

1 Introduced February 10, 2004, by
2 Councilwoman Burkhalter, seconded by
3 Councilwoman Livaudais (both by request of
4 Administration)

5 **Item No. 04-02-2396**

6 **ORDINANCE NO. 3173**

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8
9 An ordinance providing for the issuance of not exceeding \$4,100,000 of
10 Utilities Revenue Notes, Series 2004, of the City of Slidell, State of Louisiana; authorizing
11 the execution of a Loan and Pledge Agreement with the Louisiana Department of
12 Environmental Quality; providing for the sale and delivery of said Notes to the Department
13 of Environmental Quality; prescribing the form, fixing the details and providing for the
14 payment of principal of and interest on such Notes and entering into certain covenants and
15 agreements in connection with the security and payment of said Notes; and providing for
16 other matters in connection therewith.

17 WHEREAS, pursuant to Sub-Part C, Part 1, Chapter 10, Title 33 of the
18 Louisiana Revised Statutes of 1950, the City of Slidell, State of Louisiana (the "Issuer")
19 now owns and operates a combined waterworks system and sewer system as a single
20 revenue producing public utility (the "Utilities System"); and

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

26 WHEREAS, pursuant to Sub-Part C, Part I, Chapter 10, of Title 33 and
27 Chapter 4, Subtitle II, Title 30 of the Louisiana Revised Statutes of 1950, as amended, and
28 other constitutional and statutory authority, it is now, the desire of this Slidell City Council
29 to adopt this Note Ordinance in order to provide for the issuance of not exceeding Four
30 Million One Hundred Thousand Dollars (\$4,100,000) principal amount of its Utilities
31 Revenue Notes, Series 2004 (the "Notes"), for the purpose of constructing and acquiring
32 improvements and extensions to the Utilities System, providing for a reserve and paying
33 the costs of issuance thereof; and

34 WHEREAS, the Issuer intends to fix the details of the Notes; and

35 WHEREAS, the Issuer now has outstanding the following described Utilities
36 Revenue Bonds and/or Notes which are payable from a pledge and dedication of the
37 income and revenues of the Utilities System:

38 \$1,940,000 of Utilities Revenue Bonds, Series 1996, dated April 1,
39 1996, maturing April 1, 1998 to April 1, 2006 and April 1, 2016,
bearing interest at the rates of 3.90%, 4.10%, 4.20%, 4.30%,

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4 4.40%, 4.60%, 4.70%, 4.80%, 4.90% and 5.55% and being the
5 outstanding bonds of an issue of Two Million Five Hundred
6 Thousand Dollars (\$2,500,000), issued pursuant to the provisions
7 of Sub-Part C, Part I, Chapter 10, Title 33 of the Louisiana Revised
8 Statutes of 1950 by virtue of an ordinance adopted by this City
9 Council on March 7, 1996; and

10 \$3,140,000 of Utilities Revenue Bonds, Series 1996A, dated
11 May 28, 1997, maturing April 1, 2001 to April 1, 2017, bearing
12 interest at the rate of 3.95% per annum, and being the outstanding
13 bonds of an issue of Three Million Five Hundred Thousand Dollars
14 (\$3,500,000) issued pursuant to the provisions of Sub-Part C, Part
15 I, Chapter 10, Title 33 and Chapter 4, Subtitle II, Title 33 of the
16 Louisiana Revised Statutes of 1950, as amended, and by virtue of
17 Ordinance No. 2727 adopted by this City Council on
18 February 25, 1997; and

18 WHEREAS, it is the intention of the Issuer that the Notes authorized herein
19 be secured by and payable solely from the income and revenues to be derived from the
20 operation of the Utilities System, after provision has been made for payment therefrom of
21 the reasonable and necessary expenses of administration, operation and maintenance of
22 the Utilities System; and

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

25 **ARTICLE 1**

26 **DEFINITIONS AND INTERPRETATION**

27 **SECTION 101. Definitions.** The following terms shall have the following
28 meanings unless the context otherwise requires:
29

30 **“Act”** means the applicable provisions of Sub-Part C, Part I, Chapter 10, of
31 Title 33 and Chapter 4, Subtitle 11, Title 30 of the Louisiana Revised Statutes of 1950, as
32 amended.

33 **“Additional Parity Obligations”** shall mean any additional pari passu bonds
34 or notes which may hereafter be issued pursuant to SECTION 703 hereof on a parity with
35 the Outstanding Notes and the Outstanding Parity Bonds.

36 **“Administrative Fee”** means the fee due by the Issuer to the Department,
37 pursuant to the Loan Agreement, of one half of one percent (0.5%) per annum of the
38 outstanding principal amount of the Note or such lesser amount, if any, as the Department
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4 may approve from time to time, which shall be payable in installments on each Interest
5 Payment Date.

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

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

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

14 **"Completion Date"** means the date on which the operation of the completed
15 Project financed with the proceeds of the Note is initiated or capable of being initiated,
16 whichever is earlier, as that date is certified by the Authorized Officer (as defined in the
17 Loan Agreement) of the Issuer, and as more fully described in the Loan Agreement.

18 **"Costs of Issuance"** means all items of expense, directly or indirectly
19 payable or reimbursable and related to the authorization, sale and issuance of the Note,
20 including but not limited to printing costs, costs of preparation and reproduction of
21 documents, official statements, filing and recording fees, initial fees and charges of any
22 fiduciary, legal fees and charges, fees and disbursements of consultants and
23 professionals, costs of credit ratings, fees and charges for preparation, execution,
24 transportation and safekeeping of the Notes, costs and expenses of refunding, premiums
25 for the insurance of the payment of the Notes, if any, and any other cost, charge or fee in
26 connection with the original issuance of Notes.

27 **"Council"** means the Slidell City Council, the governing authority of the
28 Issuer.

29 **"Debt Service"** for any period means, as of the date of calculation, an
30 amount equal to the sum of (i) interest payable during such period on Notes and (ii) the
31 principal amount of Notes which mature during any such period.

32 **"Defeasance Obligations"** means (a) Cash, or (b) Government Securities.

33 **"Department"** means the Louisiana Department of Environmental
34 Quality, an executive department and agency of the State of Louisiana, and any
35 successor to the duties and functions thereof.
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4 **“Executive Officers”** means collectively the Mayor and Clerk of the Council.

5 **“Fiscal Year”** means the one year period commencing on July 1 of one year
6 and ending on June 30 of the following year, or such other one year period as may be
7 designated by the Governing Authority as the fiscal year of the Issuer.

8 **“Governing Authority”** means the Slidell City Council, the governing
9 authority of the Issuer, or its successor in function.

10 **“Government Securities”** means and includes non-callable direct general
11 obligations of, or obligations the principal of and interest on which are unconditionally
12 guaranteed by, the United States of America, which may be United States Treasury
13 Obligations such as the State and Local Government Series and may be in book entry
14 form.

15 **“Interest Payment Date”** means April 1 and October 1 of each year,
16 commencing October 1, 2004.

17 **“Issuer”** means the City of Slidell, State of Louisiana.

18 **“Loan Agreement”** means the Loan and Pledge Agreement to be executed
19 by and between the Issuer and the Department, which sets forth certain additional
20 provisions relating to the Notes, the purchase of the Notes by the Department, the
21 construction of the Project and operation of the System and the repayment of the loan by
22 the Issuer.

23 **“Maximum Loan Amount”** shall mean \$4,100,000, which is the maximum
24 sum of money that the Department has agreed to loan the Issuer.

25 **“Net Utilities Revenues”** means the income and revenues to be derived
26 from the operation of the Utilities System, after provision has been made for payment
27 therefrom of the reasonable and necessary expenses of administration, operation and
28 maintenance of the Utilities System.

29 **“Note”** or **“Notes”** means any or all of the Utilities Revenue Notes, Series
30 2004, of the Issuer, issued pursuant to this Note Ordinance, as the same may be amended
31 from time to time, whether initially delivered or issued in exchange for, upon transfer of, or
32 in lieu of any previously issued Note.

33 **“Noteholder”**, **“Registered Owner”**, or **“Owner”** means the Person reflected
34 as registered owner of any of the Notes on the registration books maintained by the Paying
35 Agent. Notwithstanding any provision of the Note Ordinance to the contrary, the Note
36 Insurer, if any, shall, at all times, be deemed an owner of all the Notes for the purposes of
37 consenting to any ordinance supplementing or amending the Note Ordinance, and shall be
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4 notified in advance of the adoption of any ordinance supplemental or amendatory hereto
5 whether or not the consent of the Owners is required.

6 **"Note Obligation"** means, as of the date of computation, the principal
7 amount of the Notes then Outstanding.

8 **"Note Ordinance"** or **"Ordinance"** means this Ordinance, as further
9 amended and supplemented as herein provided.

10 **"Note Year"** means the one year period ending on the principal payment date
11 on the Notes (April 1) of each year.

12 **"Owner"** shall mean the Person reflected as registered owner of any of the
13 Notes on the registration books maintained by the Paying Agent.

