

1 Introduced April 24, 2018, by Councilman  
2 Cusimano, seconded by Councilwoman  
3 Harbison, (by request of Administration)

4 Item No.; 18-03-3213

5  
6 **ORDINANCE NO.: 3885**

7  
8 An ordinance authorizing the issuance by the City of Slidell, State of  
9 Louisiana, of its Taxable Utilities Revenue Bonds (DEQ) in an amount not to  
10 exceed Sixteen Million Four Hundred Thousand Dollars (\$16,400,000),  
11 prescribing the form, terms and conditions of said Bonds; providing for the  
12 payment thereof; entering into certain other covenants and agreements in  
13 connection with the security and payment of said Bonds; selling said Bonds  
14 to the Clean Water State Revolving Fund; authorizing the execution of a  
15 Loan and Pledge Agreement and other loan documents with the Louisiana  
16 Department of Environmental Quality; providing for the delivery of the Bonds  
17 to said Department; and providing for other matters in connection therewith.

18  
19 **WHEREAS**, the City of Slidell, State of Louisiana (the "City"), now owns and  
20 operates a combined waterworks system and sewer system (the "Utilities System") as a  
21 revenue-producing work of public improvement, and proposes to construct, acquire,  
22 extend and/or improve the sewer component of the combined Utilities System (the  
23 "Project"); and

24  
25 **WHEREAS**, the City proposes to finance the cost of the Project through the  
26 issuance of its Taxable Utilities Revenue Bonds, payable as to principal and interest solely  
27 from the income and revenues to be derived by the City from the operation of the Utilities  
28 System, after provision has been made for the payment therefrom of the reasonable and  
29 necessary expenses of administering, operating and maintaining the Utilities System,  
30 pursuant to the provisions of Part XIII, Chapter 4, Title 39 of the Louisiana Revised  
31 Statutes of 1950, as amended (La. R.S. 39:1011, et seq.) (the "Act"), and other  
32 constitutional and statutory authority; and

33  
34 **WHEREAS**, pursuant to the authority of the Act, this Slidell City Council (the  
35 "Governing Authority"), acting as the governing authority of the City, by a resolution  
36 adopted on July 25, 2017, gave notice of its intention to issue Taxable Utilities Revenue  
37 Bonds of the City in an amount not exceeding \$23,000,000 without the necessity of the  
38 holding of an election thereon, which notice of intention was published on August 2<sup>nd</sup>, 9<sup>th</sup>,  
39 16<sup>th</sup> and 23<sup>rd</sup>, 2017, and thereafter this Governing Authority held a public hearing on  
September 12, 2017 at which no objections were made to the issuance of such bonds and  
no petitions were filed requesting an election thereon; and

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4 **WHEREAS**, it is now the wish of this City to authorize the issuance of its Taxable  
5 Utilities Revenue Bonds (DEQ), Series 2018, in an amount not to exceed Sixteen Million  
6 Four Hundred Thousand Dollars (\$16,400,000) (the "Bonds") in accordance with the terms  
7 and provisions of the Act and for the purposes set forth above, the Bonds being the first  
8 emission of bonds issued pursuant to the aforesaid notice of intention; and

9  
10 **WHEREAS**, at this time, the City has no outstanding indebtedness that is payable  
11 from a pledge and dedication of the Net Revenues (hereinafter defined) EXCEPT its  
12 outstanding Utilities Revenue Refunding Bonds, Series 2012 (the "Outstanding Parity  
13 Bonds"); and

14 **WHEREAS**, the United States of America, pursuant to the Clean Water Act of 1972,  
15 as amended by the Water Quality Act of 1987, specifically Subchapter VI, Chapter 26 of  
16 Title 33 of the United States Code (the "Federal Act"), is authorized to make capitalization  
17 grants to states to be used for the purpose of establishing a water pollution control  
18 revolving fund for providing assistance (i) for construction of treatment works (as defined in  
19 Section 1292 of the Federal Act) which are publicly owned, (ii) for implementing a  
20 management program under Section 1329 of the Federal Act and (iii) for developing and  
21 implementing a conservation and management plan under Section 1330 of the Federal  
22 Act; and

23 **WHEREAS**, the State of Louisiana (the "State"), pursuant to Subtitle II, Chapter 14  
24 of Title 30 of the Louisiana Revised Statutes of 1950, as amended, specifically La. R.S.  
25 30:2301, *et seq.* (the "State Act"), has established a Clean Water State Revolving Fund  
26 (the "State Revolving Fund") in the custody of the Louisiana Department of Environmental  
27 Quality (the "Department") to be used for the purpose of providing financial assistance for  
28 the improvement of wastewater treatment facilities in the State, as more fully described in  
29 Section 2302 of the State Act, and has authorized the Department to administer the State  
30 Revolving Fund in accordance with applicable federal and state law; and

31  
32 **WHEREAS**, the City has made application to the Department for a loan from the  
33 State Revolving Fund to finance a portion of the costs of the Project, and the Department  
34 has approved the City's application for such loan; and

35 **WHEREAS**, the Bonds will be issued to represent the City's obligation to repay the  
36 loan from the State Revolving Fund; and

37 **WHEREAS**, the State Bond Commission approved the issuance of the Bonds at its  
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4 October 19, 2017 meeting; and

5  
6 **WHEREAS**, the City desires to fix the details necessary with respect to the  
7 issuance, sale and delivery of the Bonds and to provide for the authorization and issuance  
8 thereof, as hereinafter provided.

9 **NOW, THEREFORE, BE IT ORDAINED** by the Slidell City Council, acting as the  
10 governing authority of the City, that:

11 SECTION 1. **Definitions.** As used herein, the following terms shall have the  
12 following meanings, unless the context otherwise requires:

13  
14 **"Act"** means Part XIII, Chapter 4, Title 39 of the Louisiana Revised Statutes of  
15 1950, as amended (La. R.S. 39:1011, et seq.), and other constitutional and statutory  
16 authority supplemental thereto.

17 **"Additional Parity Bonds"** shall mean any *pari passu* additional bonds that may  
18 hereafter be issued pursuant to Section 19 hereof on a parity with the Bonds.

19  
20 **"Administrative Fee"** means the annual fee equal to one-half of one percent  
21 (0.50%) per annum of the outstanding principal amount of the Bonds, or such lesser  
22 amount as the Department may approve from time to time, which shall be payable each  
23 year in semi-annual installments on each Interest Payment Date.

24 **"Bond"** or **"Bonds"** means the City's Taxable Utilities Revenue Bonds (DEQ),  
25 authorized to be issued pursuant to this Bond Ordinance in the total principal amount of  
26 not exceeding Sixteen Million Four Hundred Thousand Dollars (\$16,400,000), and any  
27 Bond of said issue, whether initially delivered or issued in exchange for, upon transfer of,  
28 or *in lieu* of any previously issued.

29 **"Bond Ordinance"** means this ordinance authorizing the issuance of the Bonds.

30  
31 **"Bond Register"** means the registration books of the Paying Agent (initially the  
32 Council Administrator of the City), in which registration of the Bonds and transfers of the  
33 Bonds shall be made as provided herein.

34 **"Bond Year"** means the one year period ending on each Principal Payment Date.

35  
36 **"Business Day"** means a day of the year on which banks located in the City of  
37 New Orleans are not required or authorized to remain closed and on which the New York  
38 Stock Exchange is not closed.  
39

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4 **"City"** means the City of Slidell, State of Louisiana, a political subdivision of the  
5 State of Louisiana, and its successors or assigns.

6 **"Completion Date"** means the earlier of (i) the date of the final disbursement of the  
7 purchase price of the Bonds to the City, or (ii) the date the operation of the Project is  
8 initiated or capable of being initiated, as certified by an Authorized Officer in accordance  
9 with the Loan Agreement.

10 **"Consulting Engineer"** means a regionally known consulting engineer or firm of  
11 consulting engineers with skill and experience in the construction and operation of publicly  
12 owned drinking water and wastewater disposal systems.

