

1 Introduced December 19, 1995, by
2 Councilman Van Sandt, seconded by
3 Councilwoman Livaudais (both by
4 request)

5
6 **Item No. 95-12-1826**

7
8
9 **ORDINANCE NO. 2657**

10 An ordinance providing for the issuance and sale of Two Million Five
11 Hundred Thousand Dollars (\$2,500,000) of Utilities Revenue Bonds, Series 1996, of the
12 City of Slidell, State of Louisiana; prescribing the form, fixing the details and providing for
13 the payment of principal of and interest on said bonds and for the rights of the owners
14 thereof; providing for the employment of special bond counsel; and providing for other
15 matters in connection therewith.
16

17
18 WHEREAS, pursuant to Sub-Part C, Part I, Chapter 10, Title 33 of the
19 Louisiana Revised Statutes of 1950, the City of Slidell, State of Louisiana (the "Issuer")
20 now owns and operates a combined waterworks system and sewer system as a single
21 revenue producing public utility (the "Utilities System"); and
22

23 WHEREAS, the Issuer held an election on September 21, 1995, at which
24 election the issuance of \$6,400,000 of revenue bonds was approved by the electorate of
25 the Issuer to be issued for the purpose of constructing and acquiring improvements and
26 extensions to the Utilities System, payable solely from the revenues of the Utilities
27 System; and
28

29 WHEREAS, pursuant to Sub-Part C, Part I, Chapter 10, of Title 33 of the
30 Louisiana Revised Statutes of 1950, as amended, and other constitutional and statutory
31 authority, it is now the desire of this Slidell City Council to adopt this Bond Ordinance in
32 order to provide for the issuance of Two Million Five Hundred Thousand Dollars
33 (\$2,500,000) principal amount of its Utilities Revenue Bonds, Series 1996 (the "Bonds"),
34 for the purpose of constructing and acquiring improvements and extensions to the Utilities
35 System, providing for a reserve and paying the costs of issuance thereof; and
36

37 WHEREAS, the Issuer intends to fix the details of the Bonds; and
38

39 WHEREAS, it is the intention of the Issuer that the Bonds authorized herein
40 be secured by and payable solely from the income and revenues to be derived from the
41 operation of the Utilities System, after provision has been made for payment therefrom
42 of the reasonable and necessary expenses of administration, operation and maintenance
43 of the Utilities System; and
44

45 NOW, THEREFORE, BE IT ORDAINED by the Slidell City Council, acting
46 as the governing authority of the City of Slidell, State of Louisiana, that:

47 **ARTICLE I**

48 **DEFINITIONS AND INTERPRETATION**

49 **SECTION 101. Definitions.** The following terms shall have the following
50 meanings unless the context otherwise requires:

51 **"Act"** means the applicable provisions of Sub-Part C, Part I, Chapter 10,
52 of Title 33 of the Louisiana Revised Statutes of 1950, as amended.
53

54 **"AMBAC Indemnity"** shall mean AMBAC Indemnity Corporation, a
55 Wisconsin-domiciled stock insurance company.
56
57

1 **ITEM NO. 95-12-1826**
2 **ORDINANCE NO. 2657**
3 **PAGE 2**
4

5 **"Bond"** or **"Bonds"** means any or all of the Utilities Revenue Bonds, Series
6 1996, of the Issuer, issued pursuant to the Bond Ordinance, as the same may be
7 amended from time to time, whether initially delivered or issued in exchange for, upon
8 transfer of, or in lieu of any previously issued Bond.
9

10 **"Bondholder"**, **"Registered Owner"**, or **"Owner"** means the Person
11 reflected as registered owner of any of the Bonds on the registration books maintained
12 by the Paying Agent. Notwithstanding any provision of the Bond Ordinance to the
13 contrary, the Bond Insurer, if any, shall, at all times, be deemed an owner of all the
14 Bonds for the purposes of consenting to any Ordinance supplementing or amending the
15 Bond Ordinance, and shall be notified in advance of the adoption of any Ordinance
16 supplemental or amendatory hereto whether or not the consent of the Owners is required.
17

18 **"Bond Counsel"** means an attorney or firm of attorneys whose experience
19 in matters relating to the issuance of obligations by states and their political subdivisions
20 is nationally recognized.
21

22 **"Bond Obligation"** means, as of the date of computation, the principal
23 amount of the Bonds then Outstanding.
24

25 **"Bond Ordinance"** means this Ordinance, as further amended and
26 supplemented as herein provided.
27

28 **"Bond Year"** means the one-year period ending on the principal payment
29 date on the Bonds (April 1) of each year.
30

31 **"Business Day"** means a day of the year other than a day on which banks
32 located in New York, New York and the cities in which the principal offices of the Paying
33 Agent are located are required or authorized to remain closed and on which the New York
34 Stock Exchange is closed.
35

36 **"Code"** means the Internal Revenue Code of 1986, as amended.
37

38 **"Costs of Issuance"** means all items of expense, directly or indirectly
39 payable or reimbursable and related to the authorization, sale and issuance of the Bonds,
40 including but not limited to printing costs, costs of preparation and reproduction of
41 documents, official statements, filing and recording fees, initial fees and charges of any
42 fiduciary, legal fees and charges, fees and disbursements of consultants and
43 professionals, costs of credit ratings, fees and charges for preparation, execution,
44 transportation and safekeeping of the Bonds, costs and expenses of refunding, premiums
45 for the insurance of the payment of the Bonds, if any, and any other cost, charge or fee
46 in connection with the original issuance of Bonds.
47

48 **"Debt Service"** for any period means, as of the date of calculation, an
49 amount equal to the sum of (i) interest payable during such period on Bonds and (ii) the
50 principal amount of Bonds which mature during any such period.
51

52 **"Defeasance Obligations"** means (a) Cash, or (b) Government Securities,
53 or (c) Certificates or other evidences of an ownership interest in Government Securities
54 which may consist of specified portions of interest thereon, such as those securities
55 commonly known as "CATS", "TIGRS", and "STRIPS". Investments in such proportionate
56 interests must be limited to circumstances wherein (i) a bank or trust company acts as
57 custodian and holds the underlying Government Securities; (ii) the owner of the
58 investment is the real party in interest and has the right to proceed directly and
59 individually against the obligor of the underlying Government Securities; and (iii) the
60 underlying Government Securities are held in a special account separate from the
61 custodian's general assets, and are not available to satisfy any claim of the custodian,
62

1 **ITEM NO. 95-12-1826**
2 **ORDINANCE NO. 2657**
3 **PAGE 3**

4
5 any person claiming through the custodian, or any person to whom the custodian may be
6 obligated.

7
8 **"Executive Officers"** means collectively the Mayor and Council
9 Administrator/Clerk of the Slidell City Council.

10
11 **"Fiscal Year"** means the one-year period commencing on July 1 of one
12 year and ending on June 30 of the following year, or such other one-year period as may
13 be designated by the Governing Authority as the fiscal year of the Issuer.

14
15 **"Governing Authority"** means the Slidell City Council, the governing
16 authority of the Issuer, or its successor in function.

17
18 **"Government Securities"** means and includes non-callable direct general
19 obligations of, or obligations the principal of and interest on which are unconditionally
20 guaranteed by, the United States of America, which may be United States Treasury
21 Obligations such as the State and Local Government Series and may be in book-entry
22 form.

23
24 **"Interest Payment Date"** means April 1 and October 1 of each year,
25 commencing October 1, 1996.

26
27 **"Issuer"** means the City of Slidell, State of Louisiana.

28
29 **"Municipal Bond Insurance Policy"** shall mean the municipal bond
30 insurance policy issued by AMBAC Indemnity insuring the payment when due of the
31 principal or and interest on the Bonds as provided therein.

32
33 **"Net Utilities Revenues"** means the income and revenues to be derived
34 from the operation of the Utilities System, after provision has been made for payment
35 therefrom of the reasonable and necessary expenses of administration, operation and
36 maintenance of the Utilities System.

37
38 **"Owner"** shall mean the Person reflected as registered owner of any of the
39 Bonds on the registration books maintained by the Paying Agent. Notwithstanding any
40 provision of this Bond Ordinance to the contrary, the Insurer shall, at all times, be
41 deemed an owner of all the bonds for the purposes of consenting to any resolution
42 supplementing or amending this Bond Ordinance, and shall be notified in advance of the
43 adoption of any resolution supplemental or amendatory hereto whether or not the consent
44 of the Owners is required.

45
46 **"Outstanding"**, when used with reference to the Bonds, means, as of any
47 date, all Bonds theretofore issued under the Bond Ordinance, except:

48
49 (a) Bonds theretofore canceled by the Paying Agent or delivered to the
50 Paying Agent for cancellation;

51
52 (b) Bonds for the payment or redemption of which sufficient Defeasance
53 Obligations have been deposited with the Paying Agent or an escrow agent in trust for
54 the owners of such Bonds with the effect specified in Section 1101 of this Bond
55 Ordinance, provided that if such Bonds are to be redeemed, irrevocable notice of such
56 redemption has been duly given or provided for pursuant to the Bond Ordinance, to the
57 satisfaction of the Paying Agent, or waived;

58
59 (c) Bonds in exchange for or in lieu of which other Bonds have been
60 registered and delivered pursuant to the Bond Ordinance; and

61
62 (d) Bonds alleged to have been mutilated, destroyed, lost, or stolen which
63 have been paid as provided in the Bond Ordinance or by law.

1 **ITEM NO. 95-12-1826**
2 **ORDINANCE NO. 2657**
3 **PAGE 4**
4

5 **"Paying Agent"** means First National Bank of Commerce, in the City of
6 New Orleans, Louisiana, as paying agent and registrar hereunder, until a successor
7 Paying Agent shall have become such pursuant to the applicable provisions of the Bond
8 Ordinance, and thereafter "Paying Agent" shall mean such successor Paying Agent.
9

10 **"Person"** means any individual, corporation, partnership, joint venture,
11 association, joint-stock company, trust, unincorporated organization, or government or any
12 agency or political subdivision thereof.
13

14 **"Qualified Investments"** means the following that also qualify as Permitted
15 Investments under Section 1309 hereof, provided that the same are at the time legal for
16 investment of the Issuer's funds:
17

18 (i) any bonds or other obligations which as to principal and interest
19 constitute direct obligations of the United States of America, including obligations of any
20 of the Federal agencies set forth in clause (ii) below to the extent unconditionally
21 guaranteed by the United States of America and any certificates or any other evidences
22 of an ownership interest in obligations or in specified portions thereof (which may consist
23 of specified portions of the interest thereon) of the character described in this clause (i)
24 such as those securities commonly known as CATS, TIGRS and/or STRIPS;
25

26 (ii) bonds, debentures or other evidences of indebtedness issued by the
27 Private Export Funding Corporation, Federal Home Loan Bank System, Federal Home
28 Loan Mortgage Corporation, Federal National Mortgage Association and Student Loan
29 Marketing Association;
30

31 (iii) certificates of deposit, whether negotiable or nonnegotiable, issued by
32 any bank or trust company organized under the laws of the State or any national banking
33 association having its principal office in the State (including the Paying Agent or the
34 Escrow Agent) which is a member of the Federal Deposit Insurance Corporation and
35 which are secured at all times by collateral described in clause (i) above;
36

37 (iv) certificates of deposit, savings accounts, deposit accounts or money
38 market deposits of any bank or trust company organized under the laws of the State or
39 any national banking association having its principal office in the State (including the
40 Paying Agent and the Escrow Agent) which are fully insured by the Federal Deposit
41 Insurance Corporation;
42

43 (v) shares of mutual or trust fund institutions which are registered with the
44 Securities and Exchange Commission under the Securities Act of 1933 and the
45 Investment Company Act of 1940, and which have underlying investments consisting
46 solely of and limited to obligations described in (i) above;
47

48 (vi) repurchase agreements which are fully collateralized by securities
49 described in (i) or (ii) above, provided that (a) each repurchase agreement requires
50 collateral levels and provisions concerning valuation of the obligations that constitute the
51 collateral for such repurchase agreements acceptable to the Issuer, (b) the obligations
52 that constitute the collateral for a repurchase agreement are required to be in the
53 possession of the Issuer or its agent, (c) the party delivering the obligations which
54 constitute the collateral for a repurchase agreement has good and marketable title to such
55 obligations, such obligations are free from any liens, encumbrances or claims of third
56 parties, and such obligations are accompanied by such certificates, endorsements or such
57 other instruments as may be required by the Issuer or its agent to register such
58 obligations in the name of the Issuer or its agent and (d) each repurchase agreement
59 provides the Issuer or its agent with a perfected security interest in the obligations which
60 constitute the collateral for such repurchase agreement; and
61
62
63

5 (vii) bonds issued by any state or a political subdivision or public
6 corporation of any state, the interest on which is exempt from federal income taxes,
7 provided that such bonds are rated at the time the investment is made by Moody's
8 Investors Service and Standard & Poor's Corporation in one of the two highest rating
9 categories.

10
11 **"Record Date"** means, with respect to an Interest Payment Date, the close
12 of business on the fifteenth day of the calendar month next preceding such Interest
13 Payment Date, whether or not such day is a Business Day.

14
15 **"Redemption Price"** means, when used with respect to a Bond, the
16 principal amount thereof plus the applicable premium, if any, payable upon redemption
17 thereof pursuant to the Bond Ordinance.

18
19 **"Reserve Fund Requirement"** means, as of any date, the highest Debt
20 Service requirements on the Bonds and any additional parity bonds in any succeeding
21 Fiscal Year.

22
23 **"State"** means the State of Louisiana.

24
25 **"Underwriter"** shall mean collectively Newman and Associates, Inc., and
26 Stephens, Inc., both of New Orleans, Louisiana.

