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Introduced February 25, 1997, by
Councilman Callahan, seconded by
Councilwoman Williams (both by request of
Administration)

Item No. 97-01-1909

ORDINANCE NO. 2727

An ordinance providing for the issuance of not exceeding \$3,900,000 of Utilities Revenue Bonds, Series 1996A, of the City of Slidell, State of Louisiana; authorizing the execution of a Loan and Pledge Agreement with the Louisiana Department of Environmental Quality; providing for the sale and delivery of said Bonds to the Department of Environmental Quality; prescribing the form, fixing the details and providing for the payment of principal of and interest on such Bonds and entering into certain covenants and agreements in connection with the security and payment of said Bonds; and providing for other matters in connection therewith.

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

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

WHEREAS, pursuant to Sub-Part C, Part I, Chapter 10, of Title 33 and Chapter 4, Subtitle II, Title 30 of the Louisiana Revised Statutes of 1950, as amended, and other constitutional and statutory authority, it is now the desire of this Slidell City Council to adopt this Bond Ordinance in order to provide for the issuance of not exceeding Three Million Nine Hundred Thousand Dollars (\$3,900,000) principal amount of its Utilities Revenue Bonds, Series 1996A (the "Bonds"), for the purpose of constructing and acquiring improvements and extensions to the Utilities System, providing for a reserve and paying the costs of issuance thereof; and

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

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

\$2,500,000 of Utilities Revenue Bonds, Series 1996, dated April 1, 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%, 4.40%, 4.60%, 4.70%, 4.80%, 4.90% and 5.55% and being the outstanding bonds of an issue of Two Million Five Hundred Thousand Dollars (\$2,500,000), issued pursuant to the provisions of Sub-Part C, Part I, Chapter 10, Title 33 of the Louisiana Revised Statutes of 1950 by virtue of an ordinance adopted by this City Council on March 7, 1996; and

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

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

6 **ARTICLE I**

7 **DEFINITIONS AND INTERPRETATION**

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

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

13 **"Additional Parity Bonds"** shall mean any additional pari passu bonds
14 which may hereafter be issued pursuant to Section 703 hereof on a parity with the Bonds
15 and the Outstanding Parity Bonds.

16 **"Administrative Fee"** means the fee due by the Issuer to the Department,
17 pursuant to the Loan Agreement, of one-half of one percent (0.5%) per annum of the
18 outstanding principal amount of the Bonds or such lesser amount, if any, as the
19 Department may approve from time to time, which shall be payable in installments on
20 each Interest Payment Date.

21 **"Bond"** or **"Bonds"** means any or all of the Utilities Revenue Bonds, Series
22 1996A, of the Issuer, issued pursuant to the Bond Ordinance, as the same may be
23 amended from time to time, whether initially delivered or issued in exchange for, upon
24 transfer of, or in lieu of any previously issued Bond.

25 **"Bondholder"**, **"Registered Owner"**, or **"Owner"** means the Person
26 reflected as registered owner of any of the Bonds on the registration books maintained
27 by the Paying Agent. Notwithstanding any provision of the Bond Ordinance to the
28 contrary, the Bond Insurer, if any, shall, at all times, be deemed an owner of all the
29 Bonds for the purposes of consenting to any ordinance supplementing or amending the
30 Bond Ordinance, and shall be notified in advance of the adoption of any ordinance
31 supplemental or amendatory hereto whether or not the consent of the Owners is required.

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

35 **"Bond Obligation"** means, as of the date of computation, the principal
36 amount of the Bonds then Outstanding.

37 **"Bond Ordinance"** means this Ordinance, as further amended and
38 supplemented as herein provided.

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

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

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

46 **"Completion Date"** means the date on which the operation of the
47 completed Project financed with the proceeds of the Bonds is initiated or capable of being
48 initiated, whichever is earlier, as that date is certified by the Authorized Officer (as defined
49 in the Loan Agreement) of the Issuer, and as more fully described in the Loan
50 Agreement.

4
5 **"Costs of Issuance"** means all items of expense, directly or indirectly
6 payable or reimbursable and related to the authorization, sale and issuance of the Bonds,
7 including but not limited to printing costs, costs of preparation and reproduction of
8 documents, official statements, filing and recording fees, initial fees and charges of any
9 fiduciary, legal fees and charges, fees and disbursements of consultants and
10 professionals, costs of credit ratings, fees and charges for preparation, execution,
11 transportation and safekeeping of the Bonds, costs and expenses of refunding, premiums
12 for the insurance of the payment of the Bonds, if any, and any other cost, charge or fee
13 in connection with the original issuance of Bonds.

14
15 **"Debt Service"** for any period means, as of the date of calculation, an
16 amount equal to the sum of (i) interest payable during such period on Bonds and (ii) the
17 principal amount of Bonds which mature during any such period.

18
19 **"Defeasance Obligations"** means (a) Cash, or (b) Government Securities.

20
21 **"Department"** means the Louisiana Department of Environmental Quality,
22 an executive department and agency of the State of Louisiana, and any successor to the
23 duties and functions thereof.

24
25 **"Executive Officers"** means collectively the Mayor and Council
26 Administrator/Clerk of the Slidell City Council.

27
28 **"Fiscal Year"** means the one-year period commencing on July 1 of one
29 year and ending on June 30 of the following year, or such other one-year period as may
30 be designated by the Governing Authority as the fiscal year of the Issuer.

31
32 **"Governing Authority"** means the Slidell City Council, the governing
33 authority of the Issuer, or its successor in function.

34
35 **"Government Securities"** means and includes non-callable direct general
36 obligations of, or obligations the principal of and interest on which are unconditionally
37 guaranteed by, the United States of America, which may be United States Treasury
38 Obligations such as the State and Local Government Series and may be in book-entry
39 form.

40
41 **"Interest Payment Date"** means April 1 and October 1 of each year,
42 commencing October 1, 1997.

43
44 **"Issuer"** means the City of Slidell, State of Louisiana.

45
46 **"Loan Agreement"** means the Loan and Pledge Agreement to be executed
47 by and between the Issuer and the Department, which sets forth certain additional
48 provisions relating to the Bonds, the purchase of the Bonds by the Department, the
49 construction of the Project and operation of the System and the repayment of the loan
50 by the Issuer.

51
52 **"Net Utilities Revenues"** means the income and revenues to be derived
53 from the operation of the Utilities System, after provision has been made for payment
54 therefrom of the reasonable and necessary expenses of administration, operation and
55 maintenance of the Utilities System.

56
57 **"Owner"** shall mean the Person reflected as registered owner of any of the
58 Bonds on the registration books maintained by the Paying Agent.

