

BOSSIER PARISH POLICE JURY
BENTON, LOUISIANA
MINUTES
August 18, 2010
www.bossierparishla.gov

The Bossier Parish Police Jury met in regular and legal session on the 18th day of August, 2010, at 2:00 p.m., in the Police Jury Meeting Room, Bossier Parish Courthouse, Benton, Louisiana. The President, Ms. Wanda Bennett, called the meeting to order. The invocation was given by Ms. Wanda Bennett and the pledge of allegiance was led by Mr. Brad Cummings. The Parish Secretary, Ms. Cindy Dodson, called the roll, with the following members present:

Mr. William Altimus	Mr. Brad Cummings
Mr. Rick Avery, excused	Mr. Jerome Darby
Ms. Wanda Bennett	Mr. Wayne Hammack, excused
Mr. Glenn Benton	Mr. Winfred Johnston
Mr. Barry Butler	Mr. Hank Meachum
Mr. Jimmy Cochran	Mr. Mac Plummer

Others present were Mr. Bill Altimus, Parish Administrator; Mr. Patrick Jackson, Parish Attorney; Mr. Joe E. "Butch" Ford, Jr., Parish Engineer; Ms. Cindy Dodson, Parish Secretary.

Motion was made by Mr. Cummings, seconded by Mr. Benton, to adopt the minutes of the July 7, 2010, and the July 21, 2010, regular meetings, and the July 21, 2010, Finance Committee meeting, as published.

The President called for public comment. There being none, **votes were cast and the motion carried unanimously.**

Mr. Glenn Horton, Bossier Parish Sheriff's Department, requested a Quietus on the 2009 tax roll. The following recap for the period July 1, 2009 through June 30, 2010, was presented for consideration:

Tax Payer Column of 2009 Tax Roll	\$ 79,218,736.64
Adjustments (LTC's, SHE's, SPL' s, etc.)	\$ <275,102.67>
TOTAL ADJUSTED TAX ROLL:	<u>\$ 78,943,633.97</u>
Protest Money Collected - not distributed	\$ <631,543.10>

TOTAL COLLECTED:	<u>\$ 77,858,683.98</u>
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UNCOLLECTED:	<u>\$ 453,406.89</u>
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The Uncollected Balance consists of:

1) Bankruptcies	\$ 112,822.75
2) Movables, Mobile Homes, RE bankruptcy discharged	\$ 332,539.13

Adjudications (tax sale properties)	\$ 445,361.88
	\$ 8,045.01

	<u>\$ 453,406.89</u>
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99.42% of the 2009 adjusted tax roll was collected.

Motion was made by Mr. Altimus, seconded by Mr. Plummer, to grant a Quietus on the 2009 tax roll.

The President called for public comment. There being none, **votes were cast and the motion carried unanimously.**

Mr. Billy Montgomery provided an update on the activities of the Northwest Louisiana Air Service Task Force, which is made up of 23 members from Bossier, Caddo, DeSoto and Webster Parishes. He stated that the Shreveport Regional Airport has the highest airfare rates in the United States, and advised that certain airlines utilizing the airport have agreed to work to determine why airfare rates are highest in Shreveport. Mr. Montgomery stated that the airport receives no tax revenue.

Mr. Montgomery stated that on August 24, 2010, a study will begin to determine the number of citizens traveling elsewhere to fly. He stated that he will provide a copy of this report to the jurors.

Mr. Montgomery reported on the recent activities of the Lake Bistineau Task Force. He stated that the gates at Lake Bistineau have been closed in an effort to raise the water level so that crews can access several small ponds to treat the salvinia. Mr. Montgomery stated that there is very little salvinia on Lake Bistineau at this time due to freezing temperatures during the past winter and due to current drought conditions, but there is salvinia located in these pond areas which are not accessible due to the low water level.

Mr. Montgomery stated that management of the cypress trees on Lake Bistineau is needed, advising that thinning the unhealthy trees may be considered. He further stated that there are plans to improve the public boat ramp. Mr. Benton stated that the State is to fund 75% of the costs for improvements at the lake.

Ms. Dodson announced the public hearing to consider the approval of the plat of the proposed development of Montclair Bossier Addition, located in Section 32, Township 19 North, Range 13 West, Bossier Parish, LA.

Mr. Ford advised that the developer has requested that this matter be removed from the agenda. **Motion was made by Mr. Benton, seconded by Mr. Johnston, to remove the matter of the approval of the plat of the proposed development of Montclair Bossier Addition from the agenda, as requested.**

The President called for public comment. There being none, **votes were cast and the motion carried unanimously.**

Motion was made by Mr. Plummer, seconded by Mr. Cummings, to schedule a public hearing on September 1, 2010, to consider approval of the plat of the proposed development of Sligo Industrial Park, Unit No. 1, located in Sections 22 and 27, Township 17 North, Range 12 West, Bossier Parish, LA, and being a resubdivision of amended plat, Victoria Place, Unit No. 1, Bossier Parish, LA.

The President called for public comment. There being none, **votes were cast and the motion carried unanimously.**

Motion was made by Mr. Cummings, seconded by Mr. Butler, to schedule a public hearing on September 15, 2010, to consider approval of the plat of the proposed development of St. Charles Court Village, Unit No. 2, located in Sections 20 and 21, Township 19 North, Range 13 West, Bossier Parish, LA.

The President called for public comment. There being none, **votes were cast and the motion carried unanimously.**

Motion was made by Mr. Altimus, seconded by Mr. Darby, to schedule a public hearing on September 15, 2010, to consider approval of the plat of the proposed development of River Bluff, Unit No. 4, located in Section 32, Township 19 North, Range 13 West, Bossier Parish, LA.

The President called for public comment. There being none, **votes were cast and the motion carried unanimously.**

Mr. Richard Gunter, Property Standards Officer, reported on a meeting of the Property Standards Board of Review.

Motion was made by Mr. Cummings, seconded by Mr. Cochran, to schedule a condemnation hearing on September 1, 2010, to consider condemnation of property at Lot 11, Amanda Lane, Haughton, LA.

The President called for public comment. There being none, **votes were cast and the motion carried unanimously.**

Mr. Richard Gunter, Property Standards Officer, advised that it is recommended by the Property Standards Board of Review that property located at 107 Augusta Avenue, Benton, LA, be condemned. Photographs of the property were reviewed. Mr. Gunter advised that the property is in foreclosure and he has had no cooperation from the mortgage holder. He advised that the home has deteriorated and there may possibly be mold inside. Mr. Gunter stated that the property does provide a breeding ground for mosquitoes, snakes, rats and other vermin, and presents an imminent threat to the public health and safety.

Ms. Bennett recommended that this property be condemned and that the Parish Attorney send a letter advising the mortgage company of the condemnation. She stated that in accordance with Bossier Parish Building Regulations, Section 18-3(e) Dilapidated and Dangerous Structures; Property Standards Board, the Parish Administrator is allowed to enter the home with a health inspector to determine if mold exists. She recommended that Mr. Altimus, along with Mr. Chip Reeves from the Health Department, inspect the property. **Motion was made by Mr. Butler, seconded by Mr. Plummer, to proceed with the condemnation of property at 107 Augusta Avenue, Benton, LA, in accordance with property standards regulations, to authorize the Parish Attorney to send notification of the condemnation proceedings to the mortgage company, and to authorize the Parish Administrator and an inspector from the Bossier Parish Health Department to enter the home to determine if mold exists.**

The President called for public comment. There being none, **votes were cast and the motion carried unanimously.**

Mr. Richard Gunter, Property Standards Officer, advised that the Property Standards Board of Review has recommended that condemnation proceedings on property at 5433 Amber Circle, Benton, LA, be dismissed, as the property is now in compliance with property standards regulations. **Motion was made by Mr. Meachum, seconded by Mr. Benton, to dismiss condemnation proceedings on property at 5433 Amber Circle, Benton, LA.**

The President called for public comment. There being none, **votes were cast and the motion carried unanimously.**

Mr. Richard Gunter, Property Standards Officer, advised that it is recommended by the Property Standards Board of Review that the owners of property located at 179 Amy Lane, Benton, LA, be allowed an additional 30 days in which to bring the property into compliance with property standards regulations.

Mr. Wayne Cobb and Ms. Ramona Cobb, property owners, were present. Mr. Cummings questioned a vehicle parked in front of the property. Mr. Cobb advised that he will move the vehicle to the back of his property today. Mr. Cobb requested that the ditch on Amy Lane be mowed. Mr. Andrews, Public Works Director, stated that parish crews routinely mow this area three or four times per year.

Motion was made by Mr. Benton, seconded by Mr. Meachum, to allow the owners of property at 179 Amy Lane, Benton, LA, an additional 30 days in which to bring the property into compliance with property standards regulations.

The President called for public comment. There being none, **votes were cast and the motion carried unanimously.** The matter will be reviewed at the October 6, 2010, regular meeting.

Mr. Jerry Osborne, Foley & Judell, LLC, advised that the Department of Environmental Quality requires that the Consolidated Waterworks/Sewerage District No. 1 of the Parish of Bossier, State of Louisiana, approve the adoption of a General Bond Resolution authorizing the issuance of the Utilities Revenues Bonds and setting forth the rules for the Utilities Revenues Bonds issued by the District. He stated that all revenues received by the sewer district will be used to pay operation and maintenance costs of the facility and to pay debt service, and advised that the remaining funds will be placed into a reserve fund that is required to accumulate until the balance is equal to one year's principal and interest so that funds will be available to pay the bonds in the event of a disaster. Mr. Osborne stated that the resolution also provides for the issuance of parity bonds.

Motion was made by Mr. Benton, seconded by Mr. Butler, to adopt a General Bond Resolution authorizing the issuance from time to time of Utilities Revenue Bonds of Consolidated Waterworks/Sewerage District No. 1 of the Parish of Bossier, State of Louisiana; prescribing the form, and certain terms and conditions of said Bonds; providing for the payment thereof in principal and interest; and providing for other matters in connection therewith.

The President called for public comment. There being none, **votes were cast and the motion carried unanimously.**

The following resolution was offered by Mr. Benton, and seconded by Mr. Butler.

GENERAL BOND RESOLUTION

A General Bond Resolution authorizing the issuance from time to time of Utilities Revenue Bonds of Consolidated Waterworks/Sewerage District No. 1 of the Parish of Bossier, State of Louisiana; prescribing the form, and certain terms and conditions of said Bonds; providing for the payment thereof in principal and interest; and providing for other matters in connection therewith.

WHEREAS, Consolidated Waterworks/Sewerage District No. 1 of the Parish of Bossier, State of Louisiana (the "District") proposes to acquire, own and operate a combined water treatment and distribution system and sewage collection, treatment and disposal (the "System") as a revenue producing public utility; and

WHEREAS, the District currently has no outstanding notes, bonds or other obligations payable from a pledge and dedication of the income and revenues of the System; and

WHEREAS, it is now the desire of this District to adopt this resolution in order to provide for the issuance from time to time, and in one or more series, of revenue bonds of the District (the "Bonds"), for the purpose of providing additions and improvements to the System, for refunding bonds and/or for providing for a reserve and paying the costs of issuance thereof;

NOW, THEREFORE, BE IT RESOLVED by the Police Jury of the Parish of Bossier, State of Louisiana, acting as the governing authority of Consolidated Waterworks/Sewerage District No. 1 of the Parish of Bossier, State of Louisiana, that:

ARTICLE I

DEFINITIONS AND INTERPRETATION

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

"Bonds" means any bonds authorized by this General Bond Resolution and by a Series Resolution.

"Bond Register" means the records kept by the Paying Agent 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.

"Capital Appreciation Bonds" shall mean Bonds which pay interest only at maturity or redemption.

"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.

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

"Credit Enhancement" shall mean any letter of credit, insurance policy, surety bond, standby bond purchase agreement or similar facility as used in connection with a series of the Bonds.

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

"Delivery Date" means the date on which any series of the Bonds are delivered to the purchaser thereof.

"Department" means, as the case may be, either (i) the Louisiana Department of Health and Hospitals, an executive department and agency of the State, and any successor to the duties and functions thereof with respect to loans from the Drinking Water Revolving Loan Fund or (ii) the Louisiana Department of Environmental Quality, an executive department and agency of the State, and any successor to the duties and functions thereof with respect to loans from the Clean Water Revolving Loan Fund.

"District" has the meaning set forth in the preambles hereto.

"Executive Officers" means, collectively, the President and the Secretary of the Governing Authority.

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

"Fixed Rate Bonds" means any series of Bonds issued with a fixed rate or rates or interest for the entire term thereof.

"General Bond Resolution" means this General Bond Resolution.

"Governing Authority" means the Police Jury of the Parish of Bossier, State of Louisiana, or its successor in function.

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

"Interest Payment Date" means each date on which interest on any series of the Bonds is payable, as shall be set forth in the applicable Series Resolution, which dates shall occur semi-annually unless otherwise required by the purchaser of any series of the Bonds.

"Loan Agreement" means a Loan and Pledge Agreement to be entered into by and between the Department and the District, prior to the delivery of any Bonds that are purchased by the Department, which will contain certain additional agreements relating to such Bonds and any other series of Bonds purchased from the Clean Water State Revolving Fund, and with respect to the Project as it may be supplemented, modified or amended from time to time in accordance with the terms thereof.

"Net Revenues" means for the period in question the net income of the District, determined in accordance with then generally accepted accounting principles, including all revenue derived from user fees or service fees and other income received from the operation of the System, except that there shall be excluded from the calculation of

Net Revenues the following:

- (a) Gains on the sale or other disposition of investments or fixed or capital assets, which do not result from the ordinary course of business;
- (b) Investment income that is restricted to a purpose inconsistent with the payment of operating expenses or debt service, including (whether or not so restricted) interest earned on any construction fund or construction account created with the proceeds of borrowing by the District;
- (c) Any amounts received by way of government grants; and
- (d) Any capital outlay moneys received from the State;

Furthermore, there shall be added back to net income for purposes of calculating Net Revenues hereunder the following:

- (e) Losses on the sale or other disposition of investments or capital assets which do not result from the ordinary course of business;
- (f) Depreciation and amortization allowances;
- (g) Amounts paid as principal or interest on any of the Bonds;
- (h) Amounts received by the District as a "Build America Bond" reimbursement, subsidy or similar payment with respect to any of the Bonds;
- (i) Interest earnings on any of the funds described in Section 5.01.

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

- (a) Bonds that have been cancelled or delivered to the Paying Agent for cancellation;
- (b) Bonds that have been defeased in accordance Section 11.01 hereof;
- (c) Bonds in exchange for or *in lieu* of which other Bonds have been registered and delivered pursuant to the Resolution; or
- (d) Bonds alleged to have been mutilated, destroyed, lost or stolen which have been paid as provided in the Resolution 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.

"Paying Agent" means the person or organization designated as such in a Series Resolution.

"Parity Obligations" means any additional *pari passu* indebtedness issued by the District and payable from the Net Revenues in accordance with Section 6.01 hereof.

"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 each date on which principal on any series of the Bonds is payable, as shall be set forth in the applicable Series Resolution, which dates shall occur annually unless otherwise required by the purchaser of any series of the Bonds.

"Project" means the extensions and improvements to the System being financed by the sale of a series of the Bonds.

"Reserve Fund Requirement" means with respect to any issue of Bonds the sum set forth in the applicable Series Resolution.

"Resolution" means this General Bond Resolution authorizing the issuance of the Bonds, as hereafter amended or supplemented by Series Resolutions or in accordance with Article IX hereof.

"Revenues" means all income and revenues to be derived by the District from the operation of the System, including earnings on investments in the funds and accounts described in Section 5.01 hereof, but not including any insurance or condemnation proceeds, or proceeds from the sale or other disposition of any part of the System, and including any Build America Bond or similar interest reimbursement from the federal government.

"Series Resolution" means a resolution adopted by the Governing Authority in accordance with Section 2.04 authorizing the issuance and sale of any additional series of the Bonds.

"State" means the State of Louisiana.

"System" means the District's facilities that are used for the purpose of (i) collecting, treating, storing, holding, distributing or transporting drinking water, and (ii) collecting, treating, storing, holding, transporting and disposing of sewage and wastewater, as said combined systems now exists and as they may be hereafter improved, extended or supplemented from any source whatsoever while the Bonds herein authorized remains outstanding, including specifically all properties of every nature owned, leased or operated by the District and used or useful in the operation of the system, and including real estate, personal and intangible properties, contracts, franchises, leases and chooses in action, whether lying within or without the boundaries of the District.

"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.

"Variable Rate Bonds" means any series of Bonds issued with a variable, adjustable, convertible or other similar rate or rates which are not fixed for the entire term thereof.

SECTION 1.02. Rules of Interpretation. Unless the context clearly indicates to the contrary, the following rules shall apply to the interpretation and construction of this General Bond Resolution:

- (a) words importing the singular number shall include the plural number and vice versa;
- (b) all references to particular articles or sections herein are references to articles or sections of this General Bond Resolution;
- (c) the captions and headings herein are solely for convenience of reference and shall not constitute a part of this General Bond Resolution, nor shall they affect its meaning, construction or effect;
- (d) the terms "hereby," "hereof," "hereto," "herein," "hereunder" and any similar terms as used in this General Bond Resolution refer to this General Bond Resolution in its entirety and not the particular article or section of this General Bond Resolution in which they appear; and
- (e) the term "hereafter" means after the date of execution of this General Bond Resolution and the term "heretofore" means before the date of the execution of this General Bond Resolution.

In the event that any provisions of this General Bond Resolution conflict with any provision of the Loan Agreement, then with respect to any series of the Bonds which are owned by the Department the provisions of the Loan Agreement shall control.

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ARTICLE II

AUTHORIZATION, ISSUANCE AND SALE OF BONDS

SECTION 2.01. Authorization and Issuance of Bonds. This General Bond Resolution authorizes the issuance of indebtedness of the District to be designated "Utilities Revenue Bonds (or Utilities Revenue Refunding Bonds, as the case may be) of Consolidated Waterworks/Sewerage District No. 1 of the Parish of Bossier, 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 financing the costs of constructing and acquiring improvements, extensions and replacements to the System or any portion thereof, and/or for the purpose of refunding any obligations issued for the same purposes. Proceeds of the Bonds may also be used to pay costs of issuance, costs of credit enhancement, capitalized interest and any initial deposit to the Reserve Fund.

SECTION 2.02. Resolution 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 the Resolution shall be a part of the contract of the District with the Owners and shall be deemed to be and shall constitute a contract between the District and the Owners from time to time of the Bonds.

SECTION 2.03. Obligation of Bonds. All of the Bonds, regardless of the date of issue, shall enjoy complete parity of lien on the Net Revenues despite the fact that any of the Bonds may be delivered at an earlier date than any other of the Bonds. 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 5.01 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 General Bond Resolution, until all of the Bonds shall be fully paid and discharged.

SECTION 2.04. Series Resolutions. The details of each series of the Bonds shall be set forth in a Series Resolution to be adopted by the Governing Authority. Each Series Resolution shall provide the following with respect to the applicable series of the Bonds:

- (a) the purposes, dated date, series designation and principal amount and the statutory authority under which such series is being issued;
- (b) whether such series will be Capital Appreciation Bonds, Fixed Rate Bonds or Variable Rate Bonds, and a description of the applicable interest rate or rates and the first Interest Payment Date;
- (c) designation of such series as "Build America Bonds" or other similar designations as may be applicable;
- (d) the schedule of principal maturities or installments, or a formula for establishing same, and if such series will be Capital Appreciation Bonds a table of accreted values;
- (e) the manner of payment of principal and interest;
- (f) the optional and/or mandatory redemption provisions;
- (g) the form or forms of bonds;
- (h) the designation of the Paying Agent;
- (i) the terms of sale to the purchaser thereof;
- (j) the Reserve Fund Requirement and the amount, if any, of proceeds to be deposited into the account in the Reserve Fund, and any changes in amounts to be deposited to or maintained in the Contingencies Fund established in Section 5.01(d);
- (k) if the series is issued to refund any outstanding obligations, a description of the plan of refunding and approval of any matters necessary or convenient to effect such refunding including the designation of an escrow agent and approval of an escrow deposit agreement, if necessary;
- (l) except for the first series issued hereunder, a finding by this Governing Authority that the parity requirements of Section 6.01 will have been met with respect to such series, and a proposed form of parity certifications to be delivered on the Delivery Date of the series;
- (m) authorization of the Executive Officers and/or such other persons as may be so designated to execute documents in connection with such series;
- (n) the designation of such series as "qualified tax-exempt obligations" under Section 265(b)(3) of the Code, if applicable;
- (o) provisions for any continuing disclosure agreement as may be required by Rule 15c2-12(b) of the Securities and Exchange Commission [17 CFR §240.15c2-12(b)];
- (p) provisions for obtaining the approval of the State Bond Commission for the issuance of such bonds and covenants with respect to compliance with applicable rules and regulations of the State Bond Commission;
- (q) if such series is being sold to the Department and is subject to the Loan Agreement, the designation of the "Scheduled Completion Date" for such series and any required amendments to the Loan Agreement;
- (r) provisions with respect to any Credit Enhancement; and
- (s) any other additional provisions as may be necessary in connection with the issuance and sale of such series.