27
28 **"Utilities System"** means the revenue producing public utility comprised
29 of the combined waterworks system and sewer system of the Issuer, presently serving
30 substantially all of the potable water and sewerage users in the Issuer, and any future
31 additions thereto, as said systems now exist and as the same may be improved,
32 extended or supplemented from any source while any of the Bonds remain outstanding,
33 including all real estate, personal and intangible properties, contracts, franchises, leases
34 and choses in action, and including specifically all properties now or hereafter operated
35 by the Issuer under lease or agreement with any other individual, partnership or
36 corporation, public or private, as a part of the Utilities System, whether lying within or
37 without the boundaries of the Issuer.

38
39 SECTION 102. Interpretation. In the Bond Ordinance, unless the context
40 otherwise requires, (a) words importing the singular include the plural and vice versa, (b)
41 words of the masculine gender shall be deemed and construed to include correlative
42 words of the feminine and neuter genders and (c) the title of the offices used in this Bond
43 Ordinance shall be deemed to include any other title by which such office shall be known
44 under any subsequently adopted charter.

45 ARTICLE II

46 AUTHORIZATION AND ISSUANCE OF BONDS

47 SECTION 201. Authorization of Bonds. (a) This Bond Ordinance creates
48 a series of Bonds of the Issuer designated "Utilities Revenue Bonds, Series 1996, of the
49 City of Slidell, State of Louisiana", and provides for the full and final payment of the
50 principal or redemption price of and interest on all the Bonds.

5 (b) The Bonds issued under this Bond Ordinance shall be issued for the
6 purpose of constructing and acquiring improvements and extensions to the Utilities
7 System, providing a reserve fund for the Bonds and paying the Costs of Issuance.

8 SECTION 202. Bond Ordinance to Constitute Contract. In consideration
9 of the purchase and acceptance of the Bonds by those who shall own the same from time
10 to time, the provisions of this Bond Ordinance shall be a part of the contract of the Issuer
11 with the Owners of the Bonds and shall be deemed to be and shall constitute a contract
12 between the Issuer and the Owners from time to time of the Bonds. The provisions,
13 covenants and agreements herein set forth to be performed by or on behalf of the Issuer
14 shall be for the equal benefit, protection and security of the Owners of any and all of the
15 Bonds, each of which Bonds, regardless of the time or times of its issue or maturity, shall
16 be of equal rank without preference, priority or distinction over any other thereof except
17 as expressly provided in the Bond Ordinance.

18 SECTION 203. Obligation of Bonds. The Bonds shall be payable as to
19 both principal and interest solely from the Net Utilities Revenues, pursuant to the
20 Constitution and laws of the State of Louisiana. The Net Utilities Revenues are hereby
21 irrevocably and irrevocably pledged and dedicated in an amount sufficient for the
22 payment of the Bonds in principal, premium, if any, and interest as they shall respectively
23 become due and payable, and for the other purposes hereinafter set forth in this Bond
24 Ordinance. All of the Net Utilities Revenues shall be set aside in a separate fund, as
25 hereinafter provided, and shall be and remain pledged for the security and payment of
26 the Bonds, and any future parity bonds issued pursuant to Section 703 hereof, in
27 principal, premium, if any, and interest and for all other payments provided for in this
28 Bond Ordinance until such Bonds shall have been fully paid and discharged.

29 SECTION 204. Authorization and Designation. Pursuant to the provisions
30 of the Act, there is hereby authorized the issuance of Two Million Five Hundred Thousand
31 Dollars (\$2,500,000) principal amount of Bonds of the Issuer to be designated "Utilities
32 Revenue Bonds, Series 1996, of the City of Slidell, State of Louisiana," for the purposes
33 set forth in Section 201(b) above. The Bonds shall be in substantially the form set forth
34

4
 5 in Exhibit A hereto, with such necessary or appropriate variations, omissions and
 6 insertions as are required or permitted by the Act and this Bond Ordinance.

7 SECTION 205. Denominations, Dates, Maturities and Interest. The Bonds
 8 shall be issued as fully registered bonds without coupons in the denominations of \$5,000
 9 principal amount or any integral multiple thereof within a single maturity, shall be dated
 10 April 1, 1996, and shall be numbered R-1 upward. The unpaid principal of the Bonds
 11 shall bear interest from the date thereof or from the most recent Interest Payment Date
 12 to which interest has been paid or duly provided for, payable on each Interest Payment
 13 Date, commencing October 1, 1996, at the following rates of interest and shall mature on
 14 April 1 of each year as follows:

DATE (APRIL 1)	PRINCIPAL PAYMENT	INTEREST RATE	DATE (APRIL 1)	PRINCIPAL PAYMENT	INTEREST RATE
1998	\$85,000	3.90%	2004	\$110,000	4.70%
1999	85,000	4.10	2005	115,000	4.80
2000	90,000	4.20	2006	120,000	4.90
2001	95,000	4.30			
2002	100,000	4.40	2016	1,595,000	5.55
2003	105,000	4.60			

25 The Bonds maturing on April 1, 2016, shall be retired by sinking fund
 26 installments which shall be accumulated in the Bond Retirement Account in the Bond
 27 Fund in amounts sufficient to redeem on April 1 of each year the principal amount of such
 28 Bonds specified for each of the years shown below:

DATE (APRIL 1)	PRINCIPAL PAYMENT	INTEREST RATE	DATE (APRIL 1)	PRINCIPAL PAYMENT	INTEREST RATE
2007	\$125,000	5.55%	2012	\$160,000	5.55%
2008	130,000	5.55	2013	170,000	5.55
2009	140,000	5.55	2014	180,000	5.55
2010	145,000	5.55	2015	190,000	5.55
2011	155,000	5.55	2016*	200,000	5.55

37
 38 *Maturity

39
 40 The principal of and premium, if any, on the Bonds are payable in such coin
 41 or currency of the United States of America as at the time of payment is legal tender for
 42 payment of public and private debts at the principal corporate trust office of the Paying
 43 Agent, upon presentation and surrender thereof. Interest on the Bonds is payable by
 44 check mailed on or before the Interest Payment Date by the Paying Agent to the Owner

5 thereof (determined at the close of business on the Record Date) at the address of such
6 Owner as it appears on the registration books of the Paying Agent maintained for such
7 purpose. Except as otherwise provided in this Section, Bonds shall bear interest from
8 date thereof or from the most recent Interest Payment Date to which interest has been
9 paid or duly provided for, as the case may be, provided, however, that if and to the extent
10 that the Issuer shall default in the payment of the interest on any Bonds due on any
11 Interest Payment Date, then all such Bonds shall bear interest from the most recent
12 Interest Payment Date to which interest has been paid on the Bonds, or if no interest has
13 been paid on the Bonds, from their dated date. The person in whose name any Bond is
14 registered at the Record Date with respect to an Interest Payment Date shall in all cases
15 be entitled to receive the interest payable on such Interest Payment Date (unless such
16 Bond has been called for redemption on a redemption date which is prior to such Interest
17 Payment Date) notwithstanding the cancellation of such Bond upon any registration of
18 transfer or exchange thereof subsequent to such Record Date and prior to such Interest
19 Payment Date.

20 **ARTICLE III**

21 **GENERAL TERMS AND PROVISIONS OF THE BONDS**

22 **SECTION 301. Exchange of Bonds; Persons Treated as Owners.** The

23 Issuer shall cause books for the registration of ownership of the Bonds and for the
24 registration of transfer of the Bonds as provided in this Bond Ordinance to be kept by the
25 Paying Agent at its principal corporate trust office, and the Paying Agent is hereby
26 constituted and appointed the registrar for the Bonds. At reasonable times and under
27 reasonable regulations established by the Paying Agent said list may be inspected and
28 copied by the Issuer or by the Owners (or a designated representative thereof) of 15%
29 of the outstanding principal amount of the Bonds. Upon surrender for registration of
30 transfer of any Bond, the Paying Agent shall register and deliver in the name of the
31 transferee or transferees one or more new fully registered Bonds of authorized
32 denominations of the same maturity and like aggregate principal amount. At the option
33 of the Bondholder, Bonds may be exchanged for other Bonds of authorized
34 denominations of the same maturity and like aggregate principal amount, upon surrender

1 **ITEM NO. 95-12-1826**
2 **ORDINANCE NO. 2657**
3 **PAGE 9**
4

5 of the Bonds to be exchanged at said office. Whenever any Bonds are so surrendered
6 for exchange, the Paying Agent shall register and deliver in exchange therefor the Bond
7 or Bonds which the Bondholder making the exchange shall be entitled to receive. All
8 Bonds presented for registration of transfer or exchange shall be accompanied by a
9 written instrument or instruments of transfer in form and with a guaranty of signature
10 satisfactory to the Paying Agent, duly executed by the Owner or his attorney duly
11 authorized in writing. No service charge to the Bondholders shall be made by the Paying
12 Agent for any exchange or registration of transfer of Bonds. The Paying Agent may
13 require payment by the person requesting an exchange or registration of transfer of
14 Bonds of a sum sufficient to cover any tax or other governmental charge that may be
15 imposed in relation thereto. The Issuer and the Paying Agent shall not be required (a)
16 to issue, register the transfer of or exchange any Bond during a period beginning at the
17 close of business on a Record Date or any date of selection of Bonds to be redeemed
18 and ending at the close of business on the Interest Payment Date or day on which the
19 applicable notice of redemption is given or (b) to register the transfer of or exchange any
20 Bond so selected for redemption in whole or in part. All Bonds delivered upon any
21 registration of transfer or exchange of Bonds shall be valid obligations of the Issuer,
22 evidencing the same debt and entitled to the same benefits under this Bond Ordinance
23 as the Bonds surrendered. Prior to due presentment for registration of transfer of any
24 Bond, the Issuer and the Paying Agent, and any agent of the Issuer or the Paying Agent
25 may deem and treat the person in whose name any Bond is registered as the absolute
26 owner thereof for all purposes, whether or not such Bond shall be overdue, and shall not
27 be bound by any notice to the contrary.

28 SECTION 302. Bonds Mutilated, Destroyed, Stolen or Lost. In case any
29 Bond shall become mutilated or be improperly canceled, or be destroyed, stolen or lost,
30 the Issuer may in its discretion adopt an Ordinance or an Ordinance and thereby
31 authorize the issuance and delivery of a new Bond in exchange for and substitution for
32 such mutilated or improperly canceled Bond, or in lieu of and substitution for the Bond
33 destroyed, stolen or lost, upon the Owner (i) furnishing the Issuer and the Paying Agent
34 proof of his ownership thereof and proof of such mutilation, improper cancellation,

1 **ITEM NO. 95-12-1826**
2 **ORDINANCE NO. 2657**
3 **PAGE 10**

4
5 destruction, theft or loss satisfactory to the Issuer and the Paying Agent, (ii) giving to the
6 Issuer and the Paying Agent an indemnity bond in favor of the Issuer and the Paying
7 Agent in such amount as the Issuer may require, (iii) compliance with such other
8 reasonable regulations and conditions as the Issuer may prescribe and (iv) paying such
9 expenses as the Issuer and the Paying Agent may incur. All Bonds so surrendered shall
10 be delivered to the Paying Agent for cancellation pursuant to Section 304 hereof. If any
11 Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the
12 Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost,
13 stolen or destroyed, without surrender thereof. Any such duplicate Bond issued pursuant
14 to this Section shall constitute an original, additional, contractual obligation on the part of
15 the Issuer, whether or not the lost, stolen or destroyed Bond be at any time found by
16 anyone. Such duplicate Bond shall be in all respects identical with those replaced except
17 as to the number thereof and that it shall bear on its face the following additional clause:

18 "This bond is issued to replace a lost, canceled or
19 destroyed bond under the authority of R.S. 39:971
20 through 39:974."
21

22 Such duplicate Bond may be signed by the facsimile signatures of the same officers who
23 signed the original Bonds, provided, however, that in the event the officers who executed
24 the original Bonds are no longer in office, then the new Bonds may be signed by the
25 officers then in office. Such duplicate Bonds shall be entitled to equal and proportionate
26 benefits and rights as to lien and source and security for payment as provided herein with
27 respect to all other Bonds issued hereunder, the obligations of the Issuer upon the
28 duplicate Bonds being identical to its obligations upon the original Bonds and the rights
29 of the Owner of the duplicate Bonds being the same as those conferred by the original
30 Bonds.

31 SECTION 303. Preparation of Definitive Bonds, Temporary Bonds. Until
32 the definitive Bonds are prepared, the Issuer may execute, in the same manner as is
33 provided in Section 305, and deliver, in lieu of definitive Bonds, but subject to the same
34 provisions, limitations and conditions as the definitive Bonds except as to the
35 denominations, one or more temporary typewritten Bonds substantially of the tenor of the
36 definitive Bonds in lieu of which such temporary Bond or Bonds are issued, in authorized

1 **ITEM NO. 95-12-1826**
2 **ORDINANCE NO. 2657**
3 **PAGE 11**

4
5 denominations, and with such omissions, insertions and variations as may be appropriate
6 to temporary Bonds.

7 SECTION 304. Cancellation of Bonds. All Bonds paid or redeemed either
8 at or before maturity, together with all Bonds purchased by the Issuer, shall thereupon
9 be promptly canceled by the Paying Agent. The Paying Agent shall thereupon promptly
10 furnish to the Clerk of the Issuer an appropriate certificate of cancellation.