14 **"Outstanding"**, when used with reference to the Notes, means, as of any
15 date, all Notes theretofore issued under the Note Ordinance, except:

16 (a) Notes theretofore canceled by the Paying Agent or delivered to the
17 Paying Agent for cancellation;

18 (b) Notes for the payment or redemption of which sufficient Defeasance
19 Obligations have been deposited with the Paying Agent or an escrow agent in trust for the
20 owners of such Notes with the effect specified in SECTION 1101 of this Note Ordinance,
21 provided that if such Notes are to be redeemed, irrevocable notice of such redemption has
22 been duly given or provided for pursuant to the Note Ordinance, to the satisfaction of the
23 Paying Agent, or waived;

24 (c) Notes in exchange for or in lieu of which other Notes have been
25 registered and delivered pursuant to the Note Ordinance; and

26 (d) Notes alleged to have been mutilated, destroyed, lost, or stolen which
27 have been paid as provided in the Note Ordinance or by law.

28 **"Parity Bonds"** means, collectively, (i) the \$2,500,000 of currently
29 outstanding Utilities Revenue Bonds, Series 1996 (the "Series 1996 Bonds"), of the Issuer,
30 dated April 1, 1996, maturing April 1, 1998 to April 1, 2006 and April 1, 2016, more fully
31 described in the Preamble to this Ordinance, and (ii) the \$3,140,000 of currently
32 outstanding Utilities Revenue Bonds, Series 1996A (the "Series 1996A Bonds"), of the
33 issuer, dated May 28, 1997, maturing April 1, 2001 to April 1, 2017, bearing interest at the
34 rate of 3.95% per annum, all as more fully described in the Preamble to this Ordinance.

35 **"Parity Bond Ordinance"** means, collectively, (i) the ordinance adopted by
36 the Governing Authority on March 7, 1996, authorizing the issuance of the Series 1996
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4 Bonds, and (ii) Ordinance No. 2727 adopted by the Governing Authority on
5 February 25, 1997, authorizing the issuance of the Series 1996A Bonds.

6 **"Paying Agent"** means the Director of Finance of the Issuer until a
7 successor Paying Agent shall have become such pursuant to the applicable provisions of
8 the Note Ordinance, and thereafter "Paying Agent" shall mean such successor Paying
9 Agent.

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 **"Project"** means the improvements, extensions and replacements to the
14 System, including appurtenant equipment, accessories and properties, both personal and
15 real, a work of public improvement for the Issuer, which are being financed through the
16 issuance of the Notes, as described more specifically in the Loan Agreement.

17 **"Qualified Investments"** means the following investments, provided that the
18 same are at the time legal for investment of the Issuer's funds:

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

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

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

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

8 (vi) repurchase agreements which are fully collateralized by securities
9 described in (i) or (ii) above, provided that (a) each repurchase agreement requires
10 collateral levels and provisions concerning valuation of the obligations that constitute the
11 collateral for such repurchase agreements acceptable to the Issuer, (b) the obligations that
12 constitute the collateral for a repurchase agreement are required to be in the possession of
13 the Issuer or its agent, (c) the party delivering the obligations which constitute the collateral
14 for a repurchase agreement has good and marketable title to such obligations, such
15 obligations are free from any liens, encumbrances or claims of third parties, and such
16 obligations are accompanied by such certificates, endorsements or such other Instruments
17 as may be required by the Issuer or its agent to register such obligations in the name of
18 the Issuer or its agent and (d) each repurchase agreement provides the Issuer or its agent
19 with a perfected security interest in the obligations which constitute the collateral for such
20 repurchase agreement; and

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

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

29 **"Redemption Price"** means, when used with respect to a Note, the principal
30 amount thereof plus the applicable premium, if any, payable upon redemption thereof
31 pursuant to the Note Ordinance.

32 **"Reserve Fund Requirement"** means, as of any date, the highest Debt
33 Service requirements on the Notes and any Additional Parity Bonds in any succeeding
34 Fiscal Year.

35 **"Scheduled Completion Date"** is the date designated as such in
36 accordance with the provisions of the Loan Agreement, regardless of whether or not such
37 date precedes or follows the Completion Date.

38 **"State"** means the State of Louisiana.
39

4 "Utilities System" means the revenue producing public utility comprised of
5 the combined waterworks system and sewer system of the Issuer, presently serving
6 substantially all of the potable water and sewerage users in the Issuer, and any future
7 additions thereto, as said systems now exist and as the same may be improved, extended
8 or supplemented from any source while any of the Notes remain outstanding, including all
9 real estate, personal and intangible properties, contracts, franchises, leases and causes of
10 action, and including specifically all properties now or hereafter operated by the Issuer
11 under lease or agreement with any other individual, partnership or corporation, public or
12 private, as a part of the Utilities System, whether lying within or without the boundaries of
13 the Issuer.

14 SECTION 102. Interpretation. In this Note Ordinance, unless the context
15 otherwise requires, (a) words importing the singular include the plural and vice versa, (b)
16 words of the masculine gender shall be deemed and construed to include correlative
17 words of the feminine and neuter genders and (c) the title of the offices used in this Note
18 Ordinance shall be deemed to include any other title by which such office shall be known
19 under any subsequently adopted charter.

20 ARTICLE 2

21 AUTHORIZATION AND ISSUANCE OF NOTES

22 SECTION 201. Authorization of Notes. (a) This Note Ordinance creates a
23 series of Notes of the Issuer designated "Utilities Revenue Notes, Series 2004," of the City
24 of Slidell, State of Louisiana, and provides for the full and final payment of the principal or
25 redemption price of and interest on all the Notes.

26 (b) The Notes issued under this Note Ordinance shall be issued for the
27 purpose of constructing and acquiring the Project and paying the costs of issuance of the
28 Notes, in compliance with and under the authority of the Act, and other constitutional and
29 statutory authority and pursuant to the provisions of the Ordinance, there is hereby
30 authorized the incurring of an indebtedness of not exceeding Four Million One Hundred
31 Thousand Dollars (\$4,100,000) for, on behalf of and in the name of the Issuer, and to
32 represent the said indebtedness, this Governing Authority does hereby authorize the
33 issuance of not exceeding Four Million One Hundred Thousand Dollars (\$4,100,000) of
34 Utilities Revenue Notes, Series 2004, of the Issuer.

35 (c) Note Ordinance to Constitute Contract. In consideration of the purchase
36 and acceptance of the Notes by those who shall own the same from time to time, the
37 provisions of this Note Ordinance shall be a part of the contract of the Issuer with the
38 Owners of the Notes and shall be deemed to be and shall constitute a contract between
39 the Issuer and the Owners from time to time of the Notes. The provisions, covenants and
40 agreements herein set forth to be performed by or on behalf of the Issuer shall be for the

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4 equal benefit, protection and security of the Owners of any and all of the Notes, each of
5 which Notes, regardless of the time or times of its issue or maturity, shall tie of equal rank
6 without preference, priority or distinction over any other thereof except as expressly
7 provided in this Note Ordinance.

8 SECTION 202. Obligation of Notes. The Notes, equally with the Parity
9 Bonds, shall be payable as to both principal and interest solely from the Net Utilities
10 Revenues, pursuant to the Constitution and laws of the State of Louisiana. The Net
11 Utilities Revenues are hereby irrevocably and irrevocably pledged and dedicated in an
12 amount sufficient for the payment of the Notes in principal, premium, if any, and interest as
13 they shall respectively become due and payable, and for the other purposes stated in this
14 Note Ordinance. All of the Net Utilities Revenues shall be set aside in a separate fund, as
15 hereinafter provided, and shall be and remain pledged for the security and payment of the
16 Notes, the Parity Bonds, and any Additional Parity Bonds issued pursuant to SECTION
17 703 hereof, in principal, premium, if any, and interest and for all other payments provided
18 for in this Note Ordinance until such Notes shall have been fully paid and discharged.

19 SECTION 203. Form of Notes. The Notes shall be in substantially the form
20 set forth in Exhibit A hereto, with such necessary or appropriate variations, omissions and
21 insertions as are required or permitted by the Act and this Note Ordinance.

22 SECTION 204. Denominations, Dates, Maturities and Interest. The Notes
23 shall be issued in the form of a single fully registered note, dated as of the date of delivery
24 thereof; in the denomination and principal amount of not exceeding \$4,100,000 and shall
25 be numbered R-1. The precise denomination of the Note shall be equal to the total price.
26 The unpaid principal of the Notes shall bear interest from the date thereof, or the most
27 recent Interest Payment Date to which interest has been paid or duly provided for, at the
28 rate of three and forty five hundredths per centum (3.45%) per annum, said interest to be
29 calculated on the basis of a 360 day year consisting of twelve 30 day months and payable
30 on each Interest Payment Date. The Department, as the initial purchaser of the Notes, will
31 pay the purchase price of the Notes to the Issuer in installments as provided in the Loan
32 Agreement, and interest on the Notes shall be payable only on the purchase price which
33 shall have been paid to the Issuer and shall accrue with respect to each purchase price
34 installment only from the date of payment of such installment to the Issuer. In the event
35 that the Department owns the Notes or the Department has pledged or assigned the Notes
36 in connection with its Municipal Facilities Revolving Loan Fund Program and the
37 Administrative Fee payable by the Issuer to the Department under terms of the Loan
38 Agreement is declared illegal or unenforceable by a court or administrative body of
39 competent jurisdiction, the interest rate borne by the Notes shall be increased to the rate of
three and ninety five hundredths percent (3.95%) per annum, effective as of the date
declared to be the date from which the Administrative Fee is no longer owed because of
such illegality or unenforceability.

