

CITY OF CROWLEY
REGULAR COUNCIL MEETING
OCTOBER 10, 2006

The Mayor and Board of Aldermen of the City of Crowley, Louisiana, the governing authority of the City of Crowley, met in a regular session at 6:00 p.m. Tuesday the 10th day of October, 2006, at the regular meeting place of said Mayor and Board of Aldermen, the Council Chambers, 426 North Avenue F, Crowley, Louisiana.

Mayor de la Houssaye presided with the following Aldermen present: Nelson Arceneaux, Dr. James M. Buatt, Tiger Istre, Mary T. Melancon, Laurita D. Pete, Steven C. Premeaux, Ira Thomas and Kitty Valdetero. Alderman Woody Marceaux was absent.

Alderman Thomas led the Pledge of Allegiance to the flag and Alderman Arceneaux gave the invocation.

AGENDA AMENDMENTS:

Alderman Thomas offered a motion to consider the substantial completion for repairs to the Enterprise center. Seconded by Alderman Premeaux and duly adopted after a unanimous vote.

Alderwoman Melancon offered a motion to consider the repairs to the west side of the Enterprise center. Seconded by Alderman Thomas and duly adopted after a unanimous vote.

Alderwoman Valdetero offered a motion to consider a cover for smokers at city hall. Seconded by Alderwoman Pete and duly adopted after a unanimous vote.

Alderman Premeaux offered a motion to consider a resolution for police radios as surplus equipment and authorize for the sale of radios. Seconded by Alderwoman Pete and duly adopted after a unanimous vote.

PUBLIC HEARING:

Mayor de la Houssaye opened the public hearing on Rule to Show Cause for Condemnation of Property on Lot 6 of Block 52 of the West Crowley Addition, having a municipal address of 328 North Avenue D belonging to Paula Ruth Martin. City Inspector, Danny Hebert said he found that the building was almost completely demolished and the lot was being cleaned. He recommended that the condemnation proceedings be discontinued. There was no one present to represent the owners of the property.

Alderman Premeaux offered a motion to discontinue the hearing pending the completion of the demolition. Seconded by Alderwoman Melancon and duly adopted.

Mayor de la Houssaye called the public hearing to a close.

Alderwoman Pete offered a motion to begin the process of notification of a public hearing on Rule to Show Cause for Condemnation of Property on, Lot 4 of Block 9 of the West Side Addition, having a municipal address of 1706 J. D. Miller Drive belonging to Terry and Sharon Francis. Seconded by Alderman Istre and duly adopted.

Mayor de la Houssaye opened the public hearing on proposed ordinance no. 1348, the ordinance to "amend the fiscal 2007 budget" was read by title.

Mr. Regan asked for proponents to the proposed ordinance no. 1348. A third and final call was made with no one coming forward to speak.

The call for opponents of the proposed ordinance no. 1348 was made and there were no comments after the third and final call.

Mayor de la Houssaye called the public hearing to a close.

Mayor de la Houssaye opened the public hearing on proposed ordinance no. 1349, the ordinance to “Authorizing the Issuance of One Million Three Hundred Fifty Thousand Dollars (\$1,350,000.00) of Sewer Revenue Bonds, Series 2006 (Louisiana Department of Environmental Quality)” was read by title.

Alderman Valdetero offered a written substitute ordinance no. 1349 for the original ordinance introduced. Seconded by Alderman Melancon and duly adopted.

Mr. Regan asked for proponents to the proposed ordinance no. 1349. A third and final call was made with no one coming forward to speak.

The call for opponents of the proposed ordinance no. 1349 was made and there were no comments after the third and final call.

Mayor de la Houssaye called the public hearing to a close.

READING & APPROVAL OF MINUTES / BILLS:

Alderman Istre moved to dispense with the reading of the minutes of the September 12, 2006 regular council meeting and approve them as written and distributed. Seconded by Alderman Premeaux and duly adopted.

Alderman Premeaux moved to dispense with the reading of the minutes of the September 25, 2006 special council meeting and approve them as written and distributed. Seconded by Alderman Melancon and duly adopted.

Alderman Valdetero moved to approve all bills presented for payment. Seconded by Alderman Melancon and duly adopted.

MAYOR'S REPORT:

Mayor de la Houssaye presented the Sales Tax chart and User Fee chart that track the collection trend since fiscal 1992. The Recap of all Funds Report compares actual revenues and expenditures for the fiscal year 2007 to the budgeted revenues and expenditures of the same period.

STANDING COMMITTEE REPORTS:

PUBLIC WORKS:

Alderman Melancon offered a motion to award the sale of LAS scrap steel at the Wastewater Facility to George Brothers Surplus for \$0.40 per pound. Seconded by Alderman Pete and duly adopted.

Alderman Melancon offered a motion to approve the construction plans and specifications for the East Andrus and West Andrus Streets LCDBG FY 04-05 Street Improvements Project, and authorize the advertisement for bids to be received at the earliest possible date. Seconded by Alderman Thomas and duly adopted.

Alderman Melancon offered a motion to approve Partial Payment No. 6 to Le Talley Ho for the FY 2005-06 Street Repair Contract in the amount of \$17,261.01. Seconded by Alderman Valdetero and duly adopted.

Alderman Melancon offered a motion to approve Change Order No. 3, the Final Contract Change Order, for the Le Talley Ho FY 2005-06 Street Repair Contract, to adjust original contract quantities to final contract quantities in the negative amount of \$5,910.35 and original contract time to final contract time for an additional 24 days. Seconded by Alderman Valdetero and duly adopted.

The following resolution was offered by Alderman Melancon, duly seconded by Alderman Thomas, and duly resolved and adopted.

RESOLUTION OF TERMINATION

A resolution authorizing and directing the Mayor to execute for and on behalf of the City of Crowley, a Notice of Termination for Le Talley Ho Construction Co., Inc., Contractor, pertaining to the substantial completion of the contract for "2005 – 2006 City-Wide Street Repair " for the City of Crowley in accordance with the plans and specifications contained in the contract documents pertaining thereto.