59
60 **"Outstanding"**, when used with reference to the Bonds, means, as of any
61 date, all Bonds theretofore issued under the Bond Ordinance, except:

62
63 (a) Bonds theretofore canceled by the Paying Agent or delivered to the
64 Paying Agent for cancellation;

4
5 (b) Bonds for the payment or redemption of which sufficient Defeasance
6 Obligations have been deposited with the Paying Agent or an escrow agent in trust for
7 the owners of such Bonds with the effect specified in Section 1101 of this Bond
8 Ordinance, provided that if such Bonds are to be redeemed, irrevocable notice of such
9 redemption has been duly given or provided for pursuant to the Bond Ordinance, to the
10 satisfaction of the Paying Agent, or waived;

11
12 (c) Bonds in exchange for or in lieu of which other Bonds have been
13 registered and delivered pursuant to the Bond Ordinance; and

14
15 (d) Bonds alleged to have been mutilated, destroyed, lost, or stolen which
16 have been paid as provided in the Bond Ordinance or by law.

17
18 **"Parity Bonds"** means the \$2,500,000 of currently outstanding Utilities
19 Revenue Bonds, Series 1996, of the Issuer, dated April 1, 1996, maturing April 1, 1998
20 to April 1, 2006 and April 1, 2016, more fully described in the preamble hereto.

21
22 **"Parity Bond Ordinance"** means the ordinance adopted by the Governing
23 Authority on March 7, 1996, authorizing the issuance of the Parity Bonds.

24
25 **"Paying Agent"** means the Director of Finance of the Issuer until a
26 successor Paying Agent shall have become such pursuant to the applicable provisions
27 of the Bond Ordinance, and thereafter "Paying Agent" shall mean such successor Paying
28 Agent.

29
30 **"Person"** means any individual, corporation, partnership, joint venture,
31 association, joint-stock company, trust, unincorporated organization, or government or any
32 agency or political subdivision thereof.

33
34 **"Project"** means the improvements, extensions and replacements to the
35 System, including appurtenant equipment, accessories and properties, both personal and
36 real, a work of public improvement for the Issuer, which are being financed through the
37 issuance of the Bonds, as described more specifically in the Loan Agreement.

38
39 **"Qualified Investments"** means the following that also qualify as Permitted
40 Investments under Section 1309 hereof, provided that the same are at the time legal for
41 investment of the Issuer's funds:

42
43 (i) any bonds or other obligations which as to principal and interest
44 constitute direct obligations of the United States of America, including obligations of any
45 of the Federal agencies set forth in clause (ii) below to the extent unconditionally
46 guaranteed by the United States of America and any certificates or any other evidences
47 of an ownership interest in obligations or in specified portions thereof (which may consist
48 of specified portions of the interest thereon) of the character described in this clause (i)
49 such as those securities commonly known as CATS, TIGRS and/or STRIPS;

50
51 (ii) bonds, debentures or other evidences of indebtedness issued by the
52 Private Export Funding Corporation, Federal Home Loan Bank System, Federal Home
53 Loan Mortgage Corporation, Federal National Mortgage Association and Student Loan
54 Marketing Association;

55
56 (iii) certificates of deposit, whether negotiable or nonnegotiable, issued by
57 any bank or trust company organized under the laws of the State or any national banking
58 association having its principal office in the State (including the Paying Agent or the
59 Escrow Agent) which is a member of the Federal Deposit Insurance Corporation and
60 which are secured at all times by collateral described in clause (i) above;

61
62 (iv) certificates of deposit, savings accounts, deposit accounts or money
63 market deposits of any bank or trust company organized under the laws of the State or
64 any national banking association having its principal office in the State (including the
65 Paying Agent and the Escrow Agent) which are fully insured by the Federal Deposit
66 Insurance Corporation;

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4
5 (v) shares of mutual or trust fund institutions which are registered with the
6 Securities and Exchange Commission under the Securities Act of 1933 and the
7 Investment Company Act of 1940, and which have underlying investments consisting
8 solely of and limited to obligations described in (I) above;
9

10 (vi) repurchase agreements which are fully collateralized by securities
11 described in (I) or (ii) above, provided that (a) each repurchase agreement requires
12 collateral levels and provisions concerning valuation of the obligations that constitute the
13 collateral for such repurchase agreements acceptable to the Issuer, (b) the obligations
14 that constitute the collateral for a repurchase agreement are required to be in the
15 possession of the Issuer or its agent, (c) the party delivering the obligations which
16 constitute the collateral for a repurchase agreement has good and marketable title to such
17 obligations, such obligations are free from any liens, encumbrances or claims of third
18 parties, and such obligations are accompanied by such certificates, endorsements or such
19 other instruments as may be required by the Issuer or its agent to register such
20 obligations in the name of the Issuer or its agent and (d) each repurchase agreement
21 provides the Issuer or its agent with a perfected security interest in the obligations which
22 constitute the collateral for such repurchase agreement; and
23

24 (vii) bonds issued by any state or a political subdivision or public corporation
25 of any state, the interest on which is exempt from federal income taxes, provided that
26 such bonds are rated at the time the investment is made by Moody's Investors Service
27 and Standard & Poor's Corporation in one of the two highest rating categories.
28

29 **"Record Date"** means, with respect to an Interest Payment Date, the close
30 of business on the fifteenth day of the calendar month next preceding such Interest
31 Payment Date, whether or not such day is a Business Day.
32

33 **"Redemption Price"** means, when used with respect to a Bond, the
34 principal amount thereof plus the applicable premium, if any, payable upon redemption
35 thereof pursuant to the Bond Ordinance.
36

37 **"Reserve Fund Requirement"** means, as of any date, the highest Debt
38 Service requirements on the Bonds and any additional parity bonds in any succeeding
39 Fiscal Year.
40

41 **"Scheduled Completion Date"** is the date designated as such in
42 accordance with the provisions of the Loan Agreement, regardless of whether or not such
43 date precedes or follows the Completion Date.
44

45 **"State"** means the State of Louisiana.
46

47 **"Utilities System"** means the revenue producing public utility comprised
48 of the combined waterworks system and sewer system of the Issuer, presently serving
49 substantially all of the potable water and sewerage users in the Issuer, and any future
50 additions thereto, as said systems now exist and as the same may be improved,
51 extended or supplemented from any source while any of the Bonds remain outstanding,
52 including all real estate, personal and intangible properties, contracts, franchises, leases
53 and choses in action, and including specifically all properties now or hereafter operated
54 by the Issuer under lease or agreement with any other individual, partnership or
55 corporation, public or private, as a part of the Utilities System, whether lying within or
56 without the boundaries of the Issuer.
57

58 SECTION 102. Interpretation. In the Bond Ordinance, unless the context
59 otherwise requires, (a) words importing the singular include the plural and vice versa, (b)
60 words of the masculine gender shall be deemed and construed to include correlative
61 words of the feminine and neuter genders and (c) the title of the offices used in this Bond
62 Ordinance shall be deemed to include any other title by which such office shall be known
63 under any subsequently adopted charter.
64

4 **ARTICLE II**

5 **AUTHORIZATION AND ISSUANCE OF BONDS**

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

10 (b) The Bonds issued under this Bond Ordinance shall be issued for the
11 purpose of constructing and acquiring the Project and paying the costs of issuance of the
12 Bonds, in compliance with and under the authority of the Act, and other constitutional and
13 statutory authority and pursuant to the provisions of the Ordinance, there is hereby
14 authorized the incurring of an indebtedness of not exceeding Three Million Nine Hundred
15 Thousand Dollars (\$3,900,000) for, on behalf of and in the name of the Issuer, and to
16 represent the said indebtedness, this Governing Authority does hereby authorize the
17 issuance of not exceeding Three Million Nine Hundred Thousand Dollars (\$3,900,000) of
18 Utilities Revenue Bonds, Series 1996A, of the Issuer.

