

The following ordinance, having been previously introduced and laid over with a public hearing having been held in connection therewith on May 11, 1998, was offered for adoption by Mr. Brumfield and seconded by Mr. Richardson:

ORDINANCE

An ordinance authorizing the issuance of Five Hundred Fifty Thousand Dollars (\$550,000) of Water Revenue Bonds, Series 1999, of the Village of Folsom, State of Louisiana, prescribing the form, fixing the details and providing for the payment thereof, confirming the sale thereof, and entering into certain other covenants and agreements in connection with the security and payment of said bonds, including providing interim financing in connection with the construction of the project being funded with the proceeds of the Bonds through the issuance and sale of a Bond Anticipation Note of the Village.

WHEREAS, the Village of Folsom, State of Louisiana (the "Issuer"), now owns and operates a waterworks system (the "System"); and

WHEREAS, the Issuer now desires to construct and acquire improvements and extensions to the System, a work of public improvement for the Issuer, and to pay a portion of the cost thereof through the issuance of water revenue bonds of the Issuer payable as to principal and interest from a dedication and pledge of the income and revenues derived or to be derived from the operation of the System, pursuant to the provisions of Part VII, Chapter 4, Title 39 of the Louisiana Revised Statutes of 1950, as amended (the "Act"), and other constitutional and statutory authority; and

WHEREAS, pursuant to the authority of the Act, the Issuer gave notice of its intention to issue Water Revenue Bonds in an amount not exceeding \$600,000 without the necessity of the holding of an election, held a public hearing thereon on February 10, 1997, and no objections were made to the issuance of such Bonds and no petitions were filed requesting an election; and

WHEREAS, it is now the desire of this Mayor and Board of Aldermen to issue Five Hundred Fifty Thousand Dollars (\$550,000) of said Water Revenue Bonds in accordance with the terms and provisions of the Act and for the purpose set forth above; and

WHEREAS, the Issuer presently has no outstanding bonds payable from a pledge of the revenues of the System EXCEPT a Water Revenue Bond, dated November 1, 1972, issued in the original principal amount of \$145,000 pursuant to a resolution adopted by this Mayor and Board of Aldermen on September 5, 1972 (the "Outstanding Parity Bond"); and

WHEREAS, under the terms and conditions of the aforesaid resolution of September 5, 1972 authorizing the issuance of the Outstanding Parity Bond, the Issuer is authorized to issue additional bonds on a complete parity therewith, provided that the Issuer complies with terms and

conditions set forth in said resolution or the owner of the Outstanding Parity Bond can consent to the issuance of the Bonds herein authorized on a parity with the Outstanding Parity Bond; and

WHEREAS, this Mayor and Board of Aldermen has determined that prior to the delivery of the Bonds herein authorized, it will obtain the consent of the owner of the Outstanding Parity Bond to issue the Bonds herein authorized on a parity therewith;

WHEREAS, Part VII, Chapter 4, Title 39 of the Louisiana Revised Statutes of 1950 grants authority to political subdivisions to borrow from any governmental agency of the United States for any purpose for which any loan to any subdivision is authorized by an act of Congress now in existence; and

WHEREAS, Consolidated Farmers Home Administration Act of 1961 provides that the United States of America may make loans to political subdivisions when such subdivisions are unable to obtain other credit to meet their needs within reasonable rates and terms; and

WHEREAS, the Issuer is not able to sell the aforementioned issue of Bonds in the private market at reasonable rates and terms and now desires to exercise its option to sell the Bonds herein authorized to the United States of America and to issue said Bonds pursuant to the terms of a loan agreement entered into by and between the Issuer and the Government, and to represent said indebtedness, to issue Five Hundred Fifty Thousand Dollars (\$550,000) of Water Revenue Bonds, Series 1999, of the Issuer as hereafter provided; and

WHEREAS, it is now desired to fix the details necessary with respect to the issuance of the aforesaid bonds and to provide for the authorization and issuance thereof; and

WHEREAS, the Issuer also wishes to authorize the issuance of a Bond Anticipation Note in the principal amount of \$550,000 to provide interim financing for the construction and acquisition of the proposed improvements and extensions to the System;

NOW, THEREFORE, BE IT ORDAINED by the Mayor and Board of Aldermen of the Village of Folsom, State of Louisiana, acting as the governing authority of said Village, that:

SECTION 1. The following terms as used in this ordinance shall have the following respective meanings, such definitions to be equally applicable to both the singular and plural sense of any of such terms:

1. "Bonds" or "Bond" means the Water Revenue Bonds, Series 1999, of the Village of Folsom, State of Louisiana, authorized to be issued by this ordinance in the total aggregate principal amount of \$550,000.

2. "Executive Officers" means, collectively, the Mayor and the Clerk of the Village of Folsom, State of Louisiana.

3. **"Governing Authority"** means the Mayor and Board of Aldermen of the Village of Folsom, State of Louisiana, or any legal successor thereto.

4. **"Government"** means the United States of America, acting through Rural Development, or any successor entity thereto.

5. **"Issuer"** means the Village of Folsom, State of Louisiana.

6. **"Outstanding Parity Bond"** means the Issuer's outstanding Water Revenue Bond, dated November 1, 1972, as more fully described in the preamble hereto.

7. **"System"** means the waterworks system of the Issuer, as now existing and as acquired, constructed, improved and extended with the proceeds of the Bonds or as said system shall hereafter be improved, extended or supplemented from any source whatsoever while any of the Bonds remain outstanding, including, specifically, all properties of every nature owned by the Issuer and used or useful in the operation of said system, including real estate, personal and intangible properties, contracts, franchises, leases and choses in action.

SECTION 2. Subject to the approval of the State Bond Commission and to pay a portion of the cost of constructing and acquiring improvements and extensions to the System, including appurtenant equipment, accessories and properties, both personal and real, a work of public improvement for the Issuer, in compliance with and under the authority of Part VII, Chapter 4, Title 39 of the Louisiana Revised Statutes of 1950, as amended (the "Act"), and other constitutional and statutory authority, there is hereby authorized the incurring of an indebtedness of Five Hundred Fifty Thousand Dollars (\$550,000) for, on behalf of and in the name of the Issuer, and to represent said indebtedness, this Governing Authority does hereby authorize the issuance of Five Hundred Fifty Thousand Dollars (\$550,000) of Water Revenue Bonds, Series 1999, of the Issuer. The Bonds shall be issued in the form of a single, fully registered bond of the Issuer, which shall be dated as of the date of delivery thereof, be in the denomination and principal amount of Five Hundred Fifty Thousand Dollars (\$550,000) and numbered R-1. The unpaid principal of the Bond shall bear interest at the rate of five per centum (5%) per annum from date of delivery until paid (or, with the consent of the Government, such lower rate of interest which the Government may have in effect for community

program loans at the time of delivery of the Bond to the Government). Principal of and interest on the Bond shall be payable over a forty (40) year period, with the first payment consisting of interest only which shall fall due on the first anniversary date of the Bond. Commencing one month after the first anniversary date of the Bond and continuing monthly thereafter over the life of the Bond, the payments shall be equal and consist of fully amortized installments of principal and interest. Each payment shall be applied, first, to the payment of accrued interest and, second, to the payment of principal.

