 2026 Bonds and Series 2029 Bonds ($300 million each) in order to restore the line of credit
3- Variances from information presented in Table 8-4 are attributed to the exclusion of approximately $2.7 million in operating reserves that will be available at the end of the forecast period for future capital projects

7.6 Potential Alternative Capital Financing and Related Projects

The capital program and financing plan may be supplemented by several initiatives to be funded through alternative arrangements that are not anticipated to place claims on the sources of funds presented in Table 7-2. In particular, alternative forms of public-private partnerships (PPP) or other "off-book" financing arrangements are being evaluated for potential investments in Advanced Metering Infrastructure (AMI) and an alternative to (increasingly expensive) landfill disposal of biosolids. Additionally, investment in stormwater management infrastructure may be supplemented through implementation of a Stormwater Utility Fee based on impervious area measures of fee-eligible parcels.

- Advanced Metering Infrastructure (AMI) – DWM is evaluating options to upgrade its current metering infrastructure from Advanced Meter Reading (AMR) to Advanced Metering Infrastructure (AMI). To date, DWM has embarked on a pilot program to test four vendors' end-to-end configurations of residential and

commercial/industrial smart AMI metering options deployed in four separate service regions, with endpoints transmitting data to a Meter Data Management System. With selection of a single vendor and alternative financing approach, this upgrade is expected to improve metering accuracy, notify customers of suspected leaks, enhance customer service, and provide other benefits.

- Integrated Biosolids Management – In 2019, the Department established an Integrated Biosolids and Zero Waste initiative to provide a high-level plan and strategy (roadmap) for developing an affordable, regional solution for management of wastewater residuals (biosolids); food wastes; fats, oils and grease (FOG); green wastes; and high-strength commercial waste for the Metro Atlanta region. A regional solution holds the potential to address sharply rising costs and limited availability of traditional landfill options. In conjunction with this initiative, the City issued a Request for Information to obtain details on applicable biosolids management technology options and has initiated a Public-Private Partnership procurement process. While technology options, contracting parties, and financial arrangements have yet-to-be determined, potential savings associated with conversion from landfill disposal to a sustainable, regional solution holds promise for limited net financial impacts.

- Stormwater Utility Fee - The Department has reassessed [41] the need for implementation of a separate funding source to support the City's stormwater management program.[42] A stormwater utility fee could be used to fund program operation and maintenance[43] and capital improvements including infrastructure asset repair and replacement, green infrastructure, stream restorations, and other watershed-based improvements. The Department has updated impervious area measurements; outlined procedures to administer exemptions, credits, appeals, and assistance programs; and built financial models to evaluate revenue requirements, cash flows, and customer impacts under alternative level of service options and fee structures.

7.7 Previously Encumbered Projects

The Department is required to encumber—or set aside—all funds necessary to complete a capital project before beginning the project procurement process (request for proposals, contractor selection, etc.).[44] These contracting procedures impose

41 Several preliminary stormwater utility feasibility studies (or portions thereof) were conducted between 2006 and 2020 providing a foundation for analysis and reassessment.

42 While 10% of Municipal Option Sales Tax (MOST) proceeds may be allocated to address stormwater issues, this does not provide adequate funding to cover the cost of service.

43 Including personnel costs, equipment, and drainage system routine/preventive/emergency maintenance.

44 City of Atlanta Code of Ordinances, Sec. 2-1212.(a) states "no city official, employee or appointee shall incur any liability on behalf of the city under contracts of any kind, including but not limited to purchase orders, unless sufficient funds have been encumbered or otherwise made available for such liability."

planning discipline and reduce the potential for project delays due to insufficient financial resources. Prior period project encumbrances are maintained by the Department in various funds, including bond funds. Project funds that were encumbered with operating revenues of the System are held in the Department's Renewal and Extension (R&E) Fund. These cash reserves are restricted to their intended use — namely, to meet future expenditure requirements associated with projects to which they were previously encumbered.[45]

As shown in Table 7-3, the Department had $845.2 million encumbered in various funds as of January 27, 2026. Of that total, $423.0 million represents projects already under contract while another $422.2 million has been encumbered but not yet contracted. Under a proposal to EPA (see Section 2.1), the City has requested to revise the remaining FACD projects, which contemplates completion of two major projects – the North Fork Storage Tank and Pump Station Project and Custer Avenue Multi-Benefit Capacity Relief Project—with termination of the FACD thereafter. The Department has proposed that the remaining previously classified FACD projects be completed either under the City's Capital Improvement Program or in the normal course under the City's Management, Operation and Maintenance Programs or Stormwater Program. Encumbrances and existing contracts associated with the two major FACD projects represent more than 20 percent of DWM's total prior period encumbrances.

TABLE 7-3
Prior Period Encumbrances as of January 2026

	Encumbered, Not Contracted[1]	Contracted, Not Spent	TOTAL	Percent
Custer Avenue Project	$ 49.6	$ 55.3	$ 104.9	
North Fork Project	-	67.4	67.4	
FACD Projects[2]	$ 49.6	$ 122.7	$ 172.3	20.4%
Other Projects[3]	372.5	300.3	672.8	79.6%
Prior Period Encumbrances	**$ 422.2**	**$ 423.0**	**$ 845.2**	**100.0%**

1 - Numbers in millions; information summarized for all available funding sources, including bond proceeds

2 - Both of these projects will require additional funding in the amount of $32.5 million (see Table 8-4), with total remaining expenditure requirements therefore totaling $204.8 million.

3 - Includes $194.3 million of previously funded FACD projects that, under the City's current proposal to EPA, would be reclassified as other priority projects and not subject to 2027 completion milestones. While discussions are ongoing, the EPA may ultimately reject, in whole or in part, the City's proposal and impose stipulated penalties (see Section 2.1).

Besides the two major projects, another $194.3 million of previously defined FACD projects have already been funded (with $126.8 million of that total already under

[45] Restricted cash reserves associated with prior year encumbrances are excluded from forecasted operating fund balances presented herein. Similarly, already-funded capital projects are excluded from forecasted encumbrance requirements of the System delineated in Section 8 and summarized in Table 8-4.

contract). These projects—which include Sewer Group 5 projects in the Eastside Peachtree Creek Basin ($80.2 million) and Sewer Group 6 projects in the Utoy Creek Basin ($99.9 million), among others—are moving forward under the normal course of the Department's capital program.

These prior period project encumbrances evidence that the Department has set aside a significant portion of existing funds to address the two major FACD projects, projects that the Department no longer believe are necessary to achieve substantial compliance with the objectives of the First Amended Consent Decree, and other priority projects. Combined with the $1,457.0 million of prospective encumbrances summarized in Section 8.4, the Department expects to have $2,302.2 million available for capital expenditures during the six-year forecast period.

7.8 Opportunities for Enhanced Capital Program

Like most major water and wastewater systems, the Department has identified a broad array of system investment and re-investment needs that exceed both its project delivery and funding capacities. These dual challenges present important opportunities for the Department to stage revenue enhancement measures to complement expansion of its project and service delivery capacities.

Over the longer term, it is recognized that the capital program allocations are insufficient to address many acute system needs. The recent U.S. Army Corps of Engineers funded assessment of water system resiliency identified reinvestment needs in the billions of dollars,[46] compared to the Department's six-year allocation under the capital program of $164.6 million. The Wastewater Pumping/Collection allocation of $110.8 million[47] will similarly only begin to address important reinvestment needs to safeguard facilities serving the Hartsfield-Jackson International Airport complex or previously defined FACD projects prior to the Department's request to revise the remaining FACD projects. The allocation for Stormwater projects of $97.0 million for the FY 2026 to FY 3031 period likewise is not adequate to address surface flooding throughout the service area.

To address these future project delivery and funding needs, the Department also has a broad array of potential revenue enhancement and efficiency measures that have been (and continue to be) carefully evaluated. For example, the Department has not increased general service rates since July 1, 2011 (i.e., beginning of FY 2012) such that resumption of even limited annual rate increases is viable. The Department has evaluated the potential for implementation of stormwater utility fees, considered increases to miscellaneous fees and charges, and is piloting Advanced Metering Infrastructure options that could improve metering accuracy and revenue collection.

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[46] https://www.fox5atlanta.com/news/atlanta-mayor-expected-talk-about-improvements-water-system-today

[47] Roughly half of which is for the Custer Avenue Water Quality Control Facility.

These options represent opportunities to coordinate expansion of the Department's capital project delivery capacity with measures to expand and diversify its revenue base. As discussed further in Section 8, the Department has a robust financial planning and modeling infrastructure to enable analysis of a broad array of capital funding scenarios. In developing alternative funding scenarios, the Department will continue to employ a discipline under which capital program spending is prioritized and constrained to ensure continued achievement of financial performance metrics (debt service coverage and fund balances) that are consistent with highly-rated credits.

8.0 Financial Performance

8.1 Overview

The financial performance of the System has been significantly impacted by capital improvement needs (including Consent Decree compliance requirements), revenue impacts from dynamic economic conditions, atypical weather patterns, and acute needs for renewal and rehabilitation of System assets. This section presents an overview of the System's historical financial performance, utility rate adjustments and bill comparisons, and a forecast of future financial performance assuming capital program financing for the period FY 2026 through FY 2031.[48]

Forecasts have been developed using a strategic financial planning model designed to represent utility cash flows under alternative assumptions related to revenue generation, operations and maintenance expenses, and financing structures for capital investment. The Department also employs a detailed revenue forecasting tool that projects rate revenues by customer class based on assumptions about future customer growth patterns and changes in billable demand/flows per account.

These financial tools were instrumental for the development of the Department's recent request of EPA to revise the remaining First Amended Consent Decree's projects and are being used to determine strategies to balance prospective system investments. They have also been used recently by the Department to analyze various revenue enhancement strategies and the corresponding impacts to projected financial performance and capital project funding capacity.

8.2 Historical Performance

Table 8-1 presents a brief overview of the financial performance of the Department from FY 2021 through FY 2025. Information is based on the Department's audited financial statements. Water and wastewater service revenues increased 2.8 percent per year (compounded annual growth rate, or CAGR), from $431.2 to $482.0 million during this period. Other service revenues, which include operating plant charges from the Department's inter-jurisdictional (IJ) partners, increased from $21.9 to $35.1 million. MOST proceeds, a revenue source dedicated to System expenses, increased 8.7 percent per year, from $155.0 million in FY 2021 to $216.3 million in FY 2025, reflecting the strong economic activity in the region.[49] Other revenues, which consist primarily of investment income, increased from $8.3 million to $53.3 million over the

[48] The City's fiscal year runs from July 1 through June 30.

[49] Pursuant to the Master Bond Ordinance, Pledged Revenues do not include proceeds from the MOST but such proceeds may be taken into account for purposes of determining compliance with the City's rate covenant and additional bonds test.

historical reporting period as a result of increasing construction fund and other cash reserve balances and higher interest rates. Total operating revenues increased 27.6 percent in total over the reporting period, from $616.4 million in FY 2021 to $786.7 million in FY 2025 (6.3 percent per year).

TABLE 8-1
Historical Water and Wastewater System Operating Results, FY 2021–FY 2025

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Water & Wastewater Service Revenue[1]	$ 431.2	$ 458.2	$ 465.5	$ 473.8	$ 482.0
Other Service Revenue	21.9	23.9	28.4	33.5	35.1
MOST Revenue	155.0	191.7	203.5	209.2	216.3
Other Revenue	8.3	(6.9)	24.3	53.9	53.3
Total Operating Revenue[2]	**$ 616.4**	**$ 666.8**	**$ 721.7**	**$ 770.4**	**$ 786.7**
Operating Expense[3]	236.7	188.9	256.4	299.6	356.7
Net Revenue Available for Debt Service	**$ 379.7**	**$ 477.9**	**$ 465.3**	**$ 470.8**	**$ 430.0**
Principal	77.9	89.0	93.7	94.0	100.9
Interest	117.3	118.6	114.2	109.7	84.4
Debt Service	**$ 195.2**	**$ 207.6**	**$ 207.9**	**$ 203.7**	**$ 185.3**
Senior Lien Coverage Ratio	*1.95*	*2.30*	*2.24*	*2.31*	*2.32*

1 - Numbers in millions, slight calculation discrepancies may exist due to rounding

2 - As presented in this table, Total Operating Revenue includes all revenues of the System, including MOST revenues

3 - For the purposes of establishing debt service coverage, Operating Expense in this table does not include depreciation

Source: City of Atlanta, Department of Watershed Management Annual Comprehensive Financial Reports

Over the same time period, operating expenses increased 50.7 percent, from $236.7 million in FY 2021 to $356.7 million in FY 2025 (10.8 percent per annum). These increases were due, in part, to establishment of a Customer Assistance Support Team, higher costs for staffing technical positions (e.g., engineers, operators, chemists, biologists), higher-than-anticipated maintenance expenses at DWM's treatment facilities, and salary level and Cost of Living Adjustments (COLA) implemented in response to staffing studies. Sustained inflationary pressures and ongoing supply-chain volatility have also resulted in increased Supplies and Materials costs. The Contracting and Purchased Services category remains the highest cost driver, with consulting and professional services increasing as well as other outside services such as mechanical repairs, waste and chemical disposal (including biosolids), and repair and maintenance services. FY 2025 operating expense also includes several non-recurring costs, including the $16.7 million purchase of DWM's administration building and another nearly $7 million associated with legal settlements and Group Insurance Fund payments.

Net revenues available to pay debt service increased 13.2 percent overall and 3.2 percent annually, from $379.7 million to $430.0 million. Annual senior lien debt service decreased from $195.2 million in FY 2021 to $185.3 million in FY 2025 as a result of certain debt defeasance activities that occurred in FY 2024.

The Department's minimum parity debt service coverage requirement per its Master Bond Ordinance is 1.10x (times) average annual debt service. However, DWM has an informal target of 1.50x annual debt service coverage. Actual annual debt service coverage during the historical period was well above these thresholds, ranging between 1.95x (FY 2021) and 2.32x (FY 2025).

8.3 Financial Management

A system of fund accounting is used to track revenues and expenses associated with the Department's various operating functions and bond ordinances. These are not "funds" as the term is used in generally accepted accounting principles, but are separate accounts used to facilitate the accounting and reporting of operating and capital asset-related financial transactions.

Operating Funds

The Department records operating revenues and operating expenditures in its Revenue Fund (Fund 5051). Within this fund, appropriations are allocated and operating expenditures are accounted for in the Department's offices. At the end of the fiscal year, the remaining balance is transferred to the Renewal & Extension (R&E) Fund (Fund 5052), except for $500,000 that remains in the Revenue Fund as an opening balance for the next fiscal year.[50]

The R&E Fund is the Department's other primary fund originally established to finance capital improvements such as asset renewals, replacements, and extensions of the System. The R&E Fund also includes non-operating revenues received from capital reimbursements owed under IJ service agreements. The available cash balance within the R&E Fund varies due to carryover from the Revenue Fund and the timing and magnitude of capital project expenditures. In addition, the fund maintains a reserve account that can also be used to meet unanticipated expenditure needs.

Debt Management Funds

Other funds are used by the Department to track and report proceeds associated with various debt instruments such as revenue bonds. A new fund is created for each debt instrument associated with the capital program. Debt proceeds are deposited into each fund, appropriated or encumbered to various capital projects, and disbursed as required to pay for invoices and services related to the capital projects.

A summary of existing bond funds is shown in Table 8-2, which indicates how the Department will use existing balances from three previous bond issues: the Series 2009A Bonds, the Series 2018B Bonds, and the recently issued Series 2024 Bonds.

[50] For Strategic Financial Planning purposes, the Department has employed an informal planning policy to retain a minimum Operating Fund balance equal to 90 days of projected Operations and Maintenance expenses.

TABLE 8-2
Analysis of Outstanding Bond Funds as of January 15, 2026

Fund Name*	Debt Issue	Resulting Action
5066	Series 2009A Bonds	The remaining balance of $0.5 million will be used to meet existing or pending contract obligations.
5076	Series 2018B Bonds	The $57.5 million balance will be used to fund a new operations building (Peyton Center).
5086	Series 2024 Bonds	The balance of $451.4 million will be used to fund $371.3 million of ongoing consent decree projects as well as other support services and System rehabilitation projects.

** Information provided by the Department of Watershed Management*

8.4 Historical Rate Adjustments

Between FY 2004 and FY 2012, the City adopted significant water and wastewater rate increases designed to generate sufficient revenues to support financing of the Clean Water Atlanta initiative[51]. In early 2004, a multi-year rate plan was adopted that contemplated the near doubling of water and wastewater bills for typical users. At that time, the City Council voted to make several structural modifications to the Department's uniform volume rate structure. To address the affordability of low-volume usage and encourage conservation, an inclining block rate structure—which imposes higher charges for higher volumes of usage—was established for both water and wastewater service. In addition, the Department offered a discount to low-income seniors and implemented a security surcharge (that ended in January 2011) to fund security improvements to the Department's water facilities.

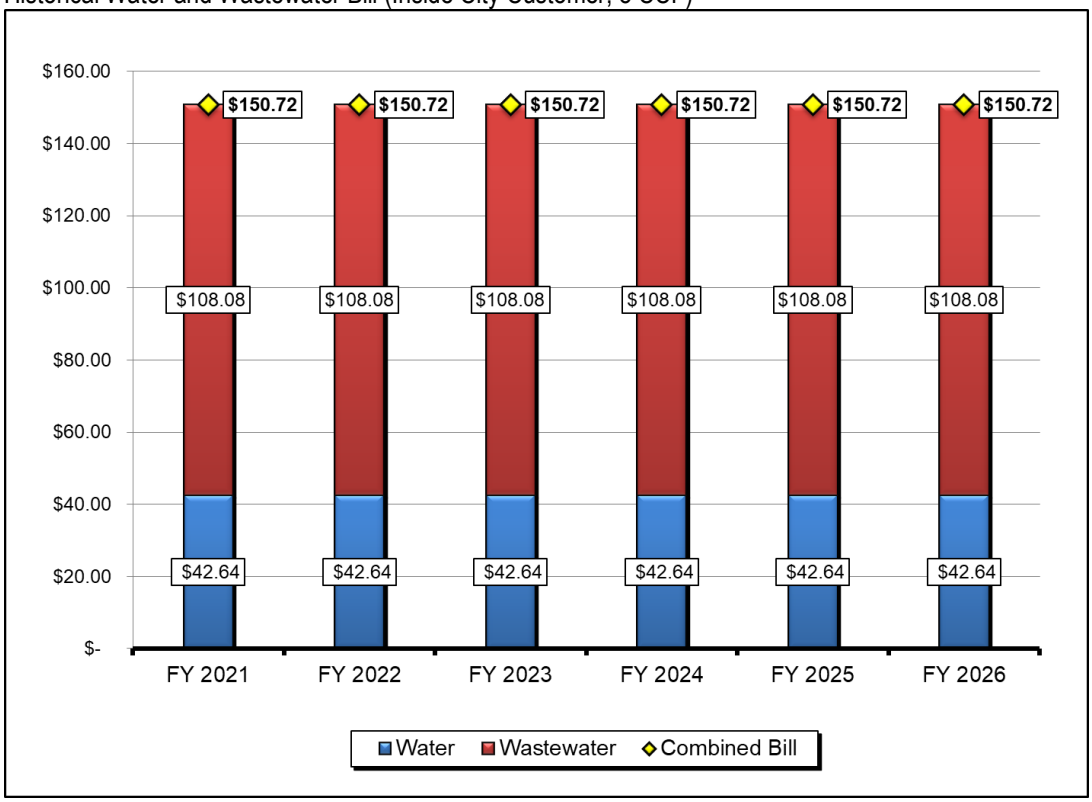
In June 2008, the City Council approved another four-year rate plan that resulted in a cumulative increase in water and wastewater bills of approximately 80 percent for all Department ratepayers between FY 2008 and FY 2012. At that time, the Department had initiated O&M cost containment measures as customers responded to state-imposed water use restrictions. The rate plan was developed to ensure the Department met its financial performance targets such as debt service coverage and minimum fund balance requirements in the face of decreasing demand patterns. The last of these annual rate increases occurred at the beginning of FY 2012, a 12.0 percent increase implemented on July 1, 2011. Since that time, the City has not increased water and wastewater rates.

Figure 8-1 presents the combined water and wastewater bill, by component, from FY 2021 through the current fiscal year (2026). Bill calculations are based on usage of 8 hundred cubic feet (CCF) per month for residential customers living inside the City

[51] The Clean Water Atlanta program was initially the moniker for the City of Atlanta's program referencing efforts to comply with the City's Combined Sewer Overflow (CSO) and First Amended Consent Decree related to Sanitary Sewer Overflows (SSO). Since that time, the Clean Water Atlanta initiative has been expanded to include a broad range of wastewater, water and watershed protection projects and other initiatives as more fully described at: https://cleanwateratlanta.h2o4atl.com

(equivalent to approximately 6,000 gallons). The combined water and wastewater bill has remained the same since FY 2012.

FIGURE 8-1
Historical Water and Wastewater Bill (Inside City Customer, 8 CCF)



8.5 Water and Wastewater Bill Comparisons

A national rate survey collects key rate, financial, and operating information from utilities across the country and publishes information regarding combined water and wastewater bills for survey respondents. Previously conducted every two years, the survey has been redesigned to update rate information every six months with the most recent comparison available from July 2024.

Table 8-3 compares the City's water and wastewater bill information with survey data for selected metropolitan areas for residential users of 10 CCF and commercial users of 500 CCF.[52] This survey demonstrates that—based upon a comparison at a common water usage level[53]—the City's water and wastewater rates were among the highest in the United States across major metropolitan communities that responded to the rate

[52] AWWA/Raftelis Rate Survey, Residential and Non-Residential Bill Comparisons for billable volumes of 10 CCF and 500 CCF, respectively. Data accessed 12/23/2025 at: https://ellio.raftelis.com/AWWA.

[53] Average water use per customer unit for the City's inside and outside City residential customers was roughly 5.4 CCF in FY 2025, while average use per account for residential customers was approximately 9.9 CCF.

survey.[54] These billings do not include additional cost to Department customers imposed through the Municipal Option Sales Tax (discussed below).

TABLE 8-3
Water and Wastewater Monthly Bill Comparisons

Service Provider*	10 CCF water use Residential User			500 CCF Commercial User		
	Water Charges	Wastewater Charges	Combined W/WW Bill	Water Charges	Wastewater Charges	Combined W/WW Bill
San Francisco, CA	$133.18	$183.28	$316.46	$5,857.48	$6,987.78	$12,845.26
Portland, OR	$144.18	$126.90	$271.08	$3,848.09	$6,500.00	$10,348.09
Seattle, WA	$77.20	$176.30	$253.50	$2,971.90	$8,815.00	$11,786.90
Kansas City, MO	$76.27	$135.39	$211.66	$2,758.67	$5,451.89	$8,210.56
Cleveland, OH	$32.15	$178.60	$210.75	$1,902.32	$8,493.90	$10,396.22
Birmingham, AL	$68.92	$135.93	$204.85	$2,292.16	$6,632.46	$8,924.62
Atlanta, GA	$54.96	$139.46	$194.42	$3,073.36	$7,827.56	$10,900.92
Houston, TX	$72.23	$97.74	$169.97	$3,048.78	$3,946.46	$6,995.24
New York, NY	$63.89	$101.55	$165.44	$2,450.19	$3,894.15	$6,344.34
San Diego, CA	$93.35	$66.99	$160.34	$3,785.15	$1,740.79	$5,525.94
New Orleans, LA	$70.31	$89.65	$159.96	$2,941.12	$3,263.93	$6,205.05
Baltimore, MD	$44.47	$109.13	$153.60	$1,989.77	$5,259.03	$7,248.80
Columbus, OH	$80.21	$69.10	$149.31	$1,664.41	$2,690.60	$4,355.01
East Bay, CA	$89.58	$49.40	$138.98	$4,551.07	$1,889.77	$6,440.84
Indianapolis, IN	$44.78	$85.98	$130.76	$925.06	$3,519.61	$4,444.67
Toledo, OH	$46.15	$78.91	$125.06	$2,013.50	$2,837.12	$4,850.62
Gwinnett County, GA	$48.87	$74.97	$123.84	$2,075.86	$3,381.21	$5,457.07
Cincinnati, OH	$36.28	$85.18	$121.46	$1,391.92	$2,584.03	$3,975.95
Philadelphia, PA	$69.49	$48.75	$118.24	$2,912.05	$2,063.14	$4,975.19
Corpus Christi, TX	$40.97	$72.05	$113.02	$2,080.48	$2,657.72	$4,738.20
Austin, TX	$37.84	$74.92	$112.76	$1,987.12	$3,376.53	$5,363.65
Garden City, KS	$46.24	$61.56	$107.80	$1,190.68	$5,408.88	$6,599.56
Oklahoma City, OK	$51.37	$46.91	$98.28	$2,350.10	$1,905.29	$4,255.39
Fort Worth, TX	$39.24	$49.05	$88.29	$1,362.90	$1,252.15	$2,615.05
Dallas, TX	$29.85	$49.23	$79.08	$3,004.11	$1,920.25	$4,924.36
Jacksonville, FL	$23.13	$54.34	$77.47	$708.29	$2,411.18	$3,119.47
El Paso, TX	$25.81	$48.47	$74.28	$5,326.74	$1,974.17	$7,300.91
San Antonio, TX	$19.12	$35.62	$54.74	$1,185.98	$1,563.88	$2,749.86

** Table is sorted by combined residential bill*

The Department recognizes that these bill impacts may impose hardships, particularly for low-income ratepayers. For ratepayers that may fall behind on bill payments, the Department provides opportunities to establish payment plans. The Department's Care & Conserve program assists low-income customers through limited payments of their water and wastewater bills, plumbing repairs and retrofit, installation of water-saving

[54] There are a number of major metropolitan systems that did not provide information for the survey. Some systems – both those that reported rate data and others who did not – have increased general rate levels since the data was published.

conservation devices, and conservation counseling. The program is available to customers whose incomes fall below 200 percent of the federal poverty index.[55]

8.6 Municipal Option Sales Tax (MOST) Revenues

The MOST is a 1 percent tax that applies to nearly all goods and services purchased in the City of Atlanta.[56] The MOST was established as a dedicated supplemental funding source for the Clean Water Atlanta program and provides for a reduction of the Department's operating expenses. Visitors who use the City's water and wastewater infrastructure, but do not pay for service as City of Atlanta residents, help pay for upgrading and maintaining System infrastructure.