11 SECTION 305. Execution. The Bonds shall be executed in the name and
12 on behalf of the Issuer by the manual or facsimile signature of the Mayor and attested by
13 the manual or facsimile signature of the Clerk of the Issuer, and the corporate seal of the
14 Issuer (or a facsimile thereof) shall be thereunto affixed, imprinted, engraved or otherwise
15 reproduced thereon. In case any one or more of the officers who shall have signed or
16 sealed any of the Bonds shall cease to be such officer before the Bonds so signed and
17 sealed shall have been actually delivered, such Bonds may, nevertheless, be delivered
18 as herein provided, and may be issued as if the person who signed or sealed such Bonds
19 had not ceased to hold such office. Said officers shall, by the execution of the Bonds,
20 adopt as and for their own proper signatures their respective facsimile signatures
21 appearing on the Bonds or any legal opinion certificate thereon, and the Issuer may adopt
22 and use for that purpose the facsimile signature of any person or persons who shall have
23 been such officer at any time on or after the date of such Bond, notwithstanding that at
24 the date of such Bond such person may not have held such office or that at the time
25 when such Bond shall be delivered such person may have ceased to hold such office.

26 SECTION 306. Registration by Paying Agent. No Bond shall be valid or
27 obligatory for any purpose or entitled to any security or benefit under the Bond Ordinance
28 unless and until a certificate of registration on such Bond substantially in the form set
29 forth in Exhibit A hereto shall have been duly executed on behalf of the Paying Agent by
30 a duly authorized signatory, and such executed certificate of the Paying Agent upon any
31 such Bond shall be conclusive evidence that such Bond has been executed, registered
32 and delivered under the Bond Ordinance.

33 SECTION 307. Regularity of Proceedings. The Issuer, having investigated
34 the regularity of the proceedings had in connection with the issuance of the Bonds, and

5 having determined the same to be regular, each of the Bonds shall contain the following
6 recital, to-wit:

7 "It is certified that this bond is authorized by and is
8 issued in conformity with the requirements of the
9 Constitution and statutes of the State of Louisiana."
10

11 **ARTICLE IV**

12 **APPLICATION OF PROCEEDS**

13 **SECTION 401. Application of Bond Proceeds and Accrued Interest. (a)**

14 Upon the delivery of the Bonds, the amount, if any, received as accrued interest shall be
15 deposited in the Sinking Fund described in Section 503(b) and applied by the Issuer to
16 pay interest falling due on the Bonds on the first Interest Payment Date.
17

18 (b) Upon delivery of the Bonds, a portion of the proceeds of the Bonds
19 shall be deposited in the Reserve Fund so that an amount equal to the Debt Service
20 Reserve Fund Requirement shall be on deposit in the Reserve Fund.
21

22 (c) After making the deposits described in (a) and (B) above, the remaining
23 proceeds of the Bonds shall be deposited in a special account to be established by the
24 Issuer called the "City of Slidell, State of Louisiana, Series 1996 Utilities Revenue Bond
25 Project Account," and such moneys, together with the interest earnings thereon, shall be
26 used to pay Costs of Issuance and for providing additions and improvements to the
27 Utilities System.

28 **ARTICLE V**

29 **PAYMENT OF BONDS; DISPOSITION OF FUNDS**

30 **SECTION 501. Deposit of Funds With Paying Agent. The Issuer covenants**

31 that it will deposit or cause to be deposited with the Paying Agent from the moneys
32 derived from the operation of the Utilities System or other funds available for such
33 purpose, at least three (3) Business Days in advance of each Interest Payment Date,
34 funds fully sufficient to pay promptly the principal, premium, if any, and interest so falling
35 due on such date.

36 **SECTION 502. Security for Bond Funds. All of the income and revenues**
37 to be earned from the operation of the Utilities System shall be deposited daily as
38

1 **ITEM NO. 95-12-1826**
2 **ORDINANCE NO. 2657**
3 **PAGE 13**

4
5 provided in Section 503 hereof in the Utilities System Fund, which fund shall be
6 established and maintained separate and apart from all other funds of the Issuer. The
7 Sinking Fund and the Reserve Fund (both as hereinafter defined) shall be held by the
8 depository bank as special trust funds for the purposes provided in this Bond Ordinance,
9 and all other funds shall be held by the depository bank as special deposits for the
10 purposes set forth in this Bond Ordinance, and subject to such reasonable instructions
11 as the Issuer may give in writing to the depository bank. The Owners are hereby granted
12 a lien on all funds established pursuant to the requirements of this Bond Ordinance until
13 applied in the manner herein provided.

14 SECTION 503. Funds and Accounts. In order that the principal of,
15 premium, if any, and the interest on the Bonds will be paid in accordance with their terms
16 and for the other objects and purposes hereinafter provided, the Issuer further covenants
17 that all income and revenues of every nature derived from the operation of the Utilities
18 System shall be deposited daily as the same may be collected in a separate and special
19 bank account and known and designated as the "Utilities System Fund," and said Utilities
20 System Fund shall be maintained and administered in the following order of priority and
21 for the following express purposes:

22 (a) The payment of all reasonable and necessary expenses of
23 administering, operating and maintaining the Utilities System not paid from other
24 revenues, including, specifically, ad valorem taxes;

25
26 (b) The establishment and maintenance of a "Revenue Bond Sinking Fund"
27 (the "Sinking Fund") in an amount sufficient to pay promptly and fully the principal of and
28 the interest on the Bonds herein authorized, including any additional pari passu bonds
29 issued hereafter in the manner provided by this Bond Ordinance, as they severally
30 become due and payable, by transferring from the Utilities System Fund to the Sinking
31 Fund monthly in advance on or before the 20th day of each month of each year, a
32 fractional amount of the interest on the Bonds falling due on the next Interest Payment
33 Date and a fractional amount of the principal of the Bonds falling due on the next principal
34 payment date, such fractions being equal to the number 1 divided by the number of
35 months preceding such Interest Payment Date or principal payment date, as the case
36 may be, since the last interest or principal payment date, as the case may be, so that by
37 making equal monthly payments the Issuer will always provide the necessary sums
38 required to be on hand on each interest and principal payment date, together with such
39 additional proportionate sum as may be required so that sufficient moneys will be
40 available in the Sinking Fund to pay said principal and interest as the same respectively
41 become due. The depository bank for the Sinking Fund shall transfer from the Sinking
42 Fund to the Paying Agent, at least three (3) days in advance of the date on which each
43 payment of principal and interest falls due, funds sufficient to pay promptly the principal
44 and interest so falling due on such date.
45
46

1 **ITEM NO. 95-12-1826**
2 **ORDINANCE NO. 2657**
3 **PAGE 14**
4

5 (c) The establishment and maintenance of a "Revenue Bond Reserve
6 Fund" (the "Reserve Fund") with the fiscal agent bank by depositing Bond proceeds upon
7 delivery of the Bonds, a sum equal to the Reserve Fund Requirement, and by making any
8 further deposits as hereinafter provided so that there will be on deposit in the Reserve
9 Fund an amount equal to the Reserve Fund Requirement. The money in the Reserve
10 Fund shall be retained solely for the purpose of paying the principal of and interest on
11 bonds payable from the Sinking Fund as to which there would otherwise be default
12 (except such amounts, if any, as may be payable to the United States of America as a
13 rebate of arbitrage). In the event that additional pari passu bonds are issued hereafter in
14 the manner provided by this Bond Ordinance, there shall be transferred from the
15 proceeds of such pari passu bonds and/or the Utilities System Fund, at the time of
16 delivery of said additional pari passu bonds, or transferred from the Utilities System Fund
17 into the Reserve Fund within a period not exceeding five (5) years, such amounts (as
18 may be designated in the ordinance authorizing the issuance of such pari passu bonds)
19 as will increase the total amount on deposit in said Reserve Fund to a sum equal to the
20 Reserve Fund Requirement.
21

22 (d) The establishment and maintenance of a "Capital Additions and
23 Contingencies Fund" (the "Contingencies Fund"), with the fiscal agent bank to care for
24 additions and improvements, renewals, replacements and emergency repairs necessary
25 to properly operate the Utilities System, by transferring from the Utilities System Fund to
26 the Contingencies Fund, monthly on or before the 20th day of each month of each year,
27 a sum at least equal to five percent (5%) of the gross revenues of the Utilities System
28 after provision is made for the funds required by paragraphs (a) through (c) above. In
29 addition to caring for extensions, additions, improvements, renewals and replacements
30 necessary to properly operate the Utilities System, the money in the Contingencies Fund
31 shall be used to pay the principal of and the interest on the Bonds, including any
32 additional pari passu bonds issued hereafter in the manner provided by the Bond
33 Ordinance, for the payment of which there is not sufficient money in the Sinking Fund or
34 Reserve Fund, but the money in the Contingencies Fund shall never be used for the
35 making of extensions, additions, improvements, renewals and replacements to the Utilities
36 System if such use of said money will leave in the Contingencies Fund for the making of
37 emergency repairs or replacements less than the sum of Twenty-Five Thousand Dollars
38 (\$25,000).
39

40 If at any time it shall be necessary to use moneys in the Reserve Fund or
41 the Contingencies Fund for the purpose of paying principal or interest on Bonds payable
42 from the Sinking Fund as to which there would otherwise be default, then the moneys so
43 used shall be replaced from the revenues of the Utilities System first thereafter received,
44 not hereinabove required for the purposes described in (a) and (b) of this Section 503,
45 it being the intention hereof that there shall as nearly as possible be at all times in the
46 Reserve Fund and the Contingencies Fund the amounts hereinabove specified.
47

48 All or any part of the moneys in the Utilities System Fund, Sinking Fund,
49 Reserve Fund and Contingencies Fund shall, at the written request of the Issuer, be
50 invested in direct obligations of the United States of America maturing in five (5) years
51 or less and such investments shall, to the extent at any time necessary, be liquidated and
52 the proceeds thereof applied to the purposes for which such funds are created. All
53 income or earnings from such investments shall be deposited in the Utilities System Fund
54 as income and revenues of the Utilities System.
55

56 Any moneys remaining in the Utilities System Fund after making the above
57 required monthly payments may be used by the Issuer for such other lawful corporate
58 purposes as the governing authority of the Issuer may determine, whether such purposes
59 are or are not related to the System.
60

61 In the case of issues involving term bonds, all principal maturity calculations
62 will be based on mandatory sinking fund payment installments rather than term bond
63 maturities.

5 SECTION 504. Method of Valuation and Frequency of Valuation. In
6 computing the amount in any fund provided for in Section 503, Qualified Investments shall
7 be valued at the lower of the cost or the market price, exclusive of accrued interest. With
8 respect to all funds and accounts (except the Reserve Fund), valuation shall occur
9 annually. The Reserve Fund shall be valued semi-annually, except in the event of a
10 withdrawal from the Reserve Fund, whereupon it shall be valued immediately after such
11 withdrawal.

12 ARTICLE VI

13 REDEMPTION OF BONDS

14 SECTION 601. Redemption of Bonds. Those Bonds maturing April 1, 2007,
15 and thereafter, will be callable for redemption by the Issuer in full at any time on or after
16 April 1, 2006, or in part, in the inverse order of their maturities, and if less than a full
17 maturity, then by lot within such maturity, on any Interest Payment Date on or after April
18 1, 2006, at the redemption prices with respect to each Bond, expressed as a percentage
19 of the principal amount of the Bonds so redeemed, as set forth below:

20 Redemption Period 21 <u>(both dates inclusive)</u>	22 Redemption 23 <u>Price</u>
24 April 1, 2006 to March 31, 2007	101-1/2%
25 April 1, 2007 to March 31, 2008	101%
26 April 1, 2008 to March 31, 2009	100-1/2%
27 April 1, 2009 and thereafter	100%

28 Optional redemption of the Bonds shall be applied in inverse order against the mandatory
29 sinking fund redemption requirements.

30 In the event a Bond is of a denomination larger than \$5,000, a portion of
31 such Bond (\$5,000 or any multiple thereof) may be redeemed. Official notice of such call
32 of any of the Bonds for redemption will be given by first class mail, postage prepaid, by
33 notice deposited in the United States mails not less than thirty (30) days prior to the
34 redemption date addressed to the registered owner of each bond to be redeemed at his
35 address as shown on the registration books of the Paying Agent.

36 The Bonds are also subject to mandatory redemption prior to maturity in part
37 as provided in Section 603 of this Bond Ordinance at the principal amount thereof plus
38 accrued interest to April 1, 2016, as provided in Section 205 of this Bond Ordinance.

1 **ITEM NO. 95-12-1826**
2 **ORDINANCE NO. 2657**
3 **PAGE 16**

4
5 However, the obligation to effect such mandatory redemption shall be reduced to the
6 extent Bonds of the applicable maturity have theretofore been paid or cancelled as a
7 result of optional call, or purchased or acquired by means other than call.

8 SECTION 602. Notice to Paying Agent. In the case of any redemption of
9 Bonds, the Issuer shall give written notice to the Paying Agent of the election so to
10 redeem and the redemption date, and of the principal amounts and numbers of the Bonds
11 or portions of Bonds of each maturity to be redeemed. Such notice shall be given at least
12 thirty (30) days prior to the redemption date. In the event notice of redemption shall have
13 been given as provided in Section 604, the Issuer shall, at least one day prior to the
14 redemption date, deposit moneys available therefor with the Paying Agent in an amount
15 which, in addition to other amounts, if any, available therefor held by the Paying Agent
16 will be sufficient to redeem on the redemption date, at the redemption price thereof
17 together with accrued interest to the redemption date, all of the Bonds to be redeemed.

18 SECTION 603. Selection of Bonds to be Redeemed by Lot. In the event
19 of redemption of less than all the outstanding Bonds of like maturity, such Bonds shall be
20 redeemed by lot or in such other manner as shall be deemed fair and equitable by the
21 Paying Agent for random selection.

