

MINUTES OF THE
BLANCHARD MAYOR AND TOWN COUNCIL
REGULAR MEETING – SEPTEMBER 13, 2011
7:00 O'CLOCK

Present: Mayor Pro Tem Lee, Alderpersons Ashby, Prewett, and Whittington, Chief Presswood, Atty. Katherine Douthitt, Caddo Parish Commissioner Doug Dominick, Atty. Jason Akers representing Foley & Judell, Bruce Lee running for Constable, Dave Cherry, David Yeates, Mat Graf, and Town Clerk Debra Smith.

Absent: Mayor Digilormo, Alderperson Jones, Atty. Tom Arceneaux.

Motion to dispense with formalities by Prewett, second by Whittington. All voted yea.

Questions and Statements of Citizens: Caddo Parish Commissioner Doug Dominick stated he is running for reelection and encourages everybody to vote October 22.

Motion by Ashby to accept minutes of the regular meeting of August 9, 2011, and Special meeting of August 23, 2011. Second by Whittington. All voted yea.

OLD BUSINESS

Public Hearing Ordinance 7 of 2011 (Sewer Bonds)

The public hearing opened at 7:10. Atty. Akers with Foley & Judell addressed questions the Council had. There being no further discussion, the public hearing closed at 7:16.

Vote on Ordinance 7 of 2011 (Sewer Bonds)

The following ordinance, having been introduced at a duly convened meeting on August 9, 2011, notice of its introduction having been published and a public hearing having been held on this date, was offered for final adoption by Prewett and seconded by Ashby:

ORDINANCE 7 of 2011

An ordinance authorizing the issuance of Two Million Dollars (\$2,000,000) of Sewer Revenue Bonds, Series 2011, of the Town of Blanchard, State of Louisiana (the "Bonds"); prescribing the form, terms and conditions of the Bonds; designating the date, denomination and place of payment of the Bonds; providing for the payment thereof in principal and interest; providing for the sale of the Bonds to the Louisiana Department of Environmental Quality; and providing for other matters in connection therewith.

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

WHEREAS, in order to be eligible to receive such capitalization grants, a state must establish a water pollution control revolving loan fund to be administered by an instrumentality of the state with such powers and limitations as may be required to operate such fund in accordance with the requirements and objectives of the Federal Act; and

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

WHEREAS, the Town of Blanchard, State of Louisiana (the "Issuer"), has made application to the Department for a loan from the State Revolving Fund for the purpose of acquiring, constructing and equipping improvements and extensions to the sewer system (the "Sewer System") of the Issuer, including appurtenant equipment, accessories and properties, both personal and real, as works of public improvement for the Issuer and paying the costs of issuance of the Bonds (the "Project"); and

WHEREAS, in accordance with Section 1383(g) of the Federal Act, the Department has established a priority list under Section 1296 of the Federal Act, and the Project is on such list; and

WHEREAS, the Department has approved the Issuer's application for a loan from the State Revolving Fund to finance the Project; and

WHEREAS, pursuant to the authority of Part XIII, Chapter 4, Title 39 of the Louisiana Revised Statutes of 1950, as amended, and other constitutional and statutory authority, this Governing Authority by resolution adopted on April 12, 2011, gave notice of its intention to issue Sewer Revenue Bonds of the Issuer in an amount not exceeding Two Million Dollars (\$2,000,000) without the necessity of holding an election thereon, held a public hearing thereon on this date, and no objections were made to the issuance of such Bonds and no petitions were filed requesting an election thereon; and

WHEREAS, the Bonds shall be limited and special revenue bonds of the Issuer, secured by and payable in principal and interest solely from the income and revenues derived or to be derived by the Issuer from the operation of the Sewer System, after paying the reasonable and necessary expenses of operating and maintaining the Sewer System. The Bonds shall not be a charge on the other income and revenues of the Issuer as prohibited under the provisions of Article 6, Section 37 of the Louisiana Constitution of 1974, nor shall they constitute an indebtedness or pledge of the general credit of the Issuer; and

WHEREAS, the Issuer presently has no outstanding bonded indebtedness payable from a pledge and dedication of the income and revenues of the Sewer System; and

WHEREAS, the Governing Authority (as defined herein) of the Issuer desires to authorize the Mayor to determine the principal amount of the Bonds to be issued and delivered by the Issuer pursuant to this Ordinance;

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 the Issuer, that:

ARTICLE I

DEFINITIONS AND INTERPRETATION

§1.1 Definitions. The following terms used in this Ordinance shall have the following meanings, unless the context clearly requires otherwise:

"Act" means (a) Part XIII, Chapter 4, Title 39 of the Louisiana Revised Statutes of 1950, as amended, (b) La. R.S. 30:2304, and (c) other constitutional and statutory authority.

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

"Bond" or *"Bonds"* means the Issuer's Sewer Revenue Bonds, Series 2011, authorized by this Ordinance, in the total principal amount not to exceed Two Million Dollars (\$2,000,000).

"Bond Register" means the records kept by the Registrar (initially the Clerk) in which registration of the Bonds and transfers of the Bonds shall be made as provided herein.

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

"Code" means the Internal Revenue Code of 1986, as the same may be amended and supplemented from time to time, including any regulations promulgated thereunder or any administrative or judicial interpretations thereof.

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

"Consulting Engineer" means a regionally known consulting utility engineer or firm of consulting utility engineers with skill and experience in the construction and operation of publicly- owned utilities properties.

"Costs of the Project" means, with reference to the Project, all capital costs incurred or to be incurred for the Project, including but not limited to (a) engineering, financing, legal and other fees and expenses related to the issuance of the Bonds, (b) acquisition and construction costs of the Project, (c) interest on the Bonds during construction, if specifically approved by the Department, and (d) a reasonable allowance for contingencies, all to the extent permitted by the Federal Act, the State Act and any rules or regulations promulgated thereunder.

"Defeasance Obligations" means cash and/or Government Securities.

"Delivery Date" means the date on which the Bonds are delivered to the Department and the first installment of the purchase price therefor is paid by the Department to the Issuer.

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

"Executive Officers" means, collectively, the Mayor and the Clerk of the Issuer.

"Federal Act" means the Clean Water Act of 1972, as amended by the Water Quality Act of 1987, specifically Subchapter VI, Chapter 26 of Title 33 of the United States Code, and other statutory and regulatory authority amendatory or supplemental thereto.

"Fiscal Year" means the Issuer's one-year accounting period beginning on July 1 of each year or any other annual accounting period as may be determined by the Governing Authority as the fiscal year of the Issuer.

"Governing Authority" means the Mayor and Board of Aldermen of the Town of Blanchard, State of Louisiana, or its successor in function.

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

"Interest Payment Date" means each March 1 and September 1 of each year on which the Bonds, or any of them, are Outstanding, and commencing on the first such date that occurs not more than six months after the delivery of the Bonds to the Department.

"Issuer" means the Town of Blanchard, State of Louisiana.

"Loan Agreement" means the Loan and Pledge Agreement to be entered into by and between the Department and the Issuer prior to the delivery of the Bonds which will contain certain additional agreements relating to the Bonds and the Project, which Loan Agreement shall be in substantially the form attached as Exhibit B to this Ordinance.

"Net Revenues" means the Revenues of the Sewer System, after provision has been made for payment therefrom of the reasonable and necessary expenses of operating and maintaining the Sewer System.

"Ordinance" means this Ordinance authorizing the issuance of the Bonds, as hereafter amended or supplemented.

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

- (a) Bonds that have been cancelled or delivered to the Registrar for cancellation;
- (b) Bonds that have been defeased in accordance Section 11.1 hereof;
- (c) Bonds in exchange for or *in lieu* of which other Bonds have been registered and delivered pursuant to the Ordinance; or
- (d) Bonds alleged to have been mutilated, destroyed, lost or stolen which have been paid as provided in the Ordinance or by law.

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

"Parity Obligations" means any additional *pari passu* indebtedness issued by the Issuer pursuant to Section 6.1 hereof and payable from the Net Revenues on a parity with the Bonds.

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

"Principal Payment Date" means March 1 of each year following the completion of the Project, provided that the first payment date shall be not later than one year after the completion of the Project and the final payment date shall not be later than nineteen years from the first principal payment date thereafter for a total of twenty (20) consecutive annual payment dates, providing that in no event shall the final maturity of the Bonds be more than twenty-two (22) years from the Delivery Date.

"Project" means acquiring, constructing and equipping improvements and extensions to the Sewer System, including appurtenant equipment, accessories and properties, both personal and real, works of public improvement for the Issuer, as more fully described in the Loan Agreement.

