

CONTINUING DISCLOSURE CERTIFICATE

\$15,025,000

TAXABLE WATER REVENUE REFUNDING BONDS, SERIES 2021
OF CONSOLIDATED WATERWORKS AND WASTEWATER DISTRICT NO. 1
OF THE PARISH OF ST. CHARLES, LOUISIANA

This Continuing Disclosure Certificate (the "*Disclosure Certificate*") is executed and delivered by Consolidated Waterworks and Wastewater District No. 1 of the Parish of St. Charles, Louisiana (the "*Issuer*"), acting through the Parish President of St. Charles Parish and the Secretary of its Governing Authority (as defined below), in connection with the issuance of the above captioned issue of Taxable Water Revenue Refunding Bonds, Series 2021 (the "*Bonds*"). The Bonds are being issued pursuant to an Ordinance adopted by the governing authority of the Issuer on June 7, 2021 (the "*Ordinance*"), and are described in that certain Official Statement dated June 15, 2021 (the "*Official Statement*") which contains certain information concerning the Issuer, the Bonds and certain financial and other information relating thereto. The Issuer covenants and agrees as follows:

SECTION 1. Definitions. In addition to the definitions set forth in the preceding paragraph and in the Ordinance, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"*Annual Report*" shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"*Bondholder*" shall mean any owner of the Bonds, including any owner of a beneficial interest in the Bonds.

"*Dissemination Agent*" shall mean the Chief Financial Officer of St. Charles Parish, or any successor Dissemination Agent designated by the Issuer, whose mailing address is 15045 River Road, Hahnville, LA 70057.

"*Governing Authority*" shall mean the St. Charles Parish Council, acting as the Governing Authority of the Issuer.

"*Listed Events*" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"*MSRB*" shall mean the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the single centralized repository for the collection and availability of continuing disclosure documents for purposes of the Rule. The continuing disclosure documents must be provided to the MSRB in portable document format (PDF) and in compliance with Section 13 of this Disclosure Certificate to the following:

Municipal Securities Rulemaking Board
Electronic Municipal Market Access Center
<http://emma.msrb.org>

"*Participating Underwriter*" shall mean the original Underwriter (as defined in the Ordinance) of the Bonds required to comply with the Rule in connection with an offering of the Bonds.

"*Repositories*" shall mean the MSRB and the State Information Depository, if any.

“**Ordinance**” shall mean the Ordinance as adopted by the Governing Authority on June 7, 2021, authorizing the issuance of the Bonds.

“**Rule**” shall mean Rule 15c2-12 (b) (5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“**State Information Depository**” shall mean any public or private depository or entity designated by the State of Louisiana as a state depository for the purpose of the Rule. As of the date of this Disclosure Certificate, there is no State Information Depository.

SECTION 2. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Bondholders and the Participating Underwriter, and in order to assist the Participating Underwriter in complying with the Rule.

SECTION 3. Provision of Annual Reports.

- a. The Issuer shall, or shall cause the Dissemination Agent to, in each year no later than six (6) months from the end of each fiscal year of the Issuer, with the first such report to be due not later than June 30, 2022, provide to the Repositories an Annual Report which is consistent with the requirements set forth in Section 4 below. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as set forth below; *provided* that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report.
- b. If the Dissemination Agent is unable to provide to the Repositories an Annual Report by the date required in (a) above, the Issuer shall send a Notice of Failure to File Annual Report to each of the Repositories, in substantially the form attached as **Exhibit A**.
- c. The Dissemination Agent shall determine each year prior to the date for providing the Annual Report the name and address of each of the Repositories.

SECTION 4. Content of Annual Reports. The Annual Report shall contain or incorporate by reference the following:

1. Audited financial statements of the Issuer for the preceding fiscal year. If the Issuer's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.
2. Basis of accounting used by the Issuer in reporting its financial statements. The Issuer follows GAAP principles and mandated Louisiana statutory accounting requirements as in effect from time to time. In the event of any material change in such requirements the impact of such changes will be described in the Annual Report of the year such change occurs.
3. Updates of the information and charts attached hereto as Exhibit B.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document incorporated by reference is a deemed final official statement, it shall be available from the MSRB. The Issuer shall clearly identify each such other document so incorporated by reference.