The MOST was initially approved in July 2004, and reauthorized by voters in 2008, 2012, 2016, 2020, and most recently in May 2024 by wide margins.[57] From implementation of the tax in 2004 through FY 2025, the MOST has provided approximately $2.94 billion to support the Department's operation and maintenance of System assets and distribute costs of the Department's capital program, including Consent Decree and Consent Order compliance projects, regionally.

In May 2018, the City of Atlanta secured state legislative approval for additional referenda to continue MOST as a funding source for DWM system improvements. Consistent with the original MOST legislation, voter approvals for the MOST will be required every 4 years—with the potential to extend MOST funding through October 2032. The financial plan summarized in this report anticipates local voter approval in 2028 to extend the MOST through the remainder of the forecast period.

Long-Term Municipal Option Sales Tax (MOST) Strategies

While consistent local voter support for water and wastewater system funding through the MOST has been demonstrated, the Department recognizes the significance of this revenue source and regularly evaluates scenarios that examine capital funding capacity and corresponding service rate increase scenarios given the prospective expiration of

[55] While the Department does not have specific income distribution data for its retail customers that may be income-eligible for Care and Conserve program assistance, it may be noted that approximately 11.0% of the population within the Atlanta-Sandy Springs-Roswell, GA Metro Area were reported to be living below the federal poverty line based on the American Community Survey conducted by the U.S. Census Bureau (Table DP03: Selected Economic Characteristics: 2023 5-Year Data Profile Estimates). For the City of Atlanta specifically, 15.8% of the population were reported to be living below the federal poverty level based on Census estimates for the 2024 period (Table DP03: Selected Economic Characteristics: 2024 1-Year Data Profile Estimates).

[56] The MOST is not applicable to motor fuels, food and beverages, natural gas used to produce electricity, hotels/motels and motor vehicles. "Summary of Sewer Sales Tax" Memo from Robert Ashe, Intergovernmental Affairs Manager to Atlanta City Council, June 2, 2004.

[57] The 2008 reauthorization was approved by 71 percent of voters, the 2012 reauthorization by 85 percent, the 2016 reauthorization by 74 percent, the 2020 reauthorization by 72 percent, and the 2024 reauthorization by 73 percent.

legislative authorization for MOST in 2032. Components of responsive strategies[58] being evaluated include the following:

- DWM may seek legislative re-authorization of the MOST beyond 2032, or a permanent allocation of special tax proceeds dedicated to the provision of water and wastewater service;
- DWM may re-initiate previously deferred annual water and wastewater system service rate adjustments;
- DWM may restructure its existing debt portfolio or modify the structure of future debt service to tailor long-term debt service obligations; and
- DWM may implement new fees and charges—such as an impervious area-based stormwater fee and/or impact fees for new customers—that could supplant a portion of MOST proceeds.

While the specific attributes of DWM's longer-term financing strategy will be determined over the course of the next several years, DWM has several options to sustain MOST funding support, or ensure an orderly reduction on its reliance, as it continues to evaluate and refine alternative funding strategies for its capital program.

8.7 Capital Financing

The Department's CIP contemplates encumbrance requirements of $1,356.1 million ($1,457.0 million in nominal terms)[59] between FY 2026 and FY 2031 as outlined in Section 7. Table 8-4 identifies projected capital project encumbrances and matching sources of funds. Capital requirements will be funded through four sources: the Department's Commercial Paper Program, which will be restored to its $300 million capacity with proceeds from the proposed issuance of the Series 2026 Bonds and another revenue bond issuance in early calendar year 2029 ($600.0 million, 41.1 percent), WIFIA loan proceeds ($154.9 million, 10.6 percent), GEFA loan proceeds ($29.4 million, 2.0 percent), and current operating revenues from System operations ($675.4 million, 46.3 percent). Altogether, available funding sources total $1,459.7 million.[60]

[58] The Department's capital financing scenario analyses that contemplate alternative revenue streams are not included in this Report as the legislative authorization for MOST expires beyond the forecast period, and the financial plan anticipates voter renewal of MOST in 2028.

[59] A 3.0 percent inflation factor is used to establish future encumbrance requirements based on current capital cost estimates.

[60] Approximately $2.7 million will remain to fund capital projects beyond the forecast period.

TABLE 8-4
Capital Program Sources and Uses of Funds, FY 2026–FY 2031 (nominal dollars)

	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	TOTAL[1]	Percent
FACD Projects[2,3]	32.5	-	-	-	-	-	32.5	2.2%
Wastewater Treatment[4]	26.2	37.2	15.8	25.7	23.2	23.6	151.8	10.4%
Wastewater Pumping / Collection	12.2	41.2	-	18.6	19.1	19.7	110.8	7.6%
Water Treatment	43.3	20.6	5.3	49.2	50.6	52.2	221.1	15.2%
Water Transmission / Distribution	6.4	82.4	31.8	14.2	14.6	15.1	164.6	11.3%
Stormwater	15.0	15.5	15.9	16.4	16.9	17.4	97.0	6.7%
Annual Projects	75.0	77.3	79.6	82.0	84.4	86.9	485.1	33.3%
Support Services Projects	30.0	30.9	31.8	32.8	33.8	34.8	194.1	13.3%
Projected Capital Encumbrances	**$ 240.5**	**$ 305.0**	**$ 180.2**	**$ 238.8**	**$ 242.7**	**$ 249.7**	**$ 1,457.0**	**100.0%**
Commercial Paper Program[5]	300.0	-	-	300.0	-	-	600.0	41.1%
WIFIA Loan Proceeds[6]	-	-	23.2	46.5	85.2	-	154.9	10.6%
GEFA Loan Proceeds[7]	10.4	7.9	8.8	2.4	-	-	29.4	2.0%
Operating Revenues[8]	123.8	133.0	122.7	112.7	103.8	79.4	675.4	46.3%
Used (Unused) Balance[9]	(193.6)	164.2	25.5	(222.8)	53.7	170.3	(2.7)	
Total Funds	**$ 240.5**	**$ 305.0**	**$ 180.2**	**$ 238.8**	**$ 242.7**	**$ 249.7**	**$ 1,457.0**	**100.0%**

1 - All numbers in millions, nominal dollars, slight calculation discrepancies may exist due to rounding

2 - Remaining encumbrance requirements for the North Fork Storage Tank and Pump Station and the Custer Avenue Multi-Benefit Capacity Expansion projects

3 - The City has proposed an administrative modification to the FACD project list that contemplates completion of two major projects, identified in the prior footnote, with termination of the FACD thereafter. The City is engaged in discussions with EPA and GEPD to reach agreement on the remaining FACD projects. There is a risk that the agencies may not agree with the modification request, which may subject the City to stipulated penalties for those projects that are not completed by the First Amended Consent Decree milestone date of July 31, 2027 (see Section 2.1).

4 - Includes $50.9 million (nominal estimate) of R.M. Clayton Consent Decree projects

5 - The Commercial Paper Program encumbrance capacity will be fully restored using Series 2026 Bond proceeds ($300 million) and Series 2029 Bond proceeds ($300 million) which will provide substitute funding for previous encumbrances against the program and repay existing obligations at the time of issuance

6 - Estimated proceeds disbursement schedule for the remainder of previously approved (senior lien) WIFIA loans

7 - Estimated availability of loan proceeds based on anticipated completion dates of previously approved projects

8 - Represents annual transfers from DWM's operating funds (System revenues) to fund capital projects (i.e. "PAYGO" funding)

9 - Approximately $2.7 million will remain (unrestricted balance) to fund capital projects beyond the forecast period

This financial plan assumes the Department will use proceeds totaling $300 million from the Series 2026 Bonds to repay outstanding notes and provide substitute funding for prior encumbrances against the Commercial Paper Program. This action will restore the program's $300 million line of credit which will subsequently be used to fund near-term, priority water and wastewater projects of the System. The Department's financial plan further assumes renewal of the Commercial Paper Program when the three-year term expires (at the beginning of FY 2028) as well as the subsequent issuance of revenue bonds in early calendar year 2029 (Series 2029 Bonds) to once again restore the $300 million line of credit by repaying all outstanding obligations and providing substitute encumbrance capacity for projects previously funded with the program. In total, the Department's Commercial Paper Program is expected to provide $600 million of interim funding capacity over the forecast period.

In September 2020, the EPA and DWM executed a Master Loan Agreement which authorized up to $216.9 million in WIFIA loans for more than $442 million of approved projects, including (1) a group of water distribution projects that will improve System resiliency and (2) several high-priority consent decree projects related to the Clean Water Atlanta program.[61, 62] The total authorization includes the North Fork Peachtree Creek Storage Tank and Pump Station loan, with proceeds of $61.9 million, which was the first to close in September 2020. It is expected that the remaining loan proceeds under the Master Loan Agreement ($154.9 million) will be disbursed over the forecast period as the Department executes additional loans under the program.[63]

Loan proceeds from GEFA totaling $29.4 million are expected to be available to fund the CIP over the forecast period. The costs for eligible GEFA projects are initially encumbered and paid by the Department through the R&E Fund. Once contractor invoices have been paid, the Department submits reimbursement requests to GEFA and deposits proceeds from the low-interest loans into the R&E Fund. In November 2025, the Department received approval for $29.0 million in loans for three separate projects: discharge piping ($13.1 million) and finished water pumps ($10.0 million) at the Chattahoochee Water Treatment Plant and upgrades to the Flint River Pump Station ($5.9 million). A small amount ($0.4 million) of additional proceeds, related to the remaining portion of the previously approved East Area Water Quality Control Facility project, will be received in FY 2025.[64] While the funding plan does not reflect proceeds beyond these projects, DWM will continue to evaluate its project portfolio to

[61] Water Infrastructure Finance and Innovation Act (WIFIA) is a federal loan program administered by the EPA, whereby a borrower may receive up to 49% of eligible project costs in the form of low-cost supplemental loans.

[62] The maximum loan authorization includes a 10% contingency ($19.3 million) for unexpected project cost increases.

[63] To the extent that WIFIA interest rates remain unfavorable relative to revenue bond rates, the Department may choose to substitute revenue bond financing for WIFIA loans in similar amounts.

[64] Table 8-4 presents the anticipated schedule of GEFA *reimbursements* which reflects the delay associated with project procurement and delivery, subsequent contractor invoicing, and—ultimately—the availability of loan proceeds for future capital encumbrances of the Department.

identify projects that may be eligible for funding from this critical, low-interest funding source.

In addition to the capital funding sources outlined above, the Department expects to rely on transfers from the R&E Fund and other operating revenues to contribute $675.4 million for cash financing of capital encumbrance requirements. These revenues consist of several components, briefly described below.

- The Department expects reimbursements from IJ partners to contribute $42.0 million to this total as part of its regional water and wastewater service delivery strategy.[65] Under the IJ agreements, the Department manages the construction of inter-jurisdictional projects and pays contractor invoices. IJ partners are then invoiced based on their pro-rata share of each project. The timing and availability of these reimbursements is based on the Department's current expectations of project completion timeframes, an assumed 12-month collection period, and the Department's procedural requirements to make these funds available for future capital projects.

- In addition to IJ capital contributions, $18.0 million—or $3 million per year—of the operating revenue total will be derived from tap fees that are established to recover costs necessary to provide service to new development. This estimate is lower than the most recent 5-year average for this revenue category ($4.6 million per year), reflecting the Department's (conservative) estimate that recent downward trends in annual tap fee revenues will persist.

- Interest revenues on DWM's various construction funds, MOST proceeds, and other reserve accounts are forecasted to provide $210.0 million over the forecast period, or roughly $35 million per year. This revenue source has totaled between $53 and $54 million in each of the last two fiscal years (2024 and 2025) but is expected to decline as construction funds are drawn down and interest rates decline.

- The remaining $405.4 million will be derived from other net operating revenues of the System due, in part, to municipal option sales tax proceeds.[66]

The Department's projected annual capital encumbrances reflect funding capacity under the following key assumptions: (1) the City's water and wastewater rate schedule remains unchanged throughout the forecast period, (2) no other revenue enhancement measures, such as a stormwater utility fee, are adopted, and (3) the City's residents, as they've done in the past by wide margins, vote again to extend MOST beyond its potential October 2028 expiration.

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[65] IJ partners include Fulton and DeKalb counties as well as the cities of College Park, East Point, and Hapeville.

[66] After making current revenue transfers from the Department's operating funds, $2.7 million will remain available to fund capital projects beyond the forecast period.

The capital plan is subject to frequent review and modification based on evolving priorities of the water and wastewater systems and unforeseen expenditures. To the extent that actual encumbrance needs are more or less than projected encumbrances in a given forecast year, the Department will adjust cash financing amounts of the capital program, reschedule or re-program project spending, and/or revise proposed debt financing amounts.

8.8 Forecasted Operating Results

Table 8-5 presents the cash flow forecasts for the Department's operating funds (Revenue Fund and R&E Fund) on a combined fund basis. Financial plans are developed to ensure compliance with the Department's (informal) policies to maintain minimum reserve balances equal to three months of operating expenditures, to achieve minimum debt service coverage levels that exceed covenanted requirements, and to provide opportunities to equity-finance a significant portion of capital projects during the forecast period.[67]

Revenues

Water Demand Patterns

The Department forecasts water and wastewater service revenues based upon billing determinant data reported by its customer information system. Billing system data includes number of bills, number of accounts and units billed, and total volume billed by volume increment (CCF) by customer class.[68] These billing data populate a detailed revenue-forecasting model designed to project revenues under historical operating conditions, as well as estimate revenue impacts of changes to the rate structure or individual rate tiers. The revenue forecasting model has been instrumental in forecasting rate revenues that reflect changes in customer growth and usage per account trends.

Billed water and wastewater rate revenues have increased 1.26% since FY 2015 on a compounded annual growth basis. Since pandemic-era lows in FY 2021, billed rate revenues have increased 2.84% per year. Because water and wastewater service rates have remained the same since FY 2012, this revenue increase is attributed to growth in customer accounts and an acceleration of economic development activity after the pandemic.

[67] These financial planning protocols have been employed throughout the Clean Water Atlanta program-financing period to determine rate revenue requirements and support program debt financing.

[68] The Department's billing system provides data for a set of customer classifications including residential, commercial and governmental account types – though all customers are currently billed under a common rate structure.

TABLE 8-5
Forecasted Sources and Uses of Cash, Combined Funds (5051 and 5052), FY 2026-FY 2031

	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Beginning Cash Balance[1]	*$ 217.8*	*$ 219.7*	*$ 212.0*	*$ 204.7*	*$ 198.6*	*$ 177.0*
Water & Wastewater Service Revenue[2]	$ 487.2	$ 491.7	$ 496.4	$ 501.1	$ 505.8	$ 510.6
Other Service Revenue	30.4	30.7	31.0	31.3	31.6	31.9
MOST Revenue	220.6	225.0	229.5	234.1	238.8	243.6
Other Revenue	35.0	35.0	35.0	35.0	35.0	35.0
IJ Capital Contributions	7.0	7.0	7.0	7.0	7.0	7.0
Total Sources	**$ 780.2**	**$ 789.5**	**$ 798.9**	**$ 808.5**	**$ 818.2**	**$ 828.1**
Operating Expenses (5051)	$ 303.4	$ 312.5	$ 321.9	$ 331.5	$ 341.5	$ 351.7
Renewal & Extension (5052)	31.3	32.2	33.2	34.2	35.2	36.3
PILOT, Direct, Indirect Charges	66.2	69.5	73.0	76.6	80.5	84.5
Other Expense[3]	11.0	11.5	11.9	12.6	13.0	13.7
Existing Senior Bonds Debt Service[4]	185.7	118.0	119.0	115.2	94.8	70.4
WIFIA Loans (senior lien)[5]	1.1	2.0	3.6	6.4	11.5	11.5
Existing Subordinate Lien Debt Service[6]	21.1	21.1	21.1	21.1	31.6	57.5
Series 2026 Subordinate Debt Service[7]	-	65.7	64.7	68.5	78.5	76.9
Series 2029 Subordinate Debt Service[8]	-	-	-	-	18.3	18.3
GEFA Loans[9]	16.2	17.2	17.7	18.2	18.5	18.5
Commercial Paper Interest Expense	5.3	1.3	4.2	5.3	1.3	4.2
Lease & Installment Purchases[10]	13.3	13.2	13.2	12.3	11.4	10.4
Equity Financing of Capital	123.8	133.0	122.7	112.7	103.8	79.4
Total Uses	**$ 778.3**	**$ 797.2**	**$ 806.1**	**$ 814.6**	**$ 839.8**	**$ 833.2**
Ending Cash Balance	*$ 219.7*	*$ 212.0*	*$ 204.7*	*$ 198.6*	*$ 177.0*	*$ 171.9*

1 - All numbers in millions; represents the unrestricted cash balance in the Department's combined operating funds (Funds 5051 and 5052), exclusive of available cash balances for construction of previously funded capital projects

2 - Includes bad debt expense; assumes water and wastewater service rates remain flat over the forecast period

3 - Includes Other Post-Employment Benefits (OPEB), GEFA loan processing fees, and Commercial Paper program costs

4 - Reflects the impact of the subordinate lien Series 2026 Water and Wastewater Refunding Bonds

5 - Forecasted loan repayment schedule for $216.9 million in previously approved senior lien WIFIA loans; includes the existing North Fork loan (September 2020) and repayment obligations associated with future WIFIA loans

6 - Includes subordinate lien revenue bonds and Environmental Impact Bonds

7 - A new money component ($300 million) of the subordinate lien Series 2026 Bonds will provide substitute funding for previous encumbrances against DWM's Commercial Paper Program and repay all oustanding notes

8 - Subordinate lien revenue bond issuance ($300 million) to provide substitute funding for all outstanding Commercial Paper obligations in FY 2029

9 - Includes existing GEFA loans and $41.9 million of GEFA loans that will amortize during the forecast period

10 - Includes annual lease payments and installment purchase obligations related to DWM's strategic initiatives

Table 8-6 summarizes the average number of billed water and wastewater accounts and customer units, by class, for FY 2025.[69] The table also presents annual growth trends across six-, three-, and one-year reporting periods for each customer group. Growth among water and wastewater residential customers has been consistently

[69] Multiple customer units may be associated with a single customer account (for example, an apartment building—the account—with individual tenant units throughout the building). Water and wastewater base charges are assessed to each customer unit on a monthly basis, tiered volumetric rates are applied based on the number of units served by the account. For example, a 10-unit apartment complex is charged 10 base charges, volumes at the first tier rate for up to 30 CCF of usage, at the second tier rate for between 31 and 60 CCF of usage, and the third tier rate of usage above 60 CCF.

close to 1.0 percent across the majority of the reporting periods, which includes pre- and post-COVID reference points.[70] Commercial customers have seen even higher growth, at around 3.5 percent per year for inside-City water and sewer customers and roughly 3.75 percent for outside-City water customers over the six-year reporting period. Government statistics have fluctuated over the reporting periods and show mixed results.

TABLE 8-6
Accounts, Customer Units and Unit Growth by Customer Class

	Avg. Monthly Accounts, FY 2025	Avg. Monthly Billed Units, FY 2025	6-year CAGR[1]	3-year CAGR	1-year Change
WATER CUSTOMERS					
Residential, Inside City	101,532	199,615	0.84%	0.89%	0.99%
Commercial, Inside City	11,107	81,788	3.55%	2.89%	3.69%
Government, Inside City	963	3,441	0.20%	0.39%	2.47%
Residential, Outside City	57,483	92,098	1.02%	1.00%	0.16%
Commercial, Outside City	3,187	12,504	3.74%	2.24%	5.14%
Government, Outside City	129	129	1.21%	3.02%	4.03%
Water System	**174,401**	**389,575**	**1.89%**	**1.23%**	**1.48%**
WASTEWATER CUSTOMERS					
Residential	91,198	188,054	0.90%	1.13%	1.38%
Commercial	6,839	77,361	3.50%	2.60%	3.34%
Government	474	2,749	-0.08%	0.04%	0.84%
Wastewater System	**98,511**	**268,164**	**2.01%**	**1.44%**	**1.68%**

1 - Compounded annual growth rate for average monthly billed units

Usage per customer unit is a metric the Department tracks to understand customer response to rate increases and weather patterns. Information for this important billing characteristic, which is used to forecast water and wastewater revenues, is summarized in Table 8-7. Long-range trends for residential customers have remained quite stable since FY 2019, with annual metrics ranging between -0.21% and 0.04% per year on a compounded basis over the six-year reporting period. In fact, for inside-City water and wastewater residential customers, the FY 2025 usage statistics approximate the FY 2019 through FY 2025 averages. This relatively steady usage per customer unit may reflect demand hardening among residential customers as consumption reaches levels associated with basic household needs and the efficacy of further conservation measures gradually decrease.

Usage per unit trends for the commercial class are more ambiguous, with inside-City water and wastewater customers showing long-range decreases in usage per unit and mid-range trends moving in the opposite direction. Only outside-City water customers show consistent decreases in usage per unit across all reporting periods. Commercial

[70] The six-year reporting period references FY 2019 billing data; the three-year reporting period references FY 2022 data.

water usage characteristics are subject to more volatility given the constant turnover among customers within this class, the timing and nature of business operations of both existing and new accounts, and wider macroeconomic conditions.

TABLE 8-7
Usage Per Account, Per Unit and Related Trends by Customer Class

	2025 Use or Flows per Account (CCF)	2025 Use or Flows per Unit (CCF)	6-year CAGR[1]	3-year CAGR	1-year Change
WATER CUSTOMERS					
Residential, Inside City	9.77	4.97	-0.16%	0.99%	1.68%
Commercial, Inside City	81.59	11.08	-1.92%	1.09%	-0.48%
Government, Inside City	93.10	26.04	-2.24%	-2.82%	6.86%
Residential, Outside City	10.22	6.38	-0.21%	-0.18%	1.02%
Commercial, Outside City	81.24	20.70	-3.71%	-1.38%	-5.39%
Government, Outside City	101.58	101.51	-5.99%	-2.04%	-8.85%
WASTEWATER CUSTOMERS					
Residential	9.41	4.56	0.04%	0.59%	0.11%
Commercial	108.57	9.60	-1.43%	1.78%	0.52%
Government	116.30	20.03	-5.15%	-4.51%	0.69%

1 - Compounded annual growth rate for use or flows per unit (CCF); reflects post-billing adjustments

The combined effects of historical account growth and fluctuations in water use per customer unit have resulted in a 4.7 percent increase in annual billed retail water volumes from FY 2019 (24.39 billion gallons) to FY 2025 (25.55 billion gallons), a compounded annual growth rate of 0.8 percent over the six-year period.

Water and Wastewater Service Revenues

As in its previous municipal debt offerings, the Department has adopted a conservative approach to revenue forecasting that is informed by historical billing data, including water and wastewater billed volumes and consumption per customer metrics.

Billing data suggests steady growth of residential water and wastewater customer accounts over the last six to seven years. DWM's revenue forecast assumes growth rates of 0.75 percent per year for all residential water and wastewater customers, and 1.50 percent for all water and wastewater commercial customers.[71] Government accounts are assumed to remain constant over the forecast period. The residential and commercial growth assumptions, which are lower relative to historical figures presented in Table 8-6, represent a more conservative estimate of forecasted customer units within the financial plan.

While prior DWM revenue forecasts have incorporated assumptions of usage per account declines to hedge against potential fluctuations in billing determinants, recent historical data presented in Table 8-7 suggest that water demand and wastewater flow

[71] Assumed growth rates are applied to both inside-City and outside-City customers.

for residential customers have been relatively steady during the last six years. Usage per account patterns for inside-City commercial customers have fluctuated, but historical data does not suggest a predictable upward or downward trend. However, water demand per account for outside-City commercial customers has consistently decreased over all three reporting periods.

The Department's financial plan employs the most recent three-year usage per account *average* for each customer class as the basis for FY 2026 revenue forecasts. Consistent with historical data, these metrics are assumed to remain constant over the forecast period for all customer classes except commercial outside-City water customers, which is anticipated to decrease 1.5 percent per year.

Recently, the Department has renewed efforts to improve collection of water and wastewater rate revenues, including hiring an outside firm to interface directly with its customers in order to investigate account delinquencies and improve engagement. In March 2023, the Department also resumed account shut-offs—after suspending the practice during the COVID-19 pandemic. The Department expects these activities to decrease annual bad debt expense, which has averaged $21.5 million (or 4.9 percent of annual rate revenues) over the most recent three-year period.[72] Under conservative assumptions, the financial plan assumes a modest improvement in revenue collections, with bad debt adjustments estimated to be 4.5 percent annually. While the Department's efforts may reduce this percentage even further, the financial plan assumes that any such cash collections will be used to offset emergency project funding needs (i.e., not currently anticipated as part of the capital program) that arise during the forecast period. The forecasted water and wastewater service revenues in Table 8-5 account for these bad debt adjustments.

Based on the assumptions regarding billing parameters and bad debt adjustments outlined above, annual water sales revenues are forecasted to increase from $205.7 million in FY 2026 to $215.9 million in FY 2031. Wastewater service sales revenues are also projected to increase, from $267.3 million to $280.6 million over the same time period. Total water and wastewater sales revenues are projected to increase 5.0 percent (roughly 1.0 percent per year on a compounded basis), from $473.0 million in FY 2026 to $496.5 million in FY 2031.

The water and wastewater service revenues category also includes tap fee revenues, industrial waste revenues, license and permit fees, water repairs, and other charges associated with the Department's operation of the System. Forecasted water and wastewater tap fee revenues are distributed across meter sizes and customer classes in a manner similar to recent historical experience. The Department received $4.6 million per year, on average, during the last three fiscal years for tap sales. However, the FY 2024 and FY 2025 totals trended downward to $3.3 and $2.6 million,

[72] While the implementation of the additional personnel resources is still in process, the Department has observed a 3-4% decrease in total accounts receivable balances and expects this trend to continue, ultimately reducing the amount of reserves for doubtful accounts and increasing cash balances.

respectively. Annual tap fee revenues are conservatively assumed to be $3.0 million per annum and total $18.0 million over the six-year forecast period (less than 1.0 percent of total water and wastewater service revenues). All other water and wastewater service revenues are expected to total $11.2 million and remain constant over the forecast period. Together, other water and wastewater service revenues are expected to total $14.2 million per year from FY 2026 through FY 2031.

Total water and wastewater service revenues are projected to increase from $487.2 million in FY 2026 to $510.6 million in FY 2031 (4.8 percent).