SECTION 3. The Issuer may prepay the whole or any part of the principal amount of any installment at any time in inverse chronological order at the principal amount thereof and accrued interest to the date fixed for prepayment. Each prepayment shall be noted on the Bond, and interest on the amount of principal so prepaid shall cease from and after the date of prepayment.

SECTION 4. Payments of principal and interest on the Bond shall be made by check or draft mailed to the registered owner at the address shown on the Bond Registration Book of the Issuer, or by electronic debit acceptable to said owner, without (except for final payment) presentation and surrender of said Bond; and all such payments shall fully discharge the obligations of the Issuer in respect of the Bond to the extent of the payments so made. Said payments shall be noted on the Payment Record made a part of the Bond, and written notice of the making of such notations shall be promptly sent to the Issuer.

SECTION 5. The Bond shall be fully registered as to principal and interest by the Clerk of the Issuer, and no transfer or assignment shall be valid unless made on the Bond Registration Book and similarly noted on the back of such Bond. Upon such transfer or assignment, the transferor or assignor shall surrender the Bond for transfer on said registration records and verifications of endorsements made on the Bond.

SECTION 6. The Bond shall be in substantially the following form:

* * *

**UNITED STATES OF AMERICA
STATE OF LOUISIANA
PARISH OF ST. TAMMANY**

**WATER REVENUE BOND, SERIES 1999, OF
THE VILLAGE OF FOLSOM,
STATE OF LOUISIANA**

No. R-1

\$550,000

KNOW ALL MEN BY THESE PRESENTS that the Village of Folsom, State of Louisiana (the "Issuer"), for value received hereby promises to pay to the registered owner, or its successor (the "Payee"), or its registered assigns (the "Alternate Payee"), but solely from the revenues hereinafter recited, the sum of Five Hundred Fifty Thousand Dollars (\$550,000), together with interest on the unpaid principal at the rate of _____ per centum (____%) per annum from date hereof or the most recent interest payment date to which interest has been paid. This bond shall be payable over a forty (40) year period with the first payment falling due on _____, 2000 being for interest only. Thereafter, commencing on _____, 2000 and on the ____ day of each month thereafter to and through _____, 20__ the payments shall consist of equal, fully amortized payments of principal and interest. Each payment shall be applied, first, to the payment of accrued interest and, second, to the payment of principal.

Payments of principal and interest, including prepayments of principal, shall be noted on the appropriate payment record made a part of this bond as provided by the ordinance authorizing its issuance.

The Issuer shall have the right to prepay the whole or any part of the principal amount of any installment at any time in inverse chronological order at par plus accrued interest. When any such prepayment has been made, interest on the amount of principal so prepaid shall cease to accrue from and after the date of prepayment.

This bond represents the entire series of bonds designated "Water Revenue Bonds, Series 1999, of the Village of Folsom, State of Louisiana", and this bond is issued under and by virtue of the authority conferred by Part VII, Chapter 4, Title 39 of the Louisiana Revised Statutes of 1950, as amended, and other constitutional and statutory authority, pursuant to all requirements therein specified, and were specially authorized by an ordinance adopted by the governing authority of the Issuer on May 18, 1998 (the "Bond Ordinance"), to pay a portion of the cost of constructing and acquiring improvements and extensions to the waterworks system of the Issuer, including appurtenant equipment, accessories and properties, both personal and real, a work of public improvement for the Issuer.

This bond is payable as to principal and interest solely from the income and revenues derived or to be derived from the operation of the waterworks system of the Issuer (the "System"), after provision has been made for payment therefrom of the reasonable and necessary expenses of operating, maintaining and administering the System, and neither this bond nor the debt it represents constitutes an indebtedness or pledge of the general credit of the Issuer, within the meaning of any constitutional or statutory limitation of indebtedness.

The Issuer has obligated itself and by this bond declares that all of the income and revenues to be derived from the operation of the System shall be deposited promptly as the same may be collected in a separate and special bank account known and designated as the "Water System Fund". For a complete statement of the manner in which said Water System Fund shall be maintained and administered, the provisions under which this bond is payable and the general covenants and provisions pursuant to which this bond is issued, reference is hereby made to the Bond Ordinance. The Issuer has duly covenanted and

obligated itself and by this bond declares that it will fix and maintain rates and collect charges for all services and facilities to be rendered by the System sufficient to provide for the payment of the reasonable and necessary expenses of operating and maintaining the System, to provide for the payment of this bond, together with interest thereon, and all other obligations or indebtedness payable out of the revenues of the System, to provide a reserve therefor, and to provide a reasonable depreciation and contingency fund to care for depreciation, extensions, additions, improvements and replacements necessary to properly operate the System. For a more complete statement of the revenues from which and conditions under which this bond is issued, reference is hereby made to the Bond Ordinance.

This bond is issued on a complete parity with the Issuer's outstanding Water Revenue Bond, dated November 1, 1972, issued in the original principal amount of \$145,000 pursuant to a resolution adopted by the governing authority of the Issuer on September 5, 1972 (the "Outstanding Parity Bond"). It is certified that the terms and conditions set forth in the aforesaid resolution with respect to authorizing the issuance of this bond on a parity with the Outstanding Parity Bond have been waived by the registered owner of the Outstanding Parity Bond.

As provided in R.S. 39:832, this bond shall not constitute an indebtedness of the State of Louisiana.

This bond may be assigned and upon such assignment the assignor shall promptly notify the Issuer by registered mail, and the assignor shall surrender the same to the Issuer for transfer on the registration records and verification of the endorsements made hereon, and every such assignee shall take this bond subject to such condition.

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

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 necessary 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 a sufficient amount of income and revenues to be derived from the operation of the System has been duly pledged and will be set aside for the payment of the principal of and the interest on this bond.

