

TOWN OF PEARL RIVER, STATE OF LOUISIANA
March 21, 2017

The following ordinance, having been previously introduced on February 21, 2017, a notice of introduction having been published on March 9, 2017, and a public hearing held thereon on this date, was offered for final adoption by Bridgett Bennett and seconded by David McGregor:

ORDINANCE NO. 17-15-02

An ordinance authorizing the issuance of not exceeding Two Million Dollars (\$2,000,000) of Taxable Sales Tax Bonds, Series 2017, of the Town of Pearl River, State of Louisiana, prescribing the form, terms and conditions of said Bonds; providing for the payment thereof; selling said Bonds to the Clean Water State Revolving Fund; authorizing the execution of a Loan and Pledge Agreement and other loan documents with the Louisiana Department of Environmental Quality; providing for the delivery of the Bonds to said Department; and providing for other matters in connection therewith.

WHEREAS, the Town of Pearl River, State of Louisiana (the "Town") desires to finance additions and improvements to its combined water and sewerage system, consisting generally of the following improvements to the sewerage portion of the combined system: installation of a new 320,000-gallon aeration tank next to the existing plant with individual blowers, installation of new headworks with two static screens and splitter box, and installation of two sludge pumps for return-activated sludge (collectively the "Project"); and

WHEREAS, the Town currently collects a sales and use tax of one percent (1%), pursuant to the "Town of Pearl River Sales And Use Tax Law of 1965" (Ordinance 1A of 1965) (the "Tax"), which levies the Tax for the purpose of "constructing, resurfacing, lighting and improving public streets, sidewalks and bridges; constructing, purchasing, improving, maintaining and operating recreational facilities and equipment; and constructing, acquiring or improving lands, buildings and any work of permanent public improvements, including equipment and furnishings therefor; title to which shall be in the public, and installing and operating sewerage and water systems including disposal plants, lagoons, etc."; and

WHEREAS, the annual revenues of the aforesaid Tax are in excess of \$600,000; and

WHEREAS, the Town currently has no outstanding bonds or other indebtedness payable from a pledge and dedication of the net proceeds of the Tax other than an issue of Sales Tax Bonds, Series 2012, dated April 13, 2012, purchased by the Drinking Water Revolving Loan Fund and maturing on March 1 of the years 2017 through 2032; and

WHEREAS, the State of Louisiana (the "State"), pursuant to the Clean Water Act of 1972, as amended by the Water Quality Act of 1987, specifically Subchapter VI, Chapter 26 of Title 33 of the United States Code (the "Federal Act"), and Subtitle II, Chapter 14 of Title 30 of the Louisiana Revised Statutes of 1950, as amended, specifically La. R.S. 30:2301, *et seq.*) (the "State Act"), has established a Clean Water State Revolving Fund (the "State Revolving Fund") in the custody of the Department of Environmental Quality (the "Department") to be used for the purpose of providing financial assistance for the improvement of wastewater treatment facilities in the State, as more fully described in Section 2302 of the State Act, and has authorized the Department to administer the State Revolving Fund in accordance with applicable federal and state law; and

WHEREAS, the Town has made application to the Department for a loan from the State Revolving Fund to finance a portion of the costs of the Project and the Department has approved the Town's application for such loan; and

WHEREAS, the Bonds authorized herein will be issued to represent the Town's obligation to repay the loan from the State Revolving Fund; and

WHEREAS, the Town desires to fix the details necessary with respect to the issuance, sale and delivery of the Bonds, and to provide for the authorization and issuance thereof, as hereinafter provided;

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

SECTION 1. Definitions. As used herein, the following terms shall have the following meanings, unless the context otherwise requires:

"Act" means Section 2304 of Title 30 of the Louisiana Revised Statutes of 1950, as amended (La. R.S. 30:2304), Section 1430 of Title 39 of the Louisiana Revised Statutes of 1950, as amended (La. R.S. 39:1430), and other constitutional and statutory authority supplemental thereto.

"Additional Parity Bonds" shall mean any *pari passu* additional bonds that may hereafter be issued pursuant to Section 21 hereof on a parity with the Bonds.

"Administrative Fee" means the annual fee equal to one-half of one percent (0.50%) per annum of the outstanding principal amount of the Bonds, or such lesser amount as the Department may approve from time to time, which shall be payable each year in two equal semi-annual installments on each Interest Payment Date.

"Authorized Officers" means collectively the Mayor and Clerk of the Town, or such other person or persons authorized pursuant to a resolution or ordinance of the Governing Authority to act as an authorized officer of the Town to perform any act or execute any document relating to the Loan, the Bonds or the Loan Agreement.

"Bond" or "Bonds" means the Town's Taxable Sales Tax Bonds, Series 2017, issued by this Bond Ordinance in the total aggregate principal amount of not exceeding Two Million Dollars (\$2,000,000), and any bond of said issue, whether initially delivered or issued in exchange for, upon transfer of, or *in lien* of any previously issued.

"Bond Ordinance" means this ordinance authorizing the issuance of the Bonds.

"Bond Register" means the registration books of the Paying Agent (initially the Clerk of the Town), in which registration of the Bonds and transfers of the Bonds shall be made as provided herein.

