

the General Bond Ordinance, will have the meaning set out in said General Bond Ordinance. In addition, unless the context shall clearly indicate some other meaning, the following terms shall, for all purposes of the General Bond Ordinance and of this Supplemental Ordinance or of any ordinance or other instrument amendatory thereof or supplemental thereto, have the following meanings:

**"Bond Insurer"** means Ambac Assurance Corporation, a Wisconsin-domiciled stock insurance company.

**AEscrow Agent@** means The Bank of New York Trust Company, N.A., in the City of Baton Rouge, Louisiana for the Series 2007B Bonds and Argent Trust, a division of National Independent Trust Company, in the City of Ruston, Louisiana for the Series 2007C Bonds, and each successor or successors, and any other person which may at any time be substituted in the place of either bank pursuant to the General Bond Ordinance.

**AEscrow Agreement@** means the Defeasance and Escrow Deposit Agreements dated as of January 30, 2007, between the Issuer and the Escrow Agent, substantially in the form attached hereto as Exhibit C, as the same may be amended from time to time, the terms of which Escrow Agreement are incorporated herein by reference.

**AFinancial Guaranty Insurance Policy@** means the financial guaranty insurance policy issued by the Bond Insurer insuring the payment when due of the principal of and interest on the Obligations as provided therein.

**APaying Agent@** means The Bank of New York Trust Company, N.A., in the City of Baton Rouge, Louisiana, until a successor Paying Agent shall have become such pursuant to the applicable provisions of the General Bond Ordinance, and thereafter Paying Agent shall mean such successor Paying Agent.

**APurchaser@** means Morgan Keegan & Company, Inc., in the City of New Orleans, Louisiana.

**ARefunded Bonds@** means the outstanding (i) \$5,775,000 of Utility Revenue Refunding Bonds, Series 1999, maturing July 1, 2007 to July 1, 2016, inclusive, and (ii) \$1,785,000 of Utility Revenue Refunding Bonds, Series 2003, maturing July 1, 2007 to July 1, 2010, inclusive, as more fully described in Exhibit A hereto.

**AReserve Fund Requirement@** means a sum equal to the lesser of (i) 10% of the proceeds of the Bonds, any Outstanding Parity Bonds and any issue of additional parity bonds, (ii) the highest combined principal and interest requirements for any future Bond Year on the Bonds, any Outstanding Parity Bonds and any issue of additional parity bonds or (iii) 125% of the average annual principal and interest requirements on the Bonds and any issue of additional parity bonds.

**ASeries 2007A Bonds@** means the Issuer's Water Revenue Bonds, Series 2007A, authorized by this Ordinance, in the total aggregate principal amount of Twenty-Three Million Nine Hundred Seventy-Five Thousand Dollars (\$23,975,000).

**ASeries 2007B Bonds@** means the Issuer's Water Revenue Refunding Bonds, Series 2007B, authorized by this Ordinance, in the total aggregate principal amount of Five Million Seven Hundred Eighty Thousand Dollars (\$5,780,000).

**ASeries 2007C Bonds@** means the Issuer's Water Revenue Refunding Bonds, Series 2007C, authorized by this Ordinance, in the total aggregate principal amount of One Million One Hundred Five Thousand Dollars (\$1,105,000).

**"Supplemental Ordinance"** means this First Supplemental Ordinance as the same may be supplemented or amended hereafter.

**ATerm Bonds@** means those Series 2007A Bonds term bonds maturing on July 1 of the year 2019, July 1 of the year 2022, July 1 of the year 2031 and July 1 of the year 2036 are subject to mandatory redemption as set forth in Section 8.

Unless or except as the context shall clearly indicate otherwise or may otherwise require in this Supplemental Ordinance: (i) all references to a particular section, paragraph or subdivision of the General Bond Ordinance or this Supplemental Ordinance, as the case may be, are to the corresponding section, paragraph or subdivision of the General Bond Ordinance only, or this Supplemental Ordinance only, as the case may be; (ii) the terms "herein", "hereunder", "hereby", "hereto", "hereof", and any similar terms, refer to this Supplemental Ordinance only, and to this Supplemental Ordinance as a whole and not to any particular section, paragraph or subdivision thereof; (iii) the terms "therein", "thereunder", "thereby", "thereto", "thereof", and any similar terms, refer to the General Bond Ordinance, and to the General Bond Ordinance as a whole and not to any particular section, paragraph or subdivision thereof; and (iv) the term "heretofore" means before the time of effectiveness of this Supplemental Ordinance and the term "hereafter" means after the time of the effectiveness of this Supplemental Ordinance.

SECTION 2. Interpretation. In this Supplemental Ordinance, unless the context otherwise requires, (a) words importing persons include firms, associations and corporations, (b) words importing the singular include the plural and vice versa and (c) words of the masculine gender shall be deemed and considered to include correlative words of the feminine and neuter genders.

SECTION 3. Authorization and Designation. Pursuant to the provisions of the General Bond Ordinance, the Supplemental Ordinance and the Act, there is hereby authorized the issuance of (i) Twenty-Three Million Nine Hundred Seventy-Five Thousand Dollars (\$23,975,000) principal amount of Bonds of the Issuer to be designated "Water Revenue Bonds, Series 2007A"; (ii) Five Million Seven Hundred Eighty Thousand Dollars (\$5,780,000) principal amount of Bonds of the Issuer to be designated "Water Revenue Refunding Bonds, Series 2007B"; and (iii) (i) One Million One Hundred Five Thousand Dollars (\$1,105,000) principal amount of Bonds of the Issuer to be designated "Water Revenue Refunding Bonds, Series 2007C", (collectively as stated in the General Bond Ordinance, the ASeries 2007 Bonds@) which are Designated Maturity Obligations and Reserve Secured Bonds. The Series 2007A Bonds are being issued for the purpose of constructing and acquiring additions, extensions and improvements to the Water System of the Issuer, including the necessary equipment and furnishings therefor, funding a reserve for the payment of the bonds and paying the costs of issuance thereof. The Series 2007B Bonds are being issued for the purpose of refunding and/or defeasing all of the Issuer=s outstanding Utility Revenue Refunding Bonds, Series 1999. The Series 2007C Bonds are being issued for the purpose of defeasing all of the Issuer=s outstanding Utility Revenue Refunding Bonds, Series 2003.

The Series 2007 Bonds shall be special obligations of the Issuer payable solely from the Net Revenues and shall be entitled, pursuant to and in accordance with the General Bond Ordinance, to the pledge and lien created thereby and shall be otherwise entitled to the security and benefits thereof.

A portion of the Series 2007B Bonds and Series 2007C Bonds issued under this Supplemental Ordinance shall be issued for the purpose of refunding the Refunded Bonds through the escrow of a portion of the proceeds of the Bonds, together with other available moneys of the Issuer, in Government Securities plus an initial cash deposit, in accordance with the terms of the Escrow Agreement, in order to provide for the payment of the principal

of, premium, if any, and interest on the Refunded Bonds as they mature or upon earlier redemption as provided in the Supplemental Ordinance.

Provision having been made for the orderly payment until maturity or earlier redemption of all the Refunded Bonds, in accordance with their terms, it is hereby recognized and acknowledged that as of the date of delivery of the Series 2007 Bonds under this Supplemental Ordinance, provision will have been made for the performance of all covenants and agreements of the Issuer incidental to the Refunded Bonds, and that accordingly, and in compliance with all that is herein provided, the Issuer is expected to have no future obligation with reference to the aforesaid Refunded Bonds, except to assure that the Refunded Bonds are paid from the Government Securities and funds so escrowed in accordance with the provisions of the Escrow Agreement.

The Escrow Agreements are hereby approved by the Issuer and the Executive Officers are hereby authorized and directed to execute and deliver the Escrow Agreements on behalf of the Issuer substantially in the form of Exhibit C hereof, with such changes, additions, deletions or completions deemed appropriate by such Executive Officers and it is expressly provided and covenanted that all of the provisions for the payment of the principal of, premium, if any, and interest on the Refunded Bonds from the special trust fund created under the Escrow Agreements shall be strictly observed and followed in all respects.

SECTION 4. Principal Amount and Type. The Series 2007A Bonds shall be issued in the aggregate original principal amount of Twenty-Three Thousand Nine Hundred Seventy-Five Thousand Dollars (\$23,975,000), the Series 2007B Bonds shall be issued in the aggregate original principal amount of Five Million Seven Hundred Eighty Thousand Dollars (\$5,780,000) and the Series 2007C Bonds shall be issued in the aggregate original principal amount of One Million One Hundred Five Thousand Dollars (\$1,105,000) and shall be issuable as fully registered Current Interest Bonds.

SECTION 5. Denominations, Dates, Maturities and Interest. The Series 2007 Bonds shall be dated the date of delivery shall be in the denomination of \$5,000 or any integral multiple thereof within a maturity, shall be in fully registered form The Series 2007A Bonds shall be numbered from AR-1 upward. The Series 2007B Bonds shall be numbered from BR-1 upward. The Series 2007C Bonds shall be numbered from CR-1 upwards. The unpaid principal of the Series 2007 Bonds shall bear interest from the date thereof or from the most recent interest date to which interest has been paid or duly provided for, payable on January 1 and July 1 of each year, commencing July 1, 2007, at the following rates of interest per annum, based on a 360 day year, and the Series 2007 Bonds shall mature on July 1 of each of the years and in the aggregate principal amounts set forth below:

SERIES 2007A BONDS

<u>DATE</u> <u>(JULY 1)</u>	<u>PRINCIPAL</u> <u>PAYMENT</u>	<u>INTEREST</u> <u>RATE</u>	<u>DATE</u> <u>(JULY 1)</u>	<u>PRINCIPAL</u> <u>PAYMENT</u>	<u>INTEREST</u> <u>RATE</u>
2019	\$2,345,000	5.000%	2026	\$1,125,000	4.250%
2020	865,000	4.000%	2031	6,485,000	5.000%
2022	1,835,000	5.000%	2032	1,500,000	4.250%
2023	990,000	4.125%			
2024	1,030,000	4.125%	2036	6,730,000	5.000%
2025	1,070,000	5.000%			

SERIES 2007B BONDS

<u>DATE</u> <u>(JULY 1)</u>	<u>PRINCIPAL</u> <u>PAYMENT</u>	<u>INTEREST</u> <u>RATE</u>	<u>DATE</u> <u>(JULY 1)</u>	<u>PRINCIPAL</u> <u>PAYMENT</u>	<u>INTEREST</u> <u>RATE</u>
2007	\$60,000	4.00%	2012	\$785,000	4.00%
2008	55,000	4.00%	2013	820,000	4.00%

2009	55,000	4.00%	2014	855,000	4.00%
2010	565,000	4.00%	2015	895,000	4.00%
2011	755,000	4.00%	2016	935,000	4.00%

SERIES 2007C BONDS

<u>DATE</u> <u>(JULY 1)</u>	<u>PRINCIPAL</u> <u>PAYMENT</u>	<u>INTEREST</u> <u>RATE</u>	<u>DATE</u> <u>(JULY 1)</u>	<u>PRINCIPAL</u> <u>PAYMENT</u>	<u>INTEREST</u> <u>RATE</u>
2007	\$355,000	4.00%	2009	385,000	4.00%
2008	365,000	4.00%			

The Series 2007A Bonds, Series 2007B Bonds and Series 2007C Bonds are hereby issued on a parity with each other and shall rank equally with and enjoy complete parity of lien with each other on the revenues pledged to the payment therefor or other funds especially applicable to the payment of said Series 2007 Bonds, including funds established under this ordinance.

SECTION 6. This Governing Authority does hereby find, determine and declare that the Issuer has complied, or will comply prior to the delivery of the Series 2007 Bonds, with all of the terms and conditions set forth in the General Bond Ordinance with respect to authorizing the issuance of the Series 2007 Bonds.

SECTION 7. Optional Redemption. Those Series 2007A Bonds maturing July 1, 2018, and thereafter, will be callable for redemption by the Issuer in full, or in part, at any time on or after July 1, 2017, at a price equal to the principal amount of the called bonds and accrued interest thereon to the call date.

In the event a Series 2007A Bond to be redeemed is of a denomination larger than \$5,000, a portion of such Bond (\$5,000 or any multiple thereof) may be redeemed. Any Series 2007A Bonds which is to be redeemed only in part shall be surrendered at the principal corporate trust office of the Paying Agent and there shall be delivered to the Owner of such Series 2007A Bond, a Bond or Bonds of the same maturity and of any authorized denomination or denominations as requested by such Owner in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the 2007A Bond so surrendered. Official notice of such call of any of the Series 2007A Bonds for redemption shall be given by first class mail, postage prepaid, by notice deposited in the United States mails not less than thirty (30) days prior to the redemption date addressed to the registered owner of each Series 2007A Bond to be redeemed at his address as shown on the registration books of the Paying Agent.

The Series 2007B Bonds and Series 2007C Bonds are not subject to redemption prior to their stated maturities.

SECTION 8. Mandatory Sinking Fund Redemption. The Term Bonds maturing on July 1, 2019 shall be subject to mandatory sinking fund redemption on July 1 in the years and in the principal amounts set forth below at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon:

<u>Year</u> <u>(July 1)</u>	<u>Principal</u> <u>Amount</u>
2017	\$745,000
2018	780,000
<u>2019</u>	820,000*

\* Final Maturity.

The Term Bonds maturing on July 1, 2022 shall be subject to mandatory sinking fund redemption on July 1 in the years and in the principal amounts set forth below at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon:

<u>Year</u> <u>(July 1)</u>	<u>Principal</u> <u>Amount</u>
2021	\$895,000
<u>2022</u>	940,000*

\* Final Maturity.

The Term Bonds maturing on July 1, 2031 shall be subject to mandatory sinking fund redemption on July 1 in the years and in the principal amounts set forth below at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon:

<u>Year</u> <u>(July 1)</u>	<u>Principal</u> <u>Amount</u>
2027	\$1,175,000
2028	1,230,000
2029	1,295,000
2030	1,360,000
<u>2031</u>	1,425,000*

\* Final Maturity.

The Term Bonds maturing on July 1, 2036 shall be subject to mandatory sinking fund redemption on July 1 in the years and in the principal amounts set forth below at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon:

<u>Year</u> <u>(July 1)</u>	<u>Principal</u> <u>Amount</u>
2033	\$1,560,000
2034	1,640,000
2035	1,720,000
<u>2036</u>	1,810,000*

\* Final Maturity.

SECTION 9. Reserve Requirement. The Reserve Requirement for the Series 2007 Bonds and for any other Additional Parity Bonds utilizing the Reserve Fund account for the Series 2007 Bonds (but not necessarily for Additional Parity Bonds) shall be a sum equal to the lesser of (i) 10% of the proceeds of the Bonds, any Outstanding Parity Bonds and any issue of additional parity bonds, (ii) the highest combined principal and interest requirements for any future Bond Year on the Bonds, any Outstanding Parity Bonds and any issue of additional parity bonds or (iii) 125% of the average annual principal and interest requirements on the Bonds and any issue of additional parity bonds. As set out in Section 5.1(d) of the General Bond Ordinance, the Reserve Requirement may be funded with cash, Investment Obligations, and/or one or more Reserve Products.

The Reserve Fund account created in accordance with this Supplemental Ordinance and the General Bond Ordinance may be combined or shared with any subsequent issuance of other Reserve Secured Bonds, provided the ordinance pertaining to the issuance of said subsequent Reserve Secured Bonds specifies that its respective Reserve Fund account may be shared and/or combined with this Reserve Fund account and further provided that Reserve Requirement for the Series 2007 Bonds, as set forth in this Section 9, remains met and satisfied.

