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Deletions are shown with the following attributes and color:

~~Strikeout~~, **Blue** RGB(0,0,255).

Deleted text is shown as full text.

Insertions are shown with the following attributes and color:

Double Underline, Redline, **Red** RGB(255,0,0).

The document was marked with 4 Deletions, 5 Insertions, 0 Moves.

GENERAL REVENUE BOND
ORDINANCE NO.

An ordinance of the St. Charles Parish Council authorizing the incurring of debt and issuance from time to time of Revenue Bonds of Consolidated Waterworks and Wastewater District No. 1 of the Parish of St. Charles, Louisiana; prescribing the form, providing for the rights of the holders thereof; providing for the payment of said Bonds and the application of the proceeds thereof; and providing for other matters in connection therewith.

WHEREAS, Consolidated Waterworks and Wastewater District No. 1 of the Parish of St. Charles, Louisiana (the "Issuer") now owns and operates a utilities system as a single revenue producing public utility, consisting of the combined waterworks plants and systems, as more fully described in Section 1.1 hereof; and

WHEREAS, the Issuer has outstanding the following described revenue bonds which are payable from a pledge and dedication of the net income and revenues of the Water System, viz:

<u>Issue</u>	<u>Date of Issue</u>	<u>Principal Outstanding</u>	<u>Maturing</u>	<u>Authorized by Ordinance Adopted on:</u>
Utility Revenue Refunding Bonds, Series 2003	May 1, 2003	\$1,785,000	7/1/07 to 7/1/10	March 17, 2003 as supplemented April 21, 2003
Utility Revenue Refunding Bonds, Series 1999	June 17, 1999	\$5,775,000	7/1/2007 to 7/1/16	May 3, 1999

WHEREAS, the Issuer will defease the Utility Revenue Refunding Bonds, Series 1999 and Utility Revenue Refunding Bonds, Series 2003 (collectively, the "Refunded Bonds") or otherwise terminate the pledge of the revenues of the Water System to such Bonds prior to the delivery of any of the bonds authorized and provided for hereby; and

WHEREAS, the Issuer wishes to provide for the issuance from time to time of its revenue bonds payable from the revenues of the Water System; and

NOW, THEREFORE, BE IT ORDAINED by the St. Charles Parish Council, acting as the governing authority of Consolidated Waterworks and Wastewater District No. 1 of the Parish of St. Charles, Louisiana, that:

ARTICLE I
DEFINITIONS AND INTERPRETATION

SECTION 1.1. Definitions. The following terms shall have the following meanings unless the context otherwise requires:

"Accreted Values" means, as of any date of computation with respect to any Capital Appreciation Bond, an amount equal to the principal amount of such Capital Appreciation Bond (the principal amount at its initial offering) plus the interest accrued on such Capital Appreciation Bond from the date of delivery to the original purchasers thereof to the Compounding Date next preceding the date of computation or the date of computation if a Compounding Date, such interest to accrue at a rate not exceeding the maximum rate permitted by law, compounded periodically, plus, with respect to matters related to the payment upon redemption of the Capital Appreciation Bonds, if such date of computation shall not be a Compounding Date, a portion of the difference between the Accreted Value as of the immediately preceding Compounding Date and the Accreted Value as of the immediately succeeding Compounding Date, calculated based on the assumption that Accreted Value accrues during any period in equal daily amounts on the basis of a year of twelve 30-day months.

"**Act**" shall mean Section 1430 of Title 39 of the Louisiana Revised Statutes of 1950, as amended, and other statutory and constitutional provisions authorizing the issuance of local government utility revenue bonds.

"**Additional Parity Obligations**" means any additional pari passu obligations which may hereafter be issued pursuant to Section 9.2 hereof on a parity with the Bonds.

"**Agent**" means a financial institution performing those duties described in Section 10.5.

"**Annual Budget**" means the annual operating budget of the Water System, as amended and supplemented from time to time, prepared by the Issuer for each Fiscal Year.

"**Authorized Depository**" means any bank, trust company, national banking association, savings and loan association, savings bank or other banking association selected by the Issuer as a depository hereunder.

"**Bank**" means the bank or banks selected by the Issuer which may be the regularly designated fiscal agent bank or banks of the Issuer.

"**BMA Municipal Index**" means The Bond Market Association Municipal Swap Index as of the most recent date for which such index was published, or such other weekly, high-grade index comprised of seven-day, tax-exempt variable rate demand notes produced by Municipal Market Data, Inc., or its successor, or as otherwise designated by The Bond Market Association or any successor thereto; provided, however, that, if such index is no longer produced by Municipal Market Data, Inc. or its successor, then "BMA Municipal Index" shall mean such other reasonably comparable index selected by the Issuer.

"**Bond Counsel**" means counsel experienced in matters relating to the validity of, and the exclusion from gross income for federal income tax purposes of interest on, obligations of states and their political subdivisions selected by the Issuer.

"**Bond**" or "**Bonds**" means any or all of the Water Revenue Bonds of the Issuer, issued pursuant to the Ordinance, as the same may be amended from time to time, whether initially delivered or issued in exchange for, upon transfer of, or *in lieu* of any previously issued Bond.

"**Bondholders,**" "**Registered Owner,**" "**Holder,**" and "**Owner**" means the registered owners (or their authorized representatives) of Obligations issued in registered form and the holders of Obligations issued in bearer form.

"**Bond Obligation**" means, as of the date of computation, the sum of: (i) the principal amount of all Current Interest Bonds then Outstanding and (ii) the Accreted Value on all Capital Appreciation Bonds then Outstanding.

"**Bond Ordinances**" means the ordinances authorizing the issuance of the Outstanding Parity Obligations.

"**Bond Service Requirement**" means for a given Sinking Fund Year, the remainder after subtracting any accrued interest paid by the purchasers of Obligations, and capitalized interest for the Bond Year ending the immediately following July 1 that has been deposited into the Sinking Fund for that purpose from the sum of the principal of and interest and premium, if any, and any owed administrative fee, or other payments on Obligations coming due in such Bond Year.

For purpose of determining the Bond Service Requirement, unless the interest rate is fixed for the duration of the applicable Bond Year, in which case the actual interest rate shall be used, the interest rate on Variable Rate Obligations that are Outstanding at the time of such determination, shall be assumed to be one hundred ten percent (110%) of the average interest rate on such Variable Rate Obligations during the twelve months ending with the month preceding the date of calculation (or such shorter period of time as such Variable Rate Obligations shall have been Outstanding). If such Variable Rate Obligations are not Outstanding on the date of such calculation, the interest rate used to calculate the Bond Service Requirement, if the Obligations are Tax-Exempt Obligations, shall be 110% of the BMA Municipal Index on the date of calculation, and if the

Obligations are Taxable Obligations shall be the interest rate on U.S. Treasury Obligation with comparable maturities, plus 50 basis points, on the date of calculation.

If a Series of Variable Rate Obligations is subject to purchase by the Issuer pursuant to a mandatory or optional tender by the holder, the "tender" date or dates shall be ignored and the stated maturity dates thereof shall be used for purposes of this calculation.

For all purposes of this Ordinance, if the Issuer has entered into a Qualified Swap with respect to all or a portion of a series of Obligations, interest on such Obligations shall be calculated at (i) the fixed rate or rates of the Qualified Swap if the Issuer has entered into what is generally referred to as a "floating-to-fixed" Qualified Swap (where the Issuer pays a fixed rate and receives a floating rate) or (ii) as provided in paragraph two above of this definition of "Bond Service Requirement", if the Issuer has entered into either what is generally referred to as a "fixed-to-floating" Qualified Swap (where the Issuer pays a variable rate and receives a fixed rate) or a "floating-to-floating" Qualified Swap (where the Issuer pays a variable rate and receives a different variable rate).

For purposes of calculating the Bond Service Requirement with respect to Designated Maturity Obligations, the unamortized principal coming due on the final maturity date thereof that the Issuer reasonably anticipates refinancing, as reflected in the Annual Budget, shall not be included and in lieu thereof, there shall be included in the Bond Service Requirement for the Bond Year in which such final maturity occurs only the principal amount thereof the Issuer reasonably anticipates to become due in such Bond Year, taking into account any such anticipated refinancing of such Designated Maturity Obligations.

For purposes of calculating the Bond Service Requirement with respect to Commercial Paper Obligations, only the interest obligations with respect to such Commercial Paper Obligations and the principal amount of the Commercial Paper Obligations the Issuer reasonably expects to retire and not to pay with the proceeds of roll-over Commercial Paper Obligations in such Bond Year (as reflected in the Annual Budget) shall be included in the calculation of the Bond Service Requirement. The interest rate on the Commercial Paper Obligations shall be assumed for purposes of calculating the Bond Service Requirement, to be equal to the greater of (i) 110% of the Bond Market Association Municipal Swap Index (or if such index is no longer available, such other reasonably comparable index as the Issuer shall designate) or (ii) the actual rate on such Commercial Paper Obligations.

"Bond Year" means the annual period beginning on the second day of July of each year and ending on the first day of July of the following calendar year.

"Business Day" means, except as otherwise provided in a Supplemental Ordinance, a day of the year other than a day on which banks located in New York, New York and the cities in which the principal offices of the Paying Agent are located are required or authorized to remain closed and on which the New York Stock Exchange is closed.

"Capital Additions Fund" means the fund by that name established in Section 5.1(e) hereof.

"Capital Appreciation Bonds" means Obligations that bear interest which is payable only at maturity or upon redemption prior to maturity in amounts determined by reference to the Accreted Values.

"Capital Costs" means the costs of (i) physical construction of or acquisition of real or personal property or interests therein for any Project, together with incidental costs (including legal, administrative, engineering, consulting and technical services, insurance and financing costs), working capital and reserves deemed necessary or desirable by the Issuer (including but not limited to costs of supplies, fuel, fuel assemblies and components or interests therein), and other costs properly attributable thereto; (ii) all capital improvements or additions, including but not limited to, renewals or replacements of or repairs, additions, improvements, modifications or betterments to or for any Project; (iii) the acquisition of any other real property, capital improvements or additions,

or interests therein, deemed necessary or desirable by the Issuer for the conduct of its business; (iv) any other purpose for which bonds, notes or other obligations of the Issuer may be issued under the Act (whether or not also classifiable as a Cost of Operation and Maintenance); and (v) the payment of principal, interest, and redemption, tender or Purchase Price of any (a) Obligations issued by the Issuer for the payment of any of the costs specified above, (b) any Obligations issued to refund such Obligations, or (c) Obligations issued to pay capitalized interest; provided, however, that the term Capital Costs shall not include any costs of the Issuer relating to a Separately Financed Project.

"Chief Financial Officer" means the Director of Finance of the Issuer or the successor in function as chief financial officer of the Issuer.

"Code" means the Internal Revenue Code of 1986, as amended, or any successor Federal Internal Revenue Code.

"Commercial Paper Obligations" means all of the Obligations Series or a proportionate maturity thereof with a maturity of less than 271 days so designated by the Issuer by Supplemental Ordinance prior to issuance thereof.

"Compounding Date" means a date for compounding of interest on Capital Appreciation Bonds as shown on a table of Accreted Values for such Capital Appreciation Bonds.

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

"Costs of Issuance" means all items of expense, directly or indirectly payable or reimbursable and related to the authorization, sale and issuance of the Bonds, including but not limited to printing costs, costs of preparation and reproduction of documents, filing and recording fees, initial fees and charges of any fiduciary, legal fees and charges, fees and charges for the preparation and distribution of a preliminary official statement and official statement, if paid by the Issuer, fees and disbursements of consultants and professionals, costs of credit ratings, fees and charges for preparation, execution, transportation and safekeeping of the Bonds, costs and expenses of refunding, premiums for the insurance of the payment of the Bonds, if any, and any other cost, charge or fee paid or payable by the Issuer in connection with the original issuance of any issue of Bonds.

"Cost of Operation and Maintenance" means any operating and maintenance expense as defined in accordance with generally accepted accounting principles in the United States of America. Notwithstanding the foregoing, Costs of Operation and Maintenance shall not include (i) any costs and expenses attributable to a Separately Financed Project, (ii) any costs or expenses for new construction or for reconstruction other than restoration of any part of the Water System to the condition of serviceability thereof when new, (iii) depreciation costs or (iv) any interest expense on any Obligation.

"Credit Facility" means a line of credit, letter of credit, standby bond purchase agreement, policy of bond insurance, surety bond, guaranty or similar credit or liquidity enhancement device or arrangement providing credit or liquidity support with respect to any Outstanding Obligations or Subordinated Indebtedness, or any agreement relating to reimbursement of advances under any such instrument.

"Current Interest Bonds" means Obligations that bear interest which is payable periodically rather than solely at the maturity of such Obligations.