"Bond Year" means the one year period ending on each March 1.

"Business Day" means a day of the year on which banks located in the City of Baton Rouge are not required or authorized to remain closed and on which the New York Stock Exchange is not closed.

"Code" means the Internal Revenue Code of 1986, as amended.

"Completion Date" means the earlier of (i) the date of the final disbursement of the purchase price of the Bonds to the Town, or (ii) the date the operation of the Project is initiated or capable of being initiated, as certified by an Authorized Officer in accordance with the Loan Agreement.

"Defeasance Obligations" shall mean (i) cash, or (ii) non-callable Government Securities.

"Department" means the Louisiana Department of Environmental Quality, an executive department and agency of the State of Louisiana, and any successor to the duties and functions thereof.

"Fiscal Year" means the Town's one-year accounting period determined from time to time by the Governing Authority as the fiscal year of the Town, currently being the year ending each December 31.

"Governing Authority" means the Mayor and Board of Aldermen of the Town of Pearl River, State of Louisiana.

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

"Interest Payment Date" means each March 1 and September 1, commencing September 1, 2017.

"Loan" means the loan made by the Department from the State Revolving Fund to the Town pursuant to the Loan Agreement, the obligation to repay which Loan is evidenced by the Bonds.

"Loan Agreement" means the Loan and Pledge Agreement to be entered into by and between the Department and the Town prior to the delivery of the Bonds, in substantially the form attached hereto as Exhibit B, which will contain certain additional agreements relating to the Bonds and the Project, as it may be supplemented or amended from time to time in accordance with the provisions thereof.

"1965 Sales Tax" means the Town's one percent (1%) sales and use tax, being collected pursuant to an election held on January 12, 1965, and the "Town of Pearl River Sales And Use Tax Law of 1965" (Ordinance 1A of 1965), which levies the Tax for the purpose of "constructing, resurfacing, lighting and improving public streets, sidewalks and bridges; constructing, purchasing, improving, maintaining and operating recreational facilities and equipment; and constructing, acquiring or improving lands, buildings and any work of permanent public improvements, including equipment and furnishings therefor; title to which shall be in the public, and installing and operating sewerage and water systems including disposal plants, lagoons, etc."

"Outstanding" when used with respect to Bonds means, as of the date of determination, all Bonds theretofore issued and delivered under this Bond Ordinance, except:

- (a) Bonds theretofore canceled by the Paying Agent or delivered to the Paying Agent for cancellation;
- (b) Bonds for whose payment or redemption sufficient funds have been theretofore deposited in trust for the Owners of such Bonds as provided in Section 25 herein provided that, if such Bonds are to be redeemed, irrevocable notice of such redemption has been duly given or provided for pursuant to this Bond Ordinance, to the satisfaction of the Paying Agent, or waived;
- (c) Bonds in exchange for or *in lien* of which other Bonds have been registered and delivered pursuant to this Bond Ordinance; and
- (d) Bonds alleged to have been mutilated, destroyed, lost or stolen which have been paid as provided in this Bond Ordinance.

"Outstanding Parity Bonds" means the Town's Sales Tax Bonds, Series 2012, dated April 13, 2012, purchased by the Drinking Water Revolving Loan Fund, and maturing on March 1 of the years 2017 through 2032, inclusive.

"Owner" or **"Owners"** when used with respect to any Bond means the Person in whose name such Bond is registered in the Bond Register.

"Parish" means the Parish of St. Tammany, State of Louisiana.

"Paying Agent" means the chief financial officer of the Town, initially the Clerk, unless and until a successor Paying Agent shall have assumed such responsibilities pursuant to this Bond Ordinance.

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

"Principal Payment Date" means each March 1, commencing not later than one year after the completion of the Project and the final payment date to fall not exceeding nineteen years from the first principal payment date thereafter for a total of twenty (20) consecutive annual payment dates, providing that in no event shall the final maturity of the Bonds be more than twenty-two (22) years from the date of the Bonds.

"Purchaser" means the Department, being the original purchaser of the Bonds.

"Qualified Investments" shall mean the following, provided that the same are at the time legal for investment of the Town's funds and, if required by law, are secured at all times by collateral described in clause (a) below:

- (a) Government Securities, including obligations of any of the federal agencies set forth in clause (b) below to the extent unconditionally guaranteed by the United States of America and any certificates or any other evidences of an ownership interest in obligations or in specified portions thereof (which may consist of specified portions of the interest thereon) of the character described in this clause (a);
- (b) bonds, debentures or other evidences of indebtedness issued by the Private Export Funding Corporation, Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation, Federal National Mortgage Association and Student Loan Marketing Association;
- (c) certificates of deposit, whether negotiable or nonnegotiable, issued by any bank or trust company organized under the laws of the State or any national banking association having its principal office in the State (including the Paying Agent) which is a member of the Federal Deposit Insurance Corporation and which are secured at all times by collateral described in clause (A) above;
- (d) certificates of deposit, savings accounts, deposit accounts or money market deposits of any bank or trust company organized under the laws of the State or any national banking association having its principal office in the State (including the Paying Agent) which are fully insured by the Federal Deposit Insurance Corporation; and
- (e) the Louisiana Asset Management Pool (LAMP).