19 SECTION 202. Bond Ordinance to Constitute Contract. In consideration
20 of the purchase and acceptance of the Bonds by those who shall own the same from time
21 to time, the provisions of this Bond Ordinance shall be a part of the contract of the Issuer
22 with the Owners of the Bonds and shall be deemed to be and shall constitute a contract
23 between the Issuer and the Owners from time to time of the Bonds. The provisions,
24 covenants and agreements herein set forth to be performed by or on behalf of the Issuer
25 shall be for the equal benefit, protection and security of the Owners of any and all of the
26 Bonds, each of which Bonds, regardless of the time or times of its issue or maturity, shall
27 be of equal rank without preference, priority or distinction over any other thereof except
28 as expressly provided in this Bond Ordinance.

29 SECTION 203. Obligation of Bonds. The Bonds, equally with the Parity
30 Bonds, shall be payable as to both principal and interest solely from the Net Utilities
31 Revenues, pursuant to the Constitution and laws of the State of Louisiana. The Net
32 Utilities Revenues are hereby irrevocably and irrepealably pledged and dedicated in an
33 amount sufficient for the payment of the Bonds in principal, premium, if any, and interest
34 as they shall respectively become due and payable, and for the other purposes

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5 hereinafter set forth in this Bond Ordinance. All of the Net Utilities Revenues shall be set
6 aside in a separate fund, as hereinafter provided, and shall be and remain pledged for
7 the security and payment of the Bonds, the Parity Bonds, and any future parity bonds
8 issued pursuant to Section 703 hereof, in principal, premium, if any, and interest and for
9 all other payments provided for in this Bond Ordinance until such Bonds shall have been
10 fully paid and discharged.

11 SECTION 204. Form of Bonds. The Bonds shall be in substantially the
12 form set forth in Exhibit A hereto, with such necessary or appropriate variations,
13 omissions and insertions as are required or permitted by the Act and this Bond
14 Ordinance.

15 SECTION 205. Denominations, Dates, Maturities and Interest. The Bonds
16 shall be issued in the form of a single fully registered bond, dated as of the date of
17 delivery thereof, in the denomination and principal amount of not exceeding \$3,900,000
18 and shall be numbered R-1. The precise denomination of the Bond shall be equal to the
19 total price. The unpaid principal of the Bonds shall bear interest from the date thereof,
20 or the most recent Interest Payment Date to which interest has been paid or duly
21 provided for, at the rate of three and forty-five hundredths per centum (3.45%) per
22 annum, said interest to be calculated on the basis of a 360-day year consisting of twelve
23 30-day months and payable on each Interest Payment Date. The Department, as the
24 initial purchaser of the Bonds, will pay the purchase price of the Bonds to the Issuer in
25 installments as provided in the Loan Agreement, and interest on the Bonds shall be
26 payable only on the purchase price which shall have been paid to the Issuer and shall
27 accrue with respect to each purchase price installment only from the date of payment of
28 such installment to the Issuer.

29 In the event that the Department owns the Bonds or the Department has
30 pledged or assigned the Bonds in connection with its Municipal Facilities Revolving Loan
31 Fund Program and the Administrative Fee payable by the Issuer to the Department under
32 terms of the Loan Agreement is declared illegal or unenforceable by a court or
33 administrative body of competent jurisdiction, the interest rate borne by the Bonds shall
34 be increased to the rate of three and ninety-five hundredths percent (3.95%) per annum,
35

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4 effective as of the date declared to be the date from which the Administrative Fee is no
5 longer owed because of such illegality or unenforceability.

6 The principal of the Bonds shall mature in annual installments not extending
7 beyond April 1, 2017 payable on each Principal Payment Date in the amounts set forth
8 on Schedule B of the form of Bond attached hereto as Exhibit A. Schedule B has been
9 prepared assuming that the maximum Loan Amount (as defined in the Loan Agreement)
10 (\$3,900,000) will be disbursed to the Issuer by the Department as the purchase price of
11 the Bonds. Should the aggregate purchase price disbursed as of the date of the Final
12 Loan Installment be less than \$3,900,000, then such principal installments falling due on
13 the Bonds shall be reduced such that, to the extent practicable, the total amount of
14 principal and interest falling due in each Fiscal Year shall be approximately equal, and
15 Schedule B to the form of the Bond shall be adjusted accordingly. To the extent that any
16 provision of this Bond Ordinance is inconsistent with or contrary to the Loan Agreement,
17 the applicable provisions of the Loan Agreement shall control, except that in no event
18 shall the provisions of this Bond Ordinance or of the Loan Agreement be interpreted or
19 given any effect that will cause the Bonds to fail to be considered to be issued on a par
20 with and pari passu to the Parity Bonds, and any provision hereof or of the Loan
21 Agreement that would cause the Bonds to conflict with the parity provisions of the
22 ordinances providing for the issuance of the Parity Bonds shall be null and of no effect.
23 As provided in the Loan Agreement, the Issuer shall comply with certain provisions of the
24 Loan Agreement, as specified therein, regardless of whether or not the Department is the
25 Owner and regardless of any redemption or defeasance of the Bonds prior to their final
26 stated maturity.

27 The principal and interest on the Bonds will be payable by check of the
28 Paying Agent or the Issuer mailed by the Paying Agent to the Owner (determined as of
29 the Record Date) at the address shown on the Bond Register of the Paying Agent,
30 provided that payment of the final installment of principal of the Bonds shall be made only
31 upon presentation and surrender of the Bonds to the Paying Agent. Each Bond delivered
32 under this Bond Ordinance upon transfer of or in exchange for or in lieu of any other
33 Bond shall carry all the rights to interest accrued and unpaid, and to accrue, which were
34 carried by such other Bond, and each such Bond shall bear interest (as herein set forth)

4 so neither gain nor loss in interest shall result from such transfer, exchange or
5 substitution.

6 No Bond shall be entitled to any right or benefit under this Bond Ordinance,
7 or be valid or obligatory for any purpose, unless there appears on such Bond a certificate
8 of registration, substantially in the form provided in this Bond Ordinance, executed by the
9 Paying Agent by manual signature.

10 SECTION 206. Bonds Issued on a Parity with the Parity Bonds. The Bonds
11 shall be and the same are hereby issued on a parity with the Parity Bonds, and the
12 Bonds shall rank equally with and shall enjoy complete parity of lien with the Parity Bonds
13 on all revenues or funds specifically applicable to the payment of the Parity Bonds,
14 including the funds established by the Parity Ordinance in connection with the security
15 and payment of said Parity Bonds. This Governing Authority does hereby find, determine
16 and declare that the Issuer has complied, or will comply prior to the delivery of the Bonds,
17 with all the terms and conditions set forth in the Parity Bond Ordinance, with respect to
18 authorizing the issuance of the Bonds on a parity with the Parity Bonds.