SECTION 2.05. Paying Agent. The District will at all times maintain a Paying Agent meeting the qualifications hereinafter described for the performance of the duties hereunder for the Bonds and as provided in Section 2.04(h) above will designate the Paying Agent for each series in the applicable Series Resolution.

The District reserves the right to appoint a successor Paying Agent by (a) filing with the person then performing such function a certified copy of appropriate proceedings appointing a successor and (b) causing notice to be given to each Owner. Every successor Paying Agent appointed hereunder shall at all times be a bank or trust company organized and doing business under the laws of the United States of America or of any State, authorized under such laws to exercise trust powers, and subject to supervision or examination by Federal or State authority.

SECTION 2.06. Execution. The Bonds shall be executed in the name and on behalf of the District by the manual or facsimile signatures of the Executive Officers, and the corporate seal of the District (or a facsimile thereof) shall be thereunto affixed, imprinted, engraved or otherwise reproduced thereon. If facsimile signatures are

used, then such signatures shall have been registered with the Louisiana Council Clerk of State in the manner required by La. R.S. 39:244.

SECTION 2.07. Regularity of Proceedings. The District, 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."

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ARTICLE III

PREPAYMENT OF BONDS

SECTION 3.01. Optional Prepayment of Bonds. The principal installments of the Bonds may be subject to prepayment by the District in the manner set forth in the applicable Series Resolution, pursuant to Section 2.04(f) above.

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 Paying Agent, which notice may be waived by any Owner. In the event a portion of the Bonds is to be prepaid, such Bonds shall be surrendered to the Paying Agent, 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 each series of the Bonds, except for any proceeds as may be designated in a Series Resolution for deposit into the Reserve Fund or as accrued interest into the Debt Service Fund for the payment of issuance costs or set aside as capitalized interest or for working capital or as may be required in connection with the refunding of any indebtedness, shall be deposited by the District in a construction fund to be established for such series of the Bonds (the "Construction Fund"). The funds in the Construction Fund shall be used solely for the purpose of paying Costs of the Project.

However, in the case of refunding bonds, the proceeds to be used for refunding shall be applied to the immediate prepayment of the refunded obligations, or deposited into an escrow fund, as may be set forth in a Series Resolution.

Any accrued interest and premium received upon the sale of the Bonds shall be deposited in the debt service fund described in Section 5.01(b) 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 General Bond Resolution. Any investment earnings on moneys in the Construction Fund may be retained in the Construction Fund and applied for the purposes described in this Section, or may be transferred to the Debt Service Fund described in Section 5.01(b) hereof and applied to the payment of interest accruing on the Bonds during the period of construction of Project.

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

ARTICLE V

PAYMENT OF BONDS; FLOW OF FUNDS

SECTION 5.01. Funds and Accounts. All of income and revenues earned or derived from the operation of the System shall be deposited daily as the same may be collected in the District's "Utilities 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) The payment of all reasonable and necessary expenses of operation and maintenance of the System as are not provided for from other lawfully available sources.

(b) The establishment and maintenance of a "Utilities Revenue Bond Debt Service Fund" (the "Debt Service Fund"), sufficient in amount to pay promptly and fully the principal of and the interest on the Bonds, 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, if any, falling due on the Bonds on the next Interest Payment Date and a sum equal to 1/12th of the principal falling due on the Bonds on any Principal Payment Date that occurs within the next ensuing twelve months, together with such additional proportionate monthly sum as may be required to pay said principal, interest and Administrative Fee as the same become due. The District shall transfer from said Debt Service Fund to the paying agent(s) for all Bonds payable from the Debt Service Fund, or directly to the Owners, not less than three days prior to each Interest Payment Date, funds fully sufficient to pay promptly the principal, interest and Administrative Fee of the Bonds falling due on such date.

(c) The establishment and maintenance of a "Utilities Revenue Bond Debt Service Reserve Fund" (the "Reserve Fund"), containing separate accounts for each series of the Bonds, each such account to be designated (as set forth in a Series Resolution) as the "Series (insert series designation) Account," the money in the accounts of Reserve Fund to be retained solely for the purpose of paying the principal of and interest on the respective series of the bonds payable from the Debt Service Fund as to which there would otherwise be default, by transferring from the proceeds of such series or from the Revenue Fund (after making all required payments from said fund as hereinabove described), monthly or annually, such amounts as will increase the total amount on deposit in each account 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 for the applicable series of the Bonds.

(d) The establishment and maintenance of the "Depreciation and Contingency Fund" (the "Contingencies Fund"), 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 Contingencies Fund monthly on or before the 20th day of each month of each year, a

sum equal to five percent (5%) of the Net Revenues for the preceding month, provided that such sum is available after provision is made for the payments required under paragraphs (a), (b) and (c) above. Such payments into the Contingencies Fund shall continue until such time as there has been accumulated in the Contingencies Fund the sum of Five Hundred Thousand Dollars (\$500,000), 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 Five Hundred Thousand Dollars (\$500,000), 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 Contingencies Fund may also be used to pay the principal of and the interest on the Bonds for the payment of which there is not sufficient money in the Debt Service Fund and Reserve Fund described in paragraphs (b) and (c) above, but the money in said Contingencies 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 Contingencies Fund for the making of emergency repairs or replacements less than the sum of Twenty-Five Thousand Dollars (\$25,000).

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

SECTION 5.02 Reserve Fund Surety Bond or Policy Allowed. In lieu of the required transfers or deposits to the any account in the Reserve Fund, the District may cause to be deposited into any account in the Reserve Fund a surety bond or an insurance policy for the benefit of the holders of the applicable series of the Bonds or a letter of credit in an amount equal to the difference between the Reserve Fund Requirement and the sums then on deposit in the applicable account in the Reserve Fund, if any, after the deposit of such surety bond, insurance policy or letter of credit. Such difference may be withdrawn by the District and be deposited in the Revenue Fund. The surety bond, insurance policy or letter of credit shall be payable (upon the giving of notice as required thereunder) on any due date on which monies will be required to be withdrawn from the account in the Reserve Fund and applied to the payment of principal, premium, if any, or interest on the related series of the Bonds and such withdrawal cannot be met by amounts on deposit in such account in the Reserve Fund. If a disbursement is made pursuant to a surety bond, an insurance policy or a letter of credit provided pursuant to this section, the District shall be obligated either (i) to reinstate the maximum limits of such surety bond, insurance policy or letter of credit or (ii) to deposit into the applicable account in the Reserve Fund, funds in the amount of the disbursement made under such surety bond, insurance policy or letter of credit, or a combination of such alternatives, as shall provide that the amount in the applicable account in the Reserve Fund equals the Reserve Fund Requirement for that series of the Bonds. Any other provision in this Section to the contrary notwithstanding, for each particular series of Bonds or portion thereof which is entitled to the benefits of Credit Enhancement, the right of the District to cause a surety bond or an insurance policy to be deposited into the Reserve Fund *in lieu* of the required transfers or deposits thereto shall be subject to the condition that the District obtain the prior written consent of the provider of the Credit Enhancement as to the structure and the issuer of such surety bond or insurance policy.

SECTION 5.03. Replenishment of Funds. If at any time it shall be necessary to use moneys in any account of the Reserve Fund or the Contingencies 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 Contingencies 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 District may utilize such funds for such purpose.

SECTION 5.04. Notification of Deficiencies. As required by La. R.S. 39:1410.62 the District will notify the State Bond Commission, in writing, whenever (i) transfers to any fund required to be established by this General Bond Resolution or any Resolution authorizing the issuance of indebtedness of the District have not been made timely or (ii) principal, interest, premiums, or other payments due on the District Bonds or any other outstanding indebtedness of the District have not been made timely.

SECTION 5.05. Investment of Funds. All or any part of the moneys in the foregoing funds and accounts shall, at the written request of the District, be invested in accordance with the provisions of the laws of the State of Louisiana, except that moneys in any account 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 5.06. 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 5.01 hereof in the Revenue Fund, which Fund shall be maintained separate and apart from all other funds of the District. The Debt Service Fund, the Reserve Fund and the Contingencies Fund shall be held by the depository banks as special trust funds for the purposes provided in this General Bond Resolution, and all other funds shall be held by the designated banks as special deposits for the purposes set forth in this General Bond Resolution, 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 General Bond Resolution until applied in the manner herein provided, provided that the Owners will only have a lien or claim against the account in the Reserve Fund that pertains to the issue of the Bonds that such Owners own. 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.

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**ARTICLE VI
ISSUANCE OF PARITY OBLIGATIONS**

SECTION 6.01. Issuance of Parity Obligations; Parity Requirements. The District hereby covenants that after the issuance of the initial series of bonds hereunder, it shall issue no other bonds hereunder or otherwise, or obligations of any kind or nature payable from or enjoying a lien on any part of the Revenues having priority over or parity with any of the Bonds, except that Parity Obligations may be issued hereunder and hereafter if the following conditions are met:

(a) If any outstanding bonds of the District are proposed to be refunded with reduced annual debt service in each Bond Year and no extension of the final maturity date, then the District may issue refunding bonds to effect such refunding, and such refunding bonds shall enjoy complete equality of lien with any portion of the Bonds that is still outstanding; or

(b) Parity Obligations may also be issued if all of the following conditions are met:

(i) (A) the average Net Revenues of the System for the two (2) completed Fiscal Years immediately preceding the issuance of the Parity Obligations must have been not less than 120% of the average future fiscal year debt service requirements of the Bonds and 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 prepayment), and the Parity Obligations so proposed to be issued; provided, however, that if Parity Obligations are being issued as Variable Rate Bonds, this calculation shall be made assuming interest on said bonds at historical levels of the applicable variable rate during the previous three (3) years as determined by a nationally recognized underwriter experienced in handling bonds with similar variable rates; and provided further that this limitation may be waived or modified by the written consent of the owners of any bonds then outstanding. If a rate increase has been effected prior to the issuance of the Parity Obligations, then the coverage calculations for the preceding two Fiscal Years immediately preceding the issuance of the Parity Obligations may be made as if such rate increase had been in effect during such period; or

(B) In lieu of the provisions of (A) above, for a period of three (3) years from the completion of the System to be financed with the initial series of Bonds issued hereunder, a professional engineer experienced in water and sewer utilities certifies that, based upon the average annual Net Revenues projected by such engineer or consultant for a period of five (5) Fiscal Years immediately following the date on which the project financed with the proceeds of the proposed Parity Obligations becomes operational by the District, such projected average Net Revenues in each such Fiscal Year will be not less than 120% of the maximum annual debt service due on the Outstanding Bonds and the proposed Parity Obligations in each of the five (5) Fiscal Years following the Fiscal year in which the proposed Parity Obligations are to be issued;

(ii) The payments required to be made into the various funds provided in Section 5.01 hereof must be current;

(iii) The existence of the facts required by paragraphs (i)(A) or (B), and (ii) above must be determined and certified to by the chief financial officer of the Governing Authority, or by an independent firm of certified public accountants who have previously audited the books of the District, or such successors thereof as may have been employed for that purpose;

(iv) The proceeds of the Parity Obligations must be used solely for the making of improvements, extensions, renewals, replacements or repairs to the System or to refund any outstanding revenue bonds payable from a pledge of the Net Revenues issued for such purposes; and

(v) The District must certify that all conditions prescribed in this Section have been met.

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

SECTION 7.01. Operation of the System. The District 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 District and the Department under the Loan Agreement.

SECTION 7.02. Utility Charges and Connections. To the extent permitted by law, the District 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 District which abuts upon a street or other public way containing a water 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 supply of drinking water or the collection and disposal of wastewater 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 District, which rules and regulations may provide for an inspection charge to assure the proper making of such connection.

The District 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, other than water delivered to fire hydrants for firefighting purposes.

In addition to all other rights and remedies available to be used for the enforcement of utility charges and for the compelling of the making of sewer connections as aforesaid, the District 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 District will enact, maintain and enforce an ordinance or resolution imposing User Fees and will enact, maintain and enforce a water and sewerage use ordinance or resolution or similar proceeding that satisfies the requirements of all applicable regulations.

So long as the Bonds are outstanding, the District through its Governing Authority obligates itself to fix, establish, maintain, levy and collect such rates, fees, rents or other charges for services and facilities of the System and all parts thereof and to revise the same from time to time whenever necessary to always provide Revenues in

each Fiscal Year sufficient to meet all requirements of this General Bond Resolution and at least to pay:

- (a) the reasonable and necessary expenses of operating and maintaining the System in each Fiscal Year,
- (b) the principal and interest and Administrative Fee, if any, falling due during the Fiscal Year;
- (c) all other payments required for such Fiscal Year by the Resolution and the Loan Agreement; and
- (d) all other obligations or indebtedness payable out of the Revenues for such Fiscal Year,

and which in any event will provide Net Revenues, including any Other District Moneys, in an amount equal to at least one hundred twenty percent (120%) of the required deposits in such Fiscal Year to the Debt Service Fund. Such rates, fees, rents or other charges shall not at any time be reduced so as to be insufficient to provide adequate Revenues for the foregoing purposes.

For purposes of this Section 7.03, "Other District Moneys" means the avails of any *ad valorem* taxes approved by the voters for the purpose of operation, maintenance and development of the System, revenues from the investment of idle funds of the District, penalties, proceeds of the sale of obsolete and unusable properties or other payments to the District from any other source, other than revenues of the System.

Notwithstanding the foregoing, at any time that the Department owns any of the Bonds, in making the calculations required in this Section 7.03, the District may take into account any Other District Moneys as defined in the preceding paragraph, provided that as required by LAC 33:IX.2111(L), or LAC 33:IX.2209(C)(1), as the case may be, the actual amount of User Fees must be sufficient to offset the costs of operation, maintenance, and replacement of equipment and debt repayment.

SECTION 7.04. Annual Review of User Fees. At least annually the District shall review the adequacy of its User Fees to satisfy the requirements of Section 7.03 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 General Bond Resolution or in the Bonds shall be construed to prevent the District from altering, amending or repealing from time to time as may be necessary any ordinance or resolution setting up and establishing a schedule or schedules of User Fees, said alterations, amendments or repeals to be conditioned upon the continued preservation of the rights of the Owners with respect to the Revenues, not alone for the payment of the principal of and interest on the Bonds, but to give assurance and insure that the Revenues, together with such other lawfully available funds as are used by the District for such purposes, shall be sufficient at all times to meet and fulfill the other provisions stated and specified in Section 7.03 of this General Bond Resolution.

The District agrees that all charges owed by any individual, partnership or corporation for 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 District. 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 District further agrees that if such delinquent charge, with interest and penalties accrued thereon, is not paid within fifteen (15) days from the date on which it became delinquent, the District will shut off water services to the affected premises. The District further agrees that the District 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, may, in the discretion of the Governing Authority, after thirty (30) days from the date of delinquency, bear interest at the rate of at least six per centum (6%) per annum. If services shall be discontinued as above provided, the customer shall, in addition to paying the delinquent charges, penalties and interest, if any, pay as a condition precedent to the resumption of service, a reconnection charge as determined by the Governing Authority.

It is further understood and agreed that the schedule of User Fees being charged as of the date of the adoption of this General Bond Resolution 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 General Bond Resolution, 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 Sections 5.01 and 7.03 hereof.

SECTION 7.06. Right to Pledge Revenues; Rank of Lien. In providing for the issuance of the Bonds, the District 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 District 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 District 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 Publication #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 District 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 following:

- (a) a statement in detail of the income and expenditures of the System for such Fiscal Year,
- (b) a balance sheet of the System as of the end of such Fiscal Year;
- (c) the accountant's comments regarding the manner in which the District has carried out the requirements of the Resolution and the Loan Agreement and the accountant's recommendations for any changes or improvements in the operation of the System or the method of keeping the records relating thereto;

- (d) a list of the insurance policies in force at the end of the Fiscal Year, setting out as to each policy the amount of the policy, the risks covered, the name of the insurer and the expiration date of the policy;
- (e) the number of System users at the end of the Fiscal Year;
- (f) an analysis of additions, replacements and improvements to the physical properties of the System during the Fiscal Year;
- (g) an analysis of all funds created pursuant to the Resolution setting out as to each all deposits and disbursements made during the Fiscal Year;
- (h) a statement of all schedules of User Fees in effect during the Fiscal Year, the aggregate dollar billed for services rendered by the System during such Fiscal Year and the average monthly billing per user; and
- (i) a schedule of fixed assets, if not provided elsewhere in the audit report.

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 District further agrees that if the Department owns any of the Bonds, 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 District further agrees that if the Department owns any of the Bonds, the District will 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 Bondholders; 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 General Bond Resolution, and may enforce and compel the performance of all duties required by this General Bond Resolution, or by any applicable statutes to be performed by the District 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 General Bond Resolution, or in the event that the District or any agency, board, officer, agent or employee thereof shall fail or refuse to comply with the provisions of this General Bond Resolution or shall default in any covenant made herein, and in the further event that any such default shall continue for a period of thirty (30) days after written notice, any Owner or any trustee appointed to represent such Owner(s) 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 District shall exercise all the rights and powers of the District with respect to the System as the District 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 General Bond Resolution, and comply under the jurisdiction of the court appointing such receiver, with all of the provisions of this General Bond Resolution.

Whenever all that is due upon the Bonds and interest thereon, and under any covenants of this General Bond Resolution 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 General Bond Resolution shall have been cured and made good, possession of the System shall be surrendered to the District 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 The 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 District and for the joint protection and benefit of the District and the Owners. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any property of any kind or character belonging or pertaining to the 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 District and the Owners and the curing and making good of any default under the provisions of this General Bond Resolution, and the title to and the ownership of the System shall remain in the District, 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 District 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 General Bond Resolution 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 Secretary of the District.

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 RESOLUTION, 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 in principal and interest, the District 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 District of property which in its judgment has become inexpedient to use in connection with the System when other property of equal value is substituted therefore, or the proceeds derived from the sale of such property are deposited in the Contingencies Fund and used for the purpose of making extension, improvement or additions to, or renewal of capital assets of the System or for prepaying outstanding Bonds.

SECTION 7.10. Competitive Franchises. So long as the Bonds are Outstanding the District obligates itself not to grant a franchise to any utility for operation within the boundaries of the District 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 District 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 7.09 of this General Bond Resolution, the District 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 District 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.

SECTION 7.12. Insurance; Fidelity Bonds. So long as the Bonds are outstanding the District 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 5.01 OF THIS BOND RESOLUTION OR WHEN AN "EVENT OF DEFAULT" HAS OCCURRED UNDER THE LOAN AGREEMENT.

The District 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 5.01 hereby or when an "event of default" has occurred under the Loan Agreement, it will retain a Consulting Engineer on a continuous basis until all defaults are cured, for the purpose of providing for the District 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 District, with the consent and approval of the Owners of a majority of the outstanding principal amount of the Bonds herein authorized.

The Consulting Engineer shall prepare within ninety (90) days after the close of each Fiscal Year a comprehensive operating report, which report shall contain therein or be accompanied by a certified copy of an audit of the preceding Fiscal Year prepared by the District'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 General Bond Resolution 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 Governing Authority 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 Contingencies 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 Secretary of the District and the depository for said Contingencies 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 services supplied by the System, taking into account any other lawfully available funds of the District 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 Governing Authority, 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. In the event that any of the Bonds are issued as tax-exempt bonds for federal income tax purposes, or as Build America Bonds, the District 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 or the status of the Bonds as Build America Bonds.

The District 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 District 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" or fail to be Build America Bonds, if applicable.

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ARTICLE IX

SUPPLEMENTAL BOND RESOLUTIONS

SECTION 9.01 Supplemental Resolutions Effective Without Consent of Owners. For any one or more of the following purposes, in addition to the adoption of Series Resolutions pursuant to Section 2.04 with respect to the issuance of additional series of the Bonds, and at any time from time to time, a resolution supplemental hereto may be adopted, which, upon the filing with the Paying Agent 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 the Owners, shall be fully effective in accordance with its terms:

(a) to add to the covenants and agreements of the District in the General Bond Resolution or any Series Resolution other covenants and agreements to be observed by the District which are not contrary to or inconsistent with the General Bond Resolution or any Series Resolution as theretofore in effect;

(b) to add to the limitations and restrictions in the General Bond Resolution or any Series Resolution other limitations and restrictions to be observed by the District which are not contrary to or inconsistent with the General Bond Resolution or any Series Resolution as theretofore in effect;

(c) to surrender any right, power or privilege reserved to or conferred upon the District by the terms of the General Bond Resolution or any Series Resolution, but only if the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the District contained in the General Bond Resolution or any Series Resolution;

(d) to cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision of the General Bond Resolution or any Series Resolution; or

(e) to insert such provisions clarifying matters or questions arising under the General Bond Resolution or any Series Resolution as are necessary or desirable and are not contrary to or inconsistent with the General Bond Resolution or any Series Resolution as theretofore in effect.