IN WITNESS WHEREOF, the Mayor and Board of Aldermen of the Village of Folsom, State of Louisiana, acting as the governing authority of the Issuer, has caused this bond to be signed by its Mayor and attested by its Clerk, and the corporate seal of the Issuer to be hereon impressed and this bond to be dated as of the date of delivery hereof, _____, 1999.

VILLAGE OF FOLSOM, STATE OF LOUISIANA

ATTEST:

Mayor

Clerk

(PROVISIONS FOR REGISTRATION)

This bond has been registered as to principal and interest in the name of the registered owner hereof on the books of the Clerk of the Village of Folsom, State of Louisiana, as Registrar, as follows:

<u>Date of Registration</u>	<u>Name of Registered Owner</u>	<u>Address of Registered Owner</u>	<u>Signature of Registrar</u>
	United States of America	805 West Oak St., Room 3 Amite, Louisiana 70422	

(FORM OF ASSIGNMENT)

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

Please insert Social Security
or other Identifying Number of Assignee

the within Water Revenue 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.

(CERTIFICATE OF DELIVERY)

I, the undersigned Clerk of the Village of Folsom, State of Louisiana, do hereby certify that this bond was delivered to the purchaser therefor and payment duly received therefor on the date and in the amount hereinafter shown:

<i>Date</i>	<i>Amount of Principal Received</i>	<i>Signature of Clerk</i>

**PAYMENT RECORD
 WATER REVENUE BOND, SERIES 1999
 VILLAGE OF FOLSOM, STATE OF LOUISIANA**

<i>DUE DATE</i>	<i>PRINCIPAL PAYMENT</i>	<i>PRINCIPAL BALANCE DUE</i>	<i>INTEREST PAYMENT (%)</i>	<i>DATE PAID</i>	<i>SIGNATURE OF AUTHORIZED OFFICIAL AND TITLE</i>

(Enter date for principal and/or interest)

(Enter amounts)

(Leave Blank)

(Blank)

(469 principal and/or interest due dates)

SCHEDULE "A"

**WATER REVENUE BOND, SERIES 1999, OF THE
 VILLAGE OF FOLSOM, STATE OF LOUISIANA**

Principal Installments on which payments have been made prior to maturity.

<i>PRINCIPAL PAYMENT DATE</i>	<i>AMOUNT DUE</i>	<i>PRINCIPAL AMOUNT ACTUALLY PAID</i>	<i>DATE PAID</i>	<i>SIGNATURE OF AUTHORIZED OFFICIAL AND TITLE</i>

* * *

SECTION 7. The Bond shall be signed by the Mayor of the Issuer for, on behalf of, in the name of and under the corporate seal of the Issuer and attested by the Clerk of the Issuer.

SECTION 8. Subject to the prior payment of the reasonable and necessary expenses of operating, maintaining and administering the System, the Bond, equally with the Outstanding Parity Bond, shall be secured and payable in principal and interest exclusively by a pledge of the income and revenues derived or to be derived from the operation of the System, as now existing and as acquired,

constructed, improved and extended with the proceeds of the Bond or as the System shall hereafter be improved, extended or supplemented from any source whatsoever while the Bond remains outstanding, including, specifically, all properties of every nature owned by the Issuer and used or useful in the operation of the System, including real estate, personal and intangible properties, contracts, franchises, leases and choses in action. The said income and revenues are hereby irrevocably and irrepealably pledged in an amount sufficient for the payment of the Bond in principal and interest as they shall respectively mature, and the income and revenues thus pledged shall remain so pledged for the security of the Bond in principal and interest until they shall have been fully paid and discharged.

SECTION 9. The Bond is hereby issued on a parity with the Outstanding Parity Bond, and the Bond shall rank equally with and shall enjoy complete parity of lien with the Outstanding Parity Bond on all of the revenues of the System or other funds established and maintained by the resolution adopted by this Governing Authority on September 5, 1972 authorizing the issuance of and providing with respect to the security and payment of the Outstanding Parity Bond (the "Parity Bond Resolution"). This Governing Authority does hereby find, determine and declare that the Issuer has complied, or will comply prior to the delivery of the Bond with all of the terms and conditions (or such terms and conditions shall have been waived by the owner of the Outstanding Parity Bond) set forth in the Parity Bond Resolution with respect to authorizing the issuance of the Bond on a parity with the Outstanding Parity Bond.

SECTION 10. The Issuer, through its Governing Authority, covenants to fix, establish and maintain such rates and collect such fees, rents or other charges for the services and facilities of the System, and all parts thereof, and to revise the same from time to time whenever necessary, as will always provide revenues in each year sufficient to pay the reasonable and necessary expenses of

operating, maintaining and administering the System in each year, the principal and interest falling due on the Outstanding Parity Bond and the Bond in each year, all reserves or sinking funds or other payments required for such year by this ordinance, and all other obligations or indebtedness payable out of the revenues of the System for such year, and which will provide revenues in each year, after paying all reasonable and necessary expenses of operating, maintaining and administering the System in such year, at least equal to 120% of the largest amount of principal and interest maturing on the Outstanding Parity Bond and the Bond in any future fiscal year and on any pari passu additional bonds hereafter issued as provided herein. The Issuer further covenants:

That all of the income and revenues derived or to be derived by the Issuer from the operation of the System shall continue to be deposited as the same may be collected in a separate and special bank account with the regularly designated fiscal agent bank of the Issuer, heretofore established and designated as the "Water System Fund" by the Parity Bond Resolution, said Fund to be maintained and administered in the following order of priority and for the following express purposes:

(a) The payment of, first, all reasonable and necessary expenses of operating and maintaining the System.

(b) The maintenance of the "Water Revenue Bond Fund" (the "Sinking Fund"), heretofore established and maintained by the Parity Bond Resolution, sufficient in amount to pay promptly and fully the principal of and the interest on the Bond authorized herein and any pari passu bonds issued hereafter in the manner provided by this ordinance by transferring from the Water System Fund to the regularly designated fiscal agent bank of the Issuer (or such other bank designated by the Issuer with the approval of the Government), monthly in advance on or before the 20th day of each month of each year, a sum equal to the total amount of principal and interest falling due on the next principal and interest payment date for the Bonds (except with regard to the Bond authorized herein during the first year the Bond is outstanding a monthly sum equal to one-twelfth (1/12th) of the interest falling due on the first payment date) together with such additional proportionate sum as may be required to pay said principal and interest as the same respectively become due. Said payments to be in addition to the payments required to be made in the Sinking Fund for the Outstanding Parity Bond pursuant to the Parity Bond Resolution. Said fiscal agent bank shall transfer from the Sinking Fund to any paying agent (if a paying agent other than said fiscal agent bank has been designated by the Issuer with the approval of the Government) or pay directly to the owner, for all bonds payable from the said Sinking Fund, at least three (3) days in advance of the date on which each payment of principal or interest falls due, funds fully sufficient to pay promptly the principal and/or interest so falling due on such date; except, if payment is made by electronic debit, then such debit shall be made on the day payment is due.