WHEREAS, Le Talley Ho Construction Co., Inc., as Contractor, has substantially completed "2005 – 2006 City-Wide Street Repair " for the City of Crowley in accordance with the plans and specifications contained in the contract documents pertaining thereto; and

WHEREAS, the City of Crowley desires to accept the completed work;

NOW, THEREFORE, BE IT RESOLVED by the City of Crowley Board of Aldermen that the Mayor of said City of Crowley be, and is hereby empowered, authorized and directed to execute a Notice of Termination for and on behalf of the City of Crowley accepting the work as being substantially completed, and that the Mayor be authorized and directed to have a copy of said acceptance recorded in the Conveyance Records of the Parish of Acadia, State of Louisiana.

ADOPTED: October 10, 2006

ISABELLA L. de la HOUSSAYE, Mayor

ATTEST:

JUDY L. ISTRE, City Clerk

Alderman Melancon offered a motion to authorize Mader Engineering, Inc. to prepare plans and specifications for "Crowley Cemetery Drainage and Parking Improvements", to include alternate proposals that allow a choice between providing parking on both sides of Mustang Road and providing parking only on the north side of Mustang Road. Seconded by Alderman Thomas and duly adopted.

UTILITY:

Alderman Arceneaux offered a motion to approve Partial Payment No. 7 to M. P. Dumesnil Construction for the North of I-10 Sewage Improvements contract in the amount of \$60,016.74. Seconded by Alderman Pete and duly adopted.

Alderman Valdetero offered a motion to approve Change Order No. 3 to Construction Pro for the 2005-06 I/I Rehabilitation Program contract in the amount \$70,685.00 and for an additional 24 days. Seconded by Alderman Pete and duly adopted.

Alderman Buatt offered a motion to approve Partial Payment No. 7 to Construction Pro for the 2005-06 I/I Rehabilitation Program contract in the amount of \$58,487.32. Seconded by Alderman Melancon and duly adopted.

Alderman Arceneaux offered a motion authorize the Mayor to work with the Police Jury to derive at a comprehensive plan for future Code Enforcement requirements and certification for permitting and inspections for new construction and report back to the Council. Seconded by Alderman Istre and duly adopted.

ZONING & ANNEXATION:

Alderman Thomas offered a motion to accept the Planning Commission's recommendation to approve the Preliminary and Final Plat for Ted Taylor at 603 South Parkerson Avenue described as the re-subdivision of Lots 12, 13 & 14, Block 22, South Crowley Addition into Tract A & Tract B. Seconded by Alderman Melancon and duly adopted.

Alderman Thomas offered a motion to request a legal opinion from the City Attorney on what would be the best course of action for the City Council to take to ensure that only single family dwellings are allowed to be constructed in the Bobby Smith Subdivision. Seconded by Alderwoman Valdetero and duly adopted.

Alderwoman Valdetero offered a motion to follow the Residential-2 zoning classification for the Bobby Smith Subdivision. Seconded by Alderman Buatt and duly adopted.

PUBLIC BUILDING:

Alderman Thomas offered a motion to approve Change Order Proposal No. 7 – (Relocate service next to transfer switch) to E. L. Habetz Builders, Inc. contract for the renovations to the Criminal Justice Center in the amount \$3,080. Seconded by Alderman Buatt and duly adopted.

Alderman Thomas offered a motion to approve Change Order No. 9 – (Add 10 gallon commercial hot water heater and run new lines to feed all lavatories in men and women restroom) to E. L. Habetz Builders, Inc. contract for the renovations to the Criminal Justice Center in the amount of \$926. Seconded by Alderman Istre and duly adopted.

Alderman Thomas offered a motion to approve Change Order No. 10 – (Remove all plumbing fixtures and capping all sewer and water lines and disposing materials in extra rest room for closet space) to E. L. Habetz Builders, Inc. contract for the renovations to the Criminal Justice Center in the amount of \$488.40. Seconded by Alderwoman Valdetero and duly adopted.

Alderman Thomas offered a motion to approve Partial Payment No. 4 to E. L. Habetz Builders, Inc. for renovations to the Criminal Justice Center in the amount of \$93,839.86. Seconded by Alderwoman Melancon and duly adopted.

Alderman Thomas offered a motion to approve Partial Payment No. 2 to E. L. Habetz Builders, Inc. for the exterior repairs to the Enterprise Center in the amount of \$88,299. Seconded by Alderman Premeaux and duly adopted.

Alderman Thomas offered a motion to approve Change Order No. 11 – (Adding closet No. 5) to E. L. Habetz Builders, Inc. contract for the renovations to the Criminal Justice Center in the amount of \$3,406.70. Seconded by Alderwoman Melancon and duly adopted.

Alderman Thomas offered a motion to approve Change Order No. 12 – (Moving existing minisplit A/C system from the file room to the new communication room to independently cool room) to E. L. Habetz Builders, Inc. contract for the renovations to the Criminal Justice Center in the amount of \$2,750.00. Seconded by Alderman Buatt and duly adopted.

Alderman Thomas offered a motion to accept as substantially complete the repairs to the Enterprise center. Seconded by Alderman Premeaux and duly adopted.

Alderwoman Valdetero offered a motion to approve change order to add the repairs to the west side of the Enterprise center in the amount of \$88,740 and amend the General Fund's budget in Public Building & Drainage for capital outlay. Seconded by Alderwoman Melancon and duly adopted.

INSURANCE & PERSONNEL:

Alderwoman Pete offered a motion to terminate Ramona Harmon as a Police Dispatcher effective September 29, 2006. Seconded by Alderman Istre and duly adopted.

Alderwoman Pete offered a motion to employ Shelia Lewis as a Police Dispatcher effective October 11, 2006 contingent upon drug screening & physical examination. Seconded by Alderwoman Melancon and duly adopted.

Alderman Pete offered a motion to promote Johnathon Habetz from Permanent Firefighter to Probational Firefighter First Class effective September 12, 2006. Seconded by Alderman Buatt and duly adopted.

Alderman Pete offered a motion to promote Scott Mouton from Permanent Firefighter to Probational Firefighter First Class effective September 12, 2006. Seconded by Alderman Valdetero and duly adopted.

Alderman Pete offered a motion to promote Dustin LaJack from Permanent Firefighter to Probational Firefighter First Class effective September 12, 2006. Seconded by Alderman Istre and duly adopted.

Alderman Pete offered a motion to employ Curt Piontkowsky to Firefighter Recruit effective September 22, 2006. Seconded by Alderman Melancon and duly adopted.

Alderman Pete offered a motion to confirm Chad Monceaux from Probational Fire Captain to Permanent Fire Captain effective September 1, 2006. Seconded by Alderman Valdetero and duly adopted.