13 **"Defeasance Obligations"** means cash and/or non-callable Government  
14 Securities.

15 **"Department"** means the Louisiana Department of Environmental Quality, an  
16 executive department and agency of the State of Louisiana, and any successor to the  
17 duties and functions thereof.

18 **"Executive Officers"** means the Mayor of the City and the President, Vice  
19 President and/or Council Administrator of the Governing Authority.

20 **"Fiscal Year"** means the City's one-year accounting period determined from time to  
21 time by the Governing Authority as the fiscal year of the City, currently being the year  
22 ending each June 30.

23 **"Governing Authority"** means the Slidell City Council.

24 **"Government Securities"** means direct obligations of, or obligations the timely  
25 payment of the principal of and interest on which are fully and unconditionally guaranteed  
26 by the United States of America, which are non-callable prior to their maturity and may be  
27 United States Treasury Obligations such as the State and Local Government Series and  
28 may be in book entry form.

29 **"Interest Payment Date"** means each April 1 and October 1, commencing on the  
30 first such date to occur following the delivery of the Bonds.

31 **"Loan"** means the loan made by the Department from the Clean Water State  
32 Revolving Fund to the City pursuant to the Loan Agreement, the obligation to repay which  
33 Loan is evidenced by the Bonds.

4 **"Loan Agreement"** means the Loan and Pledge Agreement to be entered into by  
5 and between the Department and the City prior to the delivery of the Bonds, in  
6 substantially the form attached hereto as **Exhibit B**, which will contain certain additional  
7 agreements relating to the Bonds and the Project, as it may be supplemented or amended  
8 from time to time in accordance with the provisions thereof.

9 **"Net Revenues"** means the income and revenues derived or to be derived from the  
10 operation of the Utilities System, after provision has been made for the payment therefrom  
11 of the reasonable and necessary expenses of administering, operating and maintaining the  
12 Utilities System (excluding depreciation).

13 **"Outstanding"** when used with respect to Bonds means, as of the date of  
14 determination, all Bonds theretofore issued and delivered under this Bond Ordinance,  
15 except:

- 16
- 17 (a) Bonds theretofore canceled by the Paying Agent or delivered to the Paying  
18 Agent for cancellation;
  - 19 (b) Bonds for whose payment or prepayment sufficient funds have been  
20 theretofore deposited in trust for the Owners of such Bonds as provided in  
21 Section 27 herein provided that, if such Bonds are to be prepaid, irrevocable  
22 notice of such redemption has been duly given or provided for pursuant to  
23 this Bond Ordinance, to the satisfaction of the Paying Agent, or waived;
  - 24 (c) Bonds in exchange for or *in lieu* of which other Bonds have been registered  
25 and delivered pursuant to this Bond Ordinance; and
  - 26 (d) Bonds alleged to have been mutilated, destroyed, lost or stolen which have  
27 been paid as provided in this Bond Ordinance.

28 **"Outstanding Parity Bond Ordinance"** means the Ordinance No. 3656, adopted  
29 by the Governing Authority on May 22, 2012, which authorized the issuance of the  
30 Outstanding Parity Bonds.

31 **"Outstanding Parity Bonds"** means the City's outstanding Utilities Revenue  
32 Refunding Bonds, Series 2012, maturing on April 1 in the years 2019 through 2024,  
33 inclusive.

34 **"Owner" or "Owners"** when used with respect to any Bond means the Person in  
35 whose name such Bond is registered in the Bond Register.

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5 **"Paying Agent"** means the Council Administrator of the City, unless and until a  
6 successor Paying Agent shall have assumed such responsibilities pursuant to this Bond  
7 Ordinance.

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

11 **"Principal Payment Date"** means each April 1, commencing not later than one  
12 year after the Completion Date provided that in no event shall the final maturity of the  
13 Bonds be more than twenty-two (22) years from the date of the Bonds.

14 **"Purchaser"** means the Department, being the original purchaser of the Bonds.  
15

16 **"Project"** means constructing, acquiring, extending and/or improving the sewer  
17 component of the combined Utilities System, as further described in the Loan Agreement.  
18

19 **"Qualified Investments"** shall mean those investments permitted under State Law,  
20 including but not limited to La. R.S. §33:2955.

21 **"Record Date"** for the interest payable on any Interest Payment Date means the  
22 15th calendar day of the month next preceding such Interest Payment Date, whether or not  
23 such day is a Business Day.

24 **"Series 2018 Bonds Reserve Account"** means the account in the Reserve Fund  
25 established in such name and maintained pursuant to Section 14 of this Bond Ordinance.  
26

27 **"Series 2018 Bonds Reserve Fund Requirement"** means as of any date of  
28 calculation, a sum equal to one-half of the maximum principal and interest requirements for  
29 any succeeding Bond Year on the Bonds. The Reserve Fund Requirement for any issue(s)  
30 of Additional Parity Bonds shall be defined in the ordinance(s) authorizing the issuance of  
31 such Additional Parity Bonds.

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

6  
7 **"Utilities System Fund"** means the fund of such name described in Section 14  
8 hereof.

9  
10 SECTION 2. **Authorization of Bonds.** In compliance with and under the  
11 authority of the Act, and other constitutional and statutory authority, there is hereby  
12 authorized the incurring of an indebtedness of not exceeding Sixteen Million Four Hundred  
13 Thousand Dollars (\$16,400,000) for, on behalf of and in the name of the City, for the  
14 purpose of financing the Project and for paying costs of issuance of the Bonds. To  
15 represent said indebtedness, the City does hereby authorize the issuance of its "Taxable  
16 Utilities Revenue Bonds (DEQ), Series 2018," in an amount not to exceed Sixteen Million  
17 Four Hundred Thousand Dollars (\$16,400,000). The Bonds shall be initially issued in the  
18 form of a single fully registered Bond numbered R-1, shall be dated the date of delivery  
19 thereof and shall be in substantially the form attached hereto as **Exhibit A**. It is expressly  
20 provided that if the Bonds are delivered in a calendar year other than the 2018, the series  
21 designation shall change accordingly on the Bonds and throughout this Bond Ordinance.

22 The Bonds shall mature in twenty (20) installments of principal, payable annually on  
23 each April 1, and each annual installment shall be the applicable percentage shown in the  
24 following table, rounded to the nearest One Thousand Dollars (\$1,000), of the outstanding  
25 principal amount of the Bonds on the day before the applicable Principal Payment Date:

<u>Date</u> <u>(April 1)</u>	<u>Percentage</u> <u>of Principal</u>	<u>Date</u> <u>(April 1)</u>	<u>Percentage</u> <u>of Principal</u>
2020	4.564%	2030	9.580%
2021	4.827	2031	10.696
2022	5.120	2032	12.090
2023	5.448	2033	13.884
2024	5.817	2034	16.275
2025	6.235	2035	19.624
2026	6.712	2036	24.647
2027	7.264	2037	33.019
2028	7.907	2038	49.764
2029	8.667	2039	100.000

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4 In the event that the Completion Date of the Project being financed with the Bonds  
5 is on or after April 1, 2020, the principal payment schedule may be adjusted so that each  
6 principal payment shall be due on the Principal Payment Date that is one year later than  
7 shown above, provided that in no event shall the final Principal Payment Date be later than  
8 twenty-two (22) years from the date of delivery of the Bonds. To exercise the option to  
9 defer the principal repayment schedule, the City must so notify the Department in writing  
10 prior to October 1, 2019, and certify that the Completion Date will not have occurred prior  
11 to April 1, 2020.

12  
13 The unpaid principal of the Bonds shall bear interest from the date thereof, or the  
14 most recent Interest Payment Date to which interest has been paid or duly provided for, at  
15 the rate of forty-five hundredths of one percent (0.45%) per annum, said interest to be  
16 calculated on the basis of a 360-day year consisting of twelve 30-day months and payable  
17 on each Interest Payment Date. Interest on the Bonds on any Interest Payment Date shall  
18 be payable only on the aggregate amount of the purchase price which shall have been  
19 paid theretofore to the City and is outstanding and shall accrue with respect to each  
20 purchase price installment only from the date of payment of such installment.