22 SECTION 604. Notice of Redemption. Notice of any such redemption shall
23 be given by the Paying Agent by mailing a copy of the redemption notice by first class
24 mail, postage prepaid, not less than thirty (30) days prior to the date fixed for redemption
25 to the Owner of each Bond to be redeemed in whole or in part at the address shown on
26 the registration books maintained by the Paying Agent. Failure to give such notice by
27 mailing to any Bondholder, or any defect therein, shall not affect the validity of any
28 proceedings for the redemption of other Bonds. All notices of redemption shall state (i)
29 the redemption date; (ii) the redemption price; (iii) if less than all the Bonds are to be
30 redeemed, the identifying number (and in the case of partial redemption, the respective
31 principal amounts) and CUSIP number of the Bonds to be redeemed; (iv) that on the
32 redemption date the redemption price will become due and payable on each such Bond
33 and interest thereon will cease to accrue thereon from and after said date; and (v) the
34 place where such Bonds are to be surrendered for payment. Any notice mailed as

1 **ITEM NO. 95-12-1826**
2 **ORDINANCE NO. 2657**
3 **PAGE 17**
4

5 provided in this Section shall be conclusively presumed to have been duly given, whether
6 or not the Owner of such Bonds receives the notice. On or before any redemption date
7 the Paying Agent shall segregate and hold in trust funds furnished by the Issuer for the
8 payment of the Bonds or portions thereof called, together with accrued interest thereon
9 and premium, if any, to the redemption date. Upon the giving of notice and the deposit
10 of funds for redemption, interest on such Bonds or portions thereof thus called shall no
11 longer accrue after the date fixed for redemption. If said moneys shall not be so available
12 on the redemption date, such Bonds shall continue to bear interest until paid at the same
13 rate as they would have borne had they not been called for redemption. No payment
14 shall be made by the Paying Agent upon any Bond or portion thereof called for
15 redemption until such Bond or portion thereof shall have been delivered for payment or
16 cancellation or the Paying Agent shall have received the items required by Section 302
17 with respect to any mutilated, lost, stolen or destroyed Bond. Upon surrender of any
18 Bond for redemption in part only, the Paying Agent shall register and deliver to the Owner
19 thereof a new Bond or Bonds of authorized denominations in an aggregate principal
20 amount equal to the unredeemed portion of the Bond surrendered.

21 SECTION 605. Payment of Redeemed Bonds. Notice having been given
22 in the manner provided in Section 604, the Bonds or portions thereof so called for
23 redemption shall become due and payable on the redemption date so designated at the
24 Redemption Price, plus interest accrued and unpaid to the redemption date, and, upon
25 presentation and surrender thereof at the office specified in such notice, such Bonds or
26 portions thereof shall be paid at the Redemption Price plus interest accrued and unpaid
27 to the redemption date.

28 SECTION 606. Purchase of Bonds. The Paying Agent shall endeavor to
29 apply any moneys furnished by the Issuer for the redemption of Bonds (but not committed
30 to the redemption of Bonds as to which notice of redemption has been given) to the
31 purchase of appropriate outstanding Bonds. In accordance with Section 304, any Bonds
32 so purchased shall be canceled. The price paid by the Paying Agent (excluding accrued
33 interest, but including any brokerage or other charges) for any Bond purchased pursuant
34 to this Section shall not exceed the Redemption Price thereof; the Paying Agent shall also

5 pay (from moneys furnished by the Issuer) accrued interest on any such Bond. Subject
6 to the above limitations, the Paying Agent, at the direction of the Issuer, shall purchase
7 Bonds at such times, for such prices, in such amounts and in such manner (whether after
8 advertisement for tenders or otherwise) with monies made available by the Issuer for such
9 purpose, provided, however, that the Paying Agent shall not expend amounts for the
10 purchase of Bonds of a particular maturity in excess of the amount that would otherwise
11 be expended for the redemption of Bonds of such maturity, and, provided further, that the
12 Issuer may, in its discretion, direct the Paying Agent to advertise for tenders for the
13 purchase of Bonds not less than sixty (60) days prior to any date for redemption of
14 Bonds.

15 **ARTICLE VII**

16 **PARTICULAR COVENANTS, ADDITIONAL PARITY BONDS**

17 **SECTION 701. Obligation of the Issuer in Connection with the Issuance of**
18 **the Bonds.** As a condition of the issuance of the Bonds, the Issuer hereby binds and
19 obligates itself to deposit the proceeds of the Bonds as described in Section 401.

20 **SECTION 702. Payment of Bonds.** The Issuer shall duly and punctually
21 pay or cause to be paid as herein provided, the principal or Redemption Price, if any, of
22 every Bond and the interest thereon, at the dates and places and in the manner stated
23 in the Bonds according to the true intent and meaning thereof.

24 **SECTION 703. Issuance of Parity Bonds.** All of the Bonds shall enjoy
25 complete parity of lien on the Net Utilities Revenues despite the fact that any of the
26 Bonds may be delivered at an earlier date than any other of the Bonds. The Issuer shall
27 issue no other bonds or obligations of any kind or nature payable from or enjoying a lien
28 on the Net Utilities Revenues having priority over or parity with the Bonds, provided,
29 however, that bonds may hereafter be issued on a parity with the Bonds under the
30 following conditions:

31 1. The Bonds or any part thereof, including interest and redemption
32 premiums thereon, may be refunded with the consent of the owners (except as to
33 maturing bonds or Bonds which are then option for redemption and have been properly
34 called for redemption, such consent shall not be necessary), and the refunding bonds so
35 issued shall enjoy complete equality of lien with the portion of the Bonds which is not
36 refunded, if there be any, and the refunding bonds shall continue to enjoy whatever
37 priority of lien over subsequent issues may have been enjoyed by the Bonds refunded;

1 **ITEM NO. 95-12-1826**
2 **ORDINANCE NO. 2657**
3 **PAGE 19**
4

5 provided, however, that if only a portion of Bonds outstanding is so refunded and the
6 refunding bonds require total principal and interest payments during any Bond Year in
7 excess of the principal and interest which would have been required in such Bond Year
8 to pay the Bonds refunded thereby, then such Bonds may not be refunded without the
9 consent of the Owners of the unrefunded portion of the Bonds issued hereunder.

10
11 2. Additional bonds may also be issued on a parity with the Bonds herein
12 authorized if all of the following conditions are met:

13
14 (a) The Net Utilities Revenues must in each of the two (2) completed Fiscal
15 Years immediately preceding the issuance of the additional bonds have been not less
16 than one and three-tenths (1.3) times the highest combined principal and interest re-
17 quirements for any succeeding Fiscal Year period on all bonds then outstanding, including
18 any pari passu additional bonds theretofore issued and then outstanding which are
19 payable from the Net Utilities Revenues (but not including bonds which have been
20 refunded or provision otherwise made for their full and complete payment and
21 redemption) and the bonds so proposed to be issued.

22
23 (b) There must be no delinquencies in payments required to be made into
24 the various funds established by Section 503 hereof.

25
26 (c) The existence of the facts required by paragraphs (a) and (b) above
27 must be determined and certified to by the Director of Finance.

28
29 (d) The additional bonds must be payable on April 1st of each year in which
30 principal falls due and payable as to interest on April 1st and October 1st of each year.

31
32 (e) The proceeds of the additional bonds must be used solely for the
33 making of improvements, extensions, renewals, replacements or repairs to the Utilities
34 System, or to refund bonds issued therefor.

35
36 3. (a) The Issuer may issue not exceeding \$3,900,000 of Utilities Revenue
37 Bonds, Series 1996A, maturing over a period not exceeding twenty (20) years and not
38 less than nineteen (19) years, and bearing interest at a rate not exceeding ten per
39 centum (10%) per annum. It is recognized that the purchase price of said bonds may be
40 paid in installments and for the purpose of this section, issuance shall be considered the
41 payment of the initial installment.

42
43 (b) The additional bonds must be payable as to principal on April 1st of each
44 year and as to interest on April 1st and October 1st of each year.

45
46 (c) proceeds of the additional bonds must be used solely for the making of
47 improvements, extensions, renewals, replacements or repairs to the Utilities System, or
48 to refund bonds issued therefor.

49
50 4. For the purpose of this section, debt service calculations shall be based
51 on mandatory sinking fund installments.

52
53 **ARTICLE VIII**

54
55 **SUPPLEMENTAL BOND ORDINANCES**

56
57 **SECTION 801. Supplemental Ordinances Effective Without Consent of**
58 **Bondholders.** For any one or more of the following purposes and at any time from time
59 to time, an ordinance supplemental hereto may be adopted, which, upon the filing with
60 the Paying Agent of a certified copy thereof, but without any consent of Bondholders,

1 **ITEM NO. 95-12-1826**
2 **ORDINANCE NO. 2657**
3 **PAGE 20**

4
5 shall be fully effective in accordance with its terms: (a) to add to the covenants and
6 agreements of the Issuer in the Bond Ordinance other covenants and agreements to be
7 observed by the Issuer which are not contrary to or inconsistent with this Bond Ordinance
8 as theretofore in effect;

9 (b) to add to the limitations and restrictions in this Bond Ordinance other
10 limitations and restrictions to be observed by the Issuer which are not contrary to or
11 inconsistent with this Bond Ordinance as theretofore in effect;

12 (c) to surrender any right, power or privilege reserved to or conferred upon
13 the Issuer by the terms of this Bond Ordinance, but only if the surrender of such right,
14 power or privilege is not contrary to or inconsistent with the covenants and agreements
15 of the Issuer contained in this Bond Ordinance;

16 (d) to cure any ambiguity, supply any omission, or cure or correct any defect
17 or inconsistent provision of this Bond Ordinance; or

18 (e) to insert such provisions clarifying matters or questions arising under this
19 Bond Ordinance as are necessary or desirable and are not contrary to or inconsistent with
20 this Bond Ordinance as theretofore in effect.

21 SECTION 802. Supplemental Ordinances Effective With Consent of
22 Bondholders. Except as provided in Section 801, any modification or amendment of this
23 Bond Ordinance or of the rights and obligations of the Issuer and of the Owners of the
24 Bonds hereunder, in any particular, may be made by a supplemental Ordinance, with the
25 written consent of the Owners of a majority of the Bond Obligation at the time such
26 consent is given. No such modification or amendment shall permit a change in the terms
27 of redemption or maturity of the principal of any outstanding Bond or of any installment
28 of interest thereon or a reduction in the principal amount or the redemption price thereof
29 or in the rate of interest thereon without the consent of the Owner of such Bond, or shall
30 reduce the percentages of Bonds the consent of the Owner of which is required to effect
31 any such modification or amendment, or change the obligation of the Issuer to levy rates
32 and charges for the payment of the Bonds as provided herein, without the consent of the
33 Owners of all of the Bonds then outstanding, or shall change or modify any of the rights
34 or obligations of the Paying Agent without its written assent thereto. For the purposes of

5 this Section, Bonds shall be deemed to be affected by a modification or amendment of
6 this Bond Ordinance if the same adversely affects or diminishes the rights of the Owners
7 of said Bonds.

8 **ARTICLE IX**

9 **RATES AND CHARGES; COVENANTS AS TO THE**
10 **MAINTENANCE AND OPERATION OF THE UTILITIES SYSTEM**

11 SECTION 901. Obligation to Fix Rates. The Issuer, through the Governing
12 Authority, hereby covenants to fix, establish and maintain such rates and collect such
13 fees, rents or other charges for the services and facilities of the Utilities System and all
14 parts thereof, and to revise the same from time to time whenever necessary, as will
15 always provide revenues in each year at least sufficient to pay (i) the necessary expenses
16 of administering, operating and maintaining the Utilities System in such year, (ii) the
17 principal and interest maturing on the Bonds in such year, (iii) all Reserve or Sinking
18 Funds or other payments required for such year by this Bond Ordinance, and (iv) all other
19 obligations and indebtedness payable out of the income and revenues of the Utilities
20 System during such year, and which will in any event provide revenues in each year, after
21 paying all reasonable and necessary expenses of administering, operating and
22 maintaining the Utilities System in such year not paid from ad valorem tax revenues, at
23 least equal to 120% of the largest amount of principal and interest maturing on the Bonds
24 herein authorized and on any additional pari passu bonds in any future Fiscal Year, and
25 that such rates, fees, rents or other charges shall not at any time be reduced so as to be
26 insufficient to provide adequate revenues for such purposes.