"Defeasance Securities" means (i) direct non-callable obligations of the United States of America or obligations the timely payment when due of the principal of and interest on which is unconditionally guaranteed by the United States of America, to which the direct obligation or guarantee of the full faith and credit of the United States of America has been pledged, (ii) stripped interest obligations on bonds, notes, debentures and similar obligations issued by the Resolution Funding Corporation, (iii) local government obligations rated AAA by a Rating Agency

(iv) local government obligations defeased by securities described in clauses (i), (ii), (iii), (v), (vi) and (vii) hereof, (v) guaranteed investment contracts rated AAA by a Rating Agency, (vi) in the event any Bonds are secured by a Credit Facility, any securities approved by such Credit Facility provider, and (vii) notes, bonds, debentures, mortgages and other evidences of indebtedness, issued or guaranteed at the time of the investment by the United States Postal Service, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Student Loan Marketing Association, the Federal Farm Credit System, or any other United States government sponsored agency; provided that at the time of the investment such agency or its obligations are rated and the agency receives, or its obligations receive, ratings in the highest Rating Category of each of the Rating Agencies that then rates such agency or its obligations.

"Designated Maturity Obligations" means all of the Obligations of a Series or a particular maturity thereof, with a maturity longer than 270 days, so designated by the Issuer by Supplemental Ordinance prior to the issuance thereof, for which no mandatory sinking fund redemption requirements have been established.

"Exposure on Guaranteed Debt" means, with respect to the period of time for which calculated, (i) as to each Guaranteed Debt as to which the Issuer has not been required to make any payments under its guaranty, an amount equal to twenty percent (20%) of the debt service requirement for such period (calculated in the same manner as the Bond Service Requirement) on that Guaranteed Debt, and (ii) as to any Guaranteed Debt as to which the Issuer has been required to make any payments under its guaranty, an amount equal to one hundred percent (100%) of the debt service requirement for such period (calculated in the same manner as the Bond Service Requirement) on that Guaranteed Debt.

"Executive Officers" means collectively the Parish President, and the Secretary of the Governing Authority of the Issuer, or any officers of the Issuer or its successor designated by Supplemental Ordinance.

"Fiduciary" or "Fiduciaries" means any trustee, or Paying Agent, or any or all of them, as may be appropriate.

"Fiscal Year" means the one-year period commencing on January 1 of each year, or such other one-year period as may be designated by the Governing Authority as the fiscal year of the Issuer.

"Funds" means the Receipts Fund, Capital Additions Fund, Sinking Fund and Reserve Fund.

"Governing Authority" means the St. Charles Parish Council, or its successor in function.

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

"Guaranteed Debt" means any indebtedness or obligation for money of any Person which the Issuer has guaranteed to pay from the Water System on a parity with debt service on the Obligations.

"Impact Fees" means all capital expansion fees, contributions in aid of construction, system improvement fees, or other similar fees and charges, separately imposed by the Issuer as a non-user capacity charge for the proportionate share of the cost of expanding, oversizing, separating or constructing new additions to the Water System. "Impact Fees" shall not include connection or hook-up charges or other payments or fees received by the Issuer as reimbursement for the cost of connecting or re-connecting a customer to the Water System.

"Interest Payment Date" means January 1 and July 1 of each year, except as otherwise provided in any Supplemental Ordinance.

"Investment Obligations" means any investments or securities then permitted under Louisiana law.

"Issuer" means Consolidated Waterworks and Wastewater District No. 1 of the Parish of St. Charles, Louisiana.

"Net Revenues" means, for any fiscal year period, the amount of Revenues less the Cost of Operation and Maintenance of the Water System.

"Non-Fuel Revenues" means Revenues less Fuel Revenues.

"Obligations" means any obligations, issued in any form of debt, authorized by a Supplemental Ordinance, including but not limited to, Bonds, notes, bond anticipation notes, commercial paper and Guaranteed Debt, which are delivered under this Ordinance, including any Bonds and Parity Contract Obligations but such term shall not include any Subordinated Contract Obligation or Subordinated Indebtedness.

"Operating Fund" means the fund by that name established in Section 5.1(b) hereof.

"Ordinance" means this Ordinance as from time to time amended or supplemented by Supplemental Ordinance.

"Outstanding", when used with reference to the Bonds, means, as of any date, all Bonds theretofore issued under the Ordinance, except:

- (a) Bonds theretofore cancelled by the Paying Agent or delivered to the Paying Agent for cancellation;
- (b) Bonds for the payment or redemption of which sufficient cash and/or Defeasance Securities have been deposited with the Paying Agent or an escrow agent in trust for the Owners of such Bonds with the effect specified in the Ordinance, provided that if such Bonds are to be redeemed, irrevocable notice of such redemption has been duly given or provided for pursuant to the Ordinance, to the satisfaction of the Paying Agent, or waived;
- (c) Bonds in exchange for or *in lieu* of which other Bonds have been registered and delivered pursuant to the Ordinance; and
- (d) Bonds alleged to have been mutilated, destroyed, lost, or stolen which have been paid as provided in the Ordinance or by law.

"Parity Debt" means any Parity Reimbursement Obligation, Parity Swap Obligation or Guaranteed Debt; provided, however, that for purposes of the definition of the term "Bond Service Requirement," Parity Debt shall with respect to Guaranteed Debt include only Exposure on Guaranteed Debt. For purposes of Section 9.2 of this Ordinance, any Parity Debt shall specify, to the extent applicable, the interest and principal components of, or the scheduled payments corresponding to interest under, such Parity Debt.

"Parity Reimbursement Obligation" has the meaning provided in Section 9.4(d) hereof.

"Parity Swap Obligation" means the obligation to pay any amount under a Qualified Swap calculated as interest on a notional amount (but excluding any termination payments and payments of any other fees, expenses, indemnification or other obligations to a counterparty),

that is secured by a pledge of, and a lien on, the Net Revenues on a parity with the lien created by Section 4.2 to secure the Obligations.

"Paying Agent" means the Issuer or any Authorized Depository designated by the Issuer to (i) serve as a Paying Agent or place of payment for the Obligations issued hereunder which shall have agreed to arrange for the timely payment of the principal of interest on and redemption premium, if any, with respect to the Obligations to the registered owners thereof, from funds made available therefor by the Issuer, and any successors designated pursuant to this Ordinance and (ii) maintain the registration books for the Obligations of any Series issued hereunder or to perform other duties with respect to registering the transfer of Obligations.

"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 July 1 of each year.

"Project" means any project, facility, system, equipment, or material related to or necessary or desirable in connection with the Water System, whether owned jointly or singly by the Issuer, including any output in which the Issuer has an interest, heretofore or hereafter authorized by the Act; provided, however, that the term "Project" shall not include any Separately Financed Project.

"Purchase Price" means, with respect to any Obligation, 100% of the principal amount thereof plus accrued interest, if any, plus in the case of an Obligation subject to mandatory tender for purchase on a date when such Obligation is also subject to optional redemption at a premium, an amount equal to the premium that would be payable on such Obligation if redeemed on such date.

"Qualified Independent Consultant" means any one or more qualified and recognized independent consultants or firm of consultants (which may include, without limitation, independent accountants and engineers), having favorable repute, skill and experience with respect to the acts and duties required of a Qualified Independent Consultant by a particular section or sections of this Ordinance, as shall from time to time be retained by the Issuer for the purposes hereof. It may be the Consulting Engineer described in Article VIII.

"Qualified Swap" means, to the extent from time to time permitted by law, with respect to Obligations, any financial arrangement (i) which is entered into by the Issuer with an entity that is a Qualified Swap Provider at the time the arrangement is entered into, (ii) which is a cap, floor or collar; an interest rate, forward rate or future rate swap (such swap may be based on an amount equal either to the principal amount of such Obligations of the Issuer as may be designated or a notional principal amount relating to all or a portion of the principal amount of such Obligations); asset, index, price or market-linked transaction or agreement; other exchange or rate protection transaction agreement; other similar transaction (however designated); or any combination thereof; or any option with respect thereto, entered into by the Issuer for the purpose of moderating interest rate fluctuations or otherwise, and (iii) which has been designated in writing by the Issuer as a Qualified Swap with respect to such Obligations.

"Qualified Swap Provider" means an entity whose senior long term obligations, other senior unsecured long term obligations, financial program rating, counterparty rating, or claims-paying ability, or whose payment obligations under an interest rate exchange agreement are guaranteed by an entity whose senior long term debt obligations, other senior unsecured long term obligations, financial program rating, counterparty rating, or claims-paying ability, are rated either (i) at least as high as the third highest Rating Category of each nationally recognized securities Rating Agency then maintaining a rating for the Qualified Swap Provider, but in no event lower than any Rating Category designated by each such Rating Agency for the Obligations subject to such Qualified Swap, or (ii) any such lower Rating Categories which each such Rating Agency indicates in writing to the Issuer will not, by itself, result in a reduction or withdrawal of its rating on the

Outstanding Obligations subject to such Qualified Swap that is in effect prior to entering into such Qualified Swap.

"Rate Stabilization Account" means the account set out in Section 5.1(e).

"Rating Agency" means each nationally recognized securities rating agency then maintaining a rating on the Obligations at the request of the Issuer.

"Rating Category" means one of the generic rating categories of any Rating Agency without regard to any refinement or gradation of such rating by a numerical modifier or otherwise.

"Record Date" means, except as otherwise provided in a Supplemental Ordinance, with respect to an Interest Payment Date, the fifteenth day of the calendar month next preceding such Interest Payment Date, whether or not such day is a Business Day.

"Redemption Price" means, when used with respect to an Obligation, the principal amount thereof plus the applicable premium, if any, payable upon redemption thereof pursuant to the Ordinance.

"Refunding Act" means Chapter 14-A of Title 39 of the Louisiana Revised Statutes of 1950, as amended, and all constitutional and statutory provisions authorizing the issuance of utility revenue refunding bonds by local governments.

"Reimbursement Obligation" has the meaning provided in Section 9.4(d) hereof.

"Reserve Fund" means the Fund by that name established in Section 5.1 hereof.

"Reserve Product" means a policy of bond insurance, a surety bond or a letter of credit or other credit facility used in lieu of a cash deposit in the Reserve Fund meeting the terms and conditions of Section 5.1 hereof.

"Reserve Product Provider" means a bond insurance provider or a bank or other financial institution providing a Reserve Product, whose bond insurance policies insuring, or whose letters of credit, surety bonds or other credit facilities securing, the payment, when due, of the principal of, premium, if any, and interest on bond issues by public entities, at the time such Reserve Product is obtained, result in such issues being rated in one of the two highest full rating categories by each of the Rating Agencies; provided, however, that nothing herein shall require the Issuer to obtain a rating on any Bonds issued under this Ordinance.

"Reserve Requirement" means, with respect to each series of Obligations, the amount, if any, set forth as the Reserve Requirement in the Supplemental Ordinance authorizing any series of Obligations.

"Reserve Secured Bonds" means a Series of Bonds for which the Supplemental Ordinance related to such Series provide that the payment of the principal, premium, if any, and interest on the bonds of such Series shall be secured by amounts on deposit and investments held in a designated account in the Reserve Fund.

"Revenues" means (i) all rates, fees, charges, income, rents and receipts derived by the Issuer from or attributable to the ownership and operation of the Water System, including all revenues attributable to the Water System or to the payment of the costs thereof received by the Issuer under any contracts for the sale of power, energy, transmission or other use of the services, facilities or products of the Water System or any part thereof or any contractual arrangement with respect to the use of the Water System or any portion thereof or the services, output, facilities, capacity or products of the Water System, (ii) the proceeds of any insurance covering business interruption loss relating to the Water System, (iii) interest received on the investment or reinvestment of any moneys held hereunder required to be deposited or kept in the Receipts Fund, (iv) payments received by the Issuer under a Qualified Swap, and (v) funds received from a Rate

Stabilization Account; provided, however, that "Revenues" shall not include revenues from a Separately Financed Project or Impact Fees or revenues deposited in a Rate Stabilization Account.

"Secretary" means the Secretary of the St. Charles Parish Council.

"Separately Financed Project" has the meaning provided in Section 9.3 hereof.

"Series" means any portion of the Obligations of an issue authenticated and delivered in a single transaction, payable from an identical source of revenue and identified pursuant to a Supplemental Ordinance authorizing such Obligations as a separate Series of Obligations, regardless of variations in maturity, interest rate, redemption requirements or other provisions, and any Obligations thereafter authenticated and delivered in lieu of or in substitution of a Series of Obligations issued pursuant to this Ordinance.

"Series 2007 Bonds" means collectively, the Bonds issued by the first Supplemental Ordinance, in an amount not exceeding Thirty-Four Million Dollars (\$34,000,000).

"Sewer System" means the revenue producing public utility system of the Issuer consisting of the Issuer's sanitary sewage collection and disposal system, as said system now exists, and as it may be hereafter improved, extended or supplemented, including specifically all appurtenant equipment, accessories and properties, both personal and real, and all other properties of every nature owned, leased or operated by the Issuer and used or useful in the operation of said sewer system, and including real estate, personal and intangible properties, contracts, franchises, leases and choses in action, whether lying within or without the boundaries of the Issuer, but not including any other public utility system or facilities owned or operated by the Issuer.

