

MINUTES OF THE  
 BLANCHARD MAYOR AND TOWN COUNCIL  
 SPECIAL MEETING – JUNE 30, 2011  
 6:30 O'CLOCK

Present: Mayor Pro-Tem Lee, Alderpersons Ashby, Jones, Prewett, and Whittington, Atty. Tom Arceneaux, Dave Cherry, David Yeates, Atty. Jack Brown, Ken Lawler, Jake Lawler, Danny Lawler, and Town Clerk Debra Smith.

Absent: Mayor Digilormo and Chief Presswood.

Meeting called to order 6:35 p.m.

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

OLD BUSINESS

Public Hearing on Ordinance 5 of 2011 (Refinancing Bonds)

The public hearing opened at 6:36. There being no discussion, the public hearing closed at 6:37.

Ordinance 5 of 2011

Ordinance 5 of 2011

An ordinance authorizing the issuance of not to exceed One Million Four Hundred Thousand Dollars (\$1,400,000) of Water Revenue Refunding Bonds, Series 2011, of the Town of Blanchard, State of Louisiana; prescribing the form, terms and conditions of said Bonds; designating the date, denomination and place of payment of said Bonds; providing for the payment thereof in principal and interest; providing for the acceptance of an offer for the purchase of said Bonds; and providing for other matters in connection therewith.

WHEREAS, the Town of Blanchard, State of Louisiana (the "Issuer"), now owns and operates a waterworks system (the "System"); and

WHEREAS, the Issuer now has outstanding the following described bonds payable from a pledge and dedication of the income and revenues of the System:

<u>Name &amp; Series</u>	<u>Outstanding</u>	<u>Original Principal</u>	<u>Dated Date</u>
Water Revenue Bonds, Series 2000	\$1,335,000	\$1,800,000	12/14/00
Water Revenue Bonds, Series 2005	\$2,925,000	\$3,920,000	5/24/05
Water Revenue Bonds, Series 2010A	\$961,000	\$1,000,000	2/5/10
Water Revenue Bonds, Series 2010B	\$2,552,000	\$2,657,000	2/5/10

WHEREAS, the Issuer desires to prepay and refund the following described bonds (the "2000 Bonds" or "Refunded Bonds")

<u>Name &amp; Series</u>	<u>Outstanding</u>	<u>Original Principal</u>	<u>Dated Date</u>
Water Revenue Bonds, Series 2000	\$1,335,000	\$1,800,000	12/14/00

WHEREAS, pursuant to Chapter 14-A of Title 39 of the Louisiana Revised Statutes of 1950, as amended, (and other constitutional and statutory authority supplemental thereto) it is now the desire of the Issuer to enact this Ordinance in order to provide for the issuance of not to exceed One Million Four Hundred Thousand Dollars (\$1,400,000) principal of its Water Revenue

Refunding Bonds, Series 2011 (the "Bonds"), for the purpose of prepaying and refunding the Refunded Bonds and to fix the details of the Bonds; and

WHEREAS, following the issuance of the Bonds and the refunding of the Refunded Bonds, the Issuer will have no other outstanding indebtedness payable from the income and revenues derived or to be derived from the operation of the System on a parity with the Refunded Bonds EXCEPT:

<u>Name &amp; Series</u>	<u>Outstanding</u>	<u>Original Principal</u>	<u>Dated Date</u>
Water Revenue Bonds, Series 2005	\$2,925,000	\$3,920,000	5/25/05
Water Revenue Bonds, Series 2010A	\$ 961,000	\$1,000,000	2/5/10
Water Revenue Bonds, Series 2010B	\$2,552,000	\$2,657,000	2/5/10

WHEREAS, it is the desire of this Governing Authority to fix the details necessary with respect to the issuance of the Bonds and to provide for the authorization and issuance thereof; and

WHEREAS, it is the further desire of this Governing authority to provide for the sale of the Bonds to Red River Bank of Shreveport, Louisiana, at the price and in the manner hereinafter provided;

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

SECTION 1. Definitions. The following terms as used in this Bond Ordinance shall have the following respective meanings, such definitions being equally applicable to both the singular and plural sense of any of such terms:

"Act" means Chapter 14-A, Title 39 of the Louisiana Revised Statutes of 1950, as amended, and other constitutional and statutory authority.

"Agreement" means the agreement to be entered into between the Issuer and the Paying Agent pursuant to this Bond Ordinance.

"Bond" means any Bonds of the Issuer authorized to be issued by this Bond Ordinance, whether initially delivered or issued in exchange for, upon transfer of or in lieu of any Bond previously issued.

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

"Bond Register" means the records kept by the Paying Agent at its principal corporate trust office in which registration of the Bonds and transfer of the Bonds shall be made as provided herein.

"Bond Year" means the one year period ending on the principal payment date of the Bonds (March 1) of each Year.

"Bonds" means the Issuer's Water Revenue Refunding Bonds, Series 2011, authorized by this Bond Ordinance, in the total aggregate principal amount of not to exceed One Million Four Hundred Thousand Dollars (\$1,400,000).

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

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

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

"Fiscal Year" means the accounting period beginning July 1 of each year, or such other accounting period as may be designated by the Governing Authority as the fiscal year of the Issuer.

"Governing Authority" means the Mayor and Board of Aldermen of the Issuer.

"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 the dates set forth in the Bonds.

“*Issuer*” means the Town of Blanchard, State of Louisiana.

