



Shreveport City Council Special Meeting Proceedings

November 4, 2010 – Special Meeting

The Special Meeting of the Shreveport City Council was called to order by Chairwoman Joyce Bowman at 12:03 Noon, Thursday, November 4, 2010, in the Government Plaza Chamber, 505 Travis Street, Shreveport, Louisiana.

Invocation was given by Councilman Webb and the Pledge of Allegiance was led by Councilman Shyne.

On Roll Call, the following members were Present: Councilmen Calvin Lester, Monty Walford, Michael Long, Bryan Wooley, Ron Webb, Joe Shyne and Joyce Bowman. 7.

Public Comments

Councilwoman Bowman: Do we have anyone here to speak in reference to Public Comments as it relates to this item. *(There were none)*

ORDINANCE ON SECOND READING AND FINAL PASSAGE

Mr. Thompson: Madam Chair we have an item to be considered today.

The Clerk read the following title:

Ordinance No. 132 of 2010: A supplemental ordinance amending and supplementing Resolution No. 131 of 1984 (the “General Bond Resolution”) adopted on June 12, 1984, as amended; acknowledging and approving the issuance of not to exceed \$15,000,000 principal amount of Louisiana Local Government Environmental Facilities and Community Development Authority Utility Revenue Bonds (Shreveport Water Improvement Project), Series 2010C on behalf of the City of Shreveport, State of Louisiana, approving and confirming the sale of such bonds; pledging revenues of System to secure such bonds; and providing for other matters in connection therewith.

Councilwoman Bowman: Mr. Thompson before we get into discussion I should have taken the time to acknowledge two council members elect, Jeff Everson, who will be District B and Michael Corbin, District D. Michael and Jeff, welcome. Jeff had such a beautiful smile on his face when he walked in, I told him I would like to see that for the next four years. Councilman Walford, we are now – do you have discussion in reference this?

Councilman Walford: We are waiting for a motion.

Having passed first reading on September 28, 2010 was read by title, and on motion, ordered passed to third reading. Read the third time in full and as read motion by Councilman Shyne, seconded by Councilman Long for adoption.

Councilwoman Bowman: Any discussion?

Councilman Walford: I will defer to the maker of the motion and then I got some.

Councilman Shyne: Madam Chairman, I'm so nice, I'll defer to –

Councilwoman Bowman: Go ahead Michael.

Councilman Long: I'll let Monty speak.

Councilman Walford: Well, I sat through the meeting, I listen to the discussion on this, I'm still very unhappy with it and I'm still very uncomfortable with it. I'm going to ask Mr. Madden if he could come forward for just a minute. Mr. Madden, how much is in our debt service right Fund right now?

Mr. Madden: In the Debt Service Fund, \$46,000,000 – I believe it is.

Councilman Walford: And then ad valorem tax notices are about to go out.

Mr. Madden: Yes.

Councilman Walford: And we are retaining two point something times our annual requirement, right?

Mr. Madden: At the moment, yes.

Councilman Walford: And it will grow because of ad valorem tax notices going up, right?

Mr. Madden: Right, we will get about thirty six million in this year.

Councilman Walford: Where is that money kept?

Mr. Madden: You mean –

Councilman Walford: Where is that money?

Mr. Madden: It's in investments.

Councilman Walford: With who?

Mr. Madden: Government securities.

Councilman Walford: How much of it is in the bank?

Mr. Madden: At the moment about twenty five million.

Councilman Walford: What bank?

Mr. Madden: Capitol One.

Councilman Walford: So basically we are going to pay this ridiculous interest rate to Capital One to borrow our own money back.

Mr. Madden: Well this money is GOB money.

Councilman Walford: We are depositors at Capital One. What are earning on the money that we have in Capital One.

Mr. Madden: A half of percent.

Councilman Walford: Half a percent, so we are going to really net out having to pay 4.09 to borrow our own money back.

Mr. Madden: This money can't be use –

Councilman Walford: I understand that.

Mr. Madden: Okay.

Councilman Walford: It's money that's on deposit in Capital One and we are going to borrow it back.

Mr. Madden: Right, I mean that's –

Councilman Walford: I'm doing the simplistic method but the truth is, we got money in Capital One; we are going to borrow from Capital One; they are paying us a half percent; we are going to pay them 4.59, I think it is.

Mr. Madden: Even if I was buying an investment the three year government agency now is only paying about .87%.

Councilman Walford: I know but I'm less concerned about what they are paying us then what they we are going to be paying them.