27 SECTION 902. Schedule of Rates and Charges. Except as otherwise
28 provided, nothing in this Bond Ordinance or in the Bonds shall be construed to prevent
29 the Issuer from altering, amending or repealing from time to time as may be necessary
30 any Ordinances or Ordinances setting up and establishing a schedule or schedules of
31 rates and charges for the services and facilities to be rendered by the Utilities System,
32 said alterations, amendments or repeals to be conditioned upon the continued
33 preservation of the rights of the Owners with respect to the income and revenues of the
34 Utilities System, not alone for the payment of the principal of and the interest on the

1 **ITEM NO. 95-12-1826**
2 **ORDINANCE NO. 2657**
3 **PAGE 22**
4

5 Bonds, but to give assurance and insure that the income and revenues of the Utilities
6 System shall be sufficient at all times to meet and fulfill the other provisions stated and
7 specified in Section 503 of this Bond Ordinance. It is understood and agreed, however,
8 that the Issuer shall fix, establish and maintain such rates and collect such fees, rents or
9 other charges for the services and facilities to be rendered by the Utilities System,
10 irrespective of the user thereof, that no free services or facilities shall be furnished to any
11 person, association of persons or corporation, public or private, except the Issuer itself,
12 and that all service shall be metered, and that no discrimination shall be made as to rates
13 and charges for the services and facilities of the Utilities System as between users of the
14 same type or class; provided, however, the Issuer shall not be required to meter water
15 used for fire fighting purposes through its fire hydrants, but the Issuer hereby agrees to
16 pay from its general revenues a minimum annual rental of Twenty-Five Dollars (\$25.00)
17 per year for each fire hydrant connected to the Utilities System and available for fire
18 fighting. The Issuer agrees that all charges owed by any individual, partnership or
19 corporation for water and sewer rendered by the Utilities System shall be billed and
20 collected as a unit; that failure of any individual, partnership or corporation to pay said
21 combined charge within fifteen (15) days of the date on which it is billed shall cause such
22 charge to become delinquent; that if such delinquent charge, with penalties accrued
23 thereon, is not paid within ten (10) days from the date on which it became delinquent, the
24 Issuer will shut off water service to the affected premises; and that the Issuer and its
25 officials, agents and employees will do all things necessary and will take advantage of all
26 remedies afforded by law to collect and enforce the prompt payment of all charges made
27 for utilities services rendered by the Utilities System. All delinquent charges for such
28 services shall on the date of delinquency have added thereto a penalty of ten percent
29 (10%) of the amount of the charge. If service shall be discontinued as above provided,
30 the customer shall in addition to paying the delinquent charges and penalties, pay as a
31 condition precedent to the resumption of service, a reasonable re-connection charge of
32 not less than Two Dollars (\$2.00) for each service resumed. It is further understood and
33 agreed that the schedule of rates, fees, rents and other charges being charged as of the
34 date of the adoption of this Bond Ordinance for services and facilities rendered by the

1 **ITEM NO. 95-12-1826**
2 **ORDINANCE NO. 2657**
3 **PAGE 23**
4

5 Utilities System shall remain in effect and neither said existing schedule nor any
6 subsequent schedule shall be reduced at any time unless all payments required for all
7 funds by this Bond Ordinance, including any deficiencies for prior payments, have been
8 fully made, and unless such schedule as so reduced will in each year thereafter produce
9 sufficient revenues to meet and fulfill the other provisions stated and specified in Sections
10 503 and 901 of this Bond Ordinance.

11 SECTION 903. Pledge of Revenues. In providing for the issuance of the
12 Bonds, the Issuer does hereby covenant and warrant that it will be lawfully seized and
13 possessed of the Utilities System, that it has a legal right to pledge the income and
14 revenues therefrom as herein provided, that the Bonds, together with any pari passu
15 additional bonds hereafter issued as provided in this Bond Ordinance, will have a lien and
16 privilege on said income and revenues subject only to the prior payment of all reasonable
17 and necessary expenses of administering, operating and maintaining the Utilities System,
18 and that the Issuer will at all times maintain the Utilities System in first class repair and
19 working order and condition.

20 SECTION 904. Insurance. So long as any of the Bonds herein authorized
21 are outstanding and unpaid in principal or interest, the Issuer shall carry full coverage of
22 insurance on the Utilities System at all times against those risks and in those amounts
23 normally carried by privately owned public utility companies engaged in the operation of
24 such utilities. The Issuer will also carry adequate public liability insurance. Said policies
25 of insurance shall be issued by a responsible insurance company or companies duly
26 licensed to do business under the laws of the State. In case of loss, any insurance
27 money received by the Issuer, except on public liability insurance, shall be used for the
28 purpose of promptly repairing or replacing the property damaged or destroyed, or shall
29 be deposited in the Contingencies Fund to supplement any other amounts required to be
30 paid into the Contingencies Fund.

31 So long as any of the Bonds are outstanding and unpaid, the Issuer, in
32 operating the Utilities System, shall require all of its officers and employees who may be
33 in a position of authority or in possession of money derived from the operation of the
34 Utilities System to be covered by a blanket fidelity or faithful performance bond or

1 **ITEM NO. 95-12-1826**
2 **ORDINANCE NO. 2657**
3 **PAGE 24**
4

5 independent fidelity bonds written by a responsible indemnity company in amounts
6 adequate to protect the Issuer from loss.

7 SECTION 905. Accounting for System Revenues. So long as any of the
8 Bonds herein authorized are outstanding and unpaid in principal or interest, the Issuer
9 shall maintain and keep proper books of record and accounts in which shall be made full
10 and correct entries of all transactions relating to the Utilities System. Not later than three
11 (3) months after the close of each Fiscal Year, the Issuer shall cause the commencement
12 of an audit of such books and accounts begun by a recognized independent firm of
13 certified public accountants, showing the receipts of and disbursements made for the
14 account of the Utilities System, and such audit shall be completed within 180 days of the
15 close of such Fiscal Year. Such audit shall be available for inspection by the Owner of
16 any of the Bonds herein authorized, and a copy of such audit shall be furnished promptly
17 after its completion to the original purchaser of the Bonds. Each such audit, in addition
18 to whatever matters may be thought proper by the accountant to be included therein,
19 shall include the following:

20 1. A statement in detail of the income and expenditures of the Utilities
21 System for such Fiscal Year.

22 2. A balance sheet as of the end of such Fiscal Year.

23 3. The accountant's comments regarding the manner in which the Issuer
24 has carried out the requirements of this Bond Ordinance, and the accountant's
25 recommendations for any changes or improvements in the operation of the Utilities
26 System or the method of keeping the records relating thereto.

27 4. A list of the insurance policies in force at the end of the Fiscal Year,
28 setting out as to each policy the amount of the policy, the risks covered, the name of the
29 insurer and the expiration date of the policy.

30 5. The number of metered water customers and the number of unmetered
31 water customers, if any, at the end of the Fiscal Year.

32 6. An analysis of additions, replacements and improvements to the physical
33 properties of the Utilities System.

34 All expenses incurred in the making of the audits required by this Section
35 shall be regarded and paid as a maintenance and operation expense. The Issuer further
36 agrees that the original purchaser of the Bonds, the Paying Agent and the Owners shall
37 have the right to discuss with the accountant making the audit the contents of the audit
38 and to ask for such additional information as he may reasonably require. The Issuer
39
40
41
42
43
44

1 **ITEM NO. 95-12-1826**
2 **ORDINANCE NO. 2657**
3 **PAGE 25**
4

5 further agrees to furnish to the original purchasers of the Bonds or to such other parties
6 as it shall designate in writing, and to the Paying Agent, and upon request, to any Owner,
7 a monthly statement itemized to show the income and expenses of the operation of the
8 Utilities System and the number of connections for the preceding month. The Issuer
9 further agrees that said original purchaser, the Paying Agent and the Owners shall have
10 at all reasonable times the right to inspect the Utilities System and the records, accounts
11 and data of the Issuer relating thereto.

12 SECTION 906. Rights of Owners. That the Owners of the Bonds shall be
13 entitled to exercise all rights and powers for which provision is made in the laws of the
14 State, particularly Sub-Part C, Part I, Chapter 10, Title 33 of the Louisiana Revised
15 Statutes of 1950. Any Owners of said Bonds issued under the provisions of this Bond
16 Ordinance, or any trustee acting for such Owners in the manner hereinafter provided,
17 may, either at law or in equity, by suit, action, mandamus or other proceeding in any court
18 of competent jurisdiction, protect and enforce any and all rights under the laws of the
19 State, or granted and contained in this Bond Ordinance, and may enforce and compel the
20 performance of all duties required by this Bond Ordinance or by any applicable statutes
21 to be performed by the Issuer or by any agency, board of officer thereof, including the
22 fixing, charging and collection of rentals, fees or other charges for the use of the Utilities
23 System, and in general to take any action necessary to most effectively protect the rights
24 of said Owners.

25 In the event that default shall be made in the payment of the interest on or
26 the principal of any of the Bonds issued pursuant to this Bond Ordinance as the same
27 shall become due, or in the making of the payments into any fund established by Section
28 503 of this Bond Ordinance or any other payments required to be made by this Bond
29 Ordinance, or in the event that the Issuer or any agency, board, officer, agent or
30 employee thereof shall fail or refuse to comply with the provisions of this Bond Ordinance,
31 or shall default in any covenant made herein, and in the further event that any such
32 default shall continue for a period of thirty (30) days after written notice, any Owner or
33 any trustee appointed to represent Owners as hereinafter provided, shall be entitled as
34

1 **ITEM NO. 95-12-1826**
2 **ORDINANCE NO. 2657**
3 **PAGE 26**
4

5 of right to the appointment of a receiver of the Utilities System, in an appropriate judicial
6 proceeding in a court of competent jurisdiction.

7 The receiver so appointed shall forthwith directly or by his agents and
8 attorneys, enter into and upon and take possession of the Utilities System, and each and
9 every part thereof, and shall hold, operate and maintain, manage and control the Utilities
10 System, and each and every part thereof, and in the name of the Issuer shall exercise
11 all the rights and powers of the Issuer with respect to the Utilities System as the Issuer
12 itself might do. Such receiver shall operate the Utilities System in the manner provided
13 in this Bond Ordinance, and comply under the jurisdiction of the court appointing such
14 receiver, with all of the provisions of this Bond Ordinance.

15 Whenever all that is due upon the Bonds issued pursuant to this Bond
16 Ordinance, and interest thereon, and under any covenants of this Bond Ordinance for all
17 funds herein required, and upon any other obligations and interest thereon, having a
18 charge, lien or encumbrance upon the fees, rentals or other revenues of the Utilities
19 System, shall have been paid and made good, and all defaults under the provisions of
20 this Bond Ordinance shall have been cured and made good, possession of the Utilities
21 System shall be surrendered to the Issuer upon the entry of an order of the court to that
22 effect. Upon any subsequent default, any Owner of Bonds issued pursuant to the Bond
23 Ordinance, or any trustee appointed for Owners hereinafter provided, shall have the same
24 right to secure the further appointment of a receiver upon such subsequent default.

25 Such receiver, shall in the performance of the powers hereinabove conferred
26 upon him, be under the direction and supervision of the court making such appointment,
27 shall at all times be subject to the orders and decrees of such court, and may be
28 removed thereby and a successor receiver appointed in the discretion of such court.
29 Nothing herein contained shall limit or restrict the jurisdiction of such court to enter such
30 order and further orders and decrees as such court may deem necessary or appropriate
31 for the exercise by the receiver of any function not specifically set forth herein.

32 Any receiver appointed as provided herein shall hold and operate the
33 Utilities System in the name of the Issuer and for the joint protection and benefit of the
34 Issuer and Owners of Bonds issued pursuant to this Bond Ordinance. Such receiver shall

1 **ITEM NO. 95-12-1826**
2 **ORDINANCE NO. 2657**
3 **PAGE 27**
4

5 have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind
6 or character belonging or pertaining to the Utilities System but the authority of such
7 receiver shall be limited to the possession, operation and maintenance of the Utilities
8 System for the sole purpose of the protection of both the Issuer and Owners and the
9 curing and making good of any default under the provisions of this Bond Ordinance, and
10 the title to and the ownership of the Utilities System shall remain in the Issuer, and no
11 court shall have any jurisdiction to enter any order or decree permitting or requiring such
12 receiver to sell, mortgage or otherwise dispose of any assets of the Utilities System
13 except with the consent of the Issuer and the Owners of not less than three-fourths (3/4)
14 of the principal amount of the Bonds then outstanding, and in such manner as the court
15 shall direct.

16 The Owners of Bonds in an aggregate principal amount of not less than
17 twenty-five percent (25%) of Bonds issued under this Bond Ordinance then outstanding
18 may by a duly executed certificate in writing appoint a trustee for Owners of Bonds issued
19 pursuant to this Bond Ordinance with authority to represent such Owners in any legal
20 proceedings for the enforcement and protection of the rights of such Owners. Such
21 certificate shall be executed by such Owners, or their duly authorized attorneys or
22 representatives, and shall be filed in the office of the Governing Authority.

23 SECTION 907. Sale or Lease of Utilities System. So long as any of the
24 Bonds authorized are outstanding in principal and interest, the Issuer shall be bound and
25 obligated not to sell, lease, encumber, or in any manner dispose of the Utilities System
26 or any substantial part thereof; provided, however, that this covenant shall not be
27 construed to prevent the disposal by the Issuer of property which in its judgment has
28 become inexpedient to use in connection with the Utilities System when other property
29 of equal value is substituted therefor, or the proceeds derived from the sale of such
30 property are used for the purpose of making extensions, improvements or additions to,
31 or renewal of capital assets of the Utilities System.

32 SECTION 908. Priority of Lien. Except as provided in Section 704 of this
33 Bond Ordinance, the Issuer hereby covenants that it will not voluntarily create or cause
34 to be created any debt, lien, pledge, mortgage, assignment, encumbrance or any other

1 **ITEM NO. 95-12-1826**
2 **ORDINANCE NO. 2657**
3 **PAGE 28**
4

5 charge whatsoever having priority over or parity with the lien of the Bonds issued
6 pursuant to this Bond Ordinance and the interest thereon upon any of the income and
7 revenues of the Utilities System pledged as security therefor in this Bond Ordinance.

8 SECTION 909. Franchise. So long as any of the Bonds herein authorized
9 are outstanding and unpaid in principal or interest, the Issuer obligates itself not to grant
10 a franchise to any competing utility for operation within the boundaries of the Issuer, and
11 also obligates itself to oppose the granting of any such franchise by any other public
12 board having jurisdiction over such matters. Further, the Issuer shall maintain its
13 corporate identity and existence as long as any of the Bonds herein authorized remain
14 outstanding.