SECTION 10. Preparation of Bonds; Deposit of Bond Proceeds. The Executive Officers are hereby empowered, authorized and directed to do any and all things necessary and

incidental to carry out all of the provisions of this Supplemental Ordinance, to cause the necessary Bonds to be printed or lithographed, to issue, execute, seal and deliver the Bonds, to effect the delivery of the Bonds in accordance with the sale thereof, to collect the purchase price therefor, and to deposit the funds derived from the sale of the Bonds as follows:

(a) Deposit irrevocably in trust with the Escrow Agent under the terms and conditions of the Escrow Agreement, (set out as Exhibit C hereto), an amount of the proceeds derived from the issuance and sale of the Bonds (exclusive of accrued interest), together with additional moneys, as will enable the Escrow Agent to fully redeem the Refunded Bonds on their respective redemption dates. The moneys so deposited with the Escrow Agent shall constitute a trust fund irrevocably dedicated for the use and benefit of the owners of the Refunded Bonds. The Executive Officers of the Issuer are hereby authorized and directed to make all necessary transfers from the Sinking Fund and the Reserve Fund necessary to carry out the provisions of the Escrow Agreement.

(b) Deposit from bond proceeds a sufficient sum into the Reserve Fund which with any other sums that may be deposited in such fund, equal the Reserve Fund Requirement.

(c) The balance of the principal proceeds so deposited shall be used for paying a portion of the cost of constructing and acquiring additions, extensions and improvements to the Issuer's Water System and for paying the costs of issuance. Accrued interest, if any, derived from the sale of the Bonds shall be deposited in the Sinking Fund to be applied to the first interest payment date. The proceeds derived from the sale of the Bonds shall constitute a trust fund to be used exclusively for the purposes for which the Bonds are herein authorized to be issued, but the Purchaser of the Bonds shall not be obliged to see to the application thereof.

SECTION 11. Execution and Form of Bonds. The Series 2007 Bonds and the endorsements to appear on all such Bonds issuable hereunder shall be, respectively, substantially in the forms set forth in Exhibit D hereto, with such necessary or appropriate variations, omissions and insertions as are required or permitted by law or by the General Bond Ordinance, as amended and supplemented by this Supplemental Ordinance and as may be amended and supplemented by any ordinance. The Series 2007A Bonds shall be lettered "AR"; the Series 2007B Bonds shall be lettered "BR" and the Series 2007C Bonds shall be lettered "CR" and shall be numbered separately from 1 upward. If the purchaser of the Series 2007 Bonds secures insurance on all maturities of the Series 2007 Bonds, an endorsement satisfactory to bond counsel may be printed on any or all the Series 2007 Bonds.

SECTION 12. Appointment of Paying Agent. The initial Paying Agent for the Series 2007 Bonds shall be The Bank of New York Trust Company, N.A., in the City of Baton Rouge, Louisiana, and the Issuer may appoint successor Paying Agents at its will. The principal (and premium, if any) of each Bond is payable upon maturity or redemption at the principal corporate trust office of the Paying Agent/Registrar as provided in the General Bond Ordinance. The interest on the Series 2007 Bonds is payable as provided in the General Bond Ordinance. The Executive Officers are hereby authorized to execute an appropriate paying agent agreement with the Paying Agent.

The Bond Insurer shall be furnished with written notice of the resignation or removal of the Paying Agent and the appointment of any successor thereto.

SECTION 13. Arbitrage. The Issuer covenants and agrees that, to the extent permitted by the laws of the State of Louisiana, it will comply with the requirements of the Internal Revenue Code of 1986 and any amendment thereto (the "Code") in order to establish, maintain and preserve the exclusion from "gross income" of interest on the Series 2007 Bonds under the Code. The Issuer further covenants and agrees that it will not take any action, fail to take any action, or permit any action within its control to be taken, or permit at any time or times any of the proceeds of the Series 2007 Bonds or any other funds of the Issuer to be used directly or indirectly in any manner, the effect of which would be to cause the Series 2007 Bonds to be "arbitrage bonds" or would result in the inclusion of the interest on any of the

Series 2007 Bonds in gross income under the Code, including, without limitation, (i) the failure to comply with the limitation on investment of Bond proceeds or (ii) the failure to pay any required rebate of arbitrage earnings to the United States of America or (iii) the use of the proceeds of the Series 2007 Bonds in a manner which would cause the Series 2007 Bonds to be "private activity bonds".

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

SECTION 14. Official Statement. On behalf of the Issuer, this Governing Authority does hereby approve the Official Statement prepared and distributed in connection with the sale of the Bonds and further declares that the information contained therein is true and correct to the best of its knowledge and belief; that due diligence has been exercised in the preparation of said Official Statement; that said Official Statement does not contain any untrue statement of a material fact or omit any statement of a material fact; that the information contained therein has been obtained from sources which are believed to be reliable and that this Governing Authority has no reason to believe that any material fact contained therein is untrue or any material fact has been omitted in effecting the purpose of the Official Statement to constitute a due diligence disclosure of all material information in connection with offering the Bonds for sale and reflecting the security for the payment thereof.

The Parish President, Finance Director and the Secretary of the Council are hereby authorized and directed to review the information contained in said Official Statement and certify, if true, on the date of delivery of the Series 2007 Bonds that no adverse happenings have occurred and that there have been no relevant or material changes in the information contained in said Official Statement since the date of the sale of the Series 2007 Bonds which affect the Series 2007 Bonds or the security for their payment.

SECTION 15. Publication of Ordinance; Peremption. A copy of this Supplemental Ordinance shall be published one time in the official journal of the Issuer. For thirty (30) days after the date of publication, any person in interest may contest the legality of this Ordinance, any provision of the Series 2007 Bonds, the provisions therein made for the security and payment of the Series 2007 Bonds and the validity of all other provisions and proceedings relating to the authorization and issuance of the Series 2007 Bonds other than those matters that may be subject to the peremption occasioned by the publication of the General Bond Ordinance. After the said thirty days, no person may contest the regularity, formality, legality or effectiveness of the Ordinance, any provisions of the Series 2007 Bonds, the provisions for the security and payment of the Series 2007 Bonds and the validity of all other provisions and proceedings relating to their authorization and issuance, for any cause whatever. Thereafter, it shall be conclusively presumed that the Series 2007 Bonds are legal and that every legal requirement for the issuance of the Series 2007 Bonds has been complied with. No court shall have authority to inquire into any of these matters after the said thirty days.

SECTION 16. Filing of Ordinance. A certified copy of this Supplemental Ordinance shall be filed and recorded as soon as possible in the Mortgage Records of the Parish of St. Charles, Louisiana.

SECTION 17. Declaration of Official Intent Under Reg. 1.150-2. Prior to the delivery of the Series 2007 Bonds, the Issuer anticipates that it may pay a portion of the costs of the Project from other moneys available to the Issuer. Upon the issuance of the Series 2007 Bonds, the Issuer reasonably expects to reimburse any such expenditures of other available funds from a portion of the proceeds of the Series 2007 Bonds. Any such allocation of proceeds of the Series 2007 Bonds for reimbursement will be with respect to capital expenditures (as defined in Reg. 1.150-1[b]) and will be made upon the delivery of the Series 2007 Bonds and not later than one year after the later of (i) the date such expenditure was paid

or (ii) the date on which the Project was placed in service. This Section is intended to be a declaration of official intent within the meaning of Reg. 1.150-2.

SECTION 18. Continuing Disclosure Certificate. The Director of Finance is hereby empowered and directed to execute an appropriate Continuing Disclosure Certificate (substantially in the form set forth in Appendix F of the official statement issued in connection with the sale and issuance of the Series 2007 Bonds) pursuant to S.E.C. Rule 15c2-12(b)(5).

SECTION 19. Bonds are NOT "Qualified Tax-Exempt Obligations". The Bonds are not designated as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code.

SECTION 20. Sale of the Bonds. (i) The Series 2007A Bonds are hereby awarded to and sold to the Purchaser at a price of \$24,568,971.71 (representing the principal amount of the Series 2007A Bonds \$23,975,000.00, plus reoffering premium of \$1,027,399.45, minus underwriter's discount of \$191,800.00, less allowance for insurance \$241,627.74), (ii) the Series 2007B Bonds are hereby awarded to and sold to the Purchaser at a price of \$5,770,029.64 (representing the principal amount of the Series 2007B Bonds \$5,780,000.00, plus reoffering premium of \$72,347.10, minus underwriter's discount of \$46,240.00, less allowance for insurance \$36,077.46); and (iii) the Series 2007C Bonds are hereby awarded to and sold to the Purchaser at a price of \$1,095,982.15 (representing the principal amount of the Series 2007C Bonds \$1,105,000.00, plus reoffering premium of \$5,608.40, minus underwriter's discount of \$8,840.00, less allowance for insurance \$5,786.25), under the terms and conditions set forth in the Bond Purchase Agreement (hereinafter defined), and after their execution and authentication by the Paying Agent, the Series 2007 Bonds shall be delivered to the Purchaser or their agents or assigns, upon receipt by the Issuer of the agreed purchase price. The Bond Purchase Agreement dated December 19, 2006, in substantially the form attached hereto as Exhibit E, is hereby approved, and the appropriate officers of the Issuer are hereby authorized, empowered and directed to execute the Bond Purchase Agreement on behalf of the Issuer and deliver or cause to be executed and delivered all documents required to be executed on behalf of the Issuer or deemed by them necessary or advisable to implement the provisions of this ordinance or to facilitate the sale of the Series 2007 Bonds.

SECTION 21. Provisions Relating to Bond Insurance. This Council hereby finds that the Bonds and the financing through which the Bonds are issued are and will be benefitted by the purchase of the Insurance Policy. A copy of the Payments Under the Policy are hereby approved and incorporated herewith by reference to such provisions as they appear in Exhibit F. In the event of conflict between the provisions of Exhibit F and other provisions of this Ordinance, the provisions of Exhibit F shall prevail.

The Insurer, acting alone, shall have the right to direct all remedies in the event of a default. The Insurer shall be recognized as the registered owner of each Bond which it insures for the purposes of exercising all rights and privileges available to bondholders. For Bonds which it insures, the Insurer shall have the right to institute any suit, action, or proceeding at law or in equity under the same terms as a bondholder in accordance with applicable provisions of the governing documents. Other than the usual redemption provisions, any acceleration of principal payments must be subject to the Insurer's prior written consent.

SECTION 22. Additional Investment Obligation Restrictions. In addition to the Investment Obligations restrictions set out in the General Bond Ordinance, investments, before expenditures, of the Series 2007 Bonds proceeds are further restricted to the following listed investments:

(a) Direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury, and CATS



and TIGRS) or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.

(b) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself):

1. U.S. Export-Import Bank (Eximbank)  
Direct obligations or fully guaranteed certificates of beneficial ownership
2. Farmers Home Administration (FmHA)  
Certificates of beneficial ownership
3. Federal Financing Bank
4. Federal Housing Administration Debentures (FHA)
5. General Services Administration  
Participation certificates
6. Government National Mortgage Association (GNMA or "Ginnie Mae")  
GNMA - guaranteed mortgage-backed bonds  
GNMA - guaranteed pass-through obligations  
(not acceptable for certain cash-flow sensitive issues.)
7. U.S. Maritime Administration  
Guaranteed Title XI financing
8. U.S. Department of Housing and Urban Development (HUD)  
Project Notes  
Local Authority Bonds  
New Communities Debentures - U.S. government guaranteed debentures  
U.S. Public Housing Notes and Bonds - U.S. government guaranteed public housing notes and bonds

(c) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities are only permitted if they have been stripped by the agency itself):

1. Federal Home Loan Bank System  
Senior debt obligations
2. Federal Home Loan Mortgage Corporation (FHLMC or "Freddie Mac")  
Participation Certificates  
Senior debt obligations
3. Federal National Mortgage Association (FNMA or "Fannie Mae")  
Mortgage-backed securities and senior debt obligations
4. Student Loan Marketing Association (SLMA or "Sallie Mae")  
Senior debt obligations
5. Resolution Funding Corp. (REFCORP) obligations
6. Farm Credit System  
Consolidated systemwide bonds and notes

(d) Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of AA-m-G; AAA-m; or AA-m and if rated by Moody=s rated Aaa, Aa1 or Aa2.

(e) Certificates of deposit secured at all times by collateral described in subparagraphs (a) and/or (b) above. Such certificates must be issued by commercial banks, savings

and loan associations or mutual savings banks. The collateral must be held by a third party and the bondholders must have a perfected first security interest in the collateral.

(f) Certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by FDIC, including BIF and SAIF.

(g) Investment Agreements, including Guaranteed Investment Contracts, Forward Purchase Agreements and Reserve Fund Put Agreements acceptable to Bond Insurer (Investment Agreement criteria is available upon request).

(h) Commercial paper rated, at the time of purchase, "Prime - 1" by Moody's and "A-1" or better by S&P.

(i) Bonds or notes issued by any state or municipality which are rated by Moody's and S&P in one of the two highest rating categories assigned by such agencies.

(j) Federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "Prime - 1" or "A3" or better by Moody's and "A-1" or "A" or better by S&P.

(k) Repurchase agreements provide for the transfer of securities from a dealer bank or securities firm (seller/borrower) to a municipal entity (buyer/lender), and the transfer of cash from a municipal entity to the dealer bank or securities firm with an agreement that the dealer bank or securities firm will repay the cash plus a yield to the municipal entity in exchange for the securities at a specified date. Repurchase Agreements for 30 days or less must follow the following criteria. Repurchase Agreements which exceed 30 days must be acceptable to Bond Insurer.

1. Repurchase agreements must be between the Issuer and a dealer bank or securities firm that is rated AA@ or better by Standard & Poor's Corporation and Moody's Investor Services.

2. The written repurchase agreement must include the following:

- a. Securities which are acceptable for transfer are:

- (1) Direct U.S. governments, or
- (2) Federal agencies backed by the full faith and credit of the U.S. government (and FNMA & FHLMC).

- b. The term of the repurchase agreement may be up to 30 days.

- c. The collateral must be delivered to the Issuer, trustee (if trustee is not supplying the collateral) or third party acting as agent for the trustee (if the trustee is supplying the collateral) before/simultaneous with payment (perfection by possession of certificated securities).

- d. Valuation of Collateral

- (1) The securities must be valued weekly, marked-to-market at current market price plus accrued interest.

- (A) The value of collateral must be equal to 104% of the amount of cash transferred by the Issuer to the dealer bank or security firm under the repurchase agreement plus accrued interest. If the value of securities held as collateral slips below 104% of the value of the cash transferred by the Issuer, then additional cash and/or acceptable securities must be transferred. If, however, the securities

used as collateral are FNMA or FHLMC, then the value of collateral must equal 105%.

3. A legal opinion must be delivered to the Issuer stating that the repurchase agreement meets guidelines under Louisiana law for legal investment of public funds.

(l) Any state administered pool investment fund in which the Issuer is statutorily permitted or required to invest will be deemed a permitted investment.

(m) Reserve Fund investments should be valued at fair market value and marked to market at least once per year. Reserve Fund investments may not have maturities extending beyond 5 years, except for investment agreements approved by the Bond Insurer.

**SECTION 23. Employment of Bond Counsel.** This Governing Authority finds and determines that a real necessity exists for the employment of special bond counsel in connection with the issuance of the Bonds described above, and accordingly the law firm of Foley & Judell, L.L.P., of New Orleans, Louisiana, is hereby employed as special bond counsel to the Issuer to do and perform comprehensive legal and co-ordinate professional work with respect to the issuance and sale of the said Bonds. The fees to be paid said attorneys shall be in accordance with the Attorney General's Guidelines for Fees and Services of Bond Attorneys for comprehensive legal and coordinate professional work in the issuance of revenue bonds, plus out-of-pocket expenses incurred in connection with the issuance of the Bonds, which fees shall be contingent upon the delivery of the Bonds. A certified copy of this Ordinance shall be forwarded to the Attorney General of the State of Louisiana for his approval of the employment and of the fees herein designated.

