

The following ordinance, having been introduced at a meeting held on November 11, 2008, and notice of its introduction having been published in the official journal and a public hearing having been held in connection therewith on this date, was offered for final adoption by Marvin Davis and seconded by Frances Womack :

ORDINANCE 12-128

An ordinance authorizing the sale and issuance of Ninety-Five Thousand Dollars (\$95,000) of Grant Anticipation Notes, Series 2009, of the Town of Chatham, State of Louisiana; providing for the security and payment thereof; establishing the rate of interest thereon; and providing for other matters necessary in connection therewith.

WHEREAS, Chapter 18 of Title 39 of the La. Revised Statutes of 1950, as amended (the "Act"), authorizes public entities to issue notes secured by amounts receivable from the state or federal governments, including grants, loans or a combination thereof, provided (a) there is a contract in existence for the construction of the proposed facility or work of public improvement which is being funded in whole or in part from such proceeds, (b) the amount of the notes shall not exceed 95% of the anticipated grant or loan funds committed and appropriated to the public entity, and (c) the grant or loan is payable within a thirty-six (36) month period from date of the Notes; and

WHEREAS, the Town of Chatham, State of Louisiana, (the "Issuer"), has been included in Act 19 of the Regular Session of the Louisiana Legislature for the year 2008 (the "Appropriations Bill") for grants in the aggregate principal amount of \$100,000 (collectively, the "Grants") for the financing of a portion of the costs of constructing a building for the Issuer to be used as a rural health clinic (the "Project"); and

WHEREAS, the Issuer has advertised for and received a construction bid for the Project and will execute a binding contract for the construction of the Project prior to delivery of the Grant Anticipation Notes authorized herein; and

WHEREAS, this Governing Authority has been advised that the funds of the Grants will not be available until the Project is constructed; and

WHEREAS, acting under the authority of the Act and other constitutional and statutory authority, this Board of Waterworks Commissioners, the governing authority of the Issuer, desires to anticipate the Grants and to borrow money through the sale and issuance of \$95,000 of Grant Anticipation Notes, Series 2009;

WHEREAS, the Town desires to make application to the Louisiana State Bond Commission for approval of the above described borrowing;

NOW, THEREFORE, BE IT ORDAINED by the Mayor and Board of Alderman of the Town of Chatham, State of Louisiana (the "Governing Authority"), acting as the governing authority of the Issuer, that:

SECTION 1. Subject to the approval of the Louisiana State Bond Commission, and pursuant to the provisions of the Act, there is hereby authorized the borrowing from time to time of amounts which shall not exceed in the aggregate the sum of Ninety-Five Thousand Dollars (\$95,000) in the name of and for and on behalf of the Issuer, for the purpose of providing interim financing for paying a portion of the cost of the Project for which the Issuer will be reimbursed through receipt of the moneys from the Grants.

SECTION 2. To represent the aforementioned borrowing, the Issuer is hereby authorized to issue, sell and deliver its Grant Anticipation Notes in the principal amount of Ninety-Five Thousand Dollars (\$95,000) (the "Notes" or "Note"). The Notes shall be issued in the form of a single, fully registered note, numbered R-1, dated the date of delivery thereof to the Purchaser and in the denomination and principal amount of Ninety-Five Thousand Dollars (\$95,000), designated "Grant Anticipation Notes, Series 2009, of the Town of Chatham, State of Louisiana". The principal amount of the Note shall mature no later than one (1) year from the date of the Note. The Note shall bear interest at the rate of two and one-half per centum (2-½%) per annum on the principal amounts advanced to the Issuer, payable on the maturity date thereof, said interest to accrue from the dates of such advances until paid.

The principal amount of the Note may be advanced to the Issuer in full at delivery or on an "*as needed*" basis, all as shall be agreed upon by the Executive Officers and the purchaser thereof.

SECTION 3. Both the principal of and the 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 office of the paying agent (the "Paying Agent") therefor.

SECTION 4. 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 5. 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 endorsement made on the Note.

SECTION 6. The Note and the endorsements to be attached thereto shall be in form acceptable to the purchaser thereof and the Executive Officers, upon advance of Bond Counsel.

SECTION 7. The Note shall be signed by the Mayor and the Clerk of the Issuer for, on behalf of, in the name of and under the corporate seal of the Issuer, and said Mayor and Clerk are further empowered, authorized and directed to cause the necessary Note to be typed, printed or lithographed and delivered to the purchaser.

SECTION 8. Upon surrender of the Note for payment or redemption, the Note, if surrendered to the Paying Agent, shall be promptly canceled by it and, if surrendered to the City, shall be delivered to the Paying Agent and, if not already canceled, shall be promptly canceled by the Paying Agent.

SECTION 9. The Note shall constitute a limited and special obligation of the City secured by and payable as follows:

- (i) As to principal solely from a first, prior and paramount lien upon and charge against the Grants; and
- (ii) Secondly, from any taxes, income, revenues, cash receipts or other moneys of the Issuer lawfully available therefor.

The Issuer shall issue no other obligations payable from the aforesaid sources of revenue or proceeds having priority over or parity with such sources of revenue or proceeds.

SECTION 10. The Issuer shall deposit the proceeds of the Notes into a construction fund established by the Issuer (the "Construction Fund"). The funds in the Construction Fund shall be used solely for the purpose for which the grant money is to be received or for the retirement of the Notes, except that income from the investment of such proceeds may be used to pay costs associated with the facility or improvements being financed from such grant, including costs of issuance of the Notes.