(c) The maintenance of the "Water System Bond Reserve Fund" (the "Reserve Fund"), heretofore established and maintained by the Parity Bond Resolution, by transferring from said Water System Fund to the regularly designated fiscal agent bank of the Issuer (or such other bank designated by the Issuer with the approval of the Government), monthly in advance on or before the 20th day of each month of each year, a sum (rounded up to the nearest dollar), beginning with the first month following completion of the improvements and extensions to the System financed with the proceeds of the Bond, at least equal to five percent (5%) of the amount to be paid into the Sinking Fund provided for in paragraph (b) above, the payments into the Reserve Fund to continue until such time as there has been accumulated in the Reserve Fund a sum equal to the highest combined principal and interest falling due in any succeeding fiscal year on the Outstanding Parity Bond and the Bond as a Debt Service Reserve, 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. In the event that additional pari passu bonds are issued hereafter in the manner provided by this ordinance, the payments into the Reserve Fund shall continue, or if the said payments have ceased because of the accumulation of the maximum amount provided above, then such payments shall be resumed, until such time as there has been accumulated in the Reserve Fund an amount of money equal to the highest combined principal and interest requirements for any succeeding twelve (12) months period on such bonds payable from the Reserve Fund.

(d) The maintenance of the "Depreciation and Contingency Fund" (the "Contingency Fund") heretofore established and maintained by the Parity Bond Resolution to care for depreciation, extensions, additions, improvements and replacements necessary to operate properly the System, by transferring from the Water System Fund to the regularly designated fiscal agent bank of the Issuer (or such other bank designated by the Issuer with the approval of the Government), monthly in advance on or before the 20th day of each month of each year beginning with the first month following completion of the improvements and extensions to the System financed with the proceeds of the Bond, the sum of \$171 per month, all as required by the Government in purchasing the Bond. Said monthly sum shall be in addition to the monthly sum presently required to be deposited in the Contingency Fund pursuant to the Parity Bond Resolution. Money in the Contingency Fund shall also be used to pay the principal of and the interest on any bond for the payment of which there is not sufficient money in the Sinking Fund or the Reserve Fund, but if so used, such money shall be replaced by the Issuer as soon as possible thereafter out of the earnings of the System after making the required payments into the respective funds and accounts hereinabove set out.

Subject to the foregoing, which are cumulative, the balance of the excess funds on deposit in the Water System Fund may be used by the Issuer for the purpose of calling and/or paying bonds payable from the income and revenues of the System or for such other lawful corporate purposes as the Governing Authority may determine, whether or not such purposes are or are not related to the System.

All or any part of the moneys in any of the aforesaid funds and accounts described in subparagraphs (b), (c) and (d) shall, at the written request of the Issuer, be invested in direct obligations of the United States of America or other obligations permitted by Louisiana law, maturing in five (5) years or less, in which event all income derived from investments in the Sinking Fund and the Reserve Fund shall be deposited in the Water System Fund as income and revenues of the System

and all income from investments in the Contingency Fund shall be added to the Contingency Fund. Such investments shall, to the extent at any time necessary, be liquidated and the proceeds thereof applied to the purposes for which said respective funds and accounts are herein maintained.

SECTION 11. The Issuer may alter, amend or repeal from time to time any resolutions or ordinances establishing a schedule of rates and charges for the services and facilities to be rendered by the System, said alterations, amendments or repeals to be conditioned upon the preservation of the rights of the owners of the Bond with respect to the income and revenues of the System, not alone for the payment of the principal of and the interest on the Bond, but to insure that the income and revenues of the System shall be sufficient at all times to fulfill the other provisions specified in Section 10 hereof. The Issuer shall fix and maintain rates and collect charges for all services and facilities to be rendered by the System, irrespective of the user thereof, and no free services or facilities shall be furnished to any person, association of persons, or corporation, public or private, or even to the Issuer itself, and no discrimination shall be made as to rates and charges for the services and facilities of the System as between users of the same type or class.

The Issuer further agrees that the failure of any individual, partnership or corporation to pay said charge for any service rendered by the System within ten (10) days of the date on which it is due shall cause such charge to become delinquent; that if such delinquent charge, with interest and penalties accrued thereon, is not paid within ten (10) days from the date on which it became delinquent, the Issuer will cause to be shut off water service to the affected premises; and that the Issuer and this Governing Authority and their officials, agents and employees will do all things necessary and will take advantage of all remedies afforded by law to collect and enforce the prompt payment of all charges made for services rendered by the System. All delinquent charges for service shall on the date of delinquency have added thereto a penalty of ten percent (10%) of the amount of the charge, and the amount so due, including the penalty charge, shall, after thirty (30) days from the

date of delinquency, bear interest at the rate of eight percent (8%) per annum. If services are discontinued as above provided, the customer shall, in addition to paying the delinquent charges, penalties and interest, pay as a condition precedent to the resumption of service a reasonable reconnection charge of not less than \$5.00.

The following schedule of water rates shall be placed in effect, and neither said schedule nor any subsequent schedule shall be reduced at any time unless the maximum debt service reserve provided for in this ordinance has been accumulated as specified in Section 10 hereof and all payments required for all funds by this ordinance, including any deficiencies for prior payments, have been fully made, and unless such schedules as so reduced will in each year thereafter produce sufficient revenues to meet and fulfill the other provisions stated and specified in Section 10 of this ordinance, viz:

<i>Residential Monthly Rates</i>	<i>Commercial Monthly Rates</i>
\$9.00 for first 2,000 gallons \$2.10 per thousand or part thereof next 6,000 gallons 1.00 per thousand or part thereof all over 8,000 gallons	\$9.00 for first 2,000 gallons \$2.10 per thousand or part thereof next 6,000 gallons 1.00 per thousand or part thereof all over 8,000 gallons

SECTION 12. The registered owner of the Bond shall be entitled to exercise all rights for which provision is made in the laws of the State of Louisiana, particularly Sub-Part C, Part I, Chapter 10, Title 33 of the Louisiana Revised Statutes of 1950 and the Act. The owner of the Bond or any trustee acting for such owner in the manner hereinafter provided, may, either at law or in equity, by suit, action, mandamus or other proceeding in any court of competent jurisdiction, protect and enforce any and all rights under the laws of the State of Louisiana, or granted in this ordinance, and may compel the performance of all duties required by this ordinance applicable statutes to be performed by the Issuer or by any agency, board or officer thereof, including the fixing, charging and

collecting of rentals, fees or other charges for use of the System, and in general to take any action necessary to protect the rights of said owner.