"Sinking Fund Year" means the year commencing on July 1st and ending on June 30th of the following year.

"State" means the State of Louisiana.

"Subordinated Contract Obligation" means any payment obligation (other than a payment obligation constituting Parity Debt or Subordinated Indebtedness) arising under (a) any Credit Facility which has been designated in writing by the Issuer as constituting a "Subordinated Contract Obligation," (b) any Qualified Swap which has been designated in writing by the Issuer as constituting a "Subordinated Contract Obligation," and (c) any other contract, agreement or other obligation authorized by ordinance or resolution of the Issuer and designated in writing by the Issuer as constituting a "Subordinated Contract Obligation." Each Subordinated Contract Obligation shall be payable from the Net Revenues subject and subordinate to the payments to be made with respect to the Obligations and Parity Debt, and shall be secured by a lien on and pledge of the Net Revenues junior and inferior to the lien on and pledge of the Net Revenues herein created for the payment of the Obligations and Parity Debt.

"Subordinated Indebtedness" means any bond, note or other indebtedness authorized by ordinance or resolution of the Issuer and designated in such ordinance or resolution by the Issuer as constituting "Subordinated Indebtedness," which shall be payable from the Net Revenues subject and subordinate to the payments to be made with respect to the Obligations and Parity Debt, and which shall be secured by a lien on and pledge of the Net Revenues junior and inferior to the lien on and pledge of the Net Revenues herein created for the payment of the Obligations and Parity Debt.

"Supplemental Ordinance" means any ordinance or resolution supplemental to or amendatory of this Ordinance, enacted or adopted by the Issuer in accordance with Article III hereof.

"Taxable Obligations" means any Obligations which are not Tax-Exempt Obligations.

"Tax-Exempt Obligations" means any Obligations the interest on which is intended by the Issuer to be generally excluded from gross income for federal income tax purposes.

"Trustee" means a financial institution serving in the capacity described in Section 10.2.

"Variable Rate Obligations" means Obligations issued with a variable, adjustable, convertible or other similar interest rate which is not fixed in percentage for the remaining term thereof.

"Water System" means the revenue producing public utilities system of the Issuer consisting of the combined waterworks plants and system, including specifically all properties of every nature owned, leased or operated by the Issuer and used or useful in the operation of its complete waterworks plants and system, as said plants and systems now exist and as they may be improved, extended or supplemented from any source including the proceeds of bonds, and including all real estate, personal and intangible properties, contracts, franchises, leases and choses in action, and including any right to use the capacity from any facilities or services thereof, and all properties now or hereafter operated by the Issuer under lease or agreement with any other individual, joint venture, partnership or corporation, public or private, as a part of the Water System, whether lying within or without the boundaries of the Issuer. Upon compliance with the requirements of Section 7.12 hereof, the term "Water System" may include any other utility-related services or functions, as the Issuer shall determine by subsequent ordinance or resolution. The Water System shall not include any Separately Financed Project.

SECTION 1.2. Interpretation. In the Ordinance, unless the context otherwise requires, (a) words importing the singular include the plural and vice versa, (b) words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders and (c) the title of the offices used in this Ordinance shall be deemed to include any other title by which such offices shall be known.

ARTICLE II INSTRUMENT TO CONSTITUTE CONTRACT

SECTION 2.1. Instrument to Constitute Contract. In consideration of the Obligations authorized to be issued hereunder by those who shall hold the same from time to time, this Ordinance shall be deemed to be and shall constitute a contract between the Issuer and the Bondholders. The covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Bondholders, and all Obligations shall be of equal rank and without preference, priority or distinction over any other thereof, except as expressly provided herein.

ARTICLE III AUTHORIZATION, DESCRIPTION, FORM AND TERMS OF OBLIGATIONS

SECTION 3.1. Description of Obligations. Obligations may be issued from time to time in accordance with the terms of this Ordinance. The Obligations authorized hereunder may be issued in one or more Series that may be delivered from time to time. The Obligations may be issued as Tax-Exempt Obligations, as Taxable Obligations, as obligations that convert from Taxable Obligations to Tax-Exempt Obligations, as fixed rate Obligations, as Variable Rate Obligations, as Capital Appreciation Bonds, as Current Interest Bonds, as Designated Maturity Obligations and/or as Commercial Paper Obligations. The Issuer shall by Supplemental Ordinance authorize each Series of Obligations and shall specify the following:

(a) the authorized principal amount of such Series, the purpose or purposes for which such Obligations are issued;

(b) the date and terms of maturity or maturities of the Obligations;

(c) whether such Obligations are Designated Maturity Obligations or Commercial Paper Obligations;

(d) the interest rate or rates of the Obligations or the method for determining such interest rate or rates, which may include variable, adjustable, convertible, auction reset or other rates, original issue discounts, Capital Appreciation Bonds and zero interest rate Obligations.

(e) the authorized denominations (or, with respect to Capital Appreciation Bonds, the value at maturity) of each Series of Obligations;

(f) numbering and lettering of such Obligations;

(g) the Paying Agent and place or places of payment of such Obligations;

(h) the redemption prices for such Obligations and any terms of redemption not inconsistent with the provisions of this Ordinance, which may include mandatory redemptions which may or may not be at the election of the Holder or Registered Owner thereof;

(i) any terms permitting or requiring the tender of such Obligations by the Owner thereof for purchase;

(j) the use of the proceeds of such Series of Obligations not inconsistent with this Ordinance;

(k) the forms of such Obligations; and

(l) any other terms or provisions applicable to the Obligations of such Series, not inconsistent with the provisions of this Ordinance or the Act.

All of the foregoing may be added by Supplemental Ordinance adopted or enacted at any time and from time to time prior to the issuance of such Series of Obligations.

Except as otherwise provided by Supplemental Ordinance, all Obligations hereunder shall be in registered form. All Obligations issued hereunder shall be in substantially the form provided by the Supplemental Ordinance authorizing the issuance of such Obligations; shall, unless otherwise provided by Supplemental Ordinance, be payable in lawful money of the United States of America and shall bear interest from their date paid by check or draft of the Paying Agent mailed to the Registered Owner thereof. Principal of and interest and redemption premiums, if any, on Capital Appreciation Bonds, and principal of and redemption premiums, if any, on Current Interest Bonds shall be payable by check or draft at maturity or earlier redemption thereof upon presentation and surrender of such Obligations to the Paying Agent. In addition, notwithstanding the foregoing, if and to the extent permitted by applicable law, the Issuer shall establish a system of registration and may issue thereunder certificated registered public obligations (represented by instruments) or uncertificated registered public obligations (not represented by instruments) commonly known as book-entry obligations, combinations thereof, or such other obligations as may then be permitted by law. The Issuer shall appoint such registrars, transfer agents, depositories, or other agents as may be necessary to cause the registration, registration of transfer and reissuance of the Obligations within a commercially reasonable time according to the then current industry standards and to cause the timely payment of interest, principal and premiums payable with respect to the Obligations. If the Issuer adopts a system for the issuance of uncertificated registered public obligations, it may permit thereunder the conversion, at the option of a Holder of any Obligation then outstanding, of a certificated registered public obligation to an uncertificated registered public obligation, and the reconversion of the same.

The registration of the Obligations issued in registered form may be transferred upon the registration books therefor upon delivery to the Paying Agent, accompanied by a written instrument or instruments of transfer in form and with guaranty of signature satisfactory to the Paying Agent, duly executed by the Registered Owner of such Obligations or by his attorney-in-fact or legal representative, containing written instructions as to the details of transfer of such

Obligations, along with the social security number or federal employer identification number of such transferee. In all cases of a transfer of registered Obligations, the Paying Agent shall at the earliest practical time in accordance with the provisions of this Ordinance enter the transfer of ownership in the registration books for the Obligations and (unless uncertificated registration shall be requested and the Issuer has a registration system that will accommodate uncertificated registration) shall deliver in the name of the new transferee or transferees a new fully-registered Obligation or Obligations of the same Series, maturity and of authorized denomination or denominations for the same aggregate principal amount and payable from the same sources of funds. The Paying Agent or the Issuer may charge the Registered Owners of such Obligations for the registration of every such transfer of such Obligations an amount sufficient to reimburse it for any tax, fee or any other governmental charge required to be paid, except for any such governmental charge imposed by the Issuer, with respect to the registration of such transfer, and may require that such amounts be paid before any such new Obligations shall be delivered.

Except as otherwise provided in the Supplemental Ordinance, if any date for payment of the principal of, premium, if any, or interest on any Obligation is not a Business Day, then the date for such payment shall be the next succeeding Business Day, and payment on such day shall have the same force and effect as if made on the nominal date of payment.

With respect to any Series of Obligations, the Issuer may, by Supplemental Ordinance enacted or adopted prior to the issuance of such Series of Obligations, reserve or exercise the right to sell, assign or transfer rights to call Obligations of such Series for mandatory purchase.

Unless otherwise provided by Supplemental Ordinance adopted prior to the issuance of the applicable Series of Obligations, a purchase of Obligations by or through a remarketing agent, trustee, auction agent, credit facility provider or the Issuer pursuant to an optional or mandatory tender shall not be deemed a redemption of such Obligations and will not be deemed to extinguish or discharge the indebtedness evidenced by such Obligations. Any Obligations purchased by or on behalf of the Issuer pursuant to an optional or mandatory tender shall be purchased with the intent that the indebtedness evidenced by such Obligations shall not be extinguished or discharged; such indebtedness shall not be extinguished or discharged and such Obligations shall remain outstanding hereunder unless and until such Obligations are delivered to the paying agent therefor for cancellation.

It is recognized that Supplemental Ordinances may impose further restrictions on the provisions of this ordinance and the reader is cautioned to read all supplemental ordinances in order to determine all rights, privileges and restrictions.

SECTION 3.2. Execution of Obligations. Unless otherwise provided by Supplemental Ordinance, the Obligations shall be executed in the name of the Issuer and the seal of the Issuer shall be imprinted, reproduced or lithographed on the Obligations. There may be such additional signatures and attestations as may be determined by the Issuer. The signatures of the officers of the Issuer on the Obligations may be by facsimile, but one such officer shall sign his manual signature on the Obligations unless the Issuer appoints an authenticating agent, registrar, transfer agent or trustee who shall cause one of its duly authorized officers to manually execute the Obligations. If any officer whose signature appears on the Obligations ceases to hold office before the delivery of the Obligations, his signature shall nevertheless be valid and sufficient for all purposes. In addition, any Obligation may bear the signature of, or may be signed by, such persons as at the actual time of execution of such Obligation shall be the proper officers to sign such Obligation although at the date of such Obligation or the date of delivery thereof such persons may not have been such officers.

SECTION 3.3. Obligations Mutilated, Destroyed, Stolen or Lost. If any Obligation is mutilated, destroyed, stolen or lost, the Issuer or its agent may, in its discretion (i) deliver a duplicate replacement Obligation, or (ii) pay an Obligation that has matured or is about to mature. A mutilated Obligation shall be surrendered to and cancelled by the Chief Financial Officer or the duly authorized agent of the Issuer. The Bondholder must furnish the Issuer or its agent proof of ownership of any destroyed, stolen or lost Obligation; post satisfactory indemnity; comply with any

reasonable conditions the Issuer or its agent may prescribe; and pay the Issuer's and/or its agent's reasonable expenses.

Any such duplicate Obligation shall constitute an original contractual obligation on the part of the Issuer whether or not the destroyed, stolen, or lost Obligation be at any time found by anyone, and such duplicate Obligation shall be entitled to equal and proportionate benefits and rights as to lien on, and source of and security for payment from, the funds pledged to the payment of the Obligation so mutilated, destroyed, stolen or lost.

SECTION 3.4. Provisions for Redemption. Each Series of Obligations may be subject to redemption prior to maturity at such times and in such manner as may be established by Supplemental Ordinance of the Issuer adopted with respect to any Series of Obligations on or before the time of delivery of those Obligations. Unless otherwise provided by Supplemental Ordinance with respect to a Series of Obligations, notice of redemption shall be sent at least thirty (30) days prior to the redemption date (i) be filed with the paying agent, and (ii) be mailed, postage prepaid, to all Registered Owners of Bonds to be redeemed at their address as they appear of record on the books of the Paying Agent as of forty-five (45) days prior to the date fixed for redemption, unless otherwise provided by Supplemental Ordinance. Interest shall cease to accrue on any Bond duly called for prior redemption on the redemption date, if payment thereof has been duly provided. The privilege of transfer or exchange of any of the Bonds so called for redemption is suspended for a period commencing 15 calendar days preceding the mailing of the notice of redemption and ending on the date fixed for redemption. Failure to mail any such notice to a registered owner of an Obligation, or any defect therein, shall not affect the validity of the proceedings for redemption of any Obligation or portion thereof with respect to which no failure or defect occurred.