"Record Date" for the interest payable on any Interest Payment Date means the 15th calendar day of the month next preceding such Interest Payment Date, whether or not such day is a Business Day.

"Reserve Fund Requirement" means as of any date of calculation, a sum equal to one-half of the maximum principal and interest requirements for any succeeding Bond Year on the Bonds.

"Town" means the Town of Pearl River, State of Louisiana.

SECTION 2. Authorization of Bonds. In compliance with and under the authority of the Act, and other constitutional and statutory authority, there is hereby authorized the incurring of an indebtedness of not exceeding Two Million Dollars (\$2,000,000) for, on behalf of and in the name of the Town, for the purpose of financing the acquisition, construction and installation of improvements and extensions to the Town's sewerage system, including the improvements listed in the preambles of this ordinance, and for paying costs of issuance of the Bonds. To represent the said indebtedness, the Town does hereby authorize the issuance of not exceeding Two Million Dollars (\$2,000,000) of its Taxable Sales Tax Bonds, Series 2017. The Bonds shall be initially issued in the form of a single fully registered Bond numbered R-1, shall be dated the date of delivery thereof and shall be in substantially the form attached hereto as Exhibit A.

The Bonds shall mature in twenty (20) installments of principal, payable annually on each March 1, and each annual installment shall be the applicable percentage shown in the following table, rounded to the nearest One Thousand Dollars (\$1,000), of the outstanding principal amount of the Bonds (taking into account any principal forgiveness) on the day before the applicable Principal Payment Date:

<u>Date (March 1)</u>	<u>Percentage of Principal</u>	<u>Date (March 1)</u>	<u>Percentage of Principal</u>
2018	4.564%	2028	9.580%
2019	4.827	2029	10.696
2020	5.120	2030	12.090
2021	5.448	2031	13.884
2022	5.817	2032	16.275
2023	6.235	2033	19.624
2024	6.712	2034	24.647
2025	7.264	2035	33.019
2026	7.907	2036	49.764
2027	8.667	2037	100.000

In the event that the Completion Date of the Project being financed with the Bonds is after March 1, 2018, the principal payment schedule set forth above may be adjusted so that each payment shall be due on the March 1 that is one year later than shown above, provided that in no event shall the final principal payment be more than twenty-two (22) years from the delivery date of the Bonds.

The unpaid principal of the Bonds shall bear interest from the date thereof, or the most recent Interest Payment Date to which interest has been paid or duly provided for, at the rate of forty-five hundredths of one percent (0.45%) per annum, said interest to be calculated on the basis of a 360-day year consisting of twelve 30-day months and payable on each Interest Payment Date. Interest on the Bonds on any Interest Payment Date shall be payable only on the aggregate amount of the purchase price which shall have been paid theretofore to the Town and is outstanding and shall accrue with respect to each purchase price installment only from the date of payment of such installment.

In addition to interest at the rate set forth above, at any time that the Department owns the Bonds the Town will pay the Administrative Fee to the Department on each Interest Payment Date. In the event (i) the Department owns any Bonds or the Department has pledged or assigned any Bonds in connection with its State Revolving Fund and (ii) the Administrative Fee payable by the Town to the Department under the terms of the Loan Agreement is declared illegal or unenforceable by a court or an administrative body of competent jurisdiction, the interest rate borne by the Bonds shall be increased by one-half of one percent (0.50%) per annum, effective as of the date declared to be the date from which the Administrative Fee is no longer owed because of such illegality or unenforceability. The Administrative Fee shall be calculated in the same manner as interest on the Bonds.

SECTION 3. Prepayment. The principal installments of the Bonds are subject to prepayment at the option of the Town at any time, in whole or in part, at a prepayment price of par plus accrued interest and accrued Administrative Fee, if any, to the prepayment date and in such case the remaining principal of the Bonds shall continue to mature in installments calculated using the percentages shown in Section 2 above.

Official notice of such call for prepayment shall be given by means of first class mail, postage prepaid by notice deposited in the United States Mail not less than thirty (30) days prior to the prepayment date addressed to the Owner of each Bond to be prepaid at his address as shown on the registration records of the Paying Agent. In the event a portion of the Bonds is to be prepaid, such Bonds shall be surrendered to the Paying Agent, who shall note the date and amount of such prepayment in the space provided therefor on the Bonds.

SECTION 4. Bond Ordinance a Contract. The provisions of this Bond Ordinance shall constitute a contract between the Town and the Owner or Owners from time to time of the Bonds, and any Owner of any of the Bonds may either at law or in equity, by suit, action, mandamus or other proceedings, enforce and compel the performance of all duties required to be performed by the Town as a result of issuing the Bonds.

SECTION 5. Sale and Delivery of Bonds. The Bonds are hereby awarded to and sold to the Department at a price of par plus accrued interest, if any, under the terms and conditions set forth in the Loan Agreement, and after their execution and authentication by the Paying Agent, the Bonds shall be delivered to the Department or its agents or assigns, upon receipt by the Town of the agreed first advance of the purchase price of the Bonds. Pursuant to R.S. 39:1426(B), the Town has determined to sell the Bonds at a private sale without necessity of publication of a notice of sale. It is understood that the purchase price of the Bonds will be paid by the Department to the Town in installments, in the manner and under the terms and conditions set forth in the Loan Agreement.