21  
22 In addition to interest at the rate set forth above, at any time that the Department  
23 owns the Bonds the City will pay the Administrative Fee to the Department on each  
24 Interest Payment Date. In the event (i) the Department owns any Bonds or the Department  
25 has pledged or assigned any Bonds in connection with its Clean Water State Revolving  
26 Fund and (ii) the Administrative Fee payable by the City to the Department under the terms  
27 of the Loan Agreement is declared illegal or unenforceable by a court or an administrative  
28 body of competent jurisdiction, the interest rate borne by the Bonds shall be increased by  
29 one-half of one percent (0.50%) per annum, effective as of the date declared to be the  
30 date from which the Administrative Fee is no longer owed because of such illegality or  
31 unenforceability. The Administrative Fee shall be calculated in the same manner as  
32 interest on the Bonds.

33 **SECTION 3. Prepayment.** The principal installments of the Bonds are  
34 subject to prepayment at the option of the City at any time, in whole or in part, at a  
35 prepayment price of par plus accrued interest and accrued Administrative Fee, if any, to  
36 the prepayment date and in such case the remaining principal of the Bonds shall continue  
37 to mature in installments calculated using the percentages shown in Section 2 above.  
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4 Official notice of such call for prepayment shall be given by means of first class mail,  
5 postage prepaid by notice deposited in the United States Mail or via accepted means of  
6 electronic communication not less than thirty (30) days prior to the prepayment date  
7 addressed to the Owner of each Bond to be prepaid at his address as shown on the  
8 registration records of the Paying Agent. In the event a portion of the Bonds is to be  
9 prepaid, such Bonds shall be surrendered to the Paying Agent, who shall note the date  
10 and amount of such prepayment in the space provided therefor on the Bonds.

11 SECTION 4. **Security for Payment of Bonds.** The Bonds shall be secured  
12 and payable in principal and interest exclusively by a pledge of the Net Revenues. The Net  
13 Revenues are hereby irrevocably and irrevocably pledged in an amount sufficient for the  
14 payment of the Bonds and the Outstanding Parity Bonds in principal and interest as the  
15 installments thereof fall due, and the income and revenues thus pledged shall remain so  
16 pledged for the security of the Bonds and the Outstanding Parity Bonds in principal and  
17 interest until they shall have been fully paid and discharged.

18 In providing for the issuance of the Bonds, the City does hereby covenant and warrant that  
19 it is lawfully seized and possessed of the Utilities System, that it has a legal right to pledge  
20 the Net Revenues therefrom as herein provided, that the Bonds will have a lien and  
21 privilege on the Net Revenues on a parity with the Outstanding Parity Bonds, and that the  
22 City will at all times maintain the Utilities System in first-class repair and working order and  
23 condition.  
24

25  
26 SECTION 5. **Bond Ordinance a Contract.** The provisions of this Bond  
27 Ordinance shall constitute a contract between the City and the Owner from time to time of  
28 the Bonds, and any Owner may either at law or in equity, by suit, action, mandamus or  
29 other proceedings, enforce and compel the performance of all duties required to be  
30 performed by the City as a result of issuing the Bonds.

31 SECTION 6. **Sale and Delivery of Bonds.** The Bonds are hereby awarded  
32 to and sold to the Department at a price of par plus accrued interest, if any, under the  
33 terms and conditions set forth in the Loan Agreement, and after their execution the Bonds  
34 shall be delivered to the Department or its agents or assigns, upon receipt by the City of  
35 the agreed first advance of the purchase price of the Bonds. Pursuant to R.S. 39:1426(B),  
36 the City has determined to sell the Bonds at a private sale without necessity of publication  
37 of a notice of sale. It is understood that the purchase price of the Bonds will be paid by the  
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4 Department to the City in installments, in the manner and under the terms and conditions  
5 set forth in the Loan Agreement.

6  
7 SECTION 7. **Manner of Payment.** The principal and interest on the Bonds  
8 will be payable by check mailed to the Owner (determined as of the Interest Payment  
9 Date) at the address shown on the registration books kept by the Paying Agent for such  
10 purpose, provided that payment of the final installment of principal on the Bonds shall be  
11 made only upon presentation and surrender of the Bonds to the Paying Agent.

12 SECTION 8. **Execution of Bonds and Documents.** The Executive Officers  
13 are each hereby empowered, authorized and directed to do any and all things necessary  
14 and incidental to carry out all of the provisions of this Bond Ordinance, to execute and  
15 deliver the Loan Agreement, and to cause the Bonds to be prepared and/or printed, to  
16 issue, execute and seal the Bonds and to effect delivery thereof as hereinafter provided. If  
17 facsimile signatures are used on the Bonds, then such signatures shall be registered with  
18 the Louisiana Secretary of State in the manner required by La. R.S. 39:244.

19 In connection with the issuance and sale of the Bonds, the Executive Officers are  
20 each authorized, empowered and directed to execute on behalf of the City such additional  
21 documents, certificates and instruments as they may deem necessary, upon the advice of  
22 counsel, to effect the transactions contemplated by this Bond Ordinance, including a  
23 Commitment Agreement with the Department. The signatures of said officers on such  
24 documents, certificates and instruments shall be conclusive evidence of the due exercise  
25 of the authority granted hereunder.  
26

27 SECTION 9. **Registration.** The City shall cause the Bond Register to be  
28 kept at the principal office of the Paying Agent in which registration of the Bonds and  
29 transfers of the Bonds shall be made as provided herein. The Bonds may be transferred,  
30 registered and assigned only on the Bond Register, and such registration shall be at the  
31 expense of the City. The Bonds may be assigned by the execution of an assignment form  
32 on the Bonds or by other instruments of transfer and assignment acceptable to the Paying  
33 Agent. A new Bond will be delivered by the Paying Agent to the last assignee (the new  
34 Owner) in exchange for such transferred and assigned Bond after receipt of the Bond to be  
35 transferred in proper form.

36 SECTION 10. **Effect of Registration.** The City, the Paying Agent, and any  
37 agent of either of them may treat the Owner in whose name any Bond is registered as the  
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4 Owner of such Bond for the purpose of receiving payment of the principal of and interest  
5 on such Bond and for all other purposes whatsoever, and to the extent permitted by law,  
6 neither the City, the Paying Agent, nor any agent of either of them shall be affected by  
7 notice to the contrary.

8  
9 SECTION 11. **Recital of Regularity.** This Governing Authority, having  
10 investigated the regularity of the proceedings had in connection with this issue of Bonds,  
11 and having determined the same to be regular, the Bonds shall contain the following  
12 recital, to wit:

13 "It is certified that this Bond is authorized by and is issued in  
14 conformity with the requirements of the Constitution and statutes of  
15 this State."

16 SECTION 12. **Deposit of Bond Proceeds.** The proceeds derived from the  
17 sale of the Bonds shall constitute a trust fund to be used exclusively for the purposes for  
18 which the Bonds are issued, but the purchaser of the Bonds shall not be obliged to see to  
19 the application thereof. All of the proceeds derived from the sale of the Bonds, which shall  
20 be paid in installments by the Department in the manner set forth in the Loan Agreement,  
21 shall be deposited by the City in a Construction Fund (the "Construction Fund"). The funds  
22 in the Construction Fund shall be used solely for the purpose of paying costs of the  
23 Project, in the manner set forth in the Loan Agreement, and costs of issuance of the  
24 Bonds.