In the event that default shall be made in the payment of the interest on or principal of the Bond as the same shall become due, or in the making of the payments into any fund maintained by Section 10 of this ordinance or in the event that the Issuer or any agency, board, officer, agent or employee thereof shall fail or refuse to comply with the provisions of this ordinance, or shall default in any covenant for a period of thirty (30) days after written notice thereof, the owner of the Bond or any trustee appointed to represent said owner hereinafter provided, shall be entitled as of right to the appointment of a receiver of the System, as defined herein, in an appropriate judicial proceeding in a court of competent jurisdiction.

The receiver so appointed shall forthwith enter into and take possession of the System and shall hold, operate and maintain, manage and control the System, and in the name of the Issuer shall exercise all rights and powers of the Issuer with respect to the System. Such receiver shall collect and receive all fees, rentals and other revenues, maintain and operate the System in the manner provided in this ordinance, and comply under the jurisdiction of the court appointing such receiver with all of the provisions of this ordinance.

Whenever all that is due upon the Bond and interest thereon, and under any covenants of this ordinance for reserve, sinking or other funds, and upon any other obligations and interest thereon, having a charge, lien or encumbrance upon the fees, rentals or other revenues of the System, shall have been paid and made good, and all defaults under the provisions of this ordinance shall have been cured and made good, possession of the System shall be surrendered to the Issuer upon the entry of an order of the court to that effect. Upon any subsequent default, any owner of the Bonds issued

pursuant to this ordinance, or any trustee appointed for owners as hereinafter provided, shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

Such receiver shall in the performance of the powers hereinabove conferred upon him be under the direction and supervision of the court making such appointment, shall at all times be subject to the orders of such court and may be removed thereby and a successor appointed in the discretion of such court. Nothing herein contained shall limit the jurisdiction of such court to enter such other and further orders as such court may deem necessary for the exercise by the receiver of any function not specifically set forth herein.

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and owners of the Bonds issued pursuant to this ordinance. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets belonging or pertaining to the System but the authority of such receiver shall be limited to the possession, operation and maintenance of the System for the sole purpose of the protection of both the Issuer and owners, and the curing and making good of any default under the provisions of this ordinance, and the title to the System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order permitting or requiring such receiver to sell, mortgage or otherwise dispose of any assets of the System except with the consent of the Issuer and in such manner as the court shall direct.

The registered owners of the Bonds in an aggregate principal amount of not less than twenty-five percent (25%) of the principal amount of the Bonds then outstanding may by duly executed certificate in writing appoint a trustee for owners of the Bonds with authority to represent such owners in any legal proceedings for the enforcement of the rights of such owners. Such

certificate shall be executed by such owners, or by their duly authorized attorneys or representative, and shall be filed in the office of the Clerk of the Issuer.

Until an event of default shall have occurred, the Issuer shall retain full possession and control of the System with full right to manage, operate and use the same and every part thereof with the rights appertaining thereto, and to collect and receive and, subject to the provisions of this ordinance, to take, use and enjoy and distribute the earnings, income, rent, issue and profits accruing on or derivable from the System.

SECTION 13. The Issuer does hereby covenant and warrant so long as any of the Bonds are outstanding and unpaid in principal and/or interest:

(a) That it is or will be lawfully seized and possessed of the System, that it has a legal right to pledge the income and revenues of the System as herein provided, and that the Bond will have a lien and privilege on said income and revenues, subject only to the prior payment of all reasonable and necessary expenses of operating, maintaining and administering the System.

(b) That it will at all times maintain the System in first class repair and working order and condition.

(c) That it will carry full insurance coverage on the System in the manner required by the Government pursuant to the terms of the loan agreement pursuant to which the Government purchased the Bond, and also against those risks and in the amounts normally carried by privately owned public water companies. Said insurance policies shall be issued by a responsible insurance company or companies licensed to do business under the laws of Louisiana.

(d) That it will maintain separate records and accounts and make full and correct entries of all transactions relating to the System. All books and accounts of the Issuer, including those pertaining to the System, shall be audited annually no later than three (3) months after the close of each fiscal year by a recognized independent firm of certified or registered public accountants, which audit shall reflect all receipts and disbursements of the Issuer, including those made for the account of the System. Such audit shall be furnished upon request to the holder of any of the Bonds, to the Government and to the fiscal agent bank of the Issuer.

(e) That it will not sell, lease or in any manner dispose of the System or any substantial part thereof, provided the Issuer may dispose of property which in its judgment is worn-out, unserviceable, unsuitable, or unnecessary in the operation of the System, when other property of equal value is substituted therefor, or the proceeds derived from the disposal of such property are used for acquiring and constructing improvements and extensions to the System or repairing the System.

(f) That except as provided in Section 15 hereof, it will not voluntarily create or cause to be created any debt, lien, pledge, mortgage, assignment, encumbrance, or any other charges having priority over or parity with the lien of the Bond upon the income and revenues of the System pledged as security therefor.

(g) That, to the extent permitted by law, it will not grant a franchise to any water company for operation within the boundaries of the Issuer which would render services or facilities in competition with the System, and will oppose the granting of such franchise by any other public body having jurisdiction over such matters.

(h) That in operating the System it shall require all officers and employees in a position of authority or in possession of money derived from operation of the System to 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 Issuer from loss.

SECTION 14. All of the income and revenues earned from the operation of the System shall be deposited promptly as provided in Section 10 hereof in the Water System Fund, which shall be maintained with the regularly designated fiscal agent bank of the Issuer as provided herein, separate and apart from all other funds of the Issuer. All of the funds herein provided shall be and constitute trust funds for the purposes provided in this ordinance, and the owner of the Bond is hereby granted a lien on all such funds and accounts until applied in the manner provided in this ordinance. The moneys in all of such funds shall at all times be secured to the full extent thereof by the bank or trust company holding such funds by direct obligations of, or obligations the principal of and the interest on which are guaranteed by, the United States of America, or direct obligations of the State of Louisiana, having a market value of not less than the amount of moneys then on deposit in said funds and accounts, or other security authorized by Louisiana law.