SECTION 9.02. Supplemental Resolutions Effective With Consent of Owners. Except as provided in Sections 2.04 and 9.01, any modification or amendment of the General Bond Resolution or any Series Resolution or of the rights and obligations of the District and of the Owners hereunder, in any particular, may be made by a supplemental resolution, 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 District shall give a notice thereof to the Paying Agent 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 District 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 Paying Agent without its written assent thereto.

ARTICLE X

EVENTS OF DEFAULT; REMEDIES

SECTION 10.01. Events of Default. If one or more of the following events (in this General Bond Resolution called "Events of Default") shall happen, that is to say, (a) if default shall be made in the due and punctual payment of the principal of any Bond when and as the same shall become due and payable, whether at maturity or otherwise; or (b) if default shall be made in the due and punctual payment of any installment of interest on any Bond when and as such interest installment shall become due and payable; or (c) if default shall be made by the District in the performance or observance of any other of the covenants, agreements or conditions on its part in the General Bond Resolution or any Series Resolution, any supplemental resolution or 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 District by the Owners of not less than 25% of the Outstanding principal amount of the Bonds; or (d) if the District shall file a petition or otherwise seek relief under any Federal or State bankruptcy law or similar law; then, upon the happening and continuance of any Event of Default the Owners shall be entitled to exercise all rights and powers for which provision is made under Louisiana law.

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ARTICLE XI

MISCELLANEOUS

SECTION 11.01. Defeasance. (a) If the District 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 Resolution, then the covenants, agreements and other

obligations of the District to the Owners shall be discharged and satisfied. In such event, the Paying Agent shall, upon the request of the District, execute and deliver to the District all such instruments as may be desirable to evidence such discharge and satisfaction and the Paying Agent shall pay over or deliver to the District all moneys, securities and funds held by them pursuant to the Resolution which are not required for the payment or prepayment of Bonds not theretofore surrendered for such payment or prepayment.

(b) 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 District 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 Resolution expressed or implied is intended or shall be construed to confer upon, or to give to, any person or corporation, other than the District, the Paying Agent and the Owners any right, remedy or claim under or by reason of the Resolution or any covenant, condition or stipulation thereof; and all the covenants, stipulations, promises and agreements in the Resolution contained by and on behalf of the District shall be for the sole and exclusive benefit of the District, the Paying Agent and the Owners.

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 General Bond Resolution against any member of the Governing Authority or officer of the District or any person executing the Bonds.

SECTION 11.04. Successors and Assigns. Whenever in this General Bond Resolution the District is named or referred to, it shall be deemed to include its successors and assigns and all the covenants and agreements in this General Bond Resolution contained by or on behalf of the District shall bind and enure to the benefit of its successors and assigns whether so expressed or not.

SECTION 11.05. Severability. In case any one or more of the provisions of this Resolution 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 Resolution or of the Bonds, but the Resolution 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 Resolution which validates or makes legal any provision of the Resolution or the Bonds which would not otherwise be valid or legal shall be deemed to apply to the Resolution and to the Bonds.

SECTION 11.06. Publication of Resolution. This Resolution shall be published one (1) time in the official journal of the District.

SECTION 11.07. Effective Date. This General Bond Resolution shall become effective immediately. This General Bond Resolution having been submitted to a vote, the vote thereon was as follows:

<u>Member</u>	<u>Yea</u>	<u>Nay</u>	<u>Absent</u>	<u>Abstaining</u>
William Altimus	X			
Rick Avery			X	
Glenn Benton	X			
Wanda Bennett	X			
Barry Butler	X			
James Cochran	X			
J. Brad Cummings	X			
Jerome L. Darby			X	
W. Wayne Hammack	X			
Winfred R. Johnston	X			
Henry D. Meachum	X			
Paul "Mac" Plummer	X			

And the Resolution was declared adopted, on this, 18th day of August, 2010

/s/ Cindy A. Dodson
Secretary,
Bossier Parish Police Jury

/s/ Wanda Bennett
President,
Bossier Parish Police Jury

Motion was made by Mr. Benton, seconded by Mr. Darby, to adopt a Supplemental Bond Resolution authorizing the issuance of not exceeding Seventeen Million Five Hundred Thousand Dollars (\$17,500,000) of Utilities Revenue Bonds, Series 2010, of Consolidated Waterworks/Sewerage District No. 1 of the Parish of Bossier, State of Louisiana, in accordance with the terms of a General Bond Resolution adopted on August 18, 2010; prescribing the form, and certain terms and conditions of said Bonds; and providing for other matters in connection therewith.

The President called for public comment. There being none, **votes were cast and the motion carried unanimously.**

The following resolution was offered by Mr. Benton, and seconded by Mr. Darby.

FIRST SUPPLEMENTAL BOND RESOLUTION

A Supplemental Bond Resolution authorizing the issuance of not exceeding Seventeen Million Five Hundred Thousand Dollars (\$17,500,000) of Utilities Revenue Bonds, Series 2010, of Consolidated Waterworks/Sewerage District No. 1 of the Parish of Bossier, State of Louisiana, in accordance with the terms of a General Bond Resolution adopted on August 18, 2010; prescribing the form, and certain terms and conditions of said Bonds; and providing for other matters in connection therewith.

WHEREAS, Consolidated Waterworks/Sewerage District No. 1 of the Parish of Bossier, State of Louisiana (the "District") proposes to acquire, own and operate a combined water treatment and distribution system and sewage collection, treatment and disposal (the "System") as a revenue producing public utility; and

WHEREAS, the District currently has no outstanding notes, bonds or other obligations payable from a pledge and dedication of the income and revenues of the System; and

WHEREAS, pursuant to Part XIII, Chapter 4, Title 39 of the Louisiana Revised Statutes of 1950, as amended (La. R.S. 39:1011, *et seq.*), and other constitutional and statutory authority, including La. R.S. 30:2034 (the "Act"), it is the desire of this District Council to provide for the issuance of revenue bonds of the District, for the purpose of paying a portion of the cost of constructing and acquiring additions, extensions and improvements to the

System, and paying the costs of issuance thereof; and

WHEREAS, on August 18, 2010, this Police Jury of the Parish of Bossier, acting as the governing authority of the District (the "Governing Authority"), adopted a General Bond Resolution entitled: "A General Bond Resolution authorizing the issuance from time to time of Utilities Revenue Bonds of Consolidated Waterworks/Sewerage District No. 1 of the Parish of Bossier, State of Louisiana; prescribing the form, and certain terms and conditions of said Bonds; providing for the payment thereof in principal and interest; and providing for other matters in connection therewith" (the "General Bond Resolution"), which authorizes the issuance of bonds from time to time for the aforesaid purposes; and

WHEREAS, it is now the desire of this Governing Authority to authorize the issuance of not exceeding Seventeen Million Five Hundred Thousand Dollars (\$17,500,000) of Utilities Revenue Bonds, Series 2010 of the District;

NOW, THEREFORE, BE IT RESOLVED by the Police Jury of the Parish of Bossier, State of Louisiana, acting as the governing authority of Consolidated Waterworks/Sewerage District No. 1 of the Parish of Bossier, State of Louisiana, that:

SECTION 1. Definitions. In addition to words and terms elsewhere defined in the General Bond Resolution and this First Supplemental Bond Resolution, the following words and terms as used in this First Supplemental Bond Resolution shall have the following meanings, unless some other meaning is plainly intended:

"Administrative Fee" means, with respect to the 2010 Bonds and any other Bonds purchased by the Department from the Clean Water State Revolving Fund, the annual fee equal to one-half of one percent (0.5%) per annum of the outstanding principal amount of such 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.

"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 with respect to the Clean Water State Revolving Fund.

"First Supplemental Resolution" means this resolution authorizing the issuance of the 2010 Bonds.

"General Bond Resolution" means the General Bond Resolution described in the preambles hereof.

"Loan Agreement" means the Loan and Pledge Agreement to be entered into by and between the Department and the District, prior to the delivery of the 2010 Bonds, which will contain certain additional agreements relating to the 2010 Bonds being purchased by the Department from the Clean Water State Revolving Fund, which Loan Agreement shall be in substantially the form attached hereto as Exhibit B, as it may be supplemented, modified or amended from time to time in accordance with the terms thereof.

"Clean Water State Revolving Fund" means the Clean Water State Revolving Fund established by the State of Louisiana, pursuant to Subchapter II, Chapter 14 of Title 30 of the Louisiana Revised Statutes of 1950, as amended, specifically La. R.S. 30:2301, *et. seq.*, in the custody of the Department, which is to be used 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 La. R.S. 30:2034.

"Paying Agent" with respect to the 2010 Bonds means the treasurer of the Governing Authority, unless and until a successor Paying Agent shall have assumed such responsibilities pursuant to the General Bond Resolution.

"Reimbursement Expenditures" means Costs of the Project made prior to the date of delivery of the Series 2010 Bonds, but not more than sixty (60) days prior to December 16, 2009, which was the date of adoption of an "official intent" resolution pursuant to Section 1.150-2 of the United States Treasury Regulations under Section 150 of the Code.

"2010 Bonds" means the District's Utilities Revenue Bonds, Series 2010, authorized to be issued by this First Supplemental Resolution and particularly by Section 2 hereof.

SECTION 2. Authorization of Series 2010 Bonds. (a) In compliance with and under the authority of the Act and other constitutional and statutory authority supplemental thereto, including La. R.S. 30:2304, there is hereby authorized the incurring of an indebtedness of not exceeding Seventeen Million Five Hundred Thousand Dollars (\$17,500,000) for, on behalf of and in the name of the District, for the purpose of paying a portion of the cost of constructing and acquiring additions, extensions and improvements to the sewerage portion of the System, as further set forth in Exhibit B hereto, and paying costs of issuance thereof, and to represent the indebtedness, this Governing Authority does hereby authorize the issuance of not exceeding Seventeen Million Five Hundred Thousand Dollars (\$17,500,000) of Utilities Revenue Bonds, Series 2010, of the District. The 2010 Bonds shall be dated the Delivery Date thereof, and the exact principal amount of the bonds, not to exceed Seventeen Million Five Hundred Thousand Dollars (\$17,500,000), as stated above, shall be determined by the Executive Officers at the time of delivery of the 2010 Bonds

(b) The 2010 Bonds shall be Fixed Rate Bonds and the Interest Payment Dates shall be April 1, 2011, and semi-annually thereafter on each April 1 and October 1 of each year. The 2010 Bonds shall bear interest at the rate of forty-five hundredths percent (0.45%) per annum, said interest to be calculated on the basis of a 360-day year consisting of twelve 30-day months and payable on each Interest Payment Date, or such lower rate as may be in effect for loans from the Clean Water State Revolving Fund at the time of delivery. In addition to interest at the rate set forth above, at any time that the Department owns the 2010 Bonds the District will pay the Administrative Fee to the Department on each Interest Payment Date. In the event (i) the Department owns any 2010 Bonds or the Department has pledged or assigned any 2010 Bonds in connection with its Clean Water State Revolving Fund and (ii) the Administrative Fee payable by the District 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 2010 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.

(c) The 2010 Bonds shall be "Build America Bonds (Direct Payment)" pursuant to Section 54AA of the Code. Interest on the 2010 Bonds shall not be excluded from gross income for federal income tax purposes, and the District irrevocably elects to designate all of the Bonds as "Build America Bonds" under Section 54AA of the Code and specifically as "qualified bonds" within the meaning of Section 54AA(g) of the Code. All of the proceeds of the 2010 Bonds, other than no more than 2% of such proceeds used to pay issuance costs, plus investment

proceeds thereof, will be used for capital expenditures and the issue price of the 2010 Bonds has no premium over the stated principal amount. None of the proceeds of the 2010 Bonds will be deposited to the Reserve Fund or to any other reasonably required reserve fund. By this election, the District will be entitled to a credit with respect to each interest payment as provided by Section 6431 of the Code. The Executive Officers are authorized and empowered to take any further action as may be necessary in order to qualify the 2010 Bonds as Build America Bonds (Direct Payment) under said Section 54AA and Section 6431 of the Code, including any necessary filings, agreements, forms (including IRS Form 8038-CP) or other documentation necessary to receive the 35% reimbursement described in said sections.

(d) The 2010 Bonds shall mature in twenty (20) installments of principal, payable annually on each October 1, and each annual installment shall be the applicable percentage shown in the following table, rounded to the nearest One Thousand Dollars (\$1,000), of the outstanding principal amount of the 2010 Bonds on the day before the applicable Principal Payment Date:

Date (Oct. 1)	Percentage of Principal	Date (Oct. 1)	Percentage of Principal
2011	4.634%	2021	9.649%
2012	4.898	2022	10.764
2013	5.191	2023	12.157
2014	5.518	2024	13.950
2015	5.887	2025	16.339
2016	6.305	2026	19.686
2017	6.782	2027	24.705
2018	7.333	2028	33.071
2019	7.976	2029	49.803
2020	8.736	2030	100.000

(e) The principal and interest on the 2010 Bonds shall be payable by check mailed to the registered owner of the 2010 Bonds (determined as of the Interest Payment Date) at the address shown on the registration books kept by the Paying Agent for such purpose, provided that payment of the final installment of principal on the 2010 Bonds shall be made only upon presentation and surrender of the 2010 Bonds to the Paying Agent.

(f) The principal installments of the 2010 Bonds are subject to prepayment at the option of the District at any time, in whole or in part, at a prepayment price of par plus accrued interest and accrued Administrative Fee, if any, to the prepayment date and in such case the remaining principal of the 2010 Bonds shall continue to mature in installments calculated using the percentages shown in Section 2(c) above.

(g) The 2010 Bonds shall be issued in the form of a single fully registered bond, initially numbered R-1, and shall be in substantially the form attached hereto as Exhibit A.

(h) The Treasurer of the Governing Authority shall be the initial Paying Agent for the 2010 Bonds.

(i) The 2010 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 Paying Agent, the 2010 Bonds shall be delivered to the Department or its agents or assigns, upon receipt by the District of the agreed purchase price. Pursuant to the Act and La. R.S. 39:1426(B), the District has determined to sell the 2010 Bonds at a private sale without the necessity of publishing any notice of sale.

(j) No proceeds of the 2010 Bonds shall be deposited into the Reserve Fund, however upon the delivery of the 2010 Bonds the District shall establish the "Series 2010 Account" in the Reserve Fund and shall deposit an amount equal to one-half of the highest amount of principal and interest due on the 2010 Bonds in any future Bond Year (the "Reserve Fund Requirement") within five (5) years after the Delivery Date. No changes are required at this time with respect to the Contingencies Fund established in the General Bond Resolution.

(k) No proceeds of the 2010 Bonds will be used to refund any outstanding obligations.

(l) Inasmuch as the 2010 Bonds being the initial emission of bonds under the General Bond Resolution, the parity requirements of Section 6.01 of the General Bond Resolution are not applicable.

(m) The Executive Officers are each hereby empowered, authorized and directed to do any and all things necessary and incidental to carry out all of the provisions of the General Bond Resolution and this First Supplemental Resolution, to execute and deliver the Loan Agreement, and to cause the 2010 Bonds to be prepared and/or printed, to issue, execute and seal the 2010 Bonds and to effect delivery thereof as hereinafter provided. In connection with the issuance and sale of the 2010 Bonds, the Executive Officers and the Treasurer of the District are each authorized, empowered and directed to execute on behalf of the District such additional documents, certificates and instruments as they may deem necessary, upon the advice of bond counsel, to effect the transactions contemplated by this Resolution. The signatures of said on such documents, certificates and instruments shall be conclusive evidence of the due exercise of the authority granted hereunder.

(n) Reserved;

(o) It is recognized that the District will not be required to comply with the continuing disclosure requirements described in the Rule 15c2-12(b) of the Securities and Exchange Commission [17 CFR §240.15c2-12(b)], because (i) the 2010 Bonds are not being purchased by a broker, dealer or municipal securities dealer acting as an underwriter in a primary offering of municipal securities, and (ii) the 2010 Bonds are being sold to only one financial institution (i.e., no more than thirty-five persons), which has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of the prospective investment in the 2010 Bonds and is not purchasing the 2010 Bonds for more than one account or with a view to distributing the Bonds.

(p) Reserved.

(q) The "Scheduled Completion Date" for the 2010 Bonds Project is May 1, 2012.

(r) There will be no Credit Enhancement with respect to the 2010 Bonds.

(s) The Loan Agreement, in substantially the form attached hereto as Exhibit B, is hereby approved, and the Executive Officers are authorized to execute and deliver the aforesaid documents on behalf of the District, with such changes as may be deemed necessary, upon the advice of counsel, in connection with the 2010 Bonds. The Executive Officers are further authorized to execute and deliver any supplemental loan agreement or cooperative endeavor agreement as may be necessary in connection with any additional subsidization offered by the Department.

SECTION 3. Davis-Bacon Wage Rate Requirements. The District agrees that all laborers and mechanics employed by contractors and subcontractors on the portion of the Project that is funded in whole or in part with the Series 2010 Bonds shall be paid wages at rates not less than those prevailing on projects of a character similar in the locality of the District as determined by the Secretary of the United States Department of Labor ("DOL") in accordance with Subchapter IV of Chapter 31 of Title 40, United States Code. DOL provides all pertinent information related to compliance with the foregoing requirements, including prevailing wage rates and instructions for reporting. The District will ensure that all construction contracts relating to the portion of the Project that is funded in whole or in part with the Series 2010 Bonds will require that the contractor comply with the aforesaid wage and reporting requirements. This section shall not apply to "force account" work where the District may perform construction work using its own employees rather than any contractor or subcontractor.

SECTION 4. Federal Tax Covenants. Although the Bonds are herein designated as "Build America Bonds (Direct Payment) pursuant to Section 54AA of the Code, 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 such that, but for said designation as Build America Bonds (Direct Payment) under the Code, the interest on the Bonds would have been excluded from "gross income" under the Code. The Issuer further covenants and agrees that it will not take any action, fail to take any action, or permit any action within its control to be taken, or permit at any time or times any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or indirectly in any manner, the effect of which would have otherwise caused the Bonds to be "arbitrage bonds" or would have resulted 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 5. Parties Interested Herein. Nothing in this First Supplemental Resolution expressed or implied is intended or shall be construed to confer upon, or to give to, any person or corporation, other than the District, the Paying Agent and the Owners of the Series 2010 Bonds any right, remedy or claim under or by reason of this First Supplemental Resolution or any covenant, condition or stipulation thereof; and all the covenants, stipulations, promises and agreements in this First Supplemental Resolution contained by and on behalf of the District shall be for the sole and exclusive benefit of the District, the Paying Agent and the Owners of the Series 2010 Bonds.

SECTION 6. 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 First Supplemental Resolution against any member of the Governing Authority or officer of the District or any person executing the Bonds.

SECTION 7. Successors and Assigns. Whenever in this First Supplemental Resolution the District is named or referred to, it shall be deemed to include its successors and assigns and all the covenants and agreements in this First Supplemental Resolution contained by or on behalf of the District shall bind and enure to the benefit of its successors and assigns whether so expressed or not.

SECTION 8. Severability. In case any one or more of the provisions of this First Supplemental Resolution 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 this First Supplemental Resolution or of the Bonds, but this First Supplemental Resolution 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 this First Supplemental Resolution which validates or makes legal any provision of this First Supplemental Resolution or the Bonds which would not otherwise be valid or legal shall be deemed to apply to this First Supplemental Resolution and to the Bonds.

SECTION 9. Publication; Peremption. This First Supplemental Resolution shall be published one time in the official journal of the District, or if there is none, in a newspaper having general circulation in the District. It shall not be necessary to publish the exhibits to this First Supplemental Resolution but such exhibits shall be made available for public inspection at the offices of the Governing Authority at reasonable times and such fact must be stated in the publication within the official journal. For a period of thirty (30) days after the date of such publication any persons in interest may contest the legality of this First Supplemental Resolution and any provisions herein made for the security and payment of the Bonds. After such thirty day period no one shall have any cause or right of action to contest the regularity, formality, legality, or effectiveness of this First Supplemental Resolution and the provisions hereof or of the Bonds authorized hereby for any cause whatsoever. If no suit, action, or proceeding is begun contesting the validity of the Bonds authorized pursuant to this First Supplemental Resolution within the thirty days herein prescribed, the authority to issue the Bonds or to provide for the payment thereof, and the legality thereof, and all of the provisions of this First Supplemental Resolution and such Bonds shall be conclusively presumed, and no court shall have authority or jurisdiction to inquire into any such matter.