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

“*Outstanding*” when used with respect to Bonds means, as of the date of all Bonds theretofore issued and delivered under this Bond Ordinance, except;

1. Bonds theretofore canceled by the Paying Agent or delivered to the Paying Agent for cancellation;
2. Bonds for which payment or redemption sufficient funds have been theretofore deposited in trust for the owners of such Bonds with the effect specified in Section 32 of this Bond Ordinance; provided that if such Bonds are to be redeemed, irrevocable notice of such redemption has been duly given or provided for pursuant to this Bond Ordinance or waived;
3. Bonds in exchange for or in lieu of which other Bonds have been registered and delivered pursuant to this Bond Ordinance; and
4. Bonds alleged to have been mutilated, destroyed, lost or stolen which have been paid as provided in this Bond Ordinance or by law.

“*Outstanding Parity Bonds*” means parity obligations listed below:

Name & Series	Outstanding	Original Principal	Dated Date
Water Revenue Bonds, Series 2005	\$2,925,000	\$3,920,000	5/25/05
Water Revenue Bonds, Series 2010A	\$ 961,000	\$1,000,000	2/5/10
Water Revenue Bonds, Series 2010B	\$2,552,000	\$2,657,000	2/5/10

“*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 Bond Ordinances*” means the respective resolutions or ordinances adopted by this Governing Authority authorizing the issuance of the Parity Obligations.

“*Parity Obligations*” means the Outstanding Parity Bonds and any additional pari passu indebtedness issued by the Issuer and payable from the Revenues on a parity therewith.

“*Paying Agent*” means Regions Bank, in the City of Baton Rouge, Louisiana, until a successor Paying Agent shall have become such pursuant to the applicable provisions of this Bond Ordinance, and thereafter “*Paying Agent*” shall mean such successor Paying Agent.

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

“*Purchaser*” means Red River Bank, in the City of Shreveport, Louisiana, the original purchaser of the Bonds.

“*Record Date*” for the interest payable on any Interest Payment Date means the 15th calendar day of the month next preceding such Interest Payment Date.

“*Revenues*” means all income and revenues to be derived by the Issuer from the operation of the System, including earnings on investments in the funds and accounts described in Section 9 hereof, but not including any insurance or condemnation proceeds, or proceeds from the sale or other disposition of any part of the System.

“*System*” means the revenue producing waterworks system of the Issuer, as such system now exists and as it may be hereafter improved, extended or supplemented from any source whatsoever while any of the Bonds herein authorized remain outstanding, including specifically all properties of every nature owned, leased or operated by the Issuer and used or useful in the operation of the System, and including real estate, personal and intangible properties, contracts, franchises, leases and choses in action, whether lying within or without the boundaries of the Issuer.

**SECTION 2. Authorization of Bonds. Maturities.** In compliance with and under the authority of the Act, and other constitutional and statutory authority, there is hereby authorized the incurring of an indebtedness of not to exceed \$1,400,000 for, on behalf of and in the name

of the Issuer, to prepay and refund the Refunded Bonds, provide a reserve fund for said Bonds if necessary, pay the costs of issuance therefore, and to fix the details of the Bonds, and to represent the said indebtedness, this Governing Authority does hereby authorize the issuance of not to exceed \$1,400,000 of Water Revenue Refunding Bonds, Series 2011 the Issuer. The Bonds shall be in fully registered form, shall be dated their date of delivery, shall be issued in the denomination of Five Thousand Dollars (\$5,000) or any integral multiple thereof within a single maturity and shall be numbered from R-1 upwards. The unpaid principal of the Bonds shall bear interest from the date thereof, or from the most recent Interest Payment Date to which interest has been paid or duly provided for, payable on each Interest Payment Date at the interest rate and times set forth in the Bonds. The Bonds will contain a Schedule acceptable to the Purchaser containing the repayment schedule. The Bonds shall bear interest at a rate of not to exceed six per cent (6.00%) per annum and mature no later than sixteen (16) years from the date of delivery.

The principal of the Bonds, upon maturity or redemption, shall be payable at the principal corporate trust office of the Paying Agent, upon presentation and surrender thereof, and interest on the Bonds shall be payable by check of the Paying Agent mailed by the Paying Agent to the Owner (determined as of the close of business on the Record Date) at the address shown on the Bond Register. Each Bond delivered under this Bond Ordinance upon transfer of, in exchange for or in lieu of any other Bond shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by such other Bond, and each such Bond shall bear interest (as herein set forth) so that neither gain nor loss in interest shall result from such transfer, exchange or substitution.

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

SECTION 3. Redemption Provisions. The Bonds shall be callable for redemption at any time at the option of the Issuer in whole or in part upon 30 days written notice to the Bondholder.

SECTION 4. Registration and Transfer. The Issuer shall cause a Bond Register to be kept by the Paying Agent. The Bonds may be transferred, registered and assigned only on the Bond Register of the Paying Agent, and such registration shall be at the expense of the Issuer. A Bond may be assigned by the execution of an assignment form on the Bond or by other instruments of transfer and assignment acceptable to the Paying Agent. A new Bond or Bonds will be delivered by the Paying Agent to the last assignee (the new Owner) in exchange for such transferred and assigned Bonds after receipt of the Bonds to be transferred in proper form. Such new Bond or Bonds shall be in the denomination of \$5,000 or any integral multiple thereof within a single maturity. Neither the Issuer nor the Paying Agent shall be required to issue, register, transfer or exchange any Bond during a period beginning (i) at the opening of business on a Record Date and ending at the close of business on the Interest Payment Date or (ii) with respect to Bonds to be redeemed at the opening of business fifteen (15) days before the date of the mailing of a notice of redemption of such Bonds and ending on the date of such redemption.