SECTION 6. Manner of Payment. The principal and interest on the Bonds will be payable by check mailed by the Paying Agent to the Owner (determined as of the Interest Payment Date) at the address shown on the registration books kept by the Paying Agent for such purpose, provided that payment of the final installment of principal on the Bonds shall be made only upon presentation and surrender of the Bonds to the Paying Agent.

SECTION 7. Execution of Bonds and Documents. The Executive Officers are each hereby empowered, authorized and directed to do any and all things necessary and incidental to carry out all of the provisions of this Bond Ordinance, to execute and deliver the Loan Agreement, and to cause the Bonds to be prepared and/or printed, to issue, execute and seal the Bonds and to effect delivery thereof as hereinafter provided. If facsimile signatures are used on

the Bonds, then such signatures shall be registered with the Louisiana Secretary of State in the manner required by La. R.S. 39:244.

In connection with the issuance and sale of the Bonds, the Executive Officers are each authorized, empowered and directed to execute on behalf of the Town such additional documents, certificates and instruments as they may deem necessary, upon the advice of counsel, to effect the transactions contemplated by this Bond Ordinance, including a Commitment Agreement. The signatures of said officers on such documents, certificates and instruments shall be conclusive evidence of the due exercise of the authority granted hereunder

SECTION 8. Davis-Bacon Wage Rate Requirements. The Town agrees that all laborers and mechanics employed by contractors and subcontractors on the portion of the project that is funded in whole or in part with the Bonds purchased by the Department shall be paid wages at rates not less than those prevailing on projects of a character similar in the locality of the Town as determined by the Secretary of the United States Department of Labor ("DOL") in accordance with Subchapter IV of Chapter 31 of Title 40, United States Code. DOL provides all pertinent information related to compliance with the foregoing requirements, including prevailing wage rates and instructions for reporting. The Town will ensure that all construction contracts relating to the portion of the Project that is funded in whole or in part with Bonds purchased by the Department will require that the contractor comply with the aforesaid wage and reporting requirements. This section shall not apply to situations where the Town may perform construction work using its own employees rather than any contractor or subcontractor.

SECTION 9. Registration. The Town shall cause the Bond Register to be kept at the principal office of the Paying Agent (initially the Clerk) in which registration of the Bonds and transfers of the Bonds shall be made as provided herein. The Bonds may be transferred, registered and assigned only on the Bond Register, and such registration shall be at the expense of the Town. The Bonds may be assigned by the execution of an assignment form on the Bonds or by other instruments of transfer and assignment acceptable to the Paying Agent. A new Bond will be delivered by the Paying Agent to the last assignee (the new Owner) in exchange for such transferred and assigned Bond after receipt of the Bond to be transferred in proper form.

SECTION 10. Effect of Registration. The Town, the Paying Agent, and any agent of either of them may treat the Owner in whose name any Bond is registered as the Owner of such Bond for the purpose of receiving payment of the principal (and redemption price) of and interest on such Bond and for all other purposes whatsoever, and to the extent permitted by law, neither the Town, the Paying Agent, nor any agent of either of them shall be affected by notice to the contrary.

SECTION 11. Recital of Regularity. This Governing Authority, having investigated the regularity of the proceedings had in connection with this issue of Bonds, and having determined the same to be regular, the Bonds shall contain the following recital, to wit:

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

SECTION 12. Pledge of 1965 Sales Tax. The Bonds, equally with the Outstanding Parity Bonds, shall be secured by and payable in principal and interest solely from an irrevocable pledge and dedication of avails or proceeds of the 1965 Sales Tax, after payment of .the reasonable and necessary costs and expenses of collection have been paid, which net revenues are hereby irrevocably and irrepealably pledged and dedicated in an amount sufficient for the payment of the Bonds and the Outstanding Parity Bonds, in principal, interest and redemption premium, if any, as they shall respectively become due and payable, and for the other purposes

hereinafter set forth in this Bond Ordinance. All of the revenues of the 1965 Sales Tax shall be set aside in a separate fund as herein provided, and shall be and remain pledged for the security and payment of the Bonds and the Outstanding Parity Bonds in principal and interest and for all other payments provided for in this Bond Ordinance until such bonds shall have been fully paid and discharged.

SECTION 13. Deposit of Bond Proceeds. 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. All of the proceeds derived from the sale of the Bonds, which shall be paid in installments by the Department in the manner set forth in the Loan Agreement, shall be deposited by the Town in a Construction Fund (the "Construction Fund"). The funds in the Construction Fund shall be used solely for the purpose of paying costs of the Project, in the manner set forth in the Loan Agreement.