"Registrar" means the person designated in this Ordinance, unless and until a successor Registrar shall have assumed such responsibilities pursuant to this Ordinance, and thereafter "Registrar" shall mean such successor Registrar.

"Reserve Fund Requirement" means for the Bonds, as of any date of calculation, a sum equal to the lesser of (i) 10% of the proceeds of the Bonds or (ii) one-half of the highest combined principal and interest requirements for any succeeding Bond Year on the Bonds, and for any Parity Obligations the Reserve Fund Requirement as set forth in the ordinance of the Governing Authority authorizing such Parity Obligations.

"Revenues" means all income and revenues derived or to be derived by the Issuer from the operation of the Sewer System, including earnings on investments in the funds and accounts described in Section 5.1 hereof, including any subsidy payments or similar payments to the Issuer relating to the Bonds or any Parity Obligations, but not including any insurance or condemnation proceeds, or proceeds from the sale or other disposition of any part of the Sewer System.

"Scheduled Completion Date" is the date designated as such in the Loan Agreement, regardless of whether or not such date precedes or follows the actual Completion Date.

"State" means the State of Louisiana.

"State Act" means Chapter 14, Subchapter II of Title 30 of the Louisiana Revised Statutes of 1950, as amended, specifically La. R.S. 30:2301, *et seq.*

"Sewer System" means the revenue producing sewerage system of the Issuer, as said system now exists and as it may be hereafter improved, extended or supplemented while any of the

Bonds remain outstanding, including specifically all properties of every nature owned, leased or operated by the Issuer and used or useful in the operation of said revenue producing utility, and including real estate, personal and intangible properties, contracts, franchises, leases and chooses in action, whether lying within or without the boundaries of the Issuer.

"User Fees" means charges or fees levied on users of the Sewer System for the cost of operation, maintenance and replacement of the Sewer System, for the repayment of debt incurred with respect to the Sewer System and for such other purposes as may be determined by the Governing Authority from time to time.

§ 1.2 Rules of Interpretation.

- (a) Unless the context clearly indicates to the contrary, the following rules shall apply to the interpretation and construction of this Ordinance:
 - (i) words importing the singular number shall include the plural number and *vice versa*;
 - (ii) all references to particular articles or sections herein are references to articles or sections of this Ordinance;
 - (iii) the captions and headings herein are solely for convenience of reference and shall not constitute a part of this Ordinance, nor shall they affect its meaning, construction or effect;
 - (iv) the terms "hereby," "hereof," "hereto," "herein," "hereunder" and any similar terms as used in this Ordinance refer to the Ordinance in its entirety and not the particular article or section of this Ordinance in which they appear; and
 - (v) the term "hereafter" means after the date of execution of this Ordinance and the term "heretofore" means before the date of the execution of this Ordinance.
- (b) In the event that any provisions of this Ordinance conflict with any provision of the Loan Agreement, then in the event that the Department owns any of the Bonds, the provisions of the Loan Agreement shall control.

ARTICLE II

AUTHORIZATION, ISSUANCE AND SALE OF BONDS

§ 2.1. Authorization and Issuance of Bonds. This Ordinance creates a series of Bonds of the Issuer to be designated "Sewer Revenue Bonds, Series 2011, of the Town of Blanchard, State of Louisiana" (provided that if the Bonds are delivered in a calendar year other than 2011, the series designation shall change accordingly) and provides for the full and final payment of the principal or prepayment price of and interest thereon. The Bonds shall be issued for the purpose of paying the Costs of the Project.

§ 2.2. Ordinance to Constitute Contract. In consideration of the purchase and acceptance of the Bonds by those who shall own the same from time to time, the provisions of this Ordinance shall be a part of the contract of the Issuer with the Owners and shall be deemed to be and shall constitute a contract between the Issuer and the Owners from time to time of the Bonds.

§ 2.3. Obligation of Bonds. The Bonds shall be payable as to both principal and interest solely from the Net Revenues pursuant to the Constitution and laws of the State of Louisiana. The Net Revenues are hereby irrevocably and irrevocably pledged and dedicated in an amount sufficient for the payment of the Bonds, in principal, premium, if any, and interest as they shall respectively become due and payable, and for the other purposes hereinafter set forth in this Ordinance. All of the Net Revenues shall be set aside in a separate fund, as hereinafter provided, and shall be and remain pledged for the security and payment of the Bonds and any Parity Bonds, in principal, premium, if any, and interest and for all other payments provided for in this Ordinance until such bonds shall have been fully paid and discharged.

§ 2.4. Authorization of Bonds; Maturities. In compliance with and under the authority of the Act, and other constitutional and statutory authority, including the State Act, there is hereby authorized the incurring of an indebtedness not to exceed Two Million Dollars (\$2,000,000) for, on behalf of and in the name of the Issuer, for the purposes set forth above, and to represent

the indebtedness, this Governing Authority does hereby authorize the issuance of not exceeding Two Million Dollars (\$2,000,000) of Sewer Revenue Bonds, Series 2011, of the Issuer. The Bonds shall be initially issued in the form of a single fully registered Bond numbered R-1, shall be dated the date of delivery thereof and shall be in substantially the form attached hereto as **Exhibit A** and shall mature as set forth therein.

Notwithstanding the foregoing paragraph, the Executive Officers expressly authorized to determine the maximum principal amount of the Bonds to be delivered to the Department, provided, however, that the Bonds shall comply with the other provisions of this Ordinance and total principal amount of the Bonds shall not exceed \$2,000,000. The execution and delivery of Bond number R-1 in the principal amount determined by the Executive Officers shall be conclusive evidence of the exercise of the authority granted to them pursuant to this section.

The Bonds shall mature in twenty (20) installments of principal, payable annually on the Principal Payment Dates in compliance with the requirements of the Federal Act and the State Act that the first repayment of principal be not more than one year after the Completion Date.

The amount and dates of the principal installments of the Bonds, or a formula for establishing same, shall be determined as of the date of delivery of the Bonds by the Executive Officers, in integral multiples of One Thousand Dollars (\$1,000), so that the combined annual principal, interest and Administrative Fee on the Bonds from and after the Scheduled Completion Date shall be approximately equal. In the event that less than the authorized principal amount of the Bonds is purchased, then upon the payment of the final installment of the purchase price of the Bonds the schedule of principal payments shall be recalculated so that the actual amount of principal, interest and Administrative Fee due in each bond year are approximately equal and, to the extent feasible, the principal installments are in integral multiples of One Thousand Dollars (\$1,000).

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

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

§ 2.5. **Manner of Payment.** The principal and interest on the Bonds will be payable by check mailed to the Owner (determined as of the Interest Payment Date) at the address shown on the registration books kept by the Registrar for such purpose, provided that payment of the final installment of principal on the Bonds shall be made only upon presentation and surrender of the Bonds to the Registrar.

§ 2.6. **Registration.** The Issuer shall cause the Bond Register to be kept at the principal office of the Registrar in which registration of the Bonds and transfers of the Bonds shall be made as provided herein. The Bonds may be transferred, registered and assigned only on the Bond Register of the Registrar, and such registration shall be at the expense of the Issuer. The Bonds may be assigned by the execution of an assignment form on the Bonds or by other

instruments of transfer and assignment acceptable to the Registrar. A new Bond will be delivered by the Registrar to the last assignee (the new Owner) in exchange for such transferred and assigned Bond after receipt of the Bond to be transferred in proper form.

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

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

§ 2.8. Execution of Bonds and Documents. The Executive Officers are hereby empowered, authorized and directed to do any and all things necessary and incidental to carry out all of the provisions of this Ordinance, to execute and deliver the Loan Agreement, to cause the necessary Bonds to be printed, to issue, execute and seal the Bonds and to effect delivery thereof as hereinafter provided.

In connection with the issuance and sale of the Bonds, the Executive Officers are each authorized, empowered and directed to execute on behalf of the Issuer such additional documents, certificates and instruments as they may deem necessary, upon the advice of bond counsel, to effect the transactions contemplated by this Ordinance, the signatures of said persons on such documents, certificates and instruments to be conclusive evidence of the due exercise of the authority granted hereunder.

§ 2.9. Sale and Delivery of Bonds. The Bonds are hereby awarded to and sold to the Department at a price of par plus accrued interest, if any, under the terms and conditions set forth in the Loan Agreement, and after their execution and registration by the Registrar, the Bonds shall be delivered to the Department or its agents or assigns, upon receipt by the Issuer of the first advance of the agreed purchase price. Pursuant to the Act and La. R.S. 39:1426(B), the Issuer has determined to sell the Bonds to the Department at a private sale without the necessity of publishing a notice of sale. It is understood that the purchase price of the Bonds will be paid by the Department to the Issuer in installments, in the manner and under the terms and conditions set forth in the Loan Agreement.