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4 The principal of the Notes shall mature in annual installments not extending
5 beyond March 1, 2024 payable on each Principal Payment Date in the amounts set forth
6 on Schedule B of the form of Note attached hereto as Exhibit A. Schedule B has been
7 prepared assuming that the Maximum Loan Amount will be disbursed to the Issuer by the
8 Department as the purchase price of the Notes. Should the aggregate purchase price
9 disbursed as of the date of the Final Loan Installment be less than \$4,100,000, then such
10 principal installments falling due on the Notes shall be reduced such that, to the extent
11 practicable, the total amount of principal and interest falling due in each Fiscal Year shall
12 be approximately equal, and Schedule B to the form of the Note shall be adjusted
13 accordingly. To the extent that any provision of this Note Ordinance is inconsistent with or
14 contrary to the Loan Agreement, the applicable provisions of the Loan Agreement shall
15 control, except that in no event shall the provisions of this Note Ordinance or of the Loan
16 Agreement be interpreted or given any effect that will cause the Notes to fail to be
17 considered to be issued on a par with and pari passu to the Parity Bonds, and any
18 provision hereof or of the Loan Agreement that would cause the Notes to conflict with the
19 parity provisions of the ordinances providing for the issuance of the Parity Bonds shall be
20 null and of no effect. As provided in the Loan Agreement, the Issuer shall comply with
21 certain provisions of the Loan Agreement, as specified therein, regardless of whether or
22 not the Department is the Owner and regardless of any redemption or defeasance of the
23 Notes prior to their final stated maturity.

24 The principal and interest on the Notes will be payable by check of the
25 Paying Agent or the Issuer mailed by the Paying Agent to the Owner (determined as of the
26 Record Date) at the address shown on the Note Register of the Paying Agent, provided
27 that payment of the final installment of principal of the Notes shall be made only upon
28 presentation and surrender of the Notes to the Paying Agent. Each Note delivered under
29 this Note Ordinance upon transfer of or in exchange for or in lieu of any other Note shall
30 carry all the rights to interest accrued and unpaid, and to accrue, which were carried by
31 such other Note, and each such Note shall bear interest (as herein set forth) so neither
32 gain nor loss in interest shall result from such transfer, exchange or substitution.

33 No Note shall be entitled to any right or benefit under this Note Ordinance, or
34 be valid or obligatory for any purpose, unless there appears on such Note a certificate of
35 registration, substantially in the form provided in this Note Ordinance, executed by the
36 Paying Agent by manual signature.

37 SECTION 205. Notes Issued on a Parity with the Parity Bonds. The Notes
38 shall be and the same are hereby issued on a parity with the Parity Bonds, and the Notes
39 shall rank equally with and shall enjoy complete parity of lien with the Parity Bonds on all
revenues or funds specifically applicable to the payment of the Parity Bonds, including the
funds established by the Parity Ordinance in connection with the security and payment, of
said Parity Bonds. This Governing Authority does hereby find, determine and declare that
the Issuer has complied, or will comply prior to the delivery of the Notes, with all the terms

4 and conditions set forth in the Parity Ordinance, with respect to authorizing the issuance of
5 the Notes on a parity with the Parity Bonds.

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7 **ARTICLE 3**

8 **GENERAL TERMS AND PROVISIONS OF THE NOTES**

9
10 **SECTION 301. Exchange of Notes; Persons Treated as Owners.** The Issuer
11 shall cause books for the registration of ownership of the Notes and for the registration of
12 transfer of the Notes as provided in this Note Ordinance to be kept by the Paying Agent at
13 its principal corporate trust office, and the Paying Agent is hereby constituted and
14 appointed the registrar for the Notes. At reasonable times and under reasonable
15 regulations established by the Paying Agent said list may be inspected and copied by the
16 Issuer or by the Owners (or a designated representative thereof) of 15% of the outstanding
17 principal amount of the Notes. Upon surrender for registration of transfer of any Note, the
18 Paying Agent shall register and deliver in the name of the transferee or transferees one or
19 more new fully registered Notes of authorized denominations of the same maturity and like
20 aggregate principal amount. At the option of the Noteholder, Notes may be exchanged for
21 other Notes of authorized denominations of the same maturity and like aggregate principal
22 amount, upon surrender of the Notes to be exchanged at said office. Whenever any Notes
23 are so surrendered for exchange, the Paying Agent shall register and deliver in exchange
24 therefor the Note or Notes which the Noteholder making the exchange shall be entitled to
25 receive. All Notes presented for registration of transfer or exchange shall be accompanied
26 by a written instrument or instruments of transfer in form and with a guaranty of signature
27 satisfactory to the Paying Agent, duly executed by the Owner or his attorney duly
28 authorized in writing. No service charge to the Noteholders shall be made by the Paying
29 Agent for any exchange or registration of transfer of Notes. The Paying Agent may require
30 payment by the person requesting an exchange or registration of transfer of Notes of a
31 sum sufficient to cover any tax or other governmental charge that may be imposed in
32 relation thereto. The Issuer and the Paying Agent shall not be required (a) to issue,
33 register the transfer of or exchange any Note during a period beginning at the close of
34 business on a Record Date or any date of selection of Notes to be redeemed and ending
35 at the close of business on the Interest Payment Date or day on which the applicable
36 notice of redemption is given or (b) to register the transfer of or exchange any Note so
37 selected for redemption in whole or in part. All Notes delivered upon any registration of
38 transfer or exchange of Notes shall be valid obligations of the Issuer, evidencing the same
39 debt and entitled to the same benefits under this Note Ordinance as the Notes
surrendered. Prior to due presentment for registration of transfer of any Note, the Issuer
and the Paying Agent, and any agent of the Issuer or the Paying Agent may deem and
treat the person in whose name any Note is registered as the absolute owner thereof for all
purposes, whether or not such Note shall be overdue, and shall not be bound by any
notice to the contrary.

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4 SECTION 302. Notes Mutilated, Destroyed, Stolen or Lost. In case any Note
5 shall become mutilated or be improperly canceled, or be destroyed, stolen or lost, the
6 Issuer may in its discretion adopt a resolution or an ordinance and thereby authorize the
7 issuance and delivery of a new Note in exchange for and substitution for such mutilated or
8 improperly canceled Note, or in lieu of and substitution for the Note destroyed, stolen or
9 lost, upon the Owner (i) furnishing the Issuer and the Paying Agent proof of his ownership
10 thereof and proof of such mutilation, improper cancellation, destruction, theft or loss
11 satisfactory to the Issuer and the Paying Agent, (ii) giving to the Issuer and the Paying
12 Agent an indemnity bond in favor of the Issuer and the Paying Agent in such amount as
13 the Issuer may require, (iii) compliance with such other reasonable regulations and
14 conditions as the Issuer may prescribe and (iv) paying such expenses as the Issuer and
15 the Paying Agent may incur. All Notes so surrendered shall be delivered to the Paying
16 Agent for cancellation pursuant to SECTION 304 hereof. If any Note shall have matured
17 or be about to mature, instead of Issuing a substitute Note, the Issuer may pay the same,
18 upon being indemnified as aforesaid, and if such Note be lost, stolen or destroyed, without
19 surrender thereof. Any such duplicate Note issued pursuant to this Section shall constitute
20 an original, additional, contractual obligation on the part of the Issuer, whether or not the
21 lost, stolen or destroyed Note be at any time found by anyone. Such duplicate Note shall
22 be in all respects identical with those replaced except as to the number thereof and that it
23 shall bear on its face the following additional clause:

24 "This Note is issued to replace a lost, canceled or destroyed note
25 under the authority of R.S. 39:971 through 39:974."

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

34 SECTION 303. Preparation of Definitive Notes, Temporary Notes. Until the
35 definitive Notes are prepared, the Issuer may execute, in the same manner as is provided
36 in SECTION 305, and deliver, in lieu of definitive Notes, but subject to the same
37 provisions, limitations and conditions as the definitive Notes except as to the
38 denominations, one or more temporary typewritten Notes substantially of the tenor of the
39 definitive Notes in lieu of which such temporary Note or Notes are issued, in authorized
denominations, and with such omissions, insertions and variations as may be appropriate
to temporary Notes.

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4 SECTION 304. Cancellation of Notes. All Notes paid and redeemed either at
5 or before maturity, together with all Notes purchased by the Issuer, shall thereupon be
6 promptly canceled by the Paying Agent. The Paying Agent shall thereupon promptly
7 furnish to the Clerk of the Governing Authority an appropriate certificate of cancellation.

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

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

27 The Issuer shall cause the Note Register to be kept at the principal office of
28 the Paying Agent (initially the Director of Finance of the Issuer) in which registration of the
29 Notes and transfers of the Notes shall be made as provided herein. The Notes may be
30 transferred, registered and assigned only on the Note Register of the Paying Agent, and
31 such registration shall be at the expense of the Issuer. The Notes may be assigned by the
32 execution of the assignment set forth on the Notes or by other instruments of transfer and
33 assignment acceptable to the Paying Agent. A new Note will be delivered by the Paying
34 Agent to the last assignee (the new Owner) in exchange for such transferred and assigned
Note aver receipt of the Note to be transferred in proper form.

35 SECTION 307. Regularity of Proceedings. The Issuer, having investigated
36 the regularity of the proceedings had in connection with the issuance of the Notes, and
37 having determined the same to be regular, each of the Notes shall contain the following
38 recital, to wit:
39

4 "It is certified that this Note is authorized by and is issued in
5 conformity with the requirements of the Constitution and statutes of
6 the State of Louisiana."