SECTION 5. Form of Bonds. The Bonds and the endorsements to appear thereon shall be in substantially the form of Exhibit A hereto.

SECTION 6. Execution of Bonds. The Bonds shall be signed by the Executive Officers for, on behalf of, in the name of and under the corporate seal of the Issuer, and the Legal Opinion Certificate shall be signed by the Clerk of the Issuer, which signatures and corporate seal may be either manual or facsimile.

SECTION 7. Pledge of Revenues. The Bonds, equally with the Outstanding Parity Bonds shall be secured by and payable in principal and interest solely by a pledge of the Net Revenues. Subject to the prior pledge of the income and revenues of the System to the payment of the reasonable and necessary expenses of operating and maintaining the System,

the Net Revenues are irrevocably and irrepealably pledged in an amount sufficient for the payment of the Bonds in principal and interest as they shall respectively become due and payable and for the other purposes hereinafter set forth in this Bond Ordinance. Said income and revenues shall be set aside in a separately identifiable fund or account as hereinafter provided and shall remain so pledged for the security and payment of the Bonds in principal and interest, and for all other payments provided in this Bond Ordinance, until the Bonds shall be fully paid and discharged.

SECTION 8. Issuance of Bonds on a Parity with the Outstanding Parity Bonds. The Bonds are hereby issued on a parity, with the Outstanding Parity Bonds, and the Bonds herein authorized shall rank equally with and shall enjoy complete parity of lien with the Outstanding Parity Bonds on the Revenues and the funds established and maintained in connection with the Bonds and the Outstanding Parity Bonds. This Governing Authority does hereby find, determine and declare that the Issuer has complied, or will comply prior to the delivery of the Bonds with all of the terms and conditions (or such terms and conditions shall have been waived by the owner of the Outstanding Parity Bonds) set forth in the Parity Bond Ordinance authorizing the issuance of the Outstanding Parity Bonds with respect to authorizing the issuance of the Bonds on a parity with the Outstanding Parity Bonds.

SECTION 9. Rate Covenant: Funds and Accounts. The Issuer, through its Governing Authority by proper ordinances and/or resolutions, hereby covenants to fix, establish, maintain and collect such rates, fees, rents or other charges for the services and facilities of the System, and all parts thereof, and to revise the same from time to time whenever necessary, as will always provide revenues in each Fiscal Year sufficient to pay the reasonable and necessary expenses of operating and maintaining the System in each Fiscal Year and as will provide Net Revenues at least equal to 125% of the principal and interest falling due in such year on all Bonds or other obligations payable from the System and as will provide revenues at least sufficient to pay all sinking funds or other payments required for such Fiscal Year by this Bond Ordinance and all obligations or indebtedness payable out of the Revenues during such year, and that such rates, fees, rents or other charges shall not at any time be reduced as to be insufficient to provide adequate Revenues for such purposes. The Issuer hereby further covenants:

That all of said income and revenues earned or derived from the operation of the System shall be deposited daily as the same may be collected in a separate and special bank account heretofore established and maintained with the regularly designated fiscal agent of the Issuer and designated as the "Waterworks Revenue Fund" (the "Revenue Fund") pursuant to the resolution which authorized the issuance of the Outstanding Parity Bond and said Revenue Fund shall be maintained and administered in the following order of priority and for the following express purposes:

- (a) The payment of all reasonable and necessary expenses of operating and maintaining the System.
- (b) The maintenance of the various funds as required by the Parity Bond Ordinances.
- (c) The maintenance of a separately identifiable fund or account heretofore established and designated as the "Water System Revenue Bond Sinking Fund" (the "Sinking Fund") sufficient in amount to pay promptly and fully the principal of and the interest on the Bonds, the Outstanding Parity Bonds and any Parity Obligations, as they severally become due and payable, by transferring from the Revenue Fund to the fiscal agent of the Issuer, monthly in advance on or before the 25th day of each month of each year, commencing in August 2011 sums sufficient to pay debt service on the Bonds as set forth in the schedule attached to Bond R-1. If Parity Obligations are hereafter issued by the Issuer in the manner provided in this Bond Ordinance, moneys in the Sinking Fund shall be

equally available to pay principal and interest on such Parity Obligations, and payments in the Sinking Fund shall be increased as provided in the ordinance authorizing the issuance of the Parity Obligations. The Issuer shall transfer from said Sinking Fund to the paying agent bank or banks for all Bonds payable from the Sinking Fund at least three (3) days in advance of each payment date, funds fully sufficient to pay promptly the principal and interest so falling due on such date.