ARTICLE III

PREPAYMENT OF BONDS

§ 3.1. Optional Prepayment of Bonds. The principal installments of the Bonds are subject to prepayment by the Issuer at any time, in whole or in part, at a prepayment price of par plus accrued interest and accrued Administrative Fee, if any, to the prepayment date.

§ 3.2. Notice of Prepayment. Official notice of such call of any of the Bonds for prepayment shall be given by means of first class mail, postage prepaid by notice deposited in the United States Mail not less than thirty (30) days prior to the prepayment date addressed to the Owner to be prepaid at his address as shown on the registration records of the Registrar. In the event a portion of the Bonds is to be prepaid, such Bonds shall be surrendered to the Registrar, who shall note the date and amount of such prepayment in the space provided therefor on the Bonds.

ARTICLE IV

APPLICATION OF BOND PROCEEDS

§ 4.1. Issuance of Bonds; Application of Proceeds. All of the proceeds derived from the sale of the Bonds, which shall be paid in installments by the Department in the manner set forth in the Loan Agreement, shall be deposited by the Issuer in a Construction Fund (the "Construction Fund"). The funds in the Construction Fund shall be used solely for the purpose of paying Costs of the Project, in the manner set forth in the Loan Agreement. Any accrued interest and premium received upon the sale of the Bonds shall be deposited in the Debt Service Fund described in Section 5.1(b) hereof.

§ 4.2. Investment of Construction Fund. Moneys in the Construction Fund may be temporarily invested in the manner provided by Louisiana law. Said moneys shall be sacred funds and the Owners shall have a lien thereon until said funds are expended as provided in the Loan Agreement and this Ordinance. Any investment earnings on moneys in the Construction Fund may be retained in the Construction Fund and applied for the purposes described in this Section, or may be transferred to the Debt Service Fund described in Section 5.1(b) hereof and applied to the payment of interest accruing on the Bonds during the period of construction of Project.

All moneys in the Construction Fund shall at all times be secured to the full extent thereof by the banks or trust companies holding such funds by direct obligations of the United States of America or the State of Louisiana having a market value not less than the amount of moneys then on deposit in said funds.

ARTICLE V
PAYMENT OF BONDS; FLOW OF FUNDS

§ 5.1. Funds and Accounts. The Issuer shall create and maintain the following separately identifiable funds, each to be administered as set forth in this Bond Ordinance:

- (i) "Sewer Revenue Bond Debt Service Fund" (the "Debt Service Fund");
- (ii) "Sewer Revenue Bond Reserve Fund" (the "Reserve Fund") which shall consist of separate accounts within the Reserve Fund as set forth below; and
- (iii) "Sewer System Depreciation and Contingency Fund" (the "Contingency Fund").

All of Revenues shall be deposited daily as the same may be collected in the "Sewer Revenue Fund" (the "Revenue Fund"). Funds in the Revenue Fund shall be expended in the following order of priority and for the following express purposes:

(a) Paying all reasonable and necessary costs and expenses of administration, operation and maintenance of the Sewer System as are not provided for from other lawfully available sources shall first be paid from the Revenue Fund.

(b) Depositing into the Debt Service Fund amounts sufficient to pay promptly and fully the principal of and the interest and Administrative Fee on the Bonds, as they severally become due and payable, by transferring from funds in the Revenue Fund to the Debt Service Fund 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 Bonds and any Parity Obligations on the next Interest Payment Date and a sum equal to 1/12th of the principal falling due on the Bonds and any Parity Obligations 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 on the Bonds and any Parity Obligations as the same become due. The Issuer shall transfer from said Debt Service Fund to the paying agent(s) for all bonds payable from the 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 on the Bonds and any Parity Obligations falling due on such date.

(c) Depositing into the Reserve Fund, which shall contain separate accounts for the Bonds and any Parity Obligations, each such account to be designated as the "Series _____ Account," and the account for the Bonds to be designated the "Series 2011 Account," such amounts monthly or annually as will, within a period not exceeding five (5) years from the delivery date of such series of bonds, increase the total amount on deposit in the applicable account of the Reserve Fund to a sum equal to the Reserve Fund Requirement for such account as set forth in the ordinance authorizing the respective series of bonds. The Series 2011 Account of the Reserve Fund shall be initially funded by depositing amounts from the Revenue Fund into such account upon each installment of purchase price paid to the Issuer

pursuant to Section 4.1 of this Ordinance, and funds in the Series 2011 Account of the Reserve Fund shall be retained solely for the purpose of paying the principal of and interest on the Bonds as to which there would otherwise be default.

(d) Depositing into the Contingency Fund monthly on or before the 20th day of each month of each year, a sum equal to five percent (5%) of the Net Revenues for the preceding month, provided that such sum is available after provision is made for the payments required under paragraphs (a), (b) and (c) above, to care for extensions, additions, improvements, renewals and replacements necessary to properly operate the Sewer System. Such payments into the Contingency Fund shall continue until such time as there has been accumulated in the Contingency Fund the sum of Fifty Thousand Dollars (\$50,000), whereupon such payments may cease and need be resumed thereafter only if the total amount of money on deposit in said fund is reduced below the sum of Fifty Thousand Dollars (\$50,000), in which event such payments shall be resumed and continue until said maximum amount is again accumulated. In addition to caring for extensions, additions, improvements, renewals and replacements necessary to properly operate the Sewer System, the money in the Contingency Fund may also be used to pay the principal of and the interest on bonds for the payment of which there is not sufficient money in the Debt Service Fund and the relevant account of the Reserve Fund described in paragraphs (b) and (c) above, but the money in said Contingency Fund shall never be used for the making of improvements and extensions to the Sewer System or for payment of principal or interest on the Bonds or Parity Obligations if the use of said money will leave in the Contingency Fund for the making of emergency repairs or replacements less than the sum of Ten Thousand Dollars (\$10,000).

(e) Any money remaining in the Revenue Fund after making the above-required payments may be used by the Issuer for the purpose of calling and/or purchasing and paying any bonds payable from the Revenues, or for such other lawful corporate purposes as the Governing Authority may determine.

§ 5.2. Replenishment of Funds. If at any time it shall be necessary to use moneys in the Reserve Fund or the Contingency Fund for the purpose of paying principal of or interest on Bonds payable from the Debt Service Fund as to which there would otherwise be default, then the moneys so used shall be replaced from the Revenues first thereafter received, not hereinabove required to be used for the purposes described in subsections (a) and (b) of Section 5.1 above; provided, however, that money deposited into the Reserve Fund pursuant to this section shall be replenished in the various accounts of the Reserve Fund on a pro rata basis according to the amounts actually withdrawn from such accounts. If at any time there are sufficient moneys on deposit in the Debt Service Fund, Reserve Fund and Contingency Fund to retire all outstanding bonds payable from the Debt Service Fund by defeasance, by exercising the prepayment option provided by such Bonds or by purchase on the open market, the Issuer may utilize such funds for such purpose.

§ 5.3. Notification of Deficiencies. As required by R.S. 39:1410.62, the Issuer will notify the State Bond Commission, in writing, whenever (i) transfers to any fund required to be established by this Ordinance or any ordinance authorizing the issuance of Parity Obligations have not been made timely or (ii) principal, interest, premiums, or other payments due on the Bonds or any Parity Obligations have not been made timely.

§ 5.4. Investment of Funds. All or any part of the moneys in the foregoing funds and accounts shall, at the written request of the Issuer, be invested in the manner provided by law, in Government Securities maturing in five (5) years or less and moneys in the other funds and accounts provided for herein shall be invested in any investments permitted by the laws of the State. Such investments shall, to the extent at any time necessary, be liquidated and the proceeds thereof applied to the purposes for which the respective funds are created. All income or earnings from such investments shall be deposited in the Revenue Fund as income and revenues of the Sewer System.

§ 5.5. Deposit of Funds and Security Therefor. All of the income and revenues to be earned from the operation of the Sewer System shall be deposited daily as provided in Section 5.1 hereof in the Revenue Fund, which Fund shall be maintained separate and apart from all other funds of the Issuer. The Debt Service Fund, the Reserve Fund and the Contingency Fund shall be held by the depository banks as special trust funds for the purposes provided in this Ordinance, and all other funds shall be held by the designated banks as special trust funds for the purposes set forth in this Ordinance, and subject to such reasonable instructions as the Governing Authority may give in writing to the banks holding such funds. The Owners are hereby granted a lien on all funds established pursuant to the requirements of this Ordinance until applied in the manner herein provided. The moneys on deposit in all of the funds herein required shall at all times be secured to the full extent thereof by the banks or trust companies holding such funds by direct obligations of the United States of America or the State of Louisiana having a market value not less than the amount of moneys then on deposit in said funds.