Other Service Revenues

Other service revenues of the Department include operating plant charges, grease permits, land and building rentals, and other miscellaneous revenues. Operating plant charges are revenues attributed to the Department's inter-jurisdictional service agreements and recover operations and maintenance costs incurred to provide wastewater treatment and conveyance services to the City's wholesale wastewater customers. Prior to FY 2025, operating plant charges had increased 5.4 percent per year and totaled $25.5 million in FY 2024. These charges increased to $32.5 million in FY 2025 due to increased operating costs at DWM's treatment facilities. The Department conservatively forecasts revenue from this source to be $28.5 million in FY 2026 and increase at the rate of water and wastewater rate revenue growth (1.0 percent annually). In aggregate, including other fees and rentals, other service revenues are expected to increase 4.6 percent, from $30.4 million in FY 2026 to $31.9 million in FY 2031.

Municipal Option Sales Tax Revenues

Under the authorizing legislation, the MOST was initially placed into effect for a four-year term beginning on October 1, 2004, and could be renewed for three additional four-year terms. In May 2018, the governor signed legislation reauthorizing voter referenda on MOST that could potentially extend this critical funding source through October 2032. For all renewal periods (2008, 2012, 2016, 2020, and most recently May 2024), Atlanta voters extended the MOST for an additional four-year period by wide margins.[73]

Pursuant to the Master Bond Ordinance, Pledged Revenues do not include the proceeds from the MOST but such proceeds may be considered for purposes of determining compliance with the City's rate covenant and additional bonds test. MOST proceeds were $203.5 million in FY 2023, $209.2 million in FY 2024, and $216.3 million in FY 2025.[74] Since FY 2019, this revenue source has increased 5.7 percent per year on a compounded basis. MOST proceeds are assumed to maintain steady growth of 2.0 percent annually during the forecast period, providing approximately $1,391.6 million

[73] The 2008 reauthorization was approved by 71 percent of voters, the 2012 reauthorization by 85 percent, the 2016 reauthorization by 74 percent, the 2020 reauthorization by 72 percent, and the 2024 reauthorization by 73 percent.

[74] City of Atlanta, Department of Watershed Management Annual Comprehensive Financial Reports.

for the Department between FY 2026 and FY 2031 (see, *Long-Term Municipal Option Sales Tax (MOST) Strategies* in Section 8.6 and elsewhere).

Other Revenues

Other Department revenues are composed of interest revenues from various reserve accounts and operating funds. Interest earnings accrue in the R&E Fund (Fund 5052), prior bond funds, MOST revenues (Fund 5059), and various debt service reserve accounts. This revenue source has increased significantly since FY 2023 as a result of accumulated construction fund balances and higher interest rates. Other revenues were $53.9 million in FY 2024 and $53.3 million in FY 2025. Under conservative assumptions, this financial plan assumes other revenues will remain constant at $35.0 million per year and provide a total of $210.0 million over the forecast period (about 4.4 percent of System revenues).

IJ Capital Contributions

Inter-jurisdictional capital contributions reflect reimbursements to the Department for costs incurred to provide wastewater system capacity to its regional service delivery partners. Contributions are estimated by project for each IJ partner and include payments for previously constructed, ongoing, and future capital projects. The anticipated availability of these reimbursements is based on the Department's current expectations of project duration and completion timeframes, a 12-month collection period, and the Department's procedural requirements to make these funds available for future capital projects. The Department expects the availability of $42.0 million in reimbursements from IJ partners between FY 2026 and FY 2031.

Total System Revenues

In FY 2026, total System revenues of $780.2 million are projected to include water and wastewater service revenues ($487.2 million, 62.4 percent), other service revenues ($30.4 million, 3.9 percent), MOST revenues ($220.6 million, 28.3 percent), other revenues ($35.0 million, 4.5 percent), and IJ capital contributions ($7.0 million, 0.9 percent). Total System revenues are projected to increase 6.1 percent over the forecast period, to $828.1 million in FY 2031.

Operating Expenses

Total System operation and maintenance expenses were $237.8 million in FY 2023, $284.4 million in FY 2024, and $339.5 million in FY 2025. O&M costs increased 42.7 percent from FY 2023 to FY 2025. These increases were due, in part, to establishment of a Customer Assistance Support Team, higher costs for staffing technical positions (e.g., engineers, operators, chemists, biologists), higher-than-anticipated maintenance expenses at DWM's treatment facilities, and salary level and Cost of Living Adjustments (COLA) implemented in response to staffing studies. Sustained inflationary pressures and ongoing supply-chain volatility have also resulted in increased Supplies and Materials costs. The Contracting and Purchased Services category remains the highest cost driver, with consulting and professional services increasing as well as other outside

services such as mechanical repairs, waste and chemical disposal (including biosolids), and repair and maintenance services. FY 2025 operating expense also includes several non-recurring costs, including the $16.7 million purchase of DWM's administration building and another nearly $7 million associated with legal settlements and Group Insurance Fund payments. After adjusting for significant, one-time expenses in FY 2025, base O&M is expected to increase 3.0 percent to $334.7 million in FY 2026.

System operating expenses are accounted for in two primary funds, the Revenue Fund and the R&E Fund, as previously discussed. Expenditures are grouped into various categories for each of these funds such as Personnel Expense, Other Operating Expense, Contracted Services, Capital Outlay, and Reserve for Appropriation. Personnel expenses are composed of salaries and wages expense, overtime pay, life and health insurance expense, and pension expenses. Other Operating Expense is composed of expenses required to properly operate and maintain the facilities. Expense sub-categories include operational and administrative supplies, utilities and rentals, outside services, special purchases, and service and repairs, among others. Contracted Services expense is made up of professional services expense, duplication and word processing costs, as well as fuel and repairs for motorized equipment. Leases of equipment, land, and buildings constitute the majority of expense for the Capital Outlay category. Reserves for Appropriation is a category used to set aside funds for other minor capital expenses.

Despite the significant inflationary pressure on these O&M cost categories, this financial plan assumes that the Department will implement cost control measures to limit expense escalation to 3.0 percent per year over the forecast period. Total O&M is expected to increase to $388.0 million by FY 2031, a total increase of 15.9 percent over the forecast period.

Direct and Indirect Charges, PILOT and Franchise Fees

The Department is also charged for both direct and indirect costs for services provided by various General Fund departments. Direct charges are for costs of services to directly support the Department's operations and capital programs including executive offices, information technology, finance, procurement, human resources, internal audit, and legal. Direct charges are based on the provision of the associated services, and are forecasted to increase 5.0 percent annually, from $26.8 million in FY 2026 to $34.2 million in FY 2031. Indirect charges are allocated to the Department based on a City-wide indirect cost study and provide for payment of general government functions including, but not limited to, communications, facilities, and City Management. These charges are forecasted to range from $13.0 million in FY 2026 to $16.6 million in FY 2031 and increase 5.0 percent per year. Payments in Lieu of Taxes (PILOT) and franchise fees are expected to total $26.4 million in FY 2026, increasing 5.0 percent per year to $33.6 million in FY 2031. Direct and indirect charges, PILOT, and franchise fees are

expected to be $66.2 million in FY 2026 and increase to $84.5 million by the end of the forecast period.[75]

Other Expense

This expense category includes expenses such as Other Post-Employment Benefits (OPEB), miscellaneous expense items such as GEFA processing fees, and issuance costs or other fees associated with the Commercial Paper Program. Pension expenses are projected to increase from $10.0 million in FY 2026 to $12.8 million in FY 2031. GEFA processing fees are assumed to be approximately $0.4 million over the forecast period to account for issuance of the approved projects identified in Section 8.7. Commercial Paper remarketing and dealer fees, issuance costs, and line of credit fees are expected to total $5.2 million over the forecast period. Other expense, in total, is projected to increase from $11.0 million in FY 2026 to $13.7 million in FY 2031, a total increase of 24.4 percent.

Debt Service

Projected debt service requirements include debt service for both existing and planned debt issues.[76]

Existing Senior and Subordinate Lien Debt Service

The Department is currently repaying ten senior lien revenue bond issues or loans and two subordinate lien issues as listed in Table 8-8. Debt service on all fixed rate System bonds has been calculated using the actual fixed coupons. The Department terminated the interest rate swap associated with the Series 2015 Bonds on May 20, 2018 and debt service on that issue has been calculated using the actual fixed coupons. Par amounts and retirement years for outstanding senior and subordinate lien debt, prior to the planned Series 2026 Bonds, are shown in Table 8-8.

Existing debt service on senior lien revenue bonds, which reflects recent debt defeasance activities, is expected to total $185.7 million in FY 2026 and decrease to $70.4 million in FY 2031. The reduction is primarily attributed to the anticipated refunding of the Series 2015 Bonds (senior lien) with proceeds from the proposed Series 2026 Bonds (subordinate lien). Existing debt service on WIFIA loans, which is parity debt, is comprised of expected payments for the WIFIA North Fork Loan that closed in September 2020 with an interest rate of 1.22 percent and a 35-year term. Payments for the North Fork loan are expected to increase from $1.1 million in FY 2026 to $2.2 million in FY 2028 as construction of the project is completed and anticipated loan proceeds are fully disbursed. Loan repayment for the North Fork loan is expected to remain level (at $2.2 million) thereafter.

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[75] The PILOT and Franchise Fee charges are being challenged by a lawsuit filed on April 19, 2018. The case is styled *A. Thomas Jones, et al. v. City of Atlanta*, Superior Court of Fulton County, Georgia, Civil Action File No. 2018CV304044. The case is pending.

[76] Forecasted debt service numbers are based on available information as of December 3, 2025.

TABLE 8-8
Outstanding Senior and Subordinate Lien Debt

Series or Loan[1]	Original Par Amount	Outstanding Principal[2]	Calendar Year Retired
Series 2001A Bonds	$ 415.3	$ 53.4	2027
Series 2004 Bonds	$ 849.3	$ 134.1	2030
Series 2009B Bonds	$ 449.0	$ 53.1	2039
Series 2015 Bonds	$ 1,237.4	$ 771.2	2043
Series 2017A Bonds	$ 226.2	$ 35.3	2039
Series 2018B Bonds	$ 289.7	$ 187.8	2047
Series 2018C Bonds	$ 288.9	$ 122.6	2038
Series 2019A Bonds	$ 103.1	$ 86.1	2038
Series 2020 Bonds	$ 504.6	$ 476.5	2038
WIFIA North Fork Loan[3]	$ 61.9	$ 15.9	2057
Total Senior Lien	**$ 4,425.4**	**$ 1,936.0**	
Environmental Impact Bonds	$ 14.0	$ 6.3	2028
Series 2024 Bonds	$ 390.9	$ 390.9	2043
Total Subordinate Lien	**$ 404.9**	**$ 397.2**	

1 - Numbers are expressed in millions of dollars, slight calculation discrepancies may occur due to rounding
2 - As of June 30, 2025
3 - The total amount of par approved for the North Fork Loan is $61.9 million. As of June 30, 2025, the City had drawn down $16.1 million and had repaid $0.2 million of that amount.

Existing subordinate lien debt service is comprised of DWM's Environmental Impact Bonds (EIB) and the Series 2024 Bonds. Under the Master Bond Ordinance, the subordinate lien debt is superior in right of payment to Other System Obligations such as GEFA loans, Commercial Paper interest payments, leases, and installment purchases. The EIB is a 10-year subordinate lien bond issued at an interest rate of 4.76 percent with costs of issuance equal to 4.8 percent of par – resulting in payments of $1.7 million annually through FY 2029. Payments on the Series 2024 Bonds are $19.5 million per year from FY 2026 through FY 2029, then increase to $31.6 million in FY 2030 and $57.5 million in FY 2031 before decreasing in the latter half of the bond's 30-year term. The Series 2024 Bonds were structured to levelize total annual debt obligations of the Department.

Forecasted Debt Service

The FY 2026-2031 Capital Improvement Program anticipates the issuance of the Series 2026 Bonds and Series 2029 Bonds, each with project proceeds totaling $300.0 million, to repay obligations associated with the Department's Commercial Paper Program and provide substitute funding for projects previously encumbered against this credit facility. For purposes of this report, the Series 2026 Bonds and the Series 2029 Bonds

are assumed to be issued as subordinate lien debt at an interest rate of 4.53 percent (which includes costs of issuance and the underwriter's discount) with a 30-year amortization period.[77] Annual obligations for each debt issuance are expected to total $18.3 million under an assumed level repayment structure.[78]

As discussed in Section 8.7, DWM's financial plan also assumes issuance of additional WIFIA loans for approved projects under the Master Loan Agreement with EPA, with additional proceeds expected to total $154.9 million. Projected loan payments on future WIFIA loans are based on the estimated construction schedules of relevant projects, an interest rate of 4.84 percent[79] and a 35-year term (with interest-only payments, prior to loan amortization, during the construction period). New WIFIA loan payments are anticipated to total $9.3 million by FY 2030, after loan amortization has begun for all remaining authorized projects. Combined with the existing WIFIA North Fork loan, WIFIA payments are expected to total $11.5 million in FY 2031.

Total senior lien debt service costs are expected to be $186.8 million in FY 2026 and decrease to $81.9 million in FY 2031 despite the issuance of additional senior lien WIFIA loans. Subordinate lien debt service—which includes the Environmental Impact Bonds, the Series 2024 Bonds, the Series 2026 Bonds, and the planned Series 2029 Bonds—is expected to increase from $21.1 million in FY 2026 to $152.7 million in FY 2031. Both the senior and subordinate lien debt service schedules account for the refunding of the Series 2015 Bonds and issuance of an additional $600.0 million of new money subordinate lien revenue bonds during the forecast period to (twice) restore the line of credit financing capacity of DWM's Commercial Paper Program.[80]

GEFA Loans

The Department is also repaying loans issued by the Georgia Environmental Finance Authority (GEFA). Repayment of GEFA loans is considered Other System Obligations under the Master Bond Ordinance and excluded from parity coverage requirements and senior lien debt service coverage calculations. Annual payments for existing GEFA loans are $15.6 million per year throughout the forecast period.

The financial forecast assumes that $29.4 million of GEFA loan proceeds will be available for the Department's capital program according to the schedule outlined in

[77] Based on current market rates as of December 3, 2025.

[78] Though the Department continues to evaluate various wrapped structure options given its existing debt service profile, level debt service structures are used (as a conservatism) for the baseline forecast. Relevant financial performance metrics during the forecast period would improve under the reduced near-term debt service requirements of a wrapped structure.

[79] Relevant State and Local Government Series (SLGS) loan rate for 30- to 40-year securities offered by the U.S. Treasury as of January 8, 2026.

[80] Estimated sources of funds for the Series 2026 bonds, which are estimated to total approximately $1.2 billion, will be used to refund the Series 2015 Bonds and reflect assumptions regarding a tender offer across multiple other Series of outstanding bonds (see Section 2.1).

Table 8-4.[81] These GEFA loans are assumed to have level 20-year terms, interest rates between 2.3 and 3.5 percent, and loan application fees of 1.0 percent. Similar to the WIFIA program, the Department pays interest costs associated with GEFA draws (prior to project completion and amortization of each loan) on a monthly basis. Annual interest costs are estimated using spend-down assumptions for each approved project. The Department has extensive experience in applying for and administering GEFA loans and plans to work with GEFA on an ongoing basis to identify additional projects that may qualify for available funding.

In addition to the three recently approved GEFA loans, the Department expects a previously approved $12.9 million loan for the East Area Water Quality Control Facility to begin amortization in FY 2026 when the project is completed. In total, GEFA loans totaling $41.9 million will begin amortization during the forecast period, with annual payments on these new loans expected to reach $2.8 million by FY 2031.

Commercial Paper Interest Expense

Interest expense on the Department's Commercial Paper Program is treated as Other System Obligations under the Master Bond Ordinance and is estimated based on the anticipated construction schedules of funded projects and the expected timing of line of credit renewal using proceeds from the Series 2026 Bonds and Series 2029 Bonds. Commercial Paper interest expense is expected to fluctuate between $1.3 million and $5.3 million per year over the forecast period.

Capital Leases / Installment Purchase Obligations

The Department's resource recovery and energy management initiatives have precipitated annual lease obligations associated with new equipment, financed over 12- and 15-year terms.[82] These lease obligations are subordinate to the City's senior lien revenue bonds. The annual lease on the Ostara nutrient recovery project requires annual payments of $1.1 million through FY 2030. The NORESCO energy savings lease purchase agreement requires annual payments of $7.2 million through FY 2035. The lease payment on the Schneider energy savings lease purchase agreement runs through FY 2034 and is $3.1 million annually.

In addition, the Department has several outstanding leases associated with operational vehicles. In December 2018, the Department entered into two leases for operational vehicles totaling $16.5 million at rates that averaged 3.65 percent. The largest of these leases—for $14.25 million—was subsequently renegotiated to a 2.25 percent rate. The revised annual obligation for these two leases is $1.8 million in FY 2026 and then $1.7 million in FY 2027 and FY 2028 after one of the leases terminates. The final payment on the second lease, $0.9 million, occurs in FY 2029.

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[81] This amount includes $0.4 million of anticipated proceeds from a previously approved loan for the East Area Water Quality Control Facility that are expected to be received in FY 2026, with loan amortization thereafter.

[82] The Ostara resource recovery project includes a 12-year lease, while both energy management initiatives are financed over a 15-year term.

Total lease obligations and installment purchase obligations are expected to total $13.3 million in FY 2026 and decrease to $10.4 million by FY 2031 as certain obligations are terminated.

Other System Obligations

Other System Obligations—which include GEFA loan repayment, interest expense on the Commercial Paper Program, and leases and installment purchases—are expected to total $34.7 million in FY 2026 and decrease to $33.0 million by FY 2031.

Combined annual debt payments (including senior lien, subordinate lien, and Other System Obligations) are projected to be $242.6 million in FY 2026 and are forecasted to increase to $267.6 million in FY 2031, an increase of 10.3 percent.

Equity Financing of Capital

The Department's financing plan assumes that $675.4 million will be drawn from the Department's combined operating fund balances over the six-year forecast period to fund the capital program.[83] Equity financing amounts vary based on the projected performance of the combined operating funds but are expected to range between $133.0 million (FY 2027) and $79.4 million (FY 2031) per year over the forecast period. The decline in the availability of net operating revenues to equity finance capital, under the baseline forecast assumption excluding potential revenue enhancements, is largely due to the planned incurrence of $796.8 million[84] in new, long-term debt obligations over the forecasted period. Nevertheless, the Department's financing plan for its robust capital program provides for achievement of debt service coverage and fund balances in excess of established performance targets and relies heavily on equity financing of prospective capital to minimize borrowing costs and limit outstanding indebtedness.

Fund Balances

The Department's informal policy is to maintain cash reserves equal to 90 days of budgeted operating expenditures (approximately $82.5 to $95.7 million) to provide adequate working capital for the Department's operations. Despite the plan to finance $675.4 million of CIP over the forecast period with operating revenues and reserves from the System, the projected ending cash balance for the Department's combined fund far exceeds the minimum requirement. The unrestricted ending cash balance of the Department's combined operating funds (Funds 5051 and 5052) is projected to range from $219.7 million in FY 2026 to $171.9 million in FY 2031 and reflects the effect of the System revenue and expense assumptions, IJ capital contributions, and forecasted System debt obligations described earlier. Drawing down of these balances

[83] Approximately $2.7 million will remain available in the Department's project reserve balance for capital encumbrance requirements beyond FY 2031.

[84] Includes $600.0 million in revenue bonds to refinance outstanding Commercial Paper, $154.9 million in WIFIA loans and $41.9 million in GEFA loans.

enables financing of the Department's planned capital program with less reliance on future debt issuance.

8.9 Projected Debt Service Coverage

Table 8-9 presents the forecasted performance of the Department relative to its targeted debt service coverage metrics including forecasted net operating revenues, expenses, debt service, and debt service coverage through FY 2031.

TABLE 8-9
Projected Senior Lien, Subordinate Lien, and Total Debt Service Coverage, FY 2026–FY 2031

	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Total Revenues[1]	$ 780.2	$ 789.5	$ 798.9	$ 808.5	$ 818.2	$ 828.1
- IJ Capital Contributions[2]	(7.0)	(7.0)	(7.0)	(7.0)	(7.0)	(7.0)
Adjusted Operating Revenues	$ 773.2	$ 782.5	$ 791.9	$ 801.5	$ 811.2	$ 821.1
Operating Expenses	334.7	344.7	355.1	365.7	376.7	388.0
+ Direct and Indirect Charges	39.8	41.8	43.9	46.1	48.4	50.8
+ OPEB	10.0	10.5	11.0	11.6	12.2	12.8
- Capitalized Expense	(20.0)	(20.6)	(21.2)	(21.9)	(22.5)	(23.2)
Total Operating Expense	$ 364.5	$ 376.5	$ 388.8	$ 401.6	$ 414.8	$ 428.4
Net Revenue Available for Debt Service	**$ 408.6**	**$ 406.0**	**$ 403.1**	**$ 399.9**	**$ 396.4**	**$ 392.6**
Existing Senior Lien Debt Service[3]	185.7	118.0	119.0	115.2	94.8	70.4
WIFIA Loans (senior lien)[4]	1.1	2.0	3.6	6.4	11.5	11.5
Total Senior Lien Debt Service	**$ 186.8**	**$ 120.0**	**$ 122.5**	**$ 121.6**	**$ 106.2**	**$ 81.9**
Projected Senior Lien Coverage Ratio[5]	**2.18**	**3.38**	**3.28**	**3.28**	**3.73**	**4.79**
Existing Subordinate Lien Debt Service[6]	21.1	21.1	21.1	21.1	31.6	57.5
Series 2026 Debt Service[7]	-	65.7	64.7	68.5	78.5	76.9
Series 2029 Debt Service[8]	-	-	-	-	18.3	18.3
Total Subordinate Lien Debt Service	$ 21.1	$ 86.8	$ 85.9	$ 89.7	$ 128.4	$ 152.7
Projected Subordinate Lien Coverage[5]	**1.96**	**1.96**	**1.93**	**1.89**	**1.68**	**1.67**
GEFA Loans[9]	16.2	17.2	17.7	18.2	18.5	18.5
Commercial Paper Interest Expense	5.3	1.3	4.2	5.3	1.3	4.2
Lease and Installment Purchases	13.3	13.2	13.2	12.3	11.4	10.4
Total Other System Obligations	$ 34.7	$ 31.6	$ 35.0	$ 35.7	$ 31.2	$ 33.0
Total Debt Service	**$ 242.6**	**$ 238.4**	**$ 243.4**	**$ 246.9**	**$ 265.8**	**$ 267.6**
Total Debt Service Coverage Ratio[5]	**1.68**	**1.70**	**1.65**	**1.61**	**1.49**	**1.46**

1 - All numbers in millions; slight calculation discrepancies may exist due to rounding

2 - Non-Service Revenues are excluded from forecasted debt service coverage

3 - Reflects the impact of the subordinate lien Series 2026 Water and Wastewater Refunding Bonds

4 - Forecasted loan repayment schedule for $216.9 million in previously approved WIFIA loans

5 - Debt service coverage metrics rounded down to the second significant digit

6 - Includes Environmental Impact Bonds and other subordinate lien water and wastewater revenue bonds

7 - The subordinate lien Series 2026 Bonds will refund the senior lien Series 2015 Bonds and also provide $300 million in new money to provide substitute funding for all outstanding Commercial Paper obligations at the time of issuance; the Series 2026 Bonds assume an interest rate of 4.53% and level repayment of the new money component

8 - The subordinate lien Series 2029 Bonds, which assume an interest rate of 4.53% and level repayment schedue, will provide $300 million for substitute funding of all outstanding Commercial Paper obligations at the time of issuance in FY 2029

9 - Existing GEFA loans and repayment associated with $41.9 million of new loans that will amortize during the forecast period

Adjustments are made to both operating revenues and operating expenses to add or exclude items for the purpose of calculating debt service coverage. IJ capital contributions are excluded from annual operating revenues, while direct and indirect charges for services provided by various General Fund Departments of the City are added to annual operating expense. Other post-employment benefits are considered operating expense and are included as well. Finally, annual operating expenses are reduced to account for capitalized personnel expense in the R&E Fund.[85] The $20.0 million per year estimate, escalated at 3.0 percent per year, is based on representative adjustments during the last four fiscal years and is consistent with audit procedures of the Department.

After making these adjustments, annual net operating revenues available to pay debt service are estimated to be $408.6 million in FY 2026, a decrease of $21.4 million (5.0 percent) over the same statistic for FY 2025. Annual net revenues available for debt service are expected to decrease 3.9 percent to $392.6 million by FY 2031. This decline can be attributed to the fact that System revenues are experiencing modest increases—primarily based on annual customer growth and increasing MOST revenue—while System expenses are assumed to increase between 3.0 and 5.0 percent per year.

Senior lien debt service coverage is evaluated in terms of the System as a whole (combined water and wastewater). For new senior lien debt issues, the City has a minimum parity (senior lien) coverage requirement of 1.10x (times) average annual debt service but also informally targets parity coverage of at least 1.50x. As indicated in Table 8-1, average senior lien debt service coverage over the last five fiscal years was 2.22x. Forecasted senior lien debt service coverage is estimated to increase significantly, from 2.18x to 4.79x, over the six-year period as shown in Table 8-9.[86] This is a result of decreasing senior lien debt service from the recent defeasance of senior lien debt as well as the anticipated refunding of the Series 2015 Bonds.

Subordinate lien coverage is projected to be 1.96x in FY 2026 and decrease to 1.67x in FY 2031. The decrease is attributed to increasing subordinate debt service on the Series 2024 Bonds, new debt service on the Series 2026 Bonds that will refund $744.7 million of senior lien debt and provide a $300.0 million new money component to restore the Commercial Paper Program line of credit, and debt service on the Series 2029 Bonds (which will again restore the Commercial Paper Program in early 2029).

Total debt coverage—which accounts for senior lien debt, existing and planned subordinate lien revenue bonds, the Environmental Impact Bond, and Other System Obligations—is expected to decrease from 1.68x in FY 2026 to 1.46x in FY 2031.

[85] The capitalized expense total includes various labor costs, such as project managers, that support delivery of the capital program.

[86] The financial plan summarized herein assumes the MOST will be renewed for an additional four-year period in 2028.

8.10 Key Assumptions

Projected financial performance of the System relies on a number of key assumptions, summarized in Table 8-10. While these assumptions are discussed in greater detail in relevant sections of the report, a brief synopsis of each is included below the table.