25 SECTION 13. **Davis-Bacon Wage Rate Requirements.** The City agrees that  
26 all laborers and mechanics employed by contractors and subcontractors on the portion of  
27 the project that is funded in whole or in part with the Bonds purchased by the Department  
28 shall be paid wages at rates not less than those prevailing on projects of a character  
29 similar in the locality of the City as determined by the Clerk of the United States  
30 Department of Labor ("DOL") in accordance with Subchapter IV of Chapter 31 of Title 40,  
31 United States Code. DOL provides all pertinent information related to compliance with the  
32 foregoing requirements, including prevailing wage rates and instructions for reporting. The  
33 City will ensure that all construction contracts relating to the portion of the Project that is  
34 funded in whole or in part with Bonds purchased by the Department will require that the  
35 contractor comply with the aforesaid wage and reporting requirements. This Section shall  
36 not apply to situations where the City may perform construction work using its own  
37 employees rather than any contractor or subcontractor.

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4 SECTION 14. **Flow of Funds.** In order that the principal of, premium, if any,  
5 and the interest on the Bonds, the Outstanding Parity Bonds and any Additional Parity  
6 Bonds will be paid in accordance with the terms and for the other objects and purposes  
7 hereinafter provided, the City further covenants that all income and revenues of every  
8 nature derived from the operation of the Utilities System shall be deposited daily as the  
9 same may be collected in the Utilities System Fund established in the Outstanding Parity  
10 Bond Ordinance, and said Utilities System Fund shall continue to be maintained and  
11 administered in the following order of priority and for the following express purposes:

- 12 (a) The payment of all reasonable and necessary expenses of administering,  
13 operating and maintaining the Utilities System not paid from other revenues,  
14 including, specifically, ad valorem or sales and use taxes;
- 15 (b) The maintenance of the Revenue Refunding Bond Sinking Fund established  
16 in the Outstanding Parity Bond Ordinance (the "Sinking Fund") in which shall  
17 be deposited periodically an amount sufficient to pay promptly and fully the  
18 principal of and the interest on the Bonds, the Outstanding Parity Bonds, and  
19 any Additional Parity Bonds issued hereafter in the manner provided by this  
20 Bond Ordinance, as they severally become due and payable, by transferring  
21 from the Utilities System Fund to the Sinking Fund monthly in advance on or  
22 before the twentieth (20<sup>th</sup>) day of each month of each year, a fractional  
23 amount of the interest on the Bonds, the Outstanding Parity Bonds, and any  
24 Additional Parity Bonds falling due on the next Interest Payment Date and a  
25 fractional amount of the principal of the Bonds and the Outstanding Parity  
26 Bonds falling due on the next principal payment date, such fractions being  
27 equal to the number one (1) divided by the number of months preceding such  
28 Interest Payment Date or principal payment date, as the case may be, since  
29 the last interest or principal payment date, as the case may be, so that by  
30 making equal monthly payments the City will always provide the necessary  
31 sums required to be on hand at each interest and principal payment date,  
32 together with such additional proportionate sum as may be required so that  
33 sufficient moneys will be available in the Sinking Fund to pay said principal  
34 and interest as the same respectively become due. The depository bank for  
35 the Sinking Fund shall transfer from the Sinking Fund to the Paying Agent, at  
36 least three (3) days in advance of the date on which each payment of  
37 principal and interest falls due, funds sufficient to pay promptly the principal  
38 and interest so falling due on such date; and
- 39 (c) The maintenance of the Series 2012 Revenue Refunding Reserve Fund  
established by the Outstanding Parity Bonds Ordinance, which Series 2012  
Revenue Refunding Reserve Fund is not currently and will not be funded.

5 (d) The maintenance of the "Utilities Revenue Bond Reserve Fund" (the  
6 "Reserve Fund"), hereby established, which shall contain a separate account  
7 therein for the exclusive benefit of the Bonds (the "Series 2018 Bonds  
8 Reserve Account") and in which other accounts may be established at the  
9 option of the City in connection with any Additional Parity Bonds in the future  
10 (each account established within the Reserve Fund being a "Reserve  
11 Account"). The money in each Reserve Account shall be retained solely for  
12 the purpose of paying the principal of and interest on the bonds secured by  
13 such Reserve Account as to which there would otherwise be default and  
14 shall be managed pursuant to the ordinance authorizing such bonds. All  
15 deposits required to be made in the Reserve Fund shall be transferred into  
16 each Reserve Account as needed on a pro rata basis; provided, however,  
17 that no transfers shall be made from the Revenue Fund into the Reserve  
18 Fund until after the payments required under paragraphs (a) through (c)  
19 above.

20 There is hereby established the Series 2018 Bonds Reserve Account, which  
21 shall be maintained with any designated fiscal agent bank of the City and  
22 which will be used to satisfy the Series 2018 Reserve Requirement for the  
23 Bonds. The Series 2018 Bonds Reserve Account shall be funded to the  
24 Series 2018 Reserve Requirement on or before the first anniversary of the  
25 dated date of the Bonds.

26 If at any time it shall be necessary to use moneys in a Reserve Account for  
27 the purpose of paying the principal of and interest on the bonds secured by  
28 such Reserve Account as to which there would otherwise be default, then  
29 funds shall be withdrawn from such Reserve Account and transferred to the  
30 paying agent for the bonds secured thereby. Any moneys so used shall be  
31 replaced from the revenues of the Utilities System first thereafter received  
32 and not hereinabove required for the purposes described in (a) and (b) of this  
33 Section 10, it being the intention hereof that there shall as nearly as possible  
34 be at all times on deposit in each Reserve Account an amount equal to the  
35 reserve requirement applicable to such Reserve Account.

36 A Reserve Account may be funded with a surety bond, debt service reserve  
37 insurance policy, letter of credit, or any other credit enhancement device, and  
38 the replenishment of any draws made thereon shall be treated as a  
39 withdrawal from such Reserve Account for the purposes of this Section.

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5 All or any part of the moneys in the Utilities System Fund, Sinking Fund, and  
6 Reserve Fund, at the written request of the issuer, may be invested in Permitted  
7 Investments and such investments shall, to the extent at any time necessary, be liquidated  
8 and the proceedings thereof applied to the purposes for which such funds are created. All  
9 income or earnings from such investments shall be deposited in the Utilities System Fund  
10 as income and revenues for the Utilities System.

11 Any moneys in remaining the Utilities System Fund after making the above  
12 required monthly payments may be used by the City for such other lawful corporate  
13 purposes as this Governing Authority may determine, without regard to whether such  
14 purposes are related to the Utilities System.

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

17 In computing the amount in any fund provided for in this Section, Qualified  
18 Investments shall be valued at the lower of the cost or the market price, exclusive of  
19 accrued interest. With respect to all funds and accounts (except the Reserve Fund),  
20 valuation shall occur annually. The Reserve Fund shall be valued semi-annually, except in  
21 the event of a withdrawal from the Reserve Fund, whereupon it shall be valued  
22 immediately after such withdrawal.

23 SECTION 15. **Replenishment of Funds.** If at any time it shall be necessary  
24 to use moneys in any Reserve Account for the purpose of paying principal of or interest on  
25 bonds secured by such Reserve Account as to which there would otherwise be default,  
26 then the moneys so used shall be replaced from the Net Revenues first thereafter  
27 received, not hereinabove required to be used for the purposes described in (a) through (c)  
28 of Section 14 above. If at any time there are sufficient moneys on deposit in the Sinking  
29 Fund and the Reserve Fund to retire all outstanding bonds payable from the Sinking Fund  
30 by defeasance, by exercising the prepayment option provided by such bonds or by  
31 purchase on the open market, the City may utilize such funds for such purpose. If more  
32 than one Reserve Account is required to be replenished, then such replenishment shall be  
33 made ratably to each such account in proportion to the remaining amount that is required  
34 to be so replenished.

35 SECTION 16. **Notification of Deficiencies.** As required by La. R.S.  
36 39:1410.62 the City will notify the State Bond Commission, in writing, whenever (i)  
37 transfers to any fund required to be established by this Bond Ordinance or any resolution  
38  
39

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4 or ordinance authorizing the issuance of indebtedness of the City have not been made  
5 timely or (ii) principal, interest, or other payments due on the Bonds or any other  
6 outstanding indebtedness of the City have not been made timely.