**SECTION 24. Call for Defeasance and Redemption.** Subject only to the delivery of the Bonds, (i) \$5,775,000 principal amount of the Issuer's Utility Revenue Refunding Bonds, Series 1999, consisting of all of said bonds due July 1, 2007 to July 1, 2016, inclusive, which are being defeased and refunded by the Bonds, as more fully described in Exhibit A hereto, are hereby defeased and called for redemption at the principal amount thereof, plus accrued interest to the date of redemption, plus a premium in the amount of 2% of the principal amount so redeemed, and (ii) \$1,785,000 principal amount of the Issuer's Utility Revenue Refunding Bonds, Series 2003, consisting of all of said bonds due July 1, 2007 to July 1, 2010, inclusive, which are being defeased by the Bonds, as more fully described in Exhibit A hereto, are hereby defeased and called for redemption at the principal amount thereof, plus accrued interest to the date of redemption, compliance with the ordinances authorizing their issuance.

**SECTION 25. Notice of Defeasance and Call for Redemption.** In accordance with the ordinance authorizing the issuance of the Refunded Bonds, a Notice of Defeasance and Call for Redemption in substantially the forms attached hereto as Exhibit B, shall be sent by the paying agent for the Refunded Bonds to the registered owners thereof by notice deposited in the United States mails not less than thirty (30) days prior to the date of redemption. Said notice shall be sent by first class mail to the address of the owner or owners of the Refunded Bonds as the same appear on the registration books maintained by the paying agent for the Refunded Bonds.

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

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

NAYS: NONE

ABSENT: MINNICH

And the Ordinance was declared adopted on this, the 19<sup>th</sup> day of December, 2006,  
to become effective five (5) days after publication in the official journal.

CHAIRMAN: Brian C. Fal

SECRETARY: Barbara Jane Zucker

DLVD/PARISH PRESIDENT: December 20, 2006

APPROVED:  DISAPPROVED:

PARISH PRESIDENT: Albert D. Lago

RETD/SECRETARY: December 21, 2006

AT: 9:25 am RECD BY: Bjt

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, acting as the governing authority of Consolidated Waterworks and Wastewater District No. 1 of the Parish of St. Charles, Louisiana, on December 19, 2006, providing for a First Supplemental Ordinance of the St. Charles Parish Council amending and supplementing an ordinance (the "General Bond Ordinance") adopted on December 19, 2006, to provide for the issuance of (i) Twenty-Three Million Nine Hundred Seventy-Five Thousand Dollars (\$23,975,000) principal amount of Water Revenue Bonds, Series 2007A; (ii) Five Million Seven Hundred Eighty Thousand Dollars (\$5,780,000) principal amount of Water Revenue Refunding Bonds, Series 2007B; and (iii) One Million One Hundred Five Thousand Dollars (\$1,105,000) principal amount of Water Revenue Refunding Bonds, Series 2007C, of Consolidated Waterworks and Wastewater District No. 1 of the Parish of St. Charles, Louisiana (the "Issuer"), pursuant to the General Bond Ordinance; prescribing the form, fixing the details and providing for the payment of principal of and interest on such Bonds; executing a bond purchase agreement for the purchase of the Bonds; 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 19<sup>th</sup> day of December, 2006.

(SEAL)

Secretary



**OUTSTANDING BONDS TO BE DEFEASED AND REFUNDED**

Utility Revenue Refunding Bonds, Series 1999, as follows:

<u>DATE (JULY 1)</u>	<u>PRINCIPAL PAYMENT</u>	<u>INTEREST RATE</u>
2007	\$50,000	4.300%
2008	50,000	4.400
2009	50,000	4.450
2010	560,000	4.300
2011	750,000	4.400
2012	780,000	4.500
2013	820,000	4.500
2014	860,000	4.500
2015	905,000	4.600
2016	950,000	4.650

Those Bonds maturing July 1, 2007 through July 1, 2009, inclusive, will be defeased upon delivery of the Bonds.

Those Bonds maturing July 1, 2010 through July 1, 2016, inclusive, will be called for redemption on July 1, 2009, inclusive, at the principal amount thereof and accrued interest to the date fixed for redemption, plus a premium equal to two percent (2%) of the principal amount so redeemed.

Utility Revenue Refunding Bonds, Series 2003, as follows:

<u>DATE (JULY 1)</u>	<u>PRINCIPAL PAYMENT</u>	<u>INTEREST RATE</u>
2007	\$550,000	2.10%
2008	555,000	2.50
2009	575,000	3.00
2010	105,000	3.15

Those Bonds maturing July 1, 2007 through July 1, 2010, inclusive, will be defeased upon delivery of the Bonds.

**NOTICE OF DEFEASANCE AND CALL FOR REDEMPTION**

**UTILITY REVENUE REFUNDING BONDS, SERIES 1999  
(MATURING JULY 1, 2007 TO 2016, INCLUSIVE)  
CONSOLIDATED WATERWORKS AND WASTEWATER  
DISTRICT NO. 1 OF THE PARISH OF ST. CHARLES, LOUISIANA**

**NOTICE IS HEREBY GIVEN**, pursuant to an ordinance adopted on December 19, 2006 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 (the "Issuer"), that there has been deposited with The Bank of New York Trust Company, N.A., in the City of Baton Rouge, Louisiana, as successor to Bank One Trust Company, NA (the "Escrow Agent"), as Escrow Agent under a Defeasance and Escrow Deposit Agreement dated as of January 30, 2007 (the "Escrow Deposit Agreement"), between the Escrow Agent and the Issuer, moneys which have been invested in direct, non-callable obligations of the United States of America, in an amount sufficient to assure the availability of sufficient moneys to pay the principal of and interest as they mature as to principal and interest on \$5,775,000 of the Issuer's outstanding Utility Revenue Refunding Bonds, Series 1999, consisting of all of the bonds of said issue which mature July 1, 2007 to July 1, 2016, inclusive (the "Refunded Bonds"), as hereinafter set forth.

In accordance with the provisions of Chapter 14 of Title 39 of the Louisiana Revised Statutes of 1950, as amended, the Refunded Bonds are defeased and deemed to be paid, and will no longer be secured by or entitled to the benefits of the ordinance of the Issuer providing for their issuance.

**NOTICE IS HEREBY FURTHER GIVEN** that a portion of the Refunded Bonds described below are defeased on the date of delivery of the Series 2007B Refunding Bonds (January 30, 2007) at the principal amount thereof and accrued interest. The Bonds to be defeased on January 30, 2007, are listed below, and include all of the bonds of the maturities listed:

<u>MATURITY DATE</u>	<u>AMOUNT REDEEMED</u>	<u>INTEREST RATES</u>	<u>CUSIP NUMBERS</u>
July 1, 2007	\$50,000	4.300%	788045 AZ5
July 1, 2008	50,000	4.400	788045 BA9
July 1, 2009	<u>50,000</u>	4.450	788045 BB7
	\$150,000		

**NOTICE IS HEREBY FURTHER GIVEN** that all of the Refunded Bonds described below are called for redemption on July 1, 2009 at the principal amount thereof and accrued interest to the call date, upon presentation and surrender of said bonds at the principal corporate trust office of The Bank of New York Trust Company, N.A., of Baton Rouge, Louisiana, the Paying Agent therefor. The Bonds to be called and redeemed on July 1, 2009 are listed below, and include all of the bonds of the maturities listed:

<u>MATURITY DATE</u>	<u>AMOUNT REDEEMED</u>	<u>INTEREST RATES</u>	<u>CUSIP NUMBERS</u>
July 1, 2010	\$560,000	4.300%	788045 BC5
July 1, 2011	750,000	4.400	788045 BD3
July 1, 2012	780,000	4.500	788045 BE1
July 1, 2013	820,000	4.500	788045 BF8
July 1, 2014	860,000	4.500	788045 BG6
July 1, 2015	905,000	4.600	788045 BH4
July 1, 2016	<u>950,000</u>	4.650	788045 BJ0

\$5,625,000

No further interest will accrue and be payable on said bonds from and after July 1, 2009. The portion of the Refunded Bonds described above should not be surrendered for payment until July 1, 2009, and at that time should be surrendered at The Bank of New York Trust Company, N.A. (as successor to Bank One Trust Company, NA), as follows:

**By Express Mail**  
**Courier Service**  
JPMorgan  
Institutional Trust Services  
2001 Bryan Street B 9<sup>th</sup> Floor  
Dallas, TX 75201


**or**  
**By Mail**  
JPMorgan  
Institutional Trust Services  
P. O. Box 2320  
Dallas, TX 75221-2320

**By Hand**  
J. P. Morgan  
Institutional Trust Services  
GIS Unit Trust Window  
4 New York Plaza, 1<sup>st</sup> Floor  
New York, New York 10004

The CUSIP NUMBERS listed above are provided for the convenience of the bondowners. The Issuer does not certify as to their correctness.

Holders of said Bonds are reminded that the Federal Interest and Dividend Tax Compliance Act of 1983 requires that the Paying Agent, as payor, withhold 30% of the principal amount if a Taxpayer Identification Number has not been provided by the Holder as payee. If the Tax Identification Number has not previously been provided to the Paying Agent, then Bondholders are requested to provide this information to the Paying Agent with a Form W-9 in order to avoid the aforesaid withholding.

CONSOLIDATED WATERWORKS AND  
WASTEWATER DISTRICT NO. 1 OF THE  
PARISH OF ST. CHARLES, LOUISIANA

By   
Council Secretary  
St. Charles Parish Council

Date: December 19, 2006



**NOTICE OF DEFEASANCE**

**UTILITY REVENUE REFUNDING BONDS, SERIES 2003  
(MATURING JULY 1, 2007 TO 2010, INCLUSIVE)  
CONSOLIDATED WATERWORKS AND WASTEWATER  
DISTRICT NO. 1 OF THE PARISH OF ST. CHARLES, LOUISIANA**

**NOTICE IS HEREBY GIVEN**, pursuant to an ordinance adopted on December 19, 2006 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 (the "Issuer"), that there has been deposited with Argent Trust, a division of National Independent Trust Company, in the City of Ruston, Louisiana (the "Escrow Agent"), as Escrow Agent under a Defeasance and Escrow Deposit Agreement dated as of January 30, 2007 (the "Escrow Deposit Agreement"), between the Escrow Agent and the Issuer, moneys which have been invested in direct, non-callable obligations of the United States of America, in an amount sufficient to assure the availability of sufficient moneys to pay the principal of and interest on \$1,785,000 of the Issuer's outstanding Utility Revenue Refunding Bonds, Series 2003, consisting of all of the bonds of said issue which mature July 1, 2007 to July 1, 2010, inclusive (the "Refunded Bonds"), as hereinafter set forth.

In accordance with the provisions of Chapter 14 of Title 39 of the Louisiana Revised Statutes of 1950, as amended, the Refunded Bonds are defeased and deemed to be paid, and will no longer be secured by or entitled to the benefits of the ordinance of the Issuer providing for their issuance.

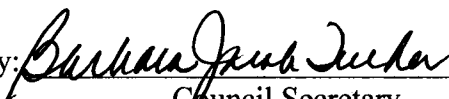
**NOTICE IS HEREBY FURTHER GIVEN** that all of the Refunded Bonds described below are defeased on the date of delivery of the Series 2007C Refunding Bonds (January 30, 2007) at the principal amount thereof and accrued interest. The Bonds to be defeased on January 30, 2007, are listed below, and include all of the bonds of the maturities listed:

<u>MATURITY</u> <u>DATE</u>	<u>AMOUNT</u> <u>REDEEMED</u>	<u>INTEREST</u> <u>RATES</u>	<u>CUSIP</u> <u>NUMBERS</u>
July 1, 2007	\$550,000	2.100%	788045 BN1
July 1, 2008	555,000	2.500	788045 BP6
July 1, 2009	575,000	3.000	788045 BQ4
July 1, 2010	<u>105,000</u>	3.150	788045 BR2
	\$1,785,000		

The CUSIP NUMBERS listed above are provided for the convenience of the bondowners. The Issuer does not certify as to their correctness.

Holders of said Bonds are reminded that the Federal Interest and Dividend Tax Compliance Act of 1983 requires that the Paying Agent, as payor, withhold 30% of the principal amount if a Taxpayer Identification Number has not been provided by the Holder as payee. If the Tax Identification Number has not previously been provided to the Paying Agent, then Bondholders are requested to provide this information to the Paying Agent with a Form W-9 in order to avoid the aforesaid withholding.

CONSOLIDATED WATERWORKS AND  
WASTEWATER DISTRICT NO. 1 OF THE  
PARISH OF ST. CHARLES, LOUISIANA

By:   
Council Secretary  
St. Charles Parish Council

Date: December 19, 2006

ORDINANCE

**(FORM OF DEFEASANCE AND ESCROW DEPOSIT AGREEMENT)**

This DEFEASANCE AND ESCROW DEPOSIT AGREEMENT, by and between **CONSOLIDATED WATERWORKS AND WASTEWATER DISTRICT NO. 1 OF THE PARISH OF ST. CHARLES, LOUISIANA** (the "Issuer"), appearing herein through the hereinafter named officers, and **THE BANK OF NEW YORK TRUST COMPANY, N.A.**, in the City of Baton Rouge, Louisiana, as successor to Bank One Trust Company, NA a banking association duly authorized to exercise corporate trust powers, as escrow agent (the "Escrow Agent"), appearing herein through the hereinafter named officers, which shall be dated as of January 30, 2007

**W I T N E S S E T H :**

WHEREAS, the Issuer has heretofore duly authorized and issued its Utility Revenue Refunding Bonds, Series 1999, of which \$5,775,000 are outstanding (the "1999 Bonds"); and

WHEREAS, the governing authority of the Issuer has found and determined that the defeasance and call for redemption of those 1999 Bonds maturing July 1, 2007 to July 1, 2016, inclusive (the "Refunded Bonds") would be financially advantageous to the Issuer and would result in debt service savings; and

WHEREAS, the Issuer has authorized the issuance of \$5,780,000 its Water Revenue Refunding Bonds, Series 2007B (the "Bonds"), for the purpose of refunding the Issuer's outstanding Utility Revenue Refunding Bonds, Series 1999, pursuant to an ordinance adopted by the governing authority of the Issuer on December 19, 2006 (the "Bond Ordinance"), the Refunded Bonds to be defeased and redeemed being described in the Bond Ordinance; and

WHEREAS, the Bond Ordinance provides that a portion of the proceeds from the sale of the Bonds (exclusive of accrued interest thereon), together with additional moneys, shall be placed in escrow with the Escrow Agent and, together with the interest earned from the investment thereof, will be sufficient to pay the principal of and interest on the Refunded Bonds as the same mature and become due or are called for redemption;

NOW, THEREFORE, in consideration of the mutual covenants hereinafter set forth, and in order to provide for the aforesaid refunding and thereby reduce annual debt service on the Refunded Bonds and lower the effective rate of interest paid with respect to the Issuer's bonds, the parties hereto agree as follows:

**SECTION K. Establishment of Escrow Fund.** There is hereby created and established with the Escrow Agent a special and irrevocable escrow fund to be known as "Consolidated Waterworks and Wastewater District No. 1 of the Parish of St. Charles, Louisiana, Water Revenue Refunding Bonds, Series 2007B Escrow Fund" (herein called the "Escrow Fund") to be held in trust by the Escrow Agent separate and apart from other funds of the Issuer and the Escrow Agent. Receipt of a true and correct copy of the Bond Ordinance is hereby acknowledged by the Escrow Agent, and reference herein to or citation herein of any provision of said Bond Ordinance shall be deemed to incorporate the same as a part hereof in the same manner and with the same effect as if fully set forth herein.