TABLE 8-10
Key Financial Planning Assumptions

Residential customer growth, annual	0.75%
Commercial customer growth, annual	1.5%
Consumption per customer unit	varies
Bad debt expense (% of billed revenue)	4.5%
MOST extended in 2028, annual increases of	2.0%
O&M and capital cost inflation factor	3.0%
Direct, Indirect, PILOT & OPEB expense inflation factor	5.0%
Minimum fund balance, days of O&M	90
Baseline capital program assumes revisions to FACD projects	

- Annual growth in billed residential customer units: 0.75 percent per year for both water and wastewater customers throughout the forecast period; compares to historical growth between 0.85 and 1.0 percent per year for the most recent six-year period.
- Annual growth in billed commercial customer units: 1.5 percent per year for water and wastewater customers throughout the forecast period; compares to approximately 3.5 percent historical growth (or higher) over the most recent six-year period.
- Only outside-City water customers show a decline in per account usage, equal to -1.50 percent per year. All other customer classes assume usage per account equal to the most recent three-year average for that class with no change over the forecast period.
- Bad debt expense is the assumed percentage of water and wastewater rate revenues that are adjusted out of System revenues to recognize aged receivables. While the most recent three-year average was 4.9 percent, DWM's financial plan assumes a 4.5 percent per year bad debt adjustment to recognize DWM's renewed efforts to improve customer engagement and investigate delinquent accounts.[87]

[87] Cash collections that result from improvement beyond the 4.5 percent per year will be used to fund unexpected encumbrance requirements associated with DWM's capital program.

- Municipal Option Sales Tax revenues have seen a 5.7 increase per year, on a compounded basis, since FY 2019 and are assumed to increase 2.0 percent per year over the forecast period. This significant revenue source is expected to be approved by voters again in 2028, consistent with prior votes.[88]
- General cost inflation factor, set at 3 percent per year, is the default cost escalation factor used to estimate future operating costs in nominal terms and is also used by the Department to estimate future encumbrance requirements based on the timing of construction and current capital cost estimates.
- Costs for various services or benefits provided by the City (human resources, information technology, legal services, PILOT, pension expense, etc.) are assumed to increase 5.0 percent per year.
- DWM's financial plan assumes that a minimum fund balance equal to 90 days of O&M expense must be maintained in order to respond to unforeseen operating costs.
- The Department has requested revisions to the remaining FACD projects to include just major projects – the North Fork Storage Tank and Pump Station Project and Custer Avenue Multi-Benefit Capacity Relief Project—with termination of the FACD thereafter. DWM's capital program includes the delivery costs and remaining encumbrance requirements associated with these two major FACD projects, totaling $204.8 million. The Department has proposed that the remaining FACD projects, with current funding estimates totaling $696.5 million and project delivery requirements totaling $894.3 million, be completed either under the City's Capital Improvement Program or in the normal course under the City's Management, Operation and Maintenance Programs or Stormwater Program.[89]

8.11 Conclusions

This report has presented forecasts of revenues, expenses, debt service, and debt service coverage to demonstrate the financial feasibility of the Department's six-year capital financing plan, including priority water and wastewater projects, annual system renewal and rehabilitation requirements, and continued investment in System operational efficiency and reliability.

The forecast of the financial performance for FY 2026 through FY 2031 is summarized as follows:

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[88] The 2008 reauthorization was approved by 71 percent of voters, the 2012 reauthorization by 85 percent, the 2016 reauthorization by 74 percent, the 2020 reauthorization by 72 percent, and the 2024 reauthorization by 73 percent.

[89] The City is engaged in discussions with EPA and GEPD to reach agreement on the remaining FACD projects. There is a risk that the agencies may not agree with the City on its request to revise FACD projects, which may subject the City to stipulated penalties for those projects that are not completed by the First Amended Consent Decree milestone date of July 31, 2027 (see Section 2.1).

- DWM's rate revenue forecast anticipates steady customer growth to continue among water and wastewater customers both inside the City and outside the City. Without rate increases, rate revenues are anticipated to increase 1.0 percent per year and generate $2,907.8 million over the forecast period.
- The Municipal Option Sales Tax will be renewed by voters in 2028 and continue to be a significant revenue source, generating $1,391.6 million to offset the Department's operating costs.
- Total System revenues—including other operating costs, IJ capital contributions, and interest income—are forecasted to increase 6.1 percent, from $780.2 to $828.1 million. System-wide rate increases, as well as other potential revenue enhancement measures, are not included in these projections of financial performance.
- The CIP reflects the Department's request to revise the remaining FACD projects as well as updated cost estimates for priority needs of the System and, after adjusting for inflation, is expected to require encumbrances of $1,457.0 million between FY 2026 and FY 2031. These capital projects will be funded by the Commercial Paper Program ($600.0 million, 41.1 percent), WIFIA loan proceeds ($154.9 million, 10.6 percent), Georgia Environmental Finance Authority loan proceeds ($29.4 million, 2.0 percent), and System operating revenues—including IJ capital contributions and other reserves ($675.4 million, 46.3 percent).[90]
- After recent cost increases, the Department's O&M expense (Revenue fund and R&E fund) is projected to stabilize and increase 3.0 percent per annum over the forecast period, requiring a total of $2,165.0 million.
- Direct charges, indirect charges, pension expense, and PILOT and franchise fee payments continue to represent a significant revenue requirement for DWM and are expected to total $523.9 million.
- Senior lien debt service is expected to decline over the forecast period despite the planned issuance of $154.9 million senior lien WIFIA loans. This decline is a result of the anticipated refunding of the Series 2015 Bonds and recent defeasance of existing senior lien obligations.
- In contrast, subordinate lien debt service is expected to increase significantly for several reasons. New subordinate debt service on the Series 2026 Bonds will refund $744.7 million of senior lien debt and provide a $300.0 million new money component to restore the encumbrance capacity under the Commercial Paper Program line of credit. The Series 2029 Bonds are assumed to be issued as

[90] After making these transfers, $2.7 million will remain available in the Department's project reserve balance for capital encumbrance requirements beyond the forecast period.

subordinate lien debt. And finally, annual debt service for the existing Series 2024 Bonds increases over the forecast period.

- Total repayment obligations of the Department for the six-year period are comprised of senior lien revenue bonds and (senior lien) WIFIA loans ($739.0 million, 49.1 percent), EIB and other subordinate lien revenue bonds ($564.6 million, 37.5 percent), and Other System Obligations ($201.2 million, 13.4 percent).[91]

- Total System operating costs and debt obligations, excluding equity financing of capital project encumbrances, are forecasted to increase 15.2 percent, from $654.5 million in FY 2026 to $753.8 million in FY 2031.

- Under the assumption that the MOST is extended by voter referendum in 2028, the combined use of the Commercial Paper Program (and corresponding Series 2026 and Series 2029 bond issuances), net operating revenues of the System, WIFIA and GEFA borrowing, and the drawing down of existing fund balances will enable the City to finance the Department's capital program, including priority water and wastewater projects, without reliance on service rate increases.

- Net revenues of the Department are projected to be sufficient to meet future debt service obligations, including a 1.1x (times) parity coverage requirement on senior lien debt and a 1.0x coverage requirement for other System debt. The Department informally targets senior lien debt service coverage in excess of 1.50x annual debt service. Over the forecast period, projected senior lien debt service coverage is estimated to increase from 2.18x in FY 2026 to 4.79x in FY 2031; subordinate debt service coverage is projected to decrease from 1.96x to 1.67x; and total debt coverage is forecasted to decrease from 1.68x in FY 2026 to 1.46x in FY 2031.

- Based on the assumptions, projections, and conclusions delineated in this report, the Department will be able to meet its debt obligations and continue to advance a resilient and sustainable foundation for efficient water and wastewater service delivery throughout the forecast period. The projections presented herein demonstrate the feasibility of the Department's financing plan for its capital program and its ability to support the planned revenue bond issues outlined herein.

[91] Other System Obligations includes GEFA loans, Commercial Paper interest expense, and equipment leases and annual installment purchase obligations associated with DWM's energy management initiatives.

APPENDIX- Rate Schedule

Table A-1 provides the current and projected water and wastewater rates, by component, based on the proposed schedule of rate increases associated with the Department's capital financing plan. Under the current planning framework—which assumes MOST will be extended by referendum in October 2028 (FY 2029)—water and wastewater rates are expected to remain constant through the forecast period (FY 2031). As reported in previous feasibility studies, significantly higher rate increases will be required if City of Atlanta voters do not reauthorize MOST.

Future rate adjustments are subject to City Council approval.

TABLE A-1
Proposed Water and Wastewater Rate Schedule

	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Proposed Rate Increases[1]	Existing Rates	0.00%	0.00%	0.00%	0.00%	0.00%
Water System Service Rates[2]						
Base Charge[3]	$6.56	$6.56	$6.56	$6.56	$6.56	$6.56
Inside-City Retail						
1 – 3 CCF Usage (per CCF)	$2.58	$2.58	$2.58	$2.58	$2.58	$2.58
4 – 6 CCF Usage (per CCF)	$5.34	$5.34	$5.34	$5.34	$5.34	$5.34
7 CCF and Above Usage (per CCF)	$6.16	$6.16	$6.16	$6.16	$6.16	$6.16
Outside-City Retail						
1 – 3 CCF Usage (per CCF)	$3.51	$3.51	$3.51	$3.51	$3.51	$3.51
4 – 6 CCF Usage (per CCF)	$6.48	$6.48	$6.48	$6.48	$6.48	$6.48
7 CCF and Above Usage (per CCF)	$7.47	$7.47	$7.47	$7.47	$7.47	$7.47
Wholesale						
All Usage (per CCF)	$3.70	$3.70	$3.70	$3.70	$3.70	$3.70
Wastewater System Service Rates[2]						
Base Charge[3]	$6.56	$6.56	$6.56	$6.56	$6.56	$6.56
1 – 3 CCF Usage (per CCF)	$9.74	$9.74	$9.74	$9.74	$9.74	$9.74
4 – 6 CCF Usage (per CCF)	$13.64	$13.64	$13.64	$13.64	$13.64	$13.64
7 CCF and Above Usage (per CCF)	$15.69	$15.69	$15.69	$15.69	$15.69	$15.69

1 - Based on an assumption that the MOST will be extended by voter referendum in 2028

2 - Rates are for water usage metered approximately monthly

3 - Base charges are applied to each customer unit on a monthly basis

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APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDINANCE

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APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDINANCE

This Appendix C is only a brief summary of certain provisions of the Bond Ordinance. This summary is not comprehensive nor is it definitive, nor is it intended to be a full statement of the terms of such documents and, accordingly, is qualified by reference to the Bond Ordinance in its entirety, for a complete statement of the detailed provisions thereof.

DEFINITIONS

Certain words and terms used in this Official Statement and in this Appendix C are defined herein.

"**Additional Interest**" means, for any period during which any Pledged Bonds are owned by a Credit Issuer pursuant to a Credit Facility or Credit Facility Agreement, the amount of interest accrued on such Pledged Bonds at the Pledged Bond Rate less the amount of interest which would have accrued during such period on an equal principal amount of Bonds at the Bond Rate.

"**Authorized Denominations**" means, with respect to the Series 2026 Bonds, $5,000 and any integral multiple of $5,000 in excess thereof.

"**Balloon Bonds**" means any series of Senior Bonds or Subordinate Bonds 25% or more of the original principal amount of which (i) is due (whether at maturity or by mandatory redemption) in any 12-month period, or (ii) may, at the option of the registered owners, be required to be redeemed, prepaid, purchased directly or indirectly by the City, or otherwise paid in any 12-month period. "Balloon Date" means any date on which more than 25% of the original principal amount of related Balloon Bonds mature or are subject to mandatory redemption or could, at the option of the registered owners, be required to be redeemed, prepaid, purchased directly or indirectly by the City, or otherwise paid.

"**Bonds**" means any revenue bonds authorized by and authenticated and delivered pursuant to the Bond Ordinance including the Senior Bonds, any Parity Bonds and any Subordinate Bonds.

"**Bond Ordinance**" means the Master Bond Ordinance as it may from time to time be modified, supplemented, or amended by Supplemental Ordinances.

"**Bond Rate**" means the rate of interest per annum payable on specified Bonds other than Pledged Bonds.

"**Bond Register**" means the registration books maintained and to be maintained by the Bond Registrar.

"**Book Value**" means the value of the real property and the personal property comprising the System, net of accumulated depreciation and amortization, as reflected in the most recent audited financial statements of the System which have been prepared in accordance with generally accepted accounting principles.

"**Chief Officer**" means the individual presently holding the office of Mayor of the City and any successor who might hereafter hold such office, and any individual, body, or authority to

whom or which may hereafter be delegated by law the duties, powers, authority, obligations, or liabilities of such office.

"**City**" means the City of Atlanta, a municipal corporation created and existing under the laws of the State.

"**Code**" means the Internal Revenue Code of 1986, as amended, and any regulations promulgated or applicable thereunder.

"**Credit Facility**" means any letter of credit, insurance policy, guaranty, surety bond, standby bond purchase agreement, line of credit, revolving credit agreement, or similar obligation, arrangement, or instrument issued by a bank, insurance company, or other financial institution which is used by the City to perform one or more of the following tasks: (i) enhancing the City's credit by assuring owners of any of the Bonds that principal of and interest on such Bonds will be paid promptly when due; (ii) providing liquidity for the owners of Bonds through undertaking to cause Bonds to be bought from the owners thereof when submitted pursuant to an arrangement prescribed by a Series Ordinance; or (iii) remarketing any Bonds so submitted to the Credit Issuer (whether or not the same Credit Issuer is remarketing the Bonds). The term Credit Facility shall not include a Reserve Account Credit Facility.

"**Credit Facility Agreement**" means an agreement between the City and a Credit Issuer pursuant to which the Credit Issuer issues a Credit Facility and may include the promissory note or other instrument evidencing the City's obligations to a Credit Issuer pursuant to a Credit Facility Agreement. The term Credit Facility Agreement shall not include a Reserve Account Credit Facility.

"**Credit Issuer**" means any issuer of a Credit Facility then in effect for all or part of the Bonds. The term Credit Issuer shall not include any Reserve Account Credit Facility Provider. Whenever in the Bond Ordinance the consent of the Credit Issuer is required, such consent shall only be required from the Credit Issuer whose Credit Facility is issued with respect to the Bonds for which the consent is required.

"**Debt Service Requirement**" means the total principal and interest coming due, whether at maturity or upon mandatory redemption, in any specified period. If any Bonds Outstanding or proposed to be issued under the Bond Ordinance bear interest at a variable rate, the interest coming due in any specified future period will be determined as if the variable rate in effect at all times during such future period equaled, at the option of the City, either (a) the average of the actual variable rates which were in effect (weighted according to the length of the period during which each such variable rate was in effect) for the most recent twelve month period immediately preceding the date of calculation for which such information is available (or shorter period if such information is not available for a twelve month period), or (b) the current average annual long term fixed rate of interest on securities of similar quality having a similar maturity date as certified by a financial advisor to the City. If any compound interest Bonds are Outstanding or proposed to be issued under the Bond Ordinance, the total principal and interest coming due in any specified period will be determined, with respect to such compound interest bonds, by the supplemental ordinance of the City authorizing such compound interest bonds. With respect to any Senior Bonds or Subordinate Bonds secured by a credit facility, Debt Service Requirement will include: (a) any commission or commitment fee obligations with respect to such credit facility, (b) unreimbursed

draws or advances on such credit facility and interest thereon, (c) any additional interest owed on Senior Bonds or Subordinate Bonds owned by a Credit Issuer while they are so owned, and (d) any remarketing agent fees. With respect to any Senior Bonds or Subordinate Bonds hedged by a hedge agreement, the interest on such hedged bonds, for so long as the provider of the related hedge agreement has not defaulted on its payment obligations thereunder, will be calculated by adding (x) the amount of interest payable by the City on such hedged bonds pursuant to their terms and (y) the amounts (other than termination, indemnity, and expense payments) payable by the City under the related hedge agreement and subtracting (z) the amounts (other than termination, indemnity, and expense payments) payable by the provider of the related hedge agreement at the rate specified in the related hedge agreement; provided, however, that to the extent that the provider of any hedge agreement is in default thereunder, the amount of interest payable by the City on the related hedged bonds will be the interest calculated as if such hedge agreement had not been executed. In determining the amounts (other than termination, indemnity, and expense payments) payable or receivable under a hedge agreement which are not fixed (i.e., which are variable), payable or receivable for any future period, such payments or receipts for any period of calculation (the "Determination Period") will be computed by assuming that the variables comprising the calculation (e.g., indices) applicable to the Determination Period are equal to the average of the actual variables which were in effect (weighted according to the length of the period during which each such variable was in effect) for the most recent twelve month period immediately preceding the date of calculation for which such information is available (or shorter period if such information is not available for a twelve month period). For the purpose of calculating the Debt Service Requirement on Balloon Bonds (a) which are subject to a commitment to refinance, or (b) which do not have a Balloon Date within 12 months from the date of calculation, such bonds will be assumed to be amortized in substantially equal annual amounts to be paid for principal and interest over an assumed amortization period of 20 years at an assumed interest rate (which shall be the interest rate certified by a financial advisor to the City to be the interest rate at which the City could reasonably expect to borrow the same amount by issuing bonds with the same priority of lien as such Balloon Bonds and with a 20-year term); provided, however, that if the maturity of such bonds (taking into account the term of any commitment to refinance) is in excess of 20 years from the date of issuance, then such bonds will be assumed to be amortized in substantially equal annual amounts to be paid for principal and interest over an assumed amortization period of years equal to the number of years from the date of issuance of such bonds to maturity (including the commitment to refinance) and at the interest rate applicable to such bonds. For the purpose of calculating the Debt Service Requirement on Balloon Bonds (a) which are not subject to a commitment to refinance, and (b) which have a Balloon Date within 12 months from the date of calculation, the principal payable on such bonds on the Balloon Date will be calculated as if paid on the Balloon Date. The principal of and interest on Senior Bonds and Subordinate Bonds and payments under hedge agreements relating thereto will be excluded from the determination of Debt Service Requirement to the extent that the same were or are expected to be paid with amounts on deposit on the date of calculation (or bond proceeds to be deposited on the date of issuance of proposed bonds) in the Project Fund, the Sinking Fund, or a similar fund for Subordinate Bonds.

"**Debt Service Reserve Account**" means the Debt Service Reserve Account within the Sinking Fund.

"**Expenses of Operation and Maintenance**" means all expenses reasonably incurred in connection with the operation and maintenance of the System, including salaries, wages, the cost of materials and supplies, rentals of leased property, if any, management fees, payments to others for the purchase of water, if any, and for the treatment and disposal of sewage, the costs of audits, Paying Agent's and Bond Registrar's fees, payment of premiums for insurance required by the Bond Ordinance and other insurance which the City deems prudent to carry on the System and its operations and personnel, and generally, all expenses, exclusive of interest on the Bonds and depreciation or amortization, which under accounting principles generally accepted for municipal utility purposes are properly allocable to operation and maintenance; however, only such expenses as are reasonably and properly necessary or desirable for the proper operation and maintenance of the System shall be included. "Expenses of Operation and Maintenance" also includes the City's obligations under any contract with any other political subdivision or public agency or authority of one or more political subdivisions pursuant to which the City undertakes to make payments measured by the expenses of operating and maintaining any facility which constitutes part of the System and which is owned or operated in part of the City and in part by others. "Expenses of Operations and Maintenance" excludes Franchise and Pilot Payments. "Expenses of Operation and Maintenance" also excludes any expenses described above to the extent that the same were or are reasonably expected to be paid with taxes levied or imposed and in effect on or before the date of calculation.

"**Finance Officer**" means the individual presently holding the office of Chief Financial Officer of the City, and any successor who might hereafter hold such office, and any individual to whom or which may hereafter be delegated by law the duties, powers, authority, obligations, or liabilities of such office.

"**Fiscal Year**" means the 12-month period used by the City for its general accounting purposes, as it may be changed from time to time.

"**Fitch**" means Fitch Investors Service, L.P., or, if such limited partnership is dissolved or liquidated or otherwise ceases to perform securities rating services, such other nationally recognized securities rating agency as may be designated in writing by the City.

"**Franchise and Pilot Payments**" means an amount not to exceed the sum of (a) five percent (5%) of the Operating Revenues for the preceding Fiscal Year and (2) the ad valorem property taxes that would be due to the City (and not to any other governmental body) in the current calendar year, if title to the System were vested in an entity subject to ad valorem taxation, assuming that the fair market value of the System equaled the Book Value for purposes of determining the assessed value of the System.

"**Governing Body**" means the City Council of the City and any predecessor or successor in office to such present body, and any Person to whom or which may hereafter be delegated by law the duties, powers, authority, obligations, or liabilities of the present body, either in whole or in relation to the System.

"**Hedge Agreement**" means, without limitation, (i) any contract known as or referred to or which performs the function of an interest rate swap agreement, currency swap agreement, forward payment conversion agreement, or futures contract; (ii) any contract providing for payments based on levels of, or changes or differences in, interest rates, currency exchange rates, or stock or other

indices; (iii) any contract to exchange cash flows or payments or series of payments; (iv) any type of contract called, or designed to perform the function of, interest rate floors, collars, or caps, options, puts, or calls, to hedge or minimize any type of financial risk, including, without limitation, payment, currency, rate, or other financial risk; and (v) any other type of contract or arrangement that the City determines is to be used, or is intended to be used, to manage or reduce the cost of any Bonds, to convert any element of any Bonds from one form to another, to maximize or increase investment return, to minimize investment return risk, or to protect against any type of financial risk or uncertainty.

"**Hedge Payments Subaccount**" means the Hedge Payments Subaccount within the Payments Account.

"**Hedge Receipts**" means amounts payable by any provider of a Hedge Agreement pursuant to such Hedge Agreement, other than termination payments, fees, expenses, and indemnity payments.

"**Index Rate Bond**" means any Variable Rate Bond with interest that is tied to a specific benchmark.

"**Interest Payment Date**" means each date on which interest is to be paid as established in the Series Ordinance for such Bonds.

"**Interest Subaccount**" means the Interest Subaccount within the Payments Account.

"**Investment Earnings**" means all interest received on and profits derived from investments made with Pledged Revenues or any moneys in the funds and accounts established under the Bond Ordinance.

"**Master Bond Ordinance**" means the Master Bond Ordinance adopted by the Governing Body on March 31, 1999 (99-O-0399), as modified, supplemented and amended by various supplemental ordinances.

"**Moody's**" means Moody's Investors Service, Inc. or, if such corporation is dissolved or liquidated or otherwise ceases to perform securities rating services, such other nationally recognized securities rating agency as may be designated in writing by the City.

"**Net Operating Revenues**" means Operating Revenues, after provision for payment of all Expenses of Operation and Maintenance.

"**Operating Revenues**" means all income and revenue of any nature derived from the operation of the System, including monthly water and sewage billings, service charges, other charges for water and sewage service and the availability thereof (other than any special assessment proceeds), connection or tap fees (whether accounted for as revenues or as contributed capital), hydrant rentals, and local, state, or federal grants, capital improvement contract payments, or other moneys (other than taxes) that may be used for the payment of Expenses of Operation and Maintenance, but excluding local, state, or federal grants, loans, capital improvement contract payments, or other moneys that are required to be used for capital improvements to the System and excluding Investment Earnings.

"**Other System Obligations**" means obligations of any kind, including but not limited to Government Loans, general obligation bonds, revenue bonds, capital leases, installment purchase agreements, or notes (but excluding Bonds and related obligations to Credit Issuers, Reserve Account Credit Facility Providers, and Qualified Hedge Providers), incurred or issued by the City to finance or refinance the cost of acquiring, constructing, reconstructing, improving, bettering, or extending any part of the System.

"**Outstanding**" means, when used in reference to the Bonds, all Bonds which have been duly authenticated and delivered under the Bond Ordinance, with the exception of (a) Bonds in lieu of which other Bonds have been issued under agreement to replace lost, mutilated, stolen, or destroyed obligations, (b) Bonds surrendered by the owners in exchange for other Bonds under the Bond Ordinance, (c) Bonds for the payment of which provision has been made in accordance with the Bond Ordinance and (d) Variable Rate Bonds that have been duly called for mandatory tender or as to which the Modal Holder thereof gave notice of optional tender and, in either case, for the purchase of which the Purchase Price is held by the Tender Agent for the payment thereof.

"**Parity Bonds**" means Bonds issued with a right to payment and secured by a lien on a parity with Outstanding Senior Bonds.

"**Payments Account**" means the Payments Account within the Sinking Fund.

"**Person**" or "**person**" means any individual, corporation, partnership, limited liability company, joint venture, association, joint stock company, trust, unincorporated organization, body, authority, government, or agency or political subdivision thereof.

"**Pledged Bond**" means any Bond purchased and held by a Credit Issuer pursuant to a Credit Facility Agreement. A Bond shall be deemed a Pledged Bond only for the actual period during which such Bond is owned by a Credit Issuer pursuant to a Credit Facility Agreement.

"**Pledged Bond Rate**" means the rate of interest payable on Pledged Bonds, as may be provided in a Credit Facility or Credit Facility Agreement.

"**Pledged Revenues**" means Operating Revenues, Investment Earnings, Hedge Receipts, and all moneys paid or required to be paid into, and all moneys and securities on deposit from time to time in, the funds and accounts specified in the Bond Ordinance, but excluding any amounts required in the Bond Ordinance to be set aside pending, or used for, rebate to the United States government pursuant to Section 148(f) of the Code, including, but not limited to, amounts in the Rebate Fund.

"**Principal Maturity Date**" means each date on which principal is to become due on any Bonds, by maturity or mandatory sinking fund redemption, as established in the Series Ordinance for such Bonds.

"**Principal Subaccount**" means the Principal Subaccount within the Payments Account.

"**Prior Ordinance**" means the Master Bond Ordinance, as supplemented and amended by the First Supplemental Ordinance, the Series 2001 Ordinance, the Series 2004 Ordinance, the 2006 Commercial Paper Ordinance, the Fifth Supplemental Ordinance, the Series 2008 Ordinance, the Seventh Supplemental Ordinance, the Series 2009A Ordinance, the Series 2009B Ordinance, the

First Twelfth Supplemental Ordinance, the Second Twelfth Supplemental Ordinance, the Series 2013A Ordinance, the Series 2013B Ordinance, the Series 2015 Ordinance, the 2015 Commercial Paper Ordinance, the Series 2017 Ordinance, the Thirteenth Supplemental Ordinance, the Series 2018A Ordinance, the Series 2018B Ordinance, the 2018 Commercial Paper Ordinance, the Series 2018C Ordinance, the Series 2018D Ordinance, the Series 2019 Ordinance, the Series 2020 WIFIA Ordinance, the Series 2020 Ordinance, the 2021 Commercial Paper Ordinance, the Fourteenth Supplemental Ordinance (as amended by the Series 2024 Supplemental Pricing Ordinance), the 2024 Commercial Paper Ordinance, and the Series 2024 Ordinance.