19 **ARTICLE III**

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

21 SECTION 301. Exchange of Bonds; Persons Treated as Owners. The
22 Issuer shall cause books for the registration of ownership of the Bonds and for the
23 registration of transfer of the Bonds as provided in this Bond Ordinance to be kept by the
24 Paying Agent at its principal corporate trust office, and the Paying Agent is hereby
25 constituted and appointed the registrar for the Bonds. At reasonable times and under
26 reasonable regulations established by the Paying Agent said list may be inspected and
27 copied by the Issuer or by the Owners (or a designated representative thereof) of 15%
28 of the outstanding principal amount of the Bonds. Upon surrender for registration of
29 transfer of any Bond, the Paying Agent shall register and deliver in the name of the
30 transferee or transferees one or more new fully registered Bonds of authorized
31 denominations of the same maturity and like aggregate principal amount. At the option
32 of the Bondholder, Bonds may be exchanged for other Bonds of authorized
33 denominations of the same maturity and like aggregate principal amount, upon surrender
34 of the Bonds to be exchanged at said office. Whenever any Bonds are so surrendered

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

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

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

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

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

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

4 SECTION 304. Cancellation of Bonds. All Bonds paid or redeemed either
5 at or before maturity, together with all Bonds purchased by the Issuer, shall thereupon
6 be 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 Bonds shall be executed in the name and
9 on behalf of the Issuer by the manual or facsimile signature of the Mayor and attested by
10 the 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 Bonds shall cease to be such officer before the Bonds so signed and
14 sealed shall have been actually delivered, such Bonds may, nevertheless, be delivered
15 as herein provided, and may be issued as if the person who signed or sealed such Bonds
16 had not ceased to hold such office. Said officers shall, by the execution of the Bonds,
17 adopt as and for their own proper signatures their respective facsimile signatures
18 appearing on the Bonds or any legal opinion certificate thereon, and the Issuer may adopt
19 and use for that purpose the facsimile signature of any person or persons who shall have
20 been such officer at any time on or after the date of such Bond, notwithstanding that at
21 the date of such Bond such person may not have held such office or that at the time
22 when such Bond shall be delivered such person may have ceased to hold such office.

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

30 The Issuer shall cause the Bond Register to be kept at the principal office
31 of the Paying Agent (initially the Director of Finance of the Issuer) in which registration
32 of the Bonds and transfers of the Bonds shall be made as provided herein. The Bonds
33 may be transferred, registered and assigned only on the Bond Register of the Paying
34 Agent, and such registration shall be at the expense of the Issuer. The Bonds may be

5 assigned by the execution of an assignment on the Bonds or by other instruments of
6 transfer and assignment acceptable to the Paying Agent. A new Bond will be delivered
7 by the Paying Agent to the last assignee (the new Owner) in exchange for such
8 transferred and assigned Bond after receipt of the Bond to be transferred in proper form.

9 SECTION 307. Regularity of Proceedings. The Issuer, having investigated
10 the regularity of the proceedings had in connection with the issuance of the Bonds, and
11 having determined the same to be regular, each of the Bonds shall contain the following
12 recital, to-wit:

13 "It is certified that this bond is authorized by and is
14 issued in conformity with the requirements of the
15 Constitution and statutes of the State of Louisiana."
16

17 **ARTICLE IV**

18 **APPLICATION OF PROCEEDS**

19 SECTION 401. Application of Bond Proceeds and Accrued Interest. (a)
20
21 Upon the delivery of the Bonds, the amount, if any, received as accrued interest shall be
22 deposited in the Sinking Fund described in Section 503(b) and applied by the Issuer to
23 pay interest falling due on the Bonds on the first Interest Payment Date.
24

25 (b) After making the deposit described in (a) above, the remaining proceeds
26 of the Bonds shall be deposited in a special account to be established by the Issuer
27 called the "City of Slidell, State of Louisiana, Series 1996A Utilities Revenue Bond Project
28 Account," and such moneys, together with the interest earnings thereon, shall be used
29 to pay Costs of Issuance and the costs of the Project.

30 **ARTICLE V**

31 **PAYMENT OF BONDS; DISPOSITION OF FUNDS**

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

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

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

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

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

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

46
47 (c) The maintenance of a "Revenue Bond Reserve Fund" established by
48 the Parity Bond Ordinance (the "Reserve Fund") into which, there shall be transferred

4 month in advance on or before the twentieth (20th) day of each month of each year a
5 sum at least equal to 25% of the amount required to be paid into the Sinking Fund for
6 such month, such payment to continue until such time as there has been accumulated
7 therein the Reserve Fund Requirement. The money in the Reserve Fund shall be
8 retained solely for the purpose of paying the principal of and interest on bonds payable
9 from the Sinking Fund as to which there would otherwise be default (except such
10 amounts, if any, as may be payable to the United States of America as a rebate of
11 arbitrage). In the event that additional pari passu bonds are issued hereafter in the
12 manner provided by this Bond Ordinance, there shall be transferred from the proceeds
13 of such pari passu bonds and/or the Utilities System Fund, at the time of delivery of said
14 additional pari passu bonds, or transferred from the Utilities System Fund into the
15 Reserve Fund within a period not exceeding five (5) years, such amounts (as may be
16 designated in the ordinance authorizing the issuance of such pari passu bonds) as will
17 increase the total amount on deposit in said Reserve Fund to a sum equal to the Reserve
18 Fund Requirement.

19
20 (d) The maintenance of a "Capital Additions and Contingencies Fund"
21 established by the Parity Bond Ordinance (the "Contingencies Fund"), with the fiscal
22 agent bank to care for additions and improvements, renewals, replacements and
23 emergency repairs necessary to properly operate the Utilities System, by transferring from
24 the Utilities System Fund to the Contingencies Fund, monthly on or before the 20th day
25 of each month of each year, a sum at least equal to five percent (5%) of the gross
26 revenues of the Utilities System after provision is made for the funds required by
27 paragraphs (a) through (c) above. In addition to caring for extensions, additions,
28 improvements, renewals and replacements necessary to properly operate the Utilities
29 System, the money in the Contingencies Fund shall be used to pay the principal of and
30 the interest on the Bonds, including any additional pari passu bonds issued hereafter in
31 the manner provided by the Bond Ordinance, for the payment of which there is not
32 sufficient money in the Sinking Fund or Reserve Fund, but the money in the Contingencies
33 Fund shall never be used for the making of extensions, additions, improvements,
34 renewals and replacements to the Utilities System if such use of said money will leave
35 in the Contingencies Fund for the making of emergency repairs or replacements less than
36 the sum of Twenty-Five Thousand Dollars (\$25,000).

37
38 If at any time it shall be necessary to use moneys in the Reserve Fund or
39 the Contingencies Fund for the purpose of paying principal or interest on Bonds payable
40 from the Sinking Fund as to which there would otherwise be default, then the moneys so
41 used shall be replaced from the revenues of the Utilities System first thereafter received,
42 not hereinabove required for the purposes described in (a) and (b) of this Section 503,
43 it being the intention hereof that there shall as nearly as possible be at all times in the
44 Reserve Fund and the Contingencies Fund the amounts hereinabove specified.