SECTION 5. Reporting of Listed Events.

(a) This section shall govern the giving of notices of the occurrence of any of the following Listed Events with respect to the Bonds:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (vii) Modifications to rights of Bondholders, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) Defeasances;
- (x) Release, substitution, or sale of property securing repayment of the Bonds, if material;
- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership or similar event of the Issuer¹;
- (xiii) The consummation of a merger, consolidation, or acquisition involving an Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such

¹ For the purposes of the event identified in subparagraph (b)(5)(i)(C)(12) of the Rule, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and official or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

- (xiv) Appointment of a successor or additional trustee or paying agent or the change of name of a trustee or paying agent, if material.
 - (xv) Incurrence of a financial obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Issuer, any of which affect Bondholders; or
 - (xvi) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation² of the Issuer, any of which reflect financial difficulties.
- (b) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event, the Issuer shall direct the Dissemination Agent to file as soon as possible, but in no event more than ten business days after the occurrence of the event, a notice of such occurrence with the Repositories.

SECTION 6. Management Discussion of Items Disclosed. If an item required to be disclosed as part of the Annual Report or the Listed Events would be misleading without discussion, the Issuer shall additionally provide a statement clarifying the disclosure in order that the statement made will not be misleading in light of the circumstances in which it is made.

SECTION 7. Termination of Reporting Obligation. The obligations of the Issuer under this Disclosure Certificate shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds.

SECTION 8. Dissemination Agent. The Issuer may, from time to time, appoint or engage a successor Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if:

- (a) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Issuer, or type of business conducted;
- (b) This Disclosure Certificate, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into

² For purposes of the events identified in subparagraphs (b)(5)(i)(C)(15) and (16) of the Rule, the term “financial obligation” is defined to mean a (A) debt obligation; (B) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (C) a guarantee of (A) or (B). The term “financial obligation” shall not include municipal securities as to which a final official statement has been otherwise provided to the MSRB consistent with the Rule. In complying with Listed Events (15) and (16), the Issuer intends to apply the guidance provided by the Rule or other applicable federal securities law, SEC Release No. 34-83885 (August 20, 2018) and any future guidance provided by the SEC or its staff.

account any amendments or interpretations of the Rule, as well as any change in circumstances; and

- (c) The amendment or waiver does not materially impair the interests of the Bondholders, as determined either by an opinion of a nationally recognized bond counsel or by approving vote of the Bondholders pursuant to the terms of the Ordinance at the time of the amendment.

In the event of any such amendment or waiver of a provision of this Disclosure Certificate, the Issuer shall describe such amendment in the next Annual Report relating to the Issuer and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of change of accounting principles, on the presentation) of financial information or operating data being presented by or in respect of the Issuer.

SECTION 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall not have any obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 11. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any Bondholder or the Participating Underwriter may take such actions as may be necessary and appropriate, to cause the Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Ordinance, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter and the Bondholders, and shall create no rights in any other person or entity.

SECTION 13. Other Stipulations. Any document submitted to the MSRB pursuant to this Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB. Any document submitted to the MSRB pursuant to this Disclosure Certificate shall be word-searchable (without regard to diagrams, images and other non-textual elements).

IN FAITH WHEREOF, the undersigned has executed this Continuing Disclosure Certificate on this, the 14th day of July, 2021.