SECTION 14. Flow of Funds. In order that the principal of and the interest on the Bonds will be paid in accordance with their terms and for the other objects and purposes hereinafter provided, the Town covenants as follows:

All of the avails or proceeds received by the Town from the 1965 Sales Tax shall continue to be deposited daily as the same may be collected in a separate and special bank account maintained with the regularly designated fiscal agent of the Town, separate and apart from any other sales taxes collected by the Town (including the Town's 1% Police Department Sales Tax renewal effective January 1, 2012, and the Town's 1/4% Sewer Sales Tax renewal effective July 1, 2016) and designated as the "1965 Sales Tax Fund" (the "1965 Sales Tax Fund"). The 1965 Sales Tax Fund shall constitute a dedicated fund of the Town, from which appropriations and expenditures by the Town shall be made solely for the authorized purposes of the 1965 Sales Tax. Out of the funds on deposit in the 1965 Sales Tax Fund, the Town shall first pay all reasonable and necessary costs and expenses of collection and administration of the 1965 Sales Tax, if any, as have not been paid by the St. Tammany Parish Sales Tax Collector. After payment of such costs and expenses, then the remaining net revenues of the 1965 Sales Tax in the 1965 Sales Tax Fund shall be administered and used in the following order of priority and for the following express purposes:

- (a) The maintenance of the "Sales Tax Bond Sinking Fund" (the "Sinking Fund"), sufficient in amount to pay promptly and fully the principal of and the interest on the Bonds, the Outstanding Parity Bonds and any Additional Parity Bonds issued hereafter in the manner provided by this Bond Ordinance, as they severally become due and payable, by transferring from the 1965 Sales Tax Fund to the Sinking Fund, monthly in advance on or before the 20th day of each month of each year, a sum equal to the pro-rata amount of interest falling due on the Bonds, the Outstanding Parity Bonds and any Additional Parity Bonds on the next Interest Payment Date and the pro-rata amount of the principal falling due on the Bonds, the Outstanding Parity Bonds and any Additional Parity Bonds on the next principal payment date, together with such additional proportionate sum as may be required to pay said principal and interest as the same respectively become due. The Town shall transfer or cause to be transferred from the Sinking Fund to the paying agent(s) for all bonds payable from the Sinking Fund, at least one (1) day in advance of the date on which payment of principal or interest falls due,

immediately available funds fully sufficient to pay promptly the principal and interest so falling due on such date.

- (b) The maintenance of a separately identifiable fund or account for the Bonds designated as the "Series 2017 Debt Service Reserve Fund" (the "Reserve Fund") with the regularly designated fiscal agent of the Town, the money in the Reserve Fund to be retained solely for the purpose of paying the principal of and interest on Bonds payable from the Sinking Fund as to which there would otherwise be default, by transferring from the 1965 Sales Tax Fund (after making all required payments from said fund as hereinabove described) to the Reserve Fund monthly, on or before the 20th day of each month of each year, a sum at least equal to 25% of the amount required to be paid into the Sinking Fund for each month with respect to the Bonds. Payments into the Reserve Fund shall continue until such time as there has been accumulated therein a sum equal to the Reserve Fund Requirement. Money in the Reserve Fund shall be retained solely for the purpose of paying the principal of and interest on the Bonds as to which there would otherwise be default. Moneys in the Reserve Fund shall not be used with respect to the Outstanding Parity Bonds (for which a similar fund called the "Series 2012 Debt Service Reserve Fund" has previously been established) or any Additional Parity Bonds, for which separate debt service reserve funds shall be established as provided in Section 21 below.

If at any time it shall be necessary to use the moneys in the Reserve Fund for the purpose of paying principal of or interest on the Bonds which become outstanding and payable from the Sinking Fund as to which there would otherwise be default, then the moneys so used shall be replaced from revenues of the 1965 Sales Tax first thereafter received, not required to be used for payments required to be made by paragraph (a) above; it being the intention hereof that there shall be as nearly as possible at all times in the Reserve Fund an amount of money equal to the Reserve Fund Requirement.

All or any part of the moneys in the 1965 Sales Tax Fund, the Sinking Fund or the Reserve Fund shall at the written request of the Governing Authority be invested in Qualified Investments maturing in five (5) years or less, in which event all income derived from such investments shall be added to the 1965 Sales Tax Fund, with the exception that any interest earnings from invested funds of the Reserve Fund shall be retained therein until an amount equal to the Reserve Fund Requirement is on deposit therein, and such investments shall, to the extent at any time necessary, be liquidated and the proceeds thereof applied to the purposes for which the 1965 Sales Tax Fund has been created.

Any moneys remaining in the 1965 Sales Tax Fund on the 25th day of each month in excess of all reasonable and necessary expenses of collection and administration of the Tax and after making the required payments into the Sinking Fund and the Reserve Fund for the current month and for prior months during which the required payments may not have been made, shall be considered as surplus. Such surplus may be used by the Town for any of the purposes for which the 1965 Sales Tax is authorized, or for the purpose of retiring Bonds in advance of their maturities, either by purchase of Bonds then outstanding at prices not greater than the then redemption prices of said Bonds, or by redeeming such Bonds at the prices and in the manner set forth in this Bond Ordinance.

SECTION 15. Notification of Deficiencies. As required by La. R.S. 39:1410.62 the Town will notify the State Bond Commission, in writing, whenever (i) transfers to any fund

required to be established by this Bond Ordinance or any resolution or ordinance authorizing the issuance of indebtedness of the Town have not been made timely or (ii) principal, interest, premiums, or other payments due on the Bonds or any other outstanding indebtedness of the Town have not been made timely.