7 **ARTICLE 4**

8 **APPLICATION OF PROCEEDS**

9 **SECTION 401. Application of Note Proceeds and Accrued Interest.**

10 (a) Upon the delivery of the Notes, the amount, if any, received as accrued interest shall
11 be deposited in the Sinking Fund described in SECTION 503(b) and applied by the Issuer
12 to pay interest falling due on the Notes on the first Interest Payment Date.
13

14 (b) After making the deposit described in (a) above, the remaining proceeds
15 of the Notes shall be deposited in a special account to be established by the Issuer called
16 the "City of Slidell, State of Louisiana, Series 2004 Utilities Revenue Note Project
17 Account," and such moneys, together with the interest earnings thereon, shall be used to
18 pay Costs of Issuance and the costs of the Project.

19 **ARTICLE 5**

20 **PAYMENT OF NOTES; DISPOSITION OF FUNDS**

21 **SECTION 501. Deposit of Funds With Paying Agent.** The Issuer covenants
22 that it will deposit or cause to be deposited with the Paying Agent from the moneys derived
23 from the operation of the Utilities System or other funds available for such purpose, at least
24 three (3) Business Days in advance of each Interest Payment Date, funds fully sufficient to
25 pay promptly the principal, premium, if any, and interest so falling due on such date.
26

27 **SECTION 502. Security for Note Funds.** All of the income and revenues to
28 be earned from the operation of the Utilities System shall be deposited daily as provided in
29 SECTION 503 hereof in the Utilities System Fund, which fund shall be maintained
30 separate and apart from all other funds of the Issuer. The Sinking Fund and the Reserve
31 Fund (both as hereinafter defined) shall be held by the depository bank as special trust
32 funds for the purposes provided in this Note Ordinance, and all other funds shall be held
33 by the depository bank as special deposits for the purposes set forth in this Note
34 Ordinance, and subject to such reasonable instructions as the Issuer may give in writing to
35 the depository bank. The Owners are hereby granted a lien on all funds established
36 pursuant to the requirements of this Note Ordinance unto applied in the manner herein
37 provided.

38 **SECTION 503. Funds and Accounts.** In order that the principal of, premium,
39 if any, and the interest on the Notes and the Parity Bonds will be paid in accordance with

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4 their terms and for the other objects and purposes hereinafter provided, the Issuer further
5 covenants that all income and revenues of every nature derived from the operation of the
6 Utilities System shall be deposited daily as the same may be collected in a separate and
7 special bank account and known and designated as the "Utilities System Fund," and said
8 Utilities System Fund shall be maintained and administered in the following order of priority
9 and for the following express purposes:

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

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

32 (c) The maintenance of a "Revenue Note Reserve Fund" established by the
33 Parity Bond Ordinance (the "Reserve Fund") into which, there shall be transferred one
34 month in advance on or before the twentieth (20th) day of each month of each year a sum
35 at least equal to 25% of the amount required to be paid into the Sinking Fund for such
36 month, such payment to continue until such time as there has been accumulated therein
37 the Reserve Fund Requirement. The money in the Reserve Fund shall be retained solely
38 for the purpose of paying the principal of and interest on bonds payable from the Sinking
39 Fund as to which there would otherwise be default (except such amounts, if any, as may
be payable to the United States of America as a rebate of arbitrage). In the event that
Additional Parity Obligations are issued hereafter in the manner provided by this Note
Ordinance, there shall be transferred from the proceeds of such pari passu bonds and/or
the Utilities System Fund, at the time of delivery of said additional pari passu bonds, or

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4 transferred from the Utilities System Fund into the Reserve Fund within a period not
5 exceeding five (5) years, such amounts (as may be designated in the ordinance
6 authorizing the issuance of such pari passu bonds) as will increase the total amount on
7 deposit in said Reserve Fund to a sum equal to the Reserve Fund Requirement.

8 (d) The maintenance of a "Capital Additions and Contingencies Fund"
9 established by the Parity Bond Ordinance (the "Contingencies Fund"), with the fiscal agent
10 bank to care for additions and improvements, renewals, replacements and emergency
11 repairs necessary to properly operate the Utilities System, by transferring from the Utilities
12 System Fund to the Contingencies Fund, monthly on or before the 20th day of each month
13 of each year, a sum at least equal to five percent (5%) of the gross revenues of the Utilities
14 System after provision is made for the funds required by paragraphs (a) through (c) above.
15 In addition to caring for extensions, additions, improvements, renewals and replacements
16 necessary to properly operate the Utilities System, the money in the Contingencies Fund
17 shall be used to pay the principal of and the interest on the Notes, including any Additional
18 Parity Obligations issued hereafter in the manner provided by the Note Ordinance, for the
19 payment of which there is not sufficient money in the Sinking Fund or Reserve Fund, but
20 the money in the Contingencies Fund shall never be used for the making of extensions,
21 additions, improvements, renewals and replacements to the Utilities System if such use of
22 said money will leave in the Contingencies Fund for the making of emergency repairs or
23 replacements less than the sum of Twenty Five Thousand Dollars (\$25,000).

24 If at any time it shall be necessary to use moneys in the Reserve Fund or the
25 Contingencies Fund for the purpose of paying principal or interest on Notes payable from
26 the Sinking Fund as to which there would otherwise be default, then the moneys so used
27 shall be replaced from the revenues of the Utilities System first thereafter received, not
28 hereinabove required for the purposes described in (a) and (b) of this SECTION 503, it
29 being the intention hereof that there shall as nearly as possible be at all times in the
30 Reserve Fund and the Contingencies Fund the amounts hereinabove specified.

31 All or any part of the moneys in the Utilities System Fund, Sinking Fund,
32 Reserve Fund and Contingencies Fund shall, at the written request of the Issuer, be
33 invested in direct obligations of the United States of America maturing in five (5) years or
34 less and such investments shall, to the extent at any time necessary, be liquidated and the
35 proceeds thereof applied to the purposes for which such funds are created. All income or
36 earnings from such investments shall be deposited in the Utilities System Fund as income
37 and revenues of the Utilities System.

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

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

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

14 ARTICLE 6

15 REDEMPTION OF NOTES

16 SECTION 601. Redemption of Notes. The Notes or principal installments
17 thereof maturing on or before April 1, 2013 will not be subject to optional redemption prior
18 to their respective maturity dates. The Notes, or principal installments thereof maturing
19 after April 1, 2013 may be redeemed by the Borrower (provided the Administrative Fee for
20 the Fiscal Year of said redemption must be paid prior to said redemption) on or after April
21 1, 2013 in whole or at any time, or in part pro rata with respect to the remaining maturities,
22 rounded to the nearest \$5,000 principal amount, on any Interest Payment Date at a
23 redemption price equal to the principal amount redeemed, plus accrued interest to the
24 redemption date, together with a redemption premium (expressed as a percentage of the
25 principal amount to be redeemed) as set forth below:

26 REDEMPTION	27 REDEMPTION
28 <u>PERIOD</u>	29 <u>PREMIUM</u>
30 April 1, 2013 through March 31, 2014	31 2%
32 April 1, 2014 through March 31, 2015	33 1%
34 April 1, 2015 and thereafter	35 0%

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4 The principal installments of the Notes are subject to mandatory redemption in full or in
5 part at a redemption price equal to the principal amount of the installments to be
6 redeemed, together with accrued interest to the date fixed for redemption to the extent that
7 the Borrower receives funds for the Project for which proceeds of the Notes have been
8 expended from (i) the State pursuant to its Capital Outlay Budget or (ii) any state or federal
9 grants.

10 Prepayments shall be applied first to the Administrative Fee, second to
11 accrued interest on the portion of the Notes to be redeemed, then to principal and finally to
12 any redemption premium.

13 In the event a Note to be redeemed is of a denomination larger than \$5,000,
14 a portion of such Note (\$5,000 or any multiple thereof) may be redeemed. Official notice
15 of such call of any of the Notes for redemption will be given by first class mail, postage
16 prepaid, by notice deposited in the United States mail not less than thirty (30) days prior to
17 the redemption date addressed to the registered Owner of each Note to be redeemed at
18 his address as shown on the registration books of the Paying Agent.

19 SECTION 602. Notice to Paying Agent. In the case of any redemption of
20 Notes, the Issuer shall give written notice to the Paying Agent of the election so to redeem
21 and the redemption date, and of the principal amounts and numbers of the Notes or
22 portions of Notes of each maturity to be redeemed. Such notice shall be given at least
23 thirty (30) days prior to the redemption date. In the event notice of redemption shall have
24 been given as provided in SECTION 604, the Issuer shall, at least one day prior to the
25 redemption date, deposit moneys available therefor with the Paying Agent in an amount
26 which, in addition to other amounts, if any, available therefor held by the Paying Agent will
27 be sufficient to redeem on the redemption date, at the redemption price thereof together
28 with accrued interest to the redemption date, all of the Notes to be redeemed.

29 SECTION 603. Selection of Notes to be Redeemed by Lot. In the event of
30 redemption of less than all the outstanding Notes of like maturity, such Notes shall be
31 redeemed by lot or in such other manner as shall be deemed fair and equitable by the
32 Paying Agent for random selection.