(d) The maintenance of the 1990 Waterworks Depreciation and Contingency Fund (the "Contingency Fund") heretofore established to care for extensions, additions, improvements, renewals and replacements necessary to properly operate the System, by transferring from the Revenue Fund to 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 Revenues for the preceding month (but not less than \$1,246), provided that such sum is available after provision is made for the payments required under paragraphs (a), (b), (c) and (d) above and such payments shall be reduced (but not below \$1,246) by the amount of the corresponding monthly payments made by the Issuer into the depreciation and contingency fund maintained pursuant to the ordinances previously adopted authorizing the issuance of the Outstanding Parity Bonds. Such payments into the Contingency Fund shall continue until such time as there has been accumulated in the Contingency Fund the sum of One Hundred Thousand Dollars (\$100,000), whereupon such payments may cease and need to be resumed thereafter only if the total amount of money on deposit in said fund is reduced below the sum of One Hundred Thousand Dollars (\$100,000), in which event such payments shall be resumed and continue until said maximum of One Hundred Thousand Dollars (\$100,000) is again accumulated, except, even if \$100,000 has been accumulated in the Contingency fund, the Issuer shall continue to make a monthly payment of \$1,246 into the Contingency Fund as long as the Outstanding Parity Bonds has not been paid in full or defeased. In addition to caring for extensions, additions, improvements, renewals and replacements necessary to properly operate the System, the money in the Contingency Fund may also be used to pay the principal of and the interest on the Bonds, including any Parity Obligations, for the payment of which there is not sufficient money in the Sinking Fund described in paragraphs (c) and (d) above, the money in said Contingency Fund shall never be used for the making of improvements and extensions to the System or for payment of principal or interest on Bonds if the use of said money will leave in said Contingency Fund for the making of emergency repairs or replacements less than the sum of Ten Thousand Dollars (\$10,000). To the extent that monthly payments are made into a contingency fund established and maintained pursuant to the Parity Bond Ordinances (the "Established Fund"), said monthly payments required by this paragraph shall be correspondingly reduced, and to the extent of the balance maintained in the Established Fund, the balance required to be maintained in the Contingency Fund by this paragraph can be correspondingly reduced.

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, whether such purposes are or are not in relation to the System.

If at any time it shall be necessary to use moneys in the Contingency Fund above provided for the purpose of paying principal of or interest on Bonds payable from the Sinking 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 operation and maintenance of the System or for current principal and interest. If at any time there are sufficient moneys on deposit in said Contingency Fund to retire all outstanding bonds payable from the Sinking Fund by defeasance, by exercising the redemption option provided by such Bonds or by purchase on the open market, the Issuer may utilize such funds for such purpose.

All or any part of the moneys in the foregoing funds and accounts shall, at the written request of the Issuer, be invested in accordance with the provisions of the laws of the State of Louisiana. All income derived from such investment shall be added to the money in said respective funds or to the Revenue Fund, and such investments shall, to the extent at any time necessary, be liquidated and the proceeds thereof applied to the purpose for which the respective funds are herein created.

SECTION 10. Security for Funds Deposited with Banks. Any and all funds of the Issuer which may be placed on deposit with any bank in compliance with any provision of this or subsequent ordinances or of the Bonds herein authorized, shall be secured by said bank at all times to the full extent thereof by direct obligations of the United States of America or the State of Louisiana having a market value of not less than the amount of money then on deposit.

SECTION 11. Deposit of Funds and Security Therefore. All of the income and revenues to be earned from the operation of the System shall be deposited daily as provided in Section 9 hereof in the Revenue Fund, which Fund shall be maintained separate and apart from all other funds of the Issuer. The Sinking Fund and the Contingency Fund shall be held by the depository banks as special trust funds for the purposes provided in this Bond Ordinance, and all other funds shall be held by the designated banks as special deposits for the purposes set forth in this Bond Ordinance, and subject to such reasonable instructions as this Governing Authority may give in writing to the bank holding such funds. The Owners of the Bonds are hereby granted a lien on all funds established pursuant to the requirements of this Bond Ordinance, except for the Contingency Fund, 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.

SECTION 12. Rates and Charges. Except as provided herein, nothing in this Bond 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 or resolution setting up and establishing a schedule or schedules of rates and charges for the service and facilities to be rendered by the System, said alterations, amendments or repeals to be conditioned upon the continued preservation of the rights of the Owners with respect to the income and revenues of the System, not alone for the payment of the principal of and interest on the Bonds, but to give assurance and insure that the income and revenues of the System, 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 9 of this Bond 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 System, irrespective of the user thereof, that no free service shall be furnished to any person, association of persons or corporations, public or private, or even to the Issuer itself and that no

discrimination shall be made as to rates and charges for the services or facilities of the System as between users of the same type or class.

The Issuer agrees that 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, 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 water services to the affected premises, and that the Issuer and this 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 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 this Governing Authority, and the amount so due, including any penalty charge, may, in the discretion of this Governing Authority, after ten (10) 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 reasonable reconnection charge.

It is further understood and agreed that the schedule of rates, fees, rents and other charges being charged as of the date of the adoption of this Bond Ordinance for services and facilities rendered by the 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 Bond 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 9 of this Bond Ordinance.

SECTION 13. 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 System, that it has a legal right to pledge the Revenues therefrom as herein provided, that the Bonds equally with the Outstanding Parity Bonds will have a lien and privilege on said Revenues subject only to the prior payment of such Revenues or from other lawfully available sources of all reasonable and necessary expenses of operation and maintenance of the System and that the Issuer will at all times maintain the System in first class repair and working order and condition.

SECTION 14. Records and Account Audit Reports. As long as any of the Bonds are outstanding and unpaid in principal or interest, the Issuer shall maintain and keep proper books and accounts of the System separate and apart from all other records and accounts in which shall be made full and correct entries of all transactions relating to the System. Not later than three (3) months after the close of each Fiscal Year the Issuer shall cause an audit of its books and accounts to be made by the Legislative Auditor or an independent firm of certified public accountants, showing the receipts of and disbursements made by the Issuer during the previous Fiscal Year, including those made for the account of the System. Such audit shall be available for inspection by the Owners of any of the Bonds, and a copy of such audit shall be furnished to the Purchaser. Each such audit, in addition to whatever matters may be thought proper by the accountant to be included therein, shall include the following:

1. A statement in detail of the income and expenditures of the System for such Fiscal Year.
2. A balance sheet as of the end of such Fiscal Year.
3. The accountant's comments regarding the manner in which the Issuer has carried out the requirements of this Bond Ordinance, and the accountant's recommendations for any changes or improvements in the operation of the System or the method of keeping the records relating thereto.