SECTION 16. Town Obligated to Continue to Collect Tax; Rights of Owners. The Town is obligated and is bound under the terms and provisions of law to continue to levy, impose, enforce and collect the 1965 Sales Tax and to provide for all reasonable and necessary rules, regulations, procedures and penalties in connection therewith, including the proper application of the proceeds thereof and the distribution thereof.

Nothing herein contained shall be construed to prevent the Town from altering, amending or repealing from time to time as may be necessary the 1965 Sales Tax Ordinance or any amendments thereto, said alterations, amendments or repeals to be conditioned upon the continued preservation of the rights of the Owners with respect to the 1965 Sales Tax. The ordinances imposing the 1965 Sales Tax and pursuant to which the 1965 Sales Tax is being levied, collected and allocated, and the obligations to continue to levy and collect the 1965 Sales Tax and to apply the avails or proceeds therefrom in accordance with the provisions of law, shall be irrevocable for the full period of its authorization until the Bonds have been paid in full as to principal, premium, if any, and interest, and shall not be subject to amendment in any manner which would impair the rights of the Owners from time to time of the Bonds or which would in any way jeopardize the prompt payment of principal thereof and interest thereon. More specifically, neither the Legislature of Louisiana nor the Parish may discontinue or decrease the 1965 Sales Tax or permit to be discontinued or decreased the 1965 Sales Tax in anticipation of the collection of which the Bonds have been issued, or in any way make any change which would diminish the amount of the 1965 Sales Tax revenues pledged to the payment of the Bonds received by the Town, until all of such Bonds shall have been retired as to both principal and interest and all amounts payable under this Bond Ordinance have been paid in full.

SECTION 17. Covenants of the Town. In providing for the issuance of the Bonds, the Town does hereby covenant that it has a legal right to issue the Bonds and to pledge the net revenues of the 1965 Sales Tax as herein provided, and that the Bonds will have a lien and privilege on the revenues of the 1965 Sales Tax that is prior to and superior to any other indebtedness except for the Outstanding Parity Bonds and Additional Parity Bonds issued in accordance with Section 21 hereof.

SECTION 18. Records and Accounts Relating to 1965 Sales Tax. So long as any of the Bonds are outstanding and unpaid in principal or interest, the Town shall maintain and keep proper books of records and accounts separate and apart from all other records and accounts in which shall be made full and correct entries of all transactions relating to the collection and expenditure of the 1965 Sales Tax, including specifically but without limitation, all reasonable and necessary costs and expenses of collection.

SECTION 19. Audit Requirements. The Town will establish and maintain adequate financial records as required by the laws of the State governing financial record-keeping by political subdivisions and in accordance with generally accepted accounting principles ("GAAP") and will make these and the following records and reports available to the Owners or their authorized representatives upon request.

The Town will cause an audit of its financial statements to be made by an independent firm of certified public accountants in accordance with the requirements of Chapter 8 of Title 24 of the Louisiana Revised Statutes of 1950, as amended, and for so long as the Department owns

the Bonds, or any part thereof, in accordance with the requirements of the Single Audit Act Amendments of 1996 as implemented by 2 CFR 200 Subpart F and Section 66.458 of the Catalog of Federal Domestic Assistance (CFDA Publication #66.458 - Capitalization Grants for State Revolving Funds) if applicable. Upon completion, but in no event later than six (6) months after the close of the applicable Fiscal Year, the Town shall file a copy of such audited financial statements with any Owner requesting same.

SECTION 20. Fidelity Bonds for Officers and Employees. So long as any of the Bonds are outstanding and unpaid, the Town shall require all of its officers and employees who may be in a position of authority or in possession of money derived from the collection of the 1965 Sales Tax, to obtain or be covered by a blanket fidelity or faithful performance bond, or independent fidelity bonds written by a responsible indemnity company in amounts adequate to protect the Town from loss.

SECTION 21. Issuance of Refunding and Additional Parity Bonds. All of the Bonds issued hereunder shall enjoy complete parity of lien on the net revenues of the 1965 Sales Tax and moneys in the Sinking Fund, despite the fact that any of the Bonds may be delivered at an earlier date than any other of the Bonds. The Town, acting through its governing authority, hereby covenants that it will issue no other bonds or obligations of any kind or nature payable from or enjoying a lien on the 1965 Sales Tax or moneys in the Sinking Fund or the Reserve Fund having priority over or parity with the Bonds and the Outstanding Parity Bonds, except that bonds may hereafter be issued on a parity with the Bonds under the following conditions:

- (a) The Bonds, or any part thereof, including interest and redemption premiums thereon, may be refunded and the refunding bonds so issued shall enjoy complete equality of lien with the portion of the Bonds which is not refunded, if there be any, provided, however, that if only a portion of the bonds outstanding is so refunded and if the refunding bonds require principal and interest payments during any Bond Year in excess of the principal and interest which would have been required in such Bond Year to pay the bonds refunded thereby, then such bonds may not be refunded without the consent of the Owners of the unrefunded portion of the Bonds (provided such consent shall not be required if such refunding bonds meet the requirements set forth in clause (b) below).
- (b) Additional Parity Bonds may also be issued, and such Additional Parity Bonds shall be on a parity with the Bonds if all of the following conditions are met:
 - (i) The average net annual revenues derived by the Town from the 1965 Sales Tax when computed for the last two (2) completed Fiscal Years immediately preceding the issuance of the Additional Parity Bonds must have been not less than 1-1/3 times the highest combined principal and interest requirements for any succeeding Fiscal Year period on all Bonds then outstanding, including the Bonds, the Outstanding Parity Bonds and any Additional Parity Bonds theretofore issued and then outstanding, and any other bonds or other obligations whatsoever then outstanding which are payable from the net revenues of the 1965 Sales Tax (but not including bonds which have been refunded or provision otherwise made for their full and complete payment and redemption) and the bonds so proposed to be issued;
 - (ii) The payments to be made into the various funds provided for in Section 14 hereof must be current;