33 SECTION 604. Notice of Redemption. Notice of any such redemption shall
34 be given by the Paying Agent by mailing a copy of the redemption notice by first class mail,
35 postage prepaid, not less than thirty (30) days prior to the date fixed for redemption to the
36 Owner of each Note to be redeemed in whole or in part at the address shown on the
37 registration books maintained by the Paying Agent. Failure to give such notice by mailing
38 to any Noteholder, or any defect therein, shall not affect the validity of any proceedings for
39 the redemption of other Notes. All notices of redemption shall state (i) the redemption
date; (ii) the redemption price; (iii) if less than all the Notes are to be redeemed, the
identifying number (and in the case of partial redemption, the respective principal amounts)

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4 and CUSIP number of the Notes to be redeemed; (iv) that on the redemption date the
5 redemption price will become due and payable on each such Note and interest thereon will
6 cease to accrue thereon from and after said date; and (v) the place where such Notes are
7 to be surrendered for payment. Any notice mailed as provided in this Section shall be
8 conclusively presumed to have been duly given, whether or not the Owner of such Notes
9 receives the notice. On or before any redemption date the Paying Agent shall segregate
10 and hold in trust funds furnished by the Issuer for the payment of the Notes or portions
11 thereof called, together with accrued interest thereon and premium, if any, to the
12 redemption date. Upon the giving of notice and the deposit of funds for redemption,
13 interest on such Notes or portions thereof thus called shall no longer accrue after the date
14 fixed for redemption. If said moneys shall not be so available on the redemption date,
15 such Notes shall continue to bear interest until paid at the same rate as would have been
16 assessed had such Notes not been called for redemption. No payment shall be made by
17 the Paying Agent upon any Note or portion thereof called for redemption until such Note or
18 portion thereof shall have been delivered for payment or cancellation or the Paying Agent
19 shall have received the items required by SECTION 302 with respect to any mutilated, lost,
20 stolen or destroyed Note. Upon surrender of any Note for redemption in part only, the
21 Paying Agent shall register and deliver to the Owner thereof a new Note or Notes of
22 authorized denominations in an aggregate principal amount equal to the unredeemed
23 portion of the Note surrendered.

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

31 SECTION 606. Purchase of Notes. The Paying Agent shall endeavor to
32 apply any moneys furnished by the Issuer for the redemption of Notes (but not committed
33 to the redemption of Notes as to which notice of redemption has been given) to the
34 purchase of appropriate outstanding Notes. In accordance with SECTION 304 hereof, any
35 Notes so purchased shall be canceled. The price paid by the Paying Agent (excluding
36 accrued interest, but including any brokerage or other charges) for any Note purchased
37 pursuant to this Section shall not exceed the Redemption Price thereof, the paying Agent
38 shall also pay (from moneys furnished by the Issuer) accrued interest on any such Note.
39 Subject to the above limitations, the Paying Agent, at the direction of the Issuer, shall
purchase Notes at such times, for such prices, in such amounts and in such manner
(whether after advertisement for tenders or otherwise) with monies made available by the
Issuer for such purpose, provided, however, that the Paying Agent shall not expend
amounts for the purchase of Notes of a particular maturity in excess of the amount that

4 would otherwise be ended for the redemption of Notes of such maturity, and, provided
5 further, that the Issuer may, in its discretion, direct the Paying Agent to advertise for
6 tenders for the purchase of Notes not less than sixty (60) days prior to any date for
7 redemption of Notes.

8 **ARTICLE 7**

9 **PARTICULAR COVENANTS, ADDITIONAL PARITY OBLIGATIONS**

10
11 **SECTION 701. Obligation of the Issuer in Connection with the Issuance of**
12 **the Notes.** As a condition of the issuance of the Notes, the Issuer hereby binds and
13 obligates itself to deposit the proceeds of the Notes as described in the Loan and Pledge
14 Agreement.

15 **SECTION 702. Payment of Notes.** The Issuer shall duly and punctually pay
16 or cause to be paid as herein provided, the principal or Redemption Price, if any, of every
17 Note and the interest thereon, at the dates and places and in the manner stated in the
18 Notes according to the true intent and meaning thereof.

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

25 (a) The Notes and Parity Bonds or any part thereof, including interest and
26 redemption premiums thereon, may be refunded with the consent of the owners (except as
27 to maturing bonds or Notes which are then option for redemption and have been properly
28 called for redemption, such consent shall not be necessary), and the refunding obligations
29 so issued shall enjoy complete equality of lien with the portion of the Notes which is not
30 refunded, if there be any, and the refunding obligations shall continue to enjoy whatever
31 priority of lien over subsequent issues may have been enjoyed by the Notes refunded;
32 provided; however, that if only a portion of Notes outstanding is so refunded and the
33 refunding bonds require total principal and interest payments during any Note Year in
34 excess of the principal and interest which would have been required in such Note Year to
35 pay the Notes refunded thereby, then such Notes may not be refunded without the consent
36 of the Owners of the unrefunded portion of the Notes issued hereunder; and

37 (b) Additional Parity Obligations may also be issued on a parity with the
38 Notes herein authorized if all of the following conditions are met:
39

4 (i) The Net Utilities Revenues must in each of the two (2)
5 completed Fiscal Years immediately preceding the issuance of the Additional Parity
6 Obligations have been not less than one and three tenths (1.3) times the highest combined
7 principal and interest requirements for any succeeding Fiscal Year period on as bonds
8 then outstanding, including any pari passu Additional Parity Obligations theretofore issued
9 and then outstanding which are payable from the Net Utilities Revenues (but not Including
10 bonds which have been refunded or provision otherwise made for their full and complete
payment and redemption) and the bonds so proposed to be issued.

11 (ii) There must be no delinquencies in payments required to be
12 made into the various funds established by SECTION 503 hereof.

13 (iii) The existence of the facts required by paragraphs (i) and (ii)
14 above must be determined and certified to by the Director of Finance of the Issuer.

15 (iv) The additional bonds must be payable on April 1st of each year
16 in which principal falls due and payable as to interest on April 1st and October 1st of each
17 year.

18 (v) The proceeds of the additional bonds must be used solely for
19 the making of improvements, extensions, renewals, replacements or repairs to the Utilities
20 System, or to refund bonds issued therefor.

21 (c) For the purpose of this section, debt service calculations shall be based
22 on mandatory sinking fund installments.

23
24 **ARTICLE 8**

25
26 **SUPPLEMENTAL NOTE ORDINANCES**

27 **SECTION 801. Supplemental Ordinances Effective Without Consent of**
28 **Noteholders.** For any one or more of the following purposes and at any time from time to
29 time, an ordinance supplemental hereto may be adopted, which, upon the filing with the
30 Paying Agent of a certified copy thereof, but without any consent of Noteholders, shall be
31 fully effective in accordance with its terms: (a) to add to the covenants and agreements of
32 the Issuer in the Note Ordinance other covenants and agreements to be observed by the
33 Issuer which are not contrary to or inconsistent with this Note Ordinance as theretofore in
effect;

34 (b) to add to the limitations and restrictions in this Note Ordinance other
35 limitations and restrictions to be observed by the Issuer which are not contrary to or
36 inconsistent with this Note Ordinance as theretofore in effect;

37
38
39

4 (c) to surrender any right, power or privilege reserved to or conferred upon
5 the Issuer by the terms of this Note Ordinance, but only If the surrender of such right,
6 power or privilege is not contrary to or inconsistent with the covenants and agreements of
7 the Issuer contained in this Note Ordinance;

8 (d) to cure any ambiguity, supply any omission, or cure or correct any defect
9 or inconsistent provision of this Note Ordinance; or

10 (e) to insert such provisions clarifying matters or questions arising under this
11 Note Ordinance as are necessary or desirable and are not contrary to or Inconsistent with
12 this Note Ordinance as theretofore in effect.

13 SECTION 802. Supplemental Ordinances Effective With Consent of
14 Noteholders. Except as provided in SECTION 801, any modification or amendment of this
15 Note Ordinance or of the rights and obligations of the Issuer and of the Owners of the
16 Notes hereunder, in any particular, may be made by a supplemental Ordinance, with the
17 written consent of the Owners of a majority of the Note Obligation at the time such consent
18 is given. No such modification or amendment shall permit a change in the terms of
19 redemption or maturity of the principal of any outstanding Note or of any installment of
20 interest thereon or a reduction in the principal amount or the redemption price thereof or in
21 the rate of interest thereon without the consent of the Owner of such Note, or shall reduce
22 the percentages of Notes the consent of the Owner of which is required to effect any such
23 modification or amendment, or change the obligation of the Issuer to levy rates and
24 charges for the payment of the Notes as provided herein, without the consent of the
25 Owners of all of the Notes then outstanding, or shall change or modify any of the rights or
26 obligations of the Paying Agent without its written assent thereto. For the purposes of this
27 Section, Notes shall be deemed to be affected by a modification or amendment of this
28 Note Ordinance ff the same adversely affects or diminishes the rights of the Owners of
29 said Notes.