SECTION 3.5. Effect of Notice of Redemption. Notice having been given in the manner and under the conditions hereinabove required, the Obligations or portions of Obligations so called for redemption shall, on the redemption date designated in such notice, become and be due and payable at the redemption price provided for redemption of such Obligations or portions of Obligations on such date. On the date so designated for redemption, moneys for payment of the redemption price being held in separate accounts by the Paying Agent, an escrow agent or any Authorized Depository, in trust for the registered owners of the Obligations or portions thereof to be redeemed, all as provided in this Ordinance, interest on the Obligations or portions of Obligations so called for redemption shall cease to accrue, such Obligations and portions of Obligations shall cease to be entitled to any lien, benefit or security under this Ordinance, and the registered owners of such Obligations or portions of Obligations shall have no right in respect thereof except to receive payment of the redemption price thereof and, to the extent provided in Section 3.1 of this Article, to receive Obligations for any unredeemed portions of the Obligations. Notwithstanding anything to the contrary in the Ordinance, with respect to any notice of optional redemption of Obligations, unless upon the giving of such notice such Obligations or portions thereof shall be deemed to have been paid within the meaning hereof, such notice shall state that such redemption shall be conditioned upon the receipt by the Paying Agent on or prior to the date fixed for such redemption of moneys sufficient to pay the principal of, premium, if any, and interest on such Obligations or portions thereof to be redeemed, and that if such moneys shall not have been so received said notice shall be of no force and effect and the Issuer shall not be required to redeem such Obligations or portions thereof. In the event that such notice of redemption contains such a condition and such moneys are not so received, the redemption shall not be made and the Paying Agent shall within five (5) days thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received.

SECTION 3.6. Redemption of Portion of Registered Obligations. In case part but not all of an outstanding fully-registered Obligation shall be selected for redemption, the Registered Owners thereof shall present and surrender such Obligation to its designated Paying Agent (or if no such Paying Agent is designated, to the Issuer) for payment of the principal amount thereof and premium, if any, so called for redemption, and the Issuer shall execute and deliver to or upon the order of such Registered Owner, without charge therefor, for the unredeemed balance of the principal amount of the Obligation so surrendered, an Obligation or Obligations fully-registered as to principal and interest.

SECTION 3.7. Application of Proceeds. Except as otherwise provided hereby, the proceeds, including accrued interest and premium, if any, received from the sale of the Obligations of any Series shall be applied by the Issuer simultaneously with the delivery of such Obligations in accordance with the provisions of a Supplemental Ordinance of the Issuer enacted or adopted at or before the delivery of such Series of Obligations, in conformity with this Ordinance.

SECTION 3.8. Temporary Obligations Pending the preparation of definitive Obligations, the Issuer may execute and deliver temporary Obligations. Temporary Obligations shall be issuable as registered Obligations without coupons, of any authorized denomination, and substantially in the form of the definitive Obligations but with such omissions, insertions, and variations as may be appropriate for temporary Obligations, all as may be determined by the Issuer. Temporary Obligations may contain such reference to any provisions of this Ordinance as may be appropriate. Every temporary Obligation shall be executed and authenticated upon the same conditions and in substantially the same manner, and with like effect, as the definitive Obligations. As promptly as practicable the Issuer shall execute and shall furnish definitive Obligations and thereupon temporary Obligations may be surrendered in exchange for definitive Obligations without charge at the principal office of the Paying Agent, and the Paying Agent shall authenticate and deliver in exchange for such temporary Obligations a like aggregate principal amount of definitive Obligations of authorized denominations. Until so exchanged, the temporary Obligations shall be entitled to the same benefits under this Ordinance as definitive Obligations.

ARTICLE IV SOURCE OF PAYMENT OF OBLIGATIONS; SPECIAL OBLIGATIONS OF THE ISSUER

SECTION 4.1. Obligations Not to be Indebtedness of the Issuer. The Obligations shall not be or constitute general obligations or indebtedness of the Issuer within the meaning of the Constitution of Louisiana, but shall be payable solely from and secured by a lien upon and a pledge of the Net Revenues of the Water System, in the manner and to the extent herein provided. No Bondholder shall ever have the right to compel the exercise of the ad valorem taxing power of the Issuer or taxation in any form on any real or personal property to pay such Obligations or the interest thereon, nor shall any Bondholder be entitled to payment of such principal and interest from any other funds of the Issuer other than Net Revenues in the manner and to the extent herein provided.

SECTION 4.2. Pledge of Net Revenues. The payment of the principal of, premium, if any, and interest on the Obligations shall be secured forthwith equally and ratably by an irrevocable lien on the Net Revenues, all in the manner and to the extent provided herein, prior and superior to all other liens or encumbrances on the Net Revenues, except as otherwise provided herein, and the Issuer does hereby irrevocably pledge the Net Revenues to the payment of the principal of, premium, if any, and interest on the Obligations.

SECTION 4.3. Pledge of Revenues after merger of Systems. It is recognized that the Issuer owns and operates a parish Sewer System in St. Charles Parish and that it currently has bonds outstanding issued for the purpose of constructing and acquiring additions and improvements to the Sewer System. If the Issuer selects, it may by ordinance merge the Sewer System with the Water System including the combining and merge of all accounts in order to operate the water and system systems as a single combined utilities system. In the event of such a merger, all of the outstanding utility revenue bonds secured by the revenues of the Sewer System and the bonds issued under this ordinance would be on a parity and will have an equal lien on and be payable from the combined revenues of the combined water and sewer utility system provided the parity tests of Article IX are met when substituting the combined water and sewer utility in place of all references to the Water System.

ARTICLE V
CREATION OF FUNDS AND ACCOUNTS

SECTION 5.1. Creation of Funds and Accounts. There are hereby created and established the "Receipts Fund," the "Operating Fund," the "Sinking Fund," the "Reserve Fund" and the "Capital Additions Fund". There may be created and established in the Operating Fund and the Capital Additions Fund one or more separate accounts or subaccounts as determined by the Issuer from time to time to be necessary or convenient. The Operating Fund, the Reserve Fund and the Capital Additions Fund and all accounts and subaccounts therein shall constitute trust funds for the purposes herein provided, shall be delivered to and held by the Chief Financial Officer (or an Authorized Depository designated by the Chief Financial Officer), who shall act as trustee of such funds for the purposes hereof, shall, except as otherwise provided herein, be subject to a lien and charge in favor of the Bondholders and used only as herein provided. The described trust obligation shall extend only to the Issuer's obligation to hold such funds for the benefit of Bondholders, but does not impose a trust obligation on any Authorized Depository.

Except as otherwise required as a contribution to an escrow fund providing for the defeasance and redemption of the Refunded Bonds, moneys currently deposited in funds for the Bonds, other than the Series 2007 Bonds, will be transferred to the Funds that provide a similar function. Accordingly, moneys in a current sinking fund established for the Utility Revenue Refunding Bonds, Series 1999 and Utility Revenue Refunding Bonds, Series 2003 will be transferred to the Sinking Fund. Similarly, moneys in a reserve fund will be transferred to the Reserve Fund, as will moneys in a capital additions fund be transferred to the Capital Additions Fund.

All accounts referenced in the Ordinance means separate accounting, not necessarily separate bank accounts.

(a) Receipts Fund. Revenues, except (i) income received from the sale of capital assets and charges between divisions of the Water System, and (ii) proceeds from the issuance of Obligations shall be deposited daily as the same may be collected in a separate and special bank account known and designated as the "Receipts Fund", established and maintained with the Bank, or may be deposited in a fund with other moneys of the Issuer in a Bank provided separate accounting is maintained at all times under the title of "Receipts Fund" and referred to hereinafter as the "Receipts Fund".

(b) Operating Fund. Out of the Receipts Fund, there shall be transferred to or set aside in an "Operating Fund," from time to time as needed during each Sinking Fund Year amounts sufficient to provide for the payment of Costs of Operation and Maintenance.

(c) Sinking Fund. After meeting the requirements of 5.1(b) above, the moneys in the Receipts Fund shall be used for the establishment and maintenance with the Bank of a "Water Revenue Bond Sinking Fund" (the "Sinking Fund") sufficient in amount to pay promptly and fully the principal of, premium, if any, and the interest on the Obligations herein authorized including any Additional Parity Obligations issued hereafter in the manner provided herein, as they severally become due and payable whether by maturity or mandatory call, by transferring as needed from the Receipts Fund to the Sinking Fund. Arrangements with the Paying Agent shall be made as will assure, to the amount of money in the Sinking Fund, prompt payment for principal and interest on the Obligations payable from the Sinking Fund. Appropriate amounts shall also be placed in the Sinking Fund to allow for the payment of the charges of the Paying Agent. On or before the day before the Interest Payment Date, the Issuer will deposit with the Paying Agent sufficient funds to make payment of the principal and/or interest owed on the obligations, as of that Interest Payment Date.

A Supplemental Ordinance may provide for additional amounts to be deposited into the Sinking Fund.

(d) Reserve Fund. After meeting the requirements of 5.1(c), the moneys in the Receipts Fund shall next be used to satisfy the Reserve Requirements for Reserve Secured Bonds.

The Reserve Fund may be used to secure all or a part of the Bonds or may be segregated into one or more accounts that are created for various Series of Reserve Secured Bonds.

Except as may otherwise be set forth in a Supplemental Ordinance, amounts on deposit in each account of the Reserve Fund may be used solely for the purpose of curing deficiencies in the Sinking Fund for the payment when due of the principal of, premium, if any, and interest on the Reserve Secured Bonds for which such account was created. If funds on deposit in each Reserve Fund account exceed the account Reserve Requirement for the applicable Reserve Secured Bonds, the excess cash shall be deposited into the Sinking Fund to the extent moneys from the Receipts Fund are unavailable to meet current Bond Service Requirements and otherwise to the Capital Additions Fund, provided however that upon refunding of any Reserve Secured Bonds such excess may be applied to pay or redeem the Reserve Secured Bonds to be refunded.

Within the Reserve Fund there may be created separate accounts to secure the payment of various issues of Reserve Secured Bonds, each with varying Reserve Requirements. Any issue of Reserve Secured Bonds may utilize an existing Reserve Fund account, provided in doing so, the Reserve Requirement of the prior issue is met and satisfied.

If at any time the Issuer is required to fund a Reserve Fund account, or to increase the amount required to be maintained in the Reserve Fund account pursuant to the preceding paragraph, the amount, or increase in the amount, as applicable, required to satisfy such Reserve Requirement may be funded in up to forty-eight substantially equal consecutive monthly deposits commencing not later than the month following the occurrence of deficiency.

Each Reserve Requirement, in whole or in part, may be funded with cash or Investment Obligations, or one or more Reserve Products, or a combination thereof. Any such Reserve Product must provide for payment on any interest or principal payment date (provided adequate notice is given) on which a deficiency exists (or is expected to exist) in moneys held hereunder for payment of the principal of or interest on the Obligations due on such date which cannot be cured by funds in any other fund or account held pursuant to this Ordinance and available for such purpose, and shall name the Paying Agent as the beneficiary thereof. Each Reserve Product must be rated in the highest rating category by each Rating Agency. If a disbursement is made from a Reserve Product as provided above, the Issuer shall be obligated to reinstate the maximum limits of such Reserve Product on or before the close of the month following such disbursement from the first Revenues available pursuant to this Section or to replace such Reserve Product by depositing into the Reserve Fund pursuant to such sections, funds in the maximum amount originally available under such Reserve Product, plus amounts necessary to reimburse the Reserve Product Provider for previous disbursements under such Reserve Product, or a combination thereof. For purposes of this Section, amounts necessary to satisfy such reimbursement obligations of the Issuer to the Reserve Product Provider shall be deemed to be required deposits to the Reserve Fund, but shall be applied to satisfy the obligations to the Reserve Product Provider.

If the Reserve Requirement is funded in whole or in part with cash or Investment Obligations and no event of default shall have occurred and be continuing hereunder, the Issuer may at any time in its discretion, substitute a Reserve Product meeting the requirements of this Ordinance for the cash and Investment Obligations in the Reserve Fund and the Issuer may then withdraw such cash and Investment Obligations from the Reserve Fund and deposit them to the credit of the Operating Fund so long as (i) the same does not adversely affect any rating by a Rating Agency then in effect with respect to the Obligations, or any Series thereof, and (ii) the Issuer obtains an opinion of Bond Counsel to the effect that such actions will not, in and of themselves, adversely affect the exclusion from gross income of interest on the Obligations (if not Taxable Obligations) for federal income tax purposes.

Cash on deposit in any Reserve Fund account shall be used (or investments purchased with such cash shall be liquidated and the proceeds applied as required) prior to any drawing on any Reserve Product in such account. If more than one Reserve Product is deposited in the Reserve Fund account, drawings thereunder shall be made on a pro rata basis, calculated by reference to the maximum amounts available thereunder.

