

**MINUTES OF THE
BLANCHARD MAYOR AND TOWN COUNCIL
SPECIAL MEETING – JULY 30, 2012
7:00 O’CLOCK**

PRESENT: Mayor Digilormo, Alderpersons Ashby, Lee, Prewett and Whittington, Atty. Tom Arceneaux, Town Clerk- Debra Smith.

ABSENT: Alderperson Jones, Chief Presswood, David Yeates, and Lonnie Smith.

Meeting started at 7:00 p.m. Motion made by Lee to dispense with formalities. Second by Prewett. All voted yea.

OLD BUSINESS

PUBLIC HEARING ORDINANCE 10 OF 2012 (Fifth Supplemental Bond Ordinance)

Public hearing opened at 7:01. There being no discussion the hearing closed at 7:02.

VOTE ON ORDINANCE 10 OF 2012:

The following ordinance, having been previously introduced on July 10, 2012, Notice of Introduction having been published on July 27, 2012, and a public hearing held thereon on July 30, 2012, was offered for final adoption by Alderperson Prewett and seconded by Alderperson Ashby.

**ORDINANCE 10 OF 2012
FIFTH SUPPLEMENTAL BOND ORDINANCE**

A fifth supplemental bond ordinance amending the Second Supplemental Bond Ordinance 1 of 2011, the Third Supplemental Bond Ordinance 2 of 2011, and a Fourth Supplemental Bond Ordinance, all adopted in accordance with the terms of a General Bond Ordinance adopted on November 24, 2009, with regard to the issuance of (i) not exceeding \$8,400,000 Water Revenue Bonds, Series 2012A, (ii) not exceeding \$4,930,000 Water Revenue Bonds, Series 2012B and (iii) not exceeding \$4,930,000 Bond Anticipation Notes, Series 2012, of the Town of Blanchard, State of Louisiana; and providing for other matters in connection therewith.

WHEREAS, on November 24, 2009, this Mayor and Board of Aldermen (the "Governing Authority") of the Town of Blanchard, State of Louisiana (the "Issuer"), adopted a General Bond Ordinance entitled: "A General Bond Ordinance authorizing the issuance from time to time of Water Revenue Bonds of the Town of Blanchard, State of Louisiana; prescribing the form, and certain terms and conditions of said Bonds; providing for the payment thereof in principal and interest; agreeing not to issue further water revenue bonds under certain existing resolutions/ordinances; and providing for other matters in connection therewith" (the "General Bond Ordinance"), which authorizes the issuance of bonds from time to time for the aforesaid purposes; and

WHEREAS, on January 12, 2010, this Governing Authority adopted a First Supplemental Bond Ordinance that authorized \$3,657,000 of Water Revenue Bonds,

Series 2010, of the Town, which bonds have been previously issued and are dated February 5, 2010; and

WHEREAS, on March 8, 2011, this Governing Authority adopted a Second Supplemental Bond Ordinance 1 of 2011 entitled "A supplemental Bond Ordinance authorizing the issuance of not exceeding \$6,535,200 of Water Revenue Bonds, Series 2011A, of the Town of Blanchard, Louisiana, in accordance with the terms of a General Bond Ordinance adopted on November 24, 2009; prescribing the form, and certain terms and conditions of said Bonds; and providing for other matters in connection therewith" (the "Second Supplemental Ordinance"); and

WHEREAS, on March 8, 2011, this Governing Authority also adopted a Third Supplemental Bond Ordinance 2 of 2011 entitled "A supplemental Bond Ordinance authorizing the issuance of not exceeding \$4,930,000 of Water Revenue Bonds, Series 2011B, of the Town of Blanchard, Louisiana, in accordance with the terms of a General Bond Ordinance adopted on November 24, 2009; prescribing the form, and certain terms and conditions of said Bonds; authorizing the issuance of a Bond Anticipation Note in connection with said bonds; and providing for other matters in connection therewith" (the "Third Supplemental Ordinance"); and