30 **ARTICLE 9**

31 **RATES AND CHARGES; COVENANTS AS TO THE**
32 **MAINTENANCE AND OPERATION OF THE UTILITIES SYSTEM**

33 SECTION 901. Obligation to Fix Rates. The Issuer, through the Governing
34 Authority, hereby covenants to fix, establish and maintain such rates and collect such fees,
35 rents or other charges for the services and facilities of the Utilities System and all parts
36 thereof, and to revise the same from time to time whenever necessary, as will always
37 provide revenues in each year at least sufficient to pay (i) the reasonable and necessary
38 expenses of administering, operating and maintaining the Utilities System in such year, (ii)
39 the principal and interest maturing on the Notes and Parity Bonds in such year, (iii) all
Reserve or Sinking Funds or other payments required for such year by this Note

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4 Ordinance and the Parity Note Ordinance, and (iv) all other obligations and indebtedness
5 payable out of the income and revenues of the Utilities System during such year, and
6 which will in any event provide revenues in each year, after paying all reasonable and
7 necessary expenses of administering, operating and maintaining the Utilities System in
8 such year not paid from ad valorem tax revenues, at least equal to 120% of the largest
9 amount of principal and interest maturing on the Notes herein authorized, the Parity Bonds
10 and on any additional pari passu bonds in any future Fiscal Year, and that such rates,
11 fees, rents or other charges shall not at any time be reduced so as to be insufficient to
12 provide adequate revenues for such purposes.

13 SECTION 902. Schedule of Rates and Charges. Except as otherwise
14 provided, nothing in this Note Ordinance or in the Notes shall be construed to prevent the
15 Issuer from altering, amending or repealing from time to time as may be necessary any
16 resolutions or ordinances setting and establishing a schedule or schedules of rates and
17 charges for the services and facilities to be rendered by the Utilities System, said
18 alterations, amendments or repeals to be conditioned upon the continued preservation of
19 the rights of the Owners with respect to the income and revenues of the Utilities System,
20 not only for the payment of the principal of and the interest on the Notes, but to give
21 assurance and insure that the income and revenues of the Utilities System shall be
22 sufficient at all times to meet and fulfill the other provisions stated and specified in
23 SECTION 503 of this Note Ordinance. It is understood and agreed, however, that the
24 Issuer shall fix, establish and maintain such rates and collect such fees, rents or other
25 charges for the services and facilities to be rendered by the Utilities System, irrespective of
26 the user thereof, that no free services or facilities shall be furnished to any person,
27 association of persons or corporation, public or private, except the Issuer itself, and that all
28 service shall be metered, and that no discrimination shall be made as to rates and charges
29 for the services and facilities of the Utilities System as between users of the same type or
30 class; provided, however, the Issuer shall not be required to meter water used for fire
31 fighting purposes through its fire hydrants, but the Issuer hereby agrees to pay from its
32 general revenues a minimum annual rental of Twenty Five Dollars (\$25.00) per year for
33 each fire hydrant connected to the Utilities System and available for fire fighting. The
34 Issuer agrees that all charges owed by any individual, partnership or corporation for water
35 and sewer rendered by the Utilities System shall be billed and collected as a unit; that
36 failure of any individual, partnership or corporation to pay said combined charge within
37 fifteen (15) days of the date on which it is billed shall cause such charge to become
38 delinquent; that if such delinquent charge, with penalties accrued thereon, is not paid
39 within ten (10) days from the date on which it became delinquent, the Issuer will shut off
water service to the affected premises; and that the Issuer and its officials, agents and
employees will do all things necessary and will take advantage of all remedies afforded by
law to collect and enforce the prompt payment of all charges made for utilities services
rendered by the Utilities System. All delinquent charges for such services shall on the date
of delinquency have added thereto a penalty of ten percent (10%) of the amount of the

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4 charge. If service shall be discontinued as above provided, the customer shall in addition
5 to paying the delinquent charges and penalties, pay as a condition precedent to the
6 resumption of service, a reasonable re-connection charge of not less than Two Dollars
7 (\$2.00) for each service resumed. It is further understood and agreed that the schedule of
8 rates, fees, rents and other charges being charged as of the date of the adoption of this
9 Note Ordinance for services and facilities rendered by the Utilities System shall remain in
10 effect and neither said existing schedule nor any subsequent schedule shall be reduced at
11 any time unless all payments required for all funds by this Note Ordinance, including any
12 deficiencies for prior payments, have been fully made, and unless such schedule as so
13 reduced will in each year thereafter produce sufficient revenues to meet and fulfill the other
14 provisions stated and specified in SECTIONS 503 and 901 of this Note Ordinance.

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

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

35 So long as any of the Notes are outstanding and unpaid, the Issuer, in
36 operating the Utilities System, shall require all of its officers and employees who may be in
37 a position of authority or in possession of money derived from the operation of the Utilities
38 System to be covered by a blanket fidelity or faithful performance bond or independent
39 fidelity bonds written by a responsible indemnity company in amounts adequate to protect
the Issuer from loss.

SECTION 905. Accounting for System Revenues. So long as any of the
Notes herein authorized are outstanding and unpaid in principal or interest, the Issuer shall

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

15 (a) A statement in detail of the income and expenditures of the Utilities
16 System for such Fiscal Year.

17 (b) A balance sheet as of the end of such Fiscal Year.

18 (c) The accountant's comments regarding the manner in which the Issuer
19 has carried out the requirements of this Note Ordinance, and the accountant's
20 recommendations for any changes or improvements in the operation of the Utilities System
21 or the method of keeping the records relating thereto.

22 (d) A list of the insurance policies in force at the end of the Fiscal Year, setting
23 out as to each policy the amount of the policy, the risks covered, the name of the insurer
24 and the expiration date of the policy.

25 (e) The number of metered water customers and the number of unmetered
26 water customers, if any, at the end of the Fiscal Year.

27 (f) An analysis of additions, replacements and improvements to the physical
28 properties of the Utilities System.

29 All expenses incurred in the making of the audits required by this Section
30 shall be regarded and paid as a maintenance and operation expense. The Issuer further
31 agrees that the original purchaser of the Notes, the Paying Agent and the Owners shall
32 have the right to discuss with the accountant making the audit the contents of the audit and
33 to ask for such additional information as he may reasonably require. The Issuer further
34 agrees to furnish to the Purchaser or to such other parties as it shall designate in writing,
35 and to the Paying Agent, and upon request, to any Owner, a monthly statement itemized to
36 show the income and expenses of the operation of the Utilities System and the number of
37 connections for the preceding month. The Issuer further agrees that said original
38 purchaser, the Paying Agent and the Owners shall have at all reasonable times the right to
39

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4 inspect the Utilities System and the records, accounts and data of the Issuer relating
5 thereto.

6 SECTION 906. Rights of Owners. The Owners of the Notes shall be entitled
7 to exercise all rights and powers for which provision is made in the laws of the State,
8 particularly Sub-Part C, Part I, Chapter 10, Title 33 of the Louisiana Revised Statutes of
9 1950. Any Owners of said Notes issued under the provisions of this Note Ordinance, or
10 any trustee acting for such Owners in the manner hereinafter provided, may, either at law
11 or in equity, by suit, action, mandamus or other proceeding in any court of competent
12 jurisdiction, protect and enforce any and all rights under the laws of the State, or granted
13 and contained in this Note Ordinance, and may enforce and compel the performance of all
14 duties required by this Note Ordinance or by any applicable statutes to be performed by
15 the Issuer or by any agency, board or officer thereof, including the fixing, charging and
16 collection of rentals, fees or other charges for the use of the Utilities System, and in
17 general to take any action necessary to most effectively protect the rights of said Owners.

18 In the event that default shall be made in the payment of the interest on or
19 the principal of any of the Notes issued pursuant to this Note Ordinance as the same shall
20 become due, or in the making of the payments into any fund established by SECTION 503
21 of this Note Ordinance or any other payments required to be made by this Note Ordinance,
22 or in the event that the Issuer or any agency, board, officer, agent or employee thereof
23 shall fail or refuse to comply with the provisions of this Note Ordinance, or shall default in
24 any covenant made herein, and in the further event that any such default shall continue for
25 a period of thirty (30) days after written notice, any Owner or any trustee appointed to
26 represent Owners as hereinafter provided, shall be entitled as of right to the appointment
27 of a receiver of the Utilities System, in an appropriate judicial proceeding in a court of
28 competent jurisdiction.

29 The receiver so appointed shall forthwith directly or by his agents and
30 attorneys, enter into and upon and take possession of the Utilities System, and each and
31 every part thereof, and shall hold, operate and maintain, manage and control the Utilities
32 System, and each and every part thereof, and in the name of the Issuer shall exercise all
33 the rights and powers of the Issuer with respect to the Utilities System as the Issuer itself
34 might do. Such receiver shall operate the Utilities System in the manner provided in this
35 Note Ordinance, and comply under the jurisdiction of the court appointing such receiver,
36 with all of the provisions of this Note Ordinance.

37 Whenever all that is due upon the Notes issued pursuant to this Note
38 Ordinance, and interest thereon, and under any covenants of this Note Ordinance for all
39 funds herein required, and upon any other obligations and interest thereon, having a
charge, lien or encumbrance upon the fees, rentals or other revenues of the Utilities
System, shall have been paid and made good, and all defaults under the provisions of this
Note Ordinance shall have been cured and made good, possession of the Utilities System

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4 shall be surrendered to the Issuer upon the entry of an order of the court to that effect.
5 Upon any subsequent default, any Owner of Notes issued pursuant to the Note Ordinance,
6 or any trustee appointed for Owners hereinafter provided, shall have the same right to
7 secure the further appointment of a receiver upon such subsequent default.