**SECTION L. Deposit to Escrow Fund; Application of Moneys.** Concurrently with the issuance and delivery of the Bonds, the Issuer will cause to be deposited with the Escrow Agent the sum of \$ \_\_\_\_\_ from the proceeds of the Bonds (the "Bond Proceeds") and a transfer of \$ \_\_\_\_\_ from the existing funds of the Issuer (the "Existing Funds"). Such funds will be applied as follows:

- A.       \$ \_\_\_\_\_ of Bond Proceeds to the Escrow Fund to purchase the Escrow Obligations (hereinafter defined) described in Schedule A attached hereto;
- B.       \$ \_\_\_\_\_ of Existing Funds to the Escrow Fund to purchase the Escrow Obligation (hereinafter defined) described in Schedule A attached hereto;
- C.       \$ \_\_\_\_\_ of Existing Funds to the Escrow Fund to establish an initial cash deposit;
- D.       \$ \_\_\_\_\_ of Bond Proceeds to the Escrow Fund to establish an initial cash deposit

B. Concurrently with such deposit, the Escrow Agent shall apply the moneys described in (i), (ii), (iii) and (iv) above to the purchase of the obligations, described in Schedule A attached hereto. The obligations listed in Schedule A hereto and any other direct obligations of the United States Government are hereinafter referred to as the "Escrow Obligations". All documents evidencing the book entries of the Escrow Obligations shall be held by the Escrow Agent and appropriate evidence thereof shall be furnished by the Escrow Agent to the Issuer. As shown in Schedule B attached hereto, the Escrow Obligations shall mature in principal amounts and pay interest in such amounts and at such times so that sufficient moneys will be available from such Escrow Obligations (together with other moneys on deposit in the Escrow Fund) to pay, as the same mature and become due or are redeemed, the principal of, premium, if any, and interest on the Refunded Bonds. The Issuer, on the basis of a mathematical verification of an independent certified public accountant, has heretofore found and determined that the investments described in said Schedule A are adequate in yield and maturity date in order to provide the necessary moneys to accomplish the refunding of the Refunded Bonds.

In the event that, on the date of delivery of the Bonds, there is not delivered to the Escrow Agent any Escrow Obligation described in Schedule A hereto, the Escrow Agent shall accept delivery of cash and/or replacement obligations which are direct, non-callable general obligations of or guaranteed by the United States of America (collectively, "Replacement Obligations") described in paragraph (b) of this Section, in lieu thereof, and shall hold such Replacement Obligations in the Escrow Fund until the Escrow Obligations described in Schedule A which were not delivered on the date of delivery of the Bonds are available for delivery. The Escrow Agent shall return to the supplier thereof any Replacement Obligations in exchange for and upon receipt of the Escrow Obligations set forth in Schedule A for which such Replacement Obligations described in such paragraph (b) were substituted. The Escrow Agent shall have no power or duty to invest any moneys held in the Escrow Fund or to make substitutions of the Escrow Obligations held in the Escrow Fund or to hereafter sell, transfer or otherwise dispose of such Escrow Obligations, except pursuant to the following subparagraph (b).

C. An obligation shall qualify as a Replacement Obligation or other permitted substitution obligation only if such Replacement Obligations:

- A. are in an amount, and/or mature in an amount (including any interest received thereon), which together with any cash or Government Securities substituted for the Escrow Obligations listed in Schedule A hereto is equal to or greater than the amount payable on the maturity date of the Escrow Obligations listed in Schedule A hereto for which the substitution occurred;
- B. mature on or before the next date on which the Government Securities listed in Schedule A hereto which are substituted for will be

required for payment of principal of, premium, if any, or interest on the Refunded Bonds; and

C. the Escrow Agent shall have been provided with (A) a mathematical verification of an independent certified public accountant that the Replacement Obligations are sufficient to pay the principal, interest and premium of the Refunded Bonds as shown on Schedule C and (B) an opinion of nationally recognized bond counsel to the effect that the substitution is permitted hereunder and has no adverse effect on the exclusion from gross income for federal income tax purposes of interest on the bonds or the Refunded Bonds.

To the extent that the Escrow Obligations mature before the payment dates referred to in Schedule C, the Escrow Agent may invest for the benefit of the Issuer such cash in other Escrow Obligations provided that the investment in such other Escrow Obligations mature on or before dates pursuant to Section 6 in such amounts as equal or exceed the Section 6 requirements and that such investment does not cause the Bonds or the Refunded Bonds to be "arbitrage bonds" under the Internal Revenue Code of 1986, as amended.

D. The Escrow Agent shall collect and receive the interest accruing and payable on the Escrow Obligations and the maturing principal amounts of the Escrow Obligations as the same are paid and credit the same to the Escrow Fund, so that the interest on and the principal of the Escrow Obligations, as such are paid, will be available to make the payments required pursuant to Section 6 hereof.

E. In the event there is a deficiency in the Escrow Fund, the Escrow Agent shall notify the Issuer of such deficiency, and the Issuer shall immediately remedy such deficiency by paying to the Escrow Agent the amount of such deficiency. The Escrow Agent shall not be liable for any such deficiency, except as may be caused by the Escrow Agent's negligence or willful misconduct.

SECTION M. Deposit to Escrow Fund Irrevocable. The deposit of the moneys in the Escrow Fund shall constitute an irrevocable deposit of said moneys in trust exclusively for the benefit of the owners of the Refunded Bonds and such moneys and Escrow Obligations, together with any income or interest earned thereon, shall be held in escrow and shall be applied solely to the payment of the principal of, premium, if any, and interest on the Refunded Bonds as the same mature and become due or are redeemed. Subject to the requirements set forth herein for the use of the Escrow Fund and the moneys and investments therein, the Issuer covenants and agrees that the Escrow Agent shall have full and complete control and authority over and with respect to the Escrow Fund and moneys and investments therein and the Issuer shall not exercise any control or authority over and with respect to the Escrow Fund and the moneys and investments therein.

SECTION N. Use of Moneys. The Escrow Agent shall apply the moneys deposited in the Escrow Fund and the Escrow Obligations, together with any income or interest earned thereon, in accordance with the provisions hereof. The Escrow Agent shall have no power or duty to invest any moneys held hereunder, or to make substitutions of the Escrow Obligations held hereunder or to sell, transfer or otherwise dispose of the Escrow Obligations acquired hereunder, except as provided in 2(b) above. The liability of the Escrow Agent for the payment of the amounts to be paid hereunder shall be limited to the principal of and interest on the Escrow Obligations and cash available for such purposes in the Escrow Fund. Any amounts held as cash in the Escrow Fund shall be held in cash without any investment thereof, not as a time or demand deposit with any bank, savings and loan or other depository.

SECTION O. Payment of Refunded Bonds. The Escrow Agent shall receive the matured principal of and the interest on the Escrow Obligations as the same are payable. On or before each interest payment date on the Refunded Bonds, the Escrow Agent shall

transmit to the Issuer or the paying agent for the Refunded Bonds in immediately available funds, sufficient amounts for the payment of the interest on the Refunded Bonds due on said date and any principal of and redemption premiums on the Refunded Bonds due on said date by reason of the redemption of Refunded Bonds, in accordance with Schedule C attached hereto.

SECTION P. Notice of Defeasance and Call for Redemption. The Issuer shall cause a Notice of Defeasance and Call for Redemption of the Refunded Bonds to be sent by the paying agent for the Refunded Bonds, by first class mail, postage prepaid, not less than thirty (30) days prior to the date of redemption of the Refunded Bonds to the registered owners as the same appear on the registration books maintained by the paying agent. The Issuer will reimburse the Escrow Agent for any expenses incurred in connection with this Section from moneys other than those in the Escrow Fund.

SECTION Q. Remaining Moneys in Escrow Fund. Upon the retirement of the Refunded Bonds, any amounts remaining in the Escrow Fund shall be paid to the Issuer as its property free and clear of the trust created by the Bond Ordinance and this Agreement and shall be transferred to the Issuer.

SECTION R. Rights of Owners of Refunded Bonds. The escrow trust fund created hereby shall be irrevocable and the owners of the Refunded Bonds shall have a beneficial interest and a first, prior and paramount claim on all moneys and Escrow Obligations in the Escrow Fund until paid out, used and applied in accordance with this Agreement.

SECTION S. Fees of Escrow Agent. In consideration of the services rendered by the Escrow Agent under this Agreement, the Issuer has paid to the Escrow Agent its reasonable fees and expenses, and the Escrow Agent hereby acknowledges (i) receipt of such payment and (ii) that it shall have no lien whatsoever upon any moneys in the Escrow Fund. In no event shall the Issuer be liable to any person by reason of the transactions contemplated hereby other than to the Escrow Agent as set forth in this Section 10.

The Escrow Agent and its respective successors, assigns, agents and servants shall not be held to any personal liability whatsoever, in tort, contract, or otherwise, in connection with the execution and delivery of this Agreement, the establishment of the Escrow Fund, the acceptance of the moneys and securities deposited therein, the purchase of those Escrow Obligations listed in Schedule A, the retention of the Escrow Obligations or the proceeds thereof or any payment, transfer or other application of moneys or securities by the Escrow Agent in accordance with the provisions of this Agreement or by reason of any act, omission or error of the Escrow Agent made in good faith and without negligence in the conduct of its duties.

SECTION T. Enforcement. The Issuer, the paying agent for the Refunded Bonds and the owners of the Refunded Bonds shall have the right to take all actions available under law or equity to enforce this Agreement or the terms hereof.

SECTION U. Records and Reports. The Escrow Agent will keep books of record and account in which complete and correct entries shall be made of all transactions relating to the receipts, disbursements, allocations and application of the money and Escrow Obligations deposited to the Escrow Fund and all proceeds thereof. With respect to each investment of the proceeds of Escrow Obligations, the Escrow Agent shall record, to the extent applicable, the purchase price of such investment, its fair market value, its coupon rate, its yield to maturity, the frequency of its interest payment, its disposition price, the accrued interest due on its disposition date and its disposition date. Such books shall be available for inspection at reasonable hours and under reasonable conditions by the Issuer and the owners of the Bonds and the Refunded Bonds.

SECTION V. Successor Escrow Agents. If at any time the Escrow Agent or its legal successor or successors should become unable, through operation of law or otherwise, to act as escrow agent hereunder, or if its property and affairs shall be taken under the control of any state or federal court or administrative body because of insolvency or bankruptcy or for any other reason, a vacancy shall forthwith exist in the office of escrow agent hereunder. In such event the Issuer, by appropriate order, and with the prior written consent of the Issuer, shall promptly appoint an escrow agent to fill such vacancy.

Any successor escrow agent shall execute, acknowledge and deliver to the Issuer and the Escrow Agent an instrument accepting such appointment hereunder, and the Escrow Agent shall execute and deliver an instrument transferring to such successor escrow agent, subject to the terms of this Agreement, all the rights, powers and trusts of the Escrow Agent hereunder. Upon the request of any such successor escrow agent, the Issuer shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor escrow agent all such rights, powers and duties. The Escrow Agent shall pay over to its successor escrow agent a proportional part of the Escrow Agent's fee hereunder.

The Escrow Agent may be removed at any time by an instrument or concurrent instrument in writing delivered to the Escrow Agent by the Issuer.

SECTION W. Amendments. This Agreement may be amended with the consent of the Issuer and the Escrow Agent (i) to correct ambiguities, (ii) to strengthen any provision hereof which is for the benefit of the owners of the Refunded Bonds or the Bonds or (iii) to sever any provision hereof which is deemed to be illegal or unenforceable; and provided further that this Agreement shall not be amended unless the Issuer shall deliver an opinion of nationally recognized bond counsel, that such amendments will not cause the Refunded Bonds to be "arbitrage bonds". A copy of any amendment shall be provided to the Insurer and any rating agencies which have rated the Bonds.

SECTION X. Successors Bound. All covenants, promises and agreements in this Agreement shall bind and inure to the benefit of the respective successors and assigns of the Issuer, the Escrow Agent and the owners of the Refunded Bonds, whether so expressed or not.

SECTION Y. Louisiana Law Governing. This Agreement shall be governed by the applicable laws of the State of Louisiana.

SECTION Z. Termination. This Agreement shall terminate when all of the Refunded Bonds have been paid as aforesaid and any remaining moneys have been paid to the Issuer.

SECTION AA. Severability. If any one or more of the covenants or agreements provided in this Agreement on the part of the Issuer or the Escrow Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

SECTION BB. Counterparts. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Escrow Deposit Agreement as of the day and year first written.

CONSOLIDATED WATERWORKS AND  
WASTEWATER DISTRICT NO. 1 OF THE  
PARISH OF ST. CHARLES, LOUISIANA

By: Albert O. Leger  
Parish President,  
Parish of St. Charles, State of Louisiana

ATTEST:

By: Barbara Ann Tucker (SEAL)  
Council Secretary,  
St. Charles Parish Council

THE BANK OF NEW YORK TRUST  
COMPANY, N.A.  
Baton Rouge, Louisiana

By: \_\_\_\_\_  
Title:

(SEAL)

**SCHEDULE A  
To Escrow Deposit Agreement**

**SCHEDULE OF ESCROW SECURITIES  
PURCHASED WITH BOND PROCEEDS AND EXISTING FUNDS**



**SCHEDULE B**  
**To Escrow Agreement**

**ESCROW CASH FLOW AND PROOF OF SUFFICIENCY**

**SCHEDULE C**  
**To Escrow Deposit Agreement**

**DEBT SERVICE ON REFUNDED BONDS**

**(FORM OF DEFEASANCE AND ESCROW DEPOSIT AGREEMENT)**

This DEFEASANCE AND ESCROW DEPOSIT AGREEMENT, by and between **CONSOLIDATED WATERWORKS AND WASTEWATER DISTRICT NO. 1 OF THE PARISH OF ST. CHARLES, LOUISIANA** (the "Issuer"), appearing herein through the hereinafter named officers, and **ARGENT TRUST, a division of National Independent Trust Company**, in the City of Ruston, Louisiana, a banking association duly authorized to exercise corporate trust powers, as escrow agent (the "Escrow Agent"), appearing herein through the hereinafter named officers, which shall be dated as of January 30, 2007:

**WITNESSETH:**

WHEREAS, the Issuer has heretofore duly authorized and issued its Utility Revenue Refunding Bonds, Series 2003, of which \$1,785,000 are outstanding (the "2003 Bonds"); and

WHEREAS, the governing authority of the Issuer has found and determined that the defeasance of those 2003 Bonds maturing July 1, 2007 to July 1, 2010, inclusive (the "Refunded Bonds") would be financially advantageous to the Issuer and would result in debt service savings; and

WHEREAS, the Issuer has authorized the issuance of \$1,105,000 its Water Revenue Refunding Bonds, Series 2007C (the "Bonds"), for the purpose of refunding the Issuer's outstanding Utility Revenue Refunding Bonds, Series 2003, pursuant to an ordinance adopted by the governing authority of the Issuer on December 19, 2006 (the "Bond Ordinance"), the Refunded Bonds to be defeased being described in the Bond Ordinance; and

WHEREAS, the Bond Ordinance provides that a portion of the proceeds from the sale of the Bonds (exclusive of accrued interest thereon), together with additional moneys, shall be placed in escrow with the Escrow Agent and, together with the interest earned from the investment thereof, will be sufficient to pay the principal of and interest on the Refunded Bonds as the same mature and become due;

NOW, THEREFORE, in consideration of the mutual covenants hereinafter set forth, and in order to provide for the aforesaid defeasance and thereby reduce annual debt service on the Refunded Bonds and lower the effective rate of interest paid with respect to the Issuer's bonds, the parties hereto agree as follows:

SECTION CC. Establishment of Escrow Fund. There is hereby created and established with the Escrow Agent a special and irrevocable escrow fund to be known as "Consolidated Waterworks and Wastewater District No. 1 of the Parish of St. Charles, Louisiana, Water Revenue Refunding Bonds, Series 2007C Escrow Fund" (herein called the "Escrow Fund") to be held in trust by the Escrow Agent separate and apart from other funds of the Issuer and the Escrow Agent. Receipt of a true and correct copy of the Bond Ordinance is hereby acknowledged by the Escrow Agent, and reference herein to or citation herein of any provision of said Bond Ordinance shall be deemed to incorporate the same as a part hereof in the same manner and with the same effect as if fully set forth herein.