WHEREAS, on June 5, 2012, this Governing Authority also adopted a Fourth Supplemental Bond Ordinance providing for certain amendments to the Second Supplemental Ordinance and the Third Supplemental Ordinance in connection with the proposed issuance of (i) not exceeding \$8,400,000 of the Issuer's Water Revenue Bonds, Series 2012A, (the "Series 2012A Bonds"), (ii) not exceeding \$4,930,000 of the Issuer's Water Revenue Bonds, Series 2012B (the "Series 2012B Bonds"), and (iii) not exceeding \$4,930,000 of Bond Anticipation Notes of the Issuer to be issued to provide interim financing with respect to the Series 2012B Bonds (the "Notes"); and

WHEREAS, the Second Supplemental Ordinance, Third Supplemental Ordinance and Fourth Supplemental Ordinance are herein collectively referred to as the "Prior Series 2012 Ordinances;" and

WHEREAS, this Governing Authority now desires to adopt amendments to the Prior Series 2012 Ordinances, in order to provide for the issuance of the Series 2012A Bonds and the Series 2012B Bonds as junior lien bonds;

NOW, THEREFORE, BE IT ORDAINED by the Mayor and Board of Aldermen of the Town of Blanchard, State of Louisiana, acting as the governing authority of Town of Blanchard, State of Louisiana, that:

SECTION 1. Definitions. Capitalized terms not otherwise defined herein shall have the meanings assigned thereto in the General Bond Ordinance, and the Prior Series 2012 Ordinances, as the case may be.

SECTION 2. Series 2012 Bonds to be Issued as Subordinate Bonds. Notwithstanding the provisions of the Prior Series 2012 Ordinances, and particularly Section 2.03 of the General Bond Ordinance, the Series 2012A Bonds and the Series 2012B Bonds (collectively the "2012 Junior Lien Bonds") shall not be issued on a parity with the Town's Water Revenue Refunding Bonds, Series 2005, or Water Revenue Refunding Bond, Series 2011 (collectively, the "Outstanding Prior Lien Bonds"), but shall be junior and subordinate in all respects to the Outstanding Prior Lien Bonds with respect to the pledge of the Net Revenues of the System to the payment of the principal, interest and Administrative Fee, if any, thereon. It is understood that the owner of the Water Revenue Bond, Series 2010B, will agree to subordinate the lien of

the Series 2010B Bonds to the Outstanding Prior Lien Bonds and that the said Series 2010B Bonds will be on a parity with the Series 2012 Junior Lien Bonds.

SECTION 3. Establishment of Junior Lien Debt Service Fund. (a) In order to provide for the payment of the principal, interest and Administrative Fee on the Series 2010B Bonds and the 2012 Junior Lien Bonds, the Town shall not use the "Water Revenue Bond Debt Service Fund" established in Section 5.01(b) of the General Bond Ordinance, but shall instead establish a separate "Junior Lien Water Revenue Bond Debt Service Fund" to be funded and utilized with respect to the Series 2010B Bonds and the 2012 Junior Lien Bonds, and any additional junior lien bonds that are issued on a parity with the Series 2010B Bonds and the 2012 Junior Lien Bonds.

(b) The Junior Lien Water Revenue Bond Debt Service Fund shall be funded by transferring from funds in the Revenue Fund, after making all payments required by Sections 5.01(a), (b) and (c) of the General Bond Ordinance, monthly on or before the 20th day of each month of each year, a sum equal to 1/6th of the interest and Administrative Fee, if any, falling due on the Series 2010B Bonds and the 2012 Junior Lien Bonds on the next Interest Payment Date and a sum equal to 1/12th of the principal falling due on the Series 2010B Bonds and the 2012 Junior Lien Bonds on any Principal Payment Date that occurs within the next ensuing twelve months, together with such additional proportionate monthly sum as may be required to pay said principal, interest and Administrative Fee as the same become due. The Issuer shall transfer from said Junior Lien Debt Service Fund to the paying agent(s) for all bonds payable from the Junior Lien Debt Service Fund, or directly to the Owners, not less than three days prior to each Interest Payment Date, funds fully sufficient to pay promptly the principal, interest and Administrative Fee of the Bonds falling due on such date.