15 SECTION 910. Security of and Covenant to Maintain System Revenues.
16 So long as any of the Bonds herein authorized are outstanding and unpaid, the Issuer in
17 operating the Utilities System, shall require all of its officers and employees who may be
18 in a position of authority or in possession of money derived from the operation of the
19 Utilities System, to obtain or be covered by a blanket fidelity or faithful performance bond,
20 or independent fidelity bonds written by a responsible indemnity company in amounts
21 adequate to protect the Issuer from loss.

22 SECTION 911. No Free Service. The Issuer hereby expressly agrees and
23 covenants with the Owners of the Bonds herein authorized from time to time that the
24 same will not provide any free water or sewer service other than the Issuer, and that the
25 same will adopt and maintain rules and regulations which will insure that all bills for
26 services will be collected in a prompt and punctual manner in order that all of the funds
27 and payments required under Section 503 hereof may be maintained. The Issuer likewise
28 warrants that the same will enforce all applicable laws of the State on the subject of the
29 sale and distribution of water and the collection and disposal of sewage.

30 Acting in the exercise of its police powers, the Issuer shall take all action
31 necessary to require every owner, tenant or occupant of each lot or parcel of land in the
32 Issuer which abuts upon a street or other public way containing a sewer line and upon
33 which lot or parcel a building shall have been constructed for residential, commercial or
34 industrial use, to connect said buildings with the Utilities System and to cease to use any

1 **ITEM NO. 95-12-1826**
2 **ORDINANCE NO. 2657**
3 **PAGE 29**
4

5 other method for the disposal of sewerage, sewerage waste or other polluting matter. All
6 such connections shall be made in accordance with rules and regulations to be adopted
7 from time to time by the Governing Authority, which rules and regulations may provide
8 for an inspection charge to assure the proper making of such connection.

9 In addition to all other rights and remedies available to be used for the
10 enforcement of sewerage charges and for the compelling of the making of sewerage
11 connections as aforesaid, the Issuer shall exercise and enforce promptly and efficiently
12 all rights given it under the laws of Louisiana for the enforcement and collection of such
13 charges, and particularly those rights and remedies given it by the Act.

14 SECTION 912. Consulting Engineer. It is recognized and understood that
15 in purchasing and accepting delivery of the Bonds herein authorized, the original
16 purchasers thereof have relied, and the Owners of the Bonds from time to time will rely,
17 upon representations made by the Issuer that the Utilities System will be economically
18 and efficiently operated so that both the Issuer and the Owners of the Bonds may benefit
19 through the production of maximum revenues. To this end, the Issuer hereby covenants
20 and agrees that in the event it should default in making the payments required by Section
21 503 of this Bond Ordinance, it will retain a nationally known consulting utility engineer or
22 firm of consulting utility engineers (in this Bond Ordinance referred to as "Consulting
23 Engineer") for the purpose of providing the Issuer with proper engineering counsel in the
24 operation of the Utilities System until such time as all such defaults have been cured and
25 satisfied. The Consulting Engineer shall be retained on an annual basis at such
26 reasonable compensation as may be fixed by the Governing Authority and the payment
27 of such compensation shall be considered to be one of the costs of maintaining and
28 operating the Utilities System. The Consulting Engineer retained under the provisions of
29 this Bond Ordinance may be replaced at any time by another engineer or firm of
30 engineers appointed or retained by the Issuer, provided no such engineer may be
31 replaced until an Ordinance setting forth the just cause for such action, adopted by the
32 Governing Authority, shall have been filed with the Clerk of the Issuer, the original
33 purchaser of the Bonds and with the Consulting Engineer, and thereafter a public hearing
34 thereon shall have been conducted by the Governing Authority at which all interested

1 **ITEM NO. 95-12-1826**
2 **ORDINANCE NO. 2657**
3 **PAGE 30**
4

5 persons are given an opportunity to be heard, after which the Governing Authority may
6 make such replacement if so directed by at least a two-thirds vote of the Governing
7 Authority taken at a regular meeting. If the Consulting Engineer is ever appointed,
8 retained or replaced as above provided, such engineer or successor engineer shall be
9 selected with special reference to his knowledge and experience in the construction and
10 operation of publicly owned utility properties and shall be retained under contract at such
11 reasonable compensation as may from time to time be agreed upon by the Governing
12 Authority and the engineer.

13 Should the Governing Authority fail to retain a Consulting Engineer as herein
14 provided and shall fail to do so within thirty (30) days after written notice from any Owner
15 calling attention to such failure, then upon the petition of twenty-five (25%) of the Owners
16 of the outstanding Bonds, the Governing Authority shall select and retain such Consulting
17 Engineer as is named in the petition of the Owners.

18 Said Consulting Engineer as retained as hereinabove provided, shall
19 annually inspect the Utilities System and the records relating thereto, and within three (3)
20 months after the close of the Fiscal Year he shall prepare a written report upon the
21 operations of the Utilities System during the preceding year, the condition and
22 maintenance of the properties thereof, the efficiency of the management of the property,
23 the proper and adequate keeping of books of account and record, the adherence to
24 budget and budgetary control provisions, the adherence to all the provisions of this Bond
25 Ordinance, and any other things having a bearing upon the efficient and profitable
26 operation of the Utilities System as the Consulting Engineer feels should be contained in
27 the report. Said Consulting Engineer shall also submit in said report such recommen-
28 dations for maintenance, insurance, operation, repairs, renewals, replacements,
29 extensions, betterments and improvements as he may deem proper. Copies of such
30 report shall be placed on file with the Clerk of the Issuer and said report shall be
31 furnished to any Owner of any of said Bonds upon request.

32 It shall also be the duty of the Consulting Engineer to advise the Issuer as
33 to any changes or revisions of rates, fees, rents or other charges for services and
34 facilities rendered or furnished by the Utilities System, and the Issuer agrees to make no

5 revisions therein which are not approved by the Consulting Engineer except that changes
6 or revisions of such rates, fees, rents or other charges may be made without the approval
7 of the Consulting Engineer if the Governing Authority by Ordinance adopted by two-thirds
8 (2/3) of its members shall order such changes or revisions and call a public hearing to
9 be held thereon within thirty (30) days from the adoption of the Ordinance. Not less than
10 ten (10) days notice of such hearing shall be given to all interested parties, including the
11 Consulting Engineer, and the original purchaser of the Bonds herein authorized. Sixty
12 (60) days before the close of each Fiscal Year the Issuer shall, in conjunction with the
13 Consulting Engineer, prepare a budget for the ensuing year's operation of the Utilities
14 System. No expenditure for the operation, maintenance and repairs of the Utilities
15 System in excess of the amounts stated in the budget shall be made in any year unless
16 authorized by the Governing Authority and approved by the Consulting Engineer.

17 The provisions of this Section shall only apply during any period during
18 which the Issuer may be in default in making required payments into the funds
19 established by Section 503 of this Bond Ordinance.

20 **ARTICLE X**

21 **CONCERNING FIDUCIARIES**

22 **SECTION 1001. Paying Agent; Appointment and Acceptance of Duties.**

23 The Issuer will at all times maintain a Paying Agent meeting the qualifications herein
24 described for the performance of the duties hereunder. The designation of First National
25 Bank of Commerce, in the City of New Orleans, Louisiana, as the initial Paying Agent is
26 hereby confirmed and approved. The Paying Agent shall signify its acceptance of the
27 duties and obligations imposed on it by the Bond Ordinance by executing and delivering
28 an acceptance of its rights, duties and obligations as Paying Agent set forth herein in form
29 and substance satisfactory to the Issuer.

30 **SECTION 1002. Successor Paying Agent.** Any successor Paying Agent

31 shall (i) be a trust company or bank in good standing, located in or incorporated under
32 the laws of the State, duly authorized to exercise trust powers and subject to examination
33 by federal or state authority and (ii) have a reported capital and surplus of not less than
34 \$75,000,000 and acceptable to AMBAC Indemnity. Any successor Paying Agent, if

5 applicable, shall not be appointed unless AMBAC Indemnity approves such successor in
6 writing. The Paying Agent may be removed at any time at the request of AMBAC
7 Indemnity, for any breach of the trust set forth herein. AMBAC shall receive prior written
8 notice of any Paying Agent's resignation. Notwithstanding any other provision of this
9 Ordinance, in determining whether the rights of the Bondholders will be adversely affected
10 by any action taken pursuant to the terms and provisions of this Ordinance, the Paying
11 Agent shall consider the effect on the Bondholders as if there were no Municipal Bond
12 Insurance Policy. Notwithstanding any other provision of this Ordinance, no removal,
13 resignation or termination of the Paying Agent shall take effect until a successor
14 acceptable to AMBAC Indemnity, shall be appointed.

15 **ARTICLE XI**

16 **MISCELLANEOUS**

17 SECTION 1101. Defeasance. (a) If the Issuer shall pay or cause to be
18 paid to the Owners of all Bonds then outstanding, the principal and interest and
19 redemption price, if any, to become due thereon at the times and in the manner stipulated
20 therein and in this Bond Ordinance, then the covenants, agreements and other obligations
21 of the Issuer to the Bondholders shall be discharged and satisfied. In such event, the
22 Paying Agent shall, upon the request of the Issuer, execute and deliver to the Issuer all
23 such instruments as may be desirable to evidence such discharge and satisfaction and
24 the Paying Agent shall pay over or deliver to the Issuer all moneys, securities and funds
25 held by them pursuant to the Bond Ordinance which are not required for the payment or
26 redemption of Bonds not theretofore surrendered for such payment or redemption.

27 (b) Bonds or interest installments for the payment or redemption of which
28 Defeasance Obligations shall have been set aside and shall be held in trust by the Paying
29 Agent or an escrow agent (through deposit by the Issuer of funds for such payment or
30 redemption or otherwise) at a maturity or redemption date thereof shall be deemed to
31 have been paid within the meaning and with the effect expressed in paragraph (a) of this
32 Section. Any Bond shall, prior to maturity or the redemption date thereof, be deemed to
33 have been paid within the meaning and with the effect expressed in paragraph (a) of this
34 Section if (i) in case such Bond is to be redeemed on any date prior to its maturity, the

1 **ITEM NO. 95-12-1826**
2 **ORDINANCE NO. 2657**
3 **PAGE 33**

4
5 Issuer shall have given to the Paying Agent in form satisfactory to it irrevocable
6 instructions to give notice of redemption as provided in Article VI of this Bond Ordinance,
7 (ii) there shall have been deposited with the Paying Agent or an escrow agent
8 Defeasance Obligations, in the amounts and having such terms as are necessary to
9 provide moneys (whether as principal or interest) in an amount sufficient to pay when due
10 the principal or applicable redemption price thereof, together with all accrued interest and
11 (iii) the adequacy of the Defeasance Obligations so deposited to pay when due the
12 principal or applicable redemption price and all accrued interest shall have been verified
13 by an independent certified public accountant. Neither Defeasance Obligations deposited
14 pursuant to this Section nor principal or interest payments on any such securities shall
15 be withdrawn or used for any purpose other than, and shall be held in trust for, the
16 payment of the principal or redemption price, if applicable, and interest on said Bonds;
17 provided that any cash received from such principal or interest payments on such
18 Defeasance Obligations shall, if permitted by the Code, and to the extent practicable, be
19 reinvested in Defeasance Obligations maturing at times and in amounts sufficient to pay
20 when due the principal or redemption price, if applicable, and interest to become due on
21 said Bonds on and prior to such redemption date or maturity date thereof, as the case
22 may be.

23 (c) Notwithstanding anything herein to the contrary, in the event that the
24 principal and/or interest due on the Bonds shall be paid by AMBAC Indemnity Corporation
25 pursuant to the Municipal Bond Insurance Policy, the Bonds shall remain outstanding for
26 all purposes, not be defeased or otherwise satisfied and not be considered paid by the
27 Issuer, and the assignment and pledge of the Net Utilities Revenues and all covenants,
28 agreements and other obligations of the Issuer to the registered owners shall continue
29 to exist and shall run to the benefit of AMBAC Indemnity, and AMBAC Indemnity shall be
30 subrogated to the rights of such registered owners until AMBAC Indemnity is paid.

31 SECTION 1102. Evidence of Signatures of Bondholders and Ownership of
32 Bonds. (a) Any request, consent, revocation of consent or other instrument which the
33 Bond Ordinance may require or permit to be signed and executed by the Owners may
34 be in one or more instruments of similar tenor, and shall be signed or executed by such

1 **ITEM NO. 95-12-1826**
2 **ORDINANCE NO. 2657**
3 **PAGE 34**

4
5 Owners in person or by their attorneys-in-fact appointed in writing. Proof of (i) the
6 execution of any such instrument, or of an instrument appointing any such attorney, or
7 (ii) the ownership by any person of the Bonds shall be sufficient for any purpose of the
8 Bond Ordinance (except as otherwise therein expressly provided) if made in the following
9 manner, or in any other manner satisfactory to the Paying Agent, which may nevertheless
10 in its discretion require further or other proof in cases where it deems the same desirable:

11 (1) the fact and date of the execution by any Owner or his attorney-in-fact
12 of such instrument may be proved by the certificate, which need not be acknowledged
13 or verified, of an officer of a bank or trust company or of any notary public or other officer
14 authorized to take acknowledgments of deeds, that the person signing such request or
15 other instrument acknowledged to him the execution thereof, or by an affidavit of a
16 witness of such execution, duly sworn to before such notary public or other officer.
17 Where such execution is by an officer of a corporation or association or a member of a
18 partnership, on behalf of such corporation, association or partnership, such certificate or
19 affidavit shall also constitute sufficient proof of his authority;

20
21 (2) the ownership of Bonds and the amount, numbers and other
22 identification, and date of owning the same shall be proved by the registration books.