"**Project Fund**" means the City of Atlanta Water and Sewer Project Fund established under the Bond Ordinance.

"**Qualified Hedge Provider**" means an entity whose senior unsecured long term obligations, financial program rating, counterparty rating, or claims paying ability, or whose payment obligations under the related Hedge Agreement are absolutely and unconditionally guaranteed by an entity whose senior unsecured long term obligations, financial program rating, counterparty rating, or claims paying ability, are rated either (i) at least as high as the third highest Rating of each Rating Agency, but in no event lower than any Rating on the related Hedged Bonds at the time of execution of the Hedge Agreement, or (ii) in any such lower Rating which each Rating Agency indicates in writing to the City will not, by itself, result in a reduction or withdrawal of its Rating on the related Hedged Bonds that is in effect prior to entering into the Hedge Agreement. An entity's status as a "**Qualified Hedge Provider**" is determined only at the time the City enters into a Hedge Agreement with such entity and cannot be redetermined with respect to that Hedge Agreement.

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

"**Rating Agencies**" or "**Rating Agency**" means Fitch, Moody's, and Standard & Poor's or any successors thereto and any other nationally recognized credit rating agency then maintaining a rating on any Bonds at the request of the City. If at any time a particular Rating Agency does not have a rating outstanding with respect to the relevant Bonds, then a reference to Rating Agency or Rating Agencies shall not include such Rating Agency.

"**Rebate Fund**" means the City of Atlanta Water and Sewer Rebate Fund established under the Bond Ordinance.

"**Record Date**" means, with respect to any semiannual Interest Payment Date, the 15th day of the calendar month immediately preceding such Interest Payment Date, and, for any Bonds paying interest other than semiannually, any record dates designated by the City in a Series Ordinance.

"**Refunded Bonds**" means, collectively, the portions of the Outstanding Series 2015 Bonds, Series 2017A Bonds, Series 2018B Bonds, Series 2018C Bonds, Series 2019 Bonds, and Series 2020 Bonds selected by the Finance Officer and specified in the Series 2026 Supplemental Pricing Ordinance to be refunded or purchased in a tender with a portion of the proceeds of the Series 2026 Bonds.

"**Renewal and Extension Fund**" means the City of Atlanta Water and Sewer Renewal and Extension Fund established under the Bond Ordinance.

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

"**Reserve Account Credit Facility Provider**" means any provider of a Reserve Account Credit Facility.

"**Revenue Bond Law**" means an Act of the General Assembly of the State of Georgia known as the "Revenue Bond Law", codified as Article 3 of Chapter 82 of Title 36 of the Official Code of Georgia Annotated.

"**Revenue Fund**" means the City of Atlanta Water and Sewer Revenue Fund established under the Bond Ordinance.

"**Sales Tax Revenues**" means the tax revenues to be received by the City from the special one-percent sales and use tax to fund water and sewer projects and costs effective on October 1, 2004.

"**Senior Bonds**" means the Outstanding Parity Bonds and any additional revenue bonds of the City issued on a parity basis with the Outstanding Parity Bonds.

"**Series 2026 Bonds**" means the City's Water and Wastewater Subordinate Lien Revenue and Revenue Refunding Bonds, Series 2026 (Sustainability Bonds), in the original aggregate principal amount specified in the Series 2026 Supplemental Pricing Ordinance.

"**Series 2026 Capitalized Interest Subaccount**" means the subaccount of that name established within the 2026 Project Account under the Series 2026 Ordinance.

"**Series 2026 Interest Subaccount"** means the subaccount of that name within the Series 2026 Subordinate Bonds Sinking Fund.

"**Series 2026 Ordinance**" means the Series 2026 Bond Ordinance authorizing the issuance of the Series 2026 Bonds.

"**Series 2026 Principal Subaccount**" means the subaccount of that name within the Series 2026 Subordinate Bonds Sinking Fund.

"**Series 2026 Registrar and Paying Agent**" means U.S. Bank Trust Company, National Association.

"**Series 2026 Subordinate Bonds Sinking Fund**" means the Series 2026 Subordinate Bonds Sinking Fund established under the Bond Ordinance.

"**Series 2026 Supplemental Pricing Ordinance**" means the City's ordinance supplementing the Series 2026 Ordinance to set forth certain pricing terms.

"**Series Ordinance**" means a bond ordinance or bond ordinances of the City (which may be supplemented by one or more bond ordinance(s)) to be adopted prior to and authorizing the issuance and delivery of any series of Bonds.

"**Sinking Fund**" means the City of Atlanta Water and Sewer Sinking Fund established under the Bond Ordinance.

"**Standard and Poor's**" or "**S&P**" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., or, if such corporation is dissolved or liquidated or otherwise ceases to perform securities rating services, such other nationally recognized securities rating agency as may be designated in writing by the City.

"**State**" means the State of Georgia.

"**Subordinate Bonds**" means Bonds issued with a right to payment from the Pledged Revenues and secured by a lien on the Pledged Revenues expressly junior and subordinate to the Senior Bonds.

"**Supplemental Ordinance**" means (a) any Series Ordinance, and (b) any modification amendment or supplement to the Master Bond Ordinance other than a Series Ordinance.

"**System**" means the combined drinking water, sanitary sewer, and wastewater system of the City, as it now exists and as it may be hereafter added to, extended, improved, and equipped, either from the proceeds of the Bonds or from any other sources at any time hereafter, including, without limitation, (a) all wells, pumping stations, purification plants, and other sources of supply of water and all pipes, mains, and other parts of the facilities for the distribution of water and all equipment and property used in connection therewith, (b) all sanitary sewers, all wastewater disposal and treatment plants, all pumping stations, and all equipment used in connection therewith, all facilities for the collection, treatment, and disposal of sewage and wastewater, including industrial wastes, and (c) all other facilities or property of any nature or description, real or personal, tangible or intangible, now or hereafter owned or used by the City in the supply, treatment, and distribution of water and in the collection, treatment, and disposal of sewage. The City may own a partial interest in any drinking water facility or sanitary sewer facility, the remaining interest in which may be owned by or on behalf of a political subdivision of the State or any agency or authority thereof. In case of such ownership, the rights and interests possessed by the City in such facility shall be included as part of the System.

"**Tender Documents**" means, collectively, the invitation or offer to tender bonds, any dealer manager agreement, any tender agent agreement, and any other agreements, notices, applications, disclosure documents, statements, and other documents prepared, approved, executed, or delivered in connection with the Tender Transaction, together with any supplements or amendments thereto, as authorized and approved by the Chief Officer or the Finance Officer.

"**Tendered Bonds**" means the Refunded Bonds or portions thereof, as specified in the Series 2026 Supplemental Pricing Ordinance, tendered for purchase by the City from proceeds of the Series 2026 Bonds pursuant to the Tender Transaction.

"**Tendered Bonds Purchase Fund**" means the Tendered Bonds Purchase Fund established under the Bond Ordinance.

"**Tender Transaction**" means a tender transaction in which the City invites holders of certain of the Refunded Bonds or portions thereof to tender such Refunded Bonds for purchase by the City from proceeds of the Series 2026 Bonds, which Refunded Bonds or portions thereof upon surrender for purchase pursuant to an accepted invitation are cancelled on the date of purchase and deemed no longer outstanding under the Bond Ordinance.

"**Term Bonds**" means Bonds which mature on one maturity date, yet a portion of which are required to be redeemed, prior to maturity, under a schedule of mandatory redemptions established by the Bond Ordinance.

"**Variable Rate**" means a rate of interest applicable to the Bonds, other than a fixed rate of interest which applies to a particular maturity of Bonds so long as that maturity of Bonds remains Outstanding.

"**Variable Rate Bond**" means any Bond which bears interest at a Variable Rate.

"**2026 Project**" means the acquisition, construction, improvement, betterment, and extension of the System, as more particularly described in the Series 2026 Ordinance.

"**2026 Project Account**" means the separate account of that name created within the Project Fund under the Series 2026 Ordinance.

SUMMARY OF THE BOND ORDINANCE

Introduction

The Master Bond Ordinance, adopted March 31, 1999, as supplemented and amended by that certain First Supplemental Bond Ordinance adopted on March 5, 2001, that certain Series 2001 Bond Ordinance adopted on December 5, 2001, that certain Series 2004 Bond Ordinance adopted on August 16, 2004, as supplemented by that certain Supplemental Series 2004 Bond Ordinance adopted on September 15, 2004, that certain Fifth Supplemental Bond Ordinance adopted on November 19, 2007, that certain Series 2008 Bond Ordinance adopted on March 17, 2008, that certain Seventh Supplemental Bond Ordinance adopted on October 6, 2008, that certain Series 2009A Bond Ordinance adopted on May 4, 2009, as supplemented by that certain Supplemental Series 2009A Bond Ordinance adopted on June 17, 2009, that certain Series 2009B Bond Ordinance adopted on October 5, 2009, as supplemented by that certain Supplemental Series 2009B Bond Ordinance adopted on October 14, 2009, that certain First Twelfth Supplemental Ordinance adopted on February 5, 2010, that certain Second Twelfth Supplemental Ordinance adopted on July 18, 2011, that certain Series 2013A Bond Ordinance adopted on July 15, 2013, as supplemented by that certain Series 2013A Supplemental Pricing Resolution adopted on August 28, 2013, that certain Series 2013B Bond Ordinance adopted on July 15, 2013, as supplemented by that certain Series 2013B Supplemental Pricing Resolution adopted on August 28, 2013, that certain Series 2015 Bond Ordinance adopted on January 5, 2015, as supplemented by that certain Series 2015 Supplemental Pricing Resolution adopted on February 26, 2015, that certain 2015 Commercial Paper Ordinance adopted on March 16, 2015, that certain Series 2016 Bond Ordinance adopted on October 26, 2016, as supplemented by that certain Series 2017A Supplemental Pricing Resolution adopted on April 27, 2017, that certain Thirteenth Supplemental Bond Ordinance adopted on August 21, 2017, that certain Series 2018A Bond Ordinance adopted

on May 7, 2018, as supplemented by that certain Series 2018A Supplemental Pricing Resolution adopted on June 13, 2018, that certain Series 2018B Bond Ordinance adopted on May 21, 2018, as supplemented by that certain Series 2018B Supplemental Pricing Resolution adopted on July 11, 2018, that certain 2018 Supplemental Commercial Paper Ordinance adopted on May 21, 2018, that certain Series 2018C Bond Ordinance adopted on September 4, 2018, as supplemented by that certain Series 2018C Supplemental Pricing Resolution adopted on October 24, 2018, that certain Series 2018D Bond Ordinance adopted on November 19, 2018, as supplemented by that certain Series 2018D Supplemental Pricing Resolution adopted on January 16, 2019, as amended by the Ordinance amending certain terms of the Series 2018D Bond Ordinance, adopted on September 5, 2023, that certain Series 2019 Bond Ordinance adopted on June 17, 2019, as supplemented by that certain Series 2019 Supplemental Pricing Resolution adopted on August 14, 2019, that certain Series 2020 WIFIA Bond Ordinance adopted on August 17, 2020, as supplemented by that certain Series 2020 WIFIA Supplemental Pricing Resolution adopted on September 21, 2020, that certain Series 2020 Bond Ordinance, adopted on September 8, 2020, as supplemented by that certain Series 2020 Supplemental Pricing Resolution adopted on October 15, 2020, that certain Series 2021 Supplemental Commercial Paper Ordinance adopted on June 21, 2021, that certain Fourteenth Supplemental Ordinance adopted on June 17, 2024 (as amended by the Series 2024 Supplemental Pricing Ordinance), that certain Series 2024 Supplemental Commercial Paper Ordinance adopted on June 17, 2024, that certain Series 2024 Bond Ordinance adopted on September 16, 2024, as supplemented by that certain Series 2024 Supplemental Pricing Ordinance adopted on October 23, 2024, and that certain Series 2026 Bond Ordinance adopted on March 16, 2026, as supplemented by that certain Series 2026 Supplemental Pricing Ordinance (collectively the "**Bond Ordinance**"), is a contract between the City and the Bondholders that specifies the terms and details of revenue bonds, and other obligations and which defines the security for such revenue bonds and other obligations. The following is a summary, which does not purport to be comprehensive or definitive, of certain provisions of the Bond Ordinance. Reference is made to the Bond Ordinance in its entirety for a complete recital of the detailed provisions thereof.

System

The Bond Ordinance defines the "**System**" as the combined drinking water, sanitary sewer, and wastewater system of the City, as it now exists and as it may be hereafter added to, extended, improved, and equipped, either from the proceeds of the Bonds or from any other sources at any time after the date of adoption of the Bond Ordinance, including, without limitation, (a) all wells, pumping stations, purification plants, and other sources of supply of water and all pipes, mains, and other parts of the facilities for the distribution of water and all equipment and property used in connection therewith, (b) all sanitary sewers, all wastewater disposal and treatment plants, all pumping stations, and all equipment used in connection therewith, all facilities for the collection, treatment, and disposal of sewage and wastewater, including industrial wastes, and (c) all other facilities or property of any nature or description, real or personal, tangible or intangible, owned or used on or after the date of adoption of the Bond Ordinance by the City in the supply, treatment, and distribution of water and in the collection, treatment, and disposal of sewage. The City may own a partial interest in any drinking water facility or sanitary sewer facility, the remaining interest in which may be owned by or on behalf of a political subdivision of the State or any agency or authority thereof. In case of such ownership, the rights and interests possessed by the City in such facility shall be included as part of the System.

Pledged Revenues

Bonds issued under the Bond Ordinance are secured by a pledge of, and lien on, Pledged Revenues. The Bond Ordinance provides that this pledge (which may be expanded for additional Parity Bonds) ranks superior to all other pledges which may be made after the date of adoption of the Bond Ordinance of any of the Pledged Revenues, except for pledges of the Pledged Revenues made by the City in Hedge Agreements (relating to Bonds issued under the Bond Ordinance) to secure payments thereunder (other than termination, indemnity, and expense payments), which may rank on a parity with the pledge as to the related hedged bonds. Pledged Revenues do not include the Sales Tax Revenues. Such Sales Tax Revenues may, however, be taken into account for purposes of determining compliance with the City's rate covenant and additional bonds test under the Bond Ordinance. See "Rate Covenant" herein.

Additional Parity Obligations

Under the Bond Ordinance, the City may from time to time issue Senior Bonds, which are additional parity obligations which will be equally and ratably secured on a parity basis with the Outstanding Parity Bonds.

Funds Created by the Bond Ordinance and Flow of Funds

The Bond Ordinance creates and requires the City to maintain the following funds:

(a) the Revenue Fund;

(b) the Sinking Fund and therein the following two accounts:

  (i) Payments Account;

    (A) Interest Subaccount;

    (B) Hedge Payments Subaccount;

    (C) Principal Subaccount; and

  (ii) Debt Service Reserve Account;

(c) the Series 2026 Subordinate Bonds Sinking Fund;

(d) the Renewal and Extension Fund;

(e) the Rebate Fund;

(f) the Project Fund and therein the following accounts:

  (A) 2026 Project Account;

    (i) Series 2026 Capitalized Interest Subaccount;

(g) Tendered Bonds Purchase Fund.

Revenue Fund. The Bond Ordinance requires the City to deposit and continue to deposit all operating revenues of the System in the Revenue Fund from time to time as and when received. Under the terms of the Bond Ordinance, moneys in the Revenue Fund are to be applied by the City from time to time to the following purposes and, prior to the occurrence and continuation of an event of default under the Bond Ordinance, in the order of priority determined by the City in its sole discretion (a) to pay Expenses of Operation and Maintenance of the System, (b) to deposit into the Sinking Fund the amounts described below, (c) to deposit into the Rebate Fund the amounts required to make provision for arbitrage rebate payments to the United States government, (d) to pay any amounts due to any issuer (a "**Credit Issuer**") of a credit facility (such as an insurance policy, letter of credit, guaranty, surety bond, standby bond purchase agreement, or line of credit) providing credit or liquidity support for any Senior Bonds or subordinate bonds issued under the Bond Ordinance, (e) to pay any amounts due any Reserve Account Credit Facility Provider (as hereinafter defined), (f) to make provision for the payment of debt service on bonds issued under the Bond Ordinance that are junior and subordinate in lien and right of payment to the Senior Bonds ("**Subordinate Bonds**") and the payment of amounts (other than termination, indemnity, and expense payments) due to providers of hedge agreements (such as interest rate swap agreements) relating to Subordinate Bonds, and (g) to pay any amounts required to be paid with respect to any other obligations issued by the City to finance or refinance the System.

In addition, the Bond Ordinance allows the City from time to time to deposit into the Renewal and Extension Fund any moneys and securities held in the Revenue Fund in excess of 30 days' estimated Expenses of Operation and Maintenance of the System.

Payments Account. The Bond Ordinance requires the City to deposit sufficient moneys in periodic installments from the Revenue Fund into the Payments Account for the purpose of paying debt service on the Senior Bonds when due and for the purpose of paying amounts (other than termination, indemnity, and expense payments) due to providers of hedge agreements (such as interest rate swap agreements) relating to Senior Bonds.

Debt Service Reserve Account. The Bond Ordinance requires the City to maintain the Debt Service Reserve Account at an amount determined from time to time by the City as a reasonable reserve for the payment of debt service on the Senior Bonds. The City initially determined this amount to be the maximum annual Debt Service Requirement with respect to Senior Bonds in the then current or any succeeding fiscal year. Under the terms of the Bond Ordinance, the City may in its sole discretion change, reduce, or increase this amount without the consent of the owners of the Senior Bonds, but in no event may the City reduce this amount (a) below the greater of (i) 50% of the average annual Debt Service Requirement with respect to Senior Bonds in the then current or any succeeding fiscal year, or (ii) the maximum annual Debt Service Requirement with respect to the Series 1999 Bonds in the then current or any succeeding fiscal year, and (b) unless each rating agency rating the Senior Bonds indicates in writing to the City that such reduction will not, by itself, result in a reduction or withdrawal of its current rating on the Senior Bonds. On June 17, 2024, the City adopted the Fourteenth Supplemental Ordinance (Ordinance No. 24-O-1290), as amended by the Series 2024 Supplemental Pricing Ordinance, reducing the Debt Service Reserve Requirement to 50% of the average annual Debt Service Requirement with respect to Senior Bonds in the then current or any succeeding fiscal year. In connection with the issuance of Parity Bonds, the Bond Ordinance permits the City to fund any increase in the required balance of the Debt Service Reserve Account by making deposits thereto over a period not exceeding 60 months from

the date of issuance of such Parity Bonds in equal monthly amounts. The Bond Ordinance allows the City to satisfy in whole or in part the required balance of the Debt Service Reserve Account by means of a letter of credit, insurance policy, line of credit, or surety bond issued by a provider (a "Reserve Account Credit Facility Provider") with a credit rating not less than the then current rating on the related series of Senior Bonds. In the event a Reserve Account Credit Facility Provider becomes insolvent or has its credit rating withdrawn or reduced below the rating on the Senior Bonds, the City is required to obtain a substitute credit facility within 60 days or to fund the Debt Service Reserve Account to its required balance in not more than 24 equal monthly deposits.

Renewal and Extension Fund. In addition to the deposits to be made to the Renewal and Extension Fund described above, the Bond Ordinance requires the City to deposit in the Renewal and Extension Fund all termination payments received under any hedge agreements relating to Senior Bonds or Subordinate Bonds. Under the terms of the Bond Ordinance, amounts held in the Renewal and Extension Fund must be used first to prevent default in the payment of debt service on the Senior Bonds when due and then will be applied by the City from time to time, as and when the City shall determine, to the following purposes and, prior to the occurrence and continuation of an event of default under the Bond Ordinance, in the order of priority determined by the City in its sole discretion (a) for the purposes for which moneys held in the Revenue Fund may be applied as described above, (b) to pay any amounts which may then be due and owing under any hedge agreement relating to Senior Bonds or Subordinate Bonds (including termination payments, fees, expenses, and indemnity payments), (c) to pay any governmental charges and assessments against the System or any part thereof which may then be due and owing, (d) to make acquisitions, betterments, extensions, repairs, or replacements or other capital improvements (including the purchase of equipment) to the System deemed necessary by the City (including payments under contracts with vendors, suppliers, and contractors for the foregoing purposes), (e) to acquire Senior Bonds by redemption or by purchase in the open market at a price not exceeding the callable price, and (f) to make annual transfers to the General Fund of the City, on or after December 15 of each year, of an amount not to exceed the sum of (i) 5% of the gross operating revenues of the System for the preceding fiscal year of the City, and (ii) the ad valorem property taxes that would be due to the City (and not to any other governmental body) in the current calendar year, if title to the System were vested in an entity subject to ad valorem taxation, assuming that the fair market value of the System equaled its book value for purposes of determining the assessed value of the System.

The gross revenues derived by the City from the ownership and operation of the System may be used only in accordance with the provisions of the Bond Ordinance described above and, except as described above, may not be transferred to either the General Fund or any other fund of the City.

Rebate Fund. The City established the Rebate Fund under the terms of the Bond Ordinance to hold amounts to be paid to the United States government as arbitrage rebate payments.

Project Fund. The City established the Project Fund under the terms of the Bond Ordinance to hold proceeds of the sale of Senior Bonds and Subordinate Bonds. The Bond Ordinance requires amounts held in the Project Fund to be applied to the payment of costs related to the acquisition, construction, reconstruction, improvement, betterment, extension, or equipping of the System.

Investments. Under the terms of the Bond Ordinance, moneys in the funds and accounts established thereunder must be invested in permissible investments under Georgia law which have (or are collateralized by obligations which have) a rating by any rating agency then rating any bonds issued under the Bond Ordinance which is equal to or greater than the third highest long term rating category or the second highest short term rating category of such rating agency. Such investments may contain such maturities as are deemed suitable by the City and must be valued at fair market value on each interest payment date.

Series 2026 Subordinate Bonds Sinking Fund. In connection with the issuance of the Series 2026 Bonds as Subordinate Bonds, the City will establish a separate fund of the City to be known as the "Series 2026 Subordinate Bonds Sinking Fund," which will be held by the Paying Agent in trust and contain the following subaccounts: (i) the "Series 2026 Interest Subaccount" and (ii) the "Series 2026 Principal Subaccount." On or before the 30th day preceding each Interest Payment Date for the Series 2026 Bonds that are issued as Subordinate Bonds, the City shall deposit into the Series 2026 Interest Subaccount an amount which, together with other moneys on deposit therein and available for such purpose, is not less than the interest coming due on such Subordinate Bonds on such Interest Payment Date. On or before the 30th day preceding each Principal Maturity Date for the Series 2026 Bonds that are issued as Subordinate Bonds, the City shall deposit into the Series 2026 Principal Subaccount an amount which, together with other moneys on deposit therein and available for such purpose, is not less than the principal coming due on such Subordinate Bonds on such Principal Maturity Date. Amounts on deposit in the Series 2026 Subordinate Bonds Sinking Fund shall be used solely to pay principal of and interest on the Series 2026 Bonds issued as Subordinate Bonds, and shall be funded from the Revenue Fund as provided in the Bond Ordinance. Any excess remaining therein after all required payments in a Fiscal Year shall be transferred as provided in the Bond Ordinance.

Series 2026 Capitalized Interest Subaccount. In connection with the issuance of the Series 2026 Bonds, the City will establish within the 2026 Project Account of the Project Fund a separate subaccount to be designated the "Series 2026 Capitalized Interest Subaccount." Amounts on deposit in the Series 2026 Capitalized Interest Subaccount, together with investment earnings thereon, will be applied to the payment of interest on the Series 2026 Bonds in the amounts and at the times specified in the Series 2026 Supplemental Pricing Ordinance. On or before each Interest Payment Date during the period specified in the Series 2026 Supplemental Pricing Ordinance, the City shall cause to be transferred from the Series 2026 Capitalized Interest Subaccount to the Series 2026 Interest Subaccount within the Series 2026 Subordinate Bonds Sinking Fund, an amount sufficient to pay the interest due on such Series 2026 Bonds on such Interest Payment Date, as specified in the Series 2026 Supplemental Pricing Ordinance. Upon the date specified in the Series 2026 Supplemental Pricing Ordinance as the end of the capitalized interest period, or upon the earlier application of all amounts in the Series 2026 Capitalized Interest Subaccount to pay interest on the Series 2026 Bonds, any amounts remaining in the Series 2026 Capitalized Interest Subaccount shall be transferred to the 2026 Project Account and applied to pay costs of the 2026 Project, or, if the 2026 Project has been completed, shall be transferred or applied as provided in the Bond Ordinance.

Tendered Bonds Purchase Fund. In connection with the Tender Transaction, the City will establish a separate fund to be known as the "Tendered Bonds Purchase Fund," in which a portion of the proceeds of the Series 2026 Bonds, in the amount specified in the Series 2026 Supplemental

Pricing Ordinance, will be deposited and held for the purpose of paying the purchase price of the Tendered Bonds. Amounts on deposit in the Tendered Bonds Purchase Fund shall be applied to the purchase of the Tendered Bonds through the book-entry facilities of The Depository Trust Company in accordance with the Tender Documents and written instructions provided by or on behalf of the City. Upon purchase, the Tendered Bonds shall be cancelled and shall no longer be deemed outstanding under the Master Bond Ordinance or any applicable Series Ordinance. Any amounts remaining in the Tendered Bonds Purchase Fund after payment for all Tendered Bonds has been completed shall be transferred to the Revenue Fund or applied to such other purposes as may be directed by the Finance Officer in accordance with the Bond Ordinance.

Rate Covenant

The City has covenanted in the Bond Ordinance to prescribe, fix, maintain, and collect rates, fees, and other charges for the services, facilities, and commodities furnished by the System fully sufficient at all times to (a) provide for 100% of the Expenses of Operation and Maintenance of the System and for the accumulation in the Revenue Fund of a reasonable reserve therefor, and (b) produce Net Operating Revenues of the System in each fiscal year of the City which (together with investment earnings on the funds held under the Bond Ordinance):

(i) will equal at least 110% of the Debt Service Requirement on all Senior Bonds then outstanding for the year of computation and 100% of the Debt Service Requirement on all Subordinate Bonds then outstanding for the year of computation;

(ii) will enable the City to make all required payments, if any, into the Debt Service Reserve Account and the Rebate Fund and to any Credit Issuer, any Reserve Account Credit Facility Provider, and any Qualified Hedge Provider;

(iii) will enable the City to accumulate an amount to be held in the Renewal and Extension Fund, which in the judgment of the City is adequate to meet the costs of major renewals, replacements, repairs, additions, betterments, and improvements to the System, necessary to keep the same in good operating condition or as is required by any governmental agency having jurisdiction over the System; and

(iv) will remedy all deficiencies in required payments into any of the funds and accounts mentioned in the Bond Ordinance from prior fiscal years of the City.