Alderman Pete offered a motion to confirm Robert Burke from Probational District Fire Chief to Permanent District Fire Chief effective September 1, 2006. Seconded by Alderman Arceneaux and duly adopted.

Alderman Pete offered a motion to promote Mikeal Dartez from Recruit Firefighter to Probational Firefighter effective October 12, 2006. Seconded by Alderman Buatt and duly adopted.

Alderman Pete offered a motion to confirm Garrick Ronkartz from Probational Fire Driver to Permanent Fire Driver effective October 12, 2006. Seconded by Alderman Istre and duly adopted.

COMMUNITY & ECONOMIC DEVELOPMENT:

Alderman Istre offered a motion to re-schedule November Committee meetings from November 8-9, 2006 to November 6-7, 2006. Seconded by Alderman Melancon and duly adopted.

Alderman Istre offered a motion to re-schedule December Committee meetings from December 6-7, 2006 to November 29-30, 2006. Seconded by Alderman Pete and duly adopted.

Alderman Istre offered a motion to set-up the stage at Crowley High School for a community wide Youth Rally to be held November 2, 2006 contingent upon the property owner providing a letter of indemnification to the city. Seconded by Alderman Melancon and duly adopted.

REVENUE & FINANCES:

The following resolution was offered by Alderman Valdetero, duly seconded by Alderman Melancon, and duly resolved and adopted.

A RESOLUTION OF THE MAYOR AND BOARD
OF ALDERMEN OF THE CITY OF CROWLEY,
ACADIA PARISH, LA. INTRODUCING A
PROPOSED ORDINANCE AND CALLING FOR A
PUBLIC HEARING CONCERNING SAME.

WHEREAS, an ordinance has been proposed to be adopted by the Board of Aldermen of the City of Crowley; and

WHEREAS, the proposed ordinance must be introduced by its title; and

WHEREAS, a public hearing must be held prior to its adoption; and

WHEREAS, the title of the proposed ordinance must be published in the official journal and the notice shall provide for the time and place where the Board will consider its adoption.

NOW THEREFORE, BE IT RESOLVED, by the Mayor and Board of Aldermen, that the following ordinance be and it is hereby introduced for consideration at the next regular meeting of the Mayor and Board of Aldermen, to-wit:

AN ORDINANCE AMENDING THE BUDGETS FOR THE CITY OF CROWLEY FOR THE FISCAL YEAR, BEGINNING SEPTEMBER 1, 2006 AND ENDING AUGUST 31, 2007; AND TO PROVIDE FOR ALL MATTERS RELATIVE THERETO; AND TO REPEAL ALL ORDINANCES OR PARTS OF ORDINANCES INCONSISTENT OR IN CONFLICT THEREWITH.

BE IT FURTHER RESOLVED by the Mayor and Board of Aldermen, that the City Clerk shall publish the following notice in the Crowley Post Signal:

NOTICE OF PROPOSED ADOPTION OF ORDINANCE

The Board of Aldermen of the City of Crowley shall meet on the 14th day of November 2006 at 6:00 o'clock p.m. in the Council Chambers, City Hall, Crowley, LA, to consider the adoption of the following ordinance.

AN ORDINANCE AMENDING THE BUDGETS FOR THE CITY OF CROWLEY FOR THE FISCAL YEAR, BEGINNING SEPTEMBER 1, 2006 AND ENDING AUGUST 31, 2007; AND TO PROVIDE FOR ALL MATTERS RELATIVE THERETO; AND TO REPEAL ALL ORDINANCES OR PARTS OF ORDINANCES INCONSISTENT OR IN CONFLICT THEREWITH.

Copies of the proposed Ordinance are available for a nominal fee in the Office of the City Clerk, City Hall, Crowley, LA.

THUS DONE AND SIGNED on this the 10^h day of October, 2006.

JUDY L. ISTRE, City Clerk

THUS DONE, SIGNED AND ADOPTED in regular session duly convened on the 10th day of October, 2006, in Crowley, Acadia Parish, Louisiana.

ISABELLA L. de la HOUSSAYE, Mayor

ATTEST:

JUDY L. ISTRE, City Clerk

RESOLUTIONS:

The following resolution was offered by Alderwoman Melancon, duly seconded by Alderman Thomas, and duly resolved and adopted.

A RESOLUTION OF THE MAYOR AND BOARD OF ALDERMEN OF THE CITY OF CROWLEY, ACADIA PARISH, LOUISIANA, DECLARING THE 1988 FORD CAMEL TRUCK AS SURPLUS EQUIPMENT AND AUTHORIZING THE SALE THEREOF BY PUBLIC SEALED BID; AND TO PROVIDE FOR ALL MATTERS RELATIVE THERETO.

WHEREAS, the Wastewater Treatment Department has recently taken delivery of a used 1991 L9000 Ford chassis with sewer cleaner vacuum unit (camel truck) to replace the 1988 Ford Camel Truck and equipment presently used by the Wastewater Treatment Department; and

WHEREAS, the 1988 Ford Camel Truck is no longer needed by the Wastewater Department and it is necessary to declare it surplus equipment and to authorize the sale of the equipment by public sealed bid;

NOW THEREFORE BE IT RESOLVED by the Mayor and Board of Aldermen of the City of Crowley, Acadia Parish, Louisiana, in regular session duly convened that they do hereby declare the 1988 Ford Camel Truck chassis and vacuum body is no longer needed and is hereby declared surplus property; and

BE IT FURTHER RESOLVED that they do hereby authorize the sale of the 1988 Ford Camel Truck bearing VIN #1FDY84A1JVA56155 "As Is and Without Any Warranty Whatsoever" by public sealed bid to be duly advertised in accordance with law to be opened and read aloud on the 31st day of October, 2006 at 10:00 a.m. at the office of the Clerk of the City of Crowley at 425 North Parkerson Avenue, Crowley, Louisiana, 70526, and thereafter taken under advisement; and

BE IT FURTHER RESOLVED that the Honorable Isabella L. de la Houssaye, Mayor of the City of Crowley, and the Honorable Judy L. Istre, City Clerk of the City of Crowley, be and they are hereby authorized to issue notice of public bid and to advertise same in accordance with law and to do and perform all things necessary as may meet and proper in the premises.

THUS DONE AND ADOPTED in regular session duly convened on the 10th day of October, 2006, in Crowley, Acadia Parish, Louisiana.

