

2007-0160

INTRODUCED BY: APRIL BLACK, COUNCILMAN, DISTRICT V

RESOLUTION NO. 5434

A resolution authorizing the Parish President and the Council Secretary of the Parish of St. Charles, State of Louisiana, to execute a preliminary agreement with Prager Incorporated granting its preliminary approval with respect to the financing of certain industrial facilities; authorizing the publication of a Notice of Public Hearing; and providing for other matters in connection with the foregoing.

- WHEREAS,** it is the desire of the Parish of Charles, State of Louisiana (the "Parish"), to encourage the location of and addition to industrial enterprises within its jurisdiction under the authority of Sections 991 to 1001, inclusive, of Title 39 of the Louisiana Revised Statutes of 1950, as amended (the "Act"), and other constitutional and statutory authority supplemental thereto; and,
- WHEREAS,** Prager Incorporated, a Louisiana corporation (the "Company"), proposes to finance the acquisition, construction and installation of an industrial facility consisting of a manufacturing and aftermarket industrial machine repair facility, constituting nonresidential real property to be located in the geographical limits of St. Charles Parish in the Gulf Opportunity Zone as provided in the Gulf Opportunity Zone Act of 2005 (the "Project"), as described in Exhibit A attached to the Preliminary Agreement identified as Supplement I hereto, and has requested that the Parish utilize the aforesaid authority and grant preliminary approval with respect to the financing of the Project through the issuance of its revenue bonds (the "Bonds") in the manner hereinafter provided; and,
- WHEREAS,** this Parish Council has concluded that the acquisition, construction and installation of the Project will benefit the welfare and economy of the Parish and that it is in the public interest to encourage the construction of the Project; and,
- WHEREAS,** prior to the issuance of the Bonds, the Company, directly or through a subsidiary or other related legal entity or operating entity, intends to expend its own funds to pay the costs of acquisition, construction and installation of the Project and reasonably expects to reimburse said expenditures from the proceeds of the Bonds; and,
- WHEREAS,** following issuance of the Bonds, the Company intends to use proceeds of the Bonds to fund additional costs of acquisition, construction and installation of the Project and to fund a portion of the costs of issuance of the Bonds; and,
- WHEREAS,** this resolution is intended to be an official action of the Parish and a declaration of intent to reimburse in accordance with the provisions of Treasury Regulations, Section 1.150-2; and,
- WHEREAS,** it is now the desire of this Parish Council to authorize the Parish President and the Council Secretary to execute an appropriate agreement evidencing the understanding of this Parish Council with respect to granting its preliminary approval of the financing of the Project through the issuance of the Bonds hereinafter described.

NOW, THEREFORE, BE IT RESOLVED by the Parish Council of the Parish of St. Charles, State of Louisiana, acting as the governing authority of the Parish of St. Charles, State of Louisiana:

SECTION 1. That pursuant to the authority of the Act, the Project is hereby approved and the Parish Council grants its preliminary approval of the financing of the cost of the acquisition, construction and installation thereof by the Parish through the issuance of its tax

exempt revenue bonds in one or more series, such bonds to be in an aggregate amount not exceeding \$8,000,000 and to be designated Revenue Bonds (the "Bonds").

SECTION 2. That the Parish President and the Council Secretary be and they are hereby authorized, empowered, and directed to execute, for and on behalf of the Parish, an agreement between the Parish and the Company, with respect to the issuance of the Bonds in one or more series in an amount not exceeding \$8,000,000 to finance the cost of the Project, said Agreement to be substantially in the form and to contain substantially the terms and provisions set forth in the Preliminary Agreement attached to this resolution and marked Supplement I for identification herewith.

SECTION 3. That the Parish President and the Council Secretary are authorized and empowered to take any and all further action and to sign any and all documents, instruments and writings as may be necessary to carry out the purposes of this resolution and to file, on behalf of the Parish, with any governmental board or entity having jurisdiction over the Project, such applications or requests for approval thereof as may be required by law, including, without limitation, a request for a volume cap allocation to the State Bond Commission and Executive Counsel to the Governor and to the State Bond Commission for approval of the financing if any portion of the Bonds will be issued as exempt facility bonds.

SECTION 4. That application be and the same is hereby made to the State Bond Commission, Baton Rouge, Louisiana, for consent and authority to issue, sell and deliver the Bonds and for approval of the sale agreement and trust indenture for the Bonds.

SECTION 5. That application is hereby made to the Governor of the State of Louisiana for a designation of all or a portion of the Bonds as "Qualified Gulf Opportunity Zone Bonds" pursuant to Executive Order KBB 2006-9, and the Parish is authorized to submit such documentation, including a certified copy of this resolution, as shall be necessary to obtain such designation.