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

15 Any receiver appointed as provided herein shall hold and operate the Utilities
16 System in the name of the Issuer and for the joint protection and benefit of the Issuer and
17 Owners of Notes issued pursuant to this Note Ordinance. Such receiver shall have no
18 power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character
19 belonging or pertaining to the Utilities System but the authority of such receiver shall be
20 limited to the possession, operation and maintenance of the Utilities System for the sole
21 purpose of the protection of both the Issuer and Owners and the curing and making good
22 of any default under the provisions of this Note Ordinance, and the title to and the
23 ownership of the Utilities System shall remain in the Issuer, and no court shall have any
24 jurisdiction to enter any order or decree permitting a requiring such receiver to sell,
25 mortgage or otherwise dispose of any assets of the Utilities System except with the
26 consent of the Issuer and the Owners of not less than three-fourths (3/4) of the principal
27 amount of the Notes then outstanding, and in such manner as the court shall direct.

28 The Owners of Notes in an aggregate principal amount of not less than
29 twenty-five percent (25%) of Notes issued under this Note Ordinance then outstanding
30 may by a duly executed certificate in writing appoint a trustee for Owners of Notes issued
31 pursuant to this Note Ordinance with authority to represent such Owners in any legal
32 proceedings for the enforcement and protection of the rights of such Owners. Such
33 certificate shall be executed by such Owners, or their duly authorized attorneys or
34 representatives, and shall be filed in the office of the Governing Authority.

35 SECTION 907. Sale or Lease of Utilities System. So long as any of the
36 Notes authorized are outstanding in principal and interest, the Issuer shall be bound and
37 obligated not to sell, lease, encumber, or in any manner dispose of the Utilities System or
38 any substantial part thereof; provided, however, that this covenant shall not be construed
39 to prevent the disposal by the Issuer of property which in its judgment has become
inexpedient to use in connection with the Utilities System when other property of equal
value is substituted therefor, or the proceeds derived from the sale of such property are

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4 used for the purpose of making extensions, improvements or additions to, or renewal of
5 capital assets of the Utilities System.

6 SECTION 908. Priority of Lien. Except as provided in SECTION 703 of this
7 Note Ordinance, the Issuer hereby covenants that it will not voluntarily create or cause to
8 be created any debt, lien, pledge, mortgage, assignment, encumbrance or any other
9 charge whatsoever having priority over or parity with the lien of the Notes issued pursuant
10 to this Note Ordinance and the interest thereon upon any of the income and revenues of
11 the Utilities System pledged as security therefor in this Note Ordinance.

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

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

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

33 Acting in the exercise of its police powers, the Issuer shall take all action
34 necessary to require every owner, tenant or occupant of each lot or parcel of land in the
35 Issuer which abuts upon a street or other public way containing a sewer line and upon
36 which lot or parcel a building shall have been constructed for residential, commercial or
37 industrial use, to connect said buildings with the Utilities System and to cease to use any
38 other method for the disposal of sewerage, sewerage waste or other polluting matter which
39 can be handled by the Utilities System. All such connections shall be made in accordance
with rules and regulations to be adopted from time to time by the Governing Authority,

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4 which rules and regulations may provide for an Inspection charge to assure the proper
5 making of such connection.

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

11 SECTION 912. Consulting Engineer. It is recognized and understood that in
12 purchasing and accepting delivery of the Notes herein authorized, the original purchasers
13 thereof have relied, and the Owners of the Notes from time to time will rely, upon
14 representations made by the Issuer that the Utilities System will be economically and
15 efficiently operated so that both the Issuer and the Owners of the Notes may benefit
16 through the production of maximum revenues. To this end, the Issuer hereby covenants
17 and agrees that in the event it should default in making the payments required by
18 SECTION 503 of this Note Ordinance, it will retain a nationally known consulting utility
19 engineer or firm of consulting utility engineers (in this Note Ordinance referred to as
20 "Consulting Engineer") for the purpose of providing the Issuer with proper engineering
21 counsel in the operation of the Utilities System until such time as all such defaults have
22 been cured and satisfied. The Consulting Engineer shall be retained on an annual basis at
23 such reasonable compensation as may be fixed by the Governing Authority and the
24 payment of such compensation shall be considered to be one of the costs of maintaining
25 and operating the Utilities System. The Consulting Engineer retained under the provisions
26 of this Note Ordinance may be replaced at any time by another engineer or firm of
27 engineers appointed or retained by the Issuer, provided no such engineer may be replaced
28 until an Ordinance setting forth the just cause for such action, adopted by the Governing
29 Authority, shall have been filed with the Clerk of the Governing Authority, the Purchaser
30 and the Consulting Engineer, and thereafter a public hearing thereon shall have been
31 conducted by the Governing Authority at which all interested persons are given an
32 opportunity to be heard, after which the Governing Authority may make such replacement
33 if so directed by at least a two thirds (2/3rds) vote of the Governing Authority taken at a
34 regular meeting. If the Consulting Engineer is ever appointed, retained or replaced as
35 above provided, such engineer or successor engineer shall be selected with special
36 reference to his knowledge and experience in the construction and operation of publicly
37 owned utility properties and shall be retained under contract at such reasonable
38 compensation as may from time to time be agreed upon by the Governing Authority and
39 the engineer.

Should the Governing Authority fail to retain a Consulting Engineer as herein
provided and shall fail to do so within thirty (30) days after written notice from any Owner
calling attention to such failure, then upon the petition of twenty-five percent (25%) of the

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4 Owners of the outstanding Notes, the Governing Authority shall select and retain such
5 Consulting Engineer as is named in the petition of the Owners.

6 Said Consulting Engineer as retained as hereinabove provided, shall
7 annually inspect the Utilities System and the records relating thereto, and within three (3)
8 months after the close of the Fiscal Year he shall prepare a written report upon the
9 operations of the Utilities System during the preceding year, the condition and
10 maintenance of the properties thereof, the efficiency of the management of the property,
11 the proper and adequate keeping of books of account and record, the adherence to budget
12 and budgetary control provisions, the adherence to all the provisions of this Note
13 Ordinance, and any other things having a bearing upon the efficient and profitable
14 operation of the Utilities System as the Consulting Engineer feels should be contained in
15 the report. Said Consulting Engineer shall also submit in said report such
16 recommendations for maintenance, insurance, operation, repairs, renewals, replacements,
17 extensions, betterments and improvements as he may deem proper. Copies of such
18 report shall be placed on file with the Clerk of the Issuer and said report shall be furnished
19 to any Owner of any of said Notes upon request.

20 It shall also be the duty of the Consulting Engineer to advise the Issuer as to
21 any changes or revisions of rates, fees, rents or other charges for services and facilities
22 rendered or furnished by the Utilities System, and the Issuer agrees to make no revisions
23 therein which are not approved by the Consulting Engineer except that changes or
24 revisions of such rates, fees, rents or other charges may be made without the approval of
25 the Consulting Engineer if the Governing Authority by Ordinance adopted by
26 two-thirds (2/3rds) of its members shall order such changes or revisions and call a public
27 hearing to be held thereon within thirty (30) days from the adoption of the Ordinance. Not
28 less than ten (10) days notice of such hearing shall be given to all interested parties,
29 including the Consulting Engineer and the Purchaser. Sixty (60) days before the close of
30 each Fiscal Year the Issuer shall, in conjunction with the Consulting Engineer, prepare a
31 budget for the ensuing year's operation of the Utilities System. No expenditure for the
32 operation, maintenance and repairs of the Utilities System in excess of the amounts stated
33 in the budget shall be made in any year unless authorized by the Governing Authority and
34 approved by the Consulting Engineer.

35 The provisions of this Section shall only apply during any period during which
36 the Issuer may be in default in making required payments into the funds established by
37 SECTION 503 of this Note Ordinance.
38
39

4 ARTICLE 10

5 CONCERNING FIDUCIARIES

6
7 SECTION 1001. Paying Agent; Appointment and Acceptance of Duties. The
8 Issuer will at all times maintain a Paying Agent meeting the qualifications herein described
9 for the performance of the duties hereunder. The designation of the Director of Finance of
10 the Issuer as the initial Paying Agent is hereby confirmed and approved.

11 SECTION 1002. Successor Paying Agent. Any successor Paying Agent
12 shall (i) be a trust company or bank in good standing, located in or incorporated under the
13 laws of the State, duly authorized to exercise trust powers and subject to examination by
14 federal or state authority and (ii) have a reported capital and surplus of not less than
15 \$75,000,000.

16 ARTICLE 11

17 MISCELLANEOUS

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

29 (b) Notes or interest installments for the payment or redemption of which
30 Defeasance Obligations shall have been set aside and shall be held in trust by the Paying
31 Agent or an escrow agent (through deposit by the Issuer of funds for such payment or
32 redemption or otherwise) at a maturity or redemption date thereof shall be deemed to have
33 been paid within the meaning and with the effect expressed in paragraph (a) of this
34 Section. Any Note shall, prior to maturity or the redemption date thereof, be deemed to
35 have been paid within the meaning and with the effect expressed in paragraph (a) of this
36 Section if (i) in case such Note is to be redeemed on any date prior to its maturity, the
37 Issuer shall have given to the Paying Agent in form satisfactory to it irrevocable
38 instructions to give notice of redemption as provided in ARTICLE 6 of this Note Ordinance,
39 (ii) there shall have been deposited with the Paying Agent or an escrow agent, Defeasance
Obligations, in the amounts and having such terms as are necessary to provide moneys
(whether as principal or interest) in an amount sufficient to pay when due the principal or

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4 applicable redemption price thereof, together with all accrued Interest and (iii) the
5 adequacy of the Defeasance Obligations so deposited to pay when due the principal or
6 applicable redemption price and all accrued interest shall have been verified by an
7 independent certified public accountant. Neither Defeasance Obligations deposited
8 pursuant to this Section nor principal or interest payments on any such securities shall be
9 withdrawn or used for any purpose other than, and shall be held in trust for, the payment of
10 the principal or redemption price, if applicable, and interest on said Notes; provided that
11 any cash received from such principal or interest payments on such Defeasance
12 Obligations shall, if permitted by the Code, and to the extent practicable, be reinvested in
13 Defeasance Obligations maturing at times and in amounts sufficient to pay when due the
14 principal or redemption price, if applicable, and interest to become due on said Notes on
15 and prior to such redemption date or maturity date thereof, as the case may be.