45
46 All or any part of the moneys in the Utilities System Fund, Sinking Fund,
47 Reserve Fund and Contingencies Fund shall, at the written request of the Issuer, be
48 invested in direct obligations of the United States of America maturing in five (5) years
49 or less and such investments shall, to the extent at any time necessary, be liquidated and
50 the proceeds thereof applied to the purposes for which such funds are created. All
51 income or earnings from such investments shall be deposited in the Utilities System Fund
52 as income and revenues of the Utilities System.

53
54 Any moneys remaining in the Utilities System Fund after making the above
55 required monthly payments may be used by the Issuer for such other lawful corporate
56 purposes as the governing authority of the Issuer may determine, whether such purposes
57 are or are not related to the System.

58
59 In the case of issues involving term bonds, all principal maturity calculations
60 will be based on mandatory sinking fund payment installments rather than term bond
61 maturities.
62
63

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

11 ARTICLE VI

12 REDEMPTION OF BONDS

13 SECTION 601. Redemption of Bonds. The Bonds or principal installments
14 thereof maturing on or before April 1, 2007 will not be subject to optional redemption prior
15 to their respective maturity dates. The Bonds, or principal installments thereof maturing
16 after April 1, 2007 may be redeemed by the Borrower (provided the Administrative Fee
17 for the Fiscal Year of said redemption must be paid prior to said redemption) on or after
18 April 1, 2007 in whole or at any time, or in part pro rata with respect to the remaining
19 maturities, rounded to the nearest \$5,000 principal amount, on any Interest Payment Date
20 at a redemption price equal to the principal amount redeemed, plus accrued interest to
21 the redemption date, together with a redemption premium (expressed as a percentage
22 of the principal amount to be redeemed) as set forth below:

23 REDEMPTION	24 REDEMPTION
25 PERIOD	26 PREMIUM
27 April 1, 2007 through March 31, 2008	28 2 %
29 April 1, 2008 through March 31, 2009	30 1 %
31 April 1, 2009 and thereafter	32 0 %

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

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

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

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

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

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

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

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

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

4
5 to this Section shall not exceed the Redemption Price thereof; the Paying Agent shall also
6 pay (from moneys furnished by the Issuer) accrued interest on any such Bond. Subject
7 to the above limitations, the Paying Agent, at the direction of the Issuer, shall purchase
8 Bonds at such times, for such prices, in such amounts and in such manner (whether after
9 advertisement for tenders or otherwise) with monies made available by the Issuer for such
10 purpose, provided, however, that the Paying Agent shall not expend amounts for the
11 purchase of Bonds of a particular maturity in excess of the amount that would otherwise
12 be expended for the redemption of Bonds of such maturity, and, provided further, that the
13 Issuer may, in its discretion, direct the Paying Agent to advertise for tenders for the
14 purchase of Bonds not less than sixty (60) days prior to any date for redemption of
15 Bonds.

16 **ARTICLE VII**

17 **PARTICULAR COVENANTS, ADDITIONAL PARITY BONDS**

18 **SECTION 701. Obligation of the Issuer in Connection with the Issuance of**
19 **the Bonds.** As a condition of the issuance of the Bonds, the Issuer hereby binds and
20 obligates itself to deposit the proceeds of the Bonds as described in the Loan and Pledge
21 Agreement.

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

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

33 1. The Bonds and Parity Bonds or any part thereof, including interest and
34 redemption premiums thereon, may be refunded with the consent of the owners (except
35 as to maturing bonds or Bonds which are then option for redemption and have been
36 properly called for redemption, such consent shall not be necessary), and the refunding
37 bonds so issued shall enjoy complete equality of lien with the portion of the Bonds which

4 is not refunded, if there be any, and the refunding bonds shall continue to enjoy whatever
5 priority of lien over subsequent issues may have been enjoyed by the Bonds refunded;
6 provided, however, that if only a portion of Bonds outstanding is so refunded and the
7 refunding bonds require total principal and interest payments during any Bond Year in
8 excess of the principal and interest which would have been required in such Bond Year
9 to pay the Bonds refunded thereby, then such Bonds may not be refunded without the
10 consent of the Owners of the unrefunded portion of the Bonds issued hereunder.
11

12 2. Additional bonds may also be issued on a parity with the Bonds herein
13 authorized if all of the following conditions are met:
14

15 (a) The Net Utilities Revenues must in each of the two (2) completed Fiscal
16 Years immediately preceding the issuance of the additional bonds have been not less
17 than one and three-tenths (1.3) times the highest combined principal and interest re-
18 quirements for any succeeding Fiscal Year period on all bonds then outstanding, including
19 any pari passu additional bonds theretofore issued and then outstanding which are
20 payable from the Net Utilities Revenues (but not including bonds which have been
21 refunded or provision otherwise made for their full and complete payment and
22 redemption) and the bonds so proposed to be issued.
23

24 (b) There must be no delinquencies in payments required to be made into
25 the various funds established by Section 503 hereof.
26

27 (c) The existence of the facts required by paragraphs (a) and (b) above
28 must be determined and certified to by the Director of Finance of the Issuer.
29

30 (d) The additional bonds must be payable on April 1st of each year in which
31 principal falls due and payable as to interest on April 1st and October 1st of each year.
32

33 (e) The proceeds of the additional bonds must be used solely for the
34 making of improvements, extensions, renewals, replacements or repairs to the Utilities
35 System, or to refund bonds issued therefor.
36

37 3. For the purpose of this section, debt service calculations shall be based
38 on mandatory sinking fund installments.
39

40 **ARTICLE VIII**

41 **SUPPLEMENTAL BOND ORDINANCES**

42 **SECTION 801. Supplemental Ordinances Effective Without Consent of**
43 **Bondholders.** For any one or more of the following purposes and at any time from time
44 to time, an ordinance supplemental hereto may be adopted, which, upon the filing with
45 the Paying Agent of a certified copy thereof, but without any consent of Bondholders,
46 shall be fully effective in accordance with its terms: (a) to add to the covenants and
47 agreements of the Issuer in the Bond Ordinance other covenants and agreements to be
48 observed by the Issuer which are not contrary to or inconsistent with this Bond Ordinance
49 as theretofore in effect;
50

51 (b) to add to the limitations and restrictions in this Bond Ordinance other
52 limitations and restrictions to be observed by the Issuer which are not contrary to or
53 inconsistent with this Bond Ordinance as theretofore in effect;
54

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

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

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

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

31 ARTICLE IX

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

34 SECTION 901. Obligation to Fix Rates. The Issuer, through the Governing
35 Authority, hereby covenants to fix, establish and maintain such rates and collect such

4
5 fees, rents or other charges for the services and facilities of the Utilities System and all
6 parts thereof, and to revise the same from time to time whenever necessary, as will
7 always provide revenues in each year at least sufficient to pay (i) the reasonable and
8 necessary expenses of administering, operating and maintaining the Utilities System in
9 such year, (ii) the principal and interest maturing on the Bonds and Parity Bonds in such
10 year, (iii) all Reserve or Sinking Funds or other payments required for such year by this
11 Bond Ordinance and the Parity Bond Ordinance, and (iv) all other obligations and
12 indebtedness payable out of the income and revenues of the Utilities System during such
13 year, and which will in any event provide revenues in each year, after paying all
14 reasonable and necessary expenses of administering, operating and maintaining the
15 Utilities System in such year not paid from ad valorem tax revenues, at least equal to
16 120% of the largest amount of principal and interest maturing on the Bonds herein
17 authorized, the Parity Bonds and on any additional pari passu bonds in any future Fiscal
18 Year, and that such rates, fees, rents or other charges shall not at any time be reduced
19 so as to be insufficient to provide adequate revenues for such purposes.