Any Supplemental Ordinance may require a greater Reserve Requirement or no Reserve Requirement for any issue or series of obligations of or other obligations on behalf of Issuer with respect to the Reserve Fund.

(e) Capital Additions Fund. After meeting the requirements in 5.1(d), the moneys in the Receipts Fund shall next be deposited in the Capital Additions Fund, which moneys in the Capital Additions Fund shall next be used for the following purposes:

(i) When amounts are deposited in the Capital Additions Fund to pay the capitalized cost of interest on Obligations of the Issuer, the Issuer shall pay from the Capital Additions Fund to the Paying Agent, on or before the date or dates on which interest on such Obligations becomes due and payable, an amount equal to such interest.

(ii) Notwithstanding the above provisions of this Section, amounts in the Capital Additions Fund must be applied to the payment of principal and Redemption Price of and interest on the Obligations and the payment of Parity Debt, on a parity basis, when due at any time that moneys are not available therefor.

(iii) There shall also be deposited in said fund all Impact Fees.

(iv) ~~Not later than one hundred twenty (120) days following the close of each Fiscal Year the Issuer will receive from the Capital Additions Fund, if and to the extent that the money in such Fund makes possible such payment under the restrictions hereinafter contained, a payment *in lieu* of taxes, the amount of which shall be determined as follows:~~

(A)

~~There shall be set aside in each Fiscal Year for the purpose of paying Capital Costs an amount equal to seven and one-half percent (7-1/2%) of the total Non-Fuel Revenues into the Receipts Fund for such Fiscal Year.~~

(B)

~~If the balance of the amount so paid into the Capital Additions Fund in any Fiscal Year, after there has been deducted from the amount so paid seven and one-half percent (7-1/2%) of the total Non-Fuel Revenues into the Receipts Fund as above provided, is equal or less than twelve percent (12%) of the Receipts Fund deposits for such Fiscal Year, all of such balance shall be paid to the Issuer; however, if such balance is more than twelve percent (12%) of the Receipts Fund deposits for such Year, then the Issuer shall be paid an amount equal to twelve percent (12%) of said Receipts Fund deposits.~~

(C)

~~The remaining~~The moneys in the Capital Additions Fund may be used for (i) paying Capital Costs or for the creation and maintenance of a Rate Stabilization Account, which may be used for making payments into the Receipts Fund to provide for temporary losses of revenue, such payments to be made for such time and in such amounts as may be determined by the Issuer and shall be considered as Revenue as defined herein, (ii) the payment of Subordinated Indebtedness and Subordinated Contract Obligations, (iii) the purchase of Outstanding Obligations, or (iv) making any payment or investment for any lawful purpose.

ARTICLE VI
DEPOSITORIES OF MONEYS, SECURITY FOR DEPOSITS
AND INVESTMENT OF FUNDS

SECTION 6.1. Deposits Constitute Trust Funds. All funds or other property which at any time may be owned or held in the possession of or deposited with the Issuer in the funds and

accounts created or maintained under the provisions of this Ordinance shall be held in trust and applied only in accordance with the provisions of this Ordinance.

All funds or other property which at any time may be owned or held in the possession of or deposited with the Issuer pursuant to this Ordinance shall be continuously secured, for the benefit of the Issuer and the Bondholders, either (a) by lodging with an Authorized Depository, as custodian, collateral security consisting of obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America having a market value (exclusive of accrued interest) not less than the amount of such deposit, or (b) in such other manner as may then be required or permitted by applicable state or federal laws and regulations regarding the security for, or granting a preference in the case of, the deposit of trust funds.

All moneys deposited with each Authorized Depository shall be credited to the particular Fund or Account to which such moneys belong.

SECTION 6.2. Investment of Moneys. Moneys held for the credit of the Funds established hereunder shall be invested and reinvested by the Issuer in Investment Obligations. Such investments or reinvestments shall mature or become available not later than the respective dates, as estimated by the Issuer, that the moneys held for the credit of said Funds will be needed for the purposes of such Funds.

Obligations so purchased as an investment of moneys in any such Fund shall be deemed at all times to be a part of such Fund, and shall at all times, for the purposes of this Ordinance, be valued at the amortized cost of such investments.

Except as otherwise expressly provided herein or as provided by subsequent resolution or ordinance, all income and profits derived from the investment of moneys in the Funds shall be deposited in the Receipts Fund and used for the purposes specified for the Receipts Fund, except that all income and profits derived from the investment of moneys in the Reserve Fund shall be retained therein until the Reserve Fund is fully funded and then shall be deposited in the Receipts Fund.

All such investments relating to Tax Exempt Obligations shall be made in compliance with covenants in Supplemental Ordinances relating to the Internal Revenue Code of 1986, as amended.

ARTICLE VII GENERAL COVENANTS OF THE ISSUER

SECTION 7.1. Operation Covenant. The Issuer hereby covenants to operate the Water System in a business like manner and, in consultation with the Consulting Engineers, to operate the Water System in such manner in order to insure the continued availability of Net Revenues to pay all costs required by this Ordinance. The Issuer covenants to adequately maintain and improve the Water System and to employ the necessary staff and employees, as required by industry practice and as necessary to properly operate and protect the Water System.

SECTION 7.2. Maintenance of Water System; Disposition. The Issuer will maintain the Water System and all parts thereof in good condition and will operate the same in an efficient and economical manner, making such expenditures for such equipment, maintenance and repairs and for renewals and replacements thereof as may be proper for its economical operation and maintenance, provided, however, that nothing herein shall be construed to prevent the Issuer from ceasing to operate or maintain, or from leasing or disposing of any portion or component of the Water System if, in the judgment of the Issuer, (i) it is advisable to lease, dispose of, or not operate and maintain the same, and (ii) the lease, disposition or failure to maintain or operate such component or portion of the Water System will not prevent the Issuer from meeting the requirements of Sections 5.1 and 7.7 hereof. Notwithstanding anything in the foregoing to the contrary, the sale-leaseback or lease-leaseback of any portion or component of the Water System or any similar contractual arrangements the effect of which is that the Issuer continues to retain as part of the

Revenues, the Revenues from such portion or component of the Water System, shall not constitute a lease or disposition thereof for purposes of this Section.

SECTION 7.3. No Competitive Facilities. The Issuer shall not hereafter construct, acquire or operate any plants, structures, facilities or properties which will provide like services of the Water System in the Issuer and the areas currently served by the respective systems in competition with and not as part of the Water System unless such construction, acquisition or operation, in the judgment of the Issuer, does not materially impair the ability of the Issuer to comply with Section 5.1. Unless prohibited by any applicable law or regulation, the Issuer shall not voluntarily grant a franchise to any entity to construct or operate any competing facility providing the same services provided by the Water System.

SECTION 7.4. Obligation to Connect Sewerage Users. Acting in the exercise of its police powers, the Issuer will take all actions necessary to require every owner, tenant or occupant of each lot or parcel of land in the Issuer which abuts upon a street or other public way containing a sewer line and upon which lot or parcel a building shall have been constructed for residential, commercial or industrial use, to connect such building with the Water System and to cease to use any other method for the disposal of sewage, sewerage water or other polluting matter. All such connections shall be made in accordance with rules and regulations to be adopted from time to time by the Governing Authority, which rules and regulations may provide for an inspection charge to assure the proper making of such connection.

SECTION 7.5. No Free Service. The Issuer will not permit free water, electricity or sewerage service to be supplied by the Water System to the Issuer or any department thereof or to any person, firm or corporation, public or private, or to any public agency or instrumentality.

SECTION 7.6. Operating Budget Before the first day of each Fiscal Year the Governing Body shall prepare, approve and adopt in the manner prescribed by law, and may amend from time to time as provided by law, a detailed budget of the Revenues, Bond Service Requirement (including the anticipated amortization of Designated Maturity Obligations and Commercial Paper Obligations), and Cost of Operation and Maintenance for the next succeeding Fiscal Year. Copies of its annual budgets and all authorizations for increases in the Cost of Operation and Maintenance shall be available for inspection at the offices of the Issuer and shall be mailed to any Bondholder requesting the same.

SECTION 7.7. Rate Covenant.

(a) So long as any Obligations remain Outstanding, the Issuer will fix, charge and collect, or cause to be fixed, charged and collected, subject to applicable requirements or restrictions imposed by law, such rates, rentals, fees and charges for the use of and for the services and products provided by the Water System as are expected to be sufficient in each Sinking Fund Year to produce Revenues, in an amount, at least equal to the sum of (i) one hundred percent (100%) of the Costs of Operation and Maintenance for such Sinking Fund Year, (ii) one hundred percent (100%) of the Bond Service Requirement for such Sinking Fund Year, (iii) one hundred percent (100%) of the amounts payable with respect to Subordinated Indebtedness and Subordinated Contract Obligations in such Sinking Fund Year, (iv) one hundred percent (100%) of the amount required to maintain the Reserve Fund in accordance with Section 5.1 hereof, and any additional amount required to make all other payments required to be made.

(b) Failure by the Issuer to comply with the preceding paragraph of this Section in any Fiscal Year shall not constitute an event of default as described in Section 10.1 hereof so long as the Issuer shall, no later than sixty (60) days after discovering such non-compliance and in all events no later than sixty (60) days of receipt by the Issuer of audited financial statements delivered pursuant to Section 7.9 hereof which statements show such noncompliance, retain a Qualified Independent Consultant for the purpose of reviewing the Water System fees, rates, rents, charges and surcharges and shall implement the recommendations of such Qualified Independent Consultant with respect to such fees, rates, rents, charges and surcharges filed by the Qualified Independent Consultant with the Issuer in a written report or certificate, and such failure shall not be an event of default even though the Qualified Independent Consultant shall be of the opinion, as set forth in such

report or certificate, that it would be impracticable at the time to charge such fees, rates, rents, charges and surcharges for the Water System as would provide funds sufficient to comply with the requirements of the preceding paragraph so long as the Issuer imposes such schedule of fees, rates, rents, charges and surcharges as in the opinion of such Qualified Independent Consultant will allow the Issuer to as nearly as then practicable comply with such requirements and the Issuer shall again be in compliance within the preceding paragraph of this Section no later than twelve calendar months after its discovery of such non-compliance. The Issuer shall provide notice of its failure to comply with the preceding paragraph of this Section to all then existing Nationally Recognized Municipal Securities Information Repositories no later than thirty (30) days after engaging the services of a Qualified Independent Consultant pursuant to the requirements of the preceding sentence and shall provide a copy of the report or certificate of the Qualified Independent Consultant to any Owner who shall request the same in writing. Furthermore, the Issuer shall provide a copy of the report or certificate of the Qualified Independent Consultant to the Rating Agencies within thirty (30) days after receipt of same.

SECTION 7.8. Books and Records. The Issuer shall keep separately identifiable financial books, records, accounts and data concerning the operation of the Water System and the receipt and disbursement of Revenues, and any Bondholder shall have the right at all reasonable times to inspect the same.

SECTION 7.9. Reports and Annual Audits. The Issuer shall require that an annual audit of the accounts and records with respect to the Water System be completed as soon as reasonably practicable after the end of each Fiscal Year by a qualified independent certified public accountant. Such audit shall be conducted in accordance with generally accepted auditing standards as applied to governments and shall include a statement by such auditors that no default on the part of the Issuer of any covenant or obligation hereunder has been disclosed by reason of such audit, or, alternatively, specifying in reasonable detail the nature of such default.

SECTION 7.10. Insurance and Condemnation Awards. The Issuer will carry adequate fire, windstorm, explosion/and other hazard insurance on the components of the Water System that are subject to loss through fire, windstorm, hurricane, cyclone, explosion or other hazards; adequate public liability insurance; other insurance of the kinds/and amounts normally carried in the operation of similar enterprises; and in time of war, such insurance as may be available at reasonable cost against loss or damage by the risks and hazards of war in an amount or amounts equal to the fair market value of the Water System. The Issuer may, upon appropriate authorization by its Governing Body, self-insure against such risks on a sound actuarial basis. Any such insurance shall be carried for the benefit of the Issuer and, to the extent herein provided, the Bondholders. All proceeds received from property damage or destruction insurance and all proceeds received from the condemnation of the Water System or any part thereof are hereby pledged by the Issuer as security for the Obligations, and thereafter shall be deposited at the option of the Issuer but subject to the limitations hereinafter described either (i) into the Capital Additions Fund, in which case, such proceeds shall be held in the Capital Additions Fund and used to remedy the loss, damage or taking for which such proceeds are received, either by repairing the damaged property or replacing the destroyed or taken property, as soon as practicable after the receipt of such proceeds, or (ii) into the Sinking Fund for the purpose of purchasing or redeeming Obligations.