16 (c) Notwithstanding the foregoing, so long as the Department is the owner of
17 the Notes or has pledged or assigned the Notes in accordance with Section 9.1 of the
18 Loan Agreement, the payment of the Notes and the interest due thereon and other sums
19 provided for pursuant to this Ordinance and the Loan Agreement shall not be defeased or
20 otherwise made, or the payment of any such funds shall not be provided for, in any
21 manner whatsoever other than through the full immediate payment thereof in lawful money
22 of the United States, without the written consent of the Department.

23 SECTION 1102. Evidence of Signatures of Noteholders and Ownership of
24 Notes. (a) Any request, consent, revocation of consent or other instrument which the Note
25 Ordinance may require or permit to be signed and executed by the Owners may be in one
26 or more instruments of similar tenor, and shall be signed or executed by such Owners in
27 person or by their attorneys-in-fact appointed in writing. Proof of (i) the execution of any
28 such instrument, or of an instrument appointing any such attorney, or (ii) the ownership by
29 any person of the Notes shall be sufficient for any purpose of the Note Ordinance (except
30 as otherwise therein expressly provided) if made in the following manner, or in any other
31 manner satisfactory to the Paying Agent, which may nevertheless in its discretion require
32 further or other proof in cases where it deems the same desirable:

33 (i) the fact and date of the execution of such instrument by any
34 Owner attorney-in-fact may be proved by the certificate, which need not be acknowledged
35 or verified, of an officer of a bank, a trust company or of any notary public or other officer
36 authorized to take acknowledgments of deeds, that the person signing such request or
37 other instrument acknowledged to him the execution thereof, or by an affidavit of a
38 witness of such execution, duly sworn to before such notary public or other officer. Where
39 such execution is by an officer of a corporation or association or a member of a
partnership, on behalf of such corporation, association or partnership, such certificate or
affidavit shall also constitute sufficient proof of his authority;

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4 (ii) the ownership of Notes and the amount, numbers and other
5 identification, and date of owning the same shall be proved by the registration books.

6 (b) Any request or consent by the Owner of any Note shall bind all future
7 Owners of such Note in respect of anything done or suffered to be done by the Issuer or
8 the Paying Agent in accordance therewith.

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

13 SECTION 1104. Parties Interested Herein. Nothing in this Note Ordinance
14 expressed or implied is intended or shall be construed to confer upon, or to give to, any
15 person or corporation, other than the Issuer, the Paying Agent, the Insurer and the Owners
16 of the Notes any right, remedy or claim under or by reason of this Note Ordinance or any
17 covenant, condition or stipulation thereof; and all the covenants, stipulations, promises and
18 agreements in this Note Ordinance contained by and on behalf of the Issuer shall be for
19 the sole and exclusive benefit of the Issuer, the Paying Agent, the Insurer and the Owners
20 of the Notes.

21 SECTION 1105. No Recourse on the Notes. No recourse shall be had for
22 the payment of the principal of or interest on the Notes or for any claim based thereon or
23 on this Note Ordinance against any member of the Governing Authority or officer of the
24 Issuer or any person executing the Notes.

25 SECTION 1106. Successors and Assigns. Whenever in this Note Ordinance
26 the Issuer is named or referred to, it shall be deemed to include its successors and assigns
27 and all the covenants and agreements in this Note Ordinance contained by or on behalf of
28 the Issuer shall bind and enure to the benefit of its successors and assigns whether so
29 expressed or not.

30 SECTION 1107. Severability. In case any one or more of the provisions of
31 this Note Ordinance or of the bonds Issued hereunder shall for any reason be held to be
32 illegal or invalid, such illegality or invalidity shall not affect any other provision of this Note
33 Ordinance or of the Notes, but this Note Ordinance and the Notes shall be construed and
34 enforced as if such illegal or invalid provisions had not been contained therein. Any
35 constitutional or statutory provision enacted after the date of this Note Ordinance which
36 validates or makes legal any provision of this Note Ordinance or the Notes which would
37 not otherwise be valid or legal shall be deemed to apply to this Note Ordinance and to the
38 Notes.
39

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4 SECTION 1108. Publication of Note Ordinance; Peremption. This Note
5 Ordinance shall be published one time in the official journal of the Issuer, however, it shall
6 not be necessary to publish any exhibits hereto if the same are available for public
7 inspection and such fact is stated in the publication. For thirty days after the date of
8 publication, any person in interest may contest the legality of this Note Ordinance, any
9 provision of the Notes, the provisions therein made for the security and payment of the
10 Notes and the validity of all other provisions and proceedings relating to the authorization
11 and issuance of the Notes. After the said thirty days, no person may contest the regularity,
12 formality, legality or effectiveness of this Note Ordinance, any provisions of the Notes to be
13 issued pursuant hereto, the provisions for the security and payment of the Notes and the
14 validity of all other provisions and proceedings relating to their authorization and issuance,
15 for any cause whatever. Thereafter, it shall be conclusively presumed that the Notes are
16 legal and that every legal requirement for the issuance of the Notes has been complied
17 with. No court shall have authority to inquire into any of these matters after the said thirty
18 days.

17 SECTION 1109. Execution of Documents. In connection with the issuance of
18 and sale of the Notes, the Executive Officers are each authorized, empowered and
19 directed to execute on behalf of the Issuer such documents, certificates and instruments
20 as they may deem necessary, upon the advice of Bond Counsel, to effect the transactions
21 contemplated by this Note Ordinance, the signatures of the Executive Officers on such
22 documents, certificates and instruments to be conclusive evidence of the due exercise of
23 the authority granted hereunder.

24 SECTION 1110. Effective Date; Recordation. This Note Ordinance shall
25 become effective immediately upon its adoption. A certified copy of this Note Ordinance
26 shall be filed and recorded as soon as possible in the Mortgage Records of the Parish of
27 St. Tammany, State of Louisiana.

28 SECTION 1111. Arbitrage; Notes Designated a "Qualified Tax-Exempt
29 Obligations." The Issuer covenants and agrees that, to the extent permitted by the laws of
30 the State of Louisiana, it will comply with the requirements of the Internal Revenue Code of
31 1986 and any amendment thereto (the "Code") in order to establish, maintain and preserve
32 the exclusion from "gross income" of interest on the Notes under the Code. The Issuer
33 further covenants and agrees that it will not take any action, fail to take any action, or
34 permit any action within its control to be taken, or permit at any time or times any of the
35 proceeds of the Notes or any other funds of the Issuer to be used directly or indirectly in
36 any manner, the effect of which would be to cause the Notes to be "arbitrage bonds" or
37 would result in the inclusion of the interest on any of the Notes in gross income under the
38 Code, including, without limitation, (i) the failure to comply with the limitation on investment
39 of Note proceeds or (ii) the failure to pay any required rebate of arbitrage earnings to the
United States of America or (iii) the use of the proceeds of the Notes in a manner which
would cause the Notes to be "private activity bonds."


1 **ORDINANCE NO. 3173**
2 **ITEM NO. 04-02-2396**
3 **PAGE 35**

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


7 SECTION 1112. Loan Agreement. The Governing Authority recognizes that
8 the Notes will be sold to the Department pursuant to its Municipal Facilities Revolving Loan
9 Fund Program. In connection with this sale, the Issuer and the Department will enter into
10 the Loan Agreement, in substantially the form attached hereto as Exhibit B. The Executive
11 Officers are hereby authorized to execute the Loan Agreement, for, on behalf of and under
12 the seal of the Issuer, in substantially the form attached hereto as Exhibit B, with such
13 changes, additions and deletions as shall in the sole opinion of the Executive Officers,
14 upon the advice of counsel, be deemed appropriate under the circumstances. So long as
15 the Department owns any portion of the Notes, then to the extent that any provision of this
16 Ordinance is inconsistent with or contrary to the Loan Agreement, the applicable
17 provisions of the Loan Agreement shall control; provided, no provision of this Note
18 Ordinance or the Loan Agreement shall be given any effect If by doing so such provisions
19 should cause the Notes to not be considered to have been issued or to be outstanding on
20 a parity with the Parity Bonds as provided in SECTION 205. As provided in the Loan
21 Agreement, the Issuer shall comply with certain provisions of the Loan Agreement, as
22 specified therein, regardless of whether or not the Department is the Owner and
23 regardless of any redemption or defeasance of the Notes prior to their final stated maturity.

24 **ADOPTED** this 9th day of March, 2004.

25 **DELIVERED** 3/11/04
26 9:00 am to the Mayor

27 
28 Elsie Burkhalter
29 President of the Council
30 Councilwoman, District A

31 **RECEIVED** 3/12/04
32 10:10 a.m. from the Mayor

33 
34 Ben O. Morris
35 Mayor

36 
37 Shawn B. McManus
38 Clerk of the Council
39