§ 5.6. Operation of Reserve Fund. The various accounts in the Reserve Fund shall be held, funded and administered pursuant to the terms of the ordinance authorizing the respective series of bonds.

ARTICLE VI ISSUANCE OF PARITY OBLIGATIONS

§ 6.1. Issuance of Parity Obligations; Parity Requirements. The Issuer hereby covenants that it shall issue no other bonds or obligations of any kind or nature payable from or enjoying a lien on any part of the Revenues having priority over or parity with the Bonds, except that Parity Obligations may be issued hereafter if the following conditions are met:

- (a) The Bonds or any part thereof, including interest thereon, may be refunded and the refunding bonds so issued shall enjoy complete equality of lien with the portion of the Bonds which is not refunded, if there be any, and the refunding bonds shall continue to enjoy whatever priority of lien over subsequent issues may have been enjoyed by the Bonds refunded; provided, however, that if only a portion of the Bonds outstanding is so refunded and if the refunding bonds require principal and interest payments during any year in excess of the principal and interest which would have been required to pay the Bonds refunded thereby, then such Bonds may not be refunded without the consent of the Owners of the unrefunded portion of the Bonds and any Parity Obligations (provided such consent shall not be required if such refunding bonds meet the requirements set forth in clause (b) below); or
- (b) Parity Obligations may also be issued if all of the following conditions are met:
 - (i) The average annual Net Revenues of the Sewer System for the two (2) completed Fiscal Years immediately preceding the issuance of the additional obligations must have been not less than 1.20 times the highest combined principal and interest requirements for any succeeding Fiscal Year on all Bonds then outstanding and any other Parity Obligations whatsoever then outstanding which are payable from the Revenues (but not including bonds which have been refunded or provisions otherwise made for their full and complete payment and prepayment), and the Parity Obligations so proposed to be issued. In making the calculation required by this subparagraph (b)(i), if the Issuer has adopted higher rates for any services of the Sewer System on or before the date of issuance of the Parity Obligations, the calculation of average annual Net Revenues for the previous two completed Fiscal Years may be made assuming such rates had been in effect during such period;

(ii) There must be no delinquencies required to be made into the various funds maintained by this Ordinance;

(iii) The existence of the facts required by paragraphs (i) and (ii) above must be determined by the Executive Officers or an independent certified public accountant who has been employed to audit the books of the Issuer or by such successors thereof who have been employed for such purposes; and

(iv) The Parity Obligations must be payable as to principal on the same date in each year as principal falls due on the Bonds (commencing not later than three (3) years after the issuance of such bonds) and payable as to interest on the same Interest Payment Dates as the Bonds.

ARTICLE VII

RATES AND CHARGES; RATE COVENANT;

COVENANTS AS TO THE OPERATION OF THE SEWER SYSTEM

§ 7.1. Operation of the Sewer System. The Issuer will maintain the Sewer System in good repair and operating condition and will cooperate with the Department in the observance and performance of the respective duties, covenants, obligations and agreements of the Issuer and the Department under the Loan Agreement.

§ 7.2. Sewer Charges and Connections. The Issuer, acting in the exercise of its police powers, shall take all action necessary to require every owner, tenant or occupant of each lot or parcel of land within the geographical boundaries of the Issuer which abuts upon a street or other public way containing a sewer line and upon which lots or parcels of a building shall have been constructed for residential, commercial or industrial use, to connect said building with the Sewer System and to cease to use any other method for the disposal of sewage, wastewater or other polluting matter which can be handled by the Sewer System. All such connections shall be made in accordance with the rules and regulations to be adopted from time to time by the Issuer, which rules and regulations may provide for an inspection charge to assure the proper making of such connection.

The Issuer will not furnish or supply or cause to be furnished or supplied any use, or service of the Sewer System free of charge to any person, firm, corporation (public or private), public agency or instrumentality.

In addition to all other rights and remedies available to be used for the enforcement of sewerage charges and for the compelling of the making of sewerage connections as aforesaid, the Issuer covenants that it shall exercise and enforce promptly and efficiently all rights given it under the laws of the State for the enforcement and collection of such charges.

§ 7.3. Rate Covenant. The Issuer will enact, maintain and enforce an ordinance or resolution imposing User Fees and will enact, maintain and enforce a sewerage use ordinance or resolution or similar proceeding that satisfies the requirements of all applicable regulations.

So long as the Bonds are outstanding, the Issuer through its Governing Authority, obligates itself to fix, establish, maintain, levy and collect such rates, fees, rents or other charges for services and facilities of the Sewer System and all parts thereof and to revise the same from time to time whenever necessary to always provide Revenues in each Fiscal Year sufficient meet all requirements of this Ordinance and at least to pay (i) such reasonable and necessary costs and expenses of operating and maintaining the Sewer System in each Fiscal Year as are not provided for from other lawfully available sources, (ii) the principal and interest maturing on the Bonds and any Parity Obligations in each Fiscal Year, (iii) all other payments required for such Fiscal Year by this Ordinance as are not provided for from other lawfully available sources, (iv) all other payments required by this Ordinance for such Fiscal Year and (v) all other obligations and indebtedness payable out of the Revenues for such Fiscal Year. Such rates, fees, rents or other charges shall not at any time be reduced so as to be insufficient to provide

adequate Revenues for the foregoing purposes, and such rates, fees, rents or other charges will in any event provide Net Revenues for such Fiscal Year at least equal to 120% of the largest amount of principal and interest maturing on the Bonds and any Parity Obligations in any future Fiscal Year, provided, however, to the extent that revenues derived from other sources that are actually available to and appropriated by this Governing Authority to the reasonable and necessary expenses of operating and maintaining the Sewer System, then such rates, fees, rents and other charges may be correspondingly reduced.

As provided in the Loan Agreement, so long as the Department owns the Bonds or any portion thereof, the user fees shall satisfy the requirements of LAC 33.IX.2111(L), or any successor provision, that the user fees generate sufficient revenues to cover the costs of operation, maintenance and replacement of the Sewer System.

§ 7.4. Annual Review of User Fees. At least annually the Issuer shall review the adequacy of its User Fees to satisfy the requirements of Section 7.3 for the next succeeding Fiscal Year, in the manner provided by the Loan Agreement.

§ 7.5. Enforcement of User Fees. Except as provided herein, nothing in this Ordinance or in the Bonds shall be construed to prevent the Issuer from altering, amending or repealing from time to time as may be necessary any Ordinance setting up and establishing a schedule or schedules of User Fees, said alterations, amendments or repeals to be conditioned upon the continued preservation of the rights of the Owners with respect to the Revenues, not alone for the payment of the principal of and interest on the Bonds, but to give assurance and insure that the Revenues, together with such other lawfully available funds as are used by the Issuer for such purposes, shall be sufficient at all times to meet and fulfill the other provisions stated and specified in Section 5.1 of this Ordinance.

It is understood and agreed, however, that the Issuer shall fix and maintain and collect rates and charges for the services and facilities to be rendered by the Sewer System, irrespective of the user thereof, that no free service shall be furnished to any person, association of persons or corporation, public or private, or even to the Issuer itself. No discrimination shall be made as to rates and charges for the services and facilities of the Sewer System as between users of the same type or class. All charges owed by an individual, partnership or corporation for water and sewer services rendered by the Issuer will be billed and collected as a unit. Failure of any individual, partnership or corporation to pay said charges within fifteen (15) days of the date on which it is due shall cause such charge to become delinquent; the Issuer further agrees that if such delinquent charge, with interest and penalties accrued thereon, is not paid within fifteen (15) days from the date on which it became delinquent, the Issuer will shut off or cause to be shut off water services to the affected premises. The Issuer further agrees that the Issuer and the Governing Authority and its officials, agents and employees will do all things necessary and will take advantage of all remedies afforded by law to collect and enforce the prompt payment of all charges made for services rendered by the Sewer System. All delinquent charges for such services shall on the date of delinquency have added thereto a penalty in such amount as may be determined by the Governing Authority, and the amount so due, including the penalty charge, shall, after thirty (30) days from the date of delinquency, bear interest at the rate of at least six per centum (6%) per annum. If services shall be discontinued as above provided, the customer shall, in addition to paying the delinquent charges, penalties and interest, if any, pay as a condition precedent to the resumption of service, a reconnection charge as determined by the Governing Authority.