SECTION DD. Deposit to Escrow Fund; Application of Moneys. Concurrently with the issuance and delivery of the Bonds, the Issuer will cause to be deposited with the Escrow Agent the sum of \$ \_\_\_\_\_ from the proceeds of the Bonds (the "Bond Proceeds") and a transfer of \$ \_\_\_\_\_ from the existing funds of the Issuer (the "Existing Funds"). Such funds will be applied as follows:

- A. \$ \_\_\_\_\_ of Bond Proceeds to the Escrow Fund to purchase the Escrow Obligations (hereinafter defined) described in Schedule A attached hereto;

- B.           \$ \_\_\_\_\_ of Existing Funds to the Escrow Fund to purchase the Escrow Obligation (hereinafter defined) described in Schedule A attached hereto;
- C.           \$ \_\_\_\_\_ of Existing Funds to the Escrow Fund to establish an initial cash deposit;
- D.           \$ \_\_\_\_\_ of Bond Proceeds to the Escrow Fund to establish an initial cash deposit

A.           Concurrently with such deposit, the Escrow Agent shall apply the moneys described in (i), (ii), (iii) and (iv) above to the purchase of the obligations, described in Schedule A attached hereto. The obligations listed in Schedule A hereto and any other direct obligations of the United States Government are hereinafter referred to as the "Escrow Obligations". All documents evidencing the book entries of the Escrow Obligations shall be held by the Escrow Agent and appropriate evidence thereof shall be furnished by the Escrow Agent to the Issuer. As shown in Schedule B attached hereto, the Escrow Obligations shall mature in principal amounts and pay interest in such amounts and at such times so that sufficient moneys will be available from such Escrow Obligations (together with other moneys on deposit in the Escrow Fund) to pay, as the same mature and become due or are redeemed, the principal of, premium, if any, and interest on the Refunded Bonds. The Issuer, on the basis of a mathematical verification of an independent certified public accountant, has heretofore found and determined that the investments described in said Schedule A are adequate in yield and maturity date in order to provide the necessary moneys to accomplish the defeasance of the Refunded Bonds.

In the event that, on the date of delivery of the Bonds, there is not delivered to the Escrow Agent any Escrow Obligation described in Schedule A hereto, the Escrow Agent shall accept delivery of cash and/or replacement obligations which are direct, non-callable general obligations of or guaranteed by the United States of America (collectively, "Replacement Obligations") described in paragraph (b) of this Section, in lieu thereof, and shall hold such Replacement Obligations in the Escrow Fund until the Escrow Obligations described in Schedule A which were not delivered on the date of delivery of the Bonds are available for delivery. The Escrow Agent shall return to the supplier thereof any Replacement Obligations in exchange for and upon receipt of the Escrow Obligations set forth in Schedule A for which such Replacement Obligations described in such paragraph (b) were substituted. The Escrow Agent shall have no power or duty to invest any moneys held in the Escrow Fund or to make substitutions of the Escrow Obligations held in the Escrow Fund or to hereafter sell, transfer or otherwise dispose of such Escrow Obligations, except pursuant to the following subparagraph (b).

B.           An obligation shall qualify as a Replacement Obligation or other permitted substitution obligation only if such Replacement Obligations:

A.           are in an amount, and/or mature in an amount (including any interest received thereon), which together with any cash or Government Securities substituted for the Escrow Obligations listed in Schedule A hereto is equal to or greater than the amount payable on the maturity date of the Escrow Obligations listed in Schedule A hereto for which the substitution occurred;

B.           mature on or before the next date on which the Government Securities listed in Schedule A hereto which are substituted for will be required for payment of principal of, premium, if any, or interest on the Refunded Bonds; and

C. the Escrow Agent shall have been provided with (A) a mathematical verification of an independent certified public accountant that the Replacement Obligations are sufficient to pay the principal, interest and premium of the Refunded Bonds as shown on Schedule C and (B) an opinion of nationally recognized bond counsel to the effect that the substitution is permitted hereunder and has no adverse effect on the exclusion from gross income for federal income tax purposes of interest on the bonds or the Refunded Bonds.

To the extent that the Escrow Obligations mature before the payment dates referred to in Schedule C, the Escrow Agent may invest for the benefit of the Issuer such cash in other Escrow Obligations provided that the investment in such other Escrow Obligations mature on or before dates pursuant to Section 6 in such amounts as equal or exceed the Section 6 requirements and that such investment does not cause the Bonds or the Refunded Bonds to be "arbitrage bonds" under the Internal Revenue Code of 1986, as amended.

C. The Escrow Agent shall collect and receive the interest accruing and payable on the Escrow Obligations and the maturing principal amounts of the Escrow Obligations as the same are paid and credit the same to the Escrow Fund, so that the interest on and the principal of the Escrow Obligations, as such are paid, will be available to make the payments required pursuant to Section 6 hereof.

D. In the event there is a deficiency in the Escrow Fund, the Escrow Agent shall notify the Issuer of such deficiency, and the Issuer shall immediately remedy such deficiency by paying to the Escrow Agent the amount of such deficiency. The Escrow Agent shall not be liable for any such deficiency, except as may be caused by the Escrow Agent's negligence or willful misconduct.

SECTION EE. Deposit to Escrow Fund Irrevocable. The deposit of the moneys in the Escrow Fund shall constitute an irrevocable deposit of said moneys in trust exclusively for the benefit of the owners of the Refunded Bonds and such moneys and Escrow Obligations, together with any income or interest earned thereon, shall be held in escrow and shall be applied solely to the payment of the principal of, premium, if any, and interest on the Refunded Bonds as the same mature and become due or are redeemed. Subject to the requirements set forth herein for the use of the Escrow Fund and the moneys and investments therein, the Issuer covenants and agrees that the Escrow Agent shall have full and complete control and authority over and with respect to the Escrow Fund and moneys and investments therein and the Issuer shall not exercise any control or authority over and with respect to the Escrow Fund and the moneys and investments therein.

SECTION FF. Use of Moneys. The Escrow Agent shall apply the moneys deposited in the Escrow Fund and the Escrow Obligations, together with any income or interest earned thereon, in accordance with the provisions hereof. The Escrow Agent shall have no power or duty to invest any moneys held hereunder, or to make substitutions of the Escrow Obligations held hereunder or to sell, transfer or otherwise dispose of the Escrow Obligations acquired hereunder, except as provided in 2(b) above. The liability of the Escrow Agent for the payment of the amounts to be paid hereunder shall be limited to the principal of and interest on the Escrow Obligations and cash available for such purposes in the Escrow Fund. Any amounts held as cash in the Escrow Fund shall be held in cash without any investment thereof, not as a time or demand deposit with any bank, savings and loan or other depository.

SECTION GG. Payment of Refunded Bonds. The Escrow Agent shall receive the matured principal of and the interest on the Escrow Obligations as the same are payable. On or before each interest payment date on the Refunded Bonds, the Escrow Agent shall transmit to the Issuer or the paying agent for the Refunded Bonds in immediately available funds, sufficient amounts for the payment of the interest on the Refunded Bonds due on said date and any principal of and redemption premiums on the Refunded Bonds due on

said date by reason of the redemption of Refunded Bonds, in accordance with Schedule C attached hereto.

SECTION HH. Notice of Defeasance. The Issuer shall cause a Notice of Defeasance of the Refunded Bonds to be sent by the paying agent for the Refunded Bonds, by first class mail, postage prepaid, not less than thirty (30) days prior to the date of defeasance of the Refunded Bonds to the registered owners as the same appear on the registration books maintained by the paying agent. The Issuer will reimburse the Escrow Agent for any expenses incurred in connection with this Section from moneys other than those in the Escrow Fund.

SECTION II. Remaining Moneys in Escrow Fund. Upon the retirement of the Refunded Bonds, any amounts remaining in the Escrow Fund shall be paid to the Issuer as its property free and clear of the trust created by the Bond Ordinance and this Agreement and shall be transferred to the Issuer.

SECTION JJ. Rights of Owners of Refunded Bonds. The escrow trust fund created hereby shall be irrevocable and the owners of the Refunded Bonds shall have a beneficial interest and a first, prior and paramount claim on all moneys and Escrow Obligations in the Escrow Fund until paid out, used and applied in accordance with this Agreement.

SECTION KK. Fees of Escrow Agent. In consideration of the services rendered by the Escrow Agent under this Agreement, the Issuer has paid to the Escrow Agent its reasonable fees and expenses, and the Escrow Agent hereby acknowledges (i) receipt of such payment and (ii) that it shall have no lien whatsoever upon any moneys in the Escrow Fund. In no event shall the Issuer be liable to any person by reason of the transactions contemplated hereby other than to the Escrow Agent as set forth in this Section 10.

The Escrow Agent and its respective successors, assigns, agents and servants shall not be held to any personal liability whatsoever, in tort, contract, or otherwise, in connection with the execution and delivery of this Agreement, the establishment of the Escrow Fund, the acceptance of the moneys and securities deposited therein, the purchase of those Escrow Obligations listed in Schedule A, the retention of the Escrow Obligations or the proceeds thereof or any payment, transfer or other application of moneys or securities by the Escrow Agent in accordance with the provisions of this Agreement or by reason of any act, omission or error of the Escrow Agent made in good faith and without negligence in the conduct of its duties.

SECTION LL. Enforcement. The Issuer, the paying agent for the Refunded Bonds and the owners of the Refunded Bonds shall have the right to take all actions available under law or equity to enforce this Agreement or the terms hereof.

SECTION MM. Records and Reports. The Escrow Agent will keep books of record and account in which complete and correct entries shall be made of all transactions relating to the receipts, disbursements, allocations and application of the money and Escrow Obligations deposited to the Escrow Fund and all proceeds thereof. With respect to each investment of the proceeds of Escrow Obligations, the Escrow Agent shall record, to the extent applicable, the purchase price of such investment, its fair market value, its coupon rate, its yield to maturity, the frequency of its interest payment, its disposition price, the accrued interest due on its disposition date and its disposition date. Such books shall be available for inspection at reasonable hours and under reasonable conditions by the Issuer and the owners of the Bonds and the Refunded Bonds.

SECTION NN. Successor Escrow Agents. If at any time the Escrow Agent or its legal successor or successors should become unable, through operation of law or otherwise, to act as escrow agent hereunder, or if its property and affairs shall be taken under the control of any state or federal court or administrative body because of insolvency or bankruptcy or for any other reason, a vacancy shall forthwith exist in the office of escrow agent hereunder. In

such event the Issuer, by appropriate order, and with the prior written consent of the Issuer, shall promptly appoint an escrow agent to fill such vacancy.

Any successor escrow agent shall execute, acknowledge and deliver to the Issuer and the Escrow Agent an instrument accepting such appointment hereunder, and the Escrow Agent shall execute and deliver an instrument transferring to such successor escrow agent, subject to the terms of this Agreement, all the rights, powers and trusts of the Escrow Agent hereunder. Upon the request of any such successor escrow agent, the Issuer shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor escrow agent all such rights, powers and duties. The Escrow Agent shall pay over to its successor escrow agent a proportional part of the Escrow Agent's fee hereunder.

The Escrow Agent may be removed at any time by an instrument or concurrent instrument in writing delivered to the Escrow Agent by the Issuer.

SECTION OO. Amendments. This Agreement may be amended with the consent of the Issuer and the Escrow Agent (i) to correct ambiguities, (ii) to strengthen any provision hereof which is for the benefit of the owners of the Refunded Bonds or the Bonds or (iii) to sever any provision hereof which is deemed to be illegal or unenforceable; and provided further that this Agreement shall not be amended unless the Issuer shall deliver an opinion of nationally recognized bond counsel, that such amendments will not cause the Refunded Bonds to be "arbitrage bonds". A copy of any amendment shall be provided to the Insurer and any rating agencies which have rated the Bonds.

SECTION PP. Successors Bound. All covenants, promises and agreements in this Agreement shall bind and inure to the benefit of the respective successors and assigns of the Issuer, the Escrow Agent and the owners of the Refunded Bonds, whether so expressed or not.

SECTION QQ. Louisiana Law Governing. This Agreement shall be governed by the applicable laws of the State of Louisiana.

SECTION RR. Termination. This Agreement shall terminate when all of the Refunded Bonds have been paid as aforesaid and any remaining moneys have been paid to the Issuer.

SECTION SS. Severability. If any one or more of the covenants or agreements provided in this Agreement on the part of the Issuer or the Escrow Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

SECTION TT. Counterparts. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Escrow Deposit Agreement as of the day and year first written.

CONSOLIDATED WATERWORKS AND  
WASTEWATER DISTRICT NO. 1 OF THE  
PARISH OF ST. CHARLES, LOUISIANA

By: Albert D. Legno  
Parish President,  
Parish of St. Charles, State of Louisiana

ATTEST:

By: Barbara Jambucha  
Council Secretary,  
St. Charles Parish Council

(SEAL)

ARGENT TRUST, a division of National  
Independent Trust Company  
Ruston, Louisiana

By: \_\_\_\_\_  
Title:

(SEAL)



**SCHEDULE A  
To Escrow Deposit Agreement**

**SCHEDULE OF ESCROW SECURITIES  
PURCHASED WITH BOND PROCEEDS AND EXISTING FUNDS**

**SCHEDULE B  
To Escrow Agreement**

**ESCROW CASH FLOW AND PROOF OF SUFFICIENCY**

**SCHEDULE C**  
**To Escrow Deposit Agreement**

**DEBT SERVICE ON REFUNDED BONDS**

EXHIBIT "D"  
TO BOND ORDINANCE

FORM OF FACE OF  
WATER REVENUE \_\_\_\_\_ BOND,  
SERIES 2007\_\_

No. \_\_R-\_\_\_\_\_

Principal \$\_\_\_\_\_

Unless this Bond is presented by an authorized representative of the Depository Trust Company, a New York corporation ("DTC"), to the Issuer or their agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of CEDE & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to CEDE & CO. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, CEDE & CO., has an interest herein.

As provided in the Bond Ordinance referred to herein, until the termination of the system of book-entry-only transfers through DTC and notwithstanding any other provision of the Bond Ordinance to the contrary, this Bond may be transferred, in whole but not in part, only to a nominee of DTC, or by a nominee of DTC to DTC or a nominee of DTC, or by DTC or a nominee of DTC to any successor securities depository or any nominee thereof.

UNITED STATES OF AMERICA  
STATE OF LOUISIANA  
PARISH OF ST. CHARLES

WATER REVENUE \_\_\_\_\_ BOND, SERIES 2007\_\_  
OF CONSOLIDATED WATERWORKS AND  
WASTEWATER DISTRICT NO. 1 OF THE  
PARISH OF ST. CHARLES, STATE OF LOUISIANA

Bond	Maturity	Interest	CUSIP
<u>Date</u>	<u>Date</u>	<u>Rate</u>	<u>Number</u>
_____	July 1, _____	_____%	_____

Consolidated Waterworks and Wastewater District No. 1 of the Parish of St. Charles, State of Louisiana (the "Issuer"), promises to pay to:

REGISTERED OWNER: CEDE & CO. (Tax Identification #13-2555119)

PRINCIPAL AMOUNT:

or registered assigns, on the Maturity Date set forth above, the Principal Amount set forth above, together with interest thereon from the date hereof, or from the most recent interest payment date to which interest has been paid or duly provided for, payable on January 1 and July 1 of each year, commencing July 1, 2007, at the Interest Rate per annum set forth above until said principal amount is paid, unless this bond shall have been previously called for redemption and payment shall have been made or duly provided for. The principal of this bond, upon maturity or redemption, is payable in such coin or currency of the United States of America which at the time of payment is legal tender for payment of public and private debts at The Bank of New York Trust Company, N.A., in the City of Baton Rouge, Louisiana, or any successor thereto (the "Paying Agent/Registrar"), upon presentation and surrender hereof. Interest on this bond is payable by check mailed by the Paying Agent/Registrar to the registered owner. The interest so payable on any interest payment date will, subject to certain exceptions provided in the hereinafter defined Bond Ordinance, be paid to the person in whose name this bond is registered as of the Regular Record Date (which is the 15th calendar

day of the month next preceding an interest payment date). Any interest not punctually paid or duly provided for shall be payable as provided in the Bond Ordinance.