If the City fails to prescribe, fix, maintain, and collect rates, fees, and other charges, or to revise such rates, fees, and other charges, as described above, the Bond Ordinance allows the owners of not less than 25% in aggregate principal amount of the Senior Bonds then outstanding, without regard to whether any event of default thereunder shall have occurred, to institute and prosecute in any court of competent jurisdiction an appropriate action to compel the City to prescribe, fix, maintain, or collect such rates, fees, and other charges, or to revise such rates, fees, and other charges, in accordance with the requirements of the Bond Ordinance described above.

Parity and Subordinate Bonds

Upon satisfaction of certain conditions, the Bond Ordinance permits the City to issue additional Senior Bonds without express limit as to principal amount to finance capital improvements to or expansions of the System (or to refinance obligations issued for such

purposes), which will be equally and ratably secured on a parity basis with the Senior Bonds under the Bond Ordinance. The Bond Ordinance allows revenue bonds issued to refund Senior Bonds to constitute Parity Bonds if the City obtains a report from an independent certified public accountant or a financial advisor, demonstrating that the refunding will reduce the total debt service payments on Outstanding Senior Bonds on a present value basis. The Bond Ordinance also allows revenue bonds to constitute Parity Bonds if the City obtains either:

(a) a report by an independent certified public accountant to the effect that the historical net operating revenues of the System and investment earnings on the funds held under the Bond Ordinance for a period of 12 consecutive months of the most recent 18 consecutive months prior to the issuance of the proposed Parity Bonds were equal to at least 110% of the average annual Debt Service Requirement on all Senior Bonds which will be outstanding immediately after the issuance of the proposed Parity Bonds, in the then current or any succeeding fiscal year of the City; or

(b) a report by a nationally recognized firm of engineers or utility consultants (a "**Consultant**") to the effect that (i) the forecasted Net Operating Revenues of the System and investment earnings on the funds held under the Bond Ordinance from the date of issuance of the Parity Bonds until the date of completion of the financed improvements are expected to equal at least 100% of the Debt Service Requirement during such period on all Senior Bonds which will be outstanding immediately after the issuance of the proposed Parity Bonds, and (ii) the forecasted Net Operating Revenues of the System and investment earnings on the funds held under the Bond Ordinance for each of the five consecutive fiscal years of the City following the date of completion of the financed improvements are expected to equal at least 110% of the average annual Debt Service Requirement on all Senior Bonds which will be outstanding immediately after the issuance of the proposed Parity Bonds, in the then current or any succeeding fiscal year of the City.

The report by the independent certified public accountant described in paragraph (a) above may contain pro forma adjustments to historical Net Operating Revenues of the System equal to 100% of the increased annual amount attributable to any revision in the schedule of rates, fees, and charges for the services, facilities, and commodities furnished by the System, imposed prior to the date of delivery of the proposed Parity Bonds and not fully reflected in the historical Net Operating Revenues of the System actually received during such 12-month period.

The report by the Consultant described in paragraph (b) above may not take into consideration any rate schedule to be imposed in the future, unless such rate schedule has been adopted by ordinance of the Governing Body. Such rate schedule adopted by ordinance may contain, however, future effective dates.

The Bond Ordinance also allows the City to issue obligations (including, without limitation, Subordinate Bonds) secured by the Pledged Revenues, which are junior and subordinate to the Senior Bonds as to lien and right of payment. The Bond Ordinance permits the accession of Subordinate Bonds and related hedge agreements to the status of complete parity with the Senior Bonds and related hedge agreements if, among other things, as of the date of accession, the report described in paragraph (a) above is obtained on a basis that includes all Outstanding Senior Bonds and such Subordinate Bonds.

Hedge Agreements

In connection with the issuance of any Senior Bonds or Subordinate Bonds or at any time thereafter so long as such bonds remain outstanding, the Bond Ordinance permits the City to enter into hedge agreements (such as interest rate swap agreements) with providers rated (directly or through guarantees of their obligations under such hedge agreements) either (a) at least as high as the third highest rating category of each rating agency rating any revenue bonds of the System, but in no event lower than any rating on the related hedged bonds at the time of execution of the hedge agreement, or (b) in any such lower rating category which each rating agency rating any revenue bonds of the System indicates will not, by itself, result in a reduction or withdrawal of its rating on the related hedged bonds that is in effect prior to entering into the hedge agreement. An entity's status as a provider qualified to execute a hedge agreement is determined only at the time the City enters into the hedge agreement with such entity and cannot be redetermined with respect to that hedge agreement. The City's obligation to pay amounts (other than termination, indemnity, and expense payments) due under hedge agreements may be secured by a pledge of, and lien on, the Pledged Revenues on a parity with the lien created by the Bond Ordinance to secure the related hedged bonds, or may be subordinated in lien and right of payment to the payment of Senior Bonds or Subordinate Bonds, as determined by the City.

In addition, the City by resolution has adopted procedures, which are applicable to all hedge agreements (such as interest rate swap agreements) in order to hedge specific revenue bonds. The City may enter into a hedge agreement provided that, among other requirements, no more than 20% of the aggregate principal amount of outstanding revenue bonds for a particular enterprise fund may bear interest at a floating or variable rate, whether by its original terms or as a result of hedge agreements; each rating agency rating the revenue bonds being hedged confirms that the hedge agreement will not adversely affect the rating of such revenue bonds being hedged; and the hedge agreement is approved by resolution or ordinance of the Governing Body.

Maintenance, Insurance, and Sale of the System; Annual Budget; Tax Covenants

The City covenants in the Bond Ordinance to (a) maintain the System in good repair and in sound operating condition, (b) carry adequate public liability, fidelity, and property insurance or self-insurance, such as is maintained by similar utilities as the System, and (c) adopt an annual budget for the System for each fiscal year of the City in compliance with the rate covenant described above.

The City also covenants in the Bond Ordinance not to sell, lease, encumber, or in any manner dispose of the System as a whole or in part, except for property not necessary, useful, or profitable in the operation of the System or property the disposition of which will be advantageous to the System and will not adversely affect the security for the Senior Bonds or Subordinate Bonds.

The City reserves the right in the Bond Ordinance to sell any portion of the System or to transfer the System as a whole to any political subdivision or authority or agency of one or more political subdivisions of the State, provided that the City obtains an opinion of a Consultant expressing the view that such sale will not result in any diminution of Net Operating Revenues of the System to the extent that in any future fiscal year of the City the Net Operating Revenues of the System and investment earnings on the funds held under the Bond Ordinance will be less than

100% of the average annual Debt Service Requirement on all Senior Bonds to be outstanding after such sale, in the then current or any succeeding fiscal year of the City.

The City also covenants in the Bond Ordinance to take all actions to assure the tax exempt status of interest on tax exempt Senior Bonds and Subordinate Bonds and to refrain from taking any action, which would adversely affect such status.

Events of Default and Remedies

The Bond Ordinance defines an "**Event of Default**" to mean, among other things, (a) failure to pay debt service on Senior Bonds when due, (b) failure to perform any obligation with respect to the Debt Service Reserve Account, which remains unremedied for more than 30 days, (c) certain events of insolvency affecting the City, (d) the appointment of a receiver of the System or the funds held under the Bond Ordinance, (e) failure to perform any other covenant (other than the continuing disclosure covenant) contained in the Bond Ordinance for 90 days (or 180 days if such default cannot be cured in 90 days and if corrective action is instituted and diligently pursued) after notice from the owners of (or a Credit Issuer securing) at least 25% in aggregate principal amount of Senior Bonds, (f) failure by any Credit Issuer to pay the purchase price of Senior Bonds, (g) delivery of notice that an "**Event of Default**" has occurred under any agreement relating to a credit facility supporting Senior Bonds, and (h) delivery of notice that an "**Event of Default**" has occurred under a hedge agreement relating to Senior Bonds.

Upon the happening and continuance of any Event of Default (except for events described in clauses (f), (g), and (h) above), the Bond Ordinance allows the owners of more than 50% in aggregate principal amount of Outstanding Senior Bonds or a Credit Issuer securing more than 50% in aggregate principal amount of Outstanding Senior Bonds to accelerate the Outstanding Senior Bonds. If the City cures the Event of Default, the Bond Ordinance allows the owners of more than 50% in aggregate principal amount of Outstanding Senior Bonds to waive the acceleration, subject to the consent of each Credit Issuer securing Senior Bonds.

The Bond Ordinance provides that, upon the occurrence and continuation of an Event of Default, the City or a receiver appointed for the purpose must apply all Pledged Revenues as follows and in the following order of priority (a) first, to the payment of the reasonable and proper charges, expenses, and liabilities of the receiver and any paying agent and bond registrar under the Bond Ordinance, (b) second, to the payment of all reasonable and necessary Expenses of Operation and Maintenance of the System and major renewals and replacements to the System, and (c) third, to the payment of debt service on Senior Bonds and amounts (other than termination, indemnity, and expense payments) due under hedge agreements relating to Senior Bonds.

The Revenue Bond Law provides that the provisions of the Revenue Bond Law and the Bond Ordinance constitute a contract between the City and the owners of the revenue bonds of the System issued thereunder. In addition to the remedies set forth in the Bond Ordinance, the Revenue Bond Law provides that the duties of the City, the Governing Body, and the officers of the City under the Revenue Bond Law and the Bond Ordinance are enforceable by any owner of the revenue bonds of the System issued thereunder by mandamus or other appropriate action or proceeding at law or in equity.

The Revenue Bond Law also provides that in the event the City defaults in the payment of the principal or interest on any of the Senior Bonds after the same becomes due, whether at maturity or upon call for redemption, and such default continues for a period of 30 days, or in the event the City or the Governing Body or the officers, agents, or employees of the City fail or refuse to comply with the essential provisions of the Revenue Bond Law or default in any material respect in the Bond Ordinance, any holders of the Senior Bonds shall have the right to apply in an appropriate judicial proceeding to the Superior Court of Fulton County or to any court of competent jurisdiction for the appointment of a receiver of the System, whether or not all Senior Bonds or Subordinate Bonds have been declared due and payable and whether or not such holder is seeking or has sought to enforce any other right or to exercise any remedy in connection with the Senior Bonds. Upon such application, the Superior Court, if it deems such action necessary for the protection of the bondholders, may appoint and, if the application is made by the holders of 25% in principal amount of the Senior Bonds and Subordinate Bonds then outstanding, shall appoint a receiver of the System.

The receiver so appointed under the Revenue Bond Law, directly or by his agents and attorneys, is required under the Revenue Bond Law to forthwith enter into and upon and take possession of the System. If the court so directs, the receiver may exclude the City, the Governing Body, and the City's officers, agents, and employees, and all persons claiming under them, wholly from the System. Under the Revenue Bond Law, the receiver will have, hold, use, operate, manage, and control the System, in the name of the City or otherwise, as the receiver may deem best. Under the Revenue Bond Law, the receiver will exercise all the rights and powers of the City with respect to the System as the City itself might do. The receiver will maintain, restore, insure, and keep insured the System and from time to time will make all such necessary or proper repairs as the receiver may deem expedient. Under the Revenue Bond Law, the receiver will establish, levy, maintain, and collect such fees, tolls, rentals, and other charges in connection with the System as he deems necessary or proper and reasonable. Under the Revenue Bond Law, the receiver will collect and receive all revenues and will deposit the same in a separate account and apply the revenues so collected and received in such manner as the court shall direct.

Notwithstanding the provisions of the Revenue Bond Law described above, the receiver has no power to sell, assign, mortgage, or otherwise dispose of any assets of whatever kind or character belonging to the City and useful for the System. The authority of any such receiver is limited to the operation and maintenance of the System. No court may have jurisdiction to enter any order or decree requiring or permitting the receiver to sell, assign, mortgage, or otherwise dispose of any such assets.

The receiver must, in the performance of the powers conferred upon him, act under the direction and supervision of the court making such appointment and will at all times be subject to the orders and decrees of such court and may be removed by such court.

Under the terms of the Revenue Bond Law, whenever all that is due upon the Senior Bonds and interest thereon and upon any other notes, bonds, or other obligations and interest thereon having a charge, lien, or encumbrance on the revenues of the System and under any of the terms of the Bond Ordinance has been paid or deposited as provided therein and whenever all defaults have been cured and made good and it appears to the court that no default is imminent, the court must direct the receiver to surrender possession of the System to the City. The same right of the

holders of the Senior Bonds to secure the appointment of a receiver exists upon any subsequent default as is provided in the Revenue Bond Law.

If the City were to default on the Senior Bonds, the realization of value from the pledge of the Pledged Revenues to secure the payment of the Senior Bonds would depend upon the exercise of various remedies specified by the Bond Ordinance and Georgia law (including the Revenue Bond Law). These remedies may require judicial actions, which are often subject to discretion and delay and which may be difficult to pursue. The enforceability of rights or remedies with respect to the Senior Bonds may be limited by State and federal laws, rulings, and decisions affecting remedies and by bankruptcy, insolvency, or other laws affecting creditors' rights or remedies heretofore or hereafter enacted.

Section 36-80-5 of the Official Code of Georgia Annotated provides that no municipality created under the Constitution or laws of the State shall be authorized to file a petition for relief from payment of its debts as they mature or a petition for composition of its debts under any federal statute providing for such relief or composition or otherwise to take advantage of any federal statute providing for the adjustment of debts of political subdivisions and public agencies and instrumentalities. Section 36-80-5 of the Official Code of Georgia Annotated also provides that no chief executive, mayor, city council, or other governmental officer, governing body, or organization shall be empowered to cause or authorize the filing by or on behalf of any municipality created under the Constitution or laws of the State of any petition for relief from payment of its debts as they mature or a petition for composition of its debts under any federal statute providing for such relief or composition or otherwise to take advantage of any federal statute providing for the adjustment of debts of political subdivisions and public agencies and instrumentalities.

Defeasance

The Bond Ordinance provides that Senior Bonds or Subordinate Bonds for the payment or redemption of which sufficient moneys or sufficient direct obligations of, or obligations fully guaranteed by, the United States of America have been deposited with the paying agent or the depository of the Sinking Fund (whether upon or prior to the maturity or the redemption date of such bonds) will be deemed to be paid and no longer outstanding under the Bond Ordinance.

Supplemental Ordinances

The Bond Ordinance permits the City to adopt supplemental ordinances modifying, amending, or supplementing the Bond Ordinance, without the consent of or notice to the owners of any of the Senior Bonds or Subordinate Bonds, for the following purposes, among others (a) to add other utilities to the System or to change the required balance of the Debt Service Reserve Account (but not below the amount described under the caption "**Funds Created By the Bond Ordinance and Flow of Funds - Debt Service Reserve Account**" herein), and (b) to modify any of the provisions of the Bond Ordinance in any respect (other than a modification of the type described below requiring the unanimous written consent of the owners of Senior Bonds and Subordinate Bonds); provided that for (i) any Outstanding Senior Bonds and Subordinate Bonds which are assigned a rating and which are not secured by a credit facility providing for the payment of the full amount of principal and interest to be paid thereon, each rating agency rating

such bonds shall have notified the City that such modification will not cause the then applicable rating on any such bonds to be reduced or withdrawn, and (ii) any Outstanding Senior Bonds and Subordinate Bonds which are secured by credit facilities providing for the payment of the full amount of the principal and interest to be paid thereon, each Credit Issuer shall have consented in writing to such modification.

The Bond Ordinance also provides that, with the consent of the owners of not less than a majority in aggregate principal amount of the outstanding bonds of each class (senior and subordinate), voting separately by class, the City may adopt a supplemental ordinance for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Bond Ordinance; provided, however, that no such supplemental ordinance shall: (a) extend the maturity date or due date of any mandatory sinking fund redemption with respect to any bond outstanding under the Bond Ordinance; (b) reduce or extend the time for payment of debt service on any bond outstanding under the Bond Ordinance; (c) reduce any premium payable upon the redemption of any bond under the Bond Ordinance or advance the date upon which any bond may first be called for redemption prior to its stated maturity date; (d) give to any Senior Bonds (or related hedge agreements) a preference over any other Senior Bonds (or related hedge agreements); (e) permit the creation of any lien or any other encumbrance on the Pledged Revenues having a lien equal to or prior to the lien created under the Bond Ordinance for the Senior Bonds; (f) reduce the percentage of owners of either class of bonds required to approve any such supplemental ordinance; or (g) deprive the owners of Senior Bonds or Subordinate Bonds of the right to payment of such bonds or from the Pledged Revenues, without, in each case, the consent of the owners of all the Senior Bonds and Subordinate Bonds then outstanding.

APPENDIX D

FORM OF OPINIONS OF CO-BOND COUNSEL

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Set forth below is the proposed form of Co-Bond Counsel Opinion. It is preliminary and subject to change prior to the issuance of the Series 2026 Bonds.

_____, 2026

City of Atlanta
Atlanta, Georgia

$_____
CITY OF ATLANTA
WATER AND WASTEWATER SUBORDINATE LIEN
REVENUE AND REVENUE REFUNDING BONDS,
SERIES 2026 (SUSTAINABILITY BONDS)

Ladies and Gentlemen:

We have served as Co-Bond Counsel to the City of Atlanta (the "City"), in connection with the issuance and sale of $_____ in aggregate principal amount of its Water and Wastewater Subordinate Lien Revenue and Revenue Refunding Bonds, Series 2026 (Sustainability Bonds) (the "Series 2026 Bonds"), dated the date of their delivery.

In connection with this opinion, we have examined (i) the Constitution and laws of the State of Georgia (the "Constitution"), (ii) the applicable federal laws of the United States of America, including, without limitation, the Internal Revenue Code of 1986, as amended (the "Code"), (iii) certified copies of the validation proceedings concluded in the Superior Court of Fulton County, Georgia with respect to the Series 2026 Bonds, and (iv) copies of proceedings and other documents relating to the issuance and sale of the Series 2026 Bonds by the City as we have deemed necessary to render this opinion, including, without limitation, the Bond Ordinance, as defined herein.

The Series 2026 Bonds are being issued by the City for the purpose of (i) refunding and/or tendering for purchase the City's outstanding Water and Wastewater Revenue Refunding Bonds, Series 2015, Water and Wastewater Revenue Refunding Bonds, Series 2017A, Water and Wastewater Revenue and Revenue Refunding Bonds, Series 2018B, Water and Wastewater Revenue Refunding Bonds, Series 2018C, Water and Wastewater Revenue Refunding Bonds, Series 2019, and Water and Wastewater Revenue Refunding Bonds, Series 2020, (ii) refunding the City's outstanding Water and Wastewater Revenue Commercial Paper Notes, Series 2024A-1, and Water and Wastewater Revenue Commercial Paper Notes, Series 2024A-2, (iii) financing the acquisition, construction, improvement, betterment, and extension of the City's combined drinking water, sanitary sewer and wastewater system (the "System"), including capitalized interest during construction, if any, and (iv) paying the costs of issuance of the Series 2026 Bonds. The Series 2026 Bonds are authorized by that certain Master Bond Ordinance (No. 99-0-0399) adopted on March 31, 1999, as thereafter supplemented and amended (the "Master Bond Ordinance"), and particularly as supplemented and amended by that certain Series 2026 Bond Ordinance (26-O-1184) adopted by the City Council of the City (the "City Council") on March 16, 2026 and approved by the Mayor on March 17, 2026, as supplemented by that certain Series 2026 Supplemental Pricing Ordinance (26-O-_____) adopted by the City Council on _____, 2026 and approved by the Mayor on _____, 2026 (collectively, the "Series 2026 Bond Ordinance" and, together with the Master Bond Ordinance, as so supplemented and amended, the "Bond Ordinance"). Reference is made to the form of the Series 2026 Bonds for information concerning their details, including payment and redemption provisions, their purpose, and the proceedings

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pursuant to which they are issued. Capitalized terms used but not defined herein have the respective meanings ascribed thereto in the Bond Ordinance.

Upon their issuance, the Series 2026 Bonds will be special limited obligations of the City issued as Subordinate Bonds under and pursuant to the provisions of the Bond Ordinance and payable solely from and secured by a pledge of, and lien on, the Pledged Revenues junior and subordinate to the pledge and lien securing the Outstanding Senior Bonds and any additional bonds of the City issued on a parity basis with the Outstanding Senior Bonds, but senior to the pledge and lien securing Other System Obligations now or hereinafter outstanding. The Series 2026 Bonds are not payable from and are not secured by a charge, lien, or encumbrance upon any funds or assets of the City other than the Pledged Revenues.

As to questions of fact material to our opinion, we have relied upon and are assuming the accuracy of certifications and representations of the City, City officers and other public officials, and certain other third parties contained in certificates and other documents delivered at closing, including, without limitation, certifications as to the use of the proceeds of the Series 2026 Bonds, without undertaking to verify them by independent investigation.

We have assumed that all signatures on documents, certificates, and instruments examined by us are genuine, all documents, certificates, and instruments submitted to us as originals are authentic, and all documents, certificates, and instruments submitted to us as copies conform to the originals. In addition, we have assumed that all documents, certificates, and instruments relating to the Series 2026 Bonds have been duly authorized, executed, and delivered by all parties to them other than the City, and we have further assumed the due organization, existence and powers of all parties other than the City.

Based on the foregoing, under current law and subject to the limitations noted and in accordance with customary legal opinion practice, we are of the opinion that:

(1) The Bond Ordinance has been duly adopted, is in full force and effect, and is valid and enforceable against the City in accordance with its terms.

(2) The Series 2026 Bonds have been duly authorized and issued in accordance with the Constitution and laws of the State of Georgia and the Bond Ordinance, and constitute valid and binding limited obligations of the City payable as to both principal and interest solely from and secured by a junior and subordinate lien on the portion of the revenues of the System constituting Pledged Revenues. The Series 2026 Bonds, the premium, if any, and the interest thereon do not constitute a pledge of the faith and credit of the State of Georgia or any municipality or political subdivision thereof, including without limitation, the City.

(3) The interest on the Series 2026 Bonds (i) is excludable from the gross income of the owners of the Series 2026 Bonds for purposes of federal income taxation under Section 103 of the Code and (ii) is not a specific item of tax preference for purposes of the federal alternative minimum income tax on individuals (a "Specific Tax Preference Item"). In addition, such interest is included in the "adjusted financial statement income" (as defined in Section 56A of the Code) of certain corporations in determining the applicability and amount of the federal corporate alternative minimum tax imposed under Section 55(b) of the Code. We express no opinion regarding other federal tax consequences arising with respect to the Series 2026 Bonds.

In delivering the immediately preceding opinion, we are assuming continuing compliance with the Covenants (as defined below) by the City, so that interest on the Series 2026 Bonds will remain excludable from gross income for federal income tax purposes under Section 103 of the Code. The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied after the issuance of the Series 2026 Bonds in order for interest on the Series 2026 Bonds to be and remain excludable from gross income for purposes of federal income taxation under Section 103 of the Code and not become a Specific Tax Preference Item. These requirements include, by way of example and not limitation, restrictions on the use, expenditure and investment of the proceeds of the Series 2026 Bonds and the use of the property financed or refinanced by the Series 2026 Bonds (as applicable), limitations on the source of the payment of and the security for the Series 2026 Bonds, and the obligation to rebate certain excess earnings on the gross proceeds of the Series 2026 Bonds to the United States Treasury. The tax certificate and related documents for the Series 2026 Bonds delivered at closing by the City (the "Tax Certificate") contain covenants (the "Covenants") under which the City has agreed to comply with such requirements. Failure by the City to comply with the Covenants could cause interest on the Series 2026 Bonds to become includable in gross income for federal income tax purposes retroactively to their date of issue. In the event of noncompliance with the Covenants, the available enforcement remedies may be limited by applicable provisions of law and, therefore, may not be adequate to prevent interest on the Series 2026 Bonds from becoming includable in gross income for federal income tax purposes.

We have no responsibility to monitor compliance with the Covenants after the date of issue of the Series 2026 Bonds.

Certain requirements and procedures contained, incorporated or referred to in the Tax Certificate, including the Covenants, may be changed and certain actions may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. We express no opinion concerning any effect on the excludability of interest on the Series 2026 Bonds from gross income for federal income tax purposes under Section 103 of the Code of any such subsequent change or action that may be made, taken or omitted upon the advice or approval of counsel other than this firm.

(4) The interest on the Series 2026 Bonds is exempt from income taxation by the State of Georgia. Other than as described herein, we express no opinion regarding (i) other Georgia tax consequences arising with respect to the Series 2026 Bonds or (ii) any consequences arising with respect to the Series 2026 Bonds under the tax laws of any state or local jurisdiction other than Georgia.

This opinion is subject to the effect of any applicable bankruptcy, insolvency (including, without limitation, laws relating to preferences, fraudulent transfers and equitable subordination), reorganization, moratorium and other similar laws affecting creditors' rights generally. This opinion is subject to the effect of general principles of equity (regardless of whether considered in a proceeding in equity or at law), including, without limitation, concepts of materiality, reasonableness, good faith and fair dealing.

Our services as Co-Bond Counsel to the City have been limited to rendering the foregoing opinions based on our review of such legal proceedings and other documents as we deem necessary to approve the validity of the Series 2026 Bonds and the tax status of the interest on the Series 2026 Bonds. The foregoing opinions are in no respect an opinion as to the business or financial resources of the City, the System, or the ability of the City to provide for the payment of the Series 2026 Bonds, or the accuracy or completeness of any information in the Preliminary Official Statement or the Official Statement relating to the Series 2026 Bonds, or any other information relating to the Series 2026 Bonds that anyone may have relied upon

in making the decision to purchase the Series 2026 Bonds. Further, we express no opinion as to the compliance by the City or the initial purchasers of the Series 2026 Bonds with any federal or state statute, regulation or ruling with respect to the sale or distribution of the Series 2026 Bonds. This opinion is given as of the date hereof, and we assume no obligation to 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,

APPENDIX E

FORM OF CONTINUING DISCLOSURE AGREEMENT

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CONTINUING DISCLOSURE AGREEMENT

by and between

CITY OF ATLANTA

and

DIGITAL ASSURANCE CERTIFICATION, L.L.C.

relating to:

$_____
CITY OF ATLANTA
WATER AND WASTEWATER
SUBORDINATE LIEN REVENUE AND REVENUE REFUNDING BONDS,
SERIES 2026 (SUSTAINABILITY BONDS)

Dated [May 21, 2026]

This **CONTINUING DISCLOSURE AGREEMENT** (this "Disclosure Agreement") dated **[May 21, 2026]**, is executed and delivered by the **CITY OF ATLANTA**, a municipal corporation duly organized and existing under the laws of the State of Georgia (the "City") and **DIGITAL ASSURANCE CERTIFICATION, L.L.C.**, a limited liability company duly organized and existing under the laws of the State of Florida, and any successor dissemination agent serving hereunder pursuant to Section 11 hereof (the "Dissemination Agent" or "DAC").

