

**INTERGOVERNMENTAL AGREEMENT
FOR THE USE AND DISTRIBUTION OF PROCEEDS FROM THE 2026
SPECIAL PURPOSE LOCAL OPTION SALES AND USE TAX FOR
CAPITAL OUTLAY PROJECTS**

THIS INTERGOVERNMENTAL AGREEMENT (hereinafter, the “Agreement”) is made and entered into as of the 21st day of August, 2025, by and between Walker County, a political subdivision of the State of Georgia (the “County”), the City of Lafayette, Georgia (“Lafayette”), the City of Rossville, Georgia (“Rossville”), the City of Chickamauga, Georgia (“Chickamauga”), the City of Lookout Mountain, Georgia (“Lookout Mountain”), and the City of Fort Oglethorpe, Georgia (“Fort Oglethorpe), each a municipal corporation of the State of Georgia (singularly, “City” and collectively, the “Cities”).

WITNESSETH:

WHEREAS, Article IX, Section III, Paragraph I (a) of the Georgia Constitution (the “Intergovernmental Contracts Clause”) authorizes, among other things, any county, municipality or other political subdivision of the State to contract, for a period not exceeding fifty years, with another county, municipality or political subdivision or with any other public agency, public corporation or public authority for joint services, for the provision of services, or for the provision or separate use of facilities or equipment, provided that such contract deals with activities, services or facilities which the contracting parties are authorized by law to undertake or to provide; and

WHEREAS, the County is authorized pursuant to O.C.G.A. Section 48-8-110 et seq., as amended (the “Sales and Use Tax Act”) to levy and collect a one percent sales and use tax (the “Sales and Use Tax”) for the purpose of funding capital outlay projects to be owned and/or operated by the County and/or the Cities (the “Projects”); and

WHEREAS, there is currently imposed within the County a one percent (1%) Sales and Use Tax, which is expected to terminate on September 30, 2026 (the “2020 SPLOST”); and

WHEREAS, the Board of Commissioners of Walker County (the “Board”) has determined that it is in the best interests of the citizens of the County that the Sales and Use Tax be continued in the County for the purpose of funding vital capital outlay projects; and

WHEREAS, the Board intends to call for a special election to occur on November 4, 2025 (the “Election”), to authorize the continuation of the Sales and Use Tax, which shall commence immediately upon the completion of the 2020 SPLOST and continue for a term of six (6) years thereafter for the purposes of raising an estimated \$69,000,000 during the term of the Sales and Use Tax to fund the hereinafter defined Projects (“2026 SPLOST”); and

WHEREAS, the Sales and Use Tax Act authorizes the County and the Cities to enter into an “intergovernmental agreement” (as defined in the Sales and Use Tax Act) pursuant to the Intergovernmental Contracts Clause in order to, among other things, identify the Projects that will be funded with the proceeds of 2026 SPLOST; and

WHEREAS, the County delivered or mailed on 14th day of April, 2025 a written notice to the mayors or chief elected officials of the Cities, of a meeting that was held at the County's offices on 29th day of April, 2025, at which the governing authorities of the County and the Cities would meet to discuss the possible projects for inclusion in the SPLOST, including municipally owned or operated projects; and

WHEREAS, representatives of the County and Cities met to discuss possible projects for inclusion in the 2026 SPLOST referendum on the 29th day of April, 2025, in conformance with the requirements of O.C.G.A. § 48-8-111(a); and

WHEREAS, the County and the Cities propose to enter into this Agreement relating to the Projects and 2026 SPLOST.

NOW, THEREFORE, for and in consideration of the premises and undertakings as hereinafter set forth and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the County and the Cities DO HEREBY AGREE, as follows:

**ARTICLE 1.
EFFECTIVE DATE**

This Agreement shall become effective upon its execution and shall continue in effect until the earlier of (a) the failure of the Election or (b) the termination of 2026 SPLOST in accordance with the Sales and Use Tax Act and the completion of the hereinafter defined Projects in accordance with this Agreement.

**ARTICLE 2.
REPRESENTATIONS**

(a) Each City makes the following representations as the basis for the undertakings on its part herein contained:

(1) The City is a municipal corporation duly created and organized under the Constitution and laws of the State of Georgia (hereinafter the "State"). Under the Constitution and laws of the State, the City is authorized to execute, deliver and perform its obligations under this Agreement. The City has duly authorized the execution, delivery and performance of this Agreement. This Agreement is a valid, binding and enforceable obligation of the City.

(2) No approval or other action by any governmental authority or agency or other person is required in connection with the execution, delivery and performance of this Agreement by the City, except as shall have been obtained as of the date hereof.