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

By: Matthew Jewell
Name: Matthew Jewell
Title: President of the Parish of St. Charles

By: Michelle Impastato
Name: Michelle Impastato
Title: Secretary, St. Charles Parish Council

\$15,025,000
WATER REVENUE REFUNDING BONDS, SERIES 2021
CONSOLIDATED WATERWORKS AND WASTEWATER DISTRICT NO. 1
OF THE PARISH OF ST. CHARLES, LOUISIANA

We, the undersigned Parish President of the Parish of St. Charles, State of Louisiana and Chairman, and the President/Chairman and Secretary of the St. Charles Parish Council (the "**Governing Authority**"), the Governing Authority of Consolidated Waterworks and Wastewater District No. 1 of the Parish of St. Charles, Louisiana (the "**Issuer**") each acting in his or her behalf of the Issuer, do hereby certify with respect to \$15,025,000 of Water Revenue Refunding Bonds, Series 2021 (the "**Bonds**"), that:

1. The Issuer was created on March 4, 1991, pursuant to proceedings (Ordinance No. 91-3-2) adopted by the Governing Authority; the territory included in the Issuer does not embrace the territory of any other consolidated waterworks or wastewater district, nor does it overlap the territory contained within the boundaries of any other waterworks or wastewater district.

2. In issuing the Bonds, the Issuer is acting under the authority of Chapter 14-A of Title 39 of the Louisiana Revised Statutes of 1950, and other constitutional and statutory authority.

3. The Bonds are secured by and payable by an irrevocable pledge and dedication from the income and revenues derived or to be derived from the operation of the Issuer's combined waterworks plants and systems as a single revenue producing public utility (the "Water System"), after provisions have been made for payment therefrom of the reasonable expenses of administration, operation and maintenance of the Water System.

4. The following instruments (collectively, the "**Authorizations**") were duly adopted by an affirmative vote of a majority of the members of the Governing Authority, present at the duly called regular meetings of the Issuer held on the dates indicated:

(a) Resolution No. 6543 of the Governing Authority adopted on February 22, 2021, entitled "A resolution authorizing the Consolidated Waterworks and Wastewater District No. 1 of the Parish of St. Charles, Louisiana to make application to the State Bond Commission for consent and authority to issue the not to exceed \$16,000,000 Taxable Water Revenue Refunding Bonds, Series 2021, of the Consolidated Waterworks and Wastewater District No. 1 of the Parish of St. Charles, Louisiana, for the purpose of providing sufficient funds to (i) advance refund all or a portion of the outstanding principal amount of the \$22,170,000 Water Revenue Refunding Bonds, Series 2015, of the Consolidated Waterworks and Wastewater District No. 1 of the Parish of St. Charles, Louisiana, (ii) provide for a debt service reserve fund, if necessary, and (iii) pay the cost of issuance of the series 2021 Refunding Bonds; and providing for other matters related thereto."

(b) Ordinance No. 21-6-1 of the Governing Authority adopted on June 7, 2021, titled "An ordinance providing for the incurring of debt and issuance of not to exceed Sixteen Million Dollars (\$16,000,000) aggregate principal amount of Taxable Water Revenue Refunding Bonds, Series 2021 of Consolidated Waterworks and Wastewater District No. 1 of the Parish of St. Charles, Louisiana, prescribing the form, terms and conditions of the Bonds and the security therefor; designating the date, denomination and place of payment of such Bonds; providing for the payment of such Series 2021 Bonds in principal and interest; approving and confirming the sale of such Series 2021 Bonds; and providing for other matters with respect to the Series 2021 Bonds."

5. At each of the meetings referred to in Paragraph 4 above, a majority of the members of the Governing Authority were present and acting throughout; the aforesaid Authorizations are in full force and effect and have not been altered, amended or repealed as of the date hereof; and such regular meetings referred to in Paragraph 4 above were duly called and notice thereof given in the manner required by law and were open to the public in accordance with the provisions of La. R.S. 42:14.

6. The title of the respective officers and members of the Governing Authority to their respective offices is not being contested at this time. Each of the foregoing officers is duly qualified and each is the acting officer holding the respective office stated immediately following his/her name.

