

The following ordinance, having been previously introduced on May 12, 2020 and laid over with a public hearing having been held in connection therewith on this date, was offered for adoption by Marvin Davis and seconded by Greg Harris

ORDINANCE 12-173 BOND

An ordinance authorizing the issuance of One Hundred Fifty Thousand Dollars (\$150,000) of Utilities Revenue Bonds, Series 2020, of the Town of Chatham, State of Louisiana, prescribing the form, fixing the details and providing for the payment thereof, confirming the sale thereof and entering into certain other covenants and agreements in connection with the security and payment of said Bonds, accepting offers for the purchase of the Bonds, and providing for other matters in connection with the issuance of the Bonds.

WHEREAS, the Town of Chatham, State of Louisiana (the “Issuer”), now owns and operates its combined waterworks, sewerage and natural gas systems (the “System”), and wishes to construct and acquire improvements and replacements to the waterworks component of the System; and

WHEREAS, pursuant to Section 1430 of Title 39 of the Louisiana Revised Statutes of 1950, as amended (R.S. 39:1430), this Mayor and Board of Aldermen wishes to issue \$150,000 of Utilities Revenue Bonds, Series 2020, of the Issuer (the “Bonds”) to be secured by and payable solely from the income and revenues derived or to be derived from the operation of the System; and

WHEREAS, the Issuer has no outstanding indebtedness payable from the income and revenues to be derived from the operation of the System, except for its outstanding Utilities Revenue Bonds, Series 2017, presently outstanding in the principal amount of \$124,000, final maturity August 1, 2027 (the “Outstanding Parity Bonds”); and

WHEREAS it is necessary to fix the details for the authorization, issuance, and sale of the Bonds; and

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

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

“**Act**” means Section 1430 of Title 39 of the Louisiana Revised Statutes of 1950, as amended (R.S. 39:1430), and other constitutional and statutory authority.

“**Bond**” means any Bond of the Issuer authorized to be issued, pursuant to this Ordinance, whether initially delivered or issued in exchange for, upon transfer of or in lieu of any Bond previously issued.

“**Bonds**” means the Utilities Revenue Bonds, Series 2020, of the Town of Chatham, State of Louisiana, authorized by this Ordinance in the aggregate principal amount of \$150,000.

“**Code**” means the Internal Revenue Code of 1986, as amended.

“**Executive Officers**” means, collectively, the Mayor and the Clerk of the Town of Chatham, State of Louisiana.

“**Governing Authority**” means the Mayor and Board of Aldermen of the Town of Chatham, State of Louisiana, or any legal successor thereto.

“**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 February 1 and August 1 of each year the Bonds are outstanding, commencing on February 1, 2021.

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

“**Ordinance**” means this ordinance authorizing the issuance of the Bonds, including same as it may hereafter be amended or supplemented.

“**Owner**” or “**Owners**” when used with respect to any Bond, means the Person in whose name such Bond is registered in the Ordinance.

“**Parity Obligations**” means any *pari passu* obligations, including refunding bonds, hereafter issued by the Issuer on a parity with Bonds with respect to the revenues of the System in accordance with the provisions of Section 17 of this Ordinance.

“**Paying Agent**” and/or “**Paying Agents**” means Peoples Bank, of Chatham, Louisiana, for the Bond numbered R-1 and any replacements therefor, and the Clerk of the Issuer for the Bond numbered R-2 and any replacements therefor until a successor Paying Agent(s) shall have become such pursuant to the applicable provisions of this Ordinance, and thereafter “Paying Agent” shall mean such successor Paying Agent.

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

“**Purchaser**” or “**Purchasers**” means said Peoples Bank for the Bond numbered R-1, and the Louisiana Public Facilities Authority, of Baton Rouge, Louisiana, for the Bond numbered R-2 .