(3) The authorization, execution, delivery and performance by the City of this Agreement do not violate any ordinances of the City or the laws or Constitution of the State and do not constitute a breach of or a default under any existing court order,

administrative regulation or other legal decree, or any agreement, indenture, mortgage, lease, note or other instrument to which it is a party or by which it is bound.

(4) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, pending or, to the knowledge of the City, threatened against or affecting the City (or, to the knowledge of the City, any meritorious basis therefor): (i) contesting or questioning the existence of the City or the titles of the present officers of the City to their offices or (ii) wherein an unfavorable decision, ruling or finding would (A) adversely affect the enforceability of this Agreement or (B) materially adversely affect the transactions contemplated by this Agreement.

(5) The City is not in violation of the laws or Constitution of the State and is not in default under any existing court order, administrative regulation, or other legal decree, or any agreement, indenture, mortgage, lease, note or other instrument to which it is a party or by which it is bound.

(6) The City is a “qualified municipality” within the meaning of the Sales and Use Tax Act. The Cities contain no less than 50% of the aggregate municipal population located within the County.

(7) All procedural and substantive requirements required by the Sales and Use Tax Act to formalize this Agreement have been satisfied.

(b) The County makes the following representations as the basis for the undertakings on its part herein contained:

(1) The County is a political subdivision duly created and organized under the Constitution and laws of the State. Under the Constitution and laws of the State, the County is authorized to execute, deliver and perform its obligations under this Agreement. The County has duly authorized the execution, delivery and performance of this Agreement. This Agreement is a valid, binding and enforceable obligation of the County.

(2) No approval or other action by any governmental authority or agency or other person is required in connection with the execution, delivery and performance of this Agreement by the County, except as shall have been obtained as of the date hereof.

(3) The authorization, execution, delivery and performance by the County of this Agreement do not violate the laws or Constitution of the State and do not constitute a breach of or a default under any existing court order, administrative regulation, or other legal decree, or any agreement, indenture, mortgage, lease, note or other instrument to which it is a party or by which it is bound.

(4) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, pending or, to the knowledge of

the County, threatened against or affecting the County (or, to the knowledge of the County, any meritorious basis therefor) (i) contesting or questioning the existence of the County or the titles of the present officers of the County to their offices or (ii) wherein an unfavorable decision, ruling or finding would (A) adversely affect the enforceability of this Agreement or (B) materially adversely affect the transactions contemplated by this Agreement.

(5) The County is not in violation of the laws or the Constitution of the State and is not in default under any existing court order, administrative regulation or other legal decree, or any agreement, indenture, mortgage, lease, note or other instrument to which it is a party or by which it is bound.

(6) All procedural and substantive requirements required by the Sales and Use Tax Act to formalize this Agreement have been satisfied.

(7) The County will take all actions necessary to call an election to be held in all voting precincts in the County on November 4, 2025, to authorize the continuation of the Sales and Use Tax, which shall commence immediately upon the completion of the 2020 SPLOST and continue for a term of six (6) years thereafter for the purposes of raising an estimated \$69,000,000 during the term of the Sales and Use Tax to be used for funding the projects specified in Exhibit "A" of this Agreement.

(c) It is the intention of the County and Cities to comply in all respects with O.C.G.A. § 48-8-110, *et seq.* and all provisions of this Agreement shall be construed in light of O.C.G.A. § 48-8-110, *et seq.*

ARTICLE 3.

CONDITIONS PRECEDENT

(a) The obligation of the County and the Cities pursuant to this Agreement are conditioned upon the adoption of a resolution of the County calling for the imposition of the SPLOST in accordance with the provisions of O.C.G.A. § 48-8-111 (a).

(b) This Agreement is further conditioned upon the approval of the proposed imposition of the SPLOST by the voters of the County in a referendum to be held in accordance with the provisions of O.C.G.A. § 48-8-111 (b) through (e).

(c) This Agreement is further conditioned upon the collection of the SPLOST revenues by the State Revenue Commissioner and transfer of the same to the County.

ARTICLE 4.

CAPITAL OUTLAY PROJECTS

(a) The proceeds of the Sales and Use Tax will be used to fund all or a portion of the County Projects and the respective City Projects (collectively referred to hereinafter as the "Projects"), each of which are identified in Exhibit "A" to this Agreement.

(b) The Projects identified in Exhibit A are representative in nature and not intended to limit the lawful use of SPLOST funds. Final scopes of work, designs, and expenditures may vary from the Project descriptions provided, so long as the use of funds remains consistent with capital outlay purposes as defined in O.C.G.A. § 48-8-111 and applicable SPLOST regulations.

(c) Unless otherwise specified in Exhibit A, each of the Projects include both facilities and equipment, and include the acquisition, construction, renovations, and upgrades of both existing and new facilities and equipment. All Projects identified in Exhibit A, including the associated cost estimates, specifically include and authorize the expenditure of 2026 SPLOST funds by the relevant Party on all necessary and/or related capital expenditures in furtherance of such Projects, which may include, but are not limited to, the acquisition of land, equipment, and vehicles, engineering and design, construction, materials and labor, grant-matching funds, and all other capital costs related to such Project.