7  
8 SECTION 17. **Investments.** All or any part of the moneys in the Utilities  
9 System Fund and the Sinking Fund shall at the written request of this Governing Authority  
10 be invested in Qualified Investments and all of the moneys in the Reserve Fund shall be  
11 invested in Government Securities maturing in five (5) years or less, in which event all  
12 income derived from such investments shall be added to any Revenue Account, with the  
13 exception that any interest earnings from invested funds of the Reserve Fund shall be  
14 retained therein until an amount equal to the applicable reserve fund requirement is on  
15 deposit therein, and such investments shall, to the extent at any time necessary, be  
16 liquidated and the proceeds thereof applied to the purposes for which the respective fund  
17 or account has been created.

18 SECTION 18. **Rate Covenant.** The Issuer, through the Governing Authority,  
19 hereby covenants to fix, establish and maintain such rates and collect such fees, rents or  
20 other charges for the services and facilities of the Utilities System and all parts thereof, and  
21 to revise the same from time to time whenever necessary, as will always provide revenues  
22 in each Fiscal Year at least sufficient to pay (i) the necessary expenses of administering,  
23 operating and maintaining the Utilities System in such year, (ii) the principal and interest  
24 maturing on the Bonds, the Outstanding Parity Bonds and any Additional Parity Bonds in  
25 such year, (iii) all Reserve or Sinking Fund or other payments required for such year by  
26 this Bond Ordinance and the ordinances governing the Outstanding Parity Bonds and any  
27 Additional Parity Bonds, and (iv) all other obligations and indebtedness payable out of the  
28 income and revenues of the Utilities System during such year, and which will in any event  
29 provide Net Revenues at least equal to 120% of the largest amount of principal and  
30 interest maturing on the Bonds, the Outstanding Parity Bonds and any Additional Parity  
31 Bonds in any future Fiscal Year, and that such rates, fees, rents and other charges shall  
32 not at any time be reduced so as to be insufficient to provide adequate revenues for such  
33 purposes.

34 In the event and to the extent that the revenues of the Utilities System are  
35 insufficient to satisfy the obligations payable from the funds and accounts described in  
36 Section 14 above, or the rate covenant contained in this Section, the City may take into  
37 account other lawfully available sources of funding, provided that the amount of such  
38 funding shall be actually budgeted for such purposes at the beginning of each Fiscal Year.  
39

4 SECTION 19. **Issuance of Additional Parity Bonds.** All of the Bonds shall  
5 enjoy complete parity of lien along with the Outstanding Parity Bonds on the Net Revenues  
6 despite the fact that any of the Bonds may be delivered at an earlier date than any other of  
7 the Bonds. The City shall issue no Additional Parity Bonds having priority over or parity  
8 with the Bonds or the Outstanding Parity Bonds, provided, however, that Additional Parity  
9 Bonds may hereafter be issued on a parity with the Bonds and the Outstanding Parity  
10 Bonds under the following conditions:

- 11 (a) The Net Revenues must in each of the two (2) completed Fiscal Years  
12 immediately preceding the issuance of the additional bonds have been not  
13 less than one and three-tenths (1.3) times the highest combined principal  
14 and interest requirements for any succeeding Fiscal Year period on the  
15 Bonds, the Outstanding Parity Bonds and any Additional Parity Bonds  
16 theretofore issued and then outstanding (but not including bonds which have  
17 been refunded or provision otherwise made their full and complete payment  
18 and redemption) and the bonds so proposed to be issued; and
- 19 (b) There must be no delinquencies in payments required to be made into the  
20 various funds maintained pursuant to Section 14 hereof; and
- 21 (c) The existence of the facts required by paragraph (a) and (b) above must be  
22 determined and certified to by the Director of Finance of the City; and
- 23
- 24 (d) The proceeds of the additional bonds must be used solely for the making of  
25 improvements, extensions, renewals, replacements or repairs to the Utilities  
26 System.

27 For the purpose of this section, (i) debt service calculations shall include mandatory  
28 sinking fund redemptions or principal installments, if any, and (ii) so long as the  
29 Outstanding Parity Bonds are no longer outstanding pursuant to the terms of the  
30 Outstanding Parity Bond Ordinance, if a rate increase has been effected or a new  
31 dedicated millage or sales tax will be effective prior to the issuance of the Additional Parity  
32 Bonds or the project to be funded with the proceeds of the proposed Additional Parity  
33 Bonds will result in additional customers of the Utilities System, and a recognized engineer  
34 or firm of engineers employed by the City certifies as to the amount of additional Net  
35 Revenue that would have been realized by the City in the preceding two (2) Fiscal Years if  
36 such rate increase, new tax or additional customers had been in effect during such time,  
37 then the coverage calculations for the preceding two Fiscal Years immediately preceding  
38  
39



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4 the issuance of the Bonds may be made as if such additional Net Revenue had been in  
5 effect during such period.

6  
7 Notwithstanding the foregoing, the Bonds, the Outstanding Parity Bonds or any  
8 Additional Parity Bonds hereafter issued may be refunded in accordance with the terms  
9 thereof and such refunding bonds or other obligations issued for such purpose shall enjoy  
10 complete equality of lien with the portion of the Bonds, Outstanding Parity Bonds or  
11 Additional Parity Bonds, as applicable, which is not refunded, if there be any, and shall  
12 continue to enjoy whatever priority of lien over subsequent issues as may have been  
13 enjoyed by the Bonds, Outstanding Parity Bonds or Additional Parity Bonds, as applicable,  
14 refunded, provided, however, that if the refunding bonds or other obligations require total  
15 principal and interest payments during any year in excess of the principal and interest  
16 which would have been required in such year to pay the Bonds, Outstanding Parity Bonds  
17 or Additional Parity Bonds, as applicable, refunded thereby, then such refunding bonds or  
18 other obligations shall not enjoy the lien priority established by this paragraph unless the  
19 City shall satisfy the foregoing conditions of this Section.

20  
21 SECTION 20. **Schedule of Rates and Charges.** Except as otherwise provided,  
22 nothing in this Bond Ordinance or in the Bonds shall be construed to prevent the City from  
23 altering, amending or repealing from time to time as may be necessary any ordinances  
24 setting up and establishing a schedule or schedules of rates and charges for the services  
25 and facilities to be rendered by the Utilities System, said alterations, amendments or  
26 repeals to be conditioned upon the continued preservation of the rights of the Owners with  
27 respect to the income and revenues of the Utilities System, not alone for the payment of  
28 the principal and interest on the Bonds, but to give assurance and to insure that the income  
29 and revenues of the Utilities System shall be sufficient at all times to meet and fulfill the  
30 other provisions stated and specified in this Bond Ordinance. It is understood and agreed,  
31 however, that the City shall fix, establish and maintain such rates and collect such fees,  
32 rents or other charges for the services and facilities of the Utilities System, irrespective of  
33 the user thereof, that no free services or facilities shall be furnished to any person,  
34 association or persons or corporation, public or private, except the City itself, and that,  
35 except for those existing unmetered accounts permitted by the Outstanding Parity  
36 Ordinance, all services shall be metered, and that no discrimination shall be made as to  
37 rates and charges for the services and facilities of the Utilities System as between users of  
38 the same type or class, provided, however, the City shall not be required to meter water  
39 used for firefighting purposes through its fire hydrants, but the City hereby agrees to pay