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

“**System**” means the combined waterworks, sewerage and natural gas systems owned and operated by the Issuer, as now existing and as constructed, acquired, extended and improved or as the System shall hereafter be improved, extended or supplemented from any source whatsoever while any of the Bonds remain outstanding, including all properties of every nature owned by the Issuer and used or useful in the operation of the System, including real estate, personal and intangible properties, contracts, franchises, leases and choses in action.

SECTION 2. Issuance of Bonds. In compliance with and under the authority of the Act and other constitutional and statutory authority, and subject to the approval of the State Bond Commission, there is hereby authorized the incurring of an indebtedness of One Hundred Fifty Thousand Dollars (\$150,000) for, on behalf of and in the name of the Issuer, for the purpose of paying costs of constructing and acquiring improvements and replacements to the waterworks component of the System, including appurtenant equipment and fixtures (the “Project”), and paying costs of issuance of the Bonds, and to represent the said indebtedness, this Governing Authority does hereby authorize the issuance of One Hundred Fifty Thousand Dollars (\$150,000) of Utilities Revenue Bonds, Series 2020, of the Issuer. The Bonds shall be in fully registered form, shall be dated the date of delivery thereof, shall be issued in the form of two (2) fully registered Bonds, numbered R-1 in the principal amount of \$113,000, and R-2 in the principal amount of \$37,000. The Bonds shall be payable in annual installments falling due on August 1 of each year as follows:

YEAR (AUGUST 1)	BOND R-1 PRINCIPAL INSTALLMENTS	BOND R-2 PRINCIPAL INSTALLMENTS
2021	10,000	3,000
2022	11,000	3,000
2023	11,000	3,000
2024	10,000	4,000
2025	11,000	4,000
2026	11,000	4,000
2027	12,000	4,000
2028	12,000	4,000
2029	12,000	4,000
2030	13,000	4,000

The outstanding principal of Bond R-1 shall bear interest at the rate of 3.89% per annum and the unpaid principal of Bond R-2 shall bear interest at the rate of 1.945% per annum, said interest to be payable on each Interest Payment Date during the respective periods each Bond is outstanding.

The principal installments of the Bonds and the interest payments thereon shall be payable by check mailed by the appropriate Paying Agent to Owner (determined as of the close of business on the Record Date), except the final installment of principal on the Bond shall be payable upon presentation and surrender of the Bonds to the appropriate Paying Agent.

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

SECTION 3. Prepayment Provisions. The principal installments of the Bonds are callable for prepayment by the Issuer in full or in part at any time at the principal amount of the installments to be prepaid, plus accrued interest on the accrued to the date 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 fifteen (15) days prior to the prepayment date addressed to the Owner of the principal installments to be prepaid, in whole or in part, at his address as shown on the registration books of the appropriate Paying Agent.

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

SECTION 5. Form of Bonds. The Bonds and the endorsements to appear thereon shall be in form satisfactory to the Issuer, upon advice of bond counsel, and the Purchasers.

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

SECTION 7. Pledge of Revenues, Parity. Subject to the prior payment of the reasonable and necessary expenses of operating and maintaining the System, the Bonds, equally with the Outstanding Parity Bonds, shall be secured and payable in principal and interest solely by a pledge of the income and revenues derived or to be derived from the operation of the System, as now existing or as the System shall hereafter be improved, extended or supplemented from any source whatsoever while the Bonds remain outstanding, including, specifically, all properties of every nature owned by the Issuer and used or useful in the operation of the System, including real estate, personal and intangible properties, contracts, franchises, leases and choses in action (the "Net Revenues"). The Net Revenues are hereby irrevocably and irrepealably pledged in an amount sufficient for the payment of the Outstanding Parity Bonds and the Bonds in principal and interest as they fall due, and the income and revenues thus pledged shall remain so pledged for the security of the Outstanding Parity Bonds and the Bonds in principal and interest until they shall have been fully paid and discharged. In connection with the above, the Bonds are issued on complete parity with the Outstanding Parity Bonds in compliance with the provisions of Section 17 of the Ordinance adopted by this Governing Authority on July 11, 2017, which authorized the issuance of the Outstanding Parity Bonds; and