SECTION 10. Effective Date. This First Supplemental Resolution shall become effective immediately. This First Supplemental Bond Resolution having been submitted to a vote, the vote thereon was as follows:

<u>Member</u>	<u>Yea</u>	<u>Nay</u>	<u>Absent</u>	<u>Abstaining</u>
William Altimus	X			
Rick Avery			X	
Glenn Benton	X			
Wanda Bennett	X			
Barry Butler	X			
James Cochran	X			
J. Brad Cummings	X			
Jerome L. Darby			X	
W.Wayne Hammack	X			
Winfred R. Johnston	X			
Henry D. Meachum	X			
Paul "Mac" Plummer	X			

And the Resolution was declared adopted, on this, 18th day of August, 2010

/s/ Cindy A. Dodson
Secretary,
Bossier Parish Police Jury

/s/ Wanda Bennett
President,
Bossier Parish Police Jury

**EXHIBIT A
to First Supplemental Bond Resolution**

[FORM OF BOND]

THIS BOND HAS BEEN DESIGNATED AS A "BUILD AMERICA BOND" PURSUANT TO SECTION 54AA OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED, AND INTEREST ON THIS BOND IS INCLUDED IN GROSS INCOME OF THE REGISTERED OWNER FOR FEDERAL INCOME TAX PURPOSES.

**UNITED STATES OF AMERICA
STATE OF LOUISIANA
PARISH OF BOSSIER
UTILITIES REVENUE BOND, SERIES 2010**

**OF
CONSOLIDATED WATERWORKS/SEWERAGE DISTRICT NO. 1
OF THE PARISH OF BOSSIER, STATE OF LOUISIANA**

<u>Bond Number</u>	<u>Bond Date</u>	<u>Interest Rate</u>	<u>Principal Amount</u>
R-1	_____, 2010	0.45%	\$17,500,000

FOR VALUE RECEIVED, Consolidated Waterworks/Sewerage District No. 1 of the Parish of Bossier, State of Louisiana (the "District"), hereby promises to pay (but only from the sources hereinafter described) to:

REGISTERED OWNER: LOUISIANA DEPARTMENT OF ENVIRONMENTAL QUALITY
ATTN: Financial Services Division,
Accounts Receivable
P. O. Box 4311
Baton Rouge, LA 70821-4311 (the "Department")

or registered assigns noted on the registration record attached hereto, but solely from the revenues hereinafter specified, the Principal Amount set forth above (unless a lower Principal Amount applies, as set forth below), together with interest thereon from the Bond Date set forth above or the most recent interest payment date to which interest has been paid or duly provided for, unless this Bond shall have been previously called for prepayment and payment shall have been duly made or provided for.

This Bond shall bear interest, payable semi-annually on April 1 and _October 1 of each year, commencing April 1, 2011 (each, an "Interest Payment Date"), at the Interest Rate shown above, said interest to be calculated on the basis of a 360-day year consisting of twelve 30-day months. Interest on the Bonds on any Interest Payment Date shall be payable only on the aggregate amount of the purchase price which shall have been paid theretofore, as noted on Schedule A hereto, and shall accrue with respect to each purchase price installment only from the date of payment of such installment.

If the Louisiana Department of Environmental Quality (the "Department"), is the registered owner of this Bond, the District will additionally pay an Administrative Fee to the Department at the annual rate of one-half of one percent (0.50%) on the outstanding principal amount of the Bond, payable on each Interest Payment Date. In the event (i) the Department owns this Bond or the Department has pledged or assigned this Bond in connection with its Clean Water State Revolving Fund Program and (ii) the Administrative Fee payable to the Department is declared illegal or unenforceable by a court or an administrative body of competent jurisdiction, then the "Annual Interest Rate" shown in the foregoing table and borne by this Bond shall be increased by one-half of one percent (0.5%) 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.

This Bond shall mature in twenty (20) installments of principal, payable annually on each January 1, and each annual installment shall be the applicable percentage shown in the following table, rounded to the nearest One Thousand Dollars (\$1,000), of the outstanding principal amount of Bonds on the day before the applicable Principal Payment Date:

<u>Date (Oct. 1)</u>	<u>Percentage of Principal</u>	<u>Date (Oct. 1)</u>	<u>Percentage of Principal</u>
2011	4.634%	2021	9.649%
2012	4.898	2022	10.764
2013	5.191	2023	12.157
2014	5.518	2024	13.950
2015	5.887	2025	16.339
2016	6.305	2026	19.686
2017	6.782	2027	24.705
2018	7.333	2028	33.071
2019	7.976	2029	49.803
2020	8.736	2030	100.000

The principal and interest on this Bond shall be payable by check mailed to the registered owner of this Bond (determined as of the Interest Payment Date) at the address shown on the registration books kept by the Paying Agent (hereinafter defined) for such purpose, provided that payment of the final installment of principal on this Bond shall be made only upon presentation and surrender of this Bond to the Paying Agent.

The principal installments of this Bond are subject to prepayment at the option of the District at any time, in whole or in part, at a prepayment price of par plus accrued interest and accrued Administrative Fee, if any, to the prepayment date. In such case, the remaining principal shall continue to mature in annual installments calculated using the percentages shown above.

In the event a portion of this Bond is to be prepaid, this Bond shall be surrendered to the Treasurer of the Bossier Parish Police Jury, as initial Paying Agent for the Bonds (the "Paying Agent"), who shall note the amount of such prepayment in the space provided therefor on Schedule B to this Bond. Official notice of such call of this Bond 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 registered owner of this Bond to be prepaid at his address as shown on the registration books of the Paying Agent, which notice may be waived by any registered owner. The District shall cause to be kept at the office of the Paying Agent a register in which registration of this Bond and of transfers of the Bonds shall be made as provided herein and in the Resolution. This Bond may be transferred, registered and assigned only on such registration records of the Paying Agent, and such registration shall be at the expense of the District.

This Bond represents the entire issue of bonds of the District designated "Utilities Revenue Bonds, Series 2010" aggregating in principal the sum of Seventeen Million Five Hundred Thousand Dollars (\$17,500,000) (the "Bonds"), the Bonds having been issued by the District pursuant to a General Bond Resolution adopted by Police Jury of the Parish of Bossier, State of Louisiana, acting as the governing authority of the District, on August 18, 2010, as supplemented by a First Supplemental Bond Resolution adopted by its governing authority on August 18, 2010 (collectively, the "Resolution"), for the purpose of paying Costs of the Project, as defined in the Resolution, consisting generally of improvements to the sewerage portion of the System (hereinafter defined), and paying costs of issuance, under the authority conferred by Part XIII, Chapter 4, Title 39 of the Louisiana Revised Statutes of 1950, as amended (La. R.S. 39:1011, *et seq.*), and other constitutional and statutory authority, including La. R.S. 30:2304. pursuant to all requirements therein specified.

The Bonds are payable as to both principal and interest solely by a pledge of the revenues of the District's combined utilities system consisting of facilities that are used for the purpose of (i) collecting, treating, storing, holding, distributing or transporting drinking water, and (ii) collecting, treating, storing, holding, transporting and disposing of sewage and wastewater, as said system now exists and as it may be hereafter improved, extended or supplemented from any source whatsoever while the Bonds herein authorized remains outstanding, including specifically all properties of every nature owned, leased or operated by the District and used or useful in the operation of the system, and including real estate, personal and intangible properties, contracts, franc franchises, leases and chooses in action, whether lying within or without the boundaries of the District, as more fully described in the Resolution (the "System"), after there have been deducted therefrom the reasonable and necessary expenses of operating and maintaining the System (the "Net Revenues"). The Bonds constitute a borrowing solely upon the credit of said revenues of the System and do not constitute an indebtedness or pledge of the general credit of the District within the meaning of any constitutional or statutory limitation of indebtedness. Subject to the foregoing, the Net Revenues are irrevocably and irrepealably pledged in an amount sufficient for the payment of this Bond and the issue of which it forms a part in principal and interest as they shall respectively become due and payable, and for the other purposes set forth in the Resolution. The Net Revenues shall be set aside in the funds and accounts described in the Resolution 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 the Resolution, until the Bonds shall be fully paid and discharged.

Subject to the additional provisions set forth in the Resolution, the governing authority of the District has covenanted and agreed and does hereby covenant and agree to fix, establish and maintain such rates and collect such fees, rents or other charges for the services and facilities furnished by the System, as shall be sufficient to provide for the payment of all reasonable and necessary expenses of operation and maintenance of the System, to provide for the payment of interest on and principal of all bonds or other obligations payable therefrom as and when the same shall become due and payable, for the creation of a reserves therefor, and for the provision of a reserve to care for extensions, additions, improvements, renewals and replacements necessary to properly operate the System. For a more complete statement of the revenues from which and conditions under which this Bond is payable, and the general covenants and provisions pursuant to which this Bond is issued, reference is hereby made to the Resolution.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Resolution until the certificate of registration hereon shall have been signed by the Paying Agent.

It is certified that the Bonds are authorized by and is issued in conformity with the requirements of the Constitution and statutes of the State of Louisiana. It is further certified, recited and declared that all acts, conditions and things required to exist, to happen and to be performed precedent to and in the issuance of the Bonds necessary to constitute the same legal, binding and valid obligations of the District have existed, have happened and have been performed in due time, form and manner as required by law, and that the indebtedness of the District, including the Bonds, does not exceed any limitation prescribed by the Constitution and statutes of the State of Louisiana, and that the Bonds shall not be invalid for any irregularity or defect in the proceedings for the issuance and sale thereof.

IN WITNESS WHEREOF, the District has caused this Bond to be executed by the manual or facsimile signatures of its District President and Council Clerk, and to be dated the date of delivery hereof and the District's corporate seal to be impressed or imprinted hereon.

CONSOLIDATED WATERWORKS/
SEWERAGE DISTRICT NO. 1 OF THE
PARISH OF BOSSIER, STATE OF LOUISIANA

ATTEST:

By: _____ (manual)
President,
Bossier Parish Police Jury

By: _____ (manual)
Secretary
Bossier Parish Police Jury

(SEAL)

REGISTRATION RECORD		
CONSOLIDATED WATERWORKS/SEWERAGE DISTRICT NO. 1 OF THE PARISH OF BOSSIER, STATE OF LOUISIANA		
Name and Address Of Registered Owner	Date of Registration	Signature of Treasurer as Paying Agent
Department of Environmental Quality ATTN: Financial Services Division,		

Accounts Receivable P. O. Box 4311 Baton Rouge, LA 70821-4311		

SCHEDULE A SCHEDULE OF PURCHASE PRICE PAYMENTS CONSOLIDATED WATERWORKS/SEWERAGE DISTRICT NO. 1 OF THE PARISH OF BOSSIER, STATE OF LOUISIANA				
No.	Date of Payment	Amount of Payment	Pursuant to Requisition No.	Cumulative Outstanding Principal Amount
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				

EXHIBIT B

to First Supplemental Bond Resolution

[FORM OF LOAN & PLEDGE AGREEMENT]

**CLEAN WATER
 STATE REVOLVING FUND
 LOAN AND PLEDGE AGREEMENT
 dated as of November 1, 2010**

by and between
 Louisiana Department of Environmental Quality
 and
 Consolidated Waterworks/Sewerage District No. 1
 of the Parish of Bossier, State of Louisiana

relating to the issuance of:
 not exceeding \$17,500,000
 Utilities Revenue Bonds, Series 2010
 of
 Consolidated Waterworks/Sewerage District No. 1
 of the Parish of Bossier, State of Louisiana
 Loan No. 221173-01

TABLE OF CONTENTS
* * * * *

ARTICLE I
DEFINITIONS AND INTERPRETATION

SECTION 1.01. Definitions22

SECTION 1.02. Rules of Interpretation23

ARTICLE II
REPRESENTATIONS OF THE DEPARTMENT

SECTION 2.01. Representations of the Department23

SECTION 2.02. Representations of the District24

SECTION 2.03. Particular Covenants of the District25

SECTION 2.04. Tax-Exempt Status of Bonds25

ARTICLE III
LOAN TO DISTRICT; ISSUANCE OF BONDS

SECTION 3.01. Terms of the Loan25

SECTION 3.02. Issuance of Bonds25

SECTION 3.03. Delivery of Documents25

SECTION 3.04. Interest and Principal Payments26

SECTION 3.05. Prepayment of Bonds26

SECTION 3.06. Administrative Fee26

SECTION 3.07. Manner of Repayment26

SECTION 3.08. Disclaimer of Warranties and Indemnification26

SECTION 3.09. Registrar27

SECTION 3.10. Lost, Destroyed or Improperly Cancelled Bonds27

ARTICLE IV
PAYMENT OF BONDS; DEFEASANCE

SECTION 4.01. Pledge of Revenues27

SECTION 4.02. Defeasance27

ARTICLE V
FUNDS AND ACCOUNTS

SECTION 5.01. Funds and Accounts27

SECTION 5.02. Investments27

SECTION 5.03. Notification of Deficiencies27

ARTICLE VI
CONSTRUCTION AND COMPLETION OF THE PROJECT

SECTION 6.01. Plans and Specifications; Construction Contracts27

SECTION 6.02. Engineer28

SECTION 6.03. Compliance with Law28

SECTION 6.04. Davis-Bacon Wage Rate Requirements28

SECTION 6.05. Payment of Additional Costs of the Project28

SECTION 6.06. Completion Certificate28

ARTICLE VII
DISBURSEMENTS

SECTION 7.01. Disbursement of Loan Proceeds28

SECTION 7.02. Disbursement Procedure28

SECTION 7.03. Modified Disbursement Procedure29

SECTION 7.04. Reimbursement of Certain Costs29

SECTION 7.05. Inspections; Possession of Project29

SECTION 7.06. Conditions Precedent29

SECTION 7.07. Conditions to all Disbursements30

SECTION 7.08. Conditions to Disbursement of Retainage30

ARTICLE VIII
OPERATION OF THE SYSTEM

SECTION 8.01. Operation of the System30

SECTION 8.02. Sewer Charges and Connections31

SECTION 8.03. User Fees31

SECTION 8.04. Annual Review of User Fees31

SECTION 8.05. Financial Records; Annual Audit31

SECTION 8.06. Consulting Engineer31

SECTION 8.07. Prohibition Against Liens32

SECTION 8.08. Insurance32

SECTION 8.09. Fidelity Bonds32

SECTION 8.10. Competitive Franchises32

SECTION 8.11. Equal Opportunity32

SECTION 8.12. Access to Books32

ARTICLE IX
PARITY OBLIGATIONS

SECTION 9.01. Issuance of Additional Parity Obligations32

SECTION 9.02. Junior and Subordinate Lien Obligations32

ARTICLE X
DEFAULTS AND REMEDIES

SECTION 10.01. Events of Default32

SECTION 10.02. Notice of Default33

SECTION 10.03. Remedies on Default33

SECTION 10.04. Appointment of Engineer; Required Reports..... 33
 SECTION 10.05. Appointment of Receiver..... 33
 SECTION 10.06. Attorney's Fees and Other Expenses..... 33
 SECTION 10.07. Application of Moneys 33
 SECTION 10.08. No Remedy Exclusive; Waiver; Notice 33
 SECTION 10.09. Retention of Department's Right..... 33
 SECTION 10.10. Default by Department..... 33

**ARTICLE XI
 ASSIGNMENT**

SECTION 11.01. Assignment, Transfer or Sale by the Department 33
 SECTION 11.02. Assignment, Transfer or Sale by District..... 34

**ARTICLE XII
 MISCELLANEOUS**

SECTION 12.01. Payment of Department Expenses 34
 SECTION 12.02. Consents and Approvals 34
 SECTION 12.03. Notices 34
 SECTION 12.04. Binding Effect..... 34
 SECTION 12.05. Severability 34
 SECTION 12.06. Amendments, Supplements and Modifications..... 34
 SECTION 12.07. Execution in Counterparts..... 34
 SECTION 12.08. Applicable Law 34
 SECTION 12.09. Captions 34
 SECTION 12.10. Further Assurances 34
 SECTION 12.11. District to Cooperate in Rating and Issuance of Department's Bonds 34
 SECTION 12.12. District's Continuing Disclosure Obligations..... 35

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- EXHIBIT A - Description of Project
- EXHIBIT B - Estimated Principal Repayment Schedule
- EXHIBIT C - Estimated Costs of the Project
- EXHIBIT D - Form of Requisition

LOAN AND PLEDGE AGREEMENT

This **LOAN AND PLEDGE AGREEMENT**, which shall be dated for convenience as of November 1, 2010, by and between:

LOUISIANA DEPARTMENT OF ENVIRONMENTAL QUALITY (the "Department"), an executive department and agency of the State of Louisiana, appearing herein through Vince Sagnibene, Undersecretary, duly authorized hereunto pursuant to an executive order of the Secretary of the Department dated January 19, 2010, and **CONSOLIDATED WATERWORKS/SEWERAGE DISTRICT NO. 1 OF THE PARISH OF BOSSIER, STATE OF LOUISIANA** (the "District"), a political subdivision of the State of Louisiana, appearing herein though Wanda Bennett, President of the Bossier Parish Police Jury, which is the governing authority of the District, and Cindy A. Dodson, Secretary of the Bossier Parish Police Jury, both duly authorized hereunto pursuant to a General Bond Resolution and a First Supplemental Bond Resolution adopted by the governing authority of the District on _____, 2010;

WITNESSETH:

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 first 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 Subchapter II, Chapter 14 of Title 30 of the Louisiana Revised Statutes of 1950, as amended, specifically La. R.S. 30:2301, *et seq.*) (the "State Act"), has established a Clean Water State Revolving 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 District 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 improvements, extensions and replacements to the sewerage portion of its combined waterworks and sewerage system, as are generally described in Exhibit A hereto (the "Project"); and

WHEREAS, the Department has approved the District's application for a loan from the State Revolving Fund to finance the costs of 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 Title 33 of the United States Code, and the Project is on such list; and

WHEREAS, the District, by resolution of its governing authority adopted on September 1, 2010, has authorized the incurring of debt and the issuance of its Utilities Revenue Bonds, Series 2010 in an amount not to exceed \$17,500,000 (the "Bonds"), for the purpose of paying costs of the Project, which Bonds are proposed to be purchased by the Department using available moneys in the State Revolving Fund;

NOW, THEREFORE, the Department and the District each agree to perform their respective obligations

under this Loan Agreement in accordance with the conditions, covenants and procedures set forth herein and in the exhibits attached hereto and made a part hereof as follows:

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

ARTICLE I

DEFINITIONS AND INTERPRETATION

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

"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 of the Bonds.

"Authorized Officer" means the officer or officers of the District who have executed this Loan Agreement, or their successors in office, or such other person or persons authorized pursuant to a resolution or ordinance of the Governing Authority to act as an authorized officer of the District to perform any act or execute any document relating to the Loan, the Bonds or this Loan Agreement.

"Authorizing Resolution" means the resolutions adopted by the governing authority of the District authorizing the issuance of the Bonds and authorizing the sale of the Bonds to the Department, as they may be supplemented, modified or amended from time to time in accordance with their terms.

"Bonds" shall mean the District's Utilities Revenue Bonds, Series 2010, in an amount not to exceed Seventeen Million Five Hundred Thousand Dollars (\$17,500,000), which indebtedness is being issued by the District pursuant to the Authorizing Resolution for the purpose of paying Costs of the Project, sold to the Department and purchased by the Department from moneys in the State Revolving Fund.

"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.

"Commitment Agreement" means Commitment Agreement entered into between the Department and the District in connection with the Loan, including the exhibits attached thereto, as it may be supplemented, modified or amended from time to time in accordance with the terms thereof.

"Completion Date" means the earlier of (i) the date of the final disbursement of the purchase price of the Bonds to the District, or (ii) date the operation of the Project is initiated or capable of being initiated, as certified by an Authorized Officer in accordance with Section 6.06.

"Construction Fund" means the fund or account to be established in accordance with the District's customary accounting practices, into which each installment of the purchase price of the Bonds is to be deposited, and from which Costs of the Project will be disbursed by the District.

"Contingencies Fund" means the fund or account to be established or maintained in accordance with the District's customary accounting practices, for the purposes set forth in the Authorizing Resolution and described in the Authorizing Resolution as the "Depreciation and Contingency Fund."

"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 engineering and design of the Project and 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.

"Debt Service Fund" means the fund or account to be established or maintained in accordance with the District's customary accounting practices, into which the District will periodically deposit funds for the payment of principal, Administrative Fee and interest on the Bonds, in the manner set forth in the Authorizing Resolution.

"Default" means an event or condition, the occurrence of which would constitute with the lapse of time or the giving of notice or both an Event of Default with respect to the Bonds.

"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 District.

"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.

"District" means Consolidated Waterworks/Sewerage District No. 1 of the Parish of Bossier, State of Louisiana, a political subdivision of the State of Louisiana, and its successors or assigns.

"Engineer" means a consulting engineer or firm of consulting engineers registered and licensed by the Louisiana Professional Engineering and Land Surveying Board, or its successor in function, as a professional engineer and selected by the District for the purpose of providing engineering services with respect to the Project. If the District employs a qualified in-house engineer, then such personnel may be the Engineer hereunder with the approval of the Department.