7. The names of the officers and members of the Governing Authority, their respective offices, district, and the dates of the beginnings and endings of their current terms of office are as follows:

<u>NAME OF MEMBERS</u>	<u>OFFICE</u>	<u>DATE OF COMMENCEMENT OF TERM</u>	<u>DATE OF END OF TERM</u>
Beth Billings	Councilwoman, At Large Division A	April 19, 2021	January 8, 2024
Holly Fonseca	Councilwoman, At Large Division B	January 13, 2020	January 8, 2024
LaSandra Darensbourg Gordon	Councilwoman, District I	January 13, 2020	January 8, 2024
Mary K. Clulee	Councilwoman, District II	January 13, 2020	January 8, 2024
Dick Gibbs	Councilman, District III	January 13, 2020	January 8, 2024
Nicky Dufrene	Councilman, District IV	January 13, 2020	January 8, 2024
Marilyn B. Bellock	Councilman, District V	January 13, 2020	January 8, 2024
Bob Fisher	Councilman, District VI	January 13, 2020	January 8, 2024
Julia Fisher-Perrier	Councilwoman, District VII	January 13, 2020	January 8, 2024

8. That Matthew Jewell is the duly elected and acting Parish President of the Parish of St. Charles, State of Louisiana, the said Matthew Jewell assumed the duties of the office of Parish President on January 13, 2020, and that the present term of said office expires January 8, 2024 and his genuine signature appearing at the end hereof is his true and official genuine signature.

9. That Marilyn B. Bellock is the duly appointed, qualified and acting President/Chairman of the Governing Authority; the said Marilyn B. Bellock assumed the duties of the office of President/Chairman on January 1, 2021, and that the present term of said office expires at the first Parish Council held meeting in January 2022, and her genuine signature appearing at the end hereof is her true and official genuine signature.

10. That Michelle Impastato is the duly appointed, qualified and acting Secretary of the Governing Authority; the said Michelle Impastato assumed the duties of this office on August 20, 2018, and that the present term of said office will expire at the will of the Governing Authority, and her genuine signature appearing at the end hereof is her true and official genuine signature. The first and third Monday of each month is the regular meeting day of the Governing Authority.

11. The following instruments, as executed and delivered by the Parish President and/or the President/Chairman or Secretary of the Governing Authority of the Issuer in connection with the Bonds, have been duly approved by the Governing Authority:

(a) Paying Agent Agreement dated as of July 1, 2021, by and between the Issuer and Hancock Whitney Bank, as Paying Agent (the "**Paying Agent Agreement**");

(b) Defeasance and Escrow Deposit Agreement dated as of July 1, 2021, by and between the Issuer and Hancock Whitney Bank, as Escrow Agent (the "**Escrow Agreement**");

(c) Continuing Disclosure Certificate dated July 14, 2021, by the Issuer pertaining to the Bonds (the "**Continuing Disclosure Certificate**");

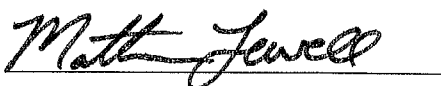
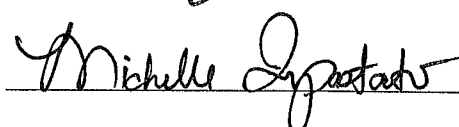
(d) Preliminary Official Statement dated June 9, 2021, pertaining to the Bonds (the "**Preliminary Official Statement**");

(e) Official Statement dated June 15, 2021, pertaining to the Bonds (the "**Official Statement**"); and

(f) Bond Purchase Agreement dated June 15, 2021, by and between the Issuer and D.A. Davidson & Co. (the "**Bond Purchase Agreement**").

The Paying Agent Agreement, the Escrow Agreement, the Continuing Disclosure Certificate, the Preliminary Official Statement, the Official Statement, and the Bond Purchase Agreement are hereinafter referred to collectively as the "**Issuer Documents**."

12. The undersigned are the duly elected, qualified and acting Parish President of the Parish of St. Charles, State of Louisiana and the President/Chairman and Secretary of the Governing Authority of the Issuer, respectively, and said officials are familiar with and have access to the books and corporate records of the Issuer. The signatures that are inscribed below are the genuine signatures of the aforesaid officers:

<u>Name</u>	<u>Office</u>	<u>Signature</u>
Matthew Jewell	Parish President	
Michelle Impastato	Secretary	

13. The *St. Charles Herald-Guide*, a weekly newspaper published in the Parish of St. Charles, is the official journal of the Governing Authority, having been designated by resolution duly and legally adopted thereby, and is a newspaper of general circulation in the Issuer.