SECTION 8. Rate Covenant; Funds and Accounts. The Issuer, through its Governing Authority, covenants to fix, establish and maintain such rates and collect such fees, rents or other charges for the services and facilities of the System, and all parts thereof, and to revise the same from time to time whenever necessary, as will always provide revenues in such year sufficient to pay the reasonable and necessary expenses of operating and maintaining the System in such year, the principal and interest falling due on the Outstanding Parity Bonds and the Bonds in such year, all sinking fund and other payments required for such year by this Ordinance and all other obligations or indebtedness payable out of the revenues of the System for such year, and which will provide revenues in each year, after paying all reasonable and necessary expenses of administering, operating and maintaining the System in such year, at least equal to 110% of the largest amount of principal and interest maturing in any future fiscal year on the Bonds and on any Parity Obligations issued in any future year. The Issuer further covenants:

All of the income and revenues derived or to be derived by the Issuer from the operation of the System shall be deposited as the same may be collected in a separate and special bank account heretofore established and maintained with the regularly designated fiscal agent bank of the Issuer and designated as the "Utilities System Fund" (the "Fund"), the Fund to be maintained and administered in the following order of priority and for the following express purposes:

(a) The maintenance of the "2017 Utilities Revenue Bond Sinking Fund" (the "Sinking Fund") sufficient in amount to pay promptly and fully the principal of and the interest on the Outstanding Parity Bonds and the Bonds and any Parity Obligations issued hereafter by transferring from the Fund to the fiscal agent of the Issuer monthly in advance on or before the 20th day of each month of each year, a sum equal to the principal and interest accruing on said debt obligations for such calendar month together with such additional proportionate sum as may be required to pay said principal and interest as the same respectively become due. If Parity Obligations are hereafter issued, moneys in the Sinking Fund shall be equally available to pay principal and interest on such Parity Obligations. Said fiscal agent bank shall transfer from the Sinking Fund to any paying agent or pay directly to the Owner at least one (1) day in advance of the date on which each payment of principal or interest falls due, funds fully sufficient to pay promptly the principal and/or interest so falling due on such date.

(b) The maintenance of the "2020 Utilities Depreciation and Contingency Fund" (the "Contingency Fund") , to care for extensions, additions, improvements, renewals and replacements necessary to operate properly the System, by transferring from the Fund to the regularly designated fiscal agent bank of the Issuer (or such other bank designated by the Issuer), monthly in advance on or before the 20th day of each month of each year commencing the month of the delivery of the Bonds, a sum equal to 5% of the net revenues of the System, provided such sum is available after provision is made for the payments required under paragraph (a) above until a sum of \$30,000 is on deposit therein. Money in the Contingency Fund may also be used to pay the principal of and the interest on the Outstanding Parity Bonds and the Bonds and any Parity Obligations for the payment of which there is not sufficient money in the Sinking Fund, but if so used, such money shall be replaced by the Issuer as soon as possible thereafter out of the earnings of the System after making the required payments into the Sinking Fund.

Subject to the foregoing, which are cumulative, the balance of the excess funds on deposit in the Fund may be used by the Issuer for the purpose of calling and/or paying bonds payable from the income and revenues of the System or for such other lawful corporate purposes as this Governing Authority may determine, whether or not such purposes are or are not related to the System.

If at any time there are sufficient moneys on deposit in the Contingency Fund to retire all outstanding bonds payable from the Sinking Fund by defeasance, by exercising the prepayment option provided for such bonds or by purchase on the open market, the Issuer may utilize such funds for such purpose.