"EPA" means the United States Environmental Protection Agency or any successor entity which may succeed to the administration of the programs established by the Federal Act.

"Event of Default" means any occurrence or event specified in Section 10.01.

"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 District's one-year accounting period determined from time to time by the Governing Authority as the fiscal year of the District.

"Funds and Accounts" collectively means the Construction Fund, the Revenue Fund, the Debt Service Fund, the Reserve Fund and the Contingencies Fund.

"Governing Authority" means the Police Jury of the Parish of Bossier, State of Louisiana of the District or its successor in function.

"Interest Payment Date" shall mean each date on which interest on the Bonds is payable, the first of which shall occur not more than six (6) months after the delivery of the Bonds to the Department and which shall occur semi-annually thereafter until the Bonds are paid in full, as determined by mutual agreement of the District and the Department on the date of delivery of the Bonds and designated in the Bonds.

"Loan" means the loan made by the Department from the State Revolving Fund to the District pursuant to

this Loan Agreement, the obligation to repay which Loan is evidenced by the Bonds.

"Loan Agreement" means this Loan and Pledge Agreement, including the exhibits attached hereto, as it may be supplemented, modified or amended from time to time in accordance with the terms hereof.

"Loan Amount" means the maximum amount that the Department has agreed to loan the District, being the authorized principal amount of the Bonds.

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

- (a) Bonds that have been cancelled or delivered to the Registrar for cancellation;
- (b) Bonds that have been defeased in accordance with Section 4.02;
- (c) Bonds in exchange for or in lieu of which other Bonds have been registered and delivered pursuant to the Authorizing Resolution; or
- (d) Bonds alleged to have been mutilated, destroyed, lost or stolen which have been paid as provided in the Authorizing Resolution or by law.

"Parity Obligations" means additional *pari passu* indebtedness, if any, issued by the District and payable from the same source of revenues on a parity with the Bonds in the manner set forth in the Authorizing Resolution.

"Plans and Specifications" means the drawings, elevations, shop drawings and accompanying specifications for work prepared by the Engineer for the District relating to the Project or any portion thereof.

"Principal Payment Date" means each annual principal payment date on the Bonds, which dates are set forth in the Authorizing Resolution, the first of which shall occur no later than one (1) year after the Completion Date and the last of which shall occur no later than twenty (20) years after the Completion Date.

"Project" means the improvements to the System generally described in Exhibit A hereto, which are being financed through the issuance of the Bonds.

"Registrar" means the person designated as such in the Authorizing Resolution, unless and until a successor Registrar shall have assumed such responsibilities pursuant to the applicable provisions of the Authorizing Resolution and thereafter "Registrar" shall mean such successor Registrar.

"Regulations" means the regulations of the Department adopted pursuant to and in furtherance of the Clean Water Act of 1972, as amended by the Water Quality Act of 1987, and the State Act, as such may be amended from time to time, including, without limitation Title 33, Part IX, Chapter 21 of the Louisiana Administrative Code (L.A.C. 33:IX.2101, *et seq.*).

"Reserve Fund" means the fund or account to be established or maintained in accordance with the District's customary accounting practices, into which there shall be deposited from available funds of the District, in the manner set forth in the Authorizing Resolution (but not from the proceeds of the Loan unless specifically approved by the Department), a sum equal to the Reserve Fund Requirement, as defined in the Authorizing Resolution.

"Revenue Fund" means the fund or account to be established or maintained in accordance with the District's customary accounting practices, into which all revenues of the System shall be deposited in the manner set forth in the Authorizing Resolution.

"Scheduled Completion Date" means the date presently estimated by the District and the Engineer to be the Completion Date, which is _____.

"State" means the State of Louisiana.

"State Act" means La. R.S. 30:2301, *et seq.* and other constitutional and statutory authority supplemental thereto.

"State Revolving Fund" means the Clean Water State Revolving Fund administered, operated and maintained by the Department pursuant to the Federal Act and the State Act.

"System" means the District's facilities that are used for the purpose of (i) collecting, treating, storing, holding, distributing or transporting drinking water, and (ii) collecting, treating, storing, holding, transporting and disposing of sewage and wastewater, as said combined systems now exists and as they may be hereafter improved, extended or supplemented from any source whatsoever while the Bonds herein authorized remains outstanding, including specifically all properties of every nature owned, leased or operated by the District and used or useful in the operation of the system, and including real estate, personal and intangible properties, contracts, franchises, leases and chooses in action, whether lying within or without the boundaries of the District.

"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 Loan Agreement:

- (1) words importing the singular number shall include the plural number and *vice versa*;
- (2) all references to particular articles or sections herein are references to articles or sections of this Loan Agreement;
- (3) the captions and headings herein are solely for convenience of reference and shall not constitute a part of this Loan Agreement, nor shall they affect its meaning, construction or effect;
- (4) the terms "hereby," "hereof," "hereto," "herein," "hereunder" and any similar terms as used in this Loan Agreement refer to the Loan Agreement in its entirety and not the particular article or section of this Loan Agreement in which they appear; and
- (5) the term "hereafter" means after the date of execution of this Loan Agreement and the term "heretofore" means before the date of the execution of this Loan Agreement.

(b) In the event that any provisions of the Authorizing Resolution conflict with any provision of this Loan Agreement, then the provisions of this Loan Agreement shall control.

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ARTICLE II

REPRESENTATIONS OF THE DEPARTMENT

SECTION 2.01. Representations of the Department. The Department represents and covenants as follows:

(a) The Department is authorized by the State Act to administer, operate and maintain the State Revolving Fund in full compliance with the Federal Act, as amended, and the requirements of the EPA promulgated thereunder.

(b) The Department has complied with the provisions of the Federal Act and the State Act and all regulations thereunder with respect to the State Revolving Fund and has full power and authority to execute and deliver this Loan Agreement and to consummate the transactions contemplated hereby and perform its obligations hereunder.

(c) The Department, by executive order of its Secretary, being the chief executive officer thereof, has authorized the execution, delivery and due performance of this Loan Agreement and the taking of any and all actions as may be required on the part of the Department to carry out, give effect to and consummate the transactions contemplated hereby and all approvals necessary in connection with the foregoing.

(d) There is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body pending or threatened against or affecting the Department or to the best knowledge of the Department is there any basis therefor, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated hereby or which in any way would adversely affect the validity of this Loan Agreement or any agreement or instrument to which the Department is a party and which is used or contemplated for use in consummation of the transactions contemplated hereby.

(e) The execution and delivery by the Department of this Loan Agreement and the consummation of the transactions contemplated hereby will not violate any indenture, mortgage, deed of trust, note, loan agreement, or other contract or instrument to which the Department is a party or by which it is bound, and to the best of the Department's knowledge any judgment, decree, order, statute, rule or regulation applicable to the Department and all consents, approvals, authorizations and orders of governmental or regulatory authorities which are required for the consummation of the transactions contemplated hereby have been obtained.

(f) The Department has determined that the Project, subject to final review of the Plans and Specifications, is eligible for financial assistance from the State Revolving Fund, and the Project is listed on the State's priority list as required by Section 1383(g) of the Federal Act.

SECTION 2.02. Representations of the District. The District represents and covenants as follows:

(a) The District is a political subdivision of the State and has full legal right and authority and all necessary licenses and permits required as of the date hereof to own, operate and maintain the System, to carry on its activities relating thereto, to execute and deliver this Loan Agreement, to execute, issue and deliver the Bonds, to pledge the revenues necessary to secure the payment of the Bonds, to undertake and complete the Project and to carry out and consummate all transactions contemplated by this Loan Agreement.

(b) The proceedings of the Governing Authority approving this Loan Agreement and the Bonds and authorizing their execution, issuance and delivery by the District and authorizing the District to undertake and complete the Project, including, without limitation the Authorizing Resolution, have been duly and lawfully adopted in accordance with the laws of the State, including the Open Meetings Law (R.S. 42:4.1, *et seq.*).

(c) The Authorizing Resolution was duly adopted by the Governing Authority and was published in the official journal of the District no less than 30 days prior to the delivery date of the Bonds and since the said publication no actions or proceedings have been filed or threatened contesting the legality of the Authorizing Resolution, the Bonds or any provision for payment of the Bonds.

(d) This Loan Agreement and the Bonds have been duly authorized and have been or will be duly executed and delivered by the Authorized Officer, and assuming that the Department has all the requisite power and authority to authorize, execute and deliver and has duly authorized, executed and delivered this Loan Agreement, this Loan Agreement and the Bonds will constitute the legal, valid and binding obligations of the District, enforceable in accordance with their respective terms.

(e) To the best of the District's knowledge, there is no fact that the District has not disclosed to the Department in writing on the District's application for the Loan or otherwise that materially adversely affects the properties, activities, prospects or condition (financial or otherwise) of the District or the System or the ability of the District to make all Loan repayments and otherwise to observe and perform its duties, covenants, obligations and agreements under this Loan Agreement and the Bonds.

(f) To the best of the District's knowledge, the authorization, execution and delivery of this Loan Agreement and the Bonds by the District, the observance and performance by the District of its duties, covenants, obligations and agreements thereunder and under the Authorizing Resolution and the consummation of the transactions provided for in this Loan Agreement, the Authorizing Resolution and the Bonds, the compliance by the District with the provisions of this Loan Agreement, the Authorizing Resolution and the Bonds and the undertaking and completion of the Project will not result in any breach of any of the terms, conditions or provisions of or constitute a default under or result in the creation or imposition of any lien, charge or other encumbrance upon any property or assets of the District pursuant to any ordinance or resolution, trust agreement, indenture, mortgage, deed of trust, loan agreement or other instrument (other than the lien and charge of the Authorizing Resolution and the Bonds) and any ordinance, resolution or indenture which authorized outstanding debt obligations to which the District is a party or by which the District, the System or any of its property or assets may be bound, nor will such action result in any violation of the provisions of any laws, ordinances, resolutions, governmental rules, regulations or court orders to which the District, the System or its properties or operations are subject.

(g) There are no proceedings pending, or to the knowledge of the District threatened, against or affecting the District in any court or before any governmental authority or arbitration board or tribunal that have not been disclosed in writing to the Department in the District's application for the Loan or otherwise that, if adversely determined, would materially adversely affect the properties, activities, prospects or condition (financial or otherwise) of the District or its System or the ability of the District to make all Loan repayments and otherwise observe and perform its duties, covenants, obligations and agreements under this Loan Agreement and the Bonds.

(h) To the best of the District's knowledge, no event has occurred and no condition exists that, upon authorization, execution and delivery of this Loan Agreement and the Bonds or receipt of the amount of the Loan, or upon the happening of any such event and the giving of notice and/or the passage of time, would constitute an Event of Default hereunder or under the Authorizing Resolution. The District is not in violation of and has not received notice of any claimed violation of any term of any agreement or other instrument to which it is a party or by which it or the System or its properties may be bound, which violation would materially adversely affect the properties,

activities, prospects or condition (financial or otherwise) of the District or its System or the ability of the District to make all Loan repayments or otherwise observe and perform its duties, covenants, obligations and agreements under this Loan Agreement, the Authorizing Resolution and the Bonds.

(i) The District has obtained all permits and approvals required to date by any governmental body or officer (and reasonably expects to receive all permits required in the future by any governmental agency) for the making, observance and performance by the District of its duties, covenants, obligations and agreements under this Loan Agreement and the Bonds or for the undertaking or completion of the Project and the financing or refinancing thereof and the District has complied with all applicable provisions of law requiring any notification, declaration, filing or registration with any governmental body or officer in connection with the making, observance and performance by the District of its duties, covenants, obligations and agreements under this Loan Agreement and the Bonds or with the undertaking or completion of the Project and the financing or refinancing thereof. No consent, approval or authorization of, or filing, registration or qualification with any governmental body or officer that has not been obtained is required on the part of the District as a condition to the authorization, execution and delivery of this Loan Agreement and the Bonds, the undertaking or completion of the Project or the consummation of any transaction herein contemplated.

(j) The District is in compliance with all laws, resolutions, ordinances, governmental rules and regulations to which it is subject, the failure to comply with which would materially adversely affect the ability of the District to conduct its activities or undertake or complete the Project, or the condition (financial or otherwise) of the District or its System; and the District has obtained or will obtain all licenses, permits, franchises or other governmental authorizations presently necessary for the ownership of its property or for the conduct of its activities which, if not obtained, would materially adversely affect the ability of the District to conduct its activities or undertake or complete the Project or the condition (financial or otherwise) of the District or its System.

(k) The District has not previously pledged the revenues being used to repay the Bonds to the payment of any indebtedness of the District or any other entity, other than the Parity Obligations, if any, defined in Section 1.01.

SECTION 2.03. Particular Covenants of the District. The District further covenants and agrees for the benefit of the Department as follows:

(a) The District agrees that the estimated Costs of the Project, as listed in Exhibit C hereto and made a part hereof, is a reasonable and accurate estimation as of the date hereof, and upon direction of the Department will supply the same with a certificate from its Engineer stating that such estimated cost is a reasonable and accurate estimation. With the approval of the State Revolving Fund Engineering Manager, the District and the Department may mutually agree to change the allocation and categories shown in said Exhibit C without the necessity of amending the Loan Agreement.

(b) The District will promptly notify the Department of any material adverse change in the activities, prospects or condition (financial or otherwise) of the District relating to the System or to the ability of the District to make all or any Loan repayments, provide for the payment of Administrative Fees and otherwise observe and perform its duties, covenants, obligations and agreements under this Loan Agreement and the Bonds.

SECTION 2.04. Tax-Exempt Status of Bonds. The District covenants and agrees for the benefit of the Department that it will not take any action or omit to take any action, which action or omission would result in the loss of the exclusion of the interest on the Bonds (if the Bonds are issued as tax-exempt obligations for federal income tax purposes) or on any debt obligations now or hereafter issued by or on behalf of the Department from gross income for purposes of federal income taxation, as that status is governed by the Code. Furthermore, the District will not take any action or fail to take any action that could cause the Bonds or any debt obligations now or hereafter issued by or on behalf of the Department to be "arbitrage bonds" or "private activity bonds" under the Code.

The District shall not purchase, pursuant to any arrangement, formal or informal, any debt obligations issued by or on behalf of the Department in an amount related to the amount of the Loan.

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ARTICLE III

LOAN TO DISTRICT; ISSUANCE OF BONDS

SECTION 3.01. Terms of the Loan. The Department hereby agrees to reserve in the State Revolving Fund a sum equal to the Loan Amount from the sums available to the Department or to be received by the Department to be deposited in the State Revolving Fund. The Department further agrees that it will effect the Loan by purchasing the Bonds from the District and paying the purchase price thereof in installments pursuant to this Loan Agreement and the Authorizing Resolution in accordance with Sections 7.01 and 7.02.

The District will apply the proceeds of the Loan to finance the Costs of the Project, and where applicable, to reimburse the District or any lender for such portion of the Costs of the Project that was paid or incurred by the District or for payment of the cost of which sums were borrowed on an interim basis in anticipation of reimbursement by the Department.

Notwithstanding the foregoing, (i) the Department shall be under no obligation to continue to make disbursements after an Event of Default has occurred and is continuing under the Authorizing Resolution or this Loan Agreement; and (ii) the Department shall not be obligated to make or continue to make disbursements if funds are not legally available to the Department in the State Revolving Fund to make the Loan or make disbursements pursuant to the Loan. The District shall use the proceeds of the Loan strictly in accordance with the terms of the Authorizing Resolution and this Loan Agreement.

SECTION 3.02. Issuance of Bonds. As evidence of its obligation to repay the principal, interest and premium, if any, of the Loan, and to pay the Administrative Fee, the District contemporaneously herewith has issued and delivered the Bonds to the Department, which Bonds are payable in the manner and from the sources set forth in the Authorizing Resolution.

SECTION 3.03. Delivery of Documents. On the Delivery Date the District will cause to be delivered to the Department each of the following items:

(a) the executed opinions of counsel to the District in such form and containing such conclusions as may be reasonably required by the Department, addressed to the Department and the District;

(b) a certificate or certificates, satisfactory in form and substance to the Department, from an authorized officer of the District, dated such Closing Date, to the effect that:

- (i) each of the representations of the District set forth herein and in the Commitment Agreement is true, accurate and complete in all material respects as of such Closing Date, and each of the agreements of the District set forth in the Loan Agreement to be complied with at or prior to such Closing Date has been complied with as of such date;
 - (ii) no litigation is pending, or to the knowledge of the authorized officer's knowledge, threatened, to restrain or enjoin the issuance, execution, sale or delivery of the Bonds or in any way contesting or affecting any authority for or the validity of the Bonds, the Loan Agreement, the Authorizing Resolution or the creation, existence or powers of the District or the title of the present officers of the District, or any of them, to the respective offices and that none of the proceedings or authority for the issuance of the Bonds have been repealed, revoked or rescinded; and
 - (iii) the Bonds have been duly authorized, executed and delivered by the District, constitute valid and legally binding obligations of the District and are entitled to the security of and are secured by the Authorizing Resolution which, together with the Loan Agreement have been duly authorized, executed and delivered by the District;
- (c) a non-arbitrage certificate or use of proceeds certificate executed by a duly authorized officer of the District in form and substance satisfactory to the Department and an opinion of bond counsel acceptable to the Department;
- (d) executed originals of the Bonds and the Loan Agreement and a certified copy of the Authorizing Resolution;
- (e) executed originals of a Site Certificate, an Engineer's Certificate and a Certification Regarding Cross-Cutting Federal Authorities, in substantially the forms attached to the Commitment Agreement; and
- (f) such additional certificates, instruments and other documents, dated as of the Closing Date or before, as the Department or its counsel reasonably require to evidence the truth and accuracy as of the Closing Date of the representations of the District herein contained and contained in the Loan Agreement and the due performance and satisfaction by the District at or prior to such time of all agreements to be performed and all conditions then to be satisfied by the District.

SECTION 3.04. Interest and Principal Payments. The Bonds shall be payable as set forth in the Authorizing Resolution and as follows:

- (a) Interest shall be payable semiannually in arrears on each Interest Payment Date based on the amount of the Loan theretofore paid by the Department to the District; and
- (b) Principal shall be payable annually on each Principal Payment Date in the amounts set forth on Exhibit B hereto. Exhibit B has been prepared assuming that the full amount of the Bonds will be disbursed. In the event that less than the full amount of the Loan is made to the District, then the payment schedule shown as Exhibit B will be adjusted in the manner set forth in the Authorizing Resolution and in this Loan Agreement.

Promptly after the payment of the final installment of the purchase price of the Bonds, the completion certificate required by Section 6.06 shall be attached to and made a part of the Bonds.

In the event that any installment of principal, interest or Administrative Fee shall become past due for a period in excess of fifteen (15) days from the payment date specified herein, in addition to interest continuing to accrue on the principal amount due until the payment thereof, the District shall pay upon demand an amount equal to five percent (5%) of the amount of such past-due installment to defray the expenses of handling the delinquent payment.

SECTION 3.05. Prepayment of Bonds. The Department acknowledges that the Bonds are subject to prepayment at the times and in the manner set forth in the Bonds and in the Authorizing Resolution. In addition to the principal, interest and premium, if any, on such prepayment date, the District shall pay to the Department the amount of the Administrative Fee that has accrued on the amount prepaid from the most recent date on which any Administrative Fee was paid.

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

SECTION 3.06. Administrative Fee. The Administrative Fee shall be payable to the Department on each Interest Payment Date. The District's obligation to pay the Administrative Fee shall be terminated upon the sale or other disposition of the Bonds by the Department, other than a pledge or assignment of the Bonds or this Loan Agreement pursuant to Section 11.01, or upon full payment by the District of the Bonds and all amounts owed the Department under this Loan Agreement. In the event that the Administrative Fee is declared illegal or unenforceable by a court or 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 3.07. Manner of Repayment. Payment of the principal, interest and premium on the Bonds, and payment of the Administrative Fee, shall be made by immediately available funds or mailed and/or made available to the Department no later than the applicable payment date at the following address:

Department of Environmental Quality
Attn: Financial Services Division, Accounts Receivable
P. O. Box 4311
Baton Rouge, Louisiana 70821-4311

or such other address as may be designated by the Department, without presentation or surrender of the Bonds, except upon final payment. If acceptable to the Department, the District may make arrangements to make such payments by wire transfer of immediately available funds.

Payments with respect to the Bonds shall be applied first to the interest due to the date of payment, next to principal and thereafter to the Administrative Fees and other amounts payable on the Loan and the payment of principal and interest shall be recorded on a payment record to be kept and maintained by the Department.