(iii) The existence of the facts required by subparagraphs (i) and (ii) above must be certified in writing by the Mayor and the chief financial officer of the Town, or by an independent firm of certified public accountants who have previously audited the books of the Town or by such successors thereof as may have been employed for that purpose;

(iv) Provision shall be made in the ordinance(s) authorizing the issuance of the Additional Parity Bonds for the establishment of a debt service reserve fund for such Additional Parity Bonds, if one is required in connection therewith, it being understood that the debt service reserve fund established in established for in Section 14 hereof secures only the Bonds authorized herein; and

(v) No Additional Parity Bonds may be issued should any event of default under this Bond Ordinance have occurred and be continuing.

SECTION 22. Remedies on Default. If one or more of the following events (in this Bond Ordinance called "Events of Default") shall happen, that is to say,

(a) if default shall be made in the due and punctual payment of the principal of any Bond when and as the same shall become due and payable, whether at maturity or otherwise; or

(b) if default shall be made in the due and punctual payment of any installment of interest on any Bond when and as such interest installment shall become due and payable; or

(c) if default shall be made by the Town in the performance or observance of any other of the covenants, agreements or conditions on its part in the Bond Ordinance, any supplemental ordinance or in the Bonds, and such default shall continue for a period of forty five (45) days after written notice thereof to the Town by the Owners of not less than 25% of the Bonds; or

(d) if the Town shall file a petition or otherwise seek relief under any Federal or State bankruptcy law or similar law;

then, upon the happening and continuance of any Event of Default the Owners of the Bonds shall be entitled to exercise all rights and powers for which provision is made under Louisiana law. All remedies shall be cumulative with respect to the Paying Agent, and the Owners; if any remedial action is discontinued or abandoned, the Paying Agent, and the Owners shall be restored to the former positions.

SECTION 23. Amendments to Bond Ordinance. No material modification or amendment of this Bond Ordinance, or of any Bond Ordinance amendatory hereof or supplemental hereto, may be made without the consent in writing of the Owners of two-thirds (2/3) of the aggregate principal amount of the Bonds then outstanding; provided, however, that no such modification or amendment shall permit a change in the maturity of the Bonds or the redemption provisions thereof, or a reduction in the rate of interest thereon, or the promise of the Town to pay the principal of and the interest on the Bonds as the same shall come due, or reduce the percentage of owners required to consent to any material modification or amendment of this Bond Ordinance, without the consent of all of the Owner or Owners.

SECTION 24. Mutilated, Destroyed, Lost or Stolen Bonds. Lost, destroyed or improperly cancelled Bonds may be replaced in the manner set forth in Part XI, Chapter 4, Subtitle II, Title 39 of the Louisiana Revised Statutes of 1950, as amended (La. R.S. 39:971 *et seq.*). In case any such lost, destroyed or improperly cancelled Bond has become or is about to

become due and payable, the Town in its discretion may, instead of issuing a new Bond, pay such Bond .

Upon the issuance of any new Bond under this Section, the Town may require the payment by the Owner of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Paying Agent) connected therewith. Every new Bond issued pursuant to this Section *in lien* of any mutilated, destroyed, lost, or stolen Bond shall constitute a replacement of the prior obligation of the Town, whether or not the mutilated, destroyed, lost, or stolen Bond shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Bond Ordinance equally and ratably with all other Outstanding Bonds. The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement and payment of mutilated, destroyed, lost or stolen Bonds.

SECTION 25. Discharge of Bond Ordinance. If the Town shall pay or cause to be paid, or there shall be paid to the Owners, the principal (and redemption price) of and interest on the Bonds, at the times and in the manner stipulated in this Bond Ordinance are paid in full for all amounts due and owing, then the pledge of the Tax or any other money, securities, and funds pledged under this Bond Ordinance and all covenants, agreements, and other obligations of the Town to the Owners shall thereupon cease, terminate, and become void and be discharged and satisfied, and the Paying Agent shall pay over or deliver all money held by it under this Bond Ordinance to the Town.

SECTION 26. Defeasance. Bonds or interest installments for the payment or redemption of which money shall have been set aside and shall be held in trust (through deposit by the Town of funds for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and with the effect expressed above in this Section, if they have been defeased pursuant to Chapter 14-A of Title 39 of the Louisiana Revised Statutes of 1950, as amended, or any successor provisions thereto.

SECTION 27. Cancellation of Bonds. All Bonds paid or redeemed either at or before maturity, together with all bonds purchased by the Town, shall thereupon be promptly cancelled by the Paying Agent. The Paying Agent shall thereupon promptly furnish to the Chief Financial Officer of the Town an appropriate certificate of cancellation.