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

SECTION 9. Deposit of Funds and Security Therefor. The Sinking Fund and the Contingency Fund shall be held by the depository banks as special trust funds for the purposes provided in this Ordinance, and all other funds shall be held by the designated banks as special deposits for the purposes set forth in

this Ordinance and subject to such reasonable instructions as this Governing Authority may give in writing to the bank holding such funds. The Owners are hereby granted a lien on all funds established and/or maintained pursuant to the requirements of this Ordinance, except for the Contingency Fund, until applied in the manner herein provided. The moneys on deposit in all of the funds herein required shall at all times be secured to the full extent thereof as required by the laws of the State of Louisiana.

SECTION 10. Rates and Charges. Except as provided herein, nothing in this Ordinance or in the Bonds shall be construed to prevent the Issuer from altering, amending or repealing from time to time as may be necessary any resolution a schedule or schedules of rates and charges for the services and facilities to be rendered by the System, said alterations, amendments or repeals to be conditioned upon the continued preservation of the rights of the Owners with respect to the income and revenues of the System, not alone for the payment of the principal of and interest on the Bonds, but to give assurance and insure that the income and revenues of the System, together with such other lawfully available funds as are used by the Issuer for such purposes, shall be sufficient at all times to meet and fulfill the other provisions stated and specified in Section 8 hereof. It is understood and agreed, however, that the Issuer shall fix and maintain and collect rates and charges for the services and facilities to be rendered by the System, irrespective of the user thereof, that no free service shall be furnished to any Person, or even to the Issuer itself, and that no discrimination shall be made as to rates and charges for the services and facilities of the System as between users of the same type or class.

The Issuer agrees that failure of any individual, partnership, corporation or other entity to pay said charges within fifteen (15) days of the date on which it is due shall cause such charge to become delinquent; that if such delinquent charge, with interest and penalties accrued thereon, is not paid within thirty (30) days from the date on which it became delinquent, the Issuer will shut off water service to the affected premises, and that the Issuer and this Governing Authority and its officials, agents and employees will do all things necessary and will take advantage of all remedies afforded by law to collect and enforce the prompt payment of all charges made for services rendered by the System. All delinquent charges for such services shall on the date of delinquency have added thereto a penalty of ten percent (10%) of the amount of the charge, and the amount so due, including any penalty charge, may, in the discretion of this Governing Authority, after ten (10) days from the date of delinquency, bear interest at a reasonable rate to be established by the Governing Authority, which rate shall not be less than six per centum (6%) per annum. If services shall be discontinued as above provided, the customer shall, in addition to paying the delinquent charges, penalties and interest, if any, pay as a condition precedent to the resumption of service, a reasonable reconnection charge.

It is further understood and agreed that the schedule of rates, fees, rents and other charges being charged as of the date of the adoption of this Ordinance for services and facilities rendered by the System shall remain in effect and neither said existing schedule nor any subsequent schedule shall be reduced at any time unless all payments required for all funds by this Ordinance, including any deficiencies for prior payments, have been fully made, and unless such schedule as so reduced will in each year thereafter produce sufficient revenues to meet and fulfill the other provisions stated and specified in this Section.

SECTION 11. Right to Pledge Revenues, Rank of Lien. The Issuer hereby covenants and warrants that it is lawfully seized and possessed of the System, that it has a legal right to pledge the revenues of the System 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 expenses of the operation and maintenance of the System and that the Issuer will at all times maintain the System in first class repair and working order and condition.

SECTION 12. Records and Accounts; Audit Reports. As long as any of the Bonds are outstanding and unpaid in principal or interest, the Issuer shall maintain and keep proper books and accounts of the System separate and apart from all other records and accounts in which shall be made full and correct entries of all transactions relating to the System. Not later than six (6) months after the close of each Fiscal Year, the Issuer shall cause such an audit or financial statement as may be required by law (the "audit") to be made by a recognized independent firm of certified public accountants, which audit shall reflect all receipts and disbursements of the Issuer, including those made for the account of the System. Such audit shall be available for inspection by the Owners.