20 SECTION 902. Schedule of Rates and Charges. Except as otherwise
21 provided, nothing in this Bond Ordinance or in the Bonds shall be construed to prevent
22 the Issuer from altering, amending or repealing from time to time as may be necessary
23 any resolutions or ordinances setting and establishing a schedule or schedules of rates
24 and charges for the services and facilities to be rendered by the Utilities System, said al-
25 terations, amendments or repeals to be conditioned upon the continued preservation of
26 the rights of the Owners with respect to the income and revenues of the Utilities System,
27 not only for the payment of the principal of and the interest on the Bonds, but to give
28 assurance and insure that the income and revenues of the Utilities System shall be
29 sufficient at all times to meet and fulfill the other provisions stated and specified in Section
30 503 of this Bond Ordinance. It is understood and agreed, however, that the Issuer shall
31 fix, establish and maintain such rates and collect such fees, rents or other charges for the
32 services and facilities to be rendered by the Utilities System, irrespective of the user
33 thereof, that no free services or facilities shall be furnished to any person, association of
34 persons or corporation, public or private, except the Issuer itself, and that all service shall
35 be metered, and that no discrimination shall be made as to rates and charges for the

4
5 services and facilities of the Utilities System as between users of the same type or class;
6 provided, however, the Issuer shall not be required to meter water used for fire fighting
7 purposes through its fire hydrants, but the Issuer hereby agrees to pay from its general
8 revenues a minimum annual rental of Twenty-Five Dollars (\$25.00) per year for each fire
9 hydrant connected to the Utilities System and available for fire fighting. The Issuer
10 agrees that all charges owed by any individual, partnership or corporation for water and
11 sewer rendered by the Utilities System shall be billed and collected as a unit; that failure
12 of any individual, partnership or corporation to pay said combined charge within fifteen
13 (15) days of the date on which it is billed shall cause such charge to become delinquent;
14 that if such delinquent charge, with penalties accrued thereon, is not paid within ten (10)
15 days from the date on which it became delinquent, the Issuer will shut off water service
16 to the affected premises; and that the Issuer and its officials, agents and employees will
17 do all things necessary and will take advantage of all remedies afforded by law to collect
18 and enforce the prompt payment of all charges made for utilities services rendered by the
19 Utilities System. All delinquent charges for such services shall on the date of delinquency
20 have added thereto a penalty of ten percent (10%) of the amount of the charge. If
21 service shall be discontinued as above provided, the customer shall in addition to paying
22 the delinquent charges and penalties, pay as a condition precedent to the resumption of
23 service, a reasonable re-connection charge of not less than Two Dollars (\$2.00) for each
24 service resumed. It is further understood and agreed that the schedule of rates, fees,
25 rents and other charges being charged as of the date of the adoption of this Bond
26 Ordinance for services and facilities rendered by the Utilities System shall remain in effect
27 and neither said existing schedule nor any subsequent schedule shall be reduced at any
28 time unless all payments required for all funds by this Bond Ordinance, including any
29 deficiencies for prior payments, have been fully made, and unless such schedule as so
30 reduced will in each year thereafter produce sufficient revenues to meet and fulfill the
31 other provisions stated and specified in Sections 503 and 901 of this Bond Ordinance.

32 SECTION 903. Pledge of Revenues. In providing for the issuance of the
33 Bonds, the Issuer does hereby covenant and warrant that it will be lawfully seized and
34 possessed of the Utilities System, that it has a legal right to pledge the income and
35 revenues therefrom as herein provided, that the Bonds, together with the Parity Bonds,

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5 and any pari passu additional bonds hereafter issued as provided in this Bond Ordinance,
6 will have a lien and privilege on said income and revenues subject only to the prior
7 payment of all reasonable and necessary expenses of administering, operating and
8 maintaining the Utilities System, and that the Issuer will at all times maintain the Utilities
9 System in first class repair and working order and condition.

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

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

27 SECTION 905. Accounting for System Revenues. So long as any of the
28 Bonds herein authorized are outstanding and unpaid in principal or interest, the Issuer
29 shall maintain and keep proper books of record and accounts in which shall be made full
30 and correct entries of all transactions relating to the Utilities System. Not later than three
31 (3) months after the close of each Fiscal Year, the Issuer shall cause the commencement
32 of an audit of such books and accounts begun by a recognized independent firm of
33 certified public accountants, showing the receipts of and disbursements made for the
34 account of the Utilities System, and such audit shall be completed within 180 days of the
35 close of such Fiscal Year. Such audit shall be available for inspection by the Owner of

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5 any of the Bonds herein authorized, and a copy of such audit shall be furnished promptly
6 after its completion to the original purchaser of the Bonds. Each such audit, in addition
7 to whatever matters may be thought proper by the accountant to be included therein,
8 shall include the following:

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

11
12 2. A balance sheet as of the end of such Fiscal Year.

13
14 3. The accountant's comments regarding the manner in which the Issuer
15 has carried out the requirements of this Bond Ordinance, and the accountant's
16 recommendations for any changes or improvements in the operation of the Utilities
17 System or the method of keeping the records relating thereto.

18
19 4. A list of the insurance policies in force at the end of the Fiscal Year,
20 setting out as to each policy the amount of the policy, the risks covered, the name of the
21 insurer and the expiration date of the policy.

22
23 5. The number of metered water customers and the number of unmetered
24 water customers, if any, at the end of the Fiscal Year.

25
26 6. An analysis of additions, replacements and improvements to the physical
27 properties of the Utilities System.

28
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 Bonds, the Paying Agent and the Owners shall
32 have the right to discuss with the accountant making the audit the contents of the audit
33 and to ask for such additional information as he may reasonably require. The Issuer
34 further agrees to furnish to the Purchaser or to such other parties as it shall designate in
35 writing, and to the Paying Agent, and upon request, to any Owner, a monthly statement
36 itemized to show the income and expenses of the operation of the Utilities System and
37 the number of connections for the preceding month. The Issuer further agrees that said
38 original purchaser, the Paying Agent and the Owners shall have at all reasonable times
39 the right to inspect the Utilities System and the records, accounts and data of the Issuer
40 relating thereto.