RECITALS:

A. Contemporaneously with the execution and delivery of this Disclosure Agreement, the City issued and delivered those certain $_____ in aggregate principal amount of its Water and Wastewater Subordinate Lien Revenue and Revenue Refunding Bonds, Series 2026 (Sustainability Bonds) (the "Series 2026 Bonds") pursuant to, among other things, that certain Master Bond Ordinance adopted by the City Council of the City (the "City Council") on March 31, 1999, as previously supplemented and amended (the "Master Bond Ordinance"), and particularly as supplemented by that certain Series 2026 Bond Ordinance adopted by the City Council on March 16, 2026 and approved by the Mayor on March 17, 2026, as supplemented by that certain Series 2026 Supplemental Pricing Ordinance adopted by the City Council and approved by the Mayor on May 13, 2026 (together, the "Series 2026 Bond Ordinance"). The Master Bond Ordinance and the Series 2026 Bond Ordinance are hereinafter referred to as the "Bond Ordinance."

B. The Series 2026 Bonds are special limited obligations of the City being issued as Subordinate Bonds under and pursuant to the provisions of the Bond Ordinance and are payable: (a) on a parity with the Outstanding Subordinate Bonds and any additional Bonds issued on a parity basis with the Outstanding Subordinate Bonds and (b) solely from and secured by a pledge of, and lien on, the Pledged Revenues junior and subordinate to the lien thereon securing the Outstanding Senior Bonds and any additional Bonds issued on a parity basis with the Outstanding Senior Bonds, but senior to the lien securing any Outstanding Other System Obligations and any additional Other System Obligations issued under and pursuant to the Bond Ordinance. The Series 2026 Bonds are not payable from and are not secured by a charge, lien, or encumbrance upon any funds or assets of the City other than the Pledged Revenues.

C. The proceeds of the Series 2026 Bonds will be used by the City to provide funds, together with other available funds of the City, to: (i) purchase, in connection with a voluntary tender offer relating to the Select Outstanding Bonds (the "Tender Offer"), the portion of the Select Outstanding Bonds tendered for purchase pursuant to the terms and conditions set forth in the Tender Offer; (ii) pay all or a portion of the amounts outstanding under the 2024 Commercial Paper Notes; (iii) pay the costs of refunding and defeasing all or a portion of the Select Outstanding Bonds that are not purchased pursuant to the Tender Offer; (iv) finance certain improvements to the System; and (v) pay certain costs of issuance in connection with the issuance of the Series 2026 Bonds and the Tender Offer.

D. The City has authorized the preparation and distribution of the Preliminary Official Statement dated April 28, 2026, with respect to the Series 2026 Bonds (the "Preliminary Official Statement") and, on or before the date of the Preliminary Official Statement, the City deemed that the Preliminary Official Statement was final within the meaning of the Rule (as defined herein).

E. Upon the initial sale of the Series 2026 Bonds to the Participating Underwriter (as defined herein), the City authorized the preparation and distribution of the Official Statement dated **[May ___, 2026]**, with respect to the Series 2026 Bonds (the "Official Statement").

F. As a condition precedent to the initial purchase of the Series 2026 Bonds by the Participating Underwriter in accordance with the terms of the Bond Purchase Agreement dated **[May ___, 2026]**, by and between the Participating Underwriter and the City, and in compliance with the Participating Underwriter's obligations under the Rule, the City has agreed to undertake for the benefit of the holders of the Series 2026 Bonds, to provide certain annual financial information and notice of the occurrence of certain events as set forth herein.

NOW THEREFORE, in consideration of the purchase of the Series 2026 Bonds by the Participating Underwriter and the mutual promises and agreements made herein, the receipt and sufficiency of which consideration is hereby mutually acknowledged, the City and the Dissemination Agent do hereby certify and agree as follows:

Section 1. Incorporation of Recitals. The above recitals are true and correct and are incorporated into and made a part hereof.

Section 2. Definitions.

(a) For the purposes of this Disclosure Agreement, all capitalized terms used, but not otherwise defined herein shall have the meanings ascribed thereto in the Bond Ordinance and the Official Statement, as applicable.

(b) In addition to the terms defined elsewhere herein, the following terms shall have the following meanings for the purposes of this Disclosure Agreement:

"Actual Knowledge" as used herein, and for the purposes hereof, a party shall be deemed to have "actual knowledge" of the occurrence of any event only if and to the extent the individual or individuals employed by such party and directly responsible for the administration of this Disclosure Agreement on behalf of such party have actual knowledge of or receive written notice of the occurrence of such event.

"Annual Filing" means any document comprising the Annual Financial Information that the City files or causes to be filed with the Repository pursuant to and as described in Sections 4 and 6 hereof.

"Annual Filing Date" means the date by which the Annual Filing is to be filed with the Repository, which is currently each January 31st after the close of the Fiscal Year, commencing with the Fiscal Year ending June 30, 2026; provided, however, if January 31st falls on a day that is not a Business Day, the Annual Filing Date will be the first Business Day after January 31st. The City may adjust the Annual Filing Date upon a change of its Fiscal Year by providing written notice of such change and the new Annual Filing Date to the Dissemination Agent and the Repository, provided that the period between the existing Annual Filing Date and new Annual Filing Date shall not exceed one year.

"Annual Financial Information" means annual financial information as such term is used in paragraph (f)(9) of the Rule and specified in Section 6(a) hereof.

"Beneficial Owner" means any beneficial owner of the Series 2026 Bonds. Beneficial ownership is to be determined consistent with the definition thereof contained in Rule 13d-3 of the SEC, or, in the event such provisions do not adequately address the situation at hand (in the opinion of nationally recognized bond counsel), beneficial ownership is to be determined based upon ownership for federal income tax purposes.

"Business Day" means a day other than: (a) a Saturday or Sunday; or (b) a day on which banks are required or authorized to be closed; or (c) a day on which the City is required or authorized to be closed; or (d) a day on which the New York Stock Exchange is closed.

"Department Audited Financial Statements" means the financial statements (if any) of the Department of Watershed Management for the prior Fiscal Year, certified by an independent auditor and prepared in accordance with generally accepted auditing standards and Government Auditing Principles issued by the Comptroller General of the United States.

"Department of Watershed Management" means the Department of Watershed Management of the City.

"Disclosure Representative" means the Chief Financial Officer of the City or his or her designee, or such other person as the City shall designate in writing to the Dissemination Agent from time to time as the person responsible for providing the Filings to the Dissemination Agent.

"EMMA" means the Electronic Municipal Market Access system, a service of the MSRB, or any successor thereto.

"Filing" means, as applicable, any Annual Filing, Notice Event Filing, Voluntary Filing or any other notice or report made public under this Disclosure Agreement.

"Fiscal Year" means the fiscal year of the City, which currently is the twelve-month period beginning July 1 and ending on June 30 of the following year or any such other twelve-month period designated by the City, from time to time, to be its fiscal year.

"MSRB" means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended.

"Notice Event" means an event listed in Sections 5(a) and 5(b) hereof.

"Notice Event Filing" shall have the meaning specified in Section 5(c) hereof.

"Obligated Person" means the City and any person who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all, or part of the obligations on the Series 2026 Bonds (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities). The City confirms that as of the date hereof it is an Obligated Person with respect to the Series 2026 Bonds.

"Participating Underwriter" means, collectively, the initial purchasers of the Series 2026 Bonds required to comply with the Rule in connection with the initial offering of the Series 2026 Bonds.

"Repository" means each entity authorized and approved by the SEC from time to time to act as a repository for purposes of complying with the Rule. The repositories currently approved by the SEC as of the date hereof may be found by visiting the SEC's website at http://www.sec.gov/info/municipal/nrmsir.htm. As of the date hereof, the only Repository recognized by the SEC for such purpose is the MSRB, which currently accepts continuing disclosure filings through the EMMA website at http://emma.msrb.org.

"Rule" means Rule 15c2-12 of the SEC promulgated pursuant to the Securities Exchange Act of 1934 in effect as of the date hereof.

"SEC" means the United States Securities and Exchange Commission.

"Third-Party Beneficiary" shall have the meaning specified in Section 3(b) hereof.

"Unaudited Financial Statements" means the financial statements (if any) of the Department of Watershed Management for the prior Fiscal Year which have not been certified by an independent auditor.

"Voluntary Filing" shall have the meaning specified in Section 8 hereof.

Section 3. Scope of this Disclosure Agreement.

(a) The City has agreed to enter into this Disclosure Agreement and undertake the disclosure obligations hereunder, at the request of the Participating Underwriter and as a condition precedent to the Participating Underwriter's initial purchase of the Series 2026 Bonds, in order to assist the Participating Underwriter with compliance with the Rule. The disclosure obligations of the City under this Disclosure Agreement relate solely to the Series 2026 Bonds. Such disclosure obligations are not applicable to any other securities issued or to be issued by the City, nor to any other securities issued by or on behalf of the City.

(b) Neither this Disclosure Agreement, nor the performance by the City or the Dissemination Agent of their respective obligations hereunder, shall create any third-party beneficiary rights, shall be directly enforceable by any third-party, or shall constitute a basis for a claim by any person except as expressly provided herein and except as required by law, including, without limitation, the Rule; provided, however, the Participating Underwriter and each Beneficial Owner are hereby made third-party beneficiaries hereof (collectively, and each respectively, a "Third-Party Beneficiary") and shall have the right to enforce the obligations of the parties hereunder pursuant to Section 9 hereof.

(c) This Disclosure Agreement shall terminate upon: (i) the defeasance, redemption or payment in full of all Series 2026 Bonds, in accordance with the Bond Ordinance, as amended, or (ii) the delivery of an opinion by counsel who is an expert in federal securities laws and retained by the City to the effect that continuing disclosure is no longer required under the Rule as to the Series 2026 Bonds.

Section 4. Annual Filings.

(a) The City shall provide, annually, an electronic copy of the Annual Filing to the Dissemination Agent on or before the Annual Filing Date. Promptly upon receipt of an electronic copy of the Annual Filing, the Dissemination Agent shall provide the Annual Filing to the Repository, in an electronic format as prescribed by the MSRB. The Annual Filing may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 6 hereof.

(b) If on the second (2^{nd}) Business Day prior to the Annual Filing Date, the Dissemination Agent has not received a copy of the Annual Filing, the Dissemination Agent shall contact the Disclosure Representative by telephone and in writing (which may be by email) to remind the City of its undertaking to provide the Annual Filing pursuant to Section 4(a) hereof. Upon such reminder, the Disclosure Representative shall either (i) provide the Dissemination Agent with an electronic copy of the Annual Filing no later than 6:00 p.m. on the Annual Filing Date, or (ii) instruct the Dissemination Agent in writing as to the status of the Annual Filing within the time required under this Disclosure Agreement, and state the date by which the Annual Filing for such year is expected to be provided. If the Dissemination Agent has not received either (i) the Annual Filing by 6:00 p.m. on the Annual Filing Date, or (ii) notice from the City that it intends to deliver the Annual Filing to the Dissemination Agent by 11:59 p.m. on the Annual Filing Date, the City hereby irrevocably directs the Dissemination Agent, and the Dissemination Agent agrees, to immediately send a Notice Event Filing to the Repository the following Business Day in substantially the form attached hereto as "Exhibit A" without reference to the anticipated filing date for the Annual Filing.

(c) If the Department Audited Financial Statements are not available prior to the Annual Filing Date, the City shall provide the Unaudited Financial Statements and when the Department Audited Financial Statements are available, provide in a timely manner an electronic copy to the Dissemination Agent for filing with the Repository.

(d) The Dissemination Agent shall:

(i) upon receipt and no later than the Annual Filing Date, promptly file each Annual Filing received under Section 4(a) hereof with the Repository in an electronic format as prescribed by the MSRB;

(ii) upon receipt and no later than the Annual Filing Date, promptly file each Department Audited Financial Statement or Unaudited Financial Statement received under Sections 4(a) and 4(c) hereof with the Repository in an electronic format as prescribed by the MSRB; and

(iii) provide the City evidence of the filings of each of the above when made, which shall be made by means of the DAC system, for so long as DAC is the Dissemination Agent under this Disclosure Agreement.

(e) Each Annual Filing shall contain the information set forth in Section 6 hereof.

Section 5. Reporting of Notice Events.

(a) The City or the Dissemination Agent shall file a Notice Event Filing with the Repository, in the appropriate format required by the MSRB and in a timely manner not in excess of ten (10) Business Days after the City has Actual Knowledge of the occurrence of any of the following Notice Events with respect to the Series 2026 Bonds:

(i) Principal and interest payment delinquencies;

(ii) Non-payment related defaults, if material;

(iii) Unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) Unscheduled draws on credit enhancements reflecting financial difficulties;

(v) Substitution of credit or liquidity providers or their failure to perform;

(vi) 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 Series 2026 Bonds, or other material events affecting the tax status of the Series 2026 Bonds;

(vii) Modifications to rights of holders of the Series 2026 Bonds, if material;

(viii) Bond calls, if material, and tender offers;

(ix) Defeasances;

(x) Release, substitution or sale of property securing repayment of the Series 2026 Bonds, if material;

(xi) Rating changes;

(xii) Bankruptcy, insolvency, receivership or similar event of the Obligated Person. Such an event is considered to occur when there is an 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 Obligated Person, 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 Obligated Person;

(xiii) The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of an Obligated Person, 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;

(xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material;

(xv) Incurrence of a financial obligation of the Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Obligated Person, any of which affect security holders, if material; or

(xvi) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Obligated Person, any of which reflect financial difficulties.

(b) The City shall file or cause the Dissemination Agent to file a Notice Event Filing with the Repository, in the appropriate format required by the MSRB and in a timely manner, after the occurrence of a failure of the City to provide the Annual Filing on or before the Annual Filing Date.

(c) The City shall promptly notify the Dissemination Agent in writing upon having Actual Knowledge of the occurrence of a Notice Event; provided, however, to the extent any such Notice Event has been previously and properly disclosed by or on behalf of the City, the City shall not be required to provide additional notice of such Notice Event in accordance with this subsection. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to Section 5(d) hereof. Such notice shall be accompanied with the text of the disclosure that the City desires to make (each a "Notice Event Filing"), the written authorization of the City for the Dissemination Agent to disseminate such information, and the date on which the City desires the Dissemination Agent to disseminate the information.

The Dissemination Agent is under no obligation to notify the City or the Disclosure Representative of an event that may constitute a Notice Event. In the event the Dissemination Agent so notifies the Disclosure Representative, the Disclosure Representative will instruct the Dissemination Agent that (i) a Notice Event has not occurred and no filing is to be made, or (ii) a Notice Event has occurred and provide the Dissemination Agent with the Notice Event Filing and the date the Dissemination Agent should file the Notice Event Filing.

(d) The Dissemination Agent shall upon receipt, and no later than the required filing date, promptly file each Notice Event Filing received under Sections 5(a) and 5(b) hereof, with the Repository in an electronic format as prescribed by the MSRB.

Section 6. <u>Content of Annual Filings</u>.

(a) Each Annual Filing shall contain the following annual financial information, consisting of, to the extent not included in the Department Audited Financial Statements and to the extent all such information continues to be available and/or prepared by the City and/or its consultants, updates of the following information set forth in the Official Statement:

(i) The chart entitled "Maximum and Average Daily Water Production" under the heading "THE SYSTEM - Water System - Water Production, Connections, Demand and Revenues;"

(ii) The chart entitled "Water Connections, Demand and Revenues by Customer Class" under the heading "THE SYSTEM - Water System - Water Production, Connections, Demand and Revenues;"

(iii) The chart entitled "Five Largest Water Users" under the heading "THE SYSTEM - Water System – Customers;"

(iv) The chart entitled "Maximum Monthly Flow" under the heading "THE SYSTEM - Wastewater System - Maximum Monthly Flow;"

(v) The chart entitled "Wastewater Connections, Demand and Revenues by Customer Class" under the heading "THE SYSTEM - Wastewater System - Wastewater Connections and Demand;"

(vi) The chart entitled "Five Largest Wastewater Users" under the heading "THE SYSTEM - Wastewater System – Customers;"

(vii) The chart entitled "Water and Wastewater System Service Rates" under the heading "SYSTEM REVENUES - Rates and Charges;" and

(viii) The chart entitled "Historical Operating Results of the System" under the heading "SYSTEM FINANCE MATTERS - General."

To the extent the City determines that any of the foregoing information is no longer available and/or prepared by the City and/or its consultants, a statement to that effect in its first Annual Filing after it has made such a determination will satisfy the undertaking. In addition, the City reserves the right to modify from time to time the specific types of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the City.

(b) If available at the time of such filing, the Department Audited Financial Statements for the prior Fiscal Year. If the Department Audited Financial Statements are not available by the time the Annual Filing is required to be filed pursuant to Section 4(a) hereof, the Annual Filing shall contain Unaudited Financial Statements of the Department prepared in accordance with generally accepted accounting principles, as in effect from time to time, and the Department Audited Financial Statements shall be filed in the same manner as the Annual Filing when they become available. The Department Audited Financial Statements (if any) will be provided pursuant to Section 4(c) hereof.

Any or all of the items listed above may be included by specific reference to documents previously filed with the Repository or the SEC, including, but not limited to, official statements of debt issues with respect to which the City is an Obligated Person, the City's Annual Comprehensive Financial Report, and the Department of Watershed Management's Annual Comprehensive Financial Report. If the document incorporated by reference is a final official statement, it must be available from the Repository. The City will clearly identify each such document so incorporated by reference.

Section 7. Responsibility for Content of Reports and Notices.

(a) The City shall be solely responsible for the content of each Filing (or any portion thereof) provided to the Dissemination Agent pursuant to this Disclosure Agreement.

(b) Each Filing distributed by the Dissemination Agent pursuant to Section 4 or 5 hereof shall be in a form suitable for distributing publicly and shall contain the CUSIP numbers of the Series 2026 Bonds and such other identifying information prescribed by the MSRB from time to time. Each Notice Event Filing shall be in substantially the form set forth in Exhibit "A" attached hereto. If an item of information contained in any Filing pursuant to this Disclosure Agreement would be misleading without additional information, the City shall include such additional information as a part of such Filing as may be necessary in order that the Filing will not be misleading in light of the circumstances under which it is made.

(c) Any report, notice or other filing to be made public pursuant to this Disclosure Agreement may consist of a single document or separate documents composing a package and may incorporate by reference other clearly identified documents or specified portions thereof previously filed with the Repository or the SEC; provided that any final official statement incorporated by reference must be available from the Repository.

(d) Notwithstanding any provision herein to the contrary, nothing in this Disclosure Agreement shall be construed to require the City or the Dissemination Agent to interpret or provide an opinion concerning information made public pursuant to this Disclosure Agreement.

(e) Notwithstanding any provision herein to the contrary, the City shall not make public, or direct the Dissemination Agent to make public, information which is not permitted to be publicly disclosed under any applicable data confidentiality or privacy law or other legal requirement.

Section 8. Voluntary Filings.

(a) The City may instruct the Dissemination Agent to file information with the Repository, from time to time (each a "Voluntary Filing").

(b) Nothing in this Disclosure Agreement shall be deemed to prevent the City from disseminating any other information using the means of dissemination set forth in this Disclosure Agreement or including any other information in any Filing, in addition to that required by this Disclosure Agreement. If the City chooses to include any information in any Filing in addition to that which is specifically required by this Disclosure Agreement, the City shall have no obligation under this Disclosure Agreement to update such information or include it in any future Filing.

(c) Notwithstanding the foregoing provisions of this Section 8, the City is under no obligation to provide any Voluntary Filing.

(d) The Dissemination Agent shall upon receipt promptly file each Voluntary Filing received with the Repository in an electronic format as prescribed by the MSRB.

Section 9. Defaults; Remedies.

(a) A party shall be in default of its obligations hereunder if it fails or refuses to carry out or perform its obligations hereunder for a period of five Business Days following notice of default given in writing to the defaulting party by the non-defaulting party or by any Third-Party Beneficiary hereof, unless such default is cured within such five Business Day notice period. An extension of such five Business Day cure period may be granted for good cause (in the reasonable judgment of the party granting the extension) by written notice from the party who gave the default notice.

(b) If a default occurs and continues beyond the cure period specified above, any nondefaulting party or any Third-Party Beneficiary may seek specific performance of the defaulting party's obligations hereunder as the sole and exclusive remedy available upon any such default, excepting, however, that the party seeking such specific performance may recover from the defaulting party any reasonable attorneys' fees and expenses incurred in the course of enforcing this Disclosure Agreement as a consequence of such default. Each of the parties hereby acknowledges that monetary damages will not be an adequate remedy at law for any default hereunder, and therefore agrees that the exclusive remedy of specific performance shall be available in proceedings to enforce this Disclosure Agreement.

(c) Notwithstanding any provision of this Disclosure Agreement or the Bond Ordinance to the contrary, no default under this Disclosure Agreement shall constitute a default or event of default under the Bond Ordinance.

Section 10. Amendment or Modification.

(a) This Disclosure Agreement shall not be amended or modified except as provided in this Section. No modification, amendment, alteration or termination of all or any part of this Disclosure Agreement shall be construed to be, or operate as, altering or amending in any way the provisions of the Bond Ordinance.

(b) Notwithstanding any other provision of this Disclosure Agreement, the City may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, if: (i) such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Obligated Person on the Series 2026 Bonds, or type of business conducted by such Obligated Person; (ii) such amendment or waiver does not materially impair the interests of the Beneficial Owners of the Series 2026 Bonds, as determined either by an unqualified opinion of counsel expert in federal securities laws retained by the City or by the approving vote a majority of the Beneficial Owners of the Series 2026 Bonds outstanding at the time of such amendment or waiver; and (iii) such amendment or waiver is supported by an opinion of counsel expert in federal securities laws retained by the City, to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule, as well as any change in circumstances.

(c) If any provision of Section 6 hereof is amended or waived, the first Annual Filing containing any amended, or omitting any waived, operating data or financial information shall explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of operating data or financial information being provided.

(d) If the provisions of this Disclosure Agreement specifying the accounting principles to be followed in preparing the City's financial statements are amended or waived, the Annual Filing for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to the Beneficial Owners of the Series 2026 Bonds to enable them to evaluate the ability of the City to meet its obligations. To the extent reasonably feasible, the comparison shall also be quantitative. The City will file a notice of the change in the accounting principles with the Repository on or before the effective date of any such amendment or waiver.

(e) Notwithstanding the foregoing, the Dissemination Agent shall not be obligated to agree to any amendment expanding its duties or obligations hereunder without its consent thereto.

(f) The City shall prepare or cause to be prepared a notice of any such amendment or modification and shall file or cause the Dissemination Agent to file such notice in accordance with Section 8 hereof.

Section 11. Agency Relationship.

(a) The Dissemination Agent agrees to perform such duties, but only such duties, as are specifically set forth in this Disclosure Agreement, and no implied duties or obligations of any kind shall be read into this Disclosure Agreement with respect to the Dissemination Agent. The Dissemination Agent may conclusively rely, as to the truth, accuracy and completeness of the statements set forth therein, upon all notices, reports, certificates or other materials furnished to the Dissemination Agent pursuant to this Disclosure Agreement, and in the case of notices and reports required to be furnished to the Dissemination Agent pursuant to this Disclosure Agreement, the Dissemination Agent shall have no duty whatsoever to examine the same to determine whether they conform to the requirements of this Disclosure Agreement.

(b) The Dissemination Agent shall not be liable for any error of judgment made in good faith by a responsible officer or officers of the Dissemination Agent unless it shall be proven that the Dissemination Agent engaged in negligent conduct or willful misconduct in ascertaining the pertinent facts related thereto.

(c) The Dissemination Agent shall perform its rights and duties under this Disclosure Agreement using the same standard of care as a prudent person would exercise under the circumstances, and the Dissemination Agent shall not be liable for any action taken or failure to act in good faith under this Disclosure Agreement unless it shall be proven that the Dissemination Agent was negligent or engaged in willful misconduct.

(d) The Dissemination Agent may perform any of its duties hereunder by or through attorneys or agents selected by it with reasonable care, and shall be entitled to the advice of counsel concerning all matters arising hereunder, and may in all cases pay such reasonable compensation as it may deem proper to all such attorneys and agents. The Dissemination Agent shall be responsible for the acts or negligence of any such attorneys, agents or counsel.

(e) The Dissemination Agent shall not be deemed to be acting in any fiduciary capacity for the City, the holders of the Series 2026 Bonds or any other party.

(f) None of the provisions of this Disclosure Agreement or any notice or other document delivered in connection herewith shall require the Dissemination Agent to advance, expend or risk its own funds or otherwise incur financial liability in the performance of any of the Dissemination Agent's duties or rights under this Disclosure Agreement.

(g) Except as expressly provided herein, the Dissemination Agent shall not be required to monitor the compliance of the City with the provisions of this Disclosure Agreement or to exercise any remedy, institute a suit or take any action of any kind without indemnification satisfactory to the Dissemination Agent.

(h) The Dissemination Agent may resign at any time by giving at least ninety days' prior written notice thereof to the City. The Dissemination Agent may be removed for good cause at any time by written notice to the Dissemination Agent from the City, provided that such removal shall not become effective until a successor dissemination agent has been appointed by the City under this Disclosure Agreement.

(i) In the event the Dissemination Agent shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of the Dissemination Agent for any reason, the City shall promptly appoint a successor. Notwithstanding any provision to the contrary in this Disclosure Agreement or elsewhere, the City may appoint itself to serve as Dissemination Agent hereunder.

(j) Any company or other legal entity into which the Dissemination Agent may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which the Dissemination Agent may be a party or any company to whom the Dissemination Agent may sell or transfer all or substantially all of its agency business shall be the successor dissemination agent hereunder without the execution or filing of any paper or the performance of any further act and shall be authorized to perform all rights and duties imposed upon the Dissemination Agent by this Disclosure Agreement, anything herein to the contrary notwithstanding.

Section 12. Miscellaneous.