SECTION 3.08. Disclaimer of Warranties and Indemnification. The District acknowledges and agrees that:

- (a) the Department and the State make no warranty or representation, either express or implied, as to the value, design, condition, merchantability or fitness for particular purpose or fitness for any use of the System, the Project or any portions thereof or the Plans and Specifications or any other warranty or representation with respect thereto;

(b) in no event shall the Department or the State be liable or responsible for any direct, incidental, indirect, special or consequential damages in connection with or arising out of this Loan Agreement or the Project or the existence, furnishings, functioning or use of the System or the Project or any item or products or services provided for in this Loan Agreement, including the Plans and Specifications; and

(c) to the extent authorized by law, the District hereby indemnifies, saves and holds harmless the Department and the State against any and all claims, damages, liability and court awards, including costs, expenses and attorney fees, incurred as a result of any act or omission by the District, or its employees, agents or subcontractors pursuant to the terms of this Loan Agreement, including but not limited to failure of the Department to note any defect in materials or workmanship or of physical conditions or failure to comply with any plans, specifications, drawings, ordinances, statutes or other requirements of a governmental authority, or to call to the attention of any person whatsoever, or take any action, or to demand that any action be taken, with regard to any such defect or failure or lack of compliance.

SECTION 3.09. Registrar. The District agrees to initially prepare, keep, and maintain books and records reflecting the authorization, issuance, transfer and assignment of the Bonds and has appointed the Registrar in the Authorizing Resolution. A successor Registrar may be appointed in the manner set forth in the Authorizing Resolution, provided, however, that in no event shall the Department be liable for the payment of any fees of such Registrar.

SECTION 3.10. Lost, Destroyed or Improperly Cancelled Bonds. In case any of the Bonds shall become lost, destroyed or improperly cancelled, such Bonds may be replaced pursuant to any applicable terms of the Authorizing Resolution, or in the absence of any such terms, in the manner set forth in R.S. 39:971, *et seq.*, or other applicable laws.

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ARTICLE IV

PAYMENT OF BONDS; DEFEASANCE

SECTION 4.01. Pledge of Revenues. The Bonds, and to the extent allowed by applicable law all other sums due pursuant to this Loan Agreement, including the Administrative Fee, equally with the Parity Obligations, if any, shall be secured and payable from a pledge and dedication of the revenues of the combined water and sewerage system, after payment of the reasonable and necessary expenses of operating and maintaining the System. The net revenues of the System shall be set aside in the Funds and Accounts described in the Authorizing Resolution and shall be and remain so pledged for the security and payment of the Bonds in principal and interest, until the Bonds shall be fully paid and discharged. The District agrees that it shall not further encumber the pledged revenues, to the payment of any indebtedness having an equal or superior lien to that enjoyed by the Bonds, other than through the issuance of Parity Obligations, or junior lien obligations, in the manner and under the conditions provided in the Authorizing Resolution.

SECTION 4.02. Defeasance. Notwithstanding any defeasance procedures set forth in the Authorizing Resolution, so long as the Bonds are owned by the Department or pledged as security for any indebtedness issued by or on behalf of the Department, the Bonds may be defeased and may be deemed to be paid and shall no longer be considered outstanding under the Authorizing Resolution and under this Loan Agreement, only in the event that the District has complied with the requirements of Chapter 14 of Title 39 of the Louisiana Revised Statutes of 1950, as amended (La. R-S. 39:1441 *et seq.*), or any successor provision thereto, to defease all remaining scheduled payments of principal, interest, premium, if any, and Administrative Fees on the Bonds.

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ARTICLE V

FUNDS AND ACCOUNTS

SECTION 5.01. Funds and Accounts. For the purpose of receiving purchase price payments of the Bonds and paying Costs of the Project, the District has established and agrees to maintain the Construction Fund to be administered in the manner set forth herein and in the Authorizing Resolution. Additionally, for the payment of and further security for the principal, interest and Administrative Fee on the Bonds, the District has established and agrees to maintain the Funds and Accounts to be administered in the manner set forth in the Authorizing Resolution.

If at any time the Department deems, in its sole discretion, that the depository for any of the aforesaid funds and accounts to be unsatisfactory for whatever reason, then the District agrees that it will transfer any or all of said funds to such depository as may be designated by the Department.

SECTION 5.02. Investments. All moneys in any of the Funds and Accounts shall be invested in investment securities permitted by State law and the Authorizing Resolution. All income derived from such investments shall be added to the amounts in the respective funds, if required, or to the Revenue Fund or to such funds as may be designated in the Authorizing Resolution, and such investments shall be liquidated to the extent at any time necessary to apply the proceeds thereof to the purpose for which the respective funds have been 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 5.03. Notification of Deficiencies. The District shall notify the Department, and as required by R.S. 39:1410.62 the State Bond Commission, in writing, whenever (i) transfers to any fund required to be established by the Authorizing Resolution or any ordinance or resolution authorizing the issuance of indebtedness of the District have not been made timely or (ii) principal, interest, premiums, or other payments due on the Bonds or any other outstanding indebtedness of the District have not been made timely.

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ARTICLE VI

CONSTRUCTION AND COMPLETION OF THE PROJECT

SECTION 6.01. Plans and Specifications; Construction Contracts. The Plans and Specifications must be submitted to the Department for approval in writing, prior to formal request for bids on a construction contract or contracts. The Plans and Specifications shall comply with all laws, regulations and ordinances including, in particular, all zoning, fire, safety and environmental laws, regulations and ordinances. Contracts for the acquisition, construction and installation of the Project shall be entered into in compliance with Chapter 10 of Title 38 of the Louisiana Revised Statutes of 1950, as amended.

As a condition of the Loan, the District will demonstrate to the satisfaction of the Department before

issuing an initial work order for construction, that the District has or will have an ownership or such other real interest in the site(s) of the Project, including necessary servitudes and rights-of-way as the Department finds sufficient to assure undisturbed use and possession for the purpose of construction and operation of the Project for the estimated life of the Project. The District agrees to provide the Department with a Site Certificate in substantially the form attached to the Commitment Agreement prior to disbursement by the Department of any Loan proceeds for construction.

The District will exercise its best efforts to initiate construction of the Project within six (6) months after the Delivery Date and in accordance with prudent public utility practice to complete the Project and to so accomplish such completion on or before the Scheduled Completion Date, and to provide from its own financial resources all moneys required to complete the Project in excess of the Loan Amount available hereunder.

SECTION 6.02. Engineer. Prior to signing a construction contract or contracts, the District shall name the Engineer. If so required by the Department, the Engineer shall issue prior to each disbursement request a progress report detailing construction status to date and stating whether construction is within the Project budget. Requisitions for funds during construction, in the form attached hereto as Exhibit D will be executed by the District and certified by the Engineer.

SECTION 6.03. Compliance with Law. If requested by the Department, the District will furnish the Department with evidence that the property and equipment constituting the System, and the proposed and actual use thereof, comply with all laws, ordinances, rules and regulations of all governmental authorities having jurisdiction over the same, including the Regulations, and that there is no action or proceeding before any court, quasi-judicial body of administrative agency at the time of any disbursement by the Department relating to the System.

The District will obtain all necessary approvals from any and all governmental agencies requisite to the completion of the Project in compliance with all federal, State and local laws, ordinances and regulations applicable thereto. Upon completion of the Project the District shall obtain all required permits and authorizations from appropriate authorities as required for operation and use of the Project as contemplated by this Loan Agreement.

In the event that archeological artifacts or historical resources are unearthed during construction excavation of the Project, the District shall stop or cause to be stopped construction activities and will notify the Department of such fact.

The District will immediately halt construction of the Project and notify the Department if any endangered species are encountered during construction so that mitigating measures can be taken in accordance with the Endangered Species Act of 1973, as amended.

The District will take and institute such proceedings as will be necessary to cause and require all contractors and materials suppliers to complete their contracts diligently and in accordance with the terms of the contracts, including without limitation, correcting any defective work.

SECTION 6.04. Davis-Bacon Wage Rate Requirements. The District agrees that all laborers and mechanics employed by contractors and subcontractors on the Project shall be paid wages at rates not less than those prevailing on projects of a character similar in the locality of the District as determined by the Secretary of the United States Department of Labor ("DOL") in accordance with Subchapter IV of Chapter 31 of Title 40, United States Code. DOL provides all pertinent information related to compliance with the foregoing requirements, including prevailing wage rates and instructions for reporting. The District will ensure that all construction contracts relating to the Project will require that the contractor comply with the aforesaid wage and reporting requirements.

SECTION 6.05. Payment of Additional Costs of the Project. In the event that Loan proceeds are not sufficient to pay the Costs of the Project in full, the District shall nonetheless complete the Project and pay that portion of the Costs of the Project as may be in excess of available Loan proceeds and shall not be entitled to any reimbursement therefor from the Department, except for the proceeds of any additional financing which may (subject to availability) be provided by the Department pursuant to application by the District.

SECTION 6.06. Completion Certificate. The Project will be considered complete when the provisions of Section 7.08 have been met for all construction contracts included in the Project, or upon the disbursement of the final installment of the purchase price of the Bonds, whichever occurs first, and such date will be the Completion Date for purposes of this Loan Agreement. On or as soon as practicable after the Completion Date, the District shall submit the Certificate of Substantial Completion required by Section 7.08(a) and shall certify to the Department when it has initiated or is capable of initiating operation of the Project. The District shall also ratify and confirm in writing the final principal amount of the Loan and the final principal amortization schedule for the Loan.

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ARTICLE VII DISBURSEMENTS

SECTION 7.01. Disbursement of Loan Proceeds. Prior to any disbursement of Loan Proceeds, the District will prepare a budget and construction disbursement schedule which shall be updated from time to time as required by the progress of construction. Installments of the Loan, representing purchase price installments of the Bonds, shall be paid by the Department to the District under the terms of this Loan Agreement, upon receipt of a properly completed requisition in the form attached hereto as Exhibit D, subject to and conditioned upon the availability of sums on deposit in the State Revolving Fund. The District will deposit such proceeds in the Construction Fund and will utilize and expend such proceeds in a timely and expeditious manner and, in particular, will:

- (a) pay promptly all approved Costs of the Project;
- (b) proceed expeditiously with and complete the Project in accordance with Plans and Specifications, with construction reasonably expected to begin within six (6) months after the Delivery Date;
- (c) provide and maintain competent and adequate supervision and inspection of the Project;
- (d) return promptly upon written request any and all unused funds, including all costs or amounts found not eligible or disallowed by the Department; and
- (e) complete the Project within two years of the Delivery Date unless the Department gives its written approval to an extended construction period.

SECTION 7.02. Disbursement Procedure. Purchase price installments of the Bonds for the payment of Costs of the Project shall be made by the Department to the District from time to time as the construction of the Project progresses, subject to the satisfaction of the following conditions:

- (a) in connection with each disbursement, the District shall submit a requisition in the form attached hereto as Exhibit D, which requisition shall include:
- (i) an updated copy of the disbursement schedule (if applicable);
 - (ii) the report of the Engineer, which report shall be in the form and substance satisfactory to the Department and shall state that the Project, to the best of the Engineer's knowledge, as completed as of the date of such report, has been constructed in accordance with the Plans and Specifications and that the undisbursed portion of the Loan Amount is sufficient to complete the Project in accordance with the Plans and Specifications and the disbursement schedule;
 - (iii) if required by the Department, evidence satisfactory to the Department that the insurance required by Section 8.08 of this Loan Agreement remains in full force and effect;
 - (iv) such other instruments, documents, certificates, endorsements, invoices and opinions as the Department may reasonably require to substantiate the Costs of the Project for which payment is requested; and
 - (v) if the requisition is the final requisition, the Completion Certificate required by Section 6.06 and Section 7.08(a);
- (b) disbursements shall be made by the Department not more frequently than twice per calendar month;
- (c) each disbursement shall be subject to the review and approval of the Department; and
 - (d) the amount of each disbursement shall be computed so that five (5%) percent, or such larger percentage as may be requested by the District, of such disbursement constituting eligible costs and one hundred (100%) percent of non-eligible costs will be deducted from the total amount payable as retainage or as non-eligible costs with respect to each contract for construction of the Project or any portion thereof. The total amount of retainage withheld from the disbursements during the construction of the Project with respect to each contract shall be disbursed pursuant to the provisions of Section 7.07(c).

SECTION 7.03. Modified Disbursement Procedure. The Department reserves the right to modify the procedures set forth in Section 7.02 in order to make disbursements directly to any contractor or to subcontractors and suppliers when it is necessary to prevent a default under any construction contract or to insure that all subcontractors, suppliers and laborers who have performed services or provided materials to the Project are paid.

SECTION 7.04. Reimbursement of Certain Costs. The District will promptly reimburse the Department for any portion of the Loan which is determined by the Department to have been expended for a cost which is not eligible for funding from the State Revolving Fund, which reimbursement will be made not more than 180 days after the discovery thereof by either the District or the Department. Such reimbursement shall be promptly paid to the Department upon written request of the Department with interest on the amount reimbursed at the rate borne by the Bonds from the later of the date of the disbursement from which any such non-eligible item was paid or the last Interest Payment Date on which the District paid interest with respect to said amounts, and shall be applied in inverse order of maturity against the outstanding principal amount of the Bonds.

SECTION 7.05. Inspections; Possession of Project. Upon the occurrence of an Event of Default, the District does hereby agree and authorize the Department, EPA, the Engineer, or any agent, officer, employee or representative of the Department or EPA to enter upon the Project to make inspections of the materials, plans, shop drawings, workmanship and construction of the Project or to enter into possession of the Project and perform any work necessary or desirable to complete the Project and to take all other action in connection therewith, in order that the Department and/or EPA may:

- (a) verify that each disbursement is appropriate and in conformity with the requirements of this Article and any applicable laws or regulations;
- (b) verify that all work covered by a proposed disbursement is in accordance with the Plans and Specifications;
- (c) determine whether there has been or may be any default of the obligations of the District under this Loan Agreement or the Authorizing Resolution; and
- (d) take any necessary or appropriate action to insure that the Project will be completed in a timely manner and in accordance with the Plans and Specifications and the disbursement schedule.

None of the aforesaid actions by the Department or by any agent, officer, employee or representative of the Department shall be or may be construed in such a manner as to impose any duty or obligation whatsoever on the Department, the Engineer, or any agent, officer, employee or representative of the Department to protect or represent any owner, borrower, contractor, surety, or any other person whatsoever and shall not be considered or construed as having made any warranty whatsoever, whether express or implied, as to the adequacy, quality of fitness or purpose of any physical conditions, materials, workmanship, plans, specifications, drawings or other requirements pertaining to the Project, or whether any such physical conditions, materials or workmanship comply with any plans, specification, drawings, ordinances, statutes, or other governmental requirements pertaining to the Project.

SECTION 7.06. Conditions Precedent. It is specifically understood and agreed that the obligation of the Department to fund any disbursements for payments to contractors or suppliers (other than engineering expenses and costs of issuance of the Bonds) shall be subject to the receipt by the Department of the following items with respect to each construction contract that is entered into with respect to the Project:

- (a) a true and correct copy of all applicable construction contracts pertaining to the Project (including all amendments, addenda, supplements, modifications and related documents), which contracts shall be for a guaranteed maximum contract price satisfactory to the Department or on such terms and conditions as shall be satisfactory to the Department;
- (b) three (3) complete sets of the Plans and Specifications relating to any construction contract pertaining to the Project, which Plans and Specifications shall be in final form and shall have been approved in scope and substance by the District and the Department;
- (c) a "Notice to Proceed" statement from the District or the Engineer stating that the Engineer has reviewed and approved the disbursement schedule and that the applicable portion of the Project can be completed in accordance with such Plans and Specifications for the amounts reflected in the disbursement schedule;

(d) a certificate from the Engineer stating that the proposed use of the Project as contemplated by the Plans and Specifications is consistent with all applicable zoning ordinances and such use of the Project for the purposes contemplated thereby is permitted under all applicable zoning ordinances;

(e) a copy of any building permits, if required, issued by the applicable agency or agencies with respect to the proposed construction of the Project;

(f) a copy of any policy or policies of builder's all-risk insurance issued by an insurance company or companies acceptable to the Department, insuring the Project for its full replacement costs (or on a progressively full insured basis) with extended coverage, and said policy shall insure against such loss or damages as the Department may require, or the District shall provide proof of self-insurance;

(g) a copy of a policy of comprehensive general liability insurance, which policy shall be satisfactory to the Department in form, substance, limits and coverage, or the District shall provide proof of self-insurance;

(h) a copy of a policy of worker's compensation insurance issued in accordance with applicable law, or the District shall provide proof of self-insurance;

(i) a copy of a payment and a performance bond from a surety company acceptable to the Department; and

(j) a final site certificate.

SECTION 7.07. Conditions to all Disbursements. In addition to the requirements of Section 7.06 with respect to the initial disbursement for each construction contract that is entered into with respect to the Project, the obligation of the Department to fund the initial and all subsequent disbursements of the purchase price of the Bonds is subject to the satisfaction of the following further conditions:

(a) that as of the date of such disbursement, there has occurred no Default and no condition which, with the giving of notice or lapse of time or both, would become an Event of Default under the Bonds, any Parity Obligations or this Loan Agreement;

(b) that each of the representations, covenants and agreements of the District contained herein shall be true and correct on and as of the date of the respective disbursements;

(c) that the District shall be in full compliance with all obligations and covenants contained herein, the applicable Regulations and all other applicable State, Department and federal regulations;

(d) that as of the date of the request for disbursement there have been no changes made to the Plans and Specifications nor any change orders executed which have not been approved by the Department; and

(e) that as of the date of the request for disbursement all fees and expenses of counsel to the Department in connection with the Loan have been paid or will be paid from the proceeds of such disbursement.

SECTION 7.08. Conditions to Disbursement of Retainage. The disbursement by the Department of the retainage withheld pursuant to Section 7.02 shall be subject to the satisfaction of the following conditions:

(a) receipt by the Department of a certificate signed by the District and the Engineer stating that to their best knowledge the Project or applicable portion of the Project has been completed in accordance with the Plans and Specifications therefor;

(b) receipt by the Department of a copy of a lien and privilege certificate showing that no liens have been recorded encumbering the Project;

(c) if requested by the Department, receipt by the Department of a certificate of cancellation evidencing that the construction contract or contracts have been canceled and erased from the mortgage records, if applicable;

(d) receipt by the Department of a duly completed request for disbursement executed by the District covering the retainage;

(e) a certificate of the District certifying that all Costs of the Project, and all change orders and amendments to all construction contracts, have been previously submitted by the District to the Department, which certificate contains an acknowledgment by the District that no further disbursements will be due to the District from the Department;

(f) completion of a final inspection of the Project by the Department;

(g) receipt by the Department of a duly completed certificate of labor standards by the District, if applicable; and

(h) if not previously furnished by District, (i) a certified copy of a duly enacted sewer use ordinance, (ii) a sewer user charge ordinance and (iii) if applicable, an industrial waste ordinance, all as defined by the Regulations, each complying with applicable provisions of the Regulations and all other applicable State and federal regulations, which have been approved as to form and substance by the Department.

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ARTICLE VIII

OPERATION OF THE SYSTEM

SECTION 8.01. Operation of the System. The District 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 District and the Department under this Loan Agreement.

The District will insure that the Project operates and meets minimum technical and administrative requirements in accordance with the State Sanitary Code, and the District will meet all requirements imposed by the EPA and the Department as a condition of receiving the Loan from the State Revolving Fund under the Federal Act, the State Act and any applicable Regulations.

The District will, in accordance with prudent sewerage utility practice,

(a) at all times operate the properties of its System and any business in connection therewith in an efficient manner;

(b) maintain the System in good repair working order and operating condition; and

(c) from time to time make all necessary and proper repairs, renewals, replacements, additions, betterments and improvements with respect to the System so that at all times the business carried on in connection therewith shall be properly and advantageously conducted, provided, however, that this covenant shall not be construed as requiring the District to expend any funds which are derived from sources other than the operation of its System or other receipts of such System which are not pledged hereunder, and provided further that nothing herein shall be construed as preventing the District from doing so.

SECTION 8.02. Sewer Charges and Connections. Acting in the exercise of its police powers, to the extent permitted by law, the District 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 District which abuts upon a street or other public way containing a water and/or 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 to provide drinking water or for the disposal of sewage, sewage waste 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 District, which rules and regulations may provide for an inspection charge to assure the proper making of such connection.

In addition to all other rights and remedies available to be used for the enforcement of public sewerage charges and for the compelling of the making of utility connections as aforesaid, the District 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.

The District 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, other than water delivered to fire hydrants for firefighting purposes.

SECTION 8.03. User Fees. The District will enact, maintain and enforce an ordinance or resolution imposing User Fees and will enact, maintain and enforce a utilities use ordinance or resolution or similar proceeding that satisfies the requirements of all applicable regulations. So long as the Bonds are outstanding, the District through its Governing Authority obligates itself to fix, establish, maintain, levy and collect such rates, fees, rents or other charges for services and facilities of the System and all parts thereof and to revise the same from time to time whenever necessary to always provide User Fees in each Fiscal Year sufficient to meet all requirements of the Authorizing Resolution and at least to:

(a) pay the reasonable and necessary expenses of operating and maintaining the System in such Fiscal Year and to satisfy the requirements of Louisiana Administrative Code 33:IX.2111(L), or any successor provision, that the User Fees generate sufficient revenues to cover the costs of operation, maintenance and replacement;

(b) pay debt service and Administrative Fee on the Bonds and any Parity Obligations and make all required deposits to the Funds and Accounts to the extent that such payments are not provided for from other sources of pledged revenues; and

(c) meet any coverage ratio requirement set forth in the Authorizing Resolution.