41 SECTION 906. Rights of Owners. The Owners of the Bonds shall be
42 entitled to exercise all rights and powers for which provision is made in the laws of the
43 State, particularly Sub-Part C, Part I, Chapter 10, Title 33 of the Louisiana Revised
44 Statutes of 1950. Any Owners of said Bonds issued under the provisions of this Bond
45 Ordinance, or any trustee acting for such Owners in the manner hereinafter provided,

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5 may, either at law or in equity, by suit, action, mandamus or other proceeding in any court
6 of competent jurisdiction, protect and enforce any and all rights under the laws of the
7 State, or granted and contained in this Bond Ordinance, and may enforce and compel the
8 performance of all duties required by this Bond Ordinance or by any applicable statutes
9 to be performed by the Issuer or by any agency, board of officer thereof, including the
10 fixing, charging and collection of rentals, fees or other charges for the use of the Utilities
11 System, and in general to take any action necessary to most effectively protect the rights
12 of said Owners.

13 In the event that default shall be made in the payment of the interest on or
14 the principal of any of the Bonds issued pursuant to this Bond Ordinance as the same
15 shall become due, or in the making of the payments into any fund established by Section
16 503 of this Bond Ordinance or any other payments required to be made by this Bond
17 Ordinance, or in the event that the Issuer or any agency, board, officer, agent or
18 employee thereof shall fail or refuse to comply with the provisions of this Bond Ordinance,
19 or shall default in any covenant made herein, and in the further event that any such
20 default shall continue for a period of thirty (30) days after written notice, any Owner or
21 any trustee appointed to represent Owners as hereinafter provided, shall be entitled as
22 of right to the appointment of a receiver of the Utilities System, in an appropriate judicial
23 proceeding in a court of competent jurisdiction.

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

32 Whenever all that is due upon the Bonds issued pursuant to this Bond
33 Ordinance, and interest thereon, and under any covenants of this Bond Ordinance for all
34 funds herein required, and upon any other obligations and interest thereon, having a
35 charge, lien or encumbrance upon the fees, rentals or other revenues of the Utilities

4 System, shall have been paid and made good, and all defaults under the provisions of
5 this Bond Ordinance shall have been cured and made good, possession of the Utilities
6 System shall be surrendered to the Issuer upon the entry of an order of the court to that
7 effect. Upon any subsequent default, any Owner of Bonds issued pursuant to the Bond
8 Ordinance, or any trustee appointed for Owners hereinafter provided, shall have the same
9 right to secure the further appointment of a receiver upon such subsequent default.

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

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

31 The Owners of Bonds in an aggregate principal amount of not less than
32 twenty-five percent (25%) of Bonds issued under this Bond Ordinance then outstanding
33 may by a duly executed certificate in writing appoint a trustee for Owners of Bonds issued
34 pursuant to this Bond Ordinance with authority to represent such Owners in any legal

5 proceedings for the enforcement and protection of the rights of such Owners. Such
6 certificate shall be executed by such Owners, or their duly authorized attorneys or
7 representatives, and shall be filed in the office of the Governing Authority.

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

17 SECTION 908. Priority of Lien. Except as provided in Section 703 of this
18 Bond Ordinance, the Issuer hereby covenants that it will not voluntarily create or cause
19 to be created any debt, lien, pledge, mortgage, assignment, encumbrance or any other
20 charge whatsoever having priority over or parity with the lien of the Bonds issued
21 pursuant to this Bond Ordinance and the interest thereon upon any of the income and
22 revenues of the Utilities System pledged as security therefor in this Bond Ordinance.

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

30 SECTION 910. Security of and Covenant to Maintain System Revenues.
31 So long as any of the Bonds herein authorized are outstanding and unpaid, the Issuer in
32 operating the Utilities System, shall require all of its officers and employees who may be
33 in a position of authority or in possession of money derived from the operation of the
34 Utilities System, to obtain or be covered by a blanket fidelity or faithful performance bond,
35

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

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

14 Acting in the exercise of its police powers, the Issuer shall take all action
15 necessary to require every owner, tenant or occupant of each lot or parcel of land in the
16 Issuer which abuts upon a street or other public way containing a sewer line and upon
17 which lot or parcel a building shall have been constructed for residential, commercial or
18 industrial use, to connect said buildings with the Utilities System and to cease to use any
19 other method for the disposal of sewerage, sewerage waste or other polluting matter
20 which can be handled by the Utilities System. All such connections shall be made in
21 accordance with rules and regulations to be adopted from time to time by the Governing
22 Authority, which rules and regulations may provide for an inspection charge to assure the
23 proper making of such connection.

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

29 SECTION 912. Consulting Engineer. It is recognized and understood that
30 in purchasing and accepting delivery of the Bonds herein authorized, the original
31 purchasers thereof have relied, and the Owners of the Bonds from time to time will rely,
32 upon representations made by the Issuer that the Utilities System will be economically
33 and efficiently operated so that both the Issuer and the Owners of the Bonds may benefit
34 through the production of maximum revenues. To this end, the Issuer hereby covenants

1 **ORDINANCE NO. 2727**

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4
5 and agrees that in the event it should default in making the payments required by Section
6 503 of this Bond Ordinance, it will retain a nationally known consulting utility engineer or
7 firm of consulting utility engineers (in this Bond Ordinance referred to as "Consulting
8 Engineer") for the purpose of providing the Issuer with proper engineering counsel in the
9 operation of the Utilities System until such time as all such defaults have been cured and
10 satisfied. The Consulting Engineer shall be retained on an annual basis at such
11 reasonable compensation as may be fixed by the Governing Authority and the payment
12 of such compensation shall be considered to be one of the costs of maintaining and
13 operating the Utilities System. The Consulting Engineer retained under the provisions of
14 this Bond Ordinance may be replaced at any time by another engineer or firm of
15 engineers appointed or retained by the Issuer, provided no such engineer may be
16 replaced until an Ordinance setting forth the just cause for such action, adopted by the
17 Governing Authority, shall have been filed with the Clerk of the Governing Authority, the
18 Purchaser and the Consulting Engineer, and thereafter a public hearing thereon shall
19 have been conducted by the Governing Authority at which all interested persons are given
20 an opportunity to be heard, after which the Governing Authority may make such
21 replacement if so directed by at least a two-thirds vote of the Governing Authority taken
22 at a regular meeting. If the Consulting Engineer is ever appointed, retained or replaced
23 as above provided, such engineer or successor engineer shall be selected with special
24 reference to his knowledge and experience in the construction and operation of publicly
25 owned utility properties and shall be retained under contract at such reasonable compen-
26 sation as may from time to time be agreed upon by the Governing Authority and the
27 engineer.

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

33 Said Consulting Engineer as retained as hereinabove provided, shall
34 annually inspect the Utilities System and the records relating thereto, and within three (3)
35 months after the close of the Fiscal Year he shall prepare a written report upon the

4 operations of the Utilities System during the preceding year, the condition and
5 maintenance of the properties thereof, the efficiency of the management of the property,
6 the proper and adequate keeping of books of account and record, the adherence to
7 budget and budgetary control provisions, the adherence to all the provisions of this Bond
8 Ordinance, and any other things having a bearing upon the efficient and profitable
9 operation of the Utilities System as the Consulting Engineer feels should be contained in
10 the report. Said Consulting Engineer shall also submit in said report such recommen-
11 dations for maintenance, insurance, operation, repairs, renewals, replacements,
12 extensions, betterments and improvements as he may deem proper. Copies of such
13 report shall be placed on file with the Clerk of the Issuer and said report shall be
14 furnished to any Owner of any of said Bonds upon request.