(d) The County shall own and/or operate the County Projects. The County shall supervise or cause the supervision of the acquisition, construction and equipping of the County Projects. The County shall be responsible for paying or providing for all the costs of operating, maintaining and insuring the County Projects.

(e) The City Projects shall be owned and/or operated by each respective City. Each City shall be responsible for paying or providing for all the costs of operating, maintaining and insuring its respective City Projects. Each City shall supervise or cause the supervision of the acquisition, construction and equipping of its respective City Projects.

(f) The costs of the Projects set forth in Exhibit A are estimates based upon the estimated 2026 SPLOST collections and the needs of the County and the Cities at the time this Agreement was executed. The County and the Cities acknowledge and agree that the actual 2026 SPLOST collections may vary from the estimated amounts and that the needs of the County and/or the Cities may change. Therefore, the governing authority of each Party has the sole right under this Agreement to determine on an evolving basis how much of the Party's 2026 SPLOST funds will be spent on their respective Projects.

(g) Notwithstanding any other provision in this Agreement to the contrary, all Projects are subject to reallocation, reprioritization, or amendment as part of the regular budgetary process of the respective governing authorities of each Party, or as otherwise determined by such governing authorities, as necessary to meet evolving infrastructure and community development goals. The Parties may fund their respective Projects in any order or priority their governing authorities may deem necessary or convenient. The level of budgetary and administrative control for line-item funding, completion, and scope for each of the Parties' Projects under this Agreement shall be at the departmental/program level of control unless said level of control is inconsistent with the policies established by the relevant governing authority.

(h) If a County Project has been satisfactorily completed at a cost less than the estimated cost listed for that project in Exhibit A, the County may apply the remaining unexpected funds to any other County Project listed in Exhibit A. If a City Project has been satisfactorily

completed at a cost less than the estimated cost listed for that project in Exhibit A, the City may apply the remaining unexpended funds to any other project listed for that City in Exhibit A. The

(i) The County and Cities agree that each approved SPLOST project associated with this Agreement shall be maintained as a public facility and in public ownership. If ownership of a project financed pursuant to this Agreement is transferred to private ownership within ten (10) years of the SPLOST expiration, the proceeds of the sale shall, for the purposes of this Agreement, be deemed excess funds and disposed of as provided under O.C.G.A. § 48-8-121 (g)(2).

(j) The County and the Cities acknowledge that each party is solely responsible for each project on its individual project list as well as solely responsible for the proper use of all SPLOST funds in its possession and each holds the others harmless from all damage or liability from any failure to properly administer its own projects and/or SPLOST funds.

(k) The Parties reserve the right to finance, advance, or otherwise fund the cost of any Project through the issuance of bonds, lease-purchase agreements, or other legally authorized financing mechanisms. The Parties may also use SPLOST proceeds in conjunction with other legally available funds – including general funds, enterprise funds, public-private contributions, and state or federal grants – so long as all combined expenditures are applied directly to capital outlay projects. The 2026 SPLOST proceeds shall not be transferred to the General Fund or other accounts of the Parties for expenses that would not be properly chargeable to a capital account. Any financing or funding arrangement shall comply with all applicable laws governing municipal finance, SPLOST reporting, and public accountability.

ARTICLE 5.

DIVISION AND DISTRIBUTION OF SALES AND USE TAX PROCEEDS

(a) The 2026 SPLOST proceeds received from the Georgia Department of Revenue (“GDOR”) each month shall be divided among the County and Cities as follows:

(1) The first 20.00% of each distribution received by the County from GDOR shall be divided equally between the County, the City of LaFayette, the City of Chickamauga, the City of Rossville, and the City of Lookout Mountain.

(2) The remaining 80.00% of each total payment that the County receives from GDOR shall be distributed as follows: 75.00% to the County, 11.00% to the City of LaFayette, 6.34% to the City of Rossville, 4.79% to the City of Chickamauga, 2.48% to the City of Lookout Mountain, and 0.39% to the City of Fort Oglethorpe.

(b) Upon the receipt of each 2026 SPLOST distribution from GDOR, the County shall deposit all such proceeds into a special trust fund held separate and apart from all other funds of the County (the “2026 SPLOST Account”). Within the 2026 SPLOST Account, the County shall create six subaccounts: the “County Account,” the “Lafayette Account,” the “Rossville Account,” the “Chickamauga Account,” the “Lookout Mountain Account,” and the “Fort Oglethorpe Account.” The County shall deposit the 2026 SPLOST proceeds into each

account according to the percentages provided in Article 5(a). The County shall remit the monies in the City Accounts to the Cities once a month.