During any period after the initial delivery of the Bonds in book-entry-only form when the Bonds are delivered in multiple certificates form, upon request of a registered owner of at least \$1,000,000 in principal amount of Bonds outstanding, all payments of principal, premium, if any, and interest on the Bonds will be paid by wire transfer in immediately available funds to an account designated by such registered owner; CUSIP number identification with appropriate dollar amounts for each CUSIP number must accompany all payments of principal, premium, and interest, whether by check or by wire transfer.

FOR SO LONG AS THIS BOND IS HELD IN BOOK-ENTRY FORM REGISTERED IN THE NAME OF CEDE & CO. ON THE REGISTRATION BOOKS OF THE CITY KEPT BY THE PAYING AGENT, AS BOND REGISTRAR, THIS BOND, IF CALLED FOR PARTIAL REDEMPTION IN ACCORDANCE WITH THE BOND ORDINANCE, SHALL BECOME DUE AND PAYABLE ON THE REDEMPTION DATE DESIGNATED IN THE NOTICE OF REDEMPTION GIVEN IN ACCORDANCE WITH THE BOND ORDINANCE AT, AND ONLY TO THE EXTENT OF, THE REDEMPTION PRICE, PLUS ACCRUED INTEREST TO THE SPECIFIED REDEMPTION DATE; AND THIS BOND SHALL BE PAID, TO THE EXTENT SO REDEEMED, (i) UPON PRESENTATION AND SURRENDER THEREOF AT THE OFFICE SPECIFIED IN SUCH NOTICE OR (ii) AT THE WRITTEN REQUEST OF CEDE & CO., BY CHECK MAILED TO CEDE & CO. BY THE PAYING AGENT OR BY WIRE TRANSFER TO CEDE & CO. BY THE PAYING AGENT IF CEDE & CO. AS BONDOWNER SO ELECTS. IF, ON THE REDEMPTION DATE, MONEYS FOR THE REDEMPTION OF BONDS OF SUCH MATURITY TO BE REDEEMED, TOGETHER WITH INTEREST TO THE REDEMPTION DATE, SHALL BE HELD BY THE PAYING AGENT SO AS TO BE AVAILABLE THEREFOR ON SUCH DATE, AND AFTER NOTICE OF REDEMPTION SHALL HAVE BEEN GIVEN IN ACCORDANCE WITH THE BOND ORDINANCE, THEN, FROM AND AFTER THE REDEMPTION DATE, THE AGGREGATE PRINCIPAL AMOUNT OF THIS BOND SHALL BE IMMEDIATELY REDUCED BY AN AMOUNT EQUAL TO THE AGGREGATE PRINCIPAL AMOUNT THEREOF SO REDEEMED, NOTWITHSTANDING WHETHER THIS BOND HAS BEEN SURRENDERED TO THE PAYING AGENT FOR CANCELLATION.

This bond is one of an authorized issue of Water Revenue \_\_\_\_ Bonds, Series 2007\_\_, aggregating in principal the sum of \_\_\_\_\_ Dollars (\$\_\_\_\_\_) (the "Bonds"), said Bonds having been issued by the Issuer pursuant to the General Bond Ordinance adopted by its governing authority on \_\_\_\_\_, as supplemented on \_\_\_\_\_ (collectively, the "Bond Ordinance") for the purpose of (2007A Bonds constructing and acquiring additions, extensions and improvements to the Water System, including the necessary equipment and furnishings therefor, paying the costs of issuance of such Bonds and establishing a reserve for the payment thereof, under the authority of Section 1430 of Title 39 of the Louisiana Revised Statutes of 1950 and other constitutional and statutory authority supplemental thereto)(2007B Bonds refunding the July 1, 2007 to July 1, 2016, inclusive, maturities of the Issuer's outstanding Utility Revenue Refunding Bonds, Series 1999, under the authority conferred by Chapter 14-A of Title 39 of the Louisiana Revised Statutes of 1950, as amended, and other constitutional and statutory authority) or (2007C Bonds refunding the July 1, 2007 to July 1, 2010, inclusive, maturities of the Issuer's outstanding Utility Revenue Refunding Bonds, Series 2003, under the authority conferred by Chapter 14-A of Title 39 of the Louisiana Revised Statutes of 1950, as amended, and other constitutional and statutory authority).

This Bond and the issue of which it forms a part are issued on a complete parity with the Issuer's Water Revenue

\_\_\_\_\_ Bonds, Series 2007\_\_, maturing \_\_\_\_\_ through \_\_\_\_\_ and the Issuer=s Water Revenue \_\_\_\_\_ Bonds, Series 2007\_\_, maturing \_\_\_\_\_ through \_\_\_\_\_ (the ASeries\_\_ and Series \_\_\_\_ Bonds@).

The Bonds are issuable in the denomination of \$5,000, or any integral multiple thereof within a maturity. As provided in the Bond Ordinance, and subject to certain limitations set forth therein, the Bonds are exchangeable for an equal aggregate principal amount of Bonds of the same maturity of any other authorized denomination.

Subject to the limitations and requirements provided in the Bond Ordinance, the transfer of this Bond shall be registered on the registration books of the Paying Agent/Registrar upon surrender of this Bond at the principal corporate trust office of the Paying Agent/Registrar as Bond Registrar, duly endorsed by, or accompanied by a written instrument of transfer in form and a guaranty of signature satisfactory to the Paying Agent/Registrar, duly executed by the registered owner or his attorney duly authorized in writing, and thereupon a new Bond or Bonds of the same maturity and of authorized denomination or denominations, for the same aggregate principal amount, will be issued to the transferee. Prior to due presentment for transfer of this Bond, the Issuer and the Paying Agent/Registrar may deem and treat the registered owner hereof as the absolute owner hereof (whether or not this Bond shall be overdue) for the purpose of receiving payment of or on account of principal hereof and interest hereon and for all other purposes, and neither the Issuer nor the Paying Agent/Registrar shall be affected by any notice to the contrary.

The Issuer and the Paying Agent/Registrar shall not be required to (a) issue, register the transfer of or exchange any Bond during a period beginning at the opening of business on the 15th day of the month next preceding an interest payment date or any date of selection of Bonds to be redeemed and ending at the close of business on the interest payment date or (b) to register the transfer of or exchange any Bond so selected for redemption in whole or in part.

(Language for Series 2007A Bonds only) Those Series 2007A Bonds maturing July 1, 2018, and thereafter, will be callable for redemption by the Issuer in full, or in part, at any time on or after July 1, 2017, at a price equal to the principal amount of the called bonds and accrued interest thereon to the call date.

(Language for Series 2007A Bonds only) The Term Bonds maturing on July 1, 20\_\_\_, shall be subject to mandatory sinking fund redemption on July 1 in the years and in the principal amounts set forth below at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon:

<u>Year</u> <u>(July 1)</u>	<u>Principal</u> <u>Amount</u>
--------------------------------	-----------------------------------

\* Final Maturity.

(Language 2007A Bonds only) In the event a Series 2007A Bond to be redeemed is of a denomination larger than \$5,000, a portion of such Bond (\$5,000 or any multiple thereof) may be redeemed. Any Series 2007A Bonds which is to be redeemed only in part shall be surrendered at the principal corporate trust office of the Paying Agent and there shall be delivered to the Owner of such Series 2007A Bond, a Bond or Bonds of the same maturity and of any authorized denomination or denominations as requested by such Owner in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the 2007A Bond so surrendered. Official notice of such call of any of the Series 2007A Bonds for redemption shall be given by first class mail, postage prepaid, by notice deposited in the United States mails not less than thirty (30) days prior to the redemption date addressed to the registered owner of each Series 2007A Bond to be redeemed at his address as shown on the registration books of the Paying Agent.

(Language for 2007B and 2007C Bonds only) The Series 2007B Bonds and Series 2007C Bonds are not subject to redemption prior to their stated maturities.

This Bond and the issue of which it forms a part are payable as to both principal and interest solely from and secured by an irrevocable pledge of the Net Revenues, all as provided in the Bond Ordinance, and this Bond does not constitute an indebtedness or pledge of the general credit of the Issuer within the meaning of any constitutional and statutory limitation of indebtedness. For a complete statement of the revenues from which and conditions under which this Bond is issued, and provisions permitting the issuance of additional bonds under certain conditions, reference is hereby made to the Bond Ordinance.

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

It is certified that this Bond is authorized by and is issued in conformity with the requirements of the Constitution and statutes of the State of Louisiana. It is further certified, recited and declared that all acts, conditions and things required to exist, to happen and to be performed precedent to and in the issuance of this Bond and the issue of which it forms a part to constitute the same legal, binding and valid obligations of the Issuer have existed, have happened and have been performed in due time, form and manner as required by law, and that the indebtedness of the Issuer, including this Bond and the issue of which it forms a part, does not exceed

the limitations prescribed by the Constitution and statutes of the State of Louisiana.



IN WITNESS WHEREOF, the St. Charles Parish Council, the governing authority of the Issuer, has caused this Bond to be executed in its name by the facsimile signatures of the **Parish President and Council Secretary of said governing authority** and a facsimile of the corporate seal of the Issuer to be imprinted hereon.

CONSOLIDATED WATERWORKS AND  
WASTEWATER DISTRICT NO. 1 OF THE  
PARISH OF ST. CHARLES, LOUISIANA

(facsimile)  
\_\_\_\_\_  
(facsimile)  
**Council Secretary**  
**St. Charles Parish Council**

\_\_\_\_\_  
**Parish President**  
**Parish of St. Charles, State of Louisiana**

(SEAL)

(FORM OF PAYING AGENT'S CERTIFICATE OF REGISTRATION)

This Bond is one of the Bonds referred to in the within mentioned Bond Ordinance.

THE BANK OF NEW YORK TRUST COMPANY, N.A.  
as Paying Agent

Date of Registration: \_\_\_\_\_  
\_\_\_\_\_

By:

Authorized Officer

(FORM OF ASSIGNMENT)

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

Please Insert Social Security or other Identifying Number of Assignee

[Redacted box]

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints

attorney or agent to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

\* \* \* \* \*

(FORM OF LEGAL OPINION CERTIFICATE)  
(TO BE PRINTED ON ALL BONDS)

LEGAL OPINION CERTIFICATE

I, the undersigned Council Secretary of the St. Charles Parish Council, do hereby certify that the following is a true copy of the complete legal opinion of Foley & Judell, L.L.P., the original of which was manually executed, dated and issued as of the date of payment for and delivery of this Bond and was delivered to the original purchasers thereof:

(Bond Printer Shall Insert Legal Opinion)

I further certify that an executed copy of the above legal opinion is on file in my office, and that an executed copy thereof has been furnished to the Paying Agent/Registrar for this Bond.

(Facsimile)

\_\_\_\_\_  
Council Secretary

\* \* \* \* \*

(BOND INSURANCE LEGEND OF AMBAC)

**BOND PURCHASE AGREEMENT**

**\$23,975,000**  
**WATER REVENUE BONDS, SERIES 2007A**  
**OF CONSOLIDATED WATERWORKS AND WASTEWATER**  
**DISTRICT NO. 1 OF THE**  
**PARISH OF ST. CHARLES, LOUISIANA**

**\$5,780,000**  
**WATER REVENUE REFUNDING BONDS, SERIES 2007B**  
**OF CONSOLIDATED WATERWORKS AND WASTEWATER**  
**DISTRICT NO. 1 OF THE**  
**PARISH OF ST. CHARLES, LOUISIANA**

**AND**

**\$1,105,000**  
**WATER REVENUE REFUNDING BONDS, SERIES 2007C**  
**OF CONSOLIDATED WATERWORKS AND WASTEWATER**  
**DISTRICT NO. 1 OF THE**  
**PARISH OF ST. CHARLES, LOUISIANA**

December 19, 2006

Honorable St. Charles Parish Council  
Hahnville, Louisiana

Ladies and Gentlemen:

The undersigned, Morgan Keegan & Company, Inc., of New Orleans, Louisiana (the "Underwriter"), offers to enter into this agreement with Consolidated Waterworks and Wastewater District No. 1 of the Parish of St. Charles, Louisiana (the "Issuer"), which, upon your acceptance of this offer, will be binding upon you and upon us.

This offer is made subject to your acceptance of this agreement on or before 10:00 p.m., New Orleans Time on this date.

1. **Purchase Price.** Upon the terms and conditions and upon the basis of the respective representations, warranties and covenants set forth herein, the Underwriter hereby agrees to purchase from the Issuer, and the Issuer hereby agrees to sell to the Underwriter, all (but not less than all) of the above-captioned Water Revenue Bonds, Series 2007A (the "2007A Bonds"), Water Revenue Refunding Bonds, Series 2007B (the "2007B Bonds") and Water Revenue Refunding Bonds, Series 2007C (the "2007C Bonds") of the Issuer (collectively, the "Bonds"). The purchase price of the Bonds is set forth in Schedule I-1, Schedule I-2 and Schedule I-3 attached hereto. Such purchase price shall be paid at the Closing (hereinafter defined) in accordance with paragraph 6 hereof. The Bonds are to be issued by the Issuer, acting through the St. Charles Parish Council, its governing authority (the "Governing Authority"), under and pursuant to, and are to be secured by an ordinance adopted by the Governing Authority on December 19, 2006 (the "Bond Ordinance"). The 2007A Bonds are issued pursuant to Section 1430 of Title 39 of the Louisiana Revised Statutes of 1950, as amended, and other statutory and constitutional provisions (the "Act"). The 2007B Bonds and 2007C Bonds are issued pursuant to Chapter 14-A of Title 39 of the Louisiana Revised Statutes of 1950, as amended, and other constitutional and statutory authority (the "Refunding Act"). The Bonds shall mature on the dates and shall bear interest at the fixed rates, all as described in Schedule II-1, Schedule II-2 and Schedule II-3 attached hereto.

Concurrently with the delivery of the Bonds, Ambac Assurance Corporation (the "Insurer") will deliver its policy of insurance insuring payment of principal of and interest on the Bonds pursuant to the terms and conditions of such policy (the "Insurance Policy").

2. **Public Offering.** The Underwriter intends to make an initial bona fide public offering of all of the Bonds at not in excess of the public offering prices set forth on Schedule II-I, Schedule II-2 and Schedule II-3 attached hereto, and may subsequently change such offering price without any requirement of prior notice. The Underwriter may offer and sell Bonds to certain dealers (including dealers depositing bonds into investment trusts) and others at prices lower than such public offering prices. Not less than ten business days prior to the Closing, the Underwriter agrees to furnish to Foley & Judell, L.L.P., Bond Counsel, a certificate acceptable to Bond Counsel (i) specifying the reoffering prices at which a substantial amount of the Bonds was sold to the public (excluding bond houses, brokers and other intermediaries) and (ii) certifying the accuracy of such reoffering prices (if lower than those set out in Schedule II). The Underwriter acknowledges that Bond Counsel will rely on such representations in making their determination that the Bonds are not "arbitrage bonds" within the meaning of the Internal Revenue Code of 1986, as amended.

3. **Representative.** The undersigned representative of Morgan Keegan & Company, Inc. is duly authorized to execute this Bond Purchase Agreement.

4. **Official Statement.** The Issuer shall deliver to the Underwriter at least one (1) copy of the Official Statement dated the date hereof relating to the Bonds, executed on behalf of the Issuer by the duly authorized officers of the Governing Authority. The Issuer agrees to amend or supplement the Official Statement on or prior to the Closing whenever requested by the Underwriter when, in the reasonable judgment of the Underwriter and/or Bond Counsel to the Issuer, such amendment or supplementation is required.

You hereby ratify and approve the lawful use of the Preliminary Official Statement, dated December 13, 2006, relating to the Bonds (the "Preliminary Official Statement") by the Underwriter prior to the date hereof, and authorize and approve the Official Statement and other pertinent documents referred to in Section 7 hereof to be lawfully used in connection with the offering and sale of the Bonds. The Issuer has previously provided the Underwriter with a copy of the said Preliminary Official Statement. As of its date, the Preliminary Official Statement has been deemed final by the Issuer for purposes of SEC Rule 15c2-12(b)(1). The Issuer agrees to provide to the Underwriter within seven business days of the date hereof sufficient copies of the Official Statement to enable the Underwriter to comply with the requirements of Rule 15c2-12(b)(4) under the Securities Exchange Act of 1934, as amended.