ISABELLA L. de la HOUSSAYE, Mayor

ATTEST:

JUDY L. ISTRE, City Clerk

The following resolution was offered by Alderman Thomas, duly seconded by Alderwoman Melancon, and duly resolved and adopted.

A RESOLUTION OF THE MAYOR AND BOARD OF ALDERMEN OF THE CITY OF CROWLEY, ACADIA PARISH, LOUISIANA, DECLARING HANDHELD AND VEHICLE RADIOS AS SURPLUS EQUIPMENT AND AUTHORIZING THE SALE TO OTHER PUBLIC BODIES BY INTERGOVERNMENTAL AGREEMENT; AND TO PROVIDE FOR ALL MATTERS RELATIVE THERETO.

WHEREAS, the Crowley Police Department recently purchased and installed a new communication system with new handheld portable units and vehicle radios which are operating at a different frequency than the present system; and

WHEREAS, the 800 megahertz handheld and vehicle radios are not compatible with the new equipment and are therefore no longer needed by the Crowley Police Department; and

WHEREAS, it is necessary to declare the radios and equipment to be surplus property; and

WHEREAS, other public bodies in Acadia Parish have expressed interest in purchasing the units which are compatible with their 800 megahertz system and it is necessary to authorize the sale of the radios and equipment to other public bodies by Intergovernmental Agreement; and

WHEREAS, the equipment has been valued at a price between \$350.00 and \$450.00 per unit;

NOW THEREFORE BE IT RESOLVED by the Mayor and Board of Aldermen of the City of Crowley, Acadia Parish, Louisiana, in regular session duly convened that they do hereby declare that sixteen (16) Kenwood Model TK-980 radio units, one (1) Kenwood Model TK-980 transceiver radio, six (6) Kenwood Model TK-940 radios, six (6) Standard Model HX582T Radios, two (2) Standard handheld radios and one (1) Standard Radio Charger are no longer needed for use by the Crowley Police Department and are hereby declared to be surplus property; and

BE IT FURTHER RESOLVED that Honorable Isabella L. de la Houssaye, Mayor of the City of Crowley, be and she is hereby authorized, empowered and directed to offer for sale of the radio equipment described above "As Is and Without Any Warranty Whatsoever" to other public bodies and to negotiate a price within the range of \$350.00 to \$450.00 with other public bodies and to satisfactorily conclude said transaction by execution of an Intergovernmental Agreement with those governmental entities at an agreed price with the description of the surplus equipment and the amount sold therefor, to receipt for the price of same and to do and perform all things necessary as may be required in conclude said transaction as may be meet and proper in the premises.

THUS DONE AND ADOPTED in regular session duly convened on the 10th day of October, 2006, in Crowley, Acadia Parish, Louisiana.

ISABELLA L. de la HOUSSAYE, Mayor

ATTEST:

JUDY L. ISTRE, City Clerk

ORDINANCES:

The following Ordinance was offered by Alderman Istre, duly seconded by Alderwoman Pete and duly ordained and adopted.

ORDINANCE NO. 1348

AN ORDINANCE AMENDING THE BUDGETS FOR THE CITY OF CROWLEY FOR THE FISCAL YEAR, BEGINNING SEPTEMBER 1, 2006 AND ENDING AUGUST 31, 2007; AND TO PROVIDE FOR ALL MATTERS RELATIVE THERETO; AND TO REPEAL ALL ORDINANCES OR PARTS OF ORDINANCES INCONSISTENT OR IN CONFLICT THEREWITH.

WHEREAS, the proposed Amended Operating Budgets and the accompanying budget ordinance have been submitted to this Board of Aldermen for review and consideration; and

WHEREAS, this ordinance has been duly introduced and notice of this ordinance and notice of public hearing having been published; and

WHEREAS, notice of a public hearing by the City of Crowley on the proposed Amended Operating Budgets and notice of the availability of the proposed amended budgets for review have been timely published in the official journal, the Crowley Post Signal; and

WHEREAS, the public hearing having been held in accordance with the law on the 11th day of October, 2006 at 6:00 o'clock p.m. at City Hall on the proposed Amended Operating Budgets have now been reviewed and considered; now.

THEREFORE BE IT ORDAINED by the Board of Aldermen of the City of Crowley, Acadia Parish, Louisiana, in Regular Session, duly convened on the 10th day of October, 2006 that the following Amended Operating Budgets are hereby approved, adopted and finalized.

Account Name	Amendment 2006-2007	Amended 2006-2007 Budget
General Fund		
Police – Capital Outlay Expense	43,050	168,350
Fire – Capital Outlay Expense	11,500	11,500
Street - Capital Outlays	434,000	734,000
Public Bldg. & Drainage - Capital Outlays	17,400	769,800
Operating Transfers In-Transfers & Approp.	434,000	5,262,995
½ Cent Sales Tax Street		
Operating Transfers Out-Transfers & Approp.	434,000	1,211,130
Utility Fund - Sewage		
Inflow & Infiltration – Capital Outlay	196,056	196,056

BE IT FURTHER ORDAINED, the amounts shall be available for expenditures only to the extent and only as included within the amended 2006-2007 fiscal budget, however nothing shall be construed to prohibit the Governing Authority from making amendments to the budget.

BE IT FURTHER ORDAINED, the Mayor of the City of Crowley, Isabella L. de la Houssaye, is hereby authorized and in her sole discretion, to make such changes within the various budget classifications as she may deem necessary.

BE IT FURTHER ORDAINED, if any provision, part, word, section, subsection, sentence, clause, or phrase of this ordinance should be held invalid by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this ordinance and do hereby declare the provisions hereof, to be severable, then in that event, only that particular provision, part, word, section, subsection, sentence, clause or phrase shall be deemed unconstitutional or invalid and the remaining provisions, parts, words, sections, subsections, sentences, clauses or phrases will not be affected and shall continue in full force and effect.

BE IT FURTHER ORDAINED that all ordinances or parts of ordinances inconsistent with or in conflict herewith be and the same are hereby repealed.

THUS AMENDED, APPROVED, ADOPTED AND FINALIZED on this the 10th day of October, 2006 at Crowley, Acadia Parish, Louisiana, after a roll call vote as follows:

YEAS: Nelson Arceneaux, Dr. James M. Buatt, Tiger Istre, Mary T. Melancon, Laurita D. Pete, Steven C. Premeaux, Ira Thomas and Kitty Valdetero

NAYS: None

ABSTAINING: None

ABSENT: Woody Marceaux

ISABELLA L. de la HOUSSAYE, Mayor

ATTEST:

JUDY L. ISTRE, City Clerk

The following Substitute Ordinance was offered by Alderwoman Pete, duly seconded by Alderman Arceneaux and duly ordained and adopted.