4. A list of the insurance policies in force at the end of the Fiscal Year, setting out as to each policy, the amount of the policy, the risks covered, the name of the insurer and the expiration date of the policy.
5. The number of metered water customers and the number of unmetered water customers, if any.
6. An analysis of additions, replacements and improvements to the physical properties of the System.

All expenses incurred in the making of the audits required by this Section shall be regarded and paid as a maintenance and operating expense. The Issuer further agrees to furnish the Purchaser, the Paying Agent and to any Owner, upon request therefore, a monthly statement itemized to show the income and expenses of the operation of the System and the number of connections for the preceding month. The Issuer further agrees that the Purchaser, the Paying Agent, and the Owners of any of the Bonds shall have at all reasonable times the right to inspect the System and the records, accounts and data of the Issuer relating thereto.

SECTION 15. Rights of Owners; Appointment of Receiver in Event of Default. The Owners of the Bonds 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 of the Bonds 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 Bond Ordinance, and may enforce and compel the performance of all duties required by this Bond 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 or rentals, fees or other charges for the use of the System and in general to take any action necessary to most effectively protect the right of the said 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 any Sinking Fund or Reserve Fund or any other payments required to be made by this Bond 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 Bond 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 Owner of such bonds or any trustee appointed to represent such Owners as hereinafter provided, shall be entitled as to or right to the appointment of a receiver of the 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 System, and each and every part thereof, and shall hold, operate and maintain, manage and control the 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 System as the Issuer itself might do. Such receiver shall collect and receive all rates, fees, rentals and other revenues, maintain and operate the System in the manner provided in this Bond Ordinance, and comply under the jurisdiction of the court appointing such receiver, with all of the provisions of this Bond Ordinance.

Whenever all that is due upon the Bonds and interest thereon, and under any covenants of this Bond Ordinance for 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 System, shall have been paid and made good, and all defaults under the provisions of this Bond Ordinance shall have been cured and made good, possession of the 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 of Bonds, or any trustee appointed for 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 by 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 System in the name of the Issuer and for the joint protection and benefit of the Issuer and Owners of the Bonds. 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 System but the authority of such receiver shall be limited to the possession, operation and maintenance of the System for the sole purpose of the protection of both the Issuer and Owners and the curing and making good of any default under the provisions of this Bond Ordinance, and the title to and the ownership of the 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 System except with the consent of the Issuer and in such manner as the court shall direct.

The Owner or Owners of Bonds in an aggregate principal amount of not less than twenty-five percent (25%) of the Bonds 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 Issuer.

Until the event of default shall have occurred, the Issuer shall retain full possession and control of the 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 Bond Ordinance, to take, use and enjoy and distribute the earnings, income, rent, issue and profits accruing on or derivable from the System.

SECTION 16. 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 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 System, when other property of equal value is substituted therefore or the sale price thereof is deposited in the aforesaid Contingency Fund.

SECTION 17. Competitive Franchises. So long as any of the Bonds are outstanding and unpaid in principal and interest, the Issuer obligates itself not to grant a franchise to any utility for operation within the boundaries of the Issuer which would render services of facilities similar to those of the System, and also obligates itself to oppose the granting of any such franchise by any other public board having jurisdiction over such matters. Further, the Issuer shall maintain its corporate identity and existence as long as any of the Bonds remain outstanding.

SECTION 18. Prohibition Against Encumbrances. Except as hereinafter provided in Section 9 of this Bond Ordinance, the Issuer hereby covenants that it will not voluntarily create or cause to be created any debt, lien, pledge, mortgage, assignment, encumbrance or any other charge whatsoever having priority over a parity with the lien of the Bonds and the interest thereon upon any of the Revenues pledged as security therefore in this Bond Ordinance.

SECTION 19. Issuance of Additional Bonds; Parity Requirements. The Bonds shall enjoy complete parity of lien on the Net Revenues of the System despite the fact that any of the Bonds may be delivered at an earlier date than any other of the Bonds. 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 the revenues of the System having priority over or parity with the Bonds herein authorized, except that Parity Obligations may be issued hereafter if the following conditions are met:

1. The Bonds or any part thereof, including interest and redemption premium 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 as 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 total principal and interest payments during any Bond Year in excess of the principal and interest which would have been required in such sinking fund year 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 issued hereunder.

2. Parity Obligations may also be issued on a parity with the Bonds if all of the following conditions are met;

(a) The average Net Revenues for the two (2) completed Fiscal Years immediately proceeding the issuance of the Bonds must have been not less than 1.25 times the highest combined principal and interest requirements for any succeeding Bond Year on all bonds then outstanding, including any pari passu additional bonds theretofore issued and then outstanding and any other bond or obligations whatsoever then outstanding which are payable from the income and revenues of the System (but not including Bonds which have been refunded or provisions otherwise made for their full and complete payment and redemption), and the bonds so proposed to be issued. In making the calculation required by this subparagraph 2(a), if the Issuer has adopted higher rates for services of the System on or before the date of issuance of the Parity Obligations, the calculation of average annual Net Revenues of the System for the previous two completed Fiscal Years may be made assuming such rates had been in effect during such period.