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4 from its general revenues a minimum annual rental of Twenty-Five Dollars (\$25.00) per  
5 year for each fire hydrant connected to the Utilities System and available for firefighting.  
6 The City agrees that all charges owed by any individual, partnership or corporation for  
7 water and sewer rendered by the Utilities System shall be billed and collected as a unit;  
8 that failure of any individual, partnership or corporation to pay said combined charge within  
9 twenty (20) days of the date on which it is billed shall cause such charge to become  
10 delinquent; that if such delinquent charge, with penalties accrued thereon, is not paid  
11 within thirty (30) days from the date on which it became delinquent, the City will shut off  
12 water service to the affected premises, provided, however, that the City maintains the  
13 discretion to make reasonable decisions as to the timing of disconnections; and that the  
14 City and its officials, agents and employees will do all things necessary and will take  
15 advantage of all remedies afforded by law to collect and enforce the prompt payment of all  
16 charges made for utilities services rendered by the Utilities System. All delinquent charges  
17 for such services shall on the date of the delinquency have added thereto a penalty of ten  
18 percent (10%) of the amount of the charge. If service shall be discontinued as above  
19 provided, the customer shall in addition to paying the delinquent charges and penalties,  
20 pay as a conditions precedent to the resumption of service, a reasonable re-connection  
21 charge of not less than Fifteen Dollars (\$15.00) for each service resumed. It is further  
22 understood and agreed that the schedule of rates, fees, rents and other charges being  
23 charged as of the date of the adoption of this Bond Ordinance for services and facilities  
24 rendered by the Utilities System shall remain in effect and neither said existing schedule  
25 nor any subsequent schedule shall be reduced at any time unless all payments required  
26 for all funds by this Bond ordinance, including any deficiencies for prior payments, have  
27 been fully made, and unless such schedule as so reduced will in each year thereafter  
28 produce sufficient revenues to meet and fulfill the other provisions stated and specified in  
29 this Bond Ordinance.

30 **SECTION 21. Rights of Owners; Appointment of Receiver in Event of Default.**

31 The Owners from time to time shall be entitled to exercise all rights and powers for which  
32 provision is made in the laws of the State of Louisiana. Any Owners or any trustee acting  
33 for such Owners in the manner hereinafter provided, may, either at law or in equity, by suit,  
34 action, mandamus or other proceeding in any court of competent jurisdiction, protect and  
35 enforce any and all rights under the laws of the State of Louisiana, or granted and  
36 contained in this Bond Ordinance, and may enforce and compel the performance of all  
37 duties required by this Bond Ordinance, or by any applicable statutes to be performed by  
38 the City or by any agency, board or officer thereof, including the fixing, charging and  
39

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4 collecting of rentals, fees or other charges for the use of the Utilities System and in  
5 general to take any action necessary to most effectively protect the right of the Owners.

6  
7 In the event that default shall be made in the payment of the interest on or the  
8 principal of any of the Bonds as the same shall become due, or in the making of the  
9 payments into any of the funds or accounts described in Section 14 above, or any other  
10 payments required to be made by this Bond Ordinance, or in the event that the City or any  
11 agency, board, officer, agent or employee thereof shall fail or refuse to comply with the  
12 provisions of this Bond Ordinance or shall default in any covenant made herein, and in the  
13 further event that any such default shall continue for a period of thirty (30) days after  
14 written notice, any Owner or any trustee appointed to represent such Owners as  
15 hereinafter provided, shall be entitled to the appointment of a receiver of the Utilities  
16 System in an appropriate judicial proceeding in a court of competent jurisdiction.

17 The receiver so appointed shall forthwith directly or by his agents and attorneys,  
18 enter into and upon and take possession of the Utilities System, and each and every part  
19 thereof, and shall hold, operate and maintain, manage and control the Utilities System, and  
20 each and every part thereof, and in the name of the City shall exercise all the rights and  
21 powers of the City with respect to the Utilities System as the City itself might do. Such  
22 receiver shall collect and receive all rates, fees, rentals and other revenues, shall maintain  
23 and operate the Utilities System in the manner provided in this Bond Ordinance, and shall  
24 comply under the jurisdiction of the court appointing such receiver, with all of the  
25 provisions of this Bond Ordinance.

26  
27 Whenever all that is due upon the Bonds and interest thereon, and under any  
28 covenants of this Bond Ordinance for reserve, sinking or other funds, and upon any other  
29 obligations and interest thereon, having a charge, lien or encumbrance upon the fees,  
30 rentals or other revenues of the Utilities System, shall have been paid and made good, and  
31 all defaults under the provisions of this Bond Ordinance shall have been cured and made  
32 good, possession of the Utilities System shall be surrendered to the City upon the entry of  
33 an order of the court to that effect. Upon any subsequent default, any Owner, or any  
34 trustee appointed for Owners as hereinafter provided, shall have the same right to secure  
35 the further appointment of a receiver upon any such subsequent default.

36 Such receiver, in the performance of the powers hereinabove conferred upon him  
37 by and under the direction and supervision of the court making such appointment, shall at  
38 all times be subject to the orders and decrees of such court and may be removed thereby  
39

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4 and a successor receiver appointed in the discretion of such court. Nothing herein  
5 contained shall limit or restrict the jurisdiction of such court to enter such other and further  
6 orders and decrees as such court may deem necessary or appropriate for the exercise by  
7 the receiver of any function not specifically set forth herein.

8  
9 Any receiver appointed as provided herein shall hold and operate the Utilities  
10 System in the name of the City and for the joint protection and benefit of the City and the  
11 Owners. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose  
12 of any property of any kind or character belonging or pertaining to the Utilities System but  
13 the authority of such receiver shall be limited to the possession, operation and  
14 maintenance of the Utilities System for the sole purpose of the protection of both the City  
15 and the Owners and the curing and making good of any default under the provisions of this  
16 Bond Ordinance, and the title to and the ownership of the Utilities System shall remain in  
17 the City, and no court shall have any jurisdiction to enter any order or decree permitting or  
18 requiring such receiver to sell, mortgage or otherwise dispose of any property of the  
19 Utilities System except with the consent of the City and in such manner as the court shall  
20 direct.

21 The Owner or Owners in an aggregate principal amount of not less than twenty-five  
22 percent (25%) of the Bonds then outstanding may by a duly executed certificate appoint a  
23 trustee for the Owners with authority to represent such Owners in any legal proceedings  
24 for the enforcement and protection of the rights of such Owners. Such certificate shall be  
25 executed by such Owners, or by their duly authorized attorneys or representatives, and  
26 shall be filed in the office of the Council Administrator of the City.

27 Until an event of default shall have occurred, the City shall retain full possession  
28 and control of the Utilities System with full right to manage, operate and use the same  
29 and every part thereof with the rights appertaining thereto, and to collect and receive  
30 and, subject to the provisions of this Bond Ordinance, to take, use and enjoy and  
31 distribute the earnings, income, rent, issue and profits accruing on or derivable from the  
32 Utilities System.

33 SECTION 22. Specific Covenants. The City does hereby covenant and  
34 warrant so long as any of the Bonds are outstanding and unpaid in principal and/or  
35 interest:  
36

- 37 (a) That it will at all times maintain the Utilities System in first-class repair and  
38 working order and condition.  
39

4 (b)That it will carry full coverage of insurance on the Utilities System at all times  
5 against those risks and in those amounts normally carried by privately owned public  
6 utility companies engaged in the operation of utilities similar to the Utilities System.  
7 Said policies of insurance shall be issued by a responsible insurance company or  
8 companies duly licensed to do business under the laws of the State of Louisiana;  
9 provided, however, that the City may self-insure to the extent allowed by the laws of  
10 the State. In case of loss, any insurance money received by the City shall be used  
11 for the purpose of promptly repairing or replacing the property damaged or  
12 destroyed.

13 (c)That it will not sell, lease or in any manner dispose of the Utilities System or any  
14 substantial part thereof, provided that the City may dispose of property which in its  
15 judgment is worn-out, unserviceable, unsuitable, or unnecessary in the operation of  
16 the Utilities System, when other property of equal value is substituted therefor, or  
17 the proceeds derived from the disposal of such property are used for constructing  
18 and acquiring extensions and improvements to the Utilities System or repairing the  
19 Utilities System.