Mr. Madden: I just want you to know where I'm getting –

Councilman Walford: Thank you, I just wanted to know where the money was. I'm going to vote no. I cannot ask the taxpayers of Shreveport to take this on when the money should be somewhere around three – certainly less than four percent. We are asking them to pay an additional two thousand plus a year in interest. It's not the best deal that's out there. I have information from Chase that they would like the opportunity to look at the deal and they are talking interest rates between three and four percent. Bossier City just did theirs with Capital One and got 2.88%. This is not the best deal that's out there. I'm sorry if we got ourselves in a trap. I understand to some extent that's where we are but I can't in good conscience leave the Council and leave the taxpayers of Shreveport with that extra burden and also knowing that we are going to come back and do another deal with our financial advisor in possibly as little as two years and pay another hundred and forty thousand in fees there. So my vote is going to be "no." Thank you Madam Chair.

Councilman Wooley: Madam Chair, I was unable to come to the meeting that Councilman Walford referenced but I did have extended conversation with him. My sentiments are the same. I believe there are other opportunities out there for us to look at and obviously if Councilman Walford has information about another bank institution that would like the opportunity to look at it and to provide an offer for us, I think it is our responsibility to make sure we give them that chance and not just take necessarily the first deal or maybe second deal because if the third deal is better than the second deal then I want that one. So my vote today will be "no." Thank you.

Councilman Lester: I want to ask a couple of questions to the team and to the administration and maybe that can be incorporated. As I appreciate it, correct me if I'm wrong, we have been at this particular piece of business for well over six to nine months, maybe longer and as I appreciate it there was an RFP that went out which would have given any institution under the sun an opportunity to compete for and respond to and compete for this business as I appreciate it. And as I also appreciate it that risk was pretty exhausted in terms of offering it out to the banking world. As I appreciate it we got some offers, Wells Fargo, I know that Chase had an opportunity to deal with it and Cap One had an opportunity to deal with it. As I appreciate it the group that we are dealing with now that being Cap One had the best response. If I'm incorrect please let me know.

Mr. Sibley: That's correct Councilman Lester. I think it's a point for everyone to remember especially for the new council members where this came from. This was all apart of a \$75 Million restructuring that started well over a couple of years ago and as you guys know we ended up placing fifty million with Cap One and got a pretty good deal there, there was twenty-five million left over, roughly half of that was coming from DEQ half with DHH. The DEQ money came through, the DHH money didn't and that's the fifteen million roughly that we are dealing with. What has been driving this whole process and it has kind of been there from the beginning is the fact that we have contracts pending in DOS that requires replacing that money that basically was taken to buy back the fifteen million dollars in bonds that allowed the fifty million dollar deal to go through. That original seventy-five million included two Swaps that would have cost the City some \$14 -- \$16 Million. So this whole effort was started to restructure the debt, eliminate the SWAP and basically save the City money. We ended up in a box because we could only get fifty million of that money redone. We thought the state was going to come through, the state didn't so we were force to find F15 Million fairly quickly because of those contracts that are pending in DOS. The request went out the, negotiations started Chase and guys, everyone needs to remember, Chase is

JP Morgan, that's the original letter of credit that got us into this bind and the council made it know that there were certain things that they didn't want to revisit and we tried real hard not to revisit those things. Chase had an opportunity to talk on this one, they didn't respond. We are almost in a situation where the deal has been out there, sitting out there – it was the best deal available at the time, the other guys that responded and we shared that information during the briefing, they were higher, six and a half, seven percent, they were higher than the deal that we had. This deal has been sitting there. Now Chase comes back and say, hey guys we can do it better, perhaps they can, perhaps we go back and start this process over and talk with them but I think it's important to keep in mind, everything has been driven by the fact that we needed the money quickly because those contracts are pending. The other thing that I think is important to keep in mind is that the Cap One deal expires on November 15th and we haven't seen anything from Chase, no offer sheet, no term sheet, nothing. If we start the process and we can if that's what the council desires, we can start the process over but November 15th that Cap One proposal may go away. Then all of a sudden Chase may not be at two percent, they may be at four percent or four and a half percent. We don't know what the Bossier deal is. We don't have the details on it, we don't know that it's the same deal that we are dealing with here but again as we said at the last council meeting, as we said during the briefing, this is not a new – you know we talked it through at the briefing Thursday, this is not a new money deal because one of the things that the team acknowledged, a lot of Councilman Walford's concerns were correct that if this were a new money deal, if we were starting all over we were just going out to find \$15 Million then those considerations would be correct but it is not a new money deal. This is \$15 Million that was there, that we are trying to replace because there is some existing contracts out there. So the only thing that I wanted to put on the record that Chase did have an opportunity when this started. This deal has been sitting out there quite awhile and we can go back, do the due diligent with them because we as an administration, as finance team have not received anything from Chase, not even a call to say hey guys we want to revisit it, we think we can do a better deal. We would feel obligated to do the same thing that we done before and that is take their offer sheet, go into it, dig into it, look at the terms, be sure that we are comparing apples to apples but again the (inaudible) idea is to Cap One deal goes off the table on the 15th, so we may end up in a situation were we are literally dealing with only one company and that company then would – in our view, would have a much stronger position of leverage and secondly, we are still dealing with an issue of time. Now we spoke with the team a little bit this morning and asked, guy's if we have to start this all over again what would we basically have to do? It appears that we don't have a lot issues with regulatory bodies in terms of the bond commission and all of that, it was just be a matter of having the time to sit down and really compare the deals, see if we are in fact comparing apples to apples but more or so we are up against that November 15th timeline when the Cap One deal come off the table and they have already sent word to us that if that deal comes off the table, they are going to want to revisit the whole situation. So we may not end up with the same terms with them, so I just want to be sure that, that the council had the benefit of the whole picture of what we are dealing with here and some of the things that makes the situation a little bit different than a normal regular situation if we were starting all over again and basically had all the time that we normally would have to do this. We also have the financial team available if there are any specific questions. We have Bill Boles on the bond counsel side, Sherricka Fields on the FA side and of course Charles Madden our Finance Director is here.