14. The impress of the seal hereon is the official seal of the Issuer, and the description and form of said seal have not been changed or altered since its designation as the official seal.

15. Neither the corporate existence or boundaries of the Issuer, nor the title of the respective officers and members of the Governing Authority to their respective offices are being contested at this time and that no authority or proceedings with respect to the issuance, sale and delivery of the Bonds have been repealed, revoked, restrained or rescinded.

16. The Issuer is not, in any material respect, in breach or in default under any applicable law or administrative regulation of the State of Louisiana, or of the United States of America, or any applicable judgment, decree or loan agreement, note, resolution, ordinance, indenture, mortgage or agreement or other instrument to which the Issuer is a party or is otherwise subject, the consequences of which or the correction of which would materially and adversely affect the Authorizations or the Bonds.

17. The representations of the Issuer set forth in the Issuer Documents are true, correct and complete as of the date of this certificate, and each of the agreements of the Issuer to be complied with and each of the obligations to be performed under the Issuer Documents on or prior to the date of this certificate have been complied with and/or performed.

18. As of the date hereof, the information contained in the Preliminary Official Statement did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make statements contained therein, in the light of the circumstances under which they were made, not misleading.

19. At all times subsequent to the date hereof up to and including the Closing Date, the information contained in the Official Statement did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make statements contained therein, in the light of the circumstances under which they were made, not misleading.

20. To the best of our knowledge, there is no litigation of any nature now pending, or to our knowledge threatened, seeking to restrain or enjoin the issuance, sale, execution or delivery of the Bonds, the application of the proceeds thereof, or the payment of the Bonds, or the performance of any of the covenants contained in the Resolutions or the Issuer Documents; there is no litigation of any nature now pending, or to our knowledge threatened, questioning or in any manner relating to or affecting any authority for, or the validity of, the Issuer Documents or the right or authority of the Issuer to transfer, assign or pledge the revenues pledged pursuant to the Resolutions for the payment of the Bonds, to carry out the terms and provisions of the Issuer Documents or the Resolutions, the authority or proceedings pursuant to which the Bonds are being issued, the validity of the Bonds or any provisions made for the payment thereof or the application of proceeds thereof, or contesting the corporate existence of the Issuer or the titles of the respective officers or members of the governing authority thereof or their respective offices; and no authority or proceeding for the authorization, issuance, sale and delivery of the Bonds or the execution of the Issuer Documents has been repealed, revoked or rescinded.

21. Other than the Bonds and the Outstanding Parity Bonds (as defined in the Authorizations), the Issuer has no outstanding bonded or other funded indebtedness of any nature whatsoever on parity with the Net Revenues of the System.

IN FAITH WHEREOF, witness our official signatures and the impress of the official seal of the Issuer on this, the 14th day of July, 2021.

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

By: Matthew Jewell
Name: Matthew Jewell,
Title: President, Parish of St. Charles

By: Michelle Impastato
Name: Michelle Impastato
Title: Secretary, St. Charles Parish Council

(SEAL)



MUNICIPAL BOND INSURANCE POLICY

ISSUER: Consolidated Waterworks and Wastewater
District No. 1 of the Parish of St. Charles, Louisiana

Policy No: 2021B0608

MEMBER: Consolidated Waterworks and Wastewater
District No. 1 of the Parish of St. Charles, Louisiana

Effective Date: July 14, 2021

BONDS: \$15,025,000 in aggregate principal
amount of Taxable Water Revenue Refunding Bonds,
Series 2021

Risk Premium:	\$14,988.83
Member Surplus Contribution:	\$40,813.27
Total Insurance Payment:	\$55,802.10

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration)

and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

IN WITNESS WHEREOF, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY



By: _____

Authorized Officer

Schedule A

Notices (Unless Otherwise Specified by BAM)

Email:

claims@buildamerica.com

Address:

200 Liberty Street, 27th floor
New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)