ORDINANCE NO. 1349

An ordinance authorizing the issuance of One Million Three Hundred Fifty Thousand Dollars (\$1,350,000) of Sewer Revenue Bonds, Series 2006 (the "Bonds"), of the City of Crowley, State of Louisiana; prescribing the form, terms and conditions of the said Bonds; designating the date, denomination and place of payment of said Bonds; providing for the payment of principal and interest; selling said 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 4, Subtitle II of Title 30 of the Louisiana Revised Statutes of 1950, as amended, specifically La. R.S. 30:2078, *et. seq.* (the "State Act"), has established a Municipal Facilities Revolving Loan Fund in the custody of the Department (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 2078(B)(2) of the State Act, and has authorized the Department to administer the State Revolving Fund in accordance with applicable federal and state law; and

WHEREAS, the City of Crowley, State of Louisiana (the "Issuer"), has made application to the Department for a loan from the State Revolving Fund to finance a portion of the costs of constructing and acquiring extensions, improvements and additions to the sewer collection, treatment and disposal system of the Issuer (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, the Issuer now desires to authorize the incurring of debt and the issuance of not exceeding \$1,350,000 of Sewer Revenue Bonds, Series 2006 (the "Bonds"), for the purposes described above, which Bonds are proposed to be purchased by the Department using available moneys in the State Revolving Fund; and

WHEREAS, the Issuer has no outstanding indebtedness payable from the income and revenues to be derived from the operation of the System other than the hereinafter defined Parity Obligations;

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

ARTICLE 1 DEFINITIONS AND INTERPRETATION

SECTION 1.01. Definitions The following terms used in this Ordinance shall have the following meanings, unless the context clearly requires otherwise:

"Act" means Chapter 4, Subtitle II of Title 30 of the Louisiana Revised Statutes of 1950, as amended, specifically R.S. 30:2078 et seq.

"Administrative Fee" means the annual fee equal to one-half of one percent (0.5%) *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 each year in two equal semi-annual installments on each Interest Payment Date.

"Bond" or **"Bonds"** means the Issuer's Sewer Revenue Bonds, Series 2006, authorized by this Ordinance, in the total aggregate principal amount of One Million Three Hundred Fifty Thousand Dollars (\$1,350,000).

"Bond Register" means the records kept by the Registrar (initially the Clerk of the Governing Authority) 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.

"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 September 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 Issuer 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 September 1 and March 1 of each year until the Bonds are paid in full, commencing March 1, 2007.

"Issuer" means the City of Crowley, 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 System, after payment from the Revenues of all reasonable and necessary expenses of operating and maintaining the 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 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 the parity obligations listed below and any additional *pari passu* indebtedness issued by the Issuer and payable from the Net Revenues on a parity with the Bonds:

<u>Name and Series</u>	<u>Outstanding Principal</u>	<u>Original Par Amount</u>	<u>Dated Date</u>	<u>Resolution Date</u>
Sewer Revenue Bonds Series 1995A	[\$2,522,429.57] (as of 8/31/06)	\$12,000,000	12/19/1995	12/12/1995
Sewer Revenue Bonds Series 2000	[\$2,333,189.37] (as of 8/31/06)	\$3,000,000	04/07/2000	03/14/2000

"Paying Agent" means the Clerk of the Issuer, unless and until a successor Paying Agent shall have become such pursuant to the applicable provisions of the 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.

"Principal Payment Date" means the September 1 in each year on which an installment of principal falls due, as designated in the Bonds.

"Project" means the construction and acquisition of extensions, improvements and additions to the System, including appurtenant equipment, accessories and properties, both personal and real, being financed by the sale of the Bonds to the Department.

"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 as of any date the lesser of (i) ten percent (10%) of the proceeds of the Bond plus ten percent (10%) of the proceeds of any Outstanding Parity Obligations, or (ii) the scheduled maximum principal and interest requirements in any succeeding Bond Year on the Bond and Outstanding Parity Obligations.

"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 hereof, but not including any insurance or condemnation proceeds, or proceeds from the sale or other disposition of any part of the 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.

"Series 1995A Bonds" means the Issuer's outstanding Sewer Revenue Bonds, dated December 19, 1995, more fully described under the definition of Parity Obligations.

"Series 2000 Bonds" means the Issuer's outstanding Sewer Revenue Bonds, dated April 7, 2000, more fully described under the definition of Parity Obligations.

"State" means the State of Louisiana.

"System" means the revenue producing public utility system of the Issuer consisting of the Issuer's sanitary sewer and sewage disposal facilities as said system now exists, including the Project and as it may be hereafter improved, extended or supplemented while any amounts due under the Bond remains outstanding, including specifically all appurtenant equipment, accessories and properties, both personal and real, and all other properties of every nature owned, leased or operated by the Issuer and used or useful in the operation of said sewage 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.

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

SECTION 1.02. 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

SECTION 2.01. Authorization and Issuance of Bonds. This Ordinance creates a series of Bonds of the Issuer to be designated "Sewer Revenue Bonds, Series 2006, of the City of Crowley, State of Louisiana," and provides for the full and final payment of the principal or prepayment price of and interest thereof. The Bonds shall be issued for the purpose of constructing and acquiring extensions, improvements and additions to the sewer system of the Issuer, including appurtenant equipment, accessories and properties, both personal and real.

SECTION 2.02. 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.

SECTION 2.03. Obligation of Bonds. The Bonds, equally with the Series 1995A Bonds and the Series 2000 Bonds, shall be secured by and payable in principal and interest solely by a pledge of the Net Revenues. Subject to the foregoing, 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 herein. The Revenues shall be set aside in the funds and accounts described in Section and shall be and remain so pledged for the security and payment of the Bonds in principal and interest, and for all other payments provided in this Ordinance, until the Bonds shall be fully paid and discharged. The Bonds shall be ad are issued on a parity with the Series 1995A Bonds, the Series 2000 Bonds and the Bonds shall rank equally with and enjoy complete parity of lien with the Series 1995A Bonds and the Series 2000 Bonds on all of the Revenues and the funds established and maintained pursuant to the resolutions authorizing the issuance of the Series 1995A Bonds and the Series 2000 Bonds.