SECTION 15. The Issuer shall issue no other bonds or obligations of any nature payable from or enjoying a lien on the revenues of the System having priority over or parity with the Bonds except that bonds may hereafter be issued on a parity with the Bonds under the following conditions, viz:

1. The Bonds, or any part thereof, including interest 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, and the refunding bonds shall continue to enjoy whatever priority of lien over subsequent issues may have been enjoyed by the Bonds refunded; provided, however, that if only a portion of the Bonds outstanding is so refunded and the refunding bonds require total principal and interest payments during any year in excess of the principal and interest which would have been required in such year to pay the Bonds refunded thereby, then such Bond may not be refunded without the consent of the owners of the unrefunded portion of the Bond issued hereunder.

2. Additional bonds may also be issued on a parity with the Bonds herein authorized if all of the following conditions are met:

(a) The net revenues of the System for the fiscal year immediately preceding the year in which such parity bonds are to be issued are equal to at least 120% of the average annual debt service requirements on all bonds then outstanding, including any bonds or obligations whatsoever then outstanding which are payable from the revenues of the System, and any pari passu additional bonds theretofore issued and then outstanding (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; provided, however, that this limitation may be waived or modified by the written consent of the owners of the Bonds then outstanding. (Junior and subordinate bonds may be issued without restriction.)

(b) There must be no delinquencies in the payments required to be made into the various funds provided in Section 10 hereof.

(c) The existence of the facts required by paragraphs (a) and (b) above must be determined and certified to by the independent firm of certified or registered public accountants who have previously audited the books of the Issuer, or by such successors thereof as may have been employed for that purpose.

(d) The proceeds of the additional bonds must be used solely for the making of improvements, extensions, renewals, replacements or repairs to the System, or refunding prior bonds issued for such purposes.

SECTION 16. The Executive Officers are hereby empowered, authorized and directed to do all things necessary and incidental to carry out the provisions of this ordinance, to cause the necessary Bonds to be printed, lithographed, or otherwise prepared, to issue, execute, seal and deliver the Bonds in accordance with the sale thereof, and to collect the purchase price therefor. All of the proceeds derived from the sale of the Bonds, shall be deposited in a special Construction Account and used solely for constructing and acquiring improvements and extensions to the System,

including all appurtenant equipment, accessories and properties, both personal and real, and to pay the cost of the necessary legal, engineering and other incidental costs and fees in connection therewith, and in connection with the authorization and issuance of the Bonds (the "Project") and, to the extent necessary, to pay the principal and interest falling due on the hereinafter described Bond Anticipation Notes. The Executive Officers are further authorized to execute such other documents as may be required to establish said Construction Account and are authorized to make appropriate provisions for the payment of interest estimated to accrue on the Bonds during the period of construction by providing for the deposit of moneys from the Construction Account to the Sinking Fund.

SECTION 17. The sale of the Bond to the Government is hereby ratified and approved. Exercising the power granted to the Issuer under the provisions of Part VII, Chapter 4, Title 39 of the Louisiana Revised Statutes of 1950, the Bond shall be initially physically delivered to the Government; provided, however, that upon delivery thereof the Government may elect to pay for the entire principal amount of the Bond in full at the time of delivery or elect to make advances against the full purchase price, in which event appropriate recordation shall be made on the Bond with respect to the advance payments made. Interest on the Bond will be paid only with respect to the amount of money actually advanced by the Government until such time as the full purchase price of the Bond shall have been paid, after which interest will be paid on the full amount of the unpaid principal of the Bond then outstanding. Upon final payment of the full purchase price of the Bond, the Issuer shall furnish to the Government its final Treasurer's Receipt and Non-Litigation Certificate, together with the final approving opinion of Bond Counsel for the Issuer. As payments or advances are made by the Government, the Issuer shall execute and provide an appropriate non-litigation certificate to the Government certifying that up to the time of making such payment or advance, no

litigation has been filed questioning the validity of the Bond or the revenues necessary to pay the same. The Issuer shall also furnish to the Government at the time the Bond is delivered to the Government the appropriate approving opinion of its Bond Counsel.

It is hereby recognized that the obtaining of interim financing ("Interim Financing") for the construction of the Project is a prerequisite to obtaining permanent financing for the Project through the delivery of the Bonds to the Government. Subject to the approval of the State Bond Commission, Interim Financing is hereby authorized through the hereinafter described Bond Anticipation Note of the Issuer (the "Note") pursuant to the authority conferred by Chapter 14-B of Title 39 of the Louisiana Revised Statutes of 1950, as amended, and other constitutional and statutory authority. The Note shall be issued in the form of a single fully registered note, which shall be dated the date of delivery thereof, in the denomination and principal amount of \$550,000 and numbered R-1. The Note shall bear interest at a rate of 4.813% per annum, shall fall due and payable eight (8) months from the date of the Note, with the principal of and the interest on the Note to be payable upon presentation and surrender of the Note to the paying agent therefor on said payment date. Both the principal and interest on the Note shall be payable in lawful money of the United States of America on the date of payment to the owner thereof at the principal corporate office of the paying agent therefor (the "Paying Agent") upon presentation and surrender of the Note.

SECTION 18. The purchase price of the Note shall be paid by the Hibernia National Bank, in the City of Mandeville, Louisiana (the "Purchaser" of the Note), to the Issuer in installments, and interest on the Note shall accrue only on the amount of the purchase price which shall have been paid to the Issuer. Upon the advance of each such installment from the Purchaser to the Issuer, the Clerk of the Issuer shall execute an appropriate certificate acknowledging the receipt of such installment of the purchase price.

SECTION 19. The Note shall be subject to prepayment at any time at a price equal to the principal amount thereof plus accrued interest to the date of prepayment.

SECTION 20. The Note shall be fully registered as to principal and interest, and no transfer or assignment shall be valid unless made on the Note Registration Book maintained by the Paying Agent and similarly noted on the back of the Note. Upon such transfer or assignment, the transferor or assignor shall surrender the Note for transfer on said registration records and certification of endorsements made on the Note.

SECTION 21. The Note and the certificates and the endorsements to appear on the back thereof shall be substantially in the form attached as Exhibit "A" hereto.

SECTION 22. The Note shall be signed by the Executive Officers for, on behalf of, in the name of and under the corporate seal of the Issuer, and the Executive Officers are further empowered, authorized and directed to cause the necessary Note to be printed or lithographed and to be properly executed.