All expenses incurred in the making of the audits required by this Section pertaining to the System shall be regarded and paid as a maintenance and operating expense. The Issuer further agrees that the Purchaser, the Paying Agents and any Owner shall have the right to discuss with the accountant making the audit the contents of the audit and to ask for such additional information as they may reasonably require. The Issuer further agrees that the Purchaser, the Paying Agents, and the Owners shall have at all reasonable times the right to inspect the System and the records, accounts and data of the Issuer relating thereto.

SECTION 13. Rights of Owners; Appointment of Receiver in Event of Default. The Owners shall be entitled to exercise all rights and powers for which provision is made in the laws of the State of Louisiana. Any Owner or any trustee acting for such Owners in the manner hereinafter provided, may, either at law or in equity, by suit, action, mandamus or other proceeding in any court of competent jurisdiction, protect and enforce any and all rights under the laws of the State of Louisiana, or granted and contained in this Ordinance, and may enforce and compel the performance of all duties required by this Ordinance, or by any applicable statutes to be performed by the Issuer or by any agency, board or officer thereof, including the fixing, charging and collecting of rentals, fees or other charges for the use of the System, and in general to take any action necessary to most effectively protect the rights of the Owners.

In the event that default shall be made in the payment of the interest on or the principal of any of the Bonds as the same shall become due, or in the making of the payments into any Sinking Fund or any other payments required to be made by this Ordinance, or in the event that the Issuer or any agency, board, officer, agent or employee thereof shall fail or refuse to comply with the provisions of this Ordinance or shall default in any covenant made herein, and in the further event that any such default shall continue for a period of thirty (30) days after written notice, any Owner or any trustee appointed to represent the Owners as hereinafter provided, shall be entitled as of right to the appointment of a receiver of the System in an appropriate judicial proceeding in a court of competent jurisdiction.

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

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

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

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

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

Until an event of default shall have occurred, the Issuer shall retain full possession and control of the System with full right to manage, operate and use the same and every part thereof with the rights appertaining thereto, and to collect and receive, and, subject to the provisions of this Ordinance, to take, use and enjoy and distribute the earnings, income, rent, issue and profits accruing on or derivable from the System.

SECTION 14. Maintenance of System, Limitations on Sale, Lease or Other Disposition of Property. So long as any of the Bonds are outstanding and unpaid in principal or interest, the Issuer shall be bound and obligated at all times to (i) maintain the System in first class repair and working order and condition and (ii) not sell, lease, encumber or in any manner dispose of the System or any substantial part thereof; provided, however, that this covenant shall not be construed to prevent the disposal by the Issuer of property which in its judgement has become worn out, unserviceable, unsuitable or unnecessary in the operation of the System, when other property of equal value is substituted therefor or the sale price thereof is deposited in the Contingency Fund.

SECTION 15. Competitive Franchises. So long as any of the Bonds are outstanding and unpaid in principal and interest, the Issuer obligates itself not to grant a franchise to any utility for operation within the boundaries of the Issuer which would render services or facilities similar to those of the System and also obligates itself to oppose the granting of any such franchise by any other public board having jurisdiction over such matters. Further, the Issuer shall maintain its corporate identity and existence as long as any of the Bonds remain outstanding.

SECTION 16. Prohibition Against Encumbrances. Except as hereinafter provided in Section 17 hereof, the Issuer hereby covenants that it will not voluntarily create or cause to be created any debt, lien, pledge, mortgage, assignment, encumbrance or any other charge whatsoever having priority over or a parity with the lien of the Bonds and the interest thereon on the Net Revenues.