(c) Each of the Cities shall create and maintain a separate account for the receipt and disbursement of the City's portion of the 2026 SPLOST proceeds (the "City Proceeds Accounts"). The 2026 SPLOST Account, the subaccounts created herein, and the City Proceeds Accounts shall be used exclusively for the purposes set forth in this Agreement.

(d) Should any City cease to exist as a legal entity before all funds are distributed under this Agreement, that City's share of the funds subsequent to dissolution shall be paid to the County as part of the County's share unless an Act of the Georgia General Assembly makes the defunct City part of another successor municipality. If such an act is passed, the defunct City's share shall be paid to the successor City in addition to all other funds to which the successor City would otherwise be entitled

**ARTICLE 6.
EXPENSES**

(a) The County shall administer the County 2026 SPLOST funds to effectuate the terms of this Agreement without charge or fee to any of the Cities.

(b) The County and Cities shall be jointly responsible on a per capita basis for the cost of holding the SPLOST election. Each City shall reimburse the County for its pro rata share of the cost of the election, where each City's pro rata share of the cost is calculated according to the 2020 U.S. Census as the City's population within the County as a percentage of the total County population.

(c) Each party acknowledges that the office of the State Revenue Commissioner will deduct 1% from all SPLOST tax revenues collected for acting as the collection agent.

**ARTICLE 7.
RECORD KEEPING**

(a) The County shall keep detailed records of the Sales Tax Account, including all of its sub-accounts. The Cities shall have the right to review and be provided copies of all such records upon request to the County. Likewise, the Cities shall keep detailed records of its City Proceeds Account. The County shall have the right to review and be provided with copies of all such records upon request.

(b) The County and the Cities shall keep a record of each and every of its Projects for which the proceeds of 2026 SPLOST are used. A schedule shall be included in each annual audit which shows for each such Project the original estimated cost, the current estimated cost if it is not the original estimated cost, amounts expended in prior years and amounts expended in the current year. The auditor shall verify and test expenditures sufficient to provide assurances that the schedule is fairly presented in relation to the financial statements. The auditor's report on

the financial statements shall include an opinion, or the disclaimer of an opinion, as to whether the schedule is presented fairly in all material respects in relation to the financial statements taken as a whole. In the event that a City does not comply with the requirements of this paragraph, the County nor any other City shall be held liable in any manner for such noncompliance. In the event that the County does not comply with the requirements of this paragraph, no City shall be held liable in any manner for such noncompliance. In the event that any City does not comply with the requirements of this paragraph, the County shall not be held liable in any manner for such noncompliance.

ARTICLE 8.
MISCELLANEOUS

(a) The County and Cities agree that any controversy arising under this Agreement shall first be submitted to nonbinding mediation for a resolution. The parties to the mediation shall mutually and promptly select a neutral party to serve as mediator. The fees and expenses charged by the mediator so selected shall be shared equally among the parties to the mediation. If the controversy is not resolved at the conclusion of the mediation or within three (3) months of a party's request for mediation (whichever occurs first), any party may pursue any other available rights, remedies or processes.

(b) Should any phrase, clause, sentence or paragraph herein contained be held invalid or unconstitutional, it shall in nowise affect the remaining provisions of this Agreement, which said provisions shall remain in full force and effect.

(c) This Agreement may be executed in several counterparts, each of which shall be an original but all of which shall constitute but one and the same instrument.

(d) This Agreement shall be construed and enforced in accordance with the laws of the State of Georgia.

(e) This Agreement, including any attachments or exhibits, constitutes all of the understandings and agreements existing between the County and the City with respect to the distribution and use of the 2026 SPLOST proceeds. Furthermore, this Agreement supersedes all prior agreements, negotiations and communications of whatever type, whether written or oral, between the County and the City with respect to distribution and use of the 2026 SPLOST proceeds.

(f) No consent or waiver, express or implied, by any party to this Agreement, to any breach of any covenant, condition or duty of another party shall be construed as a consent to or waiver of any future breach of the same.

(g) This Agreement shall be exclusively for the benefit of the parties hereto and shall not provide any third parties with any remedy, claim, liability, reimbursement, cause of action, or other right.

(h) This Agreement shall not be amended or modified except by agreement in writing executed by the governing authorities of the County and the Cities.

[SIGNATURE SHEETS FOR EACH PARTY TO FOLLOW}

IN WITNESS WHEREOF, the parties hereto, acting by and through their duly authorized officers, have caused this Agreement to be executed in multiple counterparts under seals as of the day and year first above written.

WALKER COUNTY, GEORGIA

By: Angie Teems
Angie Teems, Chairwoman
Walker County Board of Commissioners



Attest: Lisa Richardson 8/26/25
Lisa Richardson, County Clerk Date