SECTION 2.04. 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 of One Million Three Hundred Fifty Thousand Dollars (\$1,350,000) 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 One Million Three Hundred Fifty Thousand Dollars (\$1,350,000) of Sewer Revenue Bonds, Series 2006, of the Issuer. The Bonds shall be initially 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.

The Bonds shall mature in twenty (20) installments of principal, payable annually on a September 1 that is not more than one year after the Completion Date and annually thereafter, 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. In no event shall the final maturity of the Bonds be more than twenty-two (22) years from the date of the delivery thereof to the Department.

The amount of the principal installments of the Bonds shall be determined as of the date of delivery of the Bonds by the Executive Officers, in integral multiples of \$1,000 or \$5,000, 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 \$1,000 or \$5,000.

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 each annual payment period ending August 31st of each year at a rate adjusted annually each September 1 equal to the lesser of (i) three and forty-five percent (3.45%) per annum (or such lower rate as may have been approved by the Department for loans from the State Revolving Fund), or (ii) the interpolated rate for the applicable year as published in "The Bond Buyer" dated one calendar week prior to the date of delivery of the Bonds in the table entitled "Municipal Market Data General Obligation Yields" under the column headed "Baa", said interest to be calculated on the basis of a 360-day year consisting of twelve thirty-day months and payable on each Interest Payment Date. Interest on the Bonds on any Interest Payment Date prior to the Completion Date shall be payable only on the aggregate amount of the purchase price which shall have been paid theretofore 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 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 Municipal Facilities 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.

SECTION 2.05.Manner of Payment The principal and interest on the Bonds will be payable by check mailed to the registered owner of the Bonds (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.

SECTION 2.06.Registration. The Issuer shall cause the Bond Register to be kept at the principal office of the Registrar (initially the Clerk of the Issuer) 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.

SECTION 2.07.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."

SECTION 2.08.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. If facsimile signatures are used on the Bonds, then such signature shall be registered with the Louisiana Secretary of State in the manner required by La. R.S. 39:244.

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 on such documents, certificates and instruments to be conclusive evidence of the due exercise of the authority granted hereunder.

SECTION 2.09. 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 authentication by the Registrar, the Bonds shall be delivered to the Department or its agents or assigns, upon receipt by the Issuer of the agreed purchase price. 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

SECTION 3.01. 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, in the inverse order of maturity, at a prepayment price of par plus accrued interest and accrued Administrative Fee, if any, to the prepayment date.

SECTION 3.02. 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 of each Bond 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

SECTION 4.01. 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 hereof.

SECTION 4.02. 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 paid out 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 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

SECTION 5.01. Funds and Accounts. All of income and revenues derived from the operation of the System 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) All reasonable and necessary costs and expenses of operation and maintenance of the System as are not provided for from other lawfully available sources shall first be paid from the Revenue Fund.

(b) The maintenance of a separately identifiable fund or account designated as the "Sewer Revenue Bond and Interest Sinking Fund" (the "Debt Service Fund") previously established by the resolutions and/or ordinances authorizing the Series 1995A Bonds and the Series 2000 Bonds, sufficient in amount to pay promptly and fully the principal of and the interest on the Bond and any Parity Obligation, as they severally become due and payable, by transferring from funds in the Revenue Fund, after making the payments required by (a) above, 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 falling due on the Bonds and any Parity Obligation on the next Interest Payment Date and a sum equal to 1/12th of the principal falling due on the Bonds and any Parity Obligation on any Principal Payment Date that occurs within the next ensuing twelve months, together with such additional proportionate monthly sum as may be required to pay said principal, interest and Administrative Fee as the same become due. The Issuer shall transfer from said Debt Service Fund to the paying agent bank or banks for all bonds payable from the Debt Service Fund, or directly to the Owners, on or before each Interest Payment Date, funds fully sufficient to pay promptly the principal, interest and Administrative Fee falling due on such date. In addition, the Issuer shall make all payments into the Debt Service Fund required in connection with the payment of principal and interest on the Series 1995A Bond and the Series 2000 Bond.

(c) The maintenance of a separately identifiable fund or account designated as the "Sewer Revenue Bond Reserve Fund" (the "Reserve Fund"), previously established by the resolutions and/or ordinances authorizing the Series 1995A Bonds and the Series 2000 Bonds, the money in the Reserve Fund to be retained solely for the purpose of paying the principal of and interest on bonds payable from the Debt Service Fund as to which there would otherwise be default, by transferring from the Revenue Fund (after making all required payments from said fund as hereinabove described), monthly or annually, such amounts as will increase the total amount on deposit in the Reserve Fund within a period not exceeding five (5) years from the Delivery Date to a sum equal to the Reserve Fund Requirement.

(d) The maintenance of a separately identifiable fund or account designated "Sewer System Renewal and Replacement Fund" (the "Renewal and Replacement Fund"), previously established by the resolutions and/or ordinances authorizing the Series 1995A Bonds and the Series 2000 Bonds, to care for extensions, additions, improvements, renewals and replacements necessary to properly operate the System, by transferring from funds in the Revenue Fund after making the payments required by (a), (b) and (c) above to the Renewal and Replacement 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, provided that such sum is available after provision is made for the payments required under paragraphs (a), (b) and (c) above. Such payments into the Renewal and Replacement Fund shall continue until such time as there has been accumulated in the Renewal and Replacement Fund the sum of One Hundred Fifty Thousand Dollars (\$150,000), 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 One Hundred Fifty Thousand Dollars (\$150,000), 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 System, the money in the Renewal and Replacement 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 Debt Service Fund and the Reserve Fund, but the money in said Renewal and Replacement 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 Renewal and Replacement Fund for the making of emergency repairs or replacements less than the sum of Fifty Thousand Dollars (\$50,000).

(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 of the System, 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.

SECTION 5.02. Replenishment of Funds. If at any time it shall be necessary to use moneys in the Reserve Fund or the Renewal and Replacement 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 (a) and (b) above. If at any time there are sufficient moneys on deposit in the Debt Service Fund, Reserve Fund and Renewal and Replacement 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.

SECTION 5.03 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 indebtedness of the Issuer have not been made timely or (ii) principal, interest, premiums, or other payments due on the Issuer Bonds or any other outstanding indebtedness of the Issuer have not been made timely.