It is further understood and agreed that the schedule of User Fees being charged as of the date of the adoption of this Ordinance for services and facilities rendered by the Sewer System shall remain in effect and neither said existing schedule nor any subsequent schedule shall be reduced at any time unless all payments required for all funds by this Ordinance, including any deficiencies for prior payments, have been fully made, and unless such schedule as so reduced

will in each year thereafter produce sufficient Revenues to meet and fulfill the other provisions stated and specified in Section 5.1 hereof.

§ 7.6. Right to Pledge Revenues; Rank of Lien. In providing for the issuance of the Bonds, the Issuer does hereby covenant and warrant that it is lawfully seized and possessed of the Sewer System, that it has a legal right to pledge the Revenues therefrom as herein provided, that the Bonds will have a lien and privilege on the Revenues subject only to the prior payment from such Revenues or from other lawfully available sources of all reasonable and necessary costs and expenses of operation and maintenance of the Sewer System.

§ 7.7. Records and Accounts; Audit Reports. The Issuer will establish and maintain adequate financial records as required by the laws of the State governing financial record-keeping by political subdivisions and in accordance with generally accepted accounting principles ("GAAP") and will make these and the following records and reports available to the Owners or their authorized representatives upon request.

The Issuer will cause an audit of its financial statements to be made by an independent firm of certified public accountants in accordance with the requirements of Chapter 8 of Title 24 of the Louisiana Revised Statutes of 1950, as amended, and for so long as the Department owns the Bonds, or any part thereof, in accordance with the requirements of Circular A-133 of the U.S. Office of Management and Budget, and Section 55.458 of the Catalog of Federal Domestic Assistance (CFDA #66.458 - Capitalization Grants for State Revolving Funds), if applicable. Upon completion, but in no event later than six (6) months after the close of the applicable Fiscal Year, the Issuer shall file a copy of such audited financial statements with any Owner requesting same. In addition to whatever matters may be thought proper by the auditors to be included therein, the audited financial statements shall include the content required by the Loan Agreement.

A reasonable portion of the expenses incurred in the preparation of the audit report required by this Section may be regarded and paid as a maintenance and operation expense of the Sewer System. The Issuer further agrees that the Department shall have the right to ask for and discuss with the accountant making the review and the contents of the review and such additional information as it may reasonably require. The Issuer further agrees to furnish to the Department, upon request therefor, a monthly statement itemized to show the income and expenses of the operation of the Sewer System and the number of users for the preceding month.

§ 7.8. Rights of Owners; Appointment of Receiver in Event of Default. The Owners from time to time shall be entitled to exercise all rights and powers for which provision is made in the laws of the State of Louisiana. Any Owners or any trustee acting for such Owners in the manner hereinafter provided, may, either at law or in equity, by suit, action, mandamus or other proceeding in any court of competent jurisdiction, protect and enforce any and all rights under the laws of the State of Louisiana, or granted and contained in this Ordinance, and may enforce and compel the performance of all duties required by this Ordinance, or by any applicable statutes to be performed by the Issuer or by any agency, board or officer thereof, including the fixing, charging and collecting of rentals, fees or other charges for the use of the Sewer System, and in general to take any action necessary to most effectively protect the rights of the Owners. In the event that default shall be made in the payment of the interest on or the principal of any of the Bonds as the same shall become due, or in the making of the payments into the Debt Service Fund or the Reserve Fund or any other payments required to be made by this Ordinance, or in the event that the Issuer or any agency, board, officer, agent or employee thereof shall fail or refuse to comply with the provisions of this Ordinance or shall default in any covenant made herein, and in the further event that any such default shall continue for a period of thirty (30) days after written notice, any Owners or any trustee appointed to represent such Owners as hereinafter provided, shall be entitled as of right to the appointment of a receiver of the Sewer System in an appropriate judicial proceeding in a court of competent jurisdiction.

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

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

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

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

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

UNTIL AN EVENT OF DEFAULT SHALL HAVE OCCURRED, THE ISSUER SHALL RETAIN FULL POSSESSION AND CONTROL OF THE SEWER SYSTEM WITH FULL RIGHT TO MANAGE, OPERATE AND USE THE SAME AND EVERY PART THEREOF WITH THE RIGHTS APPERTAINING THERETO, AND TO COLLECT AND RECEIVE, AND, SUBJECT TO THE PROVISIONS OF THIS ORDINANCE, TO TAKE, USE AND ENJOY AND DISTRIBUTE THE EARNINGS, INCOME, RENT, ISSUE AND PROFITS ACCRUING ON OR DERIVABLE FROM THE SEWER SYSTEM.

§ 7.9. Limitations on Sale, Lease or Other Disposition of Property. So long as any of the Bonds are outstanding and unpaid in principal or interest, the Issuer shall be bound and obligated not to sell, lease, encumber or in any manner dispose of the Sewer System or any substantial part

thereof; provided, however, that this covenant shall not be construed to prevent the disposal by the Issuer of property which in its judgment has become worn out, unserviceable, unsuitable or unnecessary in the operation of the Sewer System, when other property of equal value is substituted therefor or the sale price thereof is deposited in the Contingency Fund.

§ 7.10. Competitive Franchises. So long as the Bonds are Outstanding the Issuer obligates itself not to grant a franchise to any utility for operation within the boundaries of the Issuer which would render services or facilities in competition with the Sewer System, and also obligates itself to oppose the granting of any such franchise by any other public body having jurisdiction over such matters. Further, the Issuer shall maintain its corporate identity and existence so long as any of the Bonds remain outstanding.

§ 7.11. Prohibition Against Encumbrances. Except as provided in Section 7.9 of this Ordinance, the Issuer will maintain title to or the possession of the Sewer System and equipment acquired and properties improved by the Project, including any necessary servitudes and rights-of-way acquired in connection with the Project. Title to any immovable equipment and any real property purchased by the Issuer in connection with the Project will remain free and clear of all liens and encumbrances. Furthermore, all movable property necessary for the operation of the Sewer System will remain free of all liens except liens necessary to secure the purchase of said movable equipment provided that the cumulative amount of said liens does not at any time exceed \$25,000.

§ 7.12 Insurance; Fidelity Bonds. So long as the Bonds are outstanding the Issuer will maintain or cause to be maintained in force insurance policies and fidelity bonds as set forth in the Loan Agreement.

§ 7.13. Retention of Consulting Engineer in Case of Certain Defaults. THE PROVISIONS OF THIS SECTION SHALL APPLY ONLY DURING ANY PERIOD WHEN THE ISSUER MAY BE IN DEFAULT IN MAKING REQUIRED PAYMENTS INTO THE FUNDS REQUIRED BY SECTION 5.1 OF THIS ORDINANCE OR WHEN AN "EVENT OF DEFAULT" HAS OCCURRED UNDER THE LOAN AGREEMENT.

The Issuer covenants and agrees that in the event it should fail to derive sufficient income from the operation of the Sewer System to make the required monthly payments into the funds established by Section 5.1 hereby, it will retain a Consulting Engineer on a continuous basis until all defaults are cured, for the purpose of providing for the Issuer continuous engineering counsel in the operation of its Sewer System. Such Consulting Engineer shall be retained under contract at such reasonable compensation as may be fixed by the Governing Authority, and the payment of such compensation shall be considered to be one of the costs of maintaining and operating the Sewer System. Any Consulting Engineer appointed under the provisions of this Section may be replaced at any time by another Consulting Engineer appointed or retained by the Issuer, with the consent and approval of the Owners of a majority of the outstanding principal amount of the Bonds.

The Consulting Engineer shall prepare within one hundred eighty (180) days after the close of each Fiscal Year a comprehensive operating report, which report shall contain therein or be accompanied by a certified copy of an audit of the preceding Fiscal Year prepared by the Issuer's certified public accountants, and in addition thereto, shall report upon the operations of the Sewer System during the preceding Fiscal Year, the maintenance of the properties, the efficiency of the management of the Sewer System, the proper and adequate keeping of books of record and account, the adherence to budget and budgetary control provisions, the adherence to the provisions of this Ordinance and all other things having a bearing upon the efficient and profitable operation of the Sewer System, and shall include whatever criticism of any phase of the operation of the Sewer System the Consulting Engineer may deem proper, and such recommendations as to changes in operations and the making of repairs, renewals, replacements, extensions, betterments and improvements as the Consulting Engineer may deem proper. Copies of such report shall be placed on file with the Clerk of the Issuer and sent

to the Owners, and shall be open to inspection by any Owner. It shall be the duty of the Consulting Engineer to pass on the economic soundness or feasibility of any extensions, betterments, improvements, expenditures or purchases of equipment and materials or supplies, which will involve the expenditure of more than Five Thousand Dollars (\$5,000.00), whether in one or more than one order, and whether authorized by a budget or not, from funds on deposit in the Contingency Fund, and the Consulting Engineer shall devise and prescribe a form or forms wherein shall be set forth his or its approval in certificate form, copies of which shall be filed with the Clerk of the Issuer and the depository for said Contingency Fund.