5. **Representations of the Issuer.**

(a) The Issuer has duly authorized all necessary action to be taken by it for: (i) the sale of the Bonds upon the terms set forth herein and in the Official Statement; (ii) the approval of the Official Statement and the signing of the Official Statement by a duly authorized officer; and (iii) the execution, delivery and receipt of this Bond Purchase Agreement, the Escrow Agreement and any and all such other agreements and documents as may be required to be executed, delivered and received by the Issuer in order to carry out, give effect to, and consummate the transactions contemplated hereby, by the Bonds, the Official Statement, and the Bond Ordinance;

(b) The information contained in the Official Statement is and, as of the date of Closing, will be correct in all material respects and such information does not contain and will not contain any untrue statement of a material fact and does not omit and will not omit to state a material fact required to be stated therein or necessary to make the statements in such Official Statement,

in light of the circumstances under which they were made, not misleading; provided that no representation is made concerning information about the Insurer or the Insurance Policy;

(c) To the knowledge of the Issuer there is no action, suit, proceeding, inquiry or investigation at law or in equity or before or by any court, public board or body pending against or affecting the Issuer or the Governing Authority or threatened against or affecting the Issuer or the Governing Authority (or, to the knowledge of the Issuer, any basis therefor) contesting the due organization and valid existence of the Issuer or the Governing Authority or the validity of the Act or wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated hereby or by the Official Statement or the validity or due adoption of the Bond Ordinance or the validity, due authorization and execution of the Bonds, this Bond Purchase Agreement, the Escrow Agreement or any agreement or instrument to which the Issuer is a party and which is used or contemplated for use in the consummation of the transaction contemplated hereby or by the Official Statement;

(d) The authorization, execution and delivery by the Issuer of the Official Statement, this Bond Purchase Agreement, the Escrow Agreement, and the other documents contemplated hereby and by the Official Statement, and compliance by the Issuer with the provisions of such instruments, do not and will not conflict with or constitute on the part of the Issuer a breach of or a default under any provisions of the Louisiana Constitution of 1974, as amended, or any existing law, court or administrative regulation, decree or order by which the Issuer or its properties are or, on the date of Closing will be, bound;

(e) All consents of and notices to or filings with governmental authorities necessary for the consummation by the Issuer of the transactions described in the Official Statement, the Bond Ordinance, the Escrow Agreement and this Bond Purchase Agreement (other than such consents, notices and filings, if any, as may be required under the securities or blue sky laws of any federal or state jurisdiction) required to be obtained or made have been obtained or made or will be obtained or made prior to delivery of the Bonds;

(f) The Issuer agrees to cooperate with the Underwriter and its counsel in any endeavor to qualify the Bonds for offering and sale under the securities or blue sky laws of such jurisdictions of the United States as the Underwriter may reasonably request; provided, however, that the Issuer shall not be required to register as a dealer or a broker in any such state or jurisdiction or qualify as a foreign corporation or file any general consents to service of process under the laws of any state. The Issuer consents to the lawful use of the Preliminary Official Statement and the Official Statement by the Underwriter in obtaining such qualifications. No member of the Governing Authority, or any officer, employee or agent of the Issuer shall be individually liable for the breach of any representation or warranty made by the Issuer.

6. **Delivery of, and Payment for, the Bonds.** At 9:30 a.m., New Orleans Time, on or about January 30, 2007, or at such other time or date as shall have been mutually agreed upon by the Issuer and the Underwriter, the Issuer will deliver, or cause to be delivered, to the Underwriter, the Bonds, in definitive form duly executed and registered by The Bank of New York Trust Company, N.A., in the City of Baton Rouge, Louisiana, as Paying Agent (the "Paying Agent"), together with the other documents hereinafter mentioned and the other moneys required by the Bond Ordinance to be provided by the Issuer to refund the Refunded Bonds and, subject to the conditions herein, the Underwriter will accept

delivery and pay the purchase price of the Bonds in Federal Funds at the office of the Escrow Agent, for the account of the Issuer.

Delivery of the Bonds as aforesaid shall be made at the offices of Bond Counsel in New Orleans, Louisiana, or such other place as may be agreed upon by the Underwriter and the Issuer. Such payment and delivery is herein called the "Closing". The Bonds will be delivered initially as fully registered bonds, one bond representing each maturity of the Bonds, and registered in such names as the Underwriter may request not less than three business days prior to the Closing or if no such instructions are received by the Paying Agent, in the name of the Representative.

7. **Certain Conditions To Underwriter's Obligations.** The obligations of the Underwriter hereunder shall be subject to the performance by the Issuer of its obligations to be performed hereunder, and to the following conditions:

(a) At the time of Closing, (i) the Bond Ordinance shall have been adopted and the Escrow Agreement shall be in full force and effect and shall not have been amended, modified or supplemented except as may have been agreed to by the Underwriter, (ii) the Bonds shall have been approved by resolution of the State Bond Commission, (iii) the proceeds of the sale of the Bonds shall be applied as described in the Official Statement and the Bond Ordinance, and (iv) there shall have been duly adopted and there shall be in full force and effect such ordinances as, in the opinion of Bond Counsel, shall be necessary in connection with the transactions contemplated hereby; and

(b) At or prior to the Closing, the Underwriter shall have received each of the following:

(A) the approving opinion of Bond Counsel, dated the date of the Closing, relating to, among other things, the validity of the Bonds and the exclusion of the interest on the Bonds from gross income for federal income tax purposes under the law existing on the date of the Closing, in form satisfactory to the Underwriter;

(B) a supplemental opinion of Bond Counsel, dated the date of the Closing, addressed to the Issuer, the Escrow Agent and the Underwriter in form satisfactory to the Underwriter;

(C) certificates of the Issuer dated the date of the Closing, executed by authorized officers in form satisfactory to the Underwriter;

(D) the Official Statement executed on behalf of the Issuer by the duly authorized officers thereof;

(E) a specimen of the Bonds;

(F) certified copies of the Bond Ordinance and all other resolutions and/or ordinances of the Issuer and the State Bond Commission relating to the issuance and/or sale of the Bonds, as applicable;

(G) a certificate of a duly authorized officer of the Issuer, satisfactory to the Underwriter, dated the date of Closing, stating that such officer is charged, either alone or with others, with the responsibility for issuing the Bonds; setting forth, in the manner required by Bond Counsel, the reasonable expectations of the Issuer as of such date as to the use of proceeds of the Bonds and of any other funds of the Issuer expected to be used to pay principal or interest on the Bonds and the facts and estimates on which such

expectations are based; and stating that, to the best of the knowledge and belief of the certifying officer, the Issuer's expectations are reasonable;

(H) evidence, satisfactory in form and substance to the Underwriter, that the Insurance Policy has been duly authorized, created and delivered by the Insurer and is in full force and effect;

(I) a certificate of the Paying Agent, as to (a) its corporate capacity to act as such, (b) the incumbency and signatures of authorized officers, and (c) its due registration of the Bonds delivered at the Closing by an authorized officer;

(J) other certificates of the Issuer listed on a Closing Memorandum, including any certificates or representations required in order for Bond Counsel to deliver the opinions referred to in Paragraphs 7(b)(A) and (B) of this Bond Purchase Agreement and such additional legal opinions, certificates, proceedings, instruments and other documents as Bond Counsel may reasonably request to evidence compliance by the Issuer with applicable legal requirements, the truth and accuracy, as of the time of Closing, of their respective representations contained herein, and the due performance or satisfaction by them at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by each.

All such opinions, certificates, letters, agreements and documents will be in compliance with the provisions hereof only if they are satisfactory in form and substance to the Underwriter. The Issuer will furnish the Underwriter with such conformed copies or photocopies of such opinions, certificates, letters, agreements and documents relating to the Bonds as the Underwriter may reasonably request.

8. Conditions to Obligations of the Issuer. The obligations of the Issuer hereunder to deliver the Bonds shall be subject to the execution and delivery by the Insurer and the acceptance by the Issuer or the Paying Agent of the Insurance Policy and receipt of the opinions of Bond Counsel described in Sections 7(b)(A) and 7(b)(B) hereof.

9. Termination. The Underwriter shall have the right to cancel their obligation to purchase the Bonds if (i) between the date hereof and the Closing, legislation shall be enacted or favorably reported for passage to either House of the Congress by any committee of such House to which such legislation has been referred for consideration, a decision by a court of the United States or the United States Tax Court shall be rendered, or a ruling, regulation or statement by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency shall be made or proposed to be made with respect to the federal taxation upon interest on obligations of the general character of the Bonds, or other action or events shall have transpired which may have the purpose or effect, directly or indirectly, of adversely changing the federal income tax consequences of any of the transactions contemplated in connection herewith, and, in the opinion of the Underwriter, materially adversely affects the market price of the Bonds, or the market price generally of obligations of the general character of the Bonds, or (ii) there shall exist any event which in the Underwriter's judgment either (a) makes untrue or incorrect in any material respect any statement or information contained in the Official Statement or (b) is not reflected in the Official Statement but should be reflected therein in order to make the statements and information contained therein not misleading in any material respect, or (iii) there shall have occurred any outbreak of hostilities or any national or international calamity or crisis including financial crisis, or a default with respect to the debt obligations of, or the institution of proceedings under federal or state bankruptcy laws by or against the Issuer, the effect of which on the financial markets of the United States being such as, in the reasonable judgment of the Underwriter, would make it impracticable for the Underwriter to market the Bonds or to enforce contracts for the sale of the Bonds, or (iv) there shall be in force a general suspension of trading on the New York Stock Exchange, or (v) a general banking

moratorium shall have been declared by either federal, Louisiana or New York authorities, or (vi) there shall have occurred since the date of this Bond Purchase Agreement any material adverse change in the affairs of the Issuer, except for changes which the Official Statement discloses have occurred or may occur, or (vii) legislation shall be enacted or any action shall be taken by the Securities and Exchange Commission which, in the opinion of Bond Counsel, has the effect of requiring the contemplated distribution of the Bonds to be registered under the Securities Act of 1933, as amended, or the Bond Ordinance, or any other document executed in connection with the transactions contemplated hereof to be qualified under the Trust Indenture Act of 1939, as amended, or (viii) a stop order, ruling, regulation or official statement by or on behalf of the Securities and Exchange Commission shall be issued or made to the effect that the issuance, offering or sale of the Bonds, or of obligations of the general character of the Bonds as contemplated hereby, or the offering of any other obligation which may be represented by the Bonds is in violation of any provision of the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, or the Trust Indenture Act of 1939, as amended, or (ix) any state blue sky or securities commission shall have withheld registration, exemption or clearance of the offering, and in the reasonable judgment of the Underwriter the market for the Bonds is materially affected thereby.

If the Issuer shall be unable to satisfy any of the conditions to the obligations of the Underwriter contained in this Bond Purchase Agreement and such condition is not waived by the Underwriter, or if the obligations of the Underwriter to purchase and accept delivery of the Bonds shall be terminated or cancelled for any reason permitted by this Bond Purchase Agreement, this Bond Purchase Agreement shall terminate and neither the Underwriter nor the Issuer shall be under further obligation hereunder; except that the respective obligations to pay expenses, as provided in Section 12 hereof, shall continue in full force and effect.

10. Additional Covenants. The Issuer covenants and agrees with the Underwriter as follows:

(a) The Issuer shall furnish or cause to be furnished to the Underwriter as many copies of the Official Statement as the Underwriter may reasonably request;

(b) Before revising, amending or supplementing the Official Statement, the Issuer shall furnish a copy of the revised Official Statement or such amendment or supplement to the Underwriter. If in the opinion of the Issuer, its Bond Counsel and the Underwriter a supplement or amendment to the Official Statement is required, the Issuer will supplement or amend the Official Statement in a form and in a manner approved by the Underwriter and Bond Counsel.

11. Survival of Representations. All representations and agreements of the Issuer and the Underwriter hereunder shall remain operative and in full force and effect, and shall survive the delivery of the Bonds and any termination of this Bond Purchase Agreement by the Underwriter pursuant to the terms hereof.

12. Payment of Expenses. If the Bonds are sold to the Underwriter by the Issuer, the Issuer shall pay, from the proceeds of the Bonds, any reasonable expenses incident to the performance of its obligations hereunder, including but not limited to: (i) the cost of the preparation, printing and distribution of the Preliminary Official Statement and the Official Statement; (ii) the cost of the preparation of the printed Bonds; (iii) any rating agency fees; and (iv) the fees and expenses of Bond Counsel, the Escrow Agent, the Paying Agent and any other experts or consultants retained by the Issuer.

The Underwriter shall pay (a) all advertising expenses in connection with the public offering of the Bonds; (b) the cost of preparing and printing the blue sky and legal investment memoranda, if any; (c) filing fees in connection with the aforesaid blue sky and



legal investment memoranda; (d) the cost of municipal bond insurance and (e) all other expenses incurred by the Underwriter (including the cost of any Federal Funds necessary to pay the purchase price of the Bonds) in connection with their public offering.

13. Notices. Any notice or other communication to be given to the Issuer under this Bond Purchase Agreement may be given by delivering the same in writing at the address of the Issuer set forth above, and any notice or other communication to be given to the Underwriter under this Bond Purchase Agreement may be given by delivering the same in writing to Morgan Keegan & Company, Inc., 909 Poydras Street, Suite 1300, New Orleans, Louisiana 70112.

14. Parties. This Bond Purchase Agreement is made solely for the benefit of the Issuer and the Underwriter (including the successors or assigns of the either) and no other person shall acquire or have any right hereunder or by virtue hereof.

15. Governing Law. This Bond Purchase Agreement shall be governed by and construed in accordance with the laws of the State of Louisiana.

16. General. This Bond Purchase Agreement may be executed in several counterparts, each of which shall be regarded as an original and all of which will constitute one and the same instrument. The section headings of this Bond Purchase Agreement are for convenience of reference only and shall not affect its interpretation. This Bond Purchase Agreement shall become effective upon your acceptance hereof.

Very truly yours,

MORGAN KEEGAN & COMPANY, INC.

By: \_\_\_\_\_

Title:

Accepted and agreed to as of  
the date first above written:

CONSOLIDATED WATERWORKS AND WASTEWATER  
DISTRICT NO. 1 OF THE PARISH OF ST. CHARLES, LOUISIANA

By: Albert D. Legue  
Parish President  
Parish of St. Charles, State of Louisiana

ATTEST:

By: Barbara Jean Tucker  
Council Secretary  
St. Charles Parish Council

(SEAL)

**SCHEDULE I-1  
To Bond Purchase Agreement**

**Purchase Price  
Water Revenue Bonds, Series 2007A**

Par Amount of Bonds:		\$23,975,000.00
Less: Underwriter's Discount (%)		(\$191,800.00)
Plus: Premium	\$1,027,399.45	
Less: Credit Enhancement		(\$241,627.74)
 PURCHASE PRICE	 \$24,568,971.71.	