SECTION 7.11. Enforcement of Collections. The Issuer will diligently enforce and collect the fees, rates, rentals and other charges for the use of the products, services and facilities of the Water System. The Issuer will not take any action that will impair or adversely affect its rights to impose, collect and receive the Revenues as herein provided, or impair or adversely affect in any manner the pledge of the Revenues made herein or the rights of the Bondholders.

SECTION 7.12. Additions to Water System. The Issuer may add to the Water System any facilities or equipment purchased, acquired or constructed for the purpose of improving or renovating any element of the then-existing Water System. In addition, the Issuer may add to the Water System any facilities or equipment for the provision of utility-related services other than those provided by the then existing Water System so long as, (i) if any Tax-Exempt Obligations are Outstanding hereunder, the Issuer shall have received an opinion of Bond Counsel that the addition to the Water System will not, in and of itself, cause the interest on such Tax-Exempt Obligations not

to be excludable from gross income of the Holders thereof for federal income tax purposes, (ii) if the Revenues anticipated by the Issuer to be derived from such addition in its first full Fiscal Year of operations are equal to or greater than ten percent (10%) of the total Revenues derived by the Water System in the most recent Fiscal Year of the Issuer preceding the adding of such addition to the Water System for which audited financial statements are available, or if the Cost of Operation and Maintenance anticipated by the Issuer to be incurred in connection with such addition in its first full Fiscal Year of operation are equal to or greater than ten percent (10%) of the total Cost of Operation and Maintenance incurred by the Water System in the most recent Fiscal Year preceding the adding of such addition to the Water System for which audited financial statements are available, prior to making such addition to the Water System the Issuer shall have obtained a written report of a Qualified Independent Consultant to the effect that within its first five (5) full years of operation, the annual additional Revenues generated by such addition in any one Fiscal Year of such first five (5) full years will exceed the annual additional Costs of Operation and Maintenance allocable to such additions in such Fiscal Year, and (iii) within ninety (90) days after adding such addition to the Water System the Issuer shall have provided written notice of same to each Rating Agency.

ARTICLE VIII CONSULTING ENGINEER

SECTION 8.1. Consulting Engineer. It is recognized and understood that in purchasing and accepting delivery of the Bonds herein authorized the original purchaser thereof have relied, and the Owners of the Bonds from time to time will rely, upon representations made by the Issuer that the Water System will be economically and efficiently operated so that both the Issuer and the Owners of the Bonds may benefit through the production of maximum revenues. To this end, the Issuer hereby covenants and agrees that it will retain a consulting utility engineer (in the Bond Ordinance referred to as "Consulting Engineer") for the purpose of providing the Issuer with proper engineering counsel in the operation of the Water System. The 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 Water System. The Consulting Engineer retained under the provision of the Bond Ordinance may be replaced at any time by another engineer or firm of engineers appointed or retained by the Issuer, provided no such engineer may be replaced until an ordinance adopted by the Governing Authority, shall have been filed with the Secretary of the Issuer, the original purchaser of the Bonds and with the Consulting Engineer, and thereafter a public hearing thereon shall have been conducted by the Governing Authority at which all interested persons are given an opportunity to be heard, after which the Governing Authority may make such replacement. If the Consulting Engineer is ever appointed, retained or replaced as above provided, such engineer or successor engineer shall be selected with special reference to his knowledge and experience in the construction and operation of publicly owned utility properties and shall be retained under contract at such reasonable compensation as may from time to time be agreed upon by the Governing Authority and the engineer. Upon the petition of twenty-five (25%) of the Owners of the outstanding Bonds, the Issuer shall replace the Consulting Engineer. Said Consulting Engineer shall annually inspect the Water System and the records relating thereto, and within three (3) months after the close of the Fiscal Year he shall prepare a written report upon the operations of the Water System during the preceding year, the condition and maintenance of the properties thereof, the efficiency of the management of the property, the proper and adequate keeping of books of account and record, the adherence to budget and budgetary control provisions, the adherence to all the provisions of the Bond Ordinance, and any other things having a bearing upon the efficient and profitable operation of the Water System as the Consulting Engineer feels should be contained in the report. Said Consulting Engineer shall also submit in said report such recommendations for maintenance, insurance, operation, repairs, renewals replacements, extensions, betterments and improvements as he may deem proper. Copies of such report shall be placed on file with the Secretary of the Governing Authority and said report shall be furnished to any Owner of any Bonds upon request. It shall also be the duty of the Consulting Engineer to advise the Issuer as to any changes or revisions of rates, fees, rents or other charges for services and facilities rendered or furnished by the Water System and the Issuer agrees to make no revisions therein which are not approved by the Consulting Engineer except that changes or revisions of such rates, fees, rents or other charges may be made without the approval of the Consulting Engineer if the Governing Authority by ordinance adopted by two-thirds (2/3) of its member shall order such changes or revisions and call a public hearing to be held thereon within thirty (30) days from the adoption of the ordinance. Not less than ten (10) days notice of such hearing shall be given to all interested parties, including the

Consulting Engineer, and the original purchaser of the Bonds herein authorized. Thirty (30) days before the close of each Fiscal Year the Issuer shall, in conjunction with the Consulting Engineer, prepare a budget for the ensuing year's operation of the Water System. No expenditure for the operation, maintenance and repairs of the Water System in excess of the amounts stated in the budget shall be made in any year unless authorized by the Governing Authority and approved by the Consulting Engineer.

ARTICLE IX ISSUANCE OF ADDITIONAL OBLIGATIONS

SECTION 9.1. Creation of Liens, Issuance of Subordinated Indebtedness, Subordinated Contract Obligations and Debt. The Issuer shall not issue any bonds or other evidences of indebtedness or incur obligations, other than the Obligations and Parity Debt as provided herein, secured by a pledge of the Net Revenues and shall not create or cause to be created any lien or charge on the Net Revenues except to the extent provided in Section 3.1; provided, however, that the Issuer may, at any time, or from time to time, incur Subordinated Indebtedness payable out of, and which may be secured by a pledge of, such amounts as may from time to time be available for the purpose of the payment thereof in accordance with Section 5.1(e) hereof and such pledge shall be, and shall be expressed to be, subordinate in all respects to the pledge of Net Revenues created by this Ordinance as security for payment of the Obligations and provided further, however, that nothing contained in this Ordinance shall prevent the Issuer from issuing (i) bonds, notes, or other obligations or evidences of indebtedness under another and separate resolution or ordinance to finance a Separately Financed Project; or (ii) other bonds, notes, or other obligations or evidences of indebtedness under another and separate resolution or ordinance payable from, among other sources, those moneys withdrawn by the Issuer from the Capital Additions Fund.

SECTION 9.2. Issuance of Parity Obligations. Except as otherwise provided in this section, no Obligations may be issued under this Ordinance, other than Series 2007 Bonds, unless the Issuer shall have first complied with the requirements of this Section. Additional Obligations may be issued from time to time hereunder for any lawful purpose of the Issuer in connection with the Water System.

(1) Any Obligations, or any part thereof, may be refunded and the refunding Obligations so issued shall enjoy complete equality of lien with the Obligations which are not refunded, if there be any, and the refunding Obligations shall continue to enjoy whatever priority of lien over subsequent issues as may have been enjoyed by the Obligations refunded.

(2) Additional Obligations, other than refunding described in subparagraph (1) above, may be issued from time to time under this Ordinance upon compliance with the following conditions:

(a) the Issuer shall have enacted a Supplemental Ordinance authorizing such Obligations and providing for the terms thereof as contemplated herein and reciting that all of the covenants contained herein will be fully applicable to such Obligations and otherwise complying with the provisions of Section 3.1;

(b) the Parish President of the Issuer shall certify in writing that, upon the delivery of such Obligations, the Issuer will not be in default in the performance of the terms and provisions of this Ordinance or of any of the Obligations;

(c) the (i) Parish President of the Issuer shall certify in writing that the Net Revenues of the Water System, as shown on the then-most recent available audited financial statements of the Water System equal or exceed the Bond Service Requirement for the same audited period for all Outstanding Obligations and (ii) a Certificate from the Consulting Engineer certifying that the Net Revenues of the Water System equal or exceed the Bond Service Requirement for all Outstanding Bonds, Parity Debt and additional Obligations proposed to be issued for the first three complete Bond Years during which the additional Obligations shall be outstanding; and

(d) the Governing Authority shall have received an opinion or opinions from the Bond Counsel to the effect that (i) the Issuer has the right and power under the Act and the Refunding Act to enact this Ordinance and this Ordinance has been duly and lawfully enacted by the Issuer, is in full force and effect and is valid and binding upon the Issuer and is enforceable in accordance with its terms and no other authorization of this Ordinance is required, (ii) this Ordinance creates a valid lien upon and pledge of the Net Revenues, (iii) the Obligations are valid and binding limited obligations of the Issuer, enforceable in accordance with their terms and this Ordinance and have been duly and validly authorized and issued in accordance with the Act, the Refunding Act and this Ordinance, and (iv) the Issuer has the full lawful power and authority to issue the Obligations for the purposes for which they are authorized.

In calculating Net Revenues of the Water System for purposes of clause (c) above, the Parish President may, at his or her option, adjust the amount of Net Revenues shown on the most recent available audited financial statements of the Water System in the following respects:

(i) If, prior to the issuance of the additional Obligations or incurrence of Parity Debt, the Issuer shall have increased the rates, fees, rentals or other charges for services of the Water System, the Net Revenues may be adjusted to show the Net Revenues that would have been derived from the Water System if such increased rates, fees, rentals or other charges had been in effect for the full Fiscal Year covered by such audited financial statements;

(ii) If the Issuer shall have acquired or shall have contracted to acquire all or part of any privately or publicly owned utility system which is to be added to the Water System and the cost of which is to be paid, in whole or in part, from proceeds of the proposed additional Obligations, then the Net Revenues shall be increased by adding thereto the Net Revenues that would have been derived if such addition to the Water System had been included in the Water System for the full Fiscal Year covered by such audited financial statements; and

(iii) If the Issuer, in connection with the issuance of the additional Obligations or incurrence of Parity Debt, shall enter into a contract (with a duration or term not less than the final maturity of such additional Obligations) with any public or private entity whereby the Issuer agrees to furnish services of the Water System to such entity, then the Net Revenues shown on the audited financial statements shall be increased by the estimated amount which such public or private entity has agreed to pay in one Fiscal Year for the furnishing of such services, after deducting therefrom the cost of operation, maintenance, repair, renewal and replacement allocable to providing such services.

(e) Obligations issued and Parity Debt incurred pursuant to the terms and conditions of this Section shall be deemed on a parity with all Obligations and Parity Debt then Outstanding, and all of the covenants and other provisions of this Ordinance shall be for the equal benefit, protection and security of the holders of any Obligations originally authorized and issued and Parity Debt incurred pursuant to this Ordinance and the holders of any Obligations and Parity Debt evidencing additional obligations subsequently created within the limitations of and in compliance with this Section.

Notwithstanding anything contained in Section 9.2 to the contrary, the above provisions shall not be applicable to Parity Reimbursement Obligations and Parity Swap Obligations incurred with respect to Obligations which met the conditions of this Section 9.2 upon their issuance or incurrence.

SECTION 9.3. Separately Financed Project. Nothing in this Ordinance shall prevent the Issuer from authorizing and issuing bonds, notes, or other obligations or evidences of indebtedness, other than Obligations, for any project authorized by the Act, or from financing or otherwise providing for any such project from other available funds (such project being referred to herein as a "Separately Financed Project"), if the debt service on such bonds, notes, or other obligations or evidences of indebtedness, and the Issuer's share of any operating expenses related to such Separately Financed Project, are payable solely from the revenues or other income derived from the ownership or operation of such Separately Financed Project, from other available funds of

the Issuer not constituting part of the Revenues or from other funds withdrawn by the Issuer from the Capital Additions Fund.

SECTION 9.4. Credit Facilities; Qualified Swaps and Other Similar Arrangements; Parity Debt

(a) The Issuer may include such provisions in a Supplemental Ordinance authorizing the issuance of a Series of Obligations secured by a Credit Facility as the Issuer deems appropriate, and no such provisions shall be deemed to constitute an amendment to this Ordinance requiring action under Article XI hereof, including:

(1) So long as a Credit Facility providing security (but not liquidity) is in full force and effect, and payment on the Credit Facility is not in default, then, in all such events, the issuer of the Credit Facility shall be deemed to be the sole Bondholder of the Outstanding Obligations the payment of which such Credit Facility secures when the approval, consent or action of the Bondholders for such Obligations is required or may be exercised under this Ordinance. The rights of the issuer of a Credit Facility under this clause (1) may not be assigned or delegated by the issuer of such Credit Facility without the written consent of the Issuer.

(2) In the event that the principal, sinking fund installments, if any, and Redemption Price, if applicable, and interest due on any Outstanding Obligations shall be paid under the provisions of a Credit Facility, all covenants, agreements and other obligations of the Issuer to the Bondholders of such Obligations shall continue to exist and such issuer of the Credit Facility shall be subrogated to the rights of such Bondholders in accordance with the terms of such Credit Facility.