SECTION 8.04. Annual Review of User Fees. At least annually, but in no event later than six (6) months after the close of the previous Fiscal Year, the District shall review the adequacy of its User Fees to satisfy the requirements of Section 8.03 for the next succeeding Fiscal Year. If required by the Department, the District shall prepare a report of such review stating the District's opinion regarding the adequacy or inadequacy of the existing User Fees to satisfy the requirements of Section 8.03 and what action the District will take to satisfy such requirements, if any, and shall furnish a copy of such report to the Department upon its completion.

If such review indicates that the User Fees are, or are likely to be, insufficient to meet the requirements of Section 0 for the next succeeding Fiscal Year, or if it otherwise appears at any time during such Fiscal Year that User Fees are or are likely to be insufficient to meet such requirements, the District shall promptly take such steps as are necessary to cure or avoid the deficiency.

SECTION 8.05. Financial Records; Annual Audit. The District 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 Department and EPA or their authorized representatives upon request.

The District 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 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 Publication #66.458 - Capitalization Grants for State Revolving Funds) if applicable. The District and its auditor have furnished a certification acknowledging the requirements of Circular A-133.

Upon completion, but in no event later than six (6) months after the close of the applicable Fiscal Year, the District shall file a copy of such audited financial statements with the Department.

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 District 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 District 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 8.06. Consulting Engineer. The District will submit over the life of the Loan sufficient information as is reasonably requested by the Department to demonstrate that the District has legal, institutional, managerial and financial capability to ensure the construction, operation and maintenance of the Project and the System and the repayment of the Loan, interest and administrative fees.

To this end, the District may retain an Engineer, but shall be required to do so only in accordance with provisions of this section and Section 10.04, for the purpose of providing the District with continuous engineering counsel in the operation of the System. The Engineer shall be retained under contract at such reasonable compensation as may be fixed by the District, and the payment of such compensation shall be considered to be one of the costs of maintaining and operating the System. Any Engineer appointed under the provisions of Section 10.04 may be replaced at any time by another Engineer appointed or retained by the District upon written notice to the Department.

Upon the occurrence of an Event of Default, or if requested in writing by the Department, the District shall prepare, or shall have the Engineer prepare within one hundred eighty (180) days after the close of each Fiscal Year a comprehensive operating report which shall report upon the operation of the System during the preceding Fiscal Year, the maintenance of the properties, the efficiency of the management of the property, the proper and adequate keeping of the books of account and record, the adherence to budget and budgetary control provisions, all matters bearing upon the sufficient and profitable operation of the System, and shall include whatever criticism of any phase

of the operation of the System the District or the Engineer, as the case may be, may deem proper and such recommendation as to changes in the operation and the making of repairs, renewals, replacements, extensions, betterments and improvements as the District or Engineer may deem proper. Copies of such report shall be furnished to the Department upon written request. It shall be the duty of the Engineer, if retained in accordance with this Section, to determine 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 Twenty-Five Thousand Dollars (\$25,000), whether in one or more than one order, and whether from funds on deposit in the Contingencies Fund.

SECTION 8.07. Prohibition Against Liens. Except as provided in Section 11.02, the District 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 District 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.

SECTION 8.08. Insurance. So long as the Bonds are Outstanding the District will maintain or cause to be maintained in force insurance policies with responsible insurers or self insurance programs providing against risk of direct physical loss, damage or destruction of the System at least to the extent that similar insurance is usually carried by utilities constructing, operating and maintaining facilities similar in nature to the System, including liability coverage, all to the extent available at reasonable cost. In case of loss, any insurance money received by the District shall be used for the purpose of promptly repairing or replacing the property damaged or destroyed or shall be deposited in the Contingencies Fund to supplement any other amounts required to be paid into said Fund.

SECTION 8.09 Fidelity Bonds. So long as the Bonds are Outstanding the District, in operating the System, shall require all of its officers and employees who may be in a position of authority or in possession of money derived from the operation of the System to obtain or be covered by blanket or faithful performance bond, or independent fidelity bonds, written by a responsible indemnity company in amounts adequate to protect the District from loss.

SECTION 8.10. Competitive Franchises. So long as the Bonds are Outstanding the District and its governing authority obligate themselves not to grant a franchise to any utility for operation within the boundaries of the District 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 District shall maintain its corporate identity and existence so long as any of the Bonds remain outstanding.

SECTION 8.11. Equal Opportunity. The District will comply with all federal and State laws pertaining to equal employment opportunities insuring that all engineers and contractors for this Project not discriminate against any person on the basis of race, color, sex, religion, age, national origin or handicap.

SECTION 8.12. Access to Books. The Department and the EPA or their authorized representative shall have access to the Project and to the District's administrative offices, books, records, reports, design documents, contract documents and similar documents at any reasonable time. The District hereby covenants and agrees that the District shall cause its engineers and contractors to cooperate during Project inspections, including making readily available books, records, current working copies of plans and specifications and supplementary materials and further consents and agrees that the District will allow inspections and examinations by the Department, and EPA during construction and periodically over the term of the Loan.

ARTICLE IX PARITY OBLIGATIONS

SECTION 9.01. Issuance of Additional Parity Obligations. Additional Parity Obligations may be issued in accordance with the provisions of and subject to the terms and conditions imposed by the Authorizing Resolution, to complete the acquisition and construction of the Project, to make additional improvements to the System or to refund or refinance any portion of the Bonds or other Parity Obligations.

SECTION 9.02. Junior and Subordinate Lien Obligations. Junior and subordinate lien Obligations may be issued by the District at any time without restriction or notice thereof to the Department.

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ARTICLE X DEFAULTS AND REMEDIES

SECTION 10.01. Events of Default. Each of the following events is defined as and declared to be and to constitute an "Event of Default" hereunder:

- (a) Failure by the District to pay, or cause to be paid, the principal of or interest on the Bonds or any other amount payable on the Loan other than the payment of the Administrative Fee when due;
- (b) Failure by the District to pay, or cause to be paid, the Administrative Fee or any portion thereof when due;
- (c) Failure by the District to observe and perform any duty, covenant, obligation or agreement on its part to be observed or performed under this Loan Agreement, other than as referred to in subsections (a) or (b) above, which failure shall continue for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied is given to the District by the Department, unless the Department shall agree in writing to an extension of such time prior to its expiration; provided, however, that if the failure stated in such notice is correctable but cannot be corrected within the applicable period, the Department may not unreasonably withhold its consent to an extension of such time up to sixty (60) days from the delivery of the written notice referred to above if corrective action is instituted by the District within the applicable period and diligently pursued until the Event of Default is corrected;
- (d) If any representation made by or on behalf of the District contained in this Loan Agreement, or in any instrument furnished in compliance with or with reference to this Loan Agreement or the Loan or in connection with the Bonds, is determined to be false or misleading in any material respect; or
- (e) A petition is filed by or against the District under any federal or state bankruptcy or insolvency law or other similar law in effect on the date of this Loan Agreement or hereafter enacted, unless in the case of any such petition filed against the District such petition shall be dismissed within thirty (30) days after such filing and such dismissal shall be final and not subject to appeal, or the District shall become insolvent or bankrupt or make an assignment for the benefit of its creditors; or a custodian (including, without limitation, a receiver, liquidator or

trustee of the District or any of its property) shall be appointed by court order to take possession of the District or its property or assets if such order remains in effect or such possession continues for more than thirty (30) days.

SECTION 10.02. Notice of Default. The District shall give the Department prompt notice, by telephone, fax or electronic mail, of the occurrence of any Event of Default and of the occurrence of any other event or condition that constitutes an Event of Default. Any telephone notice pursuant to this Section shall be confirmed in writing by the end of the next business day.

SECTION 10.03. Remedies on Default. Until an event of default shall have occurred, the District shall retain full possession and control of the System with the full right to manage, operate and use the same and every part thereof with rights appertaining thereto, and to collect and receive, and subject to the provisions of this Loan Agreement, to take, use, enjoy and distribute the earnings, income and profits accruing or derived from the System.

However, when an Event of Default shall have occurred and be continuing the Department shall have the right to take any action permitted or required pursuant to this Loan Agreement or the Authorizing Resolution and to take whatever other action at law or in equity may appear necessary or desirable to collect the amounts then due and thereafter to become due hereunder or to enforce the performance and observance of any duty, covenant, obligation or agreement of the District hereunder, including, without limitation, obtaining the appointment of a receiver of the System in an appropriate judicial proceeding in a court of competent jurisdiction.

SECTION 10.04. Appointment of Engineer; Required Reports. In the event that the District should fail to derive sufficient User Fees from the operation of the System to make the monthly payments into the Funds and Accounts, as required in the Authorizing Resolution, or in the event of an Event of Default hereunder, then it will retain an Engineer in the manner provided in the Authorizing Resolution.

SECTION 10.05. Appointment of Receiver. In the event that the Department obtains the appointment of a receiver after the occurrence of an Event of Default, such receiver shall, in the performance of the powers 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 the 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 shall hold and operate the System in the name of the District and for the joint protection and benefit of the District, any owners of Parity Obligations and the Department. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System and 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 District, any owners of Parity Obligations and the Department and the curing and making good of any Default. In such case, title to and the ownership of the System shall remain in the District, 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 assets of the System except with the consent of the District and in such manner as the court shall direct.

SECTION 10.06. Attorney's Fees and Other Expenses. The District shall, on demand, pay to the Department the reasonable fees and expenses of attorneys and other reasonable expenses (including without limitation the reasonably allocated costs of in-house counsel and legal staff) incurred by the Department in the collection of delinquent Loan repayments or any other sum due hereunder or in the enforcement of performance or observance of any other duties, covenants, obligations or agreements of the District hereunder, under the Authorizing Resolution or under any other agreements relating to the Bonds.

SECTION 10.07. Application of Moneys. Any moneys collected by the Department pursuant to Section 10.03, after payment of the costs of operation and maintenance of the System, shall be applied

- (a) first to pay interest due and payable on the Loan;
- (b) second, to pay principal due and payable on the Loan;
- (c) third, to pay any fees and expenses owed by the District pursuant to Section 10.06;
- (d) fourth, to pay any other amounts due and payable under this Loan Agreement; and
- (e) fifth, to pay any other amounts payable hereunder, including Administrative Fees, as such amounts become due and payable.

SECTION 10.08. No Remedy Exclusive; Waiver; Notice. No remedy herein conferred upon or reserved to the Department is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other given under this Loan Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right, remedy or power accruing upon any Event of Default shall impair any such right, remedy or power or shall be construed to be a waiver thereof, but any such right, remedy or power may be exercised from time to time and as often as may be deemed expedient. To entitle the Department to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be required in this Article.

SECTION 10.09. Retention of Department's Right. Notwithstanding any assignment or transfer of this Loan Agreement pursuant to the Section 11.01 or otherwise, and anything else to the contrary contained herein, the Department shall have the right upon the occurrence of an Event of Default to take any action, including (without limitation) bringing an action against the District at law or in equity, as the Department may, in its discretion, deem necessary to enforce the obligations of the District to the Department.

SECTION 10.10. Default by Department. In the event of any default by the Department under any duty, covenant, agreement or obligation of this Loan Agreement, the District's remedy for such default shall be limited to injunction, special action, action for specific performance or any other available legal or equitable remedy designed to enforce the performance or observance of any duty, covenant, obligation or agreement of the Department hereunder as may be necessary or appropriate.

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ARTICLE XI ASSIGNMENT

SECTION 11.01. Assignment, Transfer or Sale by the Department. The District hereby approves and consents to any assignment, transfer or sale of this Loan Agreement and/or the Bonds by the Department including but not limited to any such assignment or transfer in connection with the issuance by or on behalf of the Department of bonds, notes or other debt obligations. The District hereby further approves and consents to any assignment or

pledge by the Department of payments due from the District pursuant to this Loan Agreement and the Bonds as security or partial security for the payment of principal and interest on such bonds, notes or other debt obligations issued by or on behalf of the Department. The District agrees to cooperate with the Department in accomplishing any such assignment, including execution of any additional certificates or documents as may be reasonably required by the Department.

SECTION 11.02. Assignment, Transfer or Sale by District. While the Bonds are outstanding, neither this Loan Agreement nor the Project may be assigned, transferred or sold by the District for any reason, unless the following conditions shall be satisfied:

- (a) the Department shall have approved said assignment, transfer or sale in writing;
- (b) the assignee or transferee shall be a governmental unit within the meaning of Section 141(c) of the Code, unless the Department shall have received the opinion described in (d) below notwithstanding the fact that the assignee or transferee is not a governmental unit, and the assignee shall have expressly assumed in writing the full and faithful observance and performance of the District's duties, covenants, agreements and obligations under this Loan Agreement;
- (c) immediately after such assignment, transfer or sale, the assignee or transferee shall not be in default in the performance or observance of any duties, covenants, obligations or agreements of the District hereunder or under the Authorizing Resolution;
- (d) if applicable, the Department shall have received an opinion of its bond counsel to the effect that such assignment, transfer or sale will not or would not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes under the Code;
- (e) if applicable, the Department shall have received an opinion of its bond counsel to the effect that such assignment, transfer or sale will not adversely affect the exclusion of interest on any bonds, notes, or other debt obligations issued by or on behalf of the Department from gross income for federal income tax purposes under the Code or affect the ability of the Department to repay or cause to be repaid any such bonds, notes or other debt obligations; and
- (f) the Department shall receive an opinion of its counsel to the effect that such assignment, transfer or sale will not violate the provisions of any agreement entered into by the Department with, or condition of any grant received by the Department from, the United States of America relating to any capitalization grant received by the Department or the State under the Federal Act or the Regulations.

No assignment, transfer or sale shall relieve the District from primary liability for any of its obligations under this Loan Agreement and in the event of such assignment, the District shall continue to remain primarily liable for the performance and observance of its obligations to be performed and observed under this Loan Agreement.

Notwithstanding the foregoing, the District may dispose of property which in its reasonable judgment is worn out unserviceable, unsuitable, or unnecessary in the operation of the System, when other property of equal value is substituted therefor, or the proceeds derived from the disposal of such property are deposited in a Contingencies Fund or used to prepay or redeem the Bonds.

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**ARTICLE XII
MISCELLANEOUS**

SECTION 12.01. Payment of Department Expenses. The District agrees to pay at the Delivery Date all fees and expenses incurred by the Department in connection with the Loan which shall include the payment of all attorneys' fees and expenses of Adams and Reese, LLP, bond counsel to the Department, approved by the Department in connection with the Loan.

SECTION 12.02. Consents and Approvals. Whenever the written consent or approval of the Department shall be required under the provisions of this Loan Agreement, such consent or approval may only be given by the Secretary of the Department, or the officer signing this Loan Agreement on behalf of the Department (or his or her successor) unless otherwise provided by law or by rules or regulations of the Department or executive order of the Secretary of the Department.

SECTION 12.03. Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when hand delivered or sent by registered or certified mail, postage prepaid, or by overnight courier service to the District and to the Department at the addresses shown in the appearances to this Loan Agreement. Either of the foregoing parties may designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent by notice in writing given to the other party, and may accept notices by facsimile or electronic mail.

SECTION 12.04. Binding Effect. This Loan Agreement shall inure to the benefit of and shall be binding upon the Department and the District and their respective successors and assigns.

SECTION 12.05. Severability. In the event any provision of this Loan Agreement shall be held illegal, invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate, render unenforceable or otherwise affect any other provision hereof.

SECTION 12.06. Amendments, Supplements and Modifications. This Loan Agreement may be amended, supplemented or modified in writing with the consent of both the Department and the District.

SECTION 12.07. Execution in Counterparts. This Loan Agreement may be executed in several counterparts, each of which shall be an original and all of which constitute but one and the same instrument.

SECTION 12.08. Applicable Law. This Loan Agreement shall be governed by and construed in accordance with the laws of the State of Louisiana.

SECTION 12.09. Captions. The captions or headings in this Loan Agreement are for convenience only and shall not in any way define, limit or describe the scope or intent of any provisions or sections of this Loan Agreement.

SECTION 12.10. Further Assurances. The District agrees, at the request of the Department to authorize, execute, acknowledge and deliver such further resolutions, ordinances, conveyances, transfers, assurances, financing statements and other instruments as may be necessary or desirable for better assuring, conveying, granting, assigning and confirming the rights and agreements granted or intended to be granted by the District under this Loan Agreement.

SECTION 12.11. District to Cooperate in Rating and Issuance of Department's Bonds. The District acknowledges that the Department may assign the Bonds and this Loan Agreement as security for the payment of

bonds issued by or on the Department's behalf, and that in order to facilitate the rating of any such bonds District shall furnish to the Department, any issuer of any such bonds, or any nationally recognized rating agency, such documents and financial reports as may be reasonably required to obtain a rating for such bonds. Further, District agrees to perform such acts and execute such further documents and certificates as may be reasonably required by the Department in connection with the issuance of any such bonds.

SECTION 12.12. District's Continuing Disclosure Obligations. The District hereby acknowledges and agrees that even though the Bonds are initially 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 or the Bonds 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 District could constitute an "obligated person" as defined and used in the Rule. In that case, the District agrees to comply with the continuing disclosure requirements of the Rule upon notification by the Department of the City's obligation to do so.

[SIGNATURES APPEAR ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the Department and the District have caused this Loan Agreement to be executed, sealed and delivered on this ____ day of _____, 20__, but dated for convenience of the parties as of the date first above-written.

LOUISIANA DEPARTMENT OF ENVIRONMENTAL QUALITY

By: _____

Vince Sagnibene, Undersecretary
CONSOLIDATED WATERWORKS/ SEWERAGE
DISTRICT NO. 1 OF THE PARISH OF BOSSIER,
STATE OF LOUISIANA

By: _____

President,
Bossier Parish Police Jury

ATTEST:

By: _____

Secretary
Bossier Parish Police Jury

(SEAL)

**EXHIBIT A
to Loan and Pledge Agreement**

DESCRIPTION OF PROJECT

**EXHIBIT B
to Loan and Pledge Agreement**

ESTIMATED PRINCIPAL REPAYMENT SCHEDULE

**EXHIBIT C
to Loan and Pledge Agreement**

ESTIMATED COSTS OF THE PROJECT

**EXHIBIT D
to Loan and Pledge Agreement**

FORM OF REQUISITION

Mr. Altimus advised of a proposal from Wilbur Smith Associates in the amount of \$184,700 for the final phase of the parishwide zoning study. He stated that the completion of this phase of the study will enable the jury to move forward with the proposed establishment of parishwide zoning regulations in Bossier Parish.

Motion was made by Mr. Cochran, seconded by Mr. Altimus, to accept the proposal of Wilbur Smith Associates in the amount of \$184,700 for completion of the final phase of the parishwide zoning study.

The President called for public comment. Ms. Laura Adley spoke from the audience asking when the final phase will be complete. Mr. Altimus advised that Wilbur Smith Associates estimates that the final phase should be completed in approximately 12 months.

Votes were cast and the motion carried, with Mr. Butler opposing.

Ms. Nancy Penwell, Benton-Parish Metropolitan Planning Commission, reported a possible zoning violation at 1013 North Pointe Place, Benton, LA, advising that a large metal building has been built in a residential area with a separate driveway providing access to the building. She stated that several dump trucks and various other types of commercial trucks are parked at this location. Ms. Penwell stated that she has spoken to the property owner, Mr. Trey Hicks, and he has advised that the building is for personal use only. She stated that Mr. Hicks advised her that his business is located on Robin Lane, but she has been unable to locate the business at the address provided. Ms. Penwell stated that she has also requested a copy of the building permit for Mr. Hicks' building, but has not been provided with a copy as of this date. Ms. Bennett stated that it appears there are daily commercial operations. Ms. Penwell stated that the property is currently zoned R-1, Single Family Residential District.

After further discussion, Mr. Jackson, Parish Attorney, advised that the police jury must decide whether to either allow the possible zoning violation to continue, which is in violation of current ordinances, or schedule a public hearing to determine whether the police jury will authorize the Parish Attorney to pursue legal action in the matter, or require the property owner to apply for a zoning amendment. Mr. Jackson stated that if after the public hearing Mr. Hicks is found to be in violation of the R-1, Single Family Residential District, zoning classification by operating a commercial business in a residentially zoned area, he will be required to apply for a zoning amendment or cease all commercial operations at this location. **Motion was made by Mr. Benton, seconded by Mr. Butler, to schedule a public hearing on September 1, 2010, to consider and determine whether the police jury will authorize the Parish Attorney to pursue legal action in the matter of a zoning violation at 1013 North Pointe Place, Benton, LA, or will require the property owner to apply for a zoning amendment.**

The President called for public comment. There being none, **votes were cast and the motion carried unanimously.**

Ms. Nancy Penwell, Benton MPC, reported on a possible zoning violation at 997 Old Plain Dealing Road, Benton, LA. She advised that the property is zoned residential-agriculture and she has received complaints that the property owner is operating a trucking business at this location. She stated that upon investigation of the property, she found several tractor-trailer trucks and trailers. Ms. Penwell stated that the property owner, Mr. William Bahr, has advised that he has been running his business at this location for many years. She stated that Mr. Bahr has been advised of a possible zoning violation but has failed to reply.