SECTION 17. Issuance of Parity Obligations; Parity Requirements. The Bonds shall enjoy complete parity of lien on the net revenues of the System despite the fact that any of the Bonds may be delivered at an earlier date than any other of the Bonds. The Issuer hereby covenants that it shall issue no other bonds or obligations of any kind or nature payable from or enjoying a lien on the revenues of the System having priority over or parity with the Bonds, except that Parity Obligations may be issued hereafter if the following conditions are met:

(a) The net revenues of the System for (a) any consecutive twelve (12) calendar months in the eighteen (18) month period immediately preceding the date of issuance of the proposed Parity Obligations or (b) the fiscal year immediately preceding the date of issuance of such Parity Obligations, adjusted to reflect any increase in rates which has been adopted by this Governing Authority and which will take effect prior to a date not later than twelve (12) months after the date of the issuance of such Parity Obligations, are equal to at least 110% of the average annual debt service requirements on all bonds or any other obligations whatsoever then outstanding which are payable from the revenues of the System, including any Parity Obligations theretofore issued and then outstanding (but not including bonds which have been refunded or provision otherwise made for their full and complete payment and redemption), and the Parity Obligations so proposed to be issued; provided, however, that this limitation may be waived or modified by the written consent of the owners of the bonds then outstanding. (Junior and subordinate bonds may be issued without restriction). In making the calculation set out in this paragraph it will not be necessary to include in any calculation future interest payments to be paid from capitalized interest.

(b) The payments required to be made into the various funds provided in Section 8 hereof must be current.

(c) The existence of the facts required by paragraphs (a) and (b) above must be determined by the Clerk of the Issuer.

SECTION 18. Fidelity Bonds. So long as any of the Bonds are outstanding and unpaid, the Issuer, 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 a blanket fidelity or faithful performance bond, or independent fidelity bonds written by a responsible indemnity company in amounts adequate to protect the Issuer from loss.

SECTION 19. Retention and Duties of Consulting Engineer in Event of Failure to Make Required Payments. The Issuer covenants and agrees that in the event it should fail to derive sufficient income from the operation of the System to make the required monthly payments into the funds established by Section 8 hereof, it will retain a Consulting Engineer (the "Engineer") on a continuous basis until all defaults are cured, for the purpose of providing for the Issuer continuous engineering counsel in the operation of its System. Such Engineer shall be retained under contract at such reasonable compensation as may be fixed by this Governing Authority, and the payment of such compensation shall be considered to be one of the costs of maintaining and operating the System. Any Engineer appointed under the provisions of this Section may be replaced at any time by another Engineer appointed or retained by the Issuer, with the consent and approval of the Purchaser.

In the event this Governing Authority shall fail to select and retain a Engineer in accordance with the first paragraph hereof 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, this Governing Authority shall select and retain such Engineer as is named in the petition of the Owners.

The provisions of this Section shall apply only during any period when the Issuer is in default in making required payments into the funds required by Section 8 of this Ordinance.

SECTION 20. Recital of Regularity. This Governing Authority having investigated the regularity of the proceedings had in connection with the Bonds herein authorized and having determined the same to be regular, the Bonds shall contain the following recital, to-wit:

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

SECTION 21. Ordinance a Contract; Amendment. The provisions of this Ordinance shall constitute a contract between the Issuer and any Owner or Owners, and any such Owner or Owners may at law or in equity, by suit, action, mandamus or other proceedings, enforce and compel the performance of all duties required to be performed by this Governing Authority as a result of issuing the Bonds.

SECTION 22. Issuance of Bonds; Application of Proceeds. The Executive Officers are hereby empowered, authorized and directed to do any and all things necessary and incidental to carry out all of the provisions of this Ordinance, to cause the necessary Bonds to be printed, to issue, execute and seal the Bonds and to effect delivery thereof as hereinafter provided.

All of the proceeds derived from the sale of the Bonds shall be deposited by the Issuer in a Construction Fund (the “Construction Fund”). The funds therein shall be used solely for the purpose of paying the costs of the Project, including all legal, engineering and other incidental costs and fees incurred in connection therewith and in connection with the authorization and issuance of the Bonds, upon certification to the Issuer by the consulting engineer for the Project that such expenditures are necessary for the completion of the Project or for additional improvements to the System (except that no such certificate shall be required for the payment of legal and other expenses incurred in connection with the issuance of the Bonds).