(b) The payments required to be made into the various funds provided in Section 9 hereof must be current.

(c) The existence of the facts required by paragraphs (a) and (b) above must be determined by an independent certified public accountant or the Legislative Auditor.

(d) The additional bonds must be payable as to principal on March 1st of each year in which the principal falls due and payable as to interest on March 1st and September 1st of each year.

(e) The proceeds of the additional bonds must be used solely for the making of improvements, extensions, renewals, replacements or repairs to the System or to refund the bonds.

SECTION 20. [Deleted]

SECTION 21. Retention and Duties of Consulting Engineer in Event of Failure to Make Required Payments. The Issuer covenants and agrees that in the event it should fail to derive sufficient income from the operation of the System to make the required monthly payments into the funds established by Section 9 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 System. Such Consulting Engineer shall be retained under contract at such reasonable compensation as may be fixed by this Governing Authority, and the payment of such compensation shall be considered to be one of the costs of maintaining and operating the 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 Purchaser of the Bonds.

The Consulting Engineer shall prepare within ninety (90) 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 System during the preceding Fiscal Year, the maintenance of the properties, the efficiency of the management of the System; the property and adequate keeping of books of record and account, the adherence to budget and budgetary control provisions, the adherence to the provisions of this Bond Ordinance and all other things having a bearing upon the efficient and profitable operation of the System, and shall include whatever criticism of any phase of the operation of the 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 this Governing Authority and sent to the Purchaser of the Bonds, and shall be open to inspection by any Owners of any of the Bonds. It shall be the duty of the Consulting Engineer to pass 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 One Thousand Dollars (\$1,000.00), 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 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 Governing Authority and the depository for said Contingency Fund.

Sixty (60) days before the close of each Fiscal Year, the Consulting Engineer shall submit to this Governing Authority a suggested budget for the ensuing year's operation of the System and shall submit recommendations as to the schedule of rates and charges for services supplied by the System, taking into account any other lawfully available funds of the Issuer that may be available of such purposes. A copy of suggested budget and recommendations shall also be furnished by said Consulting Engineer directly to the Purchaser. Such recommendations as to rates and charges consistent with the requirements relating thereto contained herein, shall be followed by this Governing Authority insofar as practicable and all other recommendations shall be given careful consideration by this Governing Authority and shall be substantially followed, except for good and reasonable cause. No expenditures for the operation, maintenance and repair of the 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 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 System and his staff and the manager or superintendent shall cause to prepare monthly reports not later than the twentieth (20th) day of each month, for the preceding months business and operation of the 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 Purchaser.

In the event this 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 the twenty-five percent (25%) of the aggregate principal amount of the Bonds then outstanding, this Governing Authority shall select and retain such Consulting Engineer as is named in the petition of said Owners.

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 9 of this Bond Ordinance.

SECTION 22. Recital of Regularity. This Governing Authority having investigated the regularity of the proceeding had in connection with the Bonds herein authorized and having determined the same to be regular, 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 the State of Louisiana.

SECTION 23. Mutilated, Destroyed, Stolen or Lost Bonds. If (1) any mutilated Bond is surrendered to the Paying Agent, or the Issuer and the Paying Agent receive evidence to their satisfaction of the destruction, loss, or theft of any Bond, and (2) there is delivered to the Issuer and the Paying Agent such security or indemnity as may be required by them so save each of them harmless, then, in the absence of notice of the Issuer or the Paying Agent that such Bond has been acquired by a bona fide purchaser, the Issuer shall execute and upon its request the Paying Agent shall register and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost, or stolen Bond, a new Bond of the same maturity and of like tenor, interest rate and principal amount, bearing a number not contemporaneously outstanding. In case any such mutilated, destroyed, lost, or stolen Bond has become or is about to become due and payable, the Issuer in its discretion may, instead of issuing a new Bond, pay such Bond. Upon the issuance of any new Bond under this Section, the Issuer may require the payment by the Owner of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Paying Agent) connected therewith. Every new Bond issued pursuant to this Section in lieu of any mutilated, destroyed, lost, or stolen Bond shall constitute a replacement of the prior obligation of the Issuer, whether or not the mutilated, destroyed, lost, or stolen Bond shall be at any time enforceable by anyone and shall be entitled to all the benefits of this Bond Ordinance equally and ratably with all other Outstanding Bonds. Additional procedures set forth in the Agreement authorized in this Bond Ordinance, shall also be available with respect to mutilated, destroyed, lost, or stolen Bonds. The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement and payment of mutilated, destroyed, lost, or stolen Bonds.

SECTION 24. Bond Ordinance and Contract Amendment. The provisions of this Bond Ordinance shall constitute a contract between the Issuer and Owner or Owners from time to time of the Bonds, and any such Owner or Owners may at law or in equity, by suit, action, mandamus or other proceedings, enforce and compel the performance of all duties required to be performed by this Governing Authority as a result of issuing the Bonds. No material modification or amendment of this Bond Ordinance, or of any ordinance amendatory hereof or supplemental hereto, may be made without the consent in writing of the Owners of two-thirds (2/3) of the aggregate principal amount of the Bonds then outstanding, provided, however, that no such modification or amendment shall permit a change in the maturity or the redemption provisions of the Bonds, or a reduction in the rate of interest thereon, or in the amount of the principal obligations thereof, or affecting the obligation of the Issuer to pay the principal of and interest on the Bonds as the same shall become due from the revenues of the System, or change the requirements specified herein for the issuance of pari passu bonds under the provisions of this Bond Ordinance, or reduce the percentage of the Owners of the Bonds required to consent to any material modification or amendment of this Bond Ordinance, without the consent of such Owner or Owners.