SECTION 5.04 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 accordance with the provisions of the laws of the State of Louisiana, except that moneys in the Reserve Fund, if any, must be invested in Government Securities maturing in five (5) years or less from the date of investment. All income derived from such investments 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.

For the purpose of determining if the required amount is being maintained in any of the funds, such investment securities shall be valued at least annually at the lesser of amortized cost (exclusive of accrued interest) or fair market value.

SECTION 5.05 Deposit of Funds and Security Therefor. All of the income and revenues to be earned from the operation of the System shall be deposited daily as provided in Section 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 Renewal and Replacement 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 deposits 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.

ARTICLE VI ISSUANCE OF PARITY OBLIGATIONS

SECTION 6.01. Issuance of Parity Obligations. The Issuer 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, except that additional obligations may hereafter be issued on a parity with the Bonds under the following conditions:

(a) Refunding or Refinancing. The Bonds, or any part thereof, including interest and redemption premiums thereon, may be refunded and the refunding bonds so issued shall enjoy complete equality of lien with the portion of the Bonds which are not refunded, if there be any; provided, however that if only a portion of the Bonds are so refunded and the refunding bonds require total principal and interest payments during any Fiscal Year in excess of the principal and interest which would have been required in such Fiscal 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 (provided such consent shall be required if such refunding bonds meet the requirements set forth in paragraph (b) of this Section 6.01.

(b) Parity Obligations. Additional Parity Obligations may also be issued on a parity with the Series 1995A Bonds, the Series 2000 Bonds and the Bonds if all of the following conditions are met:

(i) The average Net Revenues for the two (2) completed Fiscal Years immediately preceding the issuance of the Parity Obligations must have been not less than one and three-tenths (1.3) times the highest combined scheduled principal and interest requirements for any succeeding Bond Year on all Bonds then outstanding, including any Parity Obligations theretofore issued and then outstanding and any other bonds or 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 redemption), 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 services of the 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) The payments required to be made into the various funds provided in Section hereof must have been made in full;

(iii) The existence of the facts required by paragraph (b)(i) and (ii) above must be determined and certified to by an independent certified public accountant who have previously audited the books of the Issuer or by such successors as may have been employed for that purpose;

(iv) In making that determination in the event of an adjustment of Net Revenues due to a rate increase as set forth in paragraph (b)(i), there may be a reliance upon the calculation of the adjustment of Net Revenues as a result of increased rates as prepared by a recognized engineer or firm of engineers employed for such purposes. Parity Obligations must be payable as to principal on September 1st of each year in which the principal falls due and payable as to interest on March 1st and September 1st of each year; and

(v) The proceeds of the Parity Obligations must be used for the making of improvements, extensions, renewals, replacements or repairs to the System, or to refund obligations issued for such purposes.

(c) Completion of Project. The Bonds are authorized and directed by the Department, the owner of the Series 1995A Bonds and the Series 2000 Bonds to be issued on a parity with the Series 1995A Bonds and the Series 2000 Bonds as provided in this Ordinance and in the Loan Agreement. Section 9.01 of the Loan Agreement provides and accordingly this Ordinance provides: "Parity Obligations may be issued in the future, if needed, to complete the acquisition and construction of the Project with the prior written consent of the Department.

**ARTICLE VII
RATES AND CHARGES; RATE COVENANT;
COVENANTS AS TO THE OPERATION OF THE SYSTEM**

SECTION 7.01. Operation of the System. The Issuer will maintain the 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.

SECTION 7.02. 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 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 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, capacity or service of the 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.

SECTION 7.03. 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.

The Issuer, through its Governing Authority, hereby ratifies, confirms and approves its covenants in the resolutions authorizing the Series 1995A Bonds and the Series 2000 Bonds to fix, establish, maintain and collect, so long as any Bonds are outstanding, 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 (i) pay the reasonable and necessary expenses of operating and maintaining the System in each Fiscal Year, (ii) provide Net Revenues in an amount equal to one hundred twenty-five percent (125%) of the required deposits to the Sinking Fund (hereinafter defined) for the security and payment of the Bonds and any Parity Obligations and Administrative Fee for such Fiscal Year, (iii) make all other payments required for such Fiscal Year by this Ordinance, the Loan Agreement and any future resolution or ordinance issuing Parity Obligations, and (iv) pay all other obligations or indebtedness payable out of the Revenues for such Fiscal Year, which rates, however, may be adjusted to the extent that the proceeds of any ad valorem tax and/or sales tax may be lawfully authorized and appropriated for such purposes, provided that such tax proceeds, together with the revenues derived or to be derived from the operation of the System, will be sufficient to meet the requirements of this Section. The Issuer further covenants that such rates, fees, rents or other charges shall not at any time be reduced so as to be insufficient to provide adequate revenues for such purposes.

SECTION 7.04. Annual Review of User Fees. At least annually the Issuer shall review the adequacy of its User Fees to satisfy the requirements of Section for the next succeeding Fiscal Year, in the manner provided by the Loan Agreement.

SECTION 7.05. 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 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 of this Ordinance.

The Issuer agrees that all charges owed by any individual, partnership or corporation for sewerage services rendered by the System shall be billed as a separate item and collected and accounted for separately from any other utility services or charges provided by the Issuer. 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 thirty (30) 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 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 any penalty charge, shall, 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 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 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 hereof.

SECTION 7.06. 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 will have a lien and privilege on said 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 System.

SECTION 7.07. 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 66.458 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 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 System and the number of users for the preceding month.

SECTION 7.08 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 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 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 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 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 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 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 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 System in the name of the Issuer and for the joint protection and benefit of the Issuer and 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 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 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 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 Issuer.

UNTIL AN 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 ORDINANCE, TO TAKE, USE AND ENJOY AND DISTRIBUTE THE EARNINGS, INCOME, RENT, ISSUE AND PROFITS ACCRUING ON OR DERIVABLE FROM THE SYSTEM.

SECTION 7.09. 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 judgement has become worn out, unserviceable, unsuitable or unnecessary in the operation of the System, when other property of equal value is substituted therefor or the sale price thereof is deposited in the aforesaid Renewal and Replacement Fund.

SECTION 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 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.

SECTION 7.11. Prohibition Against Encumbrances. Except as provided in Section of this Ordinance, the Issuer will maintain title to or the possession of the 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 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.

SECTION 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.