To insure the proper expenditure of the moneys deposited in the Construction Fund, (other than costs of issuance of the Note and interest accruing on the Note), all payments therefrom shall be approved by the Executive Officers and accompanied by an engineering certificate prepared and executed by the consulting engineers for the Project, stating that the payment to be made from the Construction Fund is properly due and payable for work performed or to be performed or services rendered in connection with the Project, as contemplated by the engineer's report for the Project.

The engineer's certificate shall not be required for the payment of costs of issuance of the Note or for the payment of interest accruing on the Note.

SECTION 11. The offer to purchase for the Note submitted by People's Bank, in Chatham, Louisiana, is hereby accepted, a copy of which is on file with the Clerk of the Issuer.

SECTION 12. 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, and the Governing Authority hereby confirms that Peoples Bank, of Chatham, Louisiana is designated as the initial paying agent for the Note.

SECTION 13. In case any one or more of the provisions of this Ordinance or of the Note shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provisions of this Ordinance or of the Note, but this Ordinance 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 Note, which would not otherwise be valid or legal, shall be deemed to apply to this Ordinance and to the Note.

SECTION 14. The provisions of this Ordinance shall constitute a contract between the Issuer and the registered owner from time to time of the Note, and the provisions of such contract shall be enforceable by appropriate proceedings to be taken by such owners, either at law or in equity.

No material modification or amendment of this Ordinance, or of any resolution amendatory hereof or supplemental hereto, may be made without the consent in writing of the owner of the Note.

SECTION 15. This Governing Authority, having investigated the regularity of the proceedings had in connection with the issuance of the Note, and having determined the same to be regular, the Note shall contain the following recital, to-wit:

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

SECTION 16. 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 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 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 Note to be an “arbitrage bond”, or would result in the inclusion of the interest on the Note in gross income under the Code, including without limitation, (i) the failure to comply with the limitation on investment of the 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 Note in a manner which would cause the Note to be a “private activity bond”.

The Note is designated as a “qualified tax-exempt obligation” within the meaning of Section 265(b)(3) of the Code. In making this designation, the Issuer finds and determines that:

- (a) The Note is not a private activity bond 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 the calendar year 2009 will not exceed \$10,000,000.

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

SECTION 17. Foley & Judell, L.L.P., Bond Counsel of New Orleans, Louisiana, is hereby requested to do and perform comprehensive legal and coordinate professional work with respect to the issuance of the Notes. Said special Bond Counsel shall prepare and submit to this Governing Authority for adoption all of the proceedings incidental to the authorization, issuance, sale and delivery of the Notes, shall counsel and advise this Governing Authority as to the issuance and sale of the Notes, and shall furnish their opinion covering the legality of the issuance thereof. The fee of special bond counsel in connection with the issuance of the Notes is hereby fixed at a sum not to exceed 80% of the maximum fee permitted under the Attorney General's fee schedule for comprehensive legal and coordinate professional work in the issuance of revenue bonds based on the principal amount of the Notes actually issued, sold, delivered and paid for, plus "out-of-pocket" expenses; provided, however, that said fee shall be contingent upon the sale, issuance and delivery of the Notes.

SECTION 18. Application is hereby made to the Louisiana State Bond Commission for approval of the sale, issuance and delivery of the Notes. A certified copy of this ordinance shall be submitted to both the State Bond Commission, together with a request for prompt consideration and approval of this application.

SECTION 19. Prior to the issuance of the Notes, the Issuer intends to expend moneys from other available funds for the purpose for which the Notes are being issued. Any such allocation of the proceeds of the Notes or any interim debt obligations for reimbursement will be with respect to capital expenditures [as defined in Treasury Regulation 1.150-1(b)] and will be made upon the delivery of the Notes and not later than one year after the date of (i) the date such expenditure was made or (ii) the date the improvements were placed in service. This ordinance is intended to be a declaration of intent to reimburse in accordance with the provisions of Treasury Regulation 1.150-2.


SECTION 20. It is recognized that the Issuer will not be required 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 the principal amount of the Notes is less than \$1,000,000.

SECTION 21: By virtue of Issuer's application for, acceptance and utilization of the benefits of the Louisiana State Bond Commission's approval resolved and set forth herein, it resolves that it understands and agrees that such approval are expressly conditioned upon, and it further resolves that it understands, agrees and binds itself, its successors and assigns to, full and continuing compliance with the "State Bond Commission Policy on Approval of Proposed Use of Swaps, or other forms of Derivative Products Hedges, Etc.", adopted by the Commission on July 20, 2006, as to the borrowing and other matter subject to the approval, including subsequent application and approval under said Policy of the implementation or use of any swap or other product or enhancement covered thereby.

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:

<u>Member</u>	<u>Yea</u>	<u>Nay</u>	<u>Absent</u>	<u>Abstaining</u>
Claudean Cartwright	_____	_____	<u> x </u>	_____
Marvin A. Davis	<u> x </u>	_____	_____	_____
H.H. McConnell	_____	_____	<u> x </u>	_____
Sue Richardson Proffer	<u> x </u>	_____	_____	_____
Frances Womack	<u> x </u>	_____	_____	_____

There being a favorable vote on the ordinance of at least a majority of the authorized members of the Issuer, the ordinance was declared adopted on this the 9th day of December, 2008.


Clerk

Presented to Mayor on December 9, 2008 for action as evidenced by his signature:

Approved: _____



Disapproved: _____

Presented to Clerk on December 9, 2008