SECTION 23. Insurance. So long as any of the Bonds are outstanding and unpaid in principal or interest, the Issuer shall carry full coverage of insurance on the System at all times against those risks and in those amounts normally carried by privately owned public utility companies engaged in the operation of such utilities. Said policies of insurance shall be issued by a responsible insurance company or companies duly licensed to do business under the laws of the State of Louisiana. In case of loss, any insurance money received by the Issuer shall be used for the purpose of promptly repairing or replacing the property damaged or destroyed or shall be deposited in the Contingency Fund to supplement any other amounts required to be paid therein.

SECTION 24. Effect of Registration. The Issuer, the Paying Agent, and any agent of either of them may treat the Owner in whose name any Bond is registered as the owner of such Bond for the purpose of receiving payment of the principal of and interest on such Bond and for all other purposes whatsoever, and to the extent permitted by law, neither the Issuer, the Paying Agent, nor any agent of either of them shall be affected by notice to the contrary.

SECTION 25. Successor; Paying Agent. The Issuer will at all times maintain a Paying Agent(s). The designation of the initial Paying Agents herein is hereby confirmed and approved.

SECTION 26. Arbitrage; Designation as Qualified Tax-Exempt Obligations. The Issuer covenants and agrees that, to the extent permitted by the laws of the State of Louisiana, it will comply with the requirements of the Internal Revenue Code of 1986 and any amendment thereto (the "Code") in order to establish, maintain and preserve the exclusion from "gross income" of interest on the Bonds under the Code. The Issuer further covenants and agrees that it will not take any action, fail to take any action, or permit any action within its control to be taken, or permit at any time or times any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or indirectly in any manner, the effect of which would be to cause the Bonds to be "arbitrage bonds" or would result in the inclusion of the interest on any of the Bonds in gross income under the Code, including, without limitation, (i) the failure to comply with the limitation on investment of Bond proceeds or (ii) the failure to pay any required rebate of arbitrage earnings to the United States of America or (iii) the use of the proceeds of the Bonds in a manner which would cause the Bonds to be "private activity bonds".

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

- (a) the Bonds are not "private activity bonds" within the meaning of the Code; and
- (b) the reasonably anticipated amount of qualified tax-exempt obligations which will be issued by the Issuer and all subordinate entities in calendar year 2020 will not exceed \$10,000,000.

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

SECTION 27. Award of Bonds. This Governing Authority hereby accepts the offers to purchase the Bonds submitted by the Purchasers, copies of which are on file with the Clerk of the Issuer. The Bonds shall be delivered to the Purchasers upon payment of the respective principal amount of the Bonds to the Issuer.


SECTION 28. Continuing Disclosure. It is recognized that the Issuer will not be required to comply with the continuing disclosure requirements in Rule 15c-2-12(b) of the Securities and Exchange Commission [17 CFR § 240.15c2-12 (b)] because the principal amount of the Bonds is less than \$1,000,000.

SECTION 29. Effective Date. This Ordinance shall become effective immediately upon its adoption and approval by the Mayor.

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

	YEA	NAY	ABSENT	ABSTAIN
Laverne Mixon	X	_____	_____	_____
Gregory Harris	X	_____	_____	_____
Marvin Davis	X	_____	_____	_____
Tonja "Toni" Malone	X	_____	_____	_____
Sue Richardson Proffer	X	_____	_____	_____

There being a favorable vote on the ordinance of at least a majority of the authorized members of the Governing Authority, the ordinance was declared adopted on this the 9th day of June 2020.



Clerk

Presented to Mayor on June 10, 2020 for action as evidenced by his signature:

Approved: 

Disapproved: _____

Presented to Clerk on June 10, 2020.