20 (d)That except as provided in Section 19 hereof, it will not voluntarily create or  
21 cause to be created any debt, lien, pledge, mortgage, assignment, encumbrance, or  
22 any other charges having priority over or parity with the lien of the Bonds upon the  
23 income and revenues of the Utilities System pledged as security therefor.

24 (e)That to the extent permitted by law, it will not grant a franchise to any other  
25 company or organization for operation within the boundaries of the City which would  
26 render services or facilities in competition with the Utilities System, and will oppose  
27 the granting of such franchise by any other public body having jurisdiction over such  
28 matters.

29 (f)That it will not sell, lease, encumber or in any manner dispose of the Utilities  
30 System or any substantial part thereof; provided, however, that this covenant shall  
31 not be construed to prevent the disposal by the City of property which in its  
32 judgment has become worn out, unserviceable, unsuitable or unnecessary in the  
33 operation of the Utilities System, when other property of equal value is substituted  
34 therefor.

35 **SECTION 23. Audit Requirements.** The City will establish and maintain adequate  
36 financial records as required by the laws of the State of Louisiana governing financial  
37 record-keeping by political subdivisions and in accordance with generally accepted  
38 accounting principles ("GAAP") and will make these and the following records and reports  
39 available to the Owners or their authorized representatives upon request.

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4 The City will cause an audit of its financial statements to be made by an  
5 independent firm of certified public accountants in accordance with the requirements of  
6 Chapter 8 of Title 24 of the Louisiana Revised Statutes of 1950, as amended, and for so  
7 long as the Department owns the Bonds, or any part thereof, in accordance with the  
8 requirements of the Single Audit Act Amendments of 1996 and OMB's Uniform  
9 Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards  
10 (2 CFR 200, Subpart F), and Section 66.458 of the Catalog of Federal Domestic  
11 Assistance (CFDA #66.458 - Capitalization Grants for State Revolving Funds), if  
12 applicable. Upon completion, the City shall file a copy of such audited financial statements  
13 with any Owner requesting same.

14 SECTION 24. **Fidelity Bonds for Officers and Employees.** So long as any of the  
15 Bonds are outstanding and unpaid, the City shall require all of its officers and employees  
16 who may be in a position of authority or in possession of money derived from the collection  
17 of revenues of the Utilities System, to obtain or be covered by a blanket fidelity or faithful  
18 performance bond, or independent fidelity bonds written by a responsible indemnity  
19 company in amounts adequate to protect the City from loss.

20 SECTION 25. **Retention and Duties of Consulting Engineer in Event of Failure**  
21 **to Make Required Payments.** The City covenants and agrees that in the event it should  
22 fail to derive sufficient income from the operation of the Utilities System to make the  
23 required monthly payments into the funds and accounts established and maintained in  
24 accordance with Section 14 hereof, it will retain a Consulting Engineer on a continuous  
25 basis until all defaults are cured, for the purpose of providing for the City continuous  
26 engineering counsel in the operation of its Utilities System. Such Consulting Engineer shall  
27 be retained under contract at such reasonable compensation as may be fixed by this  
28 Governing Authority, and the payment of such compensation shall be considered to be one  
29 of the costs of administrating, maintaining and operating the Utilities System. Any  
30 Consulting Engineer appointed under the provisions of this Section may be replaced at any  
31 time by another Consulting Engineer appointed or retained by the City, with the consent  
32 and approval of the Owners.

33  
34 The Consulting Engineer shall prepare within ninety (90) days after the close of  
35 each Fiscal Year a comprehensive operating report, which report shall contain therein or  
36 be accompanied by a certified copy of an audit of the preceding Fiscal Year prepared by  
37 the City's certified public accountants, and in addition thereto, shall report upon the  
38  
39

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4 operations of the Utilities System during the preceding Fiscal Year, the maintenance of  
5 the properties, the efficiency of the management of the Utilities System; the property  
6 and adequate keeping of books of record and account, the adherence to budget and  
7 budgetary control provisions, the adherence to the provisions of this Bond Ordinance  
8 and all other things having a bearing upon the efficient and profitable operation of the  
9 Utilities System, and shall include whatever criticism of any phase of the operation of  
10 the Utilities System the Consulting Engineer may deem proper, and such  
11 recommendations as to changes in operations and the making of repairs, renewals,  
12 replacements, extensions, betterments and improvements as the Consulting Engineer  
13 may deem proper. Copies of such report shall be placed on file with the Council  
14 Administrator of the City and sent to the Owner, and shall be open to inspection by any  
15 Owner. It shall be the duty of the Consulting Engineer to pass upon the economic  
16 soundness or feasibility of any extensions, betterments, improvements, expenditures or  
17 purchases of equipment and materials or supplies, which will involve the expenditure of  
18 more than Twenty Thousand Dollars (\$20,000), whether in one or more than one order,  
19 and whether authorized by a budget or not, and the Consulting Engineer shall devise  
20 and prescribe form or forms wherein shall be set forth his or its approval in certificate  
21 form, copies of which shall be filed with the Council Administrator of the City.

22  
23 Sixty (60) days before the close of each Fiscal Year, the Consulting Engineer  
24 shall submit to this Governing Authority a suggested budget for the ensuing year's  
25 operation of the Utilities System and shall submit recommendations as to the schedule  
26 of rates and charges for services supplied by the Utilities System, taking into account  
27 any other lawfully available funds of the City that may be available of such purposes. A  
28 copy of said suggested budget and recommendations shall also be furnished by said  
29 Consulting Engineer directly to the Owner. Such recommendations as to rates and  
30 charges consistent with the requirements relating thereto contained herein, shall be  
31 followed by this Governing Authority insofar as practicable and all other  
32 recommendations shall be given careful consideration by this Governing Authority and  
33 shall be substantially followed, except for good and reasonable cause. No expenditures  
34 for the operation, maintenance and repair of the Utilities System in excess of the  
35 amounts stated in said budget shall be made in any year, except upon the certificate of  
36 the Consulting Engineer that such expenditures are necessary and essential to the  
37 continued operation of the Utilities System.

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4 It shall be the duty of the Consulting Engineer to prescribe a system of budgetary  
5 control along with forms for exercising of such control which shall be utilized by the  
6 manager or superintendent of the Utilities System and his staff and the manager or  
7 superintendent shall cause to prepare monthly reports not later than the twentieth (20th)  
8 day of each month, for the preceding months business and operation of the Utilities  
9 System, which reports shall be submitted to the Consulting Engineer, who shall prepare  
10 an analysis of each such report, which analysis shall be filed monthly as expeditiously  
11 as possible with the chief financial officer of the City, the Mayor and with the Owner or  
12 Owners.

13 In the event this Governing Authority shall fail to select and retain a Consulting  
14 Engineer in accordance with the first paragraph of this Section within thirty (30) days  
15 after the occurrence of the conditions prescribed thereby, then upon the petition of the  
16 Owners of the twenty-five percent (25%) of the aggregate principal amount of the Bonds  
17 then outstanding, this Governing Authority shall select and retain such Consulting  
18 Engineer as is named in the petition of said Owners unless a Receiver had been  
19 appointed pursuant to Section 21 hereof.  
20

21 **SECTION 26. Discharge of Bond Ordinance.** If the City shall pay or cause to be  
22 paid, or there shall be paid to the Owners, the principal of and interest (including the  
23 Administrative Fee) on the Bonds, at the times and in the manner stipulated in this Bond  
24 Ordinance are paid in full for all amounts due and owing, then the pledge of the Net  
25 Revenues or any other money, securities, and funds pledged under this Bond Ordinance  
26 and all covenants, agreements, and other obligations of the City to the Owners shall  
27 thereupon cease, terminate, and become void and be discharged and satisfied.