(a) Each of the parties hereto represents and warrants to each other party that it has (i) duly authorized the execution and delivery of this Disclosure Agreement by the officers of such party whose signatures appear on the execution pages hereto, (ii) that it has all requisite power and authority to execute, deliver and perform this Disclosure Agreement under applicable law and any resolutions, ordinances, or other actions of such party now in effect, (iii) that the execution and delivery of this Disclosure Agreement, and performance of the terms hereof, does not and will not

violate any law, regulation, ruling, decision, order, indenture, decree, agreement or instrument by which such party or its property or assets is bound, and (iv) such party is not aware of any litigation or proceeding pending, or, to the best of such party's knowledge, threatened, contesting or questioning its existence, or its power and authority to enter into this Disclosure Agreement, or its due authorization, execution and delivery of this Disclosure Agreement, or otherwise contesting or questioning the issuance of the Series 2026 Bonds.

(b) This Disclosure Agreement shall be governed by and interpreted in accordance with the laws of the State of Georgia and applicable federal law.

(c) This Disclosure Agreement may be executed in one or more counterparts, each and all of which shall constitute one and the same instrument.

Section 13. Identifying Information. All documents provided to the Repository pursuant to this Disclosure Agreement shall be accompanied by identifying information as prescribed by the MSRB.

Section 14. Severability. In case any part of this Disclosure Agreement is held to be illegal or invalid, such illegality or invalidity shall not affect the remainder or any other section of this Disclosure Agreement. This Disclosure Agreement shall be construed or enforced as if such illegal or invalid portion were not contained therein, nor shall such illegality or invalidity of any application of this Disclosure Agreement affect any legal and valid application.

Section 15. Electronic Signatures. The parties agree that the electronic or digital signature of a party to this Disclosure Agreement and any and all other documents and certificates related hereto, including an emailed PDF of a digitized image of the actual signature page or by other electronic means provided that such other means utilize electronic signature software that has the capability to audit or authenticate the signatures, and such electronic pages shall constitute an original signature and shall be of the same legal effect, validity or enforceability as a manually executed, physically delivered or paper-based signature, as the case may be, and it is further acknowledged by the parties that such electronic signatures are expressly permitted under the Uniform Electronic Transactions Act (O.C.G.A. § 10-12-1, et seq.).

[SIGNATURE PAGES TO FOLLOW]

SIGNATURE PAGE TO
CONTINUING DISCLOSURE AGREEMENT
CITY OF ATLANTA WATER AND WASTEWATER SUBORDINATE LIEN
REVENUE AND REVENUE REFUNDING BONDS,
SERIES 2026 (SUSTAINABILITY BONDS)

IN WITNESS WHEREOF, the City and the Dissemination Agent have each caused this Disclosure Agreement to be executed, on the date first written above, by their respective duly authorized officers.

CITY OF ATLANTA, a municipal corporation duly organized and existing under the laws of the State of Georgia

By:_____
Andre Dickens, Mayor

[SIGNATURES CONTINUED ON FOLLOWING PAGE]

SIGNATURE PAGE TO
CONTINUING DISCLOSURE AGREEMENT
CITY OF ATLANTA WATER AND WASTEWATER SUBORDINATE LIEN
REVENUE AND REVENUE REFUNDING BONDS,
SERIES 2026 (SUSTAINABILITY BONDS)

IN WITNESS WHEREOF, the City and the Dissemination Agent have each caused this Disclosure Agreement to be executed, on the date first written above, by their respective duly authorized officers.

DIGITAL ASSURANCE CERTIFICATION, L.L.C.,
as Dissemination Agent

By:_____
Name:_____
Title:_____

EXHIBIT A

NOTICE TO REPOSITORY OF THE OCCURRENCE OF [INSERT THE NOTICE EVENT]

Relating to

$_____
CITY OF ATLANTA
WATER AND WASTEWATER
SUBORDINATE LIEN REVENUE AND
REVENUE REFUNDING BONDS,
SERIES 2026 (SUSTAINABILITY BONDS)

Originally Issued on [_____, 2026]

[CUSIP NUMBERS**]**

Notice is hereby given by the City of Atlanta (the "Cit"), as obligated person with respect to the above-referenced bonds issued by the City, under the Securities and Exchange Commission's Rule 15c2-12, that **[**INSERT THE NOTICE EVENT**]** has occurred. **[**DESCRIBE NOTICE EVENT AND MATERIAL CIRCUMSTANCES RELATED THERETO**]**.

This Notice is based on the best information available to the City at the time of dissemination hereof and is not guaranteed by the City as to the accuracy or completeness of such information. The City will disseminate additional information concerning **[**NOTICE EVENT**]**, as and when such information becomes available to the City, to the extent that the dissemination of such information would be consistent with the requirements of Rule 15c2-12 and the City's obligation under that certain Continuing Disclosure Agreement dated **[May 21, 2026]**. **[**Any questions regarding this notice should be directed in writing only to the City. However, the City will not provide additional information or answer questions concerning [**NOTICE EVENT**] except in future written notices, if any, disseminated by the City in the same manner and to the same recipients as this Notice**]**.

DISCLAIMER: All information contained in this Notice has been obtained by the City from sources believed to be reliable as of the date hereof. Due to the possibility of human or mechanical error as well as other factors, however, such information is not guaranteed as to the accuracy, timeliness or completeness. Under no circumstances shall the City have any liability to any person or entity for (a) any loss, damage, cost, liability or expense in whole or in part caused by, resulting from or relating to this Notice, including, without limitation, any error (negligent or otherwise) or other circumstances involved in procuring, collecting, compiling, interpreting, analyzing, editing, transcribing, transmitting, communicating or delivering any information contained in this Notice, or (b) any direct, indirect, special, consequential or incidental damages whatsoever related thereto.

Dated: _____

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APPENDIX F

DTC AND THE BOOK-ENTRY ONLY SYSTEM

Unless otherwise defined herein, capitalized terms used in this Appendix F and not otherwise defined herein shall have the meanings assigned thereto in the Official Statement.

The information in this Appendix F concerning DTC and DTC's book-entry system has been obtained from DTC and neither the City nor the Underwriters make any representation or warranty or take any responsibility for the accuracy or completeness of such information.

DTC will act as securities depository for the Series 2026 Bonds. The Series 2026 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2026 Bond certificate will be issued for each maturity of the Series 2026 Bonds as set forth on the inside front cover of this Official Statement, each in the aggregate principal amount of such maturity and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds and provides asset servicing for U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC 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 the Direct Participants, the "Participants"). The DTC Rules applicable to its Participants are on file with the SEC. More information about DTC can be found at www.dtcc.com.

Purchases of Series 2026 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2026 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2026 Bond ("Beneficial Owner") is in turn to be recorded on the 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 Participant through which the Beneficial Owner entered into the transaction.

Transfers of ownership interests in the Series 2026 Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2026 Bonds, except in the event that use of the book-entry system for the Series 2026 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2026 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2026 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2026 Bonds are credited, which may or may not be the Beneficial Owners. The 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. Beneficial Owners may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2026 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond Ordinance. For example, Beneficial Owners may wish to ascertain that the nominee holding the Series 2026 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Bond Registrar and request that copies of the notices be provided directly to them.

Redemption notices will be sent to DTC. If less than all of the Series 2026 Bonds within a series or maturity 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 or maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2026 Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City 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 Series 2026 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium, if any, and interest payments on the Series 2026 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 City or the Paying Agent on the payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, and interest on the Series 2026 Bonds, as applicable, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the

responsibility of the City and/or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2026 Bonds at any time by giving reasonable notice to the City or Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2026 Bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series 2026 Bond certificates will be delivered and registered in the name of the Beneficial Owner.

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APPENDIX G

SECOND PARTY OPINION FROM S&P GLOBAL RATINGS

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S&P Global
Ratings

Powered by Shades of Green

An S&P Global Second Party Opinion (SPO) includes S&P Global Ratings' opinion on whether the documentation of a sustainable finance instrument, framework, or program, or a financing transaction aligns with certain third-party published sustainable finance principles. Certain SPOs may also provide our opinion on how the issuer's most material sustainability factors are addressed by the financing. An SPO provides a point-in-time opinion, reflecting the information provided to us at the time the SPO was created and published, and is not surveilled. We assume no obligation to update or supplement the SPO to reflect any facts or circumstances that may come to our attention in the future. An SPO is not a credit rating, and does not consider credit quality or factor into our credit ratings. See Analytical Approach: Second Party Opinions.

Second Party Opinion

City Of Atlanta Water And Wastewater Subordinate Lien Revenue and Revenue Refunding Bonds, Series 2026

April 20, 2026

Primary contact

Jennifer Craft
Englewood
+1-303-721-4106
jennifer.craft
@spglobal.com

Location: U.S. **Sector:** Municipalities

Alignment Summary

Aligned = ✓ Conceptually aligned = o Not aligned = ✗

- ✓ Green Bond Principles, ICMA, 2025
- ✓ Social Bond Principles, ICMA, 2025
- ✓ Sustainability Bond Guidelines, ICMA, 2021

See Alignment Assessment for more detail.

Strengths

The Department of Watershed Management (DWM) provides essential wastewater treatment and stormwater management services, providing significant environmental and human health benefits. The City of Atlanta's systems are a critical component of the area's infrastructure, serving to treat municipal wastewater and redirect stormwater to mitigate flooding and untreated water overflows.

The City of Atlanta has comprehensive climate action plans and policies, which detail its approach to reducing greenhouse gas emissions and guiding climate resiliency infrastructure investments. They establish goals for emissions reduction and renewable energy use and assess likely physical climate impacts, ongoing responses, and infrastructure investments. We believe these measures provide a strong framework for mitigating physical and transition climate risks.

Weaknesses

No weaknesses to report.

Areas to watch

Nutrient and energy capture is not yet fully integrated into Atlanta's water and wastewater system. Efforts such as its Integrated Biosolids and Zero Waste Initiative Plan can reduce emissions and reduce nutrient discharge to local watersheds.

The DWM expects capital upgrades to reduce runoff during extreme weather events. While a principal outcome of the projects is to reduce untreated runoff, it is uncertain how frequent instances of flooding that overwhelm the system will be in the future.

The bonds include refunding past bonds, which may have projects that date back nearly 30 years. This makes it difficult to assess the environmental benefit of all eligible projects, as some of them may have been completed decades ago.

Shades of Green Projects Assessment Summary

The City of Atlanta expects to allocate all but $70 million of the proceeds to refinancing projects. The remaining $70 million in funds will be allocated to capital projects.

The Series 2026 Bonds include refunding past bonds, which may have projects that date back nearly 30 years.

Based on the project category's Shade of Green detailed below, the expected allocation of proceeds, and consideration of environmental ambitions reflected in the City of Atlanta Water and Wastewater Subordinate Lien Revenue and Revenue Refunding Bonds, Series 2026, we assess the transaction as Medium to Light green.

Combined drinking water, sanitary sewer, and wastewater system projects	**Medium to Light green**
Combined drinking water, sanitary sewer, and wastewater system projects	

See Analysis Of Eligible Projects for more detail.

Issuer Sustainability Context

This section provides an analysis of the issuer's sustainability management and the embeddedness of the financing framework within its overall strategy.

Issuer Description

The City of Atlanta, with a population exceeding 500,000 across 134 square miles, operates essential municipal services including its DWM. The DWM manages the city's water supply, wastewater treatment, and stormwater systems, processing over 100 million gallons of drinking water daily from the Chattahoochee River and maintaining related infrastructure. It issues water and wastewater revenue refunding bonds to refinance existing debt, funding improvements to pipes, pumps, and treatment facilities through revenue generated from utility services rather than general tax funds.

Material Sustainability Factors

Water

Water, stormwater, and wastewater utilities face various water supply and quality challenges depending on their location and role in the water lifecycle. Water supply and quality issues may result from multiple factors, including infrastructure quality and resulting water lost during extraction and transportation. Other factors could stem from acute physical climate events such as droughts and floods, chronic physical climate risks (e.g., sea level rise and changing precipitation patterns), or degradation of the watershed near extraction points due to human intervention or climate change. While wastewater treatment can serve as a valuable source of treated water for specific end markets, the process may introduce potential downstream impacts on ecosystems and communities depending on the process efficiency, infrastructure capacity, and ultimately the quality of the treated water. Also, the potential overflow of untreated sewage and stormwater into water bodies used as water extraction points can also be an issue for both operator and ultimately, customers. Furthermore, operators may encounter escalating stakeholder conflicts driven by competing demands for limited water resources, such as agriculture, efforts to preserve ecosystems, power generation, and other industrial water users.

Pollution

Globally, high quantities of untreated wastewater are released into the environment where it can contaminate water bodies, making pollution a material stakeholder concern for water utilities. They also manage toxic pollution from agricultural runoff and industrial discharge in water basins. Contaminated water and poor sanitation systems in turn contribute to long-term health conditions, and these customer health and safety events can, when severe, undermine public trust. Under applicable environmental laws and regulations, entities could be liable if their operations cause environmental damage, in particular air, drinking water, or soil contamination. Power service disruptions can also be life threatening, primarily for certain vulnerable groups, but utilities typically ensure adequate back-up power.

Physical climate risk

Physical climate risk is a material factor because of the potential damage to assets and disruptions to many stakeholders and to operations. Acute physical risks--such as typhoons, storms, and floods--can impair, disrupt, or even destroy assets, limiting the availability of essential infrastructure of utility networks. Over time, chronic risks--increase in precipitation patterns, and sea level rise--may shorten the useful life of port infrastructure. Their impacts can also be much broader if key assets are unavailable for extended periods. The increasing frequency of acute physical risks and the assets' long-term nature and fixed locations point to growing materiality. The impacts of physical climate risks may extend beyond the assets themselves and play out to infrastructure provider’s region or service area. This could have more prolonged impacts on demand, potentially affecting stakeholders.

Impact on communities

The affordability and reliability of networks are under pressure from climate-related risks, exacerbating the materiality for stakeholders given how close utility networks are to where people live and work, and that energy and water services are essential for community health and well-being globally. Energy and water are essential services supporting human health and well-being and global economic development. Service disruptions or steep price increases are likely to be amplified by the energy transition and physical climate risks. These dynamics can affect households' purchasing power and the competitive strengths of local industries, which make this highly material for stakeholders. Stakeholder impacts may also arise from the construction and siting of lines--especially in areas unaccustomed to industrial development and in indigenous territories. Additionally, for water utilities, pollution in source water can affect the availability and useability of supply, and may pose severe, and sometimes irreversible, community health and safety hazards. However, the industry's reliability remains high, and we expect this to continue given that water utilities use long term-integrated resource planning, which accounts for these risks. Moreover, while utility bills are rising, they tend to rise at a rate lower than inflation. Additionally, regulators continue to allow utilities to use mechanisms to smooth volatility and to offer income assistance programs, which underpins a more moderate impact.

Access and affordability

Access to safe water and sanitation is broadly considered a human right, and universal access is one of the U.N.'s Sustainable Development Goals. Water is an essential service supporting human health and well-being and global economic development. Service disruptions or steep price increases may be exacerbated by the new regulatory requirements, the energy transition, and the physical aspects of climate change. Additionally, for water utilities, pollution in source water can affect the availability and useability of supply. That said, the industry's reliability remains high, and we expect this to continue given that water utilities use long-term integrated resource planning, which accounts for many of these risks.

Customer affordability is a key stakeholder concern because utility bills can affect households' purchasing power and the competitive strengths of local industries. In some jurisdictions, we see mechanisms to mitigate affordability concerns, with assistance programs such as tariff subsidies.

Issuer And Context Analysis

The projects financed through the transaction address water, pollution, physical climate risk, and impact on communities, which are material sustainability factors in the sector. The City of Atlanta expects the projects to enhance water, wastewater, and watershed protection and stormwater management systems in Atlanta and parts of Fulton and DeKalb counties (the service area), thereby improving the health and safety of local waterways and communities.

Long-term investments aim to protect source water quality, reduce pollution risks, and ensure regulatory compliance, thereby maintaining reliable water supply for Atlanta's residents and businesses. Atlanta's drinking water, sourced primarily from the Chattahoochee River and treated at the Hemphill and Chattahoochee Water Treatment Plants, follows stringent treatment and monitoring processes consistent with federal and state drinking water standards. To mitigate wastewater overflows and protect downstream ecosystems, DWM is implementing a federally mandated combined sewer overflow (CSO)/sanitary sewer overflow (SSO) control program, including investments in sewer tunnel storage and treatment plant upgrades, and system rehabilitation to capture and treat excess stormwater and sewage during heavy rainfall events. These projects would reduce, but not eliminate, runoff from its system during extreme weather events. DWM also promotes watershed stewardship and water conservation through green infrastructure and efficiency initiatives, supporting reliable water supply and improved stormwater management.

The City of Atlanta's DWM mitigates physical climate risks through infrastructure upgrades, green infrastructure, and resilience planning. DWM's stormwater management program integrates nature-based solutions, such as rain gardens, wetlands, expanded green spaces and permeable surfaces, to reduce impacts of stormwater runoff on streams and critical water infrastructure and improve water quality. Complementing these efforts, DWM invests in large-scale stormwater storage and drainage improvements to mitigate flooding and sewer overflows.

Coordinated planning with city departments and stakeholders support these initiatives, strengthening the long-term sustainability and climate resilience of Atlanta's watershed and water infrastructure.

The City of Atlanta's DWM manages service reliability, affordability, and water quality risks. DWM's multi-year capital improvement program prioritizes investments in water, wastewater, and stormwater infrastructure. Resilience initiatives, such as the Water Distribution System Resiliency Program (WDSRP) further strengthen service delivery to maintain continuous water supply and adequate system pressure for customers. To address affordability, the Care & Conserve program provides financial assistance and promotes water efficiency for low- and moderate-income customers to prevent high bills. Together, these initiatives support reliable service delivery, protect water quality, and mitigate affordability impacts for communities served by the utility.

Alignment Assessment

This section provides an analysis of the framework's alignment to Green Bond and Social Bond Principles as well as Sustainability Bond Guidelines.

Alignment Summary

Aligned = ✓ Conceptually aligned = ○ Not aligned = ✕

- ✓ Green Bond Principles, ICMA, 2025
- ✓ Social Bond Principles, ICMA, 2025
- ✓ Sustainability Bond Guidelines, ICMA, 2021

✓ Use of proceeds

We assess all the transaction's eligible project categories as having a green shade and consider all social projects to be aligned, and the City of Atlanta commits to allocating the net proceeds issued under the transaction exclusively to eligible projects. These projects include the refunding of all or a portion of the City of Atlanta's outstanding bonds and commercial paper related to its water and wastewater projects. Please refer to the Analysis Of Eligible Projects section for more information on our analysis of the environmental benefits of the expected use of proceeds.

✓ Process for project evaluation and selection

The transaction documentation lays out the process by which the eligible projects have been selected. The City of Atlanta adopted a capital improvement plan in 1993, and the eligible projects under the framework are connected to an expansion of this program, in compliance with two Federal Consent Decrees and a State Consent Order. Examples of eligible projects include sewer capacity relief projects, combined sewer overflow projects, small diameter rehabilitation, among other projects. To manage social and environmental risks that may arise from the project, the City of Atlanta has partnered with the U.S. Army Corps of Engineers to conduct a comprehensive water system risk assessment to identify which lines should be prioritized for assessment, repair, and/or replacement.

✓ Management of proceeds

The City of Atlanta will use the Series 2026 Bonds to refinance previous bonds and commercial paper notes as a part of the Clean Water Atlanta program. The transaction documentation lays out the flow of funds as well as the accounts in which proceeds must be held. As all but $70 million of the transaction is a refinancing, there will be no need to adjust net proceeds to match eligible projects. Unallocated proceeds must be held in permissible investments under state law, which may contain such maturities as are deemed suitable by the city and valued at fair market value.

✓ Reporting

In connection with the issuance of the Series 2026 Bonds, the City of Atlanta will enter into a Continuing Disclosure Agreement for the benefit of the holders of the Series 2026 Bonds under which the City of Atlanta will commit to provide certain financial information and operating data relating to the Series 2026 Bonds as well as notice of the occurrence of certain enumerated events related to the Series 2026 Bonds in each year. In its annual adopted budgets, the City of Atlanta reports improvements in water loss percentages, though this impact reporting is not specifically mentioned in the DWM's transaction documentation.

Analysis Of Eligible Projects

This section provides details of our analysis of eligible projects, based on their environmental benefits and risks, using the "Analytical Approach: Shades Of Green Assessments," as well as our analysis of eligible projects considered to have clear social benefits and to address or mitigate a key social issue.

Green project categories

Combined drinking water, sanitary sewer, and wastewater system projects

Assessment	Description
Medium to Light green	The financing, in whole or in part, of the cost of the acquisition, construction, improvement, betterment and extension of the city's combined drinking water, sanitary sewer and wastewater system

Analytical considerations

- Water is essential for economic development, public health, and environmental sustainability. The City of Atlanta's Department of Watershed Management classifies its projects into two categories: Clean Water Atlanta and Capital Improvement Program projects. Clean Water Atlanta is a comprehensive program initiative to improve water quality in Atlanta through capital construction programs and enhanced operation of the city's drinking and wastewater systems. The Department's Capital Improvement Program organizes needs for sustaining, restoring, and modernizing the facilities and infrastructure that support Atlanta's water and wastewater system.
- The City of Atlanta's combined drinking water, sanitary sewer, and wastewater system projects will have environmental benefits. These eligible projects will improve water quality throughout metro Atlanta, maintain operational efficiency and reliability, reduce sewer overflows, and enhance public health, among other benefits. Notably, the City of Atlanta is focused on green infrastructure through its Green Infrastructure Strategic Action Plan. We assign these projects a Medium to Light green shade given the variety of projects.
- Federal and state governments' water quality standards require treated wastewater to meet certain thresholds for several pollutants before water is returned to the local watershed. While this strong regulatory regime can mitigate instances of water pollution, since the City of Atlanta's DWM operates a combined sewage and stormwater system, periods of intense precipitation can overwhelm treatment and storage capacity, resulting in discharge of untreated water. Such discharges can contaminate local waterways with nitrogen, phosphorous, biosolids, and various chemical pollutants that can affect aquatic ecosystems and human health. Eligible water projects can help maintain compliance with regulation and reduce potential impacts on the local watershed and communities.
- Wastewater treatment systems can result in direct air emissions including methane and nitrous oxides from treatment, treated water discharge, and biosolids processing operations. The city has an Integrated Biosolids and Zero Waste plan to reduce emissions and nutrient discharge to local watersheds. Certain projects within this plan are focused on converting biogas into renewable energy. Water treatment is also energy-intensive, and many pumps and other machinery utilize purchased electricity and, in some cases, fossil fuels, particularly for backup systems, resulting in greenhouse gas emissions. The City of Atlanta has comprehensive climate action plans and policies, which detail its approach to reducing greenhouse gas emissions and guiding climate resiliency infrastructure investments. They establish goals for emissions reduction and renewable energy use and assess likely physical climate impacts, ongoing responses, and infrastructure investments.
- The City of Atlanta faces physical climate risks such as flooding and extreme weather. The City of Atlanta's capital investments are intended to mitigate such risks while simultaneously improving the performance of the combined drinking water, sanitary sewer, and wastewater system projects. The DWM's stormwater management program integrates nature-based solutions, such as rain gardens, wetlands, expanded green spaces and permeable surfaces, to reduce impacts of stormwater runoff on streams and critical water infrastructure and manage physical climate risks.

S&P Global Ratings' Shades of Green

Assessments	Dark green	Medium green	Light green	Yellow	Orange	Red
Description	Activities that correspond to the long-term vision of an LCCR future.	Activities that represent significant steps towards an LCCR future but will require further improvement to be long-term LCCR solutions.	Activities representing transition steps in the near-term that avoid emissions lock-in but do not represent long-term LCCR solutions.	Activities that do not have a material impact on the transition to an LCCR future, or, Activities that have some potential inconsistency with the transition to an LCCR future, albeit tempered by existing transition measures.	Activities that are not currently consistent with the transition to an LCCR future. These include activities with moderate potential for emissions lock-in and risk of stranded assets.	Activities that are inconsistent with, and likely to impede, the transition required to achieve the long-term LCCR future. These activities have the highest emissions intensity, with the most potential for emissions lock-in and risk of stranded assets.
Example projects	Solar power plants	Energy efficient buildings	Hybrid road vehicles	Fossil fuel buses and rails	Conventional steel production	New oil exploration

Note: For us to consider use of proceeds aligned with ICMA Principles for a green project, we require project categories directly funded by the financing to be assigned one of the three green Shades.

LCCR--Low-carbon climate resilient. An LCCR future is a future aligned with the Paris Agreement; where the global average temperature increase is held below 2 degrees Celsius (2 C), with efforts to limit it to 1.5 C, above pre-industrial levels, while building resilience to the adverse impact of climate change and achieving sustainable outcomes across both climate and non-climate environmental objectives. Long term and near term--For the purpose of this analysis, we consider the long term to be beyond the middle of the 21st century and the near term to be within the next decade. Emissions lock-in--Where an activity delays or prevents the transition to low-carbon alternatives by perpetuating assets or processes (often fossil fuel use and its corresponding greenhouse gas emissions) that are not aligned with, or cannot adapt to, an LCCR future. Stranded assets--Assets that have suffered from unanticipated or premature write-downs, devaluations, or conversion to liabilities (as defined by the University of Oxford).

Social project categories

Affordable basic infrastructure

To finance, in whole or in part, the cost of the acquisition, construction, improvement, betterment and extension of the city's combined drinking water, sanitary sewer and wastewater system

Analytical considerations

- Access to basic water services are key to sustainable development and the protection of human rights. The eligible projects include the city's combined drinking water, sanitary sewer, and wastewater system projects. These projects are in compliance with two Federal Consent Decrees and a State Consent Order and aim to improve the drinking water quality of those in the City of Atlanta DWM's service area.
- By supporting increased access to combined drinking water, sanitary sewer, and wastewater system services, the City of Atlanta provides social benefits for those residents in its service area. These projects are in line with Atlanta's efforts to improve its aging sewer infrastructure which has impacts on public safety and the environment. The projects will improve water quality, secure drinking water facilities, reduce sewer overflows, and enhance public health, among other social benefits. The target population is the general public in the DWM's service area. Additionally, the city has a Care and Conserve program that provides financial assistance and promotes water efficiency for low- and moderate-income customers to prevent high bills. The city is thus focused on reliable service delivery, protecting water quality, and mitigating affordability impacts for the communities it serves.

Related Research

- Analytical Approach: Second Party Opinions, March 6, 2025
- FAQ: Applying Our Integrated Analytical Approach For Second Party Opinions, March 6, 2025
- Analytical Approach: Shades Of Green Assessments, July 27, 2023

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