23
24 (b) Any request or consent by the Owner of any Bond shall bind all future
25 Owners of such Bond in respect of anything done or suffered to be done by the Issuer
26 or the Paying Agent in accordance therewith.

27 SECTION 1103. Moneys Held for Particular Bonds. The amounts held by
28 the Paying Agent for the payment due on any date with respect to particular Bonds shall,
29 on and after such date and pending such payment, be set aside on its books and held
30 in trust by it, without liability for interest, for the Owners of the Bonds entitled thereto.

31 SECTION 1104. Parties Interested Herein. Nothing in the Bond Ordinance
32 expressed or implied is intended or shall be construed to confer upon, or to give to, any
33 person or corporation, other than the Issuer, the Paying Agent, the Insurer and the
34 Owners of the Bonds any right, remedy or claim under or by reason of this Bond
35 Ordinance or any covenant, condition or stipulation thereof; and all the covenants,
36 stipulations, promises and agreements in this Bond Ordinance contained by and on behalf
37 of the Issuer shall be for the sole and exclusive benefit of the Issuer, the Paying Agent,
38 the Insurer and the Owners of the Bonds.

39 SECTION 1105. No Recourse on the Bonds. No recourse shall be had for
40 the payment of the principal of or interest on the Bonds or for any claim based thereon

1 **ITEM NO. 95-12-1826**
2 **ORDINANCE NO. 2657**
3 **PAGE 35**
4

5 or on this Bond Ordinance against any member of the Governing Authority or officer of
6 the Issuer or any person executing the Bonds.

7 SECTION 1106. Successors and Assigns. Whenever in this Bond
8 Ordinance the Issuer is named or referred to, it shall be deemed to include its successors
9 and assigns and all the covenants and agreements in this Bond Ordinance contained by
10 or on behalf of the Issuer shall bind and enure to the benefit of its successors and
11 assigns whether so expressed or not.

12 SECTION 1107. Severability. In case any one or more of the provisions
13 of this Bond Ordinance or of the Bonds issued hereunder shall for any reason be held to
14 be illegal or invalid, such illegality or invalidity shall not affect any other provision of this
15 Bond Ordinance or of the Bonds, but this Bond Ordinance and the Bonds shall be
16 construed and enforced as if such illegal or invalid provisions had not been contained
17 therein. Any constitutional or statutory provision enacted after the date of this Bond
18 Ordinance which validates or makes legal any provision of this Bond Ordinance or the
19 Bonds which would not otherwise be valid or legal shall be deemed to apply to this Bond
20 Ordinance and to the Bonds.

21 SECTION 1108. Publication of Bond Ordinance; Peremption. This Bond
22 Ordinance shall be published one time in the official journal of the Issuer; however, it shall
23 not be necessary to publish any exhibits hereto if the same are available for public
24 inspection and such fact is stated in the publication. For thirty days after the date of
25 publication, any person in interest may contest the legality of this Bond Ordinance, any
26 provision of the Bonds, the provisions therein made for the security and payment of the
27 Bonds and the validity of all other provisions and proceedings relating to the authorization
28 and issuance of the Bonds. After the said thirty days, no person may contest the
29 regularity, formality, legality or effectiveness of this Bond Ordinance, any provisions of the
30 Bonds to be issued pursuant hereto, the provisions for the security and payment of the
31 Bonds and the validity of all other provisions and proceedings relating to their
32 authorization and issuance, for any cause whatever. Thereafter, it shall be conclusively
33 presumed that the Bonds are legal and that every legal requirement for the issuance of
34

1 **ITEM NO. 95-12-1826**
2 **ORDINANCE NO. 2657**
3 **PAGE 36**
4

5 the Bonds has been complied with. No court shall have authority to inquire into any of
6 these matters after the said thirty days.

7 SECTION 1109. Execution of Documents. In connection with the issuance
8 and sale of the Bonds, the Executive Officers are each authorized, empowered and
9 directed to execute on behalf of the Issuer such documents, certificates and instruments
10 as they may deem necessary, upon the advice of Bond Counsel, to effect the
11 transactions contemplated by this Bond Ordinance, the signatures of the Executive
12 Officers on such documents, certificates and instruments to be conclusive evidence of the
13 due exercise of the authority granted hereunder.

14 SECTION 1110. Recordation. A certified copy of this Bond Ordinance shall
15 be filed and recorded as soon as possible in the Mortgage Records of the Parish of St.
16 Tammany, State of Louisiana.

17 SECTION 1111. Effective Date. This Bond Ordinance shall become
18 effective immediately upon its adoption.

19 SECTION 1112. Arbitrage; Designation as Qualified Tax-Exempt
20 Obligations. The Issuer covenants and agrees that, to the extent permitted by the laws
21 of the Louisiana, it will comply with the requirements of the Internal Revenue Code of
22 1986 and any amendment thereto (the "Code") in order to establish, maintain and
23 preserve the exclusion from "gross income" of interest on the Bonds under the Code.
24 The Issuer further covenants and agrees that it will not take any action, fail to take any
25 action, or permit any action within its control to be taken, or permit at any time or times
26 any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or
27 indirectly in any manner, the effect of which would be to cause the Bonds to be "arbitrage
28 bonds" or would result in the inclusion of the interest on any of the Bonds in gross income
29 under the Code, including, without limitation, (i) the failure to comply with the limitation
30 on investment of Bond proceeds or (ii) the failure to pay any required rebate of arbitrage
31 earnings to the United States of America or (iii) the use of the proceeds of the Bonds in
32 a manner which would cause the Bonds to be "private activity bonds".
33
34

5 The Executive Officers are hereby empowered, authorized and directed to
6 take any and all action and to execute and deliver any instrument, document or certificate
7 necessary to effectuate the purposes of this Section.

8 SECTION 1113. Employment of Bond Counsel. This Governing Authority
9 hereby finds and determines that a real necessity exists for the employment of special
10 counsel in the issuance of the Bonds, and accordingly, the law firm of Foley & Judell,
11 L.L.P., Bond Counsel, is hereby employed as Bond Counsel to handle all matters of a
12 legal nature in connection with the negotiation, sale, issuance and delivery of the Bonds.
13 The fee of Foley & Judell, L.L.P., in connection with said program of finance shall be and
14 the same is hereby established and fixed at a sum not to exceed the maximum fee for
15 revenue bonds as provided by the Attorney General's fee schedule based on the amount
16 of the Bonds actually issued, sold, delivered and paid for, plus "out-of-pocket" expenses;
17 provided, however, that said fee shall be contingent on and payable solely from the
18 proceeds of the sale of the Bonds. It is recognized that such counsel has prepared an
19 Official Statement in connection with the issuance of the Bonds and said counsel shall
20 be reimbursed its costs in connection with the preparation of such Official Statement from
21 the proceeds of the Bonds as a cost of issuance.

22 ARTICLE XII

23 SALE OF BONDS

24 SECTION 1201. Sale of Bonds. The Bonds are hereby awarded to and
25 sold to the Underwriter at a price of \$2,438,564.44 [representing the par amount of the
26 Bonds (\$2,500,000), minus original issue discount of \$18,996.45, minus Underwriters'
27 Discount of \$27,500.00 (1.10%) and Underwriters' cost of Municipal Bond Insurance of
28 \$14,939.11] plus accrued interest, and under the terms and conditions set forth in the
29 Bond Purchase Agreement (hereinafter defined), and after their execution, registration by
30 the Secretary of State and authentication by the Paying Agent, the Bonds shall be
31 delivered to the Underwriter or their agents or assigns, upon receipt by the Issuer of the
32 agreed purchase price. The Bond Purchase Agreement dated March 7, 1996, in
33 substantially the form attached hereto as Exhibit B is hereby approved and the Executive
34 Officers are hereby authorized, empowered and directed to execute the Bond Purchase

5 Agreement on behalf of the Issuer and deliver or cause to be executed and delivered all
6 documents required to be executed on behalf of the Issuer or deemed by them necessary
7 or advisable to implement the Bond Ordinance or to facilitate the sale of the Bonds.

8 SECTION 1202. Official Statement. The Issuer hereby approves the form
9 and content of the Preliminary Official Statement dated February 21, 1996, pertaining to
10 the Bonds, as submitted to the Issuer, and hereby ratifies its prior use in connection with
11 the sale of the Bonds. The Issuer further approves the form and content of the final
12 Official Statement and hereby authorizes and directs the execution by the Mayor of the
13 Issuer and Council Administrator/Clerk of the Council and delivery of such final Official
14 Statement to the Underwriter for use in connection with the public offering of the Bonds.

15 ARTICLE XIII

16 PROVISIONS RELATING TO INSURANCE

17 SECTION 1301. Consent of AMBAC Indemnity. Any provision of this
18 Ordinance expressly recognizing or granting rights in or to AMBAC Indemnity may not be
19 amended in any manner which affects the rights of AMBAC Indemnity hereunder without
20 the prior written consent of AMBAC Indemnity.

21 SECTION 1302. Consent of AMBAC Indemnity in Addition to Bondholder
22 Consent. Unless otherwise provided in this Section, AMBAC Indemnity's consent shall
23 be required in addition to Bondholder consent, when required, for the following purposes:
24 (a) execution and delivery of any supplemental Ordinance or any amendment, supplement
25 or change to or modification of the Ordinance, (b) removal of the Paying Agent and
26 selection and appointment of any successor paying agent; and (c) initiation or approval
27 of any action not described in (a) or (b) above which requires Bondholder consent.

28 SECTION 1303. Consent of AMBAC Indemnity in the Event of Insolvency.
29 Any reorganization or liquidation plan with respect to the Issuer must be acceptable to
30 AMBAC Indemnity. In the event of any reorganization or liquidation, AMBAC Indemnity
31 shall have the right to vote on behalf of all bondholders who hold AMBAC Indemnity-
32 insured bonds absent a default by AMBAC Indemnity under the applicable Municipal Bond
33 Insurance Policy insuring such Bonds.
34

5 SECTION 1304. Consent of AMBAC Indemnity Upon Default. Anything in
6 this Ordinance to the contrary notwithstanding, upon the occurrence and continuance of
7 an event of default as defined herein, AMBAC Indemnity shall be entitled to control and
8 direct the enforcement of all rights and remedies granted to the Bondholders or the
9 Paying Agent for the benefit of the Bondholders under this Ordinance.

10 SECTION 1305. Consent of AMBAC Indemnity Upon Default. Anything in
11 this Ordinance to the contrary notwithstanding, upon the occurrence and continuance of
12 an event of default as defined herein, AMBAC Indemnity shall be entitled to control and
13 direct the enforcement of all rights and remedies granted to the Bondholders or the
14 Paying Agent for the benefit of the Bondholders under this Ordinance, and AMBAC
15 Indemnity shall also be entitled to approve all waivers of events of default.

16 SECTION 1306. Information to be Provided to AMBAC Indemnity. AMBAC
17 Indemnity shall be provided with the following:

- 18 (a) While the Municipal Bond Insurance Policy is in effect, the Issuer or
19 the Paying Agent [as appropriate] shall furnish to AMBAC Indemnity
20 (to the attention of the Surveillance Department, unless otherwise
21 indicated: (i) as soon as practicable after the filing thereof, a copy of
22 any financial statement of the Issuer and a copy of any audit and
23 annual report of the Issuer; (ii) a copy of any notice to be given to
24 the registered owners of the bonds, including, without limitation,
25 notice of any redemption of or defeasance of Bonds, and any
26 certificate rendered pursuant to this Ordinance relating to the security
27 for the Bonds; and (iii) such additional information it may reasonably
28 request.
- 29 (b) The Paying Agent or Issuer [as appropriate] shall notify AMBAC
30 Indemnity of any failure of the Issuer to provide relevant notices,
31 certificates, etc.
32
- 33 (c) The Issuer will permit AMBAC Indemnity to discuss the affairs,
34 finances and accounts of the Issuer or any information AMBAC
35 Indemnity may reasonably request regarding the security for the
36 Bonds with appropriate officers of the Issuer. The Paying Agent or
37 Issuer [as appropriate] will permit AMBAC Indemnity to [have access
38 to the Project and] have access to and to make copies of all books
39 and records relating to the Bonds at any reasonable time.
40
- 41 (d) AMBAC Indemnity shall have the right to direct an accounting at the
42 Issuer's expense, and the Issuer's failure to comply with such
43 direction within thirty (3) days after receipt of written notice of the
44 direction from AMBAC Indemnity shall be deemed a default
45 hereunder; provided, however, that if compliance cannot occur within
46 such period, then such period will be extended so long as
47 compliance is begun within such period and diligently pursued, but
48 only if such extension would not materially adversely affect the
49 interests of any registered owner of the Bonds.
50

5 (e) Notwithstanding any other provision of this Ordinance, the Paying
6 Agent or Issuer [as appropriate] shall immediately notify AMBAC
7 Indemnity if at any time there are insufficient moneys to make any
8 payments of principal and/or interest as required and immediately
9 upon the occurrence of any event of default hereunder.