SECTION 23. Upon surrender of the Note for payment or prepayment, the Note, if surrendered to the Paying Agent, shall be promptly canceled by it and, if surrendered to the Issuer, shall be delivered to the Paying Agent and, if not already canceled, shall be promptly canceled by the Paying Agent.

SECTION 24. The Note shall constitute a limited and special obligation of the Issuer, the principal and interest of which is payable from the proceeds to be derived from the sale and issuance of the Bonds, or from the proceeds of unauthorized and unissued notes which may be issued after their due authorization to refund the Note (herein referred to as "Refunding Notes"), and any income and revenues derived or to be derived from the operation of the System, after provision has been made for payment therefrom of (i) the reasonable and necessary expenses of operating and

maintaining the System and (ii) the payments as required on any outstanding indebtedness of the Issuer payable from said income or revenues, including the Outstanding Parity Bond. The Issuer hereby covenants to use its best efforts to issue the Water Revenue Bonds or Refunding Notes in a principal amount sufficient, together with such income and revenues of the System available therefor, to pay the principal of and interest on the Note at maturity. The Issuer further covenants to budget a sufficient sum of money to pay the interest when due on the Note to the extent such interest is not paid from the proceeds of the Note. The Note does not constitute a general obligation of the Issuer. Neither the full faith and credit nor the taxing power of the Issuer is pledged to the payment of the Note. The issuance of the Note shall not directly or indirectly or contingently obligate the Issuer to levy or to pledge any ad valorem taxes whatever therefor, and any Owner of the Note shall have no recourse to the power of ad valorem taxation for payment of principal of and/or interest on the Note.

SECTION 25. The Issuer covenants that it will deposit or cause to be deposited with the Paying Agent from the moneys derived from the issuance of the Bonds and/or from other funds available to the Issuer for such purpose funds fully sufficient to pay promptly the principal and interest so falling due on the Note on such payment date.

SECTION 26. The Issuer will at all times maintain a Paying Agent for the performance of the duties thereof under the provisions of this Ordinance in connection with the Note. The designation of the Deposit Guaranty National Bank, in the City of Shreveport, Louisiana, as the Paying Agent for the Note is hereby confirmed and approved. The Issuer reserves the right to appoint a successor Paying Agent for the Note.

SECTION 27. The sale of the Note to the Purchaser in accordance with the Offer to Purchase annexed as Exhibit "B" is hereby approved, ratified and confirmed, and the Executive

Officers, or any one of them are hereby directed to accept said Offer to Purchase on behalf of the Issuer.

SECTION 28. The provisions of this ordinance shall constitute a contract between the Issuer and the registered owner from time to time of the Bond (and during the period the Note is outstanding, the registered owner of the Note), and the provisions of such contract shall be enforceable by appropriate proceedings to be taken by such owner or owners, either at law or in equity.

No material modification or amendment of this ordinance, or of any ordinance amendatory hereof or supplemental hereto, may be made without the consent in writing of the owner of the Bond (and during the period the Note is outstanding, the consent in writing of the owner of the Note).

SECTION 29. This Governing Authority, having investigated the regularity of the proceedings had in connection with this issue of the Note and the Bond, and having determined the same to be regular, the Note and the Bond shall contain the following recital, to-wit:

"It is certified that this (Bond or Note, as appropriate) is authorized by and is issued in conformity with the requirements of the Constitution and statutes of this State."

SECTION 30. In case any one or more of the provisions of this ordinance or of the Bond or of the Note issued hereunder shall for any reason be held to be illegal or invalid, such illegality and invalidity shall not affect any other provisions of this ordinance or of the Bond or the Note, but this ordinance, the Bond and the Note shall be construed and enforced as if such illegal or invalid provisions had not been contained therein. Any constitutional or statutory provision hereafter enacted which validates or makes legal any provision of this ordinance or the Bond or the Note which

would not otherwise be valid or legal, shall be deemed to apply to this ordinance, to the Bond and to the Note.

SECTION 31. A copy of this ordinance shall be published immediately after its adoption in one issue of the official journal of the Issuer. For a period of thirty (30) days from the date of such publication any person in interest shall have the right to contest the legality of this ordinance or of the Bond or the Note authorized herein and the provisions securing the Bond and the Note. After the expiration of said thirty (30) days, no one shall have any right of action to contest the validity of the Bond, the Note or the provisions of this ordinance, and the Bond and the Note shall be conclusively presumed to be legal, and no court shall thereafter have authority to inquire into such matters. A certified copy of said ordinance shall be filed and recorded as soon as possible in the Mortgage Records of the Parish of St. Tammany, Louisiana.

SECTION 32. Application is hereby made to the State Bond Commission, Baton Rouge, Louisiana, for approval of the sale, issuance and delivery of the Bond and the Note. A certified copy of this ordinance shall be provided to both entities, together with requests for prompt consideration and approval of this application.

SECTION 33. 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 Bond and the Note 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 Bond or of the Note 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 Bond or the Note to be "arbitrage bonds" or would result in

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

The Bond and the Note are designated as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code. In making this designation, the Issuer finds and determines that:

- (a) the Bond and the Note are not "private activity bonds" within the meaning of the Code; and
- (b) the reasonably anticipated amount of qualified tax-exempt obligations which will be issued by the Issuer and all subordinate entities in calendar year 1998 or 1999 will not exceed \$10,000,000.

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

SECTION 34. Continuing Disclosure. It is recognized that the Issuer will not be required to comply with the continuing disclosure requirements described in the rule 15c-2-12(b) of the Securities and Exchange Commission [17 CFR §240.15c2-12(b)], because:

- (a) the principal amount of the Note and of the Bond is less than \$1,000,000;
- (b) neither the Bond or the Note is being purchased by a broker, dealer or municipal securities dealer acting as an underwriter in a primary offering of municipal securities; and
- (c) the Bond and the Note are both authorized in a denomination in excess of \$100,000 and are being sold to only one financial institution (i.e., no more than thirty-five persons), which (i) has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of the

prospective investment in the Bond and (ii) is not purchasing the Bond for more than one account or with a view to distributing the Bond.

SECTION 35. This ordinance shall take effect immediately upon its adoption.

The final adoption of the foregoing ordinance having been duly moved and seconded, the roll was called and the following vote was taken and recorded:

YEAS: Marshall Brumfield, Willie Ray Richardson and Gerald Sombola.

NAYS: None.