SECTION 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 OF THIS BOND 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 System to make the required monthly payments into the funds established by Section 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 the 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 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 System during the preceding Fiscal Year, the maintenance of the properties, the efficiency of the management of the 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 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 the Issuer and sent to the Owners, 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 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 Renewal and Replacement 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 Renewal and Replacement 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 System and shall submit recommendations as to the schedule of rates and charges for sewerage services supplied by the 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 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 be prepared monthly reports not later than the twentieth day of each month, for the preceding month's 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 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 said Owners.

**ARTICLE VIII
FEDERAL TAX MATTERS; CONTINUING DISCLOSURE**

SECTION 8.01. General Tax Covenants. 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 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".

SECTION 8.02. Bonds are "Bank-Qualified". 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 reasonably anticipated amount of qualified tax-exempt obligations which will be issued by the Issuer and all subordinate entities in calendar year 2006 does not exceed \$10,000,000.

SECTION 8.03. Continuing Disclosure Obligations of 15c2-12(b)(5). The Issuer hereby acknowledges and agrees that even though the Bonds are exempt from the continuing disclosure requirements of Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the "Rule") pursuant to Section (d)(1) and/or other exemptions to the Rule, in the event the Department should transfer the Bonds and they become a source of repayment of "municipal securities" sold through a "primary offering" (as both terms are defined and used in the Rule), it is possible that the Issuer could constitute an "obligated person" (as defined and used in the Rule). Issuer agrees that if it should ever constitute or be reasonably deemed an "obligated person" within the opinion of counsel experienced in federal securities matters to a "participating underwriter" (as defined and used in the Rule) and/or counsel to the Department in connection with any "primary offering" of "municipal securities" secured by the Bonds, Issuer will comply with all requirements of an "obligated person" or assist the Department in complying with all the requirements of an "issuer" or "obligated person" under the Rule including without limitation providing to each nationally recognized municipal securities information repository and the state information depository designated by the State, if any, an annual report which complies with the requirements of the Rule and Issuer shall comply with the requirements of the Rule regarding giving notice of the 11 specified events set forth in Section 5(i)(C)(1) through (11) of the Rule.

SECTION 8.04. Paying Agent. The Issuer will at all times maintain a Paying Agent meeting the qualifications herein described for the performance of the duties hereunder. The initial Paying Agent pursuant to this Ordinance is the Clerk of the Governing Authority. The Governing Authority reserves the right to appoint a successor Paying Agent by (1) filing with the person then performing such function a certified copy of a resolution appointing a successor and (2) causing notice to be given to the Owners of the Bonds. Every successor Paying Agent 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 Paying Agent, this Governing Authority will authorize the Executive Officers to execute an appropriate agreement with the successor Paying Agent for 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 Paying Agent.

**ARTICLE IX
SUPPLEMENTAL BOND ORDINANCES**

SECTION 9.01. Supplemental Ordinances Effective Without Consent of Owners. For any one or more of the following purposes and at any time from time to time, a resolution 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:

(a) 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;

(b) 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;

(c) 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;

(d) to cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision of the Ordinance; or

(e) 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.

SECTION 9.02. Supplemental Ordinances Effective With Consent of Owners. Except as provided in Section , 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
REMEDIES ON DEFAULT**

SECTION 10.01. Events of Default. If one or more of the following events (in this Ordinance called "Events of Default") shall happen, that is to say, 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 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 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 the 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 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 of the Bonds shall be entitled to exercise all rights and powers for which provision is made under Louisiana law.

ARTICLE XI MISCELLANEOUS

SECTION 11.01. Defeasance. 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 the Ordinance which are not required for the payment or prepayment of Bonds not theretofore surrendered for such payment or prepayment.

(c) 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.

SECTION 11.02 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 of the Bonds.

SECTION 11.03. 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.

SECTION 11.04. Loan Agreement and Commitment Agreement. The Governing Authority recognizes that the Bonds will be sold to the Department pursuant to its Municipal Facilities Revolving Loan Fund Program. In connection with this sale, the Issuer and the Department will enter into a Loan and Pledge Agreement presented by the Department to the Issuer pertaining to the Bonds and the Project, which Loan Agreement in substantially the form attached hereto as Exhibit B. 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 counsel, be deemed appropriate under the circumstances. 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 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, which Commitment Agreement shall be substantially in the form on file with the Clerk of the Issuer.

SECTION 11.05. 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.

SECTION 11.06. 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.

SECTION 11.07 Publication of Ordinance; Peremption. This Ordinance shall be published one time in the official journal of the Issuer, or if there is none, in a newspaper having general circulation in the Issuer. As provided in Article VI, Section 35(B) of the Louisiana Constitution of 1974, as amended, for thirty (30) days after the date of publication any person in interest may contest the legality of this Ordinance and of any provision herein made for the security and payment of the Bonds. After that time, no one shall have any cause of action to test the regularity, formality, legality, or effectiveness of this Ordinance, and the provisions hereof for any cause whatever. Thereafter, it shall be conclusively presumed that every legal requirement for the issuance of the Bonds has been complied with. No court shall have authority to inquire into any of these matters after the thirty days.

SECTION 11.08. Effective Date. This Ordinance shall become effective immediately.

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:

<u>Member</u>	<u>Yea</u>	<u>Nay</u>	<u>Absent</u>	<u>Abstaining</u>
Steven C. Premeaux	X			
Anthony "Tiger" Istre	X			
"Kitty" Valdetero	X			
James M. Buatt	X			
Ira G. Thomas	X			
Vernon "Step" Martin	X			
Laurita D. Pete	X			
Woodrow "Woody" Marceaux			X	
Mary T. Melancon	X			

There being a favorable vote on the ordinance of at least a majority of the authorized members of the Governing Authority, the ordinance was declared adopted on this the 10th day of October, 2006.

ISABELLA L. de la HOUSSAYE, Mayor

ATTEST:

JUDY L. ISTRE, City Clerk

OTHER BUSINESS:

There being no further business to come before the Council upon motion duly made by Alderman Buatt and seconded by Alderman Istre the meeting was adjourned at 7:10 p.m.

ISABELLA L. de la HOUSSAYE, Mayor

ATTEST:

JUDY L. ISTRE, City Clerk

Presented rough draft to Mayor on October 12, 2006 at 1:30 p.m.
Presented for Mayor's signature on October 16, 2006 at 4:15 p.m.
Mayor signed & returned to City Clerk on October _____, 2006 at _____ .m.