10
11 (f) To the extent that the Issuer has entered into a continuing disclosure
12 agreement with respect to the Bonds, AMBAC Indemnity shall be
13 included as party to be notified.
14

15 **SECTION 1307. Payment Procedure Pursuant to the Municipal Bond**

16 **Insurance Policy.** As long as the bond insurance shall be in full force and effect, the
17 Issuer and the Paying Agent agree to comply with the following provisions:

18 (a) At least one (1) day prior to all Interest Payment Dates the Paying
19 Agent, if any, will determine whether there will be sufficient funds and
20 accounts to pay the principal of or interest on the Bonds on such
21 Interest Payment Date. If the Trustee or Paying Agent, if any,
22 determines that there will be insufficient funds in such funds or
23 accounts, the Paying Agent, if any, shall so notify AMBAC Indemnity.
24 Such notice shall specify the amount of the anticipated deficiency,
25 the Bonds to which such deficiency is applicable and whether such
26 Bonds will be deficient as to principal or interest, or both. If the
27 Paying Agent, if any, has not so notified AMBAC Indemnity at least
28 one (1) day prior to an Interest Payment Date, AMBAC Indemnity will
29 make payments of principal or interest due on the Bonds on or
30 before the first (1st) day next following the date on which AMBAC
31 Indemnity shall have received notice of nonpayment from the Paying
32 Agent, if any;
33

34 (b) The Paying Agent, if any, shall, after giving notice to AMBAC
35 Indemnity as provided in (a) above make available to AMBAC
36 Indemnity and, at AMBAC Indemnity's direction, to the United States
37 Trust Company of New York, as insurance trustee for AMBAC
38 Indemnity or any successor insurance trustee (the "Insurance
39 Trustee"), the registration books of the Issuer maintained by the
40 Paying Agent, if any, and all records relating to the funds and
41 accounts maintained under this Ordinance.
42

43 (c) The Paying Agent, if any, shall provide AMBAC Indemnity and the
44 Insurance Trustee with a list of registered owners of Bonds entitled
45 to receive principal or interest payments from AMBAC Indemnity
46 under the terms of the Municipal Bond Insurance Policy, and shall
47 make arrangements with the Insurance Trustee (i) to mail checks or
48 drafts to the registered owners of Bonds entitled to receive full or
49 partial interest payments from AMBAC Indemnity and (ii) to pay
50 principal upon Bonds surrendered to the Insurance Trustee by the
51 registered owners of Bonds entitled to receive full or partial principal
52 payments from AMBAC Indemnity.
53

54 (d) The Paying Agent, if any, shall, at the time it provides notice to
55 AMBAC Indemnity pursuant to (a) above, notify registered owners of
56 Bonds entitled to receive the payment of principal or interest thereon
57 from AMBAC Indemnity (i) as to the fact of such entitlement, (ii) that
58 AMBAC Indemnity will remit to them all or a part of the interest
59 payments next coming due upon proof of Bondholder entitlement to
60 interest payments and delivery to the Insurance Trustee, in form

5 satisfactory to the Insurance Trustee, of an appropriate assignment
6 of the registered owner's right to payment, (iii) that should they be
7 entitled to receive full payment of principal from AMBAC Indemnity,
8 they must surrender their Bonds (along with an appropriate
9 instrument of assignment in form satisfactory to the Insurance
10 Trustee to permit ownership of such Bonds to be registered in the
11 name of AMBAC Indemnity) for payment to the Insurance Trustee,
12 and not the Paying Agent, if any, and (iv) that should they be entitled
13 to receive partial payment of principal from AMBAC Indemnity, they
14 must surrender their Bonds for payment thereon first to the Paying
15 Agent, if any, who shall note on such Bonds the portion of the
16 principal paid by the Paying Agent, if any, and then, along with an
17 appropriate instrument of assignment in form satisfactory to the
18 Insurance Trustee, to the Insurance Trustee, which will then pay the
19 unpaid portion of principal.
20

21 (e) In the event that the Paying Agent, if any, has notice that any
22 payment of principal of or interest on a Bond which has become due
23 for payment and which is made to a bondholder by or on behalf of
24 the Issuer has been deemed a preferential transfer and theretofore
25 recovered from its registered owner pursuant to the United States
26 Bankruptcy Code by a trustee in bankruptcy in accordance with the
27 final, nonappealable order of a court having competent jurisdiction,
28 the Paying Agent, if any, shall, at the time AMBAC Indemnity is
29 notified pursuant to (a) above, notify all registered owners that in the
30 event that any registered owner's is so recovered, such registered
31 owner will be entitled to payment from AMBAC Indemnity to the
32 extent of such recovery if sufficient funds are not otherwise available,
33 and the Paying Agent, if any, shall furnish to AMBAC Indemnity its
34 records evidencing the payments of principal of and interest on the
35 Bonds which have been made by the Paying Agent, if any, and
36 subsequently recovered from registered owners and the dates on
37 which such payments were made.
38

39 (f) In addition to those rights granted AMBAC Indemnity under this
40 Ordinance, AMBAC Indemnity shall, to the extent it makes payment
41 of principal of or interest on Bonds, become subrogated to the rights
42 of the recipients of such payments in accordance with the terms of
43 the Municipal Bond Insurance Policy, and to evidence such
44 subrogation (i) in the case of subrogation as to claims for past due
45 interest, the Paying Agent, if any, shall note AMBAC Indemnity's
46 rights as subrogee on the registration books of the Issuer maintained
47 by the Paying Agent, if any, upon receipt from AMBAC Indemnity of
48 proof of the payment of interest thereon to the registered owners of
49 the Bonds, and (ii) in the case of subrogation as to claims for past
50 due principal, the Paying Agent, if any, shall note AMBAC
51 Indemnity's rights as subrogee on the registration books of the Issuer
52 maintained by the Paying Agent, if any, upon surrender of the Bonds
53 by the registered owners thereof together with proof of the payment
54 of principal thereof.
55

56 SECTION 1308. Interested Parties. To the extent that this Bond Ordinance
57 confers upon or gives or grants to AMBAC Indemnity any right, remedy or claim under
58 or by reason of this Bond Ordinance, AMBAC Indemnity is hereby explicitly recognized
59 as being a third-part beneficiary hereunder and may enforce any such right remedy or

1 **ITEM NO. 95-12-1826**
2 **ORDINANCE NO. 2657**
3 **PAGE 42**
4

5 claim conferred, given or granted hereunder. Nothing in this Bond Ordinance expressed
6 or implied is intended or shall be construed to confer upon, or to give or grant to, any
7 person or entity, other than the Issuer, AMBAC Indemnity and the Paying Agent, if any,
8 and the registered owners of the Bonds, any right, remedy or claim under or by reason
9 of this Bond Ordinance or any covenant, condition or stipulation hereof, and all covenants,
10 stipulations, promises and agreements in this Bond Ordinance contained by and on behalf
11 of the Issuer shall be for the sole and exclusive benefit of the Issuer, AMBAC Indemnity
12 and the Paying Agent, if any, and the registered owners of the Bonds.

13 SECTION 1309. Permitted Investments. (a) The following obligations to be
14 used as Permitted Investments for all purposes, including defeasance investments in
15 refunding escrow accounts.

- 16 (1) Cash (insured at all times by the Federal Deposit Insurance
17 Corporation or otherwise collateralized with obligations described in
18 paragraph (2) below), or
19
20 (2) Direct obligations of (including obligations issued or held in book
21 entry form on the books of) the Department of the Treasury of the
22 United States of America.
23

24 (b) The following obligations may be used as Permitted Investments for all
25 purposes other than defeasance investments in refunding escrow accounts.

- 26 (1) obligations of any of the following federal agencies which obligations
27 represent the full faith and credit of the United States of America,
28 including:

- 29
30 -- Export-Import Bank
31 -- Farm Credit System Financial Assistance Corporation
32 -- Farmers Home Administration
33 -- General Services Administration
34 -- U. S. Maritime Administration
35 -- Small Business Administration
36 -- Government National Mortgage Association (GNMA)
37 -- U. S. Department of Housing & Urban Development (PHA's)
38 -- Federal Housing Administration
39

- 40 (2) senior debt obligations rated "AAA" by Standard & Poor's
41 Corporation (S&P) and "Aaa" by Moody's Investors Services, Inc.
42 (Moody's) issued by the Federal National Mortgage Association or
43 the Federal Home Loan Mortgage Corporation. Senior debt
44 obligations of other Government Sponsored Agencies approved by
45 AMBAC Indemnity;
46

- 47 (3) U.S. dollar denominated deposit accounts, federal funds and
48 banker's acceptances with domestic commercial banks which have
49 a rating on their short term certificates of deposit on the date of
50 purchase of "A-1" or "A-1+" by S&P and "P-1" by Moody's and

4
5 maturing no more than 360 days after the date of purchase.
6 (Ratings on holding companies are not considered as the rating of
7 the bank);

8
9 (4) commercial paper which is rated at the time of purchase in the single
10 highest classification, "A-1+" by S&P and "P-1" by Moody's and
11 which matures not more than 270 days after the date of purchase;

12
13 (5) investments in a money market fund rated "AAAm" or "AAAm-G" or
14 better by S&P;

15
16 (6) Pre-refunded Municipal Obligations defined as follows: Any bonds or
17 other obligations of any state of the United States of America or of
18 any agency, instrumentality or local governmental unit of any such
19 state which are not callable at the option of the obligor prior to
20 maturity or as to which irrevocable instructions have been given by
21 the obligor to call on the date specified in the notice; and

22
23 (A) which are rated, based on an irrevocable escrow account or fund
24 (the "escrow"), in the highest rating category of S&P and Moody's or
25 any successors thereto; or

26
27 (B) (i) which are fully secured as to principal and interest and
28 redemption premium, if any, by an escrow consisting only of cash or
29 obligations described in paragraph A(2) above, which escrow may be
30 applied only to the payment of such principal of and interest and
31 redemption premium, if any, on such bonds or other obligations on
32 the maturity date or dates thereof or the specified redemption date
33 or dates pursuant to such irrevocable instructions, as appropriate,
34 and (ii) which escrow is sufficient, as verified by a nationally
35 recognized independent certified public accountant, to pay principal
36 of and interest and redemption premium, if any, on the bonds or
37 other obligations described in this paragraph on the maturity date or
38 dates specified in the irrevocable instructions referred to above, as
39 appropriate; (Pre-refunded municipal obligations meeting the
40 requirements of subsection (B) hereof may not be used as Permitted
41 Investments for annual appropriation lease transactions without the
42 prior written approval of S&P.)

43
44 (7) investment agreements approved in writing by AMBAC Indemnity
45 (supported by appropriate opinions of counsel) with notice to S&P;
46 and

47
48 (8) other forms of investments (including repurchase agreements)
49 approved in writing by AMBAC with notice to S&P;

50
51 (c) The value of the above investments shall be determined as follows:

52 "Value", which shall be determined as of the end of each month, means that

53 the value of any investments shall be calculated as follows:

54 (1) as to investments the bid and asked prices of which are published
55 on a regular basis in The Wall Street Journal (or, if not there, then
56 in The New York Times): the average of the bid and asked prices for
57 such investments so published on or most recently prior to such time
58 of determination;

- 5 (2) as to investments the bid and asked prices of which are not
6 published on a regular basis in The Wall Street Journal or The New
7 York Times: the average bid price at such time of determination for
8 such investments by any two nationally recognized government
9 securities dealers (selected by the Paying Agent in its absolute
10 discretion) at the time making a market in such investments or the
11 bid price published by a nationally recognized pricing service;
12
13 (3) as to certificates of deposit and bankers acceptances, the face
14 amount thereof, plus accrued interest; and
15
16 (4) as to any investment not specified above, the value thereof
17 established by prior agreement between the Issuer, the Paying Agent
18 and AMBAC Indemnity.
19

20 **ARTICLE XIV**

21 **PROVISIONS RELATED TO CONTINUING DISCLOSURE CERTIFICATE**

22 **SECTION 1401. Continuing Disclosure.** Pursuant to 17 CFR 240.15c2-12
23
24 (the "SEC Continuing Disclosure Rules") the Issuer covenants and agrees for the benefit
25 of the Owners of the Bonds to provide certain financial information and operating data
26 relating to the Issuer (the "Annual Report"), and to provide notices of the occurrence of
27 the events enumerated in Section (b)(5)(I)(C) of the SEC Continuing Disclosure Rules,
28 if material. The Annual Report will be filed by the Issuer with each Nationally Recognized
29 Municipal Securities Information Repository ("NRMSIR"), and with the Louisiana State
30 Information Depository ("Louisiana SID"), if any. Any notices of material events shall be
31 filed with each NRMSIR or with the Municipal Securities Rulemaking Board ("MSRB"),
32 and with the Louisiana SID, if any. The specific nature of the information to be contained
33 in the Annual Report or the notice of material events shall be as more fully set forth in the
34 Continuing Disclosure Certificate set forth in the Official Statement, as the same may be
35 amended from time to time in accordance with its terms. Failure to comply with the SEC
36 Continuing Disclosure Rules shall not constitute an "event of default" under Section 906
37 of this Bond Ordinance, however any of the Owners of the Bonds may take such action
38 or exercise such remedies as may be provided by law to enforce the obligations of the
39 Issuer under the Continuing Disclosure Certificate.
40

5 The Executive Officers are hereby empowered, authorized and directed to
6 take any and all action and to execute and deliver any instrument, document or certificate
7 necessary to effectuate the purposes of this Section, including, without limitation, the
8 Continuing Disclosure Certificate in substantially the form set forth in the Official
9 Statement.

10 Adopted this 7th day of March, 1996.



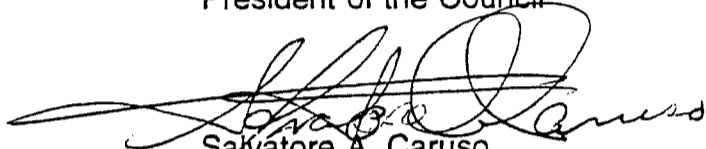
Marti Livaudais
Councilwoman, District E
President of the Council

12 **DELIVERED** 1:30 p.m.

13 03-12-96 to the Mayor

15 **RECEIVED** 03-15-96

16 11:46 AM from the Mayor



Salvatore A. Caruso
Mayor



23 Davis Dautreuil
24 Council Administrator/Clerk of the Council
25
26
27
28
29
30
31
32