ABSENT: None.

There being a favorable vote on the ordinance of at least a majority of the authorized members of the Governing Authority, the ordinance was declared adopted on this the 18th day of May, 1998.

Joyce Low
Clerk

Presented to Mayor on May 18, 1998 for action as evidenced by his signature:

Approved: Danell Magee

Disapproved: _____

Presented to Clerk on May 18, 1998

**EXHIBIT A
TO BOND ORDINANCE**

**UNITED STATES OF AMERICA
STATE OF LOUISIANA
PARISH OF ST. TAMMANY**

**BOND ANTICIPATION NOTE
OF THE
VILLAGE OF FOLSOM, STATE OF LOUISIANA**

NOTE NUMBER	MATURITY DATE	INTEREST RATE	PRINCIPAL AMOUNT
R-1	, 1999	4.813%	\$550,000

The VILLAGE OF FOLSOM, STATE OF LOUISIANA (the "Issuer"), for value received, promises to pay to:

**HIBERNIA NATIONAL BANK
2640 Emerald Road
Hwy. 22 #200
Mandeville, LA 70448**

solely from the sources hereinafter provided, on the Maturity Date set forth above, that portion of the Principal Amount set forth above actually advanced to the Issuer as installments of the purchase price as hereinafter provided, together with interest on the installments of said purchase price actually paid to the Issuer from the respective dates of the receipt by the Issuer of such installments, payable on said Maturity Date, at the Interest Rate per annum set forth above until said Principal Amount (to the extent advanced to the Issuer) is paid. The principal of this Note, upon maturity, together with the interest hereon, is payable in lawful money of the United States of America at the principal corporate office of the Deposit Guaranty National Bank, in the City of Shreveport, Louisiana (the "Paying Agent"), or successor thereto, upon presentation and surrender hereof.

The purchase price of this Note shall be paid by the purchaser to the Issuer in installments, and interest on this Note shall accrue only on the installments which shall have been paid to the Issuer and from the respective dates of payment. The amount and payment date of each purchase price installment shall be noted on Schedule A attached hereto.

This Note is issued by the Issuer pursuant to an ordinance adopted by its governing authority on May 18, 1998 (the "Ordinance"), for the purposes set forth in the Ordinance, pursuant to the authority conferred by Chapter 14-B of Title 39 of the Louisiana Revised Statutes of 1950, as amended, and other constitutional and statutory authority.

This Note is subject to prepayment at any time at a price equal to the principal amount hereof (the aggregate purchase price installments paid to the Issuer) plus accrued interest to the date of prepayment.

This Note constitutes a limited and special obligation of the Issuer, the principal and interest of which is payable from the proceeds of an authorized but unissued Water Revenue Bond of the Issuer (the "Water Revenue Bond") authorized to be issued in the principal amount of \$550,000 by the Ordinance or from the proceeds of unauthorized and unissued notes which may be issued after being duly authorized to refund this Note (the "Refunding Notes"), and the income and revenues derived or to be derived from the operation of the Issuer's waterworks system, after provision has been made for payment therefrom of (i) the

reasonable and necessary expenses of operating, maintaining and administering said system and (ii) the payments as required on any outstanding indebtedness of the Issuer payable from said income or revenues, including the Issuer's outstanding Water Revenue Bond, dated November 1, 1972. The Issuer has covenanted in the Ordinance to use its best efforts to issue the Water Revenue Bond or the Refunding Notes in a principal amount sufficient, together with other available funds therefor, to pay the principal of this Note at the maturity thereof and has further covenanted in the Ordinance to budget a sufficient sum of money to pay the interest when due on this Note to the extent such interest is not paid from the proceeds of this Note.

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

IN WITNESS WHEREOF, the Mayor and Board of Aldermen of the Village of Folsom, State of Louisiana, acting as the governing authority of the Issuer, has caused this Note to be signed by the Mayor and attested by the Clerk of the Issuer, and the corporate seal of the Issuer to be hereon impressed, and this Note to be dated as of the date of delivery hereof, _____, 1998.

VILLAGE OF FOLSOM, STATE OF LOUISIANA

Mayor

ATTEST:

Clerk

PROVISIONS FOR REGISTRATION

This Note has been registered as to principal and interest in the name of the registered owner hereof on the books maintained by the Deposit Guaranty National Bank, in the City of Shreveport, Louisiana, as Registrar, as follows:

<i>Date of Registration</i>	<i>Name of Registered Owner</i>	<i>Address of Registered Owner</i>	<i>Signature of Registrar</i>
	Hibernia National Bank	2640 Emerald Rd. Hwy. 22 #200 Mandeville, LA 70448	

FORM OF ASSIGNMENT

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

Please Insert Social Security
or other Identifying Number of Assignee

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

_____ attorney or agent to transfer the within Note 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 Note in every particular, without alteration or enlargement or any change whatever.

OFFER TO PURCHASE

The undersigned hereby offers to purchase Five Hundred Fifty Thousand Dollars (\$550,000) aggregate principal amount of Bond Anticipation Notes of the Village of Folsom, State of Louisiana, bearing interest at the rate of Four Decimal Eight One Three per centum (4.813 %) per annum on the principal amounts advanced by the undersigned to the Village and from the dates of such advances until paid and maturing over a period not exceeding eight (8) months from the date thereof, said Notes to be issued in the form of a single fully registered Bond Anticipation Note (the "Note"). The purchase price for the Note is the principal amount thereof (which is to be advanced to the Village on an as needed basis). The delivery of the Note will be within 75 days of the date hereof (unless extended by mutual agreement between the Village and the undersigned) in Folsom, Louisiana, on a date mutually agreeable to the Issuer and the undersigned. The Note is subject to prepayment at any time at a price equal to the principal amount of the Note advanced to the Village plus accrued interest to the date of prepayment.

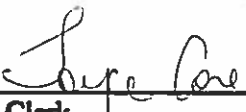
We will accept delivery of the Note upon receipt of an opinion from Foley & Judell, L.L.P., Bond Counsel, that the interest on the Note is excluded from gross income of the owners for federal income tax purposes (subject to acceptable qualifications thereon) and that the Note is a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended.

HIBERNIA NATIONAL BANK

By: 
Title: SR. VICE PRESIDENT

Dated: May 11, 1998

ACCEPTED THIS 11TH DAY OF MAY, 1998, BY THE MAYOR AND BOARD OF ALDERMEN OF
THE VILLAGE OF FOLSOM, STATE OF LOUISIANA

BY: 
Title: Clerk