(b) In addition, such Supplemental Ordinance may establish such provisions as are necessary (i) to comply with the provisions of each such Credit Facility, (ii) to provide relevant information to the issuer of the Credit Facility, (iii) to provide a mechanism for paying principal installments and interest on Obligations secured by the Credit Facility, and (iv) to make provision for any events of default or for additional or improved security required by the issuer of a Credit Facility.

(c) In connection therewith the Issuer may enter into such agreements with the issuer of such Credit Facility providing for, inter alia: (i) the payment of fees and expenses to such issuer for the issuance of such Credit Facility, (ii) the terms and conditions of such Credit Facility and the Obligations affected thereby, and (iii) the security, if any, to be provided for the issuance of such Credit Facility.

(d) The Issuer may secure such Credit Facility by an agreement providing for the purchase of the Obligations secured thereby with such adjustments to the rate of interest, method of determining interest, maturity, or redemption provisions as specified by the Issuer in the applicable Supplemental Ordinance. The Issuer may also in an agreement with the issuer of such Credit Facility agree to directly reimburse such issuer for amounts paid under the terms of such Credit Facility (together with interest thereon, the "Reimbursement Obligation"); provided, however, that no Reimbursement Obligation shall be created for purposes of this Ordinance, until amounts are paid under such Credit Facility. Any such Reimbursement Obligation, which may include interest calculated at a rate higher than the interest rate on the related Obligation, may be secured by a pledge of, and a lien on, the Net Revenues on a parity with the lien created by Section 4.2 to secure the Obligations (a "Parity Reimbursement Obligation"), but only to the extent principal amortization requirements with respect to such reimbursement are equal to the amortization requirements for such related Obligations, without acceleration, or may constitute a Subordinated Contract Obligation, as determined by the Issuer. Parity Reimbursement Obligations shall not include any payments of any fees, expenses, indemnification, or other obligations to any such provider, or any payments pursuant to term-loan or other principal amortization requirements in reimbursement of any such advance that are more accelerated than the amortization requirements on such related Obligations, which payments shall be Subordinated Contract Obligations.

(e) Any such Credit Facility shall be for the benefit of and secure such Obligations or portion thereof as specified in the applicable Supplemental Ordinance.

(f) In connection with the issuance of any Obligations or at any time thereafter so long as Obligations remain Outstanding, the Issuer may, to the extent from time to time permitted pursuant to law, enter into Qualified Swaps. The Issuer's obligation to pay any amount under any Qualified Swap may constitute a Parity Swap Obligation, or may constitute a Subordinated Contract Obligation, as determined by the Issuer. Parity Swap Obligations shall not include any payments of any termination or other fees, expenses, indemnification or other obligations to a counterparty to a Qualified Swap, which payments shall be Subordinated Contract Obligations.

(g) The Issuer's obligation to pay that portion of any rates, fees, charges or payments which the Issuer is contractually obligated to pay to another entity for fuel, energy or power, for the specific purpose of meeting principal or interest or both on that entity's obligations directly associated with such contract and payable to such entity regardless of whether fuel or energy is delivered or made available for delivery, may be secured by a pledge of, and lien on, the Net Revenues on a parity with the lien created by Section 4.2 to secure the Obligations, or may constitute a Subordinated Contract Obligation or Cost of Operations and Maintenance, as determined by the Issuer.

ARTICLE X EVENTS OF DEFAULT; REMEDIES

SECTION 10.1. Events of Default. Each of the following events is hereby declared an "event of default," that is to say if:

(a) payment of principal of any Obligation shall not be made when the same shall become due and payable, either at maturity (whether by acceleration or otherwise) or on required payment dates by proceedings for redemption or otherwise; or

(b) payment of any installment of interest and any owed administrative fee shall not be made when the same shall become due and payable; or

(c) the Issuer shall for any reason be rendered incapable of fulfilling its obligations hereunder to the extent that the payment of or security for the Obligations would be materially adversely affected, and such conditions shall continue unremedied for a period of thirty (30) days after the Issuer becomes aware of such conditions; or

(d) an order or decree shall be entered, with the consent or acquiescence of the Issuer, appointing a receiver or receivers of the Issuer, the Water System, the Revenues, or any part thereof or the filing of a petition by the Issuer for relief under federal bankruptcy laws or any other applicable law or statute of the United States of America or the State of Louisiana, which shall not be dismissed, vacated or discharged within thirty (30) days after the filing thereof; or

(e) any proceedings shall be instituted, with the consent or acquiescence of the Issuer, for the purpose of effecting a compromise between the Issuer and its creditors or for the purpose of adjusting the claims of such creditors, pursuant to any federal or state statutes now or hereafter enacted, if the claims of such creditors are under any circumstances payable from the Revenues; or

(f) the entry of a final judgment or judgments for the payment of money against the Issuer as a result of the ownership, operation or control of the Water System or which subjects any of the funds pledged hereunder to a lien for the payment thereof in contravention of the provisions of this Ordinance for which there does not exist adequate insurance, reserves or appropriate bonds for the timely payment thereof, and any such judgment shall not be discharged within ninety (90) days from the entry thereof or an appeal shall not be taken therefrom or from the order, decree or process upon which or pursuant to which such judgment shall have been granted or entered, in such manner as to stay the execution of or levy under such judgment, order, decree or process or the enforcement thereof; or

(g) the Issuer shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Obligations or in this Ordinance

on the part of the Issuer to be performed, and such default shall continue for sixty (60) days after written notice specifying such default and requiring the same to be remedied shall have been given to the Issuer by the Registered Owners of not less than twenty-five percent (25%) of the Bond Obligation; notwithstanding the foregoing, however, an event of default shall not be deemed to have occurred under this paragraph if the default of the Issuer can not be cured within sixty (60) days of such notice but can be cured within a reasonable period of time and the Issuer in good faith institutes curative action within such sixty-day period and diligently pursues such action until the default has been corrected.

Notwithstanding the foregoing, with respect to the events described in clauses (c) and (g), the Issuer shall not be deemed in default hereunder if such default can be cured within a reasonable period of time and if the Issuer in good faith institutes appropriate curative action and diligently pursues such action until the default has been corrected.

SECTION 10.2. Enforcement of Remedies. Upon the happening and continuance of any event of default specified in Section 10.1, then and in every such case the Owners of not less than twenty-five percent (25%) of the Bond Obligation may appoint any state bank, national bank, trust company or national banking association qualified to transact business in Louisiana to serve as trustee for the benefit of the Holders of all Obligations then outstanding (the "Trustee"). Notice of such appointment, together with evidence of the requisite signatures of the Holders of twenty-five percent (25%) of the Bond Obligation and the trust instrument under which the Trustee shall have agreed to serve shall be filed with the Issuer and the Trustee and notice of such appointment shall be published in THE BOND BUYER or a financial journal of general circulation in the City of New York, New York and mailed to the Registered Owners of the Obligations; provided, however, that if all Obligations then Outstanding are in registered form, no newspaper publication shall be required. After the appointment of a Trustee hereunder, no further Trustees may be appointed; however, the Holders of a majority of the Bond Obligation may remove the Trustee initially appointed and appoint one or more successors at any time. If the default for which the Trustee was appointed is cured or waived pursuant to this Article, the appointment of the Trustee shall terminate with respect to such default.

After a Trustee has been appointed pursuant to the foregoing, the Trustee may proceed, and upon the written request of Owners of twenty-five percent (25%) of the Bond Obligation shall proceed to protect and enforce the rights of the Bondholders under the laws of the State of Louisiana, including the Act, and under this Ordinance, by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board, body or officer having jurisdiction, either for the specific performance of any covenant or agreement contained herein or in aid of execution of any power herein granted or for the enforcement of any proper legal or equitable remedy, all as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights.

In the enforcement of any remedy against the Issuer under this Ordinance the Trustee shall be entitled to sue for, enforce payment of and receive any and all amounts then or during any default becoming, and at any time remaining, due from the Issuer for principal, premium, if any, and interest or otherwise under any provisions of this Ordinance or of such Obligations and unpaid, with interest on overdue payments of principal and, to the extent permitted by law, on interest at the rate or rates of interest specified in such Obligations, together with any and all costs and expenses of collection and of all proceedings hereunder and under such Obligations, without prejudice to any other right or remedy of the Trustee or of the Bondholders, and to recover and enforce any judgment or decree against the Issuer, but solely as provided herein and in such Obligations, for any portion of such amounts remaining unpaid and interest, costs and expenses as above provided, and to collect (but solely from moneys in the Receipts Fund, and any other moneys available for such purpose) in any manner provided by law, the moneys adjudged or decreed to be payable.

SECTION 10.3. Effect of Discontinuing Proceedings. In case any proceeding taken by the Trustee or any Bondholder on account of any default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or such Bondholder, then and in every such case the Issuer, the Trustee and Bondholders shall be restored

to their former positions and rights hereunder, respectively, and all rights, remedies and powers of the Trustee shall continue as though no such proceeding had been taken.

SECTION 10.4. Directions to Trustee as to Remedial Proceedings. Anything in this Ordinance to the contrary notwithstanding, the Holders of a majority of the Bond Obligation shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all remedial proceedings to be taken by the Trustee hereunder, provided that such direction shall not be otherwise than in accordance with law or the provisions of this Ordinance, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Bondholders not parties to such direction.

SECTION 10.5. Pro Rata Application of Funds. Anything in this Ordinance to the contrary notwithstanding, if at any time the moneys in the Operating Fund, as the case may be, shall not be sufficient to pay the principal (or Accreted Values with respect to the Capital Appreciation Bonds) of or the interest on the Obligations as the same become due and payable, such moneys, together with any moneys then available or thereafter becoming available for such purpose, whether through the exercise of the remedies provided for in this Article or otherwise, shall be applied as follows:

(a) Unless the principal of all the Obligations and Parity Debt shall have become due and payable, all such moneys shall be applied (1) to the payment of all installments of interest then due on the Obligations and the interest component of Parity Debt then due, in the order of the maturity of the installments of such interest, to the persons entitled thereto, ratably, without any discrimination or preference, and (2) to the payment of all installments of principal of Obligations and Parity Debt then due.

(b) If the principal of all the Obligations and Parity Debt shall have become due and payable, all such moneys shall be applied to the payment of the principal, premium, if any, and interest (or Accreted Values with respect to Capital Appreciation Bonds) then due and unpaid upon the Obligations and Parity Debt, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Obligation or Parity Debt over any other Obligation or Parity Debt, ratably, according to the amounts due, respectively, for principal and interest (or Accreted Values with respect to Capital Appreciation Bonds), to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Obligations and Parity Debt.

Whenever moneys are to be applied by a trustee or paying agent appointed by the Issuer (the "Agent"), pursuant to the provisions of this Section, such moneys shall be applied by the Agent at such times, and from time to time, as the Agent in its sole discretion shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future; the setting aside of such moneys, in trust for the proper purpose, shall constitute proper application; and the Agent shall incur no liability whatsoever to the Issuer, to any Bondholder or owner of Parity Debt or to any other person for any delay in applying any such moneys, so long as reasonable diligence, having due regard to the circumstances, and ultimately applies the same in accordance with such provisions of this Ordinance as may be applicable at the time of application. Whenever the Agent shall exercise such discretion in applying such moneys, it shall fix the date (which shall be an interest payment date unless the Issuer shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue and the Accreted Value of Capital Appreciation Bonds shall cease to accrete. The Agent shall give such notice as it may deem appropriate of the fixing of any such date, and shall not be required to make payment to the owner of any Obligation unless such Obligation shall be presented to the Agent for appropriate endorsement or for cancellation if fully paid.

SECTION 10.6. Restrictions on Actions by Individual Bondholders. No Bondholder shall have any right to institute any suit, action or proceeding in equity or at law for the execution of any obligation hereunder or for any other remedy hereunder unless such Bondholder previously shall have given to the Issuer written notice of the event of default on account of which

suit, action or proceeding is to be taken, and unless the Holders of not less than twenty-five percent (25%) of the Bond Obligation shall have made written request of the Issuer after the right to exercise such powers or right of action, as the case may be, shall have accrued, and shall have afforded the Issuer a reasonable opportunity either to proceed to exercise the powers hereinabove granted or to institute such action, suit or proceeding in its or their name, and unless, also, there shall have been offered to the Issuer reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, including the reasonable fees of its attorneys (including fees on appeal), and the Issuer shall have refused or neglected to comply with such request within a reasonable time; and such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Issuer, to be conditions precedent to the execution of the powers and trusts of this Ordinance or for any other remedy hereunder. It is understood and intended that no one or more Owners of the Obligations hereunder secured shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this Ordinance, or to enforce any right hereunder, except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the benefit of all Bondholders, and that any individual rights of action or any other right given to one or more of such Owners by law are restricted by this Ordinance to the rights and remedies herein provided.