Sixty (60) days before the close of each Fiscal Year, the Consulting Engineer shall submit to the Governing Authority a suggested budget for the ensuing year's operation of the Sewer System and shall submit recommendations as to the schedule of rates and charges for sewerage services supplied by the Sewer System, taking into account any other lawfully available funds of the Issuer that may be available for such purposes. A copy of said suggested budget and recommendations shall also be furnished by said Consulting Engineer directly to the Owners. Such recommendations as to rates and charges, consistent with the requirements relating thereto contained herein, shall be followed by the Governing Authority insofar as practicable and all other recommendations shall be given careful consideration by the Governing Authority and shall be substantially followed, except for good and reasonable cause. No expenditures for the operation, maintenance and repair of the Sewer System in excess of the amounts stated in said budget shall be made in any year, except upon the certificate of the Consulting Engineer that such expenditures are necessary and essential to the continued operation of the Sewer System. It shall be the duty of the Consulting Engineer to prescribe a system of budgetary control along with forms for exercising of such control which shall be utilized by the manager or superintendent of the Sewer System and his staff, and the manager or superintendent shall cause to be prepared monthly reports not later than the twentieth day of each month, for the preceding month's business and operation of the Sewer System, which reports shall be submitted to the Consulting Engineer, who shall prepare an analysis of each such report, which analysis shall be filed monthly as expeditiously as possible with the chief financial officer of the Issuer, the manager or superintendent and with the original purchaser of the Bonds.

In the event the Governing Authority shall fail to select and retain a Consulting Engineer in accordance with the first paragraph of this Section within thirty (30) days after the occurrence of the conditions prescribed thereby, then upon the petition of the Owners of twenty-five percent (25%) of the aggregate principal amount of the Bonds then outstanding, the Governing Authority shall select and retain such Consulting Engineer as is named in the petition of the Owners.

ARTICLE VIII

FEDERAL TAX MATTERS; CONTINUING DISCLOSURE

§ 8.1. General Tax Covenants. The Issuer will comply with the requirements of the Code such that the interest on the Bonds is excluded from "gross income" under the Code. The Issuer further covenants and agrees that it will not take any action, fail to take any action, or permit any action within its control to be taken, or permit at any time or times any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or indirectly in any manner, the effect of which would cause the Bonds to be "arbitrage bonds" or would result in the inclusion of the interest on any of the Bonds in gross income under the Code, including, without limitation, (i) the failure to comply with the limitation on investment of Bond proceeds or (ii) the failure to pay any required rebate of arbitrage earnings to the United States of America or (iii) the use of the proceeds of the Bonds in a manner which would cause the Bonds to be "private activity bonds."

§ 8.2. Disclosure Under SEC Rule 15c2-12. The Issuer is not required at this time to comply with the continuing disclosure requirements described in the Rule 15c2-12(b) of the Securities and Exchange Commission [17 CFR _240.15c2-12(b)], because:

(a) the Bonds are not being purchased by a broker, dealer or municipal securities dealer acting as an underwriter in a primary offering of municipal securities; and

(b) the Bonds are in denominations of One Hundred Thousand Dollars (\$100,000) or more and are being sold to no more than one financial institution or sophisticated investor which (i) have such knowledge and experience in financial and business matters that they are capable of evaluating the merits and risks of the prospective investment in the Bonds and (ii) are not purchasing said Bonds for more than one account or with a view to distributing same.

ARTICLE IX

SUPPLEMENTAL BOND ORDINANCES

§ 9.1. Supplemental Ordinances Effective Without Consent of Owners. For any one or more of the following purposes and at any time from time to time, an Ordinance or ordinance supplemental hereto may be adopted, which, upon the filing with the Registrar and any rating agency which is then rating the Bonds, of a notice thereof at least fifteen (15) days prior to the adoption thereof, and thereafter with a certified copy thereof, but without any consent of Owners, shall be fully effective in accordance with its terms:

i) to add to the covenants and agreements of the Issuer in the Ordinance other covenants and agreements to be observed by the Issuer which are not contrary to or inconsistent with the Ordinance as theretofore in effect;

ii) to add to the limitations and restrictions in the Ordinance other limitations and restrictions to be observed by the Issuer which are not contrary to or inconsistent with the Ordinance as theretofore in effect;

iii) to surrender any right, power or privilege reserved to or conferred upon the Issuer by the terms of the Ordinance, but only if the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Issuer contained in the Ordinance;

iv) to cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision of this Ordinance; or

v) to insert such provisions clarifying matters or questions arising under the Ordinance as are necessary or desirable and are not contrary to or inconsistent with the Ordinance as theretofore in effect.

§ 9.2. Supplemental Ordinances Effective With Consent of Owners. Except as provided in Section 9.1, any modification or amendment of the Ordinance or of the rights and obligations of the Issuer and of the Owners hereunder, in any particular, may be made by a supplemental ordinance, with the written consent of the Owners of a majority of the Outstanding principal amount of the Bonds at the time such consent is given. The Issuer shall give a notice thereof to the Registrar and any rating agency which is then rating the Bonds, at least fifteen (15) days prior to the adoption thereof, and thereafter shall furnish to said persons a certified copy thereof. No such modification or amendment shall permit a change in the terms of prepayment or maturity of the principal of any outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the prepayment price thereof or in the rate of interest thereon without the consent of the Owner of such Bond, or shall reduce the percentages of Bonds the consent of the Owner of which is required to effect any such modification or amendment, or change the obligation of the Issuer to levy and collect User Fees as provided herein, without the consent of the Owners of all of the Bonds then outstanding, or shall change or modify any of the rights or obligations of either the Registrar without its written assent thereto.

ARTICLE X

EVENTS OF DEFAULT

§ 10.1. Events of Default. If one or more of the following events (in this Ordinance called "Events of Default") shall happen, that is to say, (a) if default shall be made in the due and

punctual payment of the principal of any Bond when and as the same shall become due and payable, whether at maturity or otherwise; or (b) if default shall be made in the due and punctual payment of any installment of interest on any Bond when and as such interest installment shall become due and payable; or (c) if default shall be made by the Issuer in the performance or observance of any other of the covenants, agreements or conditions on its part in this Ordinance, any supplemental ordinance or in the Bonds contained and such default shall continue for a period of forty-five (45) days after written notice thereof to the Issuer by the Owners of not less than 25% of the Outstanding principal amount of the Bonds; or (d) if the Issuer shall file a petition or otherwise seek relief under any Federal or State bankruptcy law or similar law; then, upon the happening and continuance of any Event of Default, the Owners shall be entitled to exercise all rights and powers for which provision is made under Louisiana law or this Ordinance.

ARTICLE XI MISCELLANEOUS

§ 11.1. Defeasance. i) If the Issuer shall pay or cause to be paid to the Owners of all Bonds then outstanding, the principal and interest and prepayment premium, if any, to become due thereon, at the times and in the manner stipulated therein and in the Ordinance, then the covenants, agreements and other obligations of the Issuer to the Owners shall be discharged and satisfied. In such event, the Registrar shall, upon the request of the Issuer, execute and deliver to the Issuer all such instruments as may be desirable to evidence such discharge and satisfaction and the Registrar shall pay over or deliver to the Issuer all moneys, securities and funds held by them pursuant to this Ordinance which are not required for the payment or prepayment of Bonds not theretofore surrendered for such payment or prepayment.

ii) Bonds or interest installments for the payment of which money shall have been set aside and shall be held in trust (through deposit by the Issuer of funds for such payment or otherwise) at the maturity date thereof shall be deemed to have been paid within the meaning and with the effect expressed above in this Section if they have been defeased using Defeasance Obligations pursuant to Chapter 14 of Title 39 of the Louisiana Revised Statutes of 1950, as amended, or any successor provisions thereto.