SECTION 28. Successor Paying Agent; Paying Agent Agreement. The Town will at all times maintain a Paying Agent for the performance of the duties hereunder for the Bonds. The designation of the initial Paying Agent in this Bond Ordinance is hereby confirmed and approved. The Town reserves the right to appoint a successor Paying Agent by (a) filing with the Person then performing such function a certified copy of a resolution of ordinance giving notice of the termination and appointing a successor and (b) causing notice to be given to each Owner. Every successor Paying Agent appointed hereunder shall at all times be an officer of the Town or a bank or trust company organized and doing business under the laws of the United States of America or of any state, authorized under such laws to exercise trust powers, and subject to supervision or examination by Federal or State authority. The Authorized Officer are hereby authorized and directed to execute an appropriate agreement with the Paying Agent for and on behalf of the Town in such form as may be satisfactory to said officers, the signatures of said officers on such Agreement to be conclusive evidence of the due exercise of the authority granted hereunder. No resignation or removal of the Paying Agent shall become effective until a successor has been appointed and has accepted the duties of Paying Agent.

SECTION 29. Notices to Owners. Wherever this Bond Ordinance provides for notice to Owners of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and mailed, first class postage prepaid, to each Owner of such Bonds, at the address of such Owner as it appears in the Bond Register. In any case where notice to Owners is given by mail, neither the failure to mail such notice to any particular Owner, nor any defect in any notice so mailed, shall affect the sufficiency of such notice with respect to all other Bonds. Where this Bond Ordinance provides for notice in any manner, such notice may be waived in writing by the Owner entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Owners shall be filed with the Paying Agent, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

SECTION 30. Publication; Peremption. This Bond Ordinance shall be published one time in the official journal of the Town, or if there is none, in a newspaper having general circulation in the Town. It shall not be necessary to publish the exhibits to this Bond Ordinance but such exhibits shall be made available for public inspection at the offices of the Governing Authority at reasonable times and such fact must be stated in the publication within the official journal. For a period of thirty days after the date of such publication any persons in interest may contest the legality of this Bond Ordinance and any provisions herein made for the security and payment of the Bonds. After such thirty day period no one shall have any cause or right of action to contest the regularity, formality, legality, or effectiveness of this Bond Ordinance and the provisions hereof or of the Bonds authorized hereby for any cause whatsoever. If no suit, action, or proceeding is begun contesting the validity of the Bonds authorized pursuant to this Bond Ordinance within the thirty days herein prescribed, the authority to issue the Bonds or to provide for the payment thereof, and the legality thereof, and all of the provisions of this Bond Ordinance and such Bonds shall be conclusively presumed, and no court shall have authority or jurisdiction to inquire into any such matter.

SECTION 31. Disclosure Under SEC Rule 15c2-12. The Town is not required at this time to comply with the continuing disclosure requirements described in the Rule 15c2-12(b) of the Securities and Exchange Commission [17 CFR '240.15c2-12(b)], because:

- (a) the Bonds are not being purchased by a broker, dealer or municipal securities dealer acting as an underwriter in a primary offering of municipal securities; and
- (b) the Bonds are in denominations of One Hundred Thousand Dollars (\$100,000) or more and are being sold to no more than one financial institution or sophisticated investor which (i) have such knowledge and experience in financial and business matters that they are capable of evaluating the merits and risks of the prospective investment in the Bonds and (ii) are not purchasing said Bonds for more than one account or with a view to distributing same.

SECTION 32. Severability. In case any one or more of the provisions of this Bond Ordinance or of the Bonds issued hereunder shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Bond Ordinance or of the Bonds, but this Bond Ordinance and the Bonds shall be construed and enforced as if such illegal or invalid provisions had not been contained therein. Any constitutional or statutory provision enacted after the date of this Bond Ordinance which validates or makes legal any provision of this Bond Ordinance or the Bonds which would not otherwise be valid or legal shall be deemed to apply to this Bond Ordinance and to the Bonds.

SECTION 33. Section Headings. The headings of the various sections hereof are inserted for convenience of reference only and shall not control or affect the meaning or construction of any of the provisions hereof.

SECTION 34. Effective Date. This Bond Ordinance shall become effective upon signature of the Mayor, or, in the event of Mayoral veto, upon re-adoption by the Governing Authority.

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

YEAS: Bridgett Bennett, Lora Cutrer, David McGregor, Kathryn Walsh

NAYS: None

ABSENT: Virgil A. Philips

And the ordinance was declared adopted this 21st day of March, 2017.

/s/ Carla Benelli

Clerk

/s/ David McQueen

Mayor

EXHIBITS TO THIS ORDINANCE ARE NOT BEING PUBLISHED. THESE EXHIBITS ARE ON FILE AT THE TOWN OF PEARL RIVER CLERK'S OFFICE AT 39460 WILLIS ALLEY, PEARL RIVER, LOUISIANA AND ARE AVAILABLE FOR INSPECTION BETWEEN THE HOURS OF 9:00 A.M. AND 4:00 P.M. MONDAY THROUGH FRIDAY