SECTION 25. Issuance of Bonds - Application of Proceeds. 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 Bond Ordinance, to cause the necessary Bonds to be

printed, to issue, execute and seal the Bonds and to effect delivery thereof as hereinafter provided.

All the proceeds derived from the sale of the Bonds and proceeds deposited in a cost of issuance account for the payment of costs and expenses associated with issuing the Bonds, shall be expended to prepay and refund the Refunded Bonds and for that purpose an Escrow Fund or Account may be established with the Paying Agent.

SECTION 26. Insurance. So long as any of the Bonds are outstanding and unpaid in principal or interest, the Issuer shall carry full coverage of insurance on the System at all times against those risks and in those amounts normally carried by privately owned public utility companies engaged in the operation of such utilities. Said policies of insurance shall be issued by a responsible insurance company or companies duly licensed to do business under the laws of the State of Louisiana. In case of loss, any insurance money received by the Issuer shall be used for the purpose of promptly repairing or replacing the property damaged or destroyed, or shall be deposited in the Contingency Fund to supplement any other amounts required to be paid therein.

SECTION 27. Effect of Registration. The Issuer, the Paying Agent, and any agent of either of them may treat the Owner in whose name any Bond is registered as the owner of such Bond for the purpose of receiving payment of the principal (and redemption price) of and interest on such Bond and for all other purposes whatsoever, and to the extent permitted by law, neither the Issuer, the Paying Agent, nor any agent of either of them shall be affected by notice of the contrary.

SECTION 28. Intentionally Deleted.

SECTION 29. Notices to Owners. Wherever this Bond Ordinance provides for notice to Owners of Bonds of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and mailed, first-class postage prepaid, to each Owner of such Bonds, at the address of such Owner as it appears in the Bond Register. In any case where notice to owners of Bonds is given by mail, neither the failure to mail such notice to any particular Owner of Bonds, or any defect in any notice so mailed, shall affect the sufficiency of such notice with respect to all other Bonds. Where this Bond Ordinance provides for notice in any manner, such notice may be waived in writing by the Owner or Owners entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waiver of notice by Owners shall be filed with the Paying Agent, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

SECTION 30. Cancellation of Bonds. All Bonds surrendered for payment, redemption, transfer, exchange or replacement, if surrendered to the Paying Agent, shall be promptly canceled by it and, if surrendered to the Issuer, shall be delivered to the Paying Agent and, if not already canceled, shall be promptly canceled by the Paying Agent. The Issuer may at any time deliver to the Paying Agent for cancellation any Bonds previously registered and delivered which the Issuer may have acquired in any manner whatsoever, and all Bonds so delivered shall be promptly canceled by the Paying Agent. All canceled Bonds held by the Paying Agent shall be disposed of as directed in writing by the Issuer.

SECTION 31. Severability; Application of Subsequently Enacted Laws. In case any one or more of the provisions of this Bond Ordinance or of the Bond shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not effect any other provisions of this Bond Ordinance of the Bonds, but this Bond 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 provisions enacted after the date of this Bond Ordinance which validate or make legal any provisions of this Bond Ordinance and/or the Bonds which would not otherwise be valid or legal, shall be deemed to apply to this Bond Ordinance and to the Bonds.

SECTION 32. Discharge of Bond Ordinance; Defeasance. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid to the Owners, the principal (and redemption

price) of the interest on the Bonds, at the times and in the manner stipulated in this Bond Ordinance, then the pledge of the money, securities, and funds pledged under this Bond Ordinance and all covenants, agreements, and other obligations of the Issuer to the Owners of the Bonds shall thereupon cease, terminate, and become void and be discharged and satisfied, and Paying Agent shall pay over or deliver all money held by it under this Bond Ordinance to the Issuer.

Bonds or interest installments for the payment or redemption 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 redemption or otherwise) at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and with the effect expressed above in this Section. Bonds shall be deemed to have been paid prior to their maturity, within the meaning and with effect expressed above in this Section if there shall have been deposited in trust either money in an amount which shall be sufficient, or Government Securities the principal of, and the interest on which when due will provide money which, together with the money, if any, deposited in trust at the same time, shall be sufficient to pay when due the principal of, premium, if any, and interest to become due on such Bonds on and prior to the stated maturity or (if notice of the call for redemption has been duly given or waived or if irrevocable arrangements therefor have been made) redemption date thereof neither Government Securities nor money deposited in trust pursuant to this Section, nor principal or interest payments on any such Government Securities, shall be withdrawn or used for any such purpose other than, and shall be held in trust for, the payment of the principal (and redemption price) of and interest on such Bonds. Any cash received from such principal of and interest on such investment securities deposited in trust, and if not needed for such purpose shall, to the extent practicable, be reinvested in Government Securities (which may be non-interest bearing) maturing at times and in amounts sufficient to pay when due the principal, premium, if any, of and interest on such Bonds on and prior to the maturity thereof and interest earned from such reinvestments shall be paid over to the Issuer as received by the depository, free and clear of any trust, lien or pledge. Any payment for Government Securities purchased for the purpose of reinvesting money as aforesaid shall be made only against delivery of such Government Securities.