§ 11.2. Parties Interested Herein. Nothing in the Ordinance expressed or implied is intended or shall be construed to confer upon, or to give to, any person or corporation, other than the Issuer, the Registrar and the Owners any right, remedy or claim under or by reason of the Ordinance or any covenant, condition or stipulation thereof; and all the covenants, stipulations, promises and agreements in the Ordinance contained by and on behalf of the Issuer shall be for the sole and exclusive benefit of the Issuer, the Registrar and the Owners.

§ 11.3. Loan Agreement and Commitment Agreement. The Governing Authority recognizes that the Bonds will be sold to the Department pursuant to its State Revolving Fund. In connection with this sale, the Issuer and the Department will enter into the Loan Agreement presented by the Department to the Issuer pertaining to the Bonds and the Project, which Loan Agreement shall be substantially in the form attached as Exhibit B hereto. The Executive Officers are hereby authorized to execute such Loan Agreement on behalf of and under the seal of the Issuer in substantially the form attached as Exhibit B hereto with such changes, additions and deletions as shall in the sole opinion of the Executive Officers, upon advice of Bond Counsel, be deemed, the form and contents of which Loan Agreement are hereby approved by this Governing Authority. So long as the Department owns any portion of the Bonds, then to the extent that any provision of this Ordinance is inconsistent with or contrary to any provision of the Loan Agreement, the applicable provision of the Loan Agreement shall control. As shall be provided in the Loan Agreement, the Issuer shall comply with certain provisions of the Loan Agreement, as specified therein, regardless of whether or not the Department is the owner and regardless of any prepayment or defeasance of the Bonds prior to their final stated maturity.

With the advice of Bond Counsel, the Executive Officers are further authorized and directed to execute on behalf of the Issuer a Commitment Agreement by and between the Department and the Issuer which the Department may require as a prerequisite to the execution of the Loan Agreement, said Commitment Agreement to be substantially in the form of the Commitment Agreement on file with the Clerk of the Issuer.

§ 11.4. Registrar. The Issuer will at all times maintain a Registrar for the performance of the duties hereunder. The initial Registrar pursuant to this Ordinance is the Clerk of the Issuer. This Governing Authority reserves the right to appoint a successor Registrar by (1) filing with the person then performing such function a certified copy of an ordinance appointing a successor and (2) causing notice to be given to each Owner. Every successor Registrar shall at all times be a corporation organized and doing business under the laws of the United States of America or of any State, authorized under such laws to exercise trust powers, and subject to supervision or examination by Federal or State authority. In appointing a successor Registrar, this Governing Authority will authorize the Executive Officers to execute an appropriate agreement with the successor Registrar or and on behalf of the Issuer in such form as may be satisfactory to the Executive Officers, setting forth the duties and obligations of the successor Registrar.

§ 11.5. No Recourse on the Bonds. No recourse shall be had for the payment of the principal of or interest on the Bonds or for any claim based thereon or on this Ordinance against any member of the Governing Authority or officer of the Issuer or any person executing the Bonds.

§ 11.6. Successors and Assigns. Whenever in this Ordinance the Issuer is named or referred to, it shall be deemed to include its successors and assigns and all the covenants and agreements in this Ordinance contained by or on behalf of the Issuer shall bind and enure to the benefit of its successors and assigns whether so expressed or not.

§ 11.7. Severability. In case any one or more of the provisions of the Ordinance or of the Bonds issued hereunder shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of the Ordinance or of the Bonds, but the Ordinance and the Bonds shall be construed and enforced as if such illegal or invalid provisions had not been contained therein. Any constitutional or statutory provision enacted after the date of the Ordinance which validates or makes legal any provision of the Ordinance or the Bonds which would not otherwise be valid or legal shall be deemed to apply to the Ordinance and to the Bonds.

§ 11.8. Publication of Ordinance. This Ordinance shall be published one time in the official journal of the Issuer.

§ 11.9. Effective Date. Notice of the Introduction of this Bond Ordinance, having been published in the official journal of the Issuer as required by law, and a copy hereof having remained on file in final form for public inspection with the Clerk since its date of introduction, and having been read in full, this Bond Ordinance shall be in full force and effect upon approval by the Governing Authority.

The final adoption of the foregoing ordinance having been duly moved and seconded, the roll was called and the following vote was taken and recorded:

YEA: Ashby, Prewett, Whittington

NAY: None

ABSENT: Jones

ABSTAIN: None

Lee served as Mayor Pro Tem

And the ordinance was declared adopted on this, the 13th day of September, 2011.

Resolution 14 of 2011(M'sport lease & servitude agreement—intake site)

Resolution 14 of 2011

A Resolution amending Resolution 19 of 2010 to authorize the Town to lease a certain tract from the Town of Mooringsport, and otherwise providing with respect thereto

WHEREAS, the Board of Alderpersons of the Town of Blanchard ("Town") passed Resolution 19 of 2010 ("Resolution 19") on December 14, 2010;

WHEREAS, Resolution 19 authorized the Town, in part, to acquire all right, title and interest to a certain parcel of land near the waterfront of the Town of Mooringsport for a raw water intake facility location ("Intake Site"), and further authorized the Town to acquire certain rights of way for the improvements to the Blanchard Public Water System ("System");

WHEREAS, subsequent discussions with representatives of the Town of Mooringsport have yielded a change in the method of acquisition of the Intake Site, and the Town now desires to enter into a lease agreement for a term of 99 years with the Town of Mooringsport, covering the Intake Site;

WHEREAS, that the Lease includes the grant of certain temporary construction servitudes (collectively known as the "Temporary Construction Servitudes"), including: i) a thirty (30) foot temporary construction servitude on the Southerly side of the Property; ii) a ten (10) foot temporary construction servitude on the Westerly side of the Property; and iii) a twenty (20) foot temporary construction servitude on the Northerly side of the Property, which are described in more detail on the attached map. The Temporary Construction Servitudes shall terminate upon the completion of construction of the raw water intake facility, and, upon termination, all rights of use shall revert to the Town of Mooringsport.

NOW, THEREFORE, to modify the acquisition method of the Intake Site, Section 1 and Section 2 of Resolution 19 of 2010 are amended to read as follows:

Section 1. Johnny V. Digilormo, in his capacity as Mayor of the Town ("Mayor"), is authorized to enter into a lease agreement ("Lease"), on behalf of the Town, covering a certain parcel of land, more fully described as all that portion of Section 25, Township 20 North, Range 16 West, lying between the townsite of the Town of Mooringsport and the 173.09 foot contour line of Ferry Lake, less portions sold or donated (the "Parcel") from Mooringsport, also described in the attached Exhibit "A."

Section 2. The form of Lease, including the grant of the Temporary Construction Servitudes described above, along with its Exhibit "A" being the same map of the Intake Site as attached to this Resolution, all of which is attached to this Resolution as Exhibit "B," which Lease is hereby approved in substantially the same form with any immaterial changes approved by the Town Attorney, for use in obtaining all rights, title and interest to the Tract.

AND IN ADDITION, that Section 5 of Resolution 19 of 2010 is amended to read as follows:

Section 5. The consideration for the Lease covering the Subject Property ("Rent") shall be \$100.00 at the execution of the Lease, and a rental payment of \$100.00 per month, payable on or before the 5th of each month, beginning in the first month that the raw water intake facility is completely constructed and utilized for the drawing of raw water from Caddo Lake.

AND IN ADDITION, that Section 6 of Resolution 19 of 2010 is amended to read as follows:

Section 6. The Rent shall be appropriated from the Blanchard Utility Operating Fund account, and shall be included in the budget as a Water Department Dues & Subscriptions Expense item.

AND IN ADDITION, that Section 9 of Resolution 19 of 2010 is amended to read as follows:

Section 9. The Mayor shall have the authority to execute any documents relating to this Lease and to approve the issuance of checks made payable to the "Town of Mooringsport," as consideration for this transaction.

AND IN ADDITION, that the Lease Agreement and Right of Way Agreements attached to this Resolution as Exhibit "C," are hereby approved, confirmed and ratified by the Board of

Alderpersons of the Town.

Except as specifically provided herein, Resolution 19 of 2010 shall remain in full force and effect.

If any provision or item of this resolution or the application thereof is held invalid, such invalidity shall not affect other provisions, items or applications of this resolution that can be given effect without the invalid provisions, items or applications and to this end the provisions of this resolution are hereby declared severable.

All resolutions or parts thereof in conflict herewith are hereby repealed.

Motion to accept Resolution 14 of 2011 made by Ashby, second by Prewett. All voted yea. And Resolution 14 of 2011 was adopted on this 13th day of September, 2011.