SECTION 6. That the Parish hereby authorizes the publication of a Notice of Public Hearing and does hereby further authorize and approve the conducting of a public hearing in accordance with the requirements of Section 147(f) of the Internal Revenue Code of 1986, as amended.

SECTION 7. That this resolution is intended to be an official action and a declaration of intent to reimburse in accordance with the provisions of Treasury Regulations, Section 1.150-2.

SECTION 8. That by virtue of the Parish's application for, acceptance and utilization of the benefits of the State Bond Commission's approval requested herein, the Parish understands and agrees that such approval is expressly conditioned upon, and further understands, agrees and binds itself, its successors and assigns, to full and continuing compliance with the "State Bond Commission Policy on Approval of Proposed Use of Swaps, or other forms of Derivative Products, Hedges, Etc.," adopted by the Commission on July 20, 2006, as to the borrowing and other matters subject to the approval, including subsequent application and approval under said Policy of the implementation or use of any swaps or other products or enhancements covered thereby.

SECTION 9. That it is recognized, found and determined that a real necessity exists for the employment of Bond counsel in connection with the issuance of the Bonds and, accordingly, the employment of Foley & Judell, L.L.P., New Orleans, Louisiana, as bond counsel to the Parish to do and to perform comprehensive, legal and coordinate professional work with respect to the issuance and sale of the Bonds is hereby ratified and approved. Bond counsel shall (i) prepare and submit to the Parish for adoption all of the proceedings incidental to the authorization, issuance, sale and delivery of the Bonds, (ii) counsel and advise the Parish with respect to the issuance and sale of the Bonds and (iii) furnish their opinion covering the legality of the issuance thereof. The fee to be paid bond counsel shall be an amount based on

the Attorney General's then current Bond Counsel Fee Schedule and other guidelines for comprehensive, legal and coordinate professional work in the issuance of revenue bonds applied to the actual aggregate principal amount issued, sold, delivered and paid for at the time Bonds are delivered, together with reimbursement of out-of-pocket expenses incurred and advanced in connection with the issuance of the Bonds, and shall be payable out of the proceeds of the Bonds or funds provided by the Company, subject to the Attorney General's written approval of said employment.

SECTION 10. It is hereby further found and determined that a real necessity exists for the employment of local special counsel to the Issuer in connection with the issuance of the Bonds and, accordingly, Robert L. Raymond, Esq., of Destrehan, Louisiana, be and he is hereby employed as special counsel to the Issuer to do and to perform all legal services as local counsel in connection with the issuance of the Bonds. The fee to be paid said local counsel shall be computed at an hourly rate not exceeding the amount provided by the guidelines for such services as approved by the Attorney General of the State of Louisiana, plus out-of-pocket expenses. The fee herein described shall be payable out of the proceeds of the Bonds or funds provided by the Company, subject to the Attorney General's written approval of said employment.

The foregoing resolution having been submitted to a vote, the vote thereon was as follows:

YEAS: MARINO, FAUCHEUX, HILAIRE, FABRE, WALLS, BLACK, DUHE

NAYS: NONE

ABSENT: RAMCHANDRAN, MINNICH

And the resolution was declared adopted on this 7th day of May, 2007, to become effective five (5) days after publication in the official journal.

CHAIRMAN: 

SECRETARY: 

DLVD/PARISH PRESIDENT: May 8, 2007

APPROVED: _____

DISAPPROVED: _____

PARISH PRESIDENT: 

RETD/SECRETARY: May 8, 2007

AT: 3:05 pm

RECD BY: 

SUPPLEMENT I

PRELIMINARY AGREEMENT

This **PRELIMINARY AGREEMENT** is between the **PARISH OF ST. CHARLES, STATE OF LOUISIANA** (the "Issuer"), and **PRAGER INCORPORATED**, a Louisiana corporation (the "Corporation"):

WITNESSETH:

1. Preliminary Statement. Among the matters of mutual understanding which have resulted in the execution of this Agreement are the following:

(a) The Issuer is a political subdivision of the State of Louisiana and is authorized by the provisions of Sections 991 to 1001, inclusive, of the Louisiana Revised Statutes of 1950, as amended (the "Act"), and other constitutional and statutory authority supplemental thereto, to issue its revenue bonds to finance, acquire, purchase, construct or improve industrial facilities.