After further discussion, **motion was made by Mr. Plummer, seconded by Mr. Cummings, to schedule a public hearing on September 1, 2010, to consider and determine whether the police jury will authorize the Parish Attorney to pursue legal action in the matter of a zoning violation at 997 Old Plain Dealing Road, or will require the property owner to apply for a zoning amendment.**

The President called for public comment. There being none, **votes were cast and the motion carried unanimously.**

Motion was made by Mr. Butler, seconded by Mr. Plummer, to hire an appraiser in connection with the purchase of a 15-foot right-of-way along the existing Wemple Road for the Wemple Road widening project, and to authorize the President to execute documents.

The President called for public comment. There being none, **votes were cast and the motion carried unanimously.**

RESOLUTION

BE IT RESOLVED by the Bossier Parish Police Jury in regular and legal session on this 18th day of August, 2010, that Wanda Bennett, President, be and is hereby authorized to execute on behalf of the Bossier Parish Police Jury, any and all documents regarding the hiring of an appraiser in connection with the acquisition of right-of-way for the Wemple Road widening project.

The resolution was offered by Mr. Butler, seconded by Mr. Plummer. Upon unanimous vote, it was duly adopted on this 18th day of August, 2010.

CINDY A. DODSON
PARISH SECRETARY

WANDA BENNETT, PRESIDENT
BOSSIER PARISH POLICE JURY

Motion was made by Mr. Cochran, seconded by Mr. Plummer, to approve Change Order No. 24 on the Cyber Innovation Center Building, and to authorize the Parish Administrator to execute documents.

The President called for public comment. There being none, **votes were cast and the motion carried unanimously.**

RESOLUTION

BE IT RESOLVED by the Bossier Parish Police Jury in regular and legal session on this 18th day of August, 2010, that it does hereby approve Change Order No. 24 on the Cyber Innovation Center Building.

BE IT FURTHER RESOLVED that William R. Altimus, Parish Administrator, is hereby authorized to execute said Change Order No. 24.

The resolution was offered by Mr. Cochran, seconded by Mr. Plummer. Upon unanimous vote, it was duly adopted on this 18th day of August, 2010.

CINDY A. DODSON
PARISH SECRETARY

WANDA BENNETT, PRESIDENT
BOSSIER PARISH POLICE JURY

Motion was made by Mr. Benton, seconded by Mr. Darby, to accept the streets and drainage in Forest Hills Subdivision, Unit No. 9, into the parish road system for permanent maintenance.

The President called for public comment. There being none, **votes were cast and the motion carried unanimously.**

ORDINANCE NO. 4348

WHEREAS, the Bossier Parish Police Jury in regular and legal session convened on the 18th day of August, 2010, has received a request from Coyle Engineering Co., Inc. that the parish accept into its system for permanent maintenance the streets and drainage in Forest Hills Subdivision, Unit No. 9, Bossier Parish, Louisiana; and

WHEREAS, the said streets and drainage have been completed in accordance with the specifications of the Bossier Parish Police Jury; and

WHEREAS, a two-year maintenance bond has been executed in favor of the Bossier Parish Police Jury to guarantee against failure of said streets and drainage as to material and workmanship as required by Chapter 110, Section 110-201 of the Bossier Parish Code of Ordinance.

WHEREAS, THEREFORE, BE IT RESOLVED, by the Bossier Parish Police Jury that it does accept the two-year maintenance bond of Specialty Trackhoe & Dozer Services, Inc., including labor and materials, for the above captioned streets and drainage.

BE IT FURTHER RESOLVED, that the Bossier Parish Police Jury does hereby accept into the parish maintenance system for continuous maintenance, streets and drainage located in Forest Hills Subdivision, Unit No. 9, Bossier Parish, Louisiana.

BE IT FURTHER RESOLVED, that a certified copy of this ordinance be recorded in the Office of the Clerk of Court, Bossier Parish, Louisiana, together with the maintenance bond.

The Ordinance was offered by Mr. Benton, seconded by Mr. Darby. Upon vote, it was duly adopted on this 18th day of August, 2010.

CINDY A. DODSON
PARISH SECRETARY

WANDA BENNETT, PRESIDENT
BOSSIER PARISH POLICE JURY

Motion was made by Mr. Meachum, seconded by Mr. Johnston, to accept the Certificate of Substantial Completion of the Evangeline Drive Overlay Project No. 2010-229, and to authorize the President to execute documents.

The President called for public comment. There being none, **votes were cast and the motion carried unanimously.**

RESOLUTION

BE IT RESOLVED by the Bossier Parish Police Jury in regular and legal session on this 18th day of August, 2010, that it does hereby accept the Certificate of Substantial Completion of the Evangeline Drive Overlay Project No. 2010-229.

BE IT FURTHER RESOLVED that Wanda Bennett, President, be and is hereby authorized to execute any and all documents in connection with said Certificate of Substantial Completion.

The resolution was offered by Mr. Meachum, seconded by Mr. Johnston. Upon unanimous vote, it was duly adopted on this 18th day of August, 2010.

CINDY A. DODSON
PARISH SECRETARY

WANDA BENNETT, PRESIDENT
BOSSIER PARISH POLICE JURY

Mr. Ford advised of a request from Petrohawk to construct a temporary structure over Evangeline Drive to transport water from a frac tank pond to a well site located at Fairview Point and Koran Doyline Road. He stated that the use of such a structure prevents boring under the Evangeline Drive roadway. Mr. Jackson and Mr. Ford are to further review this request.

Motion was made by Mr. Cummings, seconded by Mr. Butler, to approve the Certificate of Substantial Completion of the Lakewood Subdivision (Tealwood Drive) Drainage Repair Project No. 2010-242, and to authorize the President to execute documents.

The President called for public comment. There being none, **votes were cast and the motion carried unanimously.**

RESOLUTION

BE IT RESOLVED by the Bossier Parish Police Jury in regular and legal session on this 18th day of August, 2010, that it does hereby approve the Certificate of Substantial Completion of the Lakewood Subdivision (Tealwood Drive) Drainage Repair Project No. 2010-242.

BE IT FURTHER RESOLVED that Wanda Bennett, President, be and is hereby authorized to execute any and all documents in connection with said Certificate of Substantial Completion.

The resolution was offered by Mr. Cummings, seconded by Mr. Butler. Upon unanimous vote, it was duly adopted on this 18th day of August, 2010.

CINDY A. DODSON
PARISH SECRETARY

WANDA BENNETT, PRESIDENT
BOSSIER PARISH POLICE JURY

Motion was made by Mr. Butler, seconded by Mr. Altimus, to approve Supplemental Agreement No. 1 to the Agreement for Professional Engineering Services with Aillet, Fenner, Jolly & McClelland, Inc., for the North Bossier Shared Use Trail Project No. 09-031, and to authorize the Parish Administrator to execute documents.

The President called for public comment. There being none, **votes were cast and the motion carried unanimously.**

RESOLUTION

BE IT RESOLVED by the Bossier Parish Police Jury in regular and legal session on this 18th day of August, 2010, that it does hereby approve Supplemental Agreement No. 1 to the Agreement for Professional Engineering Services with Aillet, Fenner, Jolly & McClelland, Inc., for the North Bossier Shared Use Trail Project No. 09-031.

BE IT FURTHER RESOLVED that William R. Altimus, Administrator, be and is hereby authorized to execute any and all documents in connection with said Supplemental Agreement.

The resolution was offered by Mr. Butler, seconded by Mr. Altimus. Upon unanimous vote, it was duly adopted on this 18th day of August, 2010.

CINDY A. DODSON
PARISH SECRETARY

WANDA BENNETT, PRESIDENT
BOSSIER PARISH POLICE JURY

Motion was made by Mr. Butler, seconded by Mr. Johnston, to adopt a resolution supporting Blue Bell Creameries, L. P., 4722 Viking Drive, and allowing them to receive the local benefits of the Quality Jobs Program.

The President called for public comment. There being none, **votes were cast and the motion carried, with Mr. Cochran opposing.**

RESOLUTION

A RESOLUTION STATING THE BOSSIER PARISH POLICE JURY'S ENDORSEMENT OF BLUE BELL CREAMERIES, L.P., TO PARTICIPATE IN THE BENEFITS OF THE LOUISIANA QUALITY JOBS PROGRAM.

WHEREAS, the sales/use tax rebates for the Quality Jobs Program are governed by §51.1787 (Louisiana Enterprise Zone Program); and

WHEREAS, the Quality Jobs Program offers significant incentives for economic development in the State; and

WHEREAS, the business is located within Census Tract 106.01, Block Group 1 in Bossier Parish which is designated as Enterprise Zone eligible; and

WHEREAS, the Bossier Parish Police Jury states that this endorsement is in agreement with the Comprehensive Economic Development Strategy for their area; and

WHEREAS, the **attached Census Tract/Block Group map** has been marked to show the location of the business being endorsed; and

WHEREAS, in accordance with the Louisiana Quality Job Program requirements, the Bossier Parish Police Jury agrees:

1. To participate in the Quality Jobs Program.
2. To assist the Department in evaluating progress made in any Enterprise Zone within its jurisdiction.

NOW, THEREFORE, BE IT RESOLVED by the Bossier Parish Police Jury in regular and legal session convened on this 18th day of August, 2010, and endorses Blue Bell Creameries, L.P., Quality Job Application #2010-0808, to participate in the Louisiana Quality Jobs Program.

BE IT FURTHER RESOLVED, that all resolutions or parts thereof in conflict herewith are hereby repealed.

The resolution was offered by Mr. Butler, seconded by Mr. Johnston. Upon vote, it was duly adopted on this 18th day of August, 2010.

CINDY A. DODSON
PARISH SECRETARY

WANDA BENNETT, PRESIDENT
BOSSIER PARISH POLICE JURY

Motion was made by Mr. Butler, seconded by Mr. Darby, to adopt a resolution supporting Select Energy Services, LLC, 9408 Highway 157, and allowing them to receive the local benefits of the Quality Jobs Program.

The President called for public comment. There being none, **votes were cast and the motion carried, with Mr. Cochran opposing.**

RESOLUTION

A RESOLUTION STATING THE BOSSIER PARISH POLICE JURY'S ENDORSEMENT OF SELECT ENERGY SERVICES, LLC, TO PARTICIPATE IN THE BENEFITS OF THE LOUISIANA QUALITY JOBS PROGRAM.

WHEREAS, the sales/use tax rebates for the Quality Jobs Program are governed by §51.1787 (Louisiana Enterprise Zone Program); and

WHEREAS, the Quality Jobs Program offers significant incentives for economic development in the State; and

WHEREAS, the business is located within Census Tract 111.06, Block Group 1 in Bossier Parish which is designated as Enterprise Zone eligible; and

WHEREAS, the Bossier Parish Police Jury states that this endorsement is in agreement with the Comprehensive Economic Development Strategy for their area; and

WHEREAS, the **attached Census Tract/Block Group map** has been marked to show the location of the business being endorsed; and

WHEREAS, in accordance with the Louisiana Quality Job Program requirements, the Bossier Parish Police Jury agrees:

1. To participate in the Quality Jobs Program.
2. To assist the Department in evaluating progress made in any Enterprise Zone within its jurisdiction.

NOW, THEREFORE, BE IT RESOLVED by the Bossier Parish Police Jury in regular and legal session convened on this 18th day of August, 2010, and endorses Select Energy Services, LLC, Quality Job Application #2010-0760, to participate in the Louisiana Quality Jobs Program.

BE IT FURTHER RESOLVED, that all resolutions or parts thereof in conflict herewith are hereby repealed.

The resolution was offered by Mr. Butler, seconded by Mr. Darby. Upon vote, it was duly adopted on this 18th day of August, 2010.

CINDY A. DODSON
PARISH SECRETARY

WANDA BENNETT, PRESIDENT
BOSSIER PARISH POLICE JURY

Motion was made by Mr. Cummings, seconded by Mr. Meachum, to ratify and accept the recommendation of the Commercial Vehicle Enforcement Unit Board of Appeals to uphold the findings of the Commercial Vehicle Enforcement Officer, and deny the request of T. M. Branch Trucking for dismissal of fines and charges filed on Report No. 63 issued by the Commercial Vehicle Enforcement Unit on May 25, 2010.

The President called for public comment. There being none, **votes were cast and the motion carried unanimously.**

Motion was made by Mr. Benton, seconded by Mr. Butler, to approve an Intergovernmental Agreement between the State of Louisiana, Department of Transportation and Development and the Bossier Parish Police Jury, in connection with the Eastwood Drainage Project, State Project No. 576-08-0005, and to authorize the President to execute documents.

The President called for public comment. There being none, **votes were cast and the motion carried unanimously.**

RESOLUTION

BE IT RESOLVED by the Bossier Parish Police Jury in regular and legal session on this 18th day of August, 2010, that it does hereby approve an Intergovernmental Agreement between the State of Louisiana, Department of Transportation and Development, and the Bossier Parish Police Jury, in connection with the Eastwood Drainage Project, State Project No. 576-08-0005.

BE IT FURTHER RESOLVED that Wanda Bennett, President, be and is hereby authorized to execute any and all documents in connection with said Intergovernmental Agreement.

The resolution was offered by Mr. Benton, seconded by Mr. Butler. Upon unanimous vote, it was duly adopted on this 18th day of August, 2010.

CINDY A. DODSON
PARISH SECRETARY

WANDA BENNETT, PRESIDENT
BOSSIER PARISH POLICE JURY

Motion was made by Mr. Cummings, seconded by Mr. Johnston, to adopt a resolution of appreciation to Ms. Ada Myrick for her years of service as a member of the Bossier Parish Library Board of Control.

The President called for public comment. There being none, **votes were cast and the motion carried unanimously.**

RESOLUTION

WHEREAS, Mrs. Ada Myrick has resigned as a member of the Bossier Parish Library Board of Control effective August 1, 2010; and

WHEREAS, Mrs. Myrick has served as a member of the Bossier Parish Library Board of Control for 32 years, and has been instrumental in the continued success and many achievements of the Bossier Parish Library System; and

WHEREAS, Mrs. Myrick has witnessed tremendous growth and change in Bossier Parish during her tenure and has always worked diligently to provide the citizens of Bossier Parish with outstanding library facilities.

NOW, THEREFORE, BE IT RESOLVED by the Bossier Parish Police Jury in regular and legal session on this 18th day of August, 2010, that it does hereby express its sincere appreciation to Mrs. Ada Myrick for her many years of loyal service to the citizens of Bossier Parish as a member of the Bossier Parish Library Board of Control, and does extend its deepest gratitude to Mrs. Myrick for her willingness to serve in this capacity.

The resolution was offered by Mr. Cummings, seconded by Mr. Johnston. Upon unanimous vote, it was duly adopted on this 18th day of August, 2010.

CINDY A. DODSON
PARISH SECRETARY

WANDA BENNETT, PRESIDENT
BOSSIER PARISH POLICE JURY

Mr. Altimus discussed the potential for refinancing of the 2002 courthouse and jail issues, advising that due to low interest rates, the police jury could realize a possible savings of approximately \$1.8 million. He stated that the debt payoff time will remain the same. Mr. Altimus requested that the matter be tabled for further consideration at the September 1, 2010, regular meeting. **Motion was made by Mr. Altimus, seconded by Mr. Meachum, to table this matter for consideration at the September 1, 2010, regular meeting.**

The President called for public comment. There being none, **votes were cast and the motion carried unanimously.**

Mr. Altimus, Parish Administrator, announced that early voting is now open, advising that the Registrar of Voter's office is open until 6:00 p.m.

Mr. Altimus reported on a meeting regarding the Pine Country fire training center at Camp Minden, regarding a possible cut in state funding for the facility. He stated that small fire districts use the facility for training purposes, advising that many are unable to afford the expense of travel and time off from work to travel to the other training centers located in the southern part of the state. Mr. Altimus stated that fire fighters are required to have specific training, and without the required training homeowners' insurance rates could be affected.

Mr. Altimus advised that a ribbon-cutting ceremony will be held on August 20, 2010, at the Bossier Sheriff's Department's new rifle range on Old Plain Dealing Road. He stated that the facility is open to the public on certain days.

Jurors were provided an updated E911 Bossier Parish Map Book, and expressed appreciation to E911 for their efforts.

Mr. Ford reported that phasing and specifications for the Bellevue Road are being finalized.

Mr. Ford advised of a delay in closing on a tract of land needed for the Arthur Ray Teague Extension Project, advising that the closing will be next year.

Mr. Ford reported that representatives of South Bossier Fire District No. 2 have advised that they want to man the fire station located on Sligo Road near the entrance to Olde Oaks Subdivision in an effort to improve response time at this location.

Mr. Ronnie Andrews, Public Works Director, reported on the status of the 2010 Road Overlay Program, and on other road and ditch projects in the parish.

Mr. Andrews reported that property at 577 Crouch Road has been cleaned up in accordance with property standards regulations.

Mr. Meachum asked the status of improvements to the Davis Road. Mr. Andrews stated that work should begin in approximately one month.

A meeting of the Insurance Committee is scheduled on September 1, 2010, at 1:00 p.m.

Mr. Jackson, Parish Attorney, discussed potential oil/gas revenues owed the parish, and recommended that research be conducted to begin sending demand letters to the owners of oil/gas operations on dedicated parish roads where no royalty is being paid to the police jury.

Finance Committee Meeting – August 18, 2010, 1:30 p.m.

The Finance Committee of the Bossier Parish Police Jury met on this 18th day of August, 2010, at 1:30 p.m., in the Police Jury Meeting Room, Bossier Parish Courthouse, Benton, Louisiana, with Mr. Avery and Mr. Hammack excused.

Motion was made by Mr. Altimus, seconded by Mr. Benton, to approve payment of accounts payable invoices in the amount of \$16,209.72 for the Johnny Gray Jones Youth Shelter for the month of July, 2010, as follows:

R E Michel Company, Inc.	\$ 177.00
Bossier-Caddo Glass, LLC	\$ 385.00
R E Michel Company, Inc.	\$ 9.63
R E Michel Company, Inc.	\$ 15.77

R E Michel Company, Inc.	\$ 1.57
Moduform	\$13,020.75
J's Cleaning Service	\$ 2,600.00

The Chairman called for public comment. There being none, **motion carried unanimously.**

Motion was made by Mr. Cummings, seconded by Mr. Meachum, to approve payment of all other accounts payable invoices for the month of July, 2010.

The Chairman called for public comment. There being none, **motion carried unanimously.**

Motion was made by Mr. Altimus, seconded by Mr. Butler, that Mr. Altimus and Mr. Butler will contribute discretionary funds in the amount of \$500 each, for a total of \$1,000, to Waller Elementary School for the purchase of school supplies.

The Chairman called for public comment. There being none, **motion carried unanimously.**

Motion was made by Mr. Altimus, seconded by Mr. Cochran, to declare as surplus, a utility vehicle purchased during the 2009 flooding event, and to allow the Airline High School custodial staff to use this utility vehicle on campus with the stipulation that the police jury will retain the right to recall the utility vehicle if needed. Further noted in the motion, the school shall be responsible for maintenance and insurance of the vehicle.

The Chairman called for public comment. There being none, **motion carried unanimously.**

The Parish Attorney will prepare the necessary documents.

Mr. Travis Morehart, Cook & Morehart, Certified Public Accountants, discussed the 2009 Bossier Parish Police Jury audit. He reported that there were no findings and commended the police jury staff for their work.

Mr. Bill Altimus referred to an item on the regular meeting agenda regarding the discussion of the refinancing of the jail and courthouse. He stated that the jury has the opportunity to refinance this debt and realize a savings of approximately \$1.8 million. Mr. Altimus stated that the payoff date of 2022 will remain the same. He stated that he is not prepared at this time to make a recommendation to the jury as additional research is needed. Mr. Altimus advised that he will request that the item be tabled at the regular meeting.

Mr. Cochran advised of a request from Bossier Elementary for discretionary funds for the purchase of shirts for the students to wear on field trips. This matter is to be considered at the September 15, 2010, finance meeting.

The Finance Committee meeting was adjourned by the Chairman.

There being no further business to come before the Bossier Parish Police Jury in regular and legal session on this 18th day of August, 2010, the meeting was adjourned by the President at 4:00 p.m.

CINDY A. DODSON
PARISH SECRETARY

WANDA BENNETT, PRESIDENT
BOSSIER PARISH POLICE JURY