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

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

4
5 **ARTICLE X**

6 **CONCERNING FIDUCIARIES**

7 **SECTION 1001. Paying Agent: Appointment and Acceptance of Duties.**

8 The Issuer will at all times maintain a Paying Agent meeting the qualifications herein
9 described for the performance of the duties hereunder. The designation of the Director
10 of Finance of 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
13 the laws of the State, duly authorized to exercise trust powers and subject to examination
14 by federal or state authority and (ii) have a reported capital and surplus of not less than
15 \$75,000,000.

16 **ARTICLE XI**

17 **MISCELLANEOUS**

18 **SECTION 1101. Defeasance.** (a) If the Issuer shall pay or cause to be

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

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

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

23 (c) Notwithstanding the foregoing, so long as the Department is the owner
24 of the Bonds or has pledged or assigned the Bonds in accordance with Section 9.1 of the
25 Loan Agreement, the payment of the Bonds and the interest due thereon and other sums
26 provided for pursuant to this Ordinance and the Loan Agreement shall not be defeased
27 or otherwise made, or the payment of any such funds shall not be provided for, in any
28 manner whatsoever other than through the full immediate payment thereof in lawful
29 money of the United States, without the written consent of the Department.

30 SECTION 1102. Evidence of Signatures of Bondholders and Ownership of
31 Bonds. (a) Any request, consent, revocation of consent or other instrument which the
32 Bond Ordinance may require or permit to be signed and executed by the Owners may
33 be in one or more instruments of similar tenor, and shall be signed or executed by such
34 Owners in person or by their attorneys-in-fact appointed in writing. Proof of (i) the
35 execution of any such instrument, or of an instrument appointing any such attorney, or

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5 (ii) the ownership by any person of the Bonds shall be sufficient for any purpose of the
6 Bond Ordinance (except as otherwise therein expressly provided) if made in the following
7 manner, or in any other manner satisfactory to the Paying Agent, which may nevertheless
8 in its discretion require further or other proof in cases where it deems the same desirable:

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

18
19 (2) the ownership of Bonds and the amount, numbers and other
20 identification, and date of owning the same shall be proved by the registration books.

21
22 (b) Any request or consent by the Owner of any Bond shall bind all future
23 Owners of such Bond in respect of anything done or suffered to be done by the Issuer
24 or the Paying Agent in accordance therewith.

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

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

37 SECTION 1105. No Recourse on the Bonds. No recourse shall be had for
38 the payment of the principal of or interest on the Bonds or for any claim based thereon
39 or on this Bond Ordinance against any member of the Governing Authority or officer of
40 the Issuer or any person executing the Bonds.

4
5 SECTION 1106. Successors and Assigns. Whenever in this Bond
6 Ordinance the Issuer is named or referred to, it shall be deemed to include its successors
7 and assigns and all the covenants and agreements in this Bond Ordinance contained by
8 or on behalf of the Issuer shall bind and enure to the benefit of its successors and
9 assigns whether so expressed or not.

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

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

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

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

15 SECTION 1111. Effective Date. This Bond Ordinance shall become
16 effective immediately upon its adoption.

17 SECTION 1112. Arbitrage; Bonds Designated as "Qualified Tax-Exempt
18 Obligations." The Issuer covenants and agrees that, to the extent permitted by the laws
19 of the Louisiana, it will comply with the requirements of the Internal Revenue Code of
20 1986 and any amendment thereto (the "Code") in order to establish, maintain and
21 preserve the exclusion from "gross income" of interest on the Bonds under the Code.
22 The Issuer further covenants and agrees that it will not take any action, fail to take any
23 action, or permit any action within its control to be taken, or permit at any time or times
24 any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or
25 indirectly in any manner, the effect of which would be to cause the Bonds to be "arbitrage
26 bonds" or would result in the inclusion of the interest on any of the Bonds in gross income
27 under the Code, including, without limitation, (i) the failure to comply with the limitation
28 on investment of Bond proceeds or (ii) the failure to pay any required rebate of arbitrage
29 earnings to the United States of America or (iii) the use of the proceeds of the Bonds in
30 a manner which would cause the Bonds to be "private activity bonds". The Bonds are
31 designated as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3)
32 of the Code. In making this designation, the Issuer finds and determines that:

- 33 (a) the Bonds are not "private activity bonds" within the meaning of the
34 Code; and
35

5 (b) the reasonably anticipated amount of qualified tax-exempt obligations
6 which will be issued by the Issuer and all subordinate entities in calendar
7 year 1997 does not exceed \$10,000,000.

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

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

23 SECTION 1114. Loan Agreement. The Governing Authority recognizes
24 that the Bonds will be sold to the Department pursuant to its Municipal Facilities
25 Revolving Loan Fund Program. In connection with this sale, the Issuer and the
26 Department will enter into the Loan Agreement, in substantially the form attached hereto
27 as Exhibit B. The Executive Officers are hereby authorized to execute the Loan
28 Agreement, for, on behalf of and under the seal of the Issuer, in substantially the form
29 attached hereto as Exhibit B, with such changes, additions and deletions as shall in the
30 sole opinion of the Executive Officers, upon the advice of counsel, be deemed appropriate
31 under the circumstances. So long as the Department owns any portion of the Bonds,
32 then to the extent that any provision of this Ordinance is inconsistent with or contrary to
33 the Loan Agreement, the applicable provisions of the Loan Agreement shall control;
34 provided, no provision of this Bond Ordinance or the Loan Agreement shall be given any
35


1 **ORDINANCE NO. 2727**
2 **ITEM NO. 97-01-1909**
3 **PAGE 38**
4

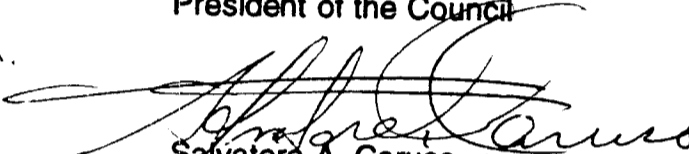
5 effect if by doing so such provisions should cause the Bonds to not be considered to have
6 been issued or to be outstanding on a parity with the Parity Bonds as provided in Section
7 206. As provided in the Loan Agreement, the Issuer shall comply with certain provisions
8 of the Loan Agreement, as specified therein, regardless of whether or not the Department
9 is the Owner and regardless of any redemption or defeasance of the Bonds prior to their
10 final stated maturity.
11


12 Adopted this 25th day of February, 1997.

13
14 **DELIVERED** 3:00 p.m.
15 02/26/97 to the Mayor

16
17 **RECEIVED** 3:25 p.m.
18 03/04/97 from the Mayor

19
20 
21 Bob Callahan
22 Councilman, District B
23 President of the Council

24 
25 Salvatore A. Caruso
26 Mayor

27 
28 Davis Dautreuil
29 Council Administrator/Clerk of the Council
30
31
32