(b) The Corporation proposes to finance the acquisition, construction and installation of an industrial facility consisting of a manufacturing and aftermarket industrial machine repair facility, constituting nonresidential real property to be located in the geographical limits of the Issuer (the "Project"), including without limitation those items more particularly described in Exhibit A attached hereto. The Issuer intends this Agreement to be its binding commitment to issue its tax exempt revenue bonds in one or more series (the "Bonds") in an aggregate amount agreed to by the Issuer and the Corporation up to \$8,000,000 and to expend the proceeds thereof to finance the cost of the Project, including without limitation, the costs of planning, designing, acquiring, constructing, installing and equipping the Project and all costs of the Issuer in connection with the issuance of the Bonds, including legal fees and expenses and printing, engraving, and publication costs (the "Cost of the Project"). The Issuer shall be furnished satisfactory financial information, including audits and such other items as the Issuer may request, relative to the financial matters of the Corporation and the marketability of the Bonds proposed to be issued.

(c) The Issuer considers that the issuance and sale of the Bonds for the purpose hereinabove set forth will be appropriate and consistent with the objectives of the Act. This commitment is an affirmative official action of the Issuer and a declaration of intent to reimburse in accordance with the laws of Louisiana and the United States Treasury Regulations, Section 1.150-2.

2. Undertakings on the Part of the Issuer. Subject to the terms hereof, the Issuer agrees as follows:

(a) The Issuer will cause the authorization of the issuance of the Bonds in an aggregate principal amount not to exceed the estimated Cost of the Project.

(b) Contingent upon the delivery of the Bonds and the receipt of the proceeds thereof, the Issuer will acquire the Project by purchase or by lease from the Corporation, at a price equal to its actual costs of planning, acquiring, financing, constructing and equipping the Project (including interest on the Bonds during construction and issuance expenses) or the net proceeds of the Bonds available to the Issuer for such purposes, whichever is less. Contemporaneous with such purchase or lease, the Issuer will sell, lease or sublease the Project to the Corporation. The terms and conditions with respect to the purchase or lease of the Project from and the sale, lease or sublease of the Project to the Corporation shall be established by an agreement or agreements (the "Finance Agreement") which shall be entered into by and between the Issuer and the Corporation. The Corporation's obligations to make payments under the Finance Agreement shall be sufficient to enable the Issuer to pay the principal of, premium, if any, and interest on the Bonds as well as paying agent fees, trustees' fees, and all other costs and charges in connection with the servicing of the Bonds.

(c) The Issuer will cooperate with the Corporation with respect to the issuance and sale of the Bonds, and will take such action and authorize the execution of such documents and the taking of such further action as may be necessary or advisable for the authorization, issuance and sale of the Bonds by the Issuer, all as shall be authorized or permitted by law and as shall be mutually satisfactory to the Issuer and the Corporation. It is specifically understood that the obligation of the Issuer to acquire the Project through the purchase or leasing thereof, if Bonds be issued therefor, is limited solely to the payment therefor out of Bond proceeds, and the purchase price or rental, as the case may be, to be paid by the Issuer to the Corporation for

the Project shall not exceed the cost of the Project, which cost may include issuance fees and expenses and interest on the Bonds during construction, or the net proceeds of the Bonds available to the Issuer for such purpose, whichever is less.

(d) In authorizing the issuance of the Bonds pursuant to this Agreement, the Issuer will make no warranty, either express or implied, that the proceeds of the Bonds will be sufficient to pay the Cost of the Project or that the Project will be suitable for the Corporation's purposes or needs. The Corporation will agree that should the Cost of the Project exceed the amount of the Bond proceeds, the Corporation will ensure that it will complete the Project and shall not be entitled to any reimbursement for any excess either from the Issuer, the Bondholders or the Trustee.

(e) The Bonds shall specifically provide that they are payable solely from the income and revenues derived from the sale, lease or other disposition of the Project, except to the extent payable out of amounts attributable to Bond proceeds. The Bonds shall not constitute an indebtedness or pledge of the general credit of the Issuer, within the meaning of any constitutional or statutory limitation of indebtedness.

(f) The Issuer will take such further action as may be required to implement its aforesaid undertakings as it may deem appropriate in pursuance thereof.

3. Undertakings on the Part of the Corporation. Subject to the terms hereof, the Corporation agrees as follows:

(a) The Corporation will use reasonable efforts to find one or more purchasers for the Bonds upon such terms and conditions as shall be mutually satisfactory to the Issuer and the Corporation.

(b) Prior to or contemporaneously with the sale of the Bonds, the Corporation will enter into the Finance Agreement providing for the completion of the Project and the sale thereof to the Issuer under the terms of which the Corporation will obligate itself to purchase, lease or sublease the Project and all parts thereof from the Issuer and to pay to the Issuer (or the trustee, as the case may be) sums sufficient in the aggregate to pay the principal of and interest and redemption premium, if any, on the Bonds as and when the same shall become due and payable, all paying agent fees, trustees' fees, and other costs and charges in

connection with the servicing of the Bonds. The Finance Agreement will contain such other provisions as may be required or permitted by law and as shall be mutually acceptable to the Issuer and the Corporation.