NEW BUSINESS

Resolution 19 of 2011 (amendment to LCDBG)

On a Motion by Whittington, duly seconded by Ashby, the following resolution was offered to wit:

Resolution 19 of 2011

WHEREAS, the Town of Blanchard has been awarded a Louisiana Community Development Block Grant (LCDBG) for sewer improvements; and

WHEREAS, the LCDBG Program requires the adoption of plans and policies, appointments and authorization of individuals for compliance with the LCDBG regulations;

WHEREAS, it is necessary under the regulations of the LCDBG Program to authorize certain individuals to sign for Requests for Payment for LCDBG funds and to authorize one individual to certify to the correctness of each signature, designate an official depository to hold LCDBG funds and authorize certain individuals to sign checks on the official depository;

NOW THEREFORE BE IT RESOLVED by the Town of Blanchard in regular session convened that the following plans and policies be adopted; (1) Procurement Policy, (2) Residential Antidisplacement and Relocation Assistance Plan and (3) Policy Statement for Communicating Information to Persons with Sensory Impairments and (4) Grievance Procedure;

BE IT FURTHER RESOLVED that the following appointments and authorization of individuals are made; (1) Handicapped/Section 504 Compliance/Coordinator – Debra Smith (2) Antidisplacement Coordinator – Debra Smith, (3) Equal Employment Officer – Debra Smith, (4) Citizen Complaint Officer – Debra Smith, (5) Labor Compliance Officer - LCDBG Administrator, and (6) Authorize the Mayor to sign all documents pertaining to the LCDBG Program;

BE IT FURTHER RESOLVED that Debra Smith, Johnny Digilormo and Patsy Lee are hereby authorized to sign Requests for Payment; Candy Foshee shall certify to the correctness of each signature, that Capital One Bank is hereby designated as the official depository of all LCDBG funds and that Johnny Digilormo, Patsy Lee, Nathan Ashby and Debra Smith are authorized to sign checks on the official depository, of which two signatures are required for each check.

THE ABOVE RESOLUTION, presented on the 13th day of September 2011, regular scheduled meeting was read and the vote was recorded as follows:

Yeas: Ashby, Prewett, Whittington (Lee served as Mayor Pro Tem)

Nays: None

Abstain: None

Absent: Jones

Resolution 20 of 2011 (declaring 3 trucks surplus)

Resolution 20 of 2011

A Resolution declaring three motor vehicles no longer needed for public purposes, providing the means of sale and establishing a minimum price for each vehicle, and otherwise providing with respect thereto

WHEREAS, the Water Department of the Town of Blanchard ("Town") has removed from service that certain 2003 Ford F-150 Truck ("Vehicle-Unit #4"), VIN 1FTRX17253NB32579; that certain 2007 Ford F-150 Truck ("Vehicle-Unit #8"), VIN 1FTRF12297KC85063; and that certain 2007 Ford F-150 Truck ("Vehicle-Unit #10"), VIN 1FTRF122X7KD32861; and

WHEREAS, the Town has no use for these Vehicles; and

WHEREAS, the Town wishes to declare that these Vehicles are no longer needed for Public Purposes, and wishes to sell the Vehicles and establish a means of sale of such property pursuant to La. R.S. 33:4712 and other applicable law;

NOW, THEREFORE, BE IT RESOLVED by the Board of Aldermen of the Town of Blanchard, in due, legal and regular session convened, as follows:

Section 1. The Vehicles are hereby declared no longer needed for public purposes.

Section 2. The Vehicle-Unit #4 shall be sold for a minimum of \$3,000.00, the Vehicle-Unit #8 shall be sold for a minimum of \$3,000.00, and the Vehicle-Unit #10 shall be sold for a minimum of \$4,000.00 to any private or public person or entity at a public sale on a date to be set with an auctioneer retained by the Town. The prices shall remain in effect until December 31, 2011.

Section 3. If any provision or item of this resolution or the application thereof is held invalid, such invalidity shall not affect other provisions, items or applications of this resolution that can be given effect without the invalid provisions, items or applications and to this end the provisions of this resolution are hereby declared severable.

Section 4. All ordinances or resolutions or parts hereof in conflict herewith are hereby repealed.

Motion to accept Resolution 20 of 2011 made by Prewett, second by Ashby. All voted yea. And Resolution 20 of 2011 was adopted on this 13th day of September, 2011.

Resolution 21 of 2011 (FEMA)

Motion by Whittington, second by Prewett. Motion by Whittington to withdraw motion, second by Prewett. All voted yea. Motion by Whittington to postpone until next Council meeting, second by Prewett. All voted yea.

Resolution 22 of 2011 (Approval of additional Right-of-Way for intake)

Resolution 22 of 2011

A Resolution confirming and ratifying a certain right of way agreement necessary for the Blanchard Public Water System improvements, and otherwise providing with respect thereto

WHEREAS, the Town of Blanchard ("Town") is in the process of planning improvements to the Blanchard Public Water System ("System") whose PWS ID No. is LA1017006 (the "Project"), one aspect of which is installing new water lines to service the expansion of the System; and, WHEREAS, certain rights of way ("Rights of Way") must be acquired by the Town to install the new water lines.

NOW, THEREFORE, BE IT RESOLVED by the Board of Alderpersons of the Town as follows:

Section 1. The Right of Way Agreement between the Town and Charles and Vicky Elliott, Trustees of the Elliott Living Trust, which is attached hereto, is hereby approved, confirmed and ratified by the Board of Alderpersons of the Town.

Section 2. If any provision or item of this resolution or the application thereof is held invalid, such invalidity shall not affect other provisions, items or applications of this resolution that can be given effect without the invalid provisions, items or applications and to this end the provisions of this resolution are hereby declared severable.

Section 3. All resolutions or parts thereof in conflict herewith are hereby repealed.

Motion to accept Resolution 22 of 2011 made by Whittington, second by Prewett. All voted yea. And Resolution 22 of 2011 was adopted on this 13th day of September, 2011.

Proclaim September 17-23 Constitution week

Motion by Whittington to proclaim the week of September 17-23, 2011, Constitution Week. Second by Ashby. All voted yea.

Introduce Ordinance 8 of 2011 (FEMA)

Prewett introduced the following to be considered for adoption at the Regular Meeting scheduled for October 11, 2011.

Ordinance 8 of 2011

An Ordinance to promote the public health, safety, and general welfare and to minimize public and private losses due to flood conditions in specific areas for the Town of Blanchard and its citizens and otherwise providing with respect thereto

Introduce Ordinance 9 of 2011 (Cable franchise fee renewal)

Prewett introduced the following to be considered for adoption at the Regular Meeting scheduled for October 11, 2011.

Ordinance 9 of 2011

An Ordinance to amend Chapter 9, Article D, Section 9.4 "Cablevision" in it's entirety to read as follows:

Introduce Ordinance 10 of 2011 (Water conservation)

Whittington introduced the following to be considered for adoption at the Regular Meeting scheduled for October 11, 2011.

Ordinance 10 of 2011

An Ordinance to amend Chapter 15 of the Code of Ordinances for the Town of Blanchard, Caddo Parish, Louisiana, establishing Water Restrictions during times of extreme drought or emergencies as declared by the Mayor or Board of Alderpersons for the Town of Blanchard, Louisiana and otherwise providing with respect thereto

Introduce Ordinance 11 of 2011 (Tucker scrap metal re: old tanks south of town)

Prewett introduced the following to be considered for adoption at the Regular Meeting scheduled for October 11, 2011.

Ordinance 11 of 2011

An ordinance declaring the water tanks and associated metal appurtenances located at the water storage tanks site south of town on Highway 173 no longer needed for public purposes, providing the means of disposal for such surplus property, and otherwise providing with respect thereto

Authorize letter re: junk cars (Free's automotive)

Motion by Prewett, second by Whittington authorizing the Mayor to send a letter along with a copy of the ordinance regarding junk cars to Free's Automotive. All voted yea.

New Territory Unit # 4 street lights installation

Motion by Prewett, second by Ashby for the Town Clerk to send a letter along with a copy of the ordinance regarding subdivision street installation requirements to Mr. Ken Lawler of E & L Development, send a copy to Mr. Edwin Owen of SWEPCO, and Mr. Jeff Crain of SWEPCO. Motion by Whittington to dispense with Reports of Departments. Prewett added that 160 feet of line was extended into the lake to help provide water to the plant in this extreme drought. Second by Ashby, all voted yea.

Comments by the Mayor: None. Motion by Whittington to adjourn, second by Ashby. All voted yea.

Johnny Digilormo, Mayor

Debra Smith, Town Clerk