28 **SECTION 27. Defeasance.** Bonds or interest installments (including the  
29 Administrative Fee) for the payment or prepayment of which money shall have been set  
30 aside and shall be held in trust (through deposit by the City of funds for such payment or  
31 prepayment or otherwise) at the maturity or prepayment date thereof shall be deemed to  
32 have been paid within the meaning and with the effect expressed above in this Section, if  
33 they have been defeased pursuant to Chapter 14 of Title 39 of the Louisiana Revised  
34 Statutes of 1950, as amended, or any successor provisions thereto.

35 **SECTION 28. Cancellation of Bonds.** All Bonds paid or prepaid either at or before  
36 maturity, together with all Bonds purchased by the City, shall thereupon be promptly  
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4 cancelled by the Paying Agent. The Paying Agent shall thereupon promptly furnish to the  
5 Council Administrator of the City an appropriate certificate of cancellation.

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7 SECTION 29. **Lost, Destroyed or Improperly Cancelled Bonds.** Lost, destroyed  
8 or improperly cancelled Bonds may be replaced in the manner set forth in Part XI, Chapter  
9 4, Subtitle II, Title 39 of the Louisiana Revised Statutes of 1950, as amended (La. R.S.  
10 39:971 et seq.). In case any such lost, destroyed or improperly cancelled Bond has  
11 become or is about to become due and payable, the City in its discretion may, instead of  
12 issuing a new Bond, pay such Bond.

13 Upon the issuance of any replacement Bond under this Section, the City may  
14 require the payment by the Owner of a sum sufficient to cover any tax or other  
15 governmental charge that may be imposed in relation thereto and any other expenses  
16 (including the fees and expenses of the Paying Agent) connected therewith. Every new  
17 Bond issued pursuant to this section in lieu of any lost, destroyed or improperly cancelled  
18 Bond shall constitute a replacement of the prior obligation of the City, whether or not the  
19 lost, destroyed or improperly cancelled Bond shall be at any time enforceable by anyone.  
20 The obligation of the City on any replacement bonds shall be identical as its obligation  
21 upon the original Bonds, and the rights of the registered owner shall be the same as those  
22 conferred by the original Bonds.

23 SECTION 30. **Successor Paying Agent; Paying Agent Agreement.** The City will  
24 at all times maintain a Paying Agent for the performance of the duties hereunder for the  
25 Bonds. The designation of the initial Paying Agent in this Bond Ordinance is hereby  
26 confirmed and approved. The City reserves the right to appoint a successor Paying Agent  
27 by (a) filing with the Person then performing such function a certified copy of a resolution of  
28 ordinance giving notice of the termination and appointing a successor and (b) causing  
29 notice to be given to each Owner. Every successor Paying Agent appointed hereunder  
30 shall at all times be an officer of the City or a bank or trust company organized and doing  
31 business under the laws of the United States of America or of any state, authorized under  
32 such laws to exercise trust powers, and subject to supervision or examination by Federal  
33 or State authority. If required, the Executive Officers are hereby authorized and directed to  
34 execute an appropriate agreement with the Paying Agent for and on behalf of the City in  
35 such form as may be satisfactory to said officers, the signatures of said officers on such  
36 Agreement to be conclusive evidence of the due exercise of the authority granted  
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4 hereunder. No resignation or removal of the Paying Agent shall become effective until a  
5 successor has been appointed and has accepted the duties of Paying Agent.

6 SECTION 31. **Notice to Owners.** Wherever this Bond Ordinance provides for  
7 notice to Owners of any event, such notice shall be sufficiently given (unless otherwise  
8 herein expressly provided) if in writing and sent via accepted means of electronic  
9 communication or mailed, first class postage prepaid, to each Owner, at the address of  
10 such Owner as it appears in the Bond Register. In any case where notice to Owners is  
11 given by mail, neither the failure to mail such notice to any particular Owner, nor any defect  
12 in any notice so mailed, shall affect the sufficiency of such notice with respect to all other  
13 Bonds. Where this Bond Ordinance provides for notice in any manner, such notice may be  
14 waived in writing by the Owner entitled to receive such notice, either before or after the  
15 event, and such waiver shall be the equivalent of such notice. Waivers of notice by  
16 Owners shall be filed with the Paying Agent, but such filing shall not be a condition  
17 precedent to the validity of any action taken in reliance upon such waiver.  
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19 SECTION 32. **Publication; Peremption.** This Bond Ordinance shall be published  
20 one time in the official journal of the City, or if there is none, in a newspaper having general  
21 circulation in the City. It shall not be necessary to publish the exhibits to this Bond  
22 Ordinance but such exhibits shall be made available for public inspection at the offices of  
23 the Governing Authority at reasonable times and such fact must be stated in the  
24 publication within the official journal. For a period of thirty days after the date of such  
25 publication any persons in interest may contest the legality of this Bond Ordinance and any  
26 provisions herein made for the security and payment of the Bonds. After such thirty day  
27 period no one shall have any cause or right of action to contest the regularity, formality,  
28 legality, or effectiveness of this Bond Ordinance and the provisions hereof or of the Bonds  
29 for any cause whatsoever. If no suit, action, or proceeding is begun contesting the validity  
30 of the Bonds within the thirty days herein prescribed, the authority to issue the Bonds or to  
31 provide for the payment thereof, and the legality thereof, and all of the provisions of this  
32 Bond Ordinance and such Bonds shall be conclusively presumed, and no court shall have  
33 authority or jurisdiction to inquire into any such matter.

34 SECTION 33. **Disclosure Under SEC Rule 15c2-12.** The City is not required at  
35 this time to comply with the continuing disclosure requirements described in the Rule 15c2-  
36 12(b) of the Securities and Exchange Commission [17CFR '240.15c2-12(b)].  
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4 SECTION 34. **Severability**. In case any one or more of the provisions of this Bond  
5 Ordinance or of the Bonds shall for any reason be held to be illegal or invalid, such  
6 illegality or invalidity shall not affect any other provision of this Bond Ordinance or of the  
7 Bonds, but this Bond Ordinance and the Bonds shall be construed and enforced as if such  
8 illegal or invalid provisions had not been contained therein. Any constitutional or statutory  
9 provision enacted after the date of this Bond Ordinance which validates or makes legal any  
10 provision of this Bond Ordinance or the Bonds which would not otherwise be valid or legal  
11 shall be deemed to apply to this Bond Ordinance and to the Bonds.

12 SECTION 35. **Section Headings**. The headings of the various sections hereof are  
13 inserted for convenience of reference only and shall not control or affect the meaning or  
14 construction of any of the provisions hereof.  
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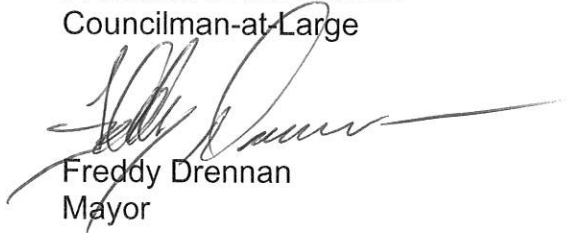
4 The foregoing Ordinance having been submitted to a vote, the vote thereon was as  
5 follows:  
6

7	MEMBERS:	YEAS:	NAYS:	ABSENT	ABSTAINING:
8					
9	L. Landon Cusimano	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10					
11	Kim Harbison	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12					
13	Glynn Pichon	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14					
15	Sam Abney	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16					
17	Warren Crocket	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18					
19	Val Vanney Jr.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20					
21	Sam Caruso	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
22					
23	Jay Newcomb	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
24					
25	Bill Borchert	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

26 And the ordinance was declared adopted on this the 24<sup>th</sup> day of April, 2018.

27 

28 Landon Cusimano  
29 President of the Council  
30 Councilman-at-Large

31 

32 Freddy Drennan  
33 Mayor

34 

35 Thomas P. Reeves  
36 Council Administrator

37 DELIVERED 4/24/18  
38 8:15 pm to the Mayor  
39 RECEIVED 4/24/18  
8:15 pm from the Mayor