(c) In addition to the payments required to pay the principal of, premium, if any, and interest on the Bonds, the Corporation will obligate itself to pay all costs of maintenance and operation of the Project, and casualty and property damage insurance and all taxes, governmental charges and other such charges, if any, which may be assessed or levied against or with respect to the Project.

(d) The operation of the Project will comply with all federal and state laws and regulations and the Corporation will obtain all necessary approvals and permits required thereunder.

(e) The Corporation agrees (i) to protect and insulate the Issuer, the Parish Council and their members individually, from any and all financial responsibility or liability whatsoever with respect to the Project and the financing thereof; and (ii) to indemnify, defend and hold the Issuer and the aforesaid other parties harmless against any loss or damage to property or any injury or death of any person or persons occurring in connection with the construction, equipping and operation of the Project. Such indemnity shall be superseded by a similar indemnity in the Finance Agreement and in the event the Bonds are not delivered, said indemnity shall extend to causes of action arising prior or subsequent to the termination of this Agreement.

(f) The Corporation will agree to make such additional payments in such amounts and in such manner as may be provided for by agreement of the parties.

(g) The Corporation will reimburse the Issuer for all reasonable expenses incurred by the Issuer in connection with the financing of the Project, which expenses may be paid out of Bond proceeds.

(h) The Corporation will pay the reasonable out-of-pocket expenses, if any, of members of the Parish Council and the Corporation will also pay the reasonable fees for rendered legal services of bond counsel or special legal counsel related to the Project, which fees may be paid out of Bond proceeds.

(i) The Corporation will take such further action as may be required to implement its aforesaid undertakings as it may deem appropriate in pursuance thereof.

4. General Provisions. This Agreement may be cancelled unless the following events shall have occurred not later than three (3) years from the date hereof, or such other later date as shall be mutually satisfactory to the Issuer and the Corporation:

(a) The Issuer and the Corporation shall have agreed on mutually acceptable terms for the Bonds and of the sale and delivery thereof and mutually acceptable terms and conditions of the agreements and documents referred to in section 3 and the action referred to in sections 2 and 3 hereof.

(b) Such orders, rulings, approvals, consents, certificates or opinions of counsel as to such matters with respect to the Bonds, the Project, the Finance Agreement, any guaranty agreement(s) and trust instrument(s) securing the Bonds shall be obtained from such governmental, as well as non-governmental, agencies and entities as may have or assert competence or jurisdiction over or interest in matters pertinent thereto and to the Project, and shall be in full force and effect at the time of the issuance of the Bonds. If the events set forth in section 4 do not take place within the time set forth or any extension thereof, it is agreed that this Agreement may be cancelled at the option of the Issuer or the Corporation to be evidenced in writing, in which event neither party shall have any rights against the other party except the Corporation will reimburse the Issuer for all reasonable and necessary direct out-of-pocket expenses which the Issuer may incur arising from the execution of the Agreement and the performance by the Issuer of its obligations hereunder; provided, however, that the indemnity provided for in section 3(e) hereof shall continue in full force and effect.

5. Upon the delivery of the Bonds, the provisions of the Agreement shall have no further effect (except with respect to section 3(e) hereof), and, in the event of any inconsistency between the terms of the Agreement and the terms of the Finance Agreement and trust instrument(s) securing the Bonds, the provisions of the Finance Agreement and the trust instrument(s) shall control.

6. All covenants and agreements herein contained by or on behalf of the Issuer and the Corporation shall bind and inure to the benefit of the respective successors and assigns of the Issuer and the Corporation whether so expressed or not.

7. It is recognized and agreed that the Corporation may exercise its rights hereunder and perform its obligations hereunder through or in conjunction with a wholly owned subsidiary or other related legal entity

or operating entity of the Corporation, and all references herein to the Corporation shall be deemed to include the Corporation acting directly through itself or through or with any wholly-owned subsidiary, other related legal entity or operating entity.

IN WITNESS WHEREOF, the parties hereto have entered into this Agreement through their representatives duly authorized as of the 7th day of May, 2007.

PARISH OF ST. CHARLES,
STATE OF LOUISIANA

By: Albert V. Lape
Parish President

ATTEST:

By: Barbara Joseph Ducha
Council Secretary

[SEAL]

PRAGER INCORPORATED

By: _____
Title: _____

EXHIBIT A

PROJECT DESCRIPTION

The Project will be located on approximately 4.8 acres of land in the Riverbend Business Park in St. Rose, St. Charles Parish, Louisiana. The Company will construct a building of at least 53,000 square feet, will provide the infrastructure necessary for the construction and operation of the gearbox and gear design, manufacture, replacement, upgrade and repair facility, and will furnish and equip the Project for use as the Gulf Coast headquarters and manufacturing facility of the Company.