Nothing contained herein, however, shall affect or impair the right of any Bondholder, individually, to enforce the payment of the principal of and interest on his Obligation or Obligations at and after the maturity thereof, at the time, place, from the source and in the manner provided in this Ordinance.

SECTION 10.7. Appointment of a Receiver. Upon the happening and continuance of an event of default, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Bondholders under this Ordinance, the Trustee shall be entitled, as a matter of right, without regard to the solvency of the Issuer, to the appointment of a receiver or receivers of the Water System, pending such proceedings, with such powers as the court making such appointments shall confer, whether or not the Revenues, the Net Revenues and other funds pledged hereunder shall be deemed sufficient ultimately to satisfy the Obligations outstanding hereunder.

ARTICLE XI MISCELLANEOUS PROVISIONS

SECTION 11.1. Modification or Amendment.

A. No modification or amendment of this Ordinance, or of any Supplemental Ordinance, materially adverse to the Bondholders may be made without the consent in writing of the Owners of not less than a majority of the Bond Obligation, unless otherwise provided by Supplemental Ordinance, and no modification or amendment shall permit a change (a) in the maturity of any of the Obligations or a reduction in the rate of interest thereon, (b) in the amount of the principal obligation of any Obligation, (c) that would affect the unconditional obligation of the Issuer to collect and hold the Revenues as herein provided, or provide for the receipt and disbursement of such Revenues as herein provided, or (d) that would reduce such percentage of Owners of the Bond Obligation, required above, for such modifications or amendments, without the consent of all of the Bondholders. For the purpose of Bondholders' voting rights or consents, the Obligations, if any, owned by or held for the account of the Issuer, directly or indirectly, shall not be counted. Notwithstanding the foregoing, and so long as the same shall not result in the interest on Obligations other than Taxable Obligations Outstanding hereunder being included in gross income of the holders thereof for federal income tax purposes, the Issuer may, without the consent of the Bondholders, enter into such supplemental ordinances or resolutions (which supplemental ordinances or resolutions shall thereafter form a part hereof):

(i) To cure any ambiguity, inconsistency or formal defect or omission in this Ordinance or in any Supplemental Ordinance, or

(ii) To grant to or confer upon the Bondholders any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Bondholders, or

(iii) To provide for the sale, authentication and of additional Obligations or refunding Obligations and the disposition of the proceeds from the sale thereof, in the manner and to the extent authorized herein, or

(iv) To modify, amend or supplement this Ordinance or any ordinance or resolution supplemental hereto in such manner as to permit the qualification hereof and thereof under the Trust Indenture Act of 1939 or any similar federal statute hereafter in effect or to permit the qualification of the Obligations for sale under the securities laws of any of the states of the United States of America, and, if the Issuer so determines, to add to this Ordinance or any ordinance or resolution supplemental hereto such other terms, conditions and provisions as may be permitted by said Trust Indenture Act of 1939 or similar federal statute, or

(v) To provide for the issuance of coupon Obligations or certificated or uncertificated registered public obligations, or

(vi) To provide for changes suggested by a nationally recognized securities rating agency as necessary to secure or maintain the rating on the Obligations, or

(vii) To subject to the terms of this Ordinance any additional funds, securities or properties, or

(viii) To make any other change or modification of the terms hereof which, in the reasonable judgment of the Issuer is not prejudicial to the rights or interests of the Holders of the Obligations hereunder.

B. Notwithstanding any provision set forth above, any bond insurer of any Obligations or Parity Debt may vote on behalf of all Bondholders of all such Obligations or Parity Debt.

C. Notice of any amendments or modifications of this Ordinance shall be given by the Issuer to the Rating Agencies then rating any Obligations Outstanding hereunder.

SECTION 11.2. Defeasance and Release of Ordinance. If, at any time after the date of issuance of the Obligations, (a) all Obligations secured hereby, or any Series thereof, or maturity or portion of a maturity within a Series, shall have become due and payable in accordance with their terms or otherwise as provided in this Ordinance, or shall have been duly called for redemption, or the Issuer gives the Paying Agent irrevocable instructions directing the payment of the principal of, premium, if any, and interest on such Obligations at maturity or at any earlier redemption date scheduled by the Issuer, or any combination thereof, (b) the whole amount of the principal, premium, if any, and the interest so due and payable upon all of such Obligations then outstanding, at maturity or upon redemption, shall be paid, or sufficient moneys shall be held by the Paying Agent, an escrow agent or any Authorized Depository, in irrevocable trust for the benefit of such Bondholders (whether or not in any accounts created hereby) which, as verified by a report of a nationally recognized independent certified public accountant or nationally recognized firm of independent certified public accountants, when invested in Defeasance Securities maturing not later than the maturity or redemption dates of such principal, premium, if any, and interest will, together with the income realized on such investments, be sufficient to pay all such principal, premium, if any, and interest on said Obligations at the maturity thereof or the date upon which such Obligations are to be called for redemption prior to maturity, and (c) provisions shall also be made for paying all other sums payable hereunder by the Issuer, then and in that case the right, title and interest of such Bondholders hereunder and the pledge of and lien on the Revenues, and the Net Revenues and all other pledges and liens created hereby or pursuant hereto, with respect to such Bondholders shall thereupon cease, determine and become void, and if such conditions have been satisfied with respect to all Obligations issued hereunder and then Outstanding, all balances remaining in any other funds or accounts created by this Ordinance other than moneys held for redemption or payment of Obligations and to pay all other sums payable by the Issuer hereunder shall be distributed to the Issuer for any lawful purpose; otherwise this Ordinance shall be, continue and remain in full force and effect.

For purposes of determining the amount of interest due and payable with respect to Variable Rate Obligations pursuant to (b) above, the interest on such Variable Rate Obligations shall be calculated at the maximum rate permitted by the terms thereof; provided, however, that if on any date, as a result of such Variable Rate Obligations having borne interest at less than such maximum rate for any period, the total amount of moneys and Defeasance Securities on deposit with the Paying Agent for the payment of interest on such Variable Rate Obligations is in excess of the total amount which would have been required to be deposited with the Paying Agent on such date in respect of such Variable Rate Obligations in order to satisfy the above provisions, the Paying Agent shall pay the amount of such excess to the Issuer for use in such manner as required or permitted pursuant to an opinion of Bond Counsel in order not to cause interest on the Obligations (other than Taxable Bonds) or any bonds issued to refund the Obligations to cease to be excludable from gross income for federal income tax purposes.

For purposes of determining the amount of principal, premium, if any, and interest due and payable pursuant to (b) above with respect to Obligations subject to mandatory purchase or redemption by the Issuer at the option of the Registered Owner thereof ("Put Bonds"), as long as a liquidity credit facility remains in place such amount shall be the maximum amount of principal of and premium, if any, and interest on such Put Bonds which could become payable to the Registered Owners of such Put Bonds upon the exercise of any such demand options provided to the registered owners of such Put Bonds, If any portion of the moneys deposited with the Paying Agent for the payment of the principal of and premium, if any, and interest on Put Bonds is not required for such purpose the Paying Agent shall pay the amount of such excess to the Issuer for use in such manner as required or permitted pursuant to an opinion of Bond Counsel in order not to cause interest on the Obligations (other than Taxable Bonds) or any bonds issued to refund the Obligations to cease to be excluded from gross income for federal income tax purposes.

If a portion of a maturity of a series of Obligations subject to mandatory sinking fund redemption shall be defeased as provided above, the principal amount of the Obligations so defeased shall be allocated to the mandatory sinking fund installments designated by the Issuer, or if no such designation is made, such principal amount shall be allocated to mandatory sinking fund installments in inverse order of maturity.

SECTION 11.3. Tax Covenants. It is the intention of the Issuer and all parties under its control that the interest on the Obligations issued hereunder that are not Taxable Obligations be and remain excluded from gross income for federal income tax purposes and to this end the Issuer hereby represents to and covenants with each of the Holders of the Obligations issued hereunder that are not Taxable Bonds that it will comply with the requirements applicable to it contained in Section 103 and Part IV of Subchapter B of Chapter 1 of Subtitle A of the Code to the extent necessary to preserve the exclusion of interest on the Obligations issued hereunder that are not Taxable Obligations from gross income for federal income tax purposes. Specifically, without intending to limit in any way the generality of the foregoing, the Issuer covenants and agrees:

(1) to make or cause to be made all necessary determinations and calculations of the amount required to be paid to the United States of America pursuant to Section 148(f) of the Code (the "Rebate Amount") and required payments of the Rebate Amount;

(2) to set aside sufficient moneys from the Revenues or other legally available funds of the Issuer, to timely pay the Rebate Amount to the United States of America;

(3) to pay the Rebate Amount to the United States of America at the times and to the extent required pursuant to Section 148(f) of the Code;

(4) to maintain and retain all records' pertaining to the Rebate Amount with respect to the Obligations that are not Taxable Obligations issued hereunder and required payments of the Rebate Amount with respect to the Obligations that are not Taxable Obligations for at least six years after the final maturity of the Obligations that are not Taxable Obligations or such other period as shall be necessary to comply with the Code;

(5) to refrain from taking any action that would cause any Obligations or any Series or portion thereof issued hereunder, other than Taxable Obligations and bonds issued with the intent that they shall constitute "private activity bonds" under Section 141(a) of the Code, to be classified as "private activity bonds" under Section 141(a) of the Code; and

(6) to refrain from taking any action that would cause the Obligations that are not Taxable Obligations issued hereunder to become arbitrage bonds under Section 148 of the Code.

The Issuer understands that the foregoing covenants impose continuing obligations of the Issuer that will exist as long as the requirements of Section 103 and Part IV of Subchapter B of Chapter 1 of Subtitle A of the Code are applicable to the Obligations.

Notwithstanding any other provision of this Ordinance, including, in particular Section 11.3 hereof, the obligation of the Issuer to pay the Rebate Amount to the United States of America and to comply with the other requirements of this Section 11.4 shall survive the defeasance or payment in full of the Obligations that are not Taxable Obligations.

SECTION 11.4. Severability. If any one or more of the covenants, agreements or provisions of this Ordinance should be held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separate from the remaining covenants, agreements or provisions of this Ordinance or of the Obligations issued hereunder.

SECTION 11.5. No Third-Party Beneficiaries. Except as herein or by Supplemental Ordinance otherwise expressly provided, nothing in this Ordinance expressed or implied is intended or shall be construed to confer upon any person, firm or corporation other than the parties hereto and the owners and holders of the Obligations issued under and secured by this Ordinance, any right, remedy or claim, legal or equitable, under or by reason of this Ordinance or any provision hereof, this Ordinance and all its provisions being intended to be and being for the sole and exclusive benefit of the parties hereto and the Owners and Holders from time to time of the Obligations issued hereunder.

SECTION 11.6. Controlling Law; Members of Issuer Not Liable. All covenants, stipulations, obligations and agreements of the Issuer contained in this Ordinance shall be deemed to be covenants, stipulations, obligations and agreements of the Issuer to the full extent (authorized by the Act and the Refunding Act and provided by the Constitution and laws of the State of Louisiana). No covenant, stipulation, obligation or agreement contained herein shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future member of the Governing Authority, agent or employee of the Issuer in his individual capacity, and neither the members of the Issuer nor any official executing the Obligations shall be liable personally on the Obligations or this Ordinance or shall be subject to any personal liability or accountability by reason of the issuance or the execution by the Issuer or such members thereof.

SECTION 11.7. Effective Date. This ordinance shall become effective five days after publication in the official journal.

This Ordinance having been submitted to a vote, the vote thereon was as follows:

YEAS:

NAYS:

ABSENT:

And the Ordinance was declared adopted on this the ___ day of ___, 2006, to become effective five (5) days after publication in the official journal.

CHAIRMAN: _____

SECRETARY: _____
DLVD/PARISH PRESIDENT: _____
APPROVED _____ DISAPPROVED _____

PARISH PRESIDENT: _____
RETD/SECRETARY: _____
AT: _____ REC'D BY _____

STATE OF LOUISIANA

PARISH OF ST. CHARLES

I, the undersigned Secretary of the St. Charles Parish Council, do hereby certify that the foregoing pages constitute a true and correct copy of an ordinance adopted by the St. Charles Parish Council on _____ December 19, 2006, authorizing the incurring of debt and issuance from time to time of Utilities Revenue Bonds of Consolidated Waterworks and Wastewater District No. 1 of the Parish of St. Charles, Louisiana; prescribing the form, providing for the rights of the holders thereof; providing for the payment of said Bonds and the application of the proceeds thereof; and providing for other matters in connection therewith.

IN FAITH WHEREOF, witness my official signature and the impress of the official seal of said Council at Hahnville, Louisiana, on this, the 19th day of _____ December, 2006.

(SEAL)

Secretary