SECTION 33. Successor Paying Agent; Paying Agent Agreement. The Issuer will at all times maintain a Paying Agent meeting the qualifications hereinafter described for the performance of the duties hereunder for the Bonds. The designation of the initial Paying Agent in this Bond Ordinance is hereby confirmed and approved. The Issuer reserves the right to appoint a successor Paying Agent by (a) filing with the person then performing such function a certified copy of an ordinance or ordinances giving notice of the termination of the Agreement and appointing a successor and (b) causing notice to be given to each Owner. Every Paying Agent appointed hereunder shall at all times be a bank or trust company 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, hereby authorized and directed to execute an appropriate Agreement with the Paying Agent for and on behalf of the Issuer in such form as may be satisfactory to said officers, the signatures of the said officers on such Agreement to be conclusive evidence of the due exercise of the authority granted hereunder.

SECTION 34. Arbitrage — Designation as Qualified tax-exempt Obligations. The Issuer covenants and agrees that, to the extent permitted by the laws of the State of Louisiana, it will comply with the requirements of the Internal Revenue Code of 1986 and any amendment thereto (the "Code") in order to establish, maintain and preserve the exclusion from "gross income" of interest on the Bonds 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 be to 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".

The Bonds are designated as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code. In making this designation, the Issuer finds and determines that;

- (a) the Bonds are not "private activity bonds" within the meaning of the Code; and
- (b) the reasonable anticipated amount of qualified tax-exempt obligations which will be issued by the Issuer and all subordinate entities in calendar year 2011 does not exceed \$10,000,000.

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

SECTION 35. Sale of Bonds. The sale of the Bonds to the Purchaser is hereby in all respects approved, ratified and confirmed and after their execution, the Bonds shall be delivered to the Purchaser or its agents or assigns, upon receipt by the Clerk of the Issuer of the agreed purchase price. The Mayor and Clerk of the Issuer are each hereby empowered, authorized and directed to execute and deliver or cause to be executed and delivered all documents required to be executed on behalf of the Issuer or deemed by them necessary or advisable to implement this Bond Ordinance or facilitate the sale of the Bonds including an Escrow Agreement with Regions Bank, as escrow trustee.

SECTION 36. Intentionally Deleted.

SECTION 37. Employment of Structuring Agent. The employment of Stephens Inc., as Structuring Agent of the Bonds is hereby approved and ratified.

SECTION 38. Continuing Disclosure. The Issuer is exempt from the continuing disclosure requirements of 17 CFR 240.15c2-12 (the "SEC Continuing Disclosure Rules") by virtue of the private placement exemption.

SECTION 39. Publication of Bond Ordinance. Peremption. A copy of this Bond Ordinance shall be published immediately after its adoption in one issue of the official journal of the Issuer. For a period of thirty (30) days after the date of such publication any person in interest shall have the right to contest the legality of this Bond Ordinance, the Bonds to be issued pursuant hereto and the security for such Bonds. After the expiration of said thirty (30) day period, no one shall have any right of action to contest the validity of the Bonds, the provisions of this Bond Ordinance or the security of the Bonds for any cause whatsoever, and the Bonds shall thereafter be conclusively presumed to be legal and no court shall thereafter have authority to inquire into such matters.

SECTION 40. Recordation of Bond Ordinance. A certified copy of this Bond Ordinance shall be filed and recorded in the Mortgage Records of the Parish of Caddo, Louisiana, as soon as possible.

SECTION 41. Section Headings. The headings of the various sections hereof are inserted for convenience of reference only and shall not control or affect the meaning or construction of any of the provisions hereof.

SECTION 42. Effective Date. This Bond Ordinance shall become effective immediately. This Bond Ordinance having been submitted to a vote, the vote thereon was as follows:

Motion by Jones, second by Ashby. Roll Call Vote:

YEAS: Ashby, Jones, Prewett, Whittington

NAYS: None ABSENT: None

Lee, Mayor Pro-Tem

And the Bond Ordinance was declared enacted on this, the 30<sup>th</sup> day of June, 2011.

Motion by Jones to keep the existing reserve monies of \$132,405 in a special reserved account to help with the construction on the new water plant. Second by Whittington. Roll Call Vote:  
Yeas: Ashby, Jones, Whittington, and Prewett.  
Nays: None Absent: None  
Lee, Mayor Pro-Tem

### NEW BUSINESS

#### New Territory

New Territory—Motion by Prewett to accept property and lift station in New Territory subject to reimbursement of \$14.00 electric bill. Second by Jones.

Yea: Jones, Prewett, Whittington.

Nay: Ashby.

New Territory Unit IV Plat—Motion by Jones to accept variance of 20 foot setback for New Territory Unit IV, second by Whittington. All voted yea. Motion by Jones to accept plat with variance, second by Whittington. All voted yea.

#### Northwood Trace Unit VI

Northwood Trace Unit VI—Motion by Jones to accept variance of 20 foot setback and 5 foot side yard for Northwood Trace Unit VI, second by Whittington. All voted yea. Motion by Jones to accept plat with variance, second by Whittington. All voted yea.

#### Cut-off list—public record

At 7:00 p.m., motion by Jones to go into executive session. Second by Whittington. All voted yea. At 7:10 p.m. motion by Jones to close executive session, second by Whittington. All voted yea. The last cut-off list will be provided to Danny Lawler.

#### Comments by Mayor

None. Motion by Whittington to adjourn, second by Jones. All voted yea. Meeting adjourned 7:15.

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Johnny Digilormo, Mayor

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Debra Smith, Town Clerk