SECTION 4. Establishment of Junior Lien Debt Service Reserve Fund. The Issuer shall establish and maintain a "Junior Lien Water Revenue Bond Debt Service Reserve Fund" (the "Reserve Fund"), containing separate accounts for the Series 2010B Bonds and for each series of the 2012 Junior Lien Bonds, each such account to be designated as the "Junior Lien Series (insert series designation) Account," the money in the accounts of Junior Lien Reserve Fund to be retained solely for the purpose of paying the principal of and interest on the respective series of the junior lien bonds payable from the Junior Lien Debt Service Fund as to which there would otherwise be default, by transferring from the proceeds of such series or from the Revenue Fund (after making all required payments from said fund as hereinabove described and as described in the General Bond Ordinance), monthly or annually, such amounts as will increase the total amount on deposit in each account in the Junior Lien Reserve Fund within a period not exceeding five (5) years from the Delivery Date to a sum equal to the Reserve Fund Requirement for the applicable series of the junior lien bonds.

SECTION 5. Maintenance of Contingencies Fund. The Contingencies Fund established in Section 5.01(d) of the General Bond Ordinance shall continue to be funded and administered in the manner set forth in said Section 5.01(d), the terms of which are incorporated herein. After the payment in full of all of the Outstanding Prior Lien Bonds, the Issuer shall continue to fund and maintain the Contingencies Fund in the manner set forth in said Section 5.01(d).

SECTION 6. Covenant Not to Issue Additional Prior Lien Bonds. The Issuer hereby covenants and agrees that it shall not hereinafter issue any additional indebtedness pursuant to the General Bond Ordinance, including any refinancing, refunding, extension or restructuring of any of the Outstanding Prior Lien Bonds. Any

future indebtedness of any kind that is payable from the revenues of the System shall be issued on a junior and subordinate basis, and may be issued on a junior lien parity with the 2012 Junior Lien Bonds, using the same tests for the issuance of parity bonds as are set forth in Section 6.01 of the General Bond Ordinance.

SECTION 7. Incorporation of General Bond Ordinance. Except as otherwise provided herein, the provisions of the General Bond Ordinance relating to the operation and maintenance of the System, the fixing of rates and charges, the rate covenant and the rights of bondholders contained in Articles VII, VIII, IX, X and X of the General Bond Ordinance, are incorporated herein by reference and shall apply to the 2012 Junior Lien Bonds as well as the Outstanding Prior Lien Bonds.

SECTION 8. Forms of Bonds. The forms of the Series 2012A Bonds and Series 2012B Bonds shall reference and incorporate the terms of this Fifth Supplemental Ordinance.

SECTION 9. Effective Date. This Fifth Supplemental Ordinance shall become effective immediately.

This Fifth Supplemental Bond Ordinance having been submitted to a vote, the vote thereon was as follows:

<u>Member</u>	<u>Yea</u>	<u>Nay</u>	<u>Absent</u>	<u>Abstaining</u>
Nathan A. Ashby	X			
Allison A. Jones			X	
Patsy A. Lee.	X			
Ross V. Prewett, III	X			
James Whittington	X			

And the Ordinance was declared adopted, on this, the 30th day of July, 2012.

NEW BUSINESS

NONE

Whittington made motion to suspend the Report of Departments. Second by Ashby. All voted yea.

Motion by Prewett to adjourn. Second by Lee. All voted yea. The meeting was adjourned at 7:03 p.m.

JOHNNY DIGILORMO, MAYOR

DEBRA SMITH, TOWN CLERK