**SCHEDULE II-1  
To Bond Purchase Agreement**

<u>MATURITY (JULY 1)</u>	<u>PRINCIPAL AMOUNT DUE</u>	<u>INTEREST RATE</u>	<u>REOFFERING PRICES</u>
2019	\$2,345,000	5.00%	107.830
2020	865,000	4.00%	97.760
2022	1,835,000	5.00%	107.302
2023	990,000	4.125%	97.376
2024	1,030,000	4.125%	97.030
2025	1,070,000	5.00%	106.953
2026	1,125,000	4.25%	97.796
2031	6,485,000	5.00%	106.257
2032	1,500,000	4.25%	95.504
2036	6,730,000	5.00%	105.911

**SCHEDULE I-2  
To Bond Purchase Agreement**

**Purchase Price  
Water Revenue Refunding Bonds, Series 2007B**

Par Amount of Bonds:	\$5,780,000.00
Less: Underwriter's Discount (%)	(\$46,240.00)
Plus: Premium	\$72,347.10
Less: Credit Enhancement	(\$36,077.46)
 PURCHASE PRICE	 \$5,770,029.64

**SCHEDULE II-2  
To Bond Purchase Agreement**

<u>MATURITY (JULY 1)</u>	<u>PRINCIPAL AMOUNT DUE</u>	<u>INTEREST RATE</u>	<u>REOFFERING PRICES</u>
2007	\$60,000	4.00%	100.168
2008	55,000	4.00%	100.504
2009	55,000	4.00%	100.824
2010	565,000	4.00%	101.049
2011	755,000	4.00%	101.291
2012	785,000	4.00%	101.409
2013	820,000	4.00%	101.412
2014	855,000	4.00%	101.344
2015	895,000	4.00%	101.283
2016	935,000	4.00%	101.094

**SCHEDULE I-3  
To Bond Purchase Agreement**

**Purchase Price  
Water Revenue Refunding Bonds, Series 2007C**

Par Amount of Bonds:	\$1,105,000.00
Less: Underwriter's Discount (%)	(\$8,840.00)
Plus: Premium	\$5,608.40
Less: Credit Enhancement	(\$5,786.25)

PURCHASE PRICE \$1,095,982.15.

**SCHEDULE II-3  
To Bond Purchase Agreement**

<u>MATURITY</u> <u>(JULY 1)</u>	<u>PRINCIPAL</u> <u>AMOUNT</u> <u>DUE</u>	<u>INTEREST</u> <u>RATE</u>	<u>REOFFERING</u> <u>PRICES</u>
2007	355,000	4.00%	100.168
2008	365,000	4.00%	100.504
2009	385,000	4.00%	100.824

**AMBAC ASSURANCE LANGUAGE**

**Consent of Ambac Assurance**

Any provision of the First Supplemental Ordinance expressly recognizing or granting rights in or to Ambac Assurance may not be amended in any manner which affects the rights of Ambac Assurance hereunder without the prior written consent of Ambac Assurance. Ambac Assurance reserves the right to charge the Issuer a fee for any consent or amendment to the First Supplemental Ordinance while the Financial Guaranty Insurance Policy is outstanding.

**Consent of Ambac Assurance in lieu of Holder Consent.**

Unless otherwise provided in this Section, Ambac Assurance's consent shall be required in lieu of Series 2007A, Series 2007B or Series 2007C (collectively, the Bonds) Holder consent, when required, for the following purposes: (i) execution and delivery of any supplemental ordinance or any amendment, supplement or change to or modification of the First Supplemental Ordinance, (ii) removal of the Paying Agent and selection and appointment of any successor paying agent for such series of Bonds and (iii) initiation or approval of any action not described in (i) or (ii) above which requires the Bond Holder consent.

**Consent of Ambac Assurance in the Event of Insolvency.**

Any reorganization or liquidation plan with respect to the Issuer must be acceptable to Ambac Assurance. In the event of any reorganization or liquidation, Ambac Assurance shall have the right to vote on behalf of all Holders who hold Ambac Assurance-insured Bonds absent a default by Ambac Assurance under the applicable Financial Guaranty Insurance Policy insuring such Bonds.

**Consent of Ambac Assurance Upon Default.**

Anything in this First Supplemental Ordinance to the contrary notwithstanding, upon the occurrence and continuance of an event of default as defined herein, Ambac Assurance shall be entitled to control and direct the enforcement of all rights and remedies granted to the Holders for the benefit of the Holders under this First Supplemental Ordinance.

**Notices to be sent to the attention of the Surveillance Department:**

- A. While the Financial Guaranty Insurance Policy is in effect, the Issuer shall furnish to Ambac Assurance, upon request, the following:
  - (a) a copy of any financial statement, audit and/or annual report of the Issuer.
  - (b) such additional information it may reasonably request.

Upon request, such information shall be delivered at the Issuer's expense to the attention of the Surveillance Department, unless otherwise indicated.

- B. a copy of any notice to be given to the registered owners of the Bonds, including, without limitation, notice of any redemption of or defeasance of Bonds and any certificate rendered pursuant to this First Supplemental Ordinance relating to the security for the Bonds.
- C. To the extent that the Bonds has entered into a continuing disclosure agreement with respect to the Bonds, Ambac Assurance shall be included as party to be notified.

**Notices to be sent to the attention of the General Counsel office:**

- A. The Issuer shall notify Ambac Assurance of any failure of the Issuer to provide relevant notices, certificates, etc.
- B. Notwithstanding any other provision of this First Supplemental Ordinance, the Issuer shall immediately notify Ambac Assurance if at any time there are insufficient moneys to make any payments of principal and/or interest as required and immediately upon the occurrence of any event of default hereunder.

**Permitted Investments.**

- A. As long as the Bonds are subject to the Financial Guaranty Insurance Policy and in addition to other restrictions on investments set out in Section 23 of this First Supplemental Ordinance, the following obligations may be used as permitted investments for all purposes, including defeasance investments in refunding escrow accounts.

No premium credit for the investment of accrued and/or capitalized interest.

- (1) Cash (insured at all times by the Federal Deposit Insurance Corporation)

- (2) Obligations of, or obligations guaranteed as to principal and interest by, the U.S. or any agency or instrumentality thereof, when such obligations are backed by the full faith and credit of the U.S. including:

§ U.S. Treasury obligations  
§ All direct or fully guaranteed obligations=  
§ Farmers Home Administration  
§ General Services Administration  
§ Guaranteed Title XI financing  
§ Governmental National Mortgage Association (GNMA)  
§ State and Local Government Series

Any security used for defeasance must provide for the timely payment of principal and interest and cannot be callable or prepayable prior to maturity or earlier redemption of the rated debt (excluding securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date).

- B. Ambac will allow the following Obligations to be used as permitted investments for all purposes other than defeasance investments in refunding escrow accounts.

- (1) Obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America, including:
- Export-Import Bank
  - Rural Economic Community Development Administration
  - U.S. Maritime Administration
  - Small Business Administration
  - U.S. Department of Housing & Urban Development (PHAs)
  - Federal Housing Administration
  - Federal Financing Bank
- (2) Direct obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America:
- Senior debt obligations issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC)
  - Obligations of the Resolution Funding Corporation (REFCORP)
  - Senior debt obligations of the Federal Home Loan Bank System
  - Senior debt obligations of other Government Sponsored Agencies approved by Ambac
- (3) U.S. dollar denominated deposit accounts, federal funds and bankers= acceptances with domestic commercial banks which have a rating on their short term certificates or deposit on the date of purchase of AP-1" by Moody=s and AA-1" or AA-1+@ by S&P and maturing not more than 360 calendar days after the date of purchase. (Ratings on holding companies are not considered as the rating of the bank);



- (4) Commercial paper which is rated at the time of purchase in the single highest classification, AP-1" by Moodys and AA-1+@ by S&P and which matures not more than 270 calendar days after the date of purchase;
- (5) Investments in a money market fund rated AAAAm@ or AAAAm-G@ or better by S&P;
- (6) Pre-refunded Municipal Obligations defined as follows: any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and
  - (A) which are rated, based on an irrevocable escrow account or fund (the Aescrow@), in the highest rating category of Moody=s or S&P or any successors thereto; or
  - (B) (i) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in paragraph A(2) above, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof of the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (ii) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate;
- (7) Municipal Obligations rated Aaaa/AAA@ or general obligations of States with a rating of AA2/A@ or higher by both Moody=s and S&P.
- (8) Investment Agreements approved in writing by Ambac Assurance Corporation (supported by appropriate opinions of counsel); and
- (9) other forms of investment (including repurchase agreements) approved in writing by Ambac.

C. The value of the above investments shall be determined as follows:

- a) For the purpose of determining the amount in any fund, all Permitted Investments credited to such fund shall be valued at fair market value. The trustee shall determine the fair market value based on accepted industry standards and from accepted industry providers. Accepted industry providers shall include but are not limited to pricing services provided by Financial Times Interactive Data Corporation, Merrill Lynch, Citigroup Global Markets Inc., Bear Stearns, or Lehman Brothers.
- b) As to certificates of deposit and bankers= acceptances; the face amount thereof, plus, accrued interest thereon; and

- c) As to any investment not specified above: the value thereof established by prior agreement among the Issuer, the Trustee and Ambac.

**Defeasance.**

Notwithstanding anything herein to the contrary, in the event that the principal and/or interest due on the Bonds shall be paid by Ambac Assurance Corporation pursuant to the Financial Guaranty Insurance Policy, the Bonds shall remain outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Issuer and all covenants, agreements and other obligations of the Issuer to the registered owners shall continue to exist and shall run to the benefit of Ambac Assurance, and Ambac Assurance shall be subrogated to the rights of such registered owners.

**Payment Procedure.**

1. As long as the Financial Guaranty Insurance Policy shall be in full force and effect, the Issuer and any Paying Agent agree to comply with the following provisions:

(a) At least one (1) business day prior to all Interest Payment Dates the Paying Agent will determine whether there will be sufficient funds in the Funds and Accounts to pay the principal of or interest on the Bonds on such Interest Payment Date. If the Paying Agent determines that there will be insufficient funds in such Funds or Accounts, the Paying Agent shall so notify Ambac Assurance. Such notice shall specify the amount of the anticipated deficiency, the Bonds to which such deficiency is applicable and whether such Bonds will be deficient as to principal or interest, or both. If the Paying Agent has not so notified Ambac Assurance at least one (1) business day prior to an Interest Payment Date, Ambac Assurance will make payments of principal or interest due on the Bonds on or before the first (1<sup>st</sup>) business day next following the date on which Ambac Assurance shall have received notice of nonpayment from the Paying Agent.

(b) the Paying Agent shall after giving notice to Ambac Assurance as provided in (a) above, make available to Ambac Assurance and at Ambac Assurance's direction, to The Bank of New York, in New York, New York, as insurance trustee for Ambac Assurance or any successor insurance trustee (the Insurance Trustee), the registration books of the Issuer by the Paying Agent and all records relating to the Funds and Accounts maintained under this First Supplemental Ordinance.

(c) the Paying Agent shall provide Ambac Assurance and the Insurance Trustee with a list of registered owners of Bonds entitled to receive principal or interest payments from Ambac Assurance under the terms of the Financial Guaranty Insurance Policy, and shall make arrangements with the Insurance Trustee (i) to mail checks or drafts to the registered owners of Bonds entitled to receive full or partial interest payments from Ambac Assurance and (ii) to pay principal upon Bonds surrendered to the Insurance Trustee by the registered owners of Bonds entitled to receive full or partial principal payments from Ambac Assurance.

(d) the Paying Agent shall at the time it provides notice to Ambac Assurance pursuant to (a) above, notify registered owners of Bonds entitled to receive the payment of principal or interest thereon from Ambac Assurance (i) as to the fact of such entitlement (ii) that Ambac Assurance will remit to them all or a part of the interest payments next coming due upon proof of Holder entitlement to interest payments and delivery to the Insurance Trustee, in form satisfactory to the Insurance Trustee, of an appropriate assignment of the registered owner=s right to payment (iii) that should they be entitled to receive full payment of principal from Ambac Assurance they must surrender their Bonds (along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee to permit ownership of such Bonds to be registered in the name of Ambac Assurance) for payment to the Insurance Trustee, and not the Paying Agent, and (iv) that should they be entitled to receive partial payment of principal from Amvac Assurance, they must surrender their Bonds for payment thereon first to the Paying Agent who shall note on such Bonds the portion of the principal paid by the Paying Agent and then, along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee, to the Insurance Trustee, which will then pay the unpaid portion of principal.

(e) in the event that the Paying Agent has notice that any payment of principal of or interest on a Bond which has become due for payment and which is made to a Holder by or on behalf of the Issuer has been deemed a preferential transfer and theretofore recovered from its registered owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, nonappealable order of a court having competent jurisdiction, the Paying Agent at the time Ambac Assurance is notified pursuant to (a) above, notify all registered owners that in the event that any registered owner=s payment is so recovered, such registered owner will be entitled to payment from Ambac Assurance to the extent of such recovery if sufficient funds are not otherwise available, and the Paying Agent shall furnish to Ambac Assurance its records evidencing the payments of principal of and interest on the Bonds which have been made by the Paying Agent and subsequently recovered from registered owners and the dates on which such payments were made.

(f) in addition to those rights granted Ambac Assurance under this First Supplemental Ordinance, Ambac Assurance shall to the extent it makes payments of principal and interest on Bonds become subrogated to the rights of the recipients of such payments in accordance with the terms of the Financial Guaranty Insurance Policy, and to evidence such subrogation (i) in the case of subrogation as to claims for past due interest, the Paying Agent shall note Ambac Assurance=s rights as subrogee on the registration books of the Issuer maintained by the Paying Agent upon receipt from Ambac Assurance of proof of the payment of interest thereon to the registered owners of the Bonds and (ii) in the case of subrogation as to claims for past due principal, the Paying Agent shall note Ambac Assurance=s rights as subrogee on the registration books of the Issuer maintained by the Paying Agent upon surrender of the Bonds by the registered owners thereof together with proof of the payment of principal thereof.

2. The Issuer hereby covenants and agrees that it shall reimburse Ambac Assurance for any amounts paid under the Financial Guaranty Insurance Policy and all costs of collection

thereof and enforcement of this First Supplemental Ordinance and any other documents executed in connection with this First Supplemental Ordinance, together with interest thereon, from the date paid or incurred by Ambac Assurance until payment thereof in full by the Issuer, payable at the Insurer Payment Rate (as hereinafter defined) including without limitation (to the extent permitted by applicable law) interest on claims paid by Ambac Assurance in respect of interest on the Bonds. Such payment obligation shall be payable on demand and on a parity with, and from the same sources and secured by the same security as, regularly scheduled principal and interest payments in respect of the Bonds. For purposes of the foregoing, the Insurer Payment Rate shall mean the lesser of (a) the maximum rate permissible under applicable usury or similar laws limiting interest rates and (b) the greater of (i) the then applicable highest rate of interest on the Bonds and (ii) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank, N.A. (the Chase Prime Rate) at its principal office in the City of New York, as its prime or base lending rate (the Chase Prime Rate) (any change in such Prime Rate to be effective on the date such change is announced by Chase) plus 3 percent. The Insurer Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. In the event that Chase ceases to announce its Prime Rate publicly, the Prime Rate shall be the publicly announced prime or base lending rate of such national bank as Ambac Assurance shall specify.

#### **Trust-Related Provisions.**

1. The Paying Agent may be removed at any time, at the request of Ambac Assurance, for any breach of the Trust set forth herein.
2. Ambac Assurance shall receive prior written notice of any Paying Agent resignation.
3. Any successor Paying Agent, if applicable, shall not be appointed unless Ambac approves such successor in writing.
4. Notwithstanding any other provision of this First Supplemental Ordinance in determining whether the rights of the Holders will be adversely affected by any action taken pursuant to the terms and provisions of this First Supplemental Ordinance, the Paying Agent shall consider the effect on the Holders as if there were no Financial Guaranty Insurance Policy.
5. Notwithstanding any other provision of this First Supplemental Ordinance, no removal, resignation or termination of the Paying Agent shall take effect until a successor, acceptable to Ambac, shall be appointed.

#### **Ambac as Third Party Beneficiary.**

To the extent that this First Supplemental Ordinance confers upon or gives or grants to Ambac any right, remedy or claim under or by reason of this First Supplemental Ordinance, Ambac is hereby explicitly recognized as being a third-party beneficiary hereunder and may enforce any such right, remedy or claim conferred, given or granted hereunder.

**Parties Interested Herein.**

Nothing in this First Supplemental Ordinance expressed or implied is intended or shall be construed to confer upon, or to give or grant to, any person or entity, other than the issuer, Ambac Assurance, the Paying Agent and the registered owners of the Bonds any right, remedy or claim under or by reason of this First Supplemental Ordinance or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this First Supplemental Ordinance contained by and on behalf of the Issuer shall be for the sole and exclusive benefit of the Issuer, Ambac Assurance, the Paying Agent and the registered owners of the Bonds.