Councilman Shyne: Mr. Sibley, you explained it so well I wished I could have had you as resource person when I was teaching Political Science and Government. I would have brought you in a number of times to explain different situations to my students and I have been accused of agreeing the with administration all of the time but I'm going to have to agree with the administration this time. I think a bird in the hand is better than two or three in the bush. I think with what we have heard have just been verbiage. We have not seen anything in concrete. I don't know whether Chase actually – and it's not that I doubt Mr. Walford because I know he's very truthful but I haven't seen anything in writing Sam, you know how it is with lawyers, you want to see something in writing. So I have not seen anything in writing and like you say I really don't know what the deal was with Bossier. I think we have kind of gotten ourselves where our backs are against the wall and this is something that we need to do because if we don't do it now -- I mean you know, people can say anything when they want to get their foot in the door. Once they get their foot in the door they might change when they see that we don't have anything. So I think we are at the point where we need to go forward and – because the clock is ticking and the time is there, so we know what we have now. But if we go back out we don't know what we might get and I believe that you explained that these people had an opportunity in the beginning, didn't they?

Mr. Sibley: They did.

Councilman Shyne: So, I feel like we are wasting time and I agree with the administration that we need to move forward and we need to take care of this problem and this situation.

Mr. Sibley: And Madam Chair, just again to remind and we brought this up again in the briefings, the deal was structured such that the City has the options after as low as two years and one of the things that was discussed is with the pending deal JEPa and these other issues we are anticipating that the City is going to need to go out for a larger issue here fairly quickly. One of the things the bond team thought was very important is to structure this deal such that it is such a small amount, \$15 Million, that if we have to go out for a larger deal this one could simply be paid off and rolled into a larger deal at whatever rate comes out there. So they tried to structure this and Cap One was agreeable enough to structure this such that the City – you know one thing we tried to about this process and you guys asked us to do, we kept doing was trying to always give the City options, always building in circumstances so that we can redo it, we can refinance it, we can pay it off, we can do different things, that's what was done with this deal and in as little as two years the City can pay it off, refinance it, restructure it. The five year trigger is just for kind of adjusting the rate which again we have the option to do something else with it if we don't want to. So I think it is important also to know that this deal is structured to allow certain options so that wherever we find ourselves two, three years from now this thing can be dealt with. We are not locked into something that's going to just kind of hang on – hang around the City's head for the next 25 years. And again the guys are here to speak to that in more detail if anyone has any questions.

Councilwoman Bowman: Does anyone have any questions for the Bond Counsel.

Councilman Webb: I agree with what Monty was talking about. When you look at the length of the contract and the \$750,000 that we can save is worth letting someone else take a look at it even if they are wanting to come in the game late. That was one of the things that I wanted to delay it for

to begin with when we met with the bond counsel was a lot of times, that was your best deal today but that doesn't mean your best deal won't be better tomorrow with someone else and that's what I was wanting them to do was to look to see if there was another better deal out there and I really don't think that they looked to see if there was another better deal out there. The fact that we got Chase saying they would like to look at it tells me I think they can beat it now if it delays it another couple of months, I'm willing to do that. We are not going to go out after larger bonds until the earliest we'll vote on that will be next year, so it can be all tied in together then. So I'm willing to postpone it see if we can't get a better deal.

Councilman Walford: Well that's what I was doing. I would like to make a subsidiary motion to postpone until Tuesday. If somebody will second I will discuss.

Motion by Councilman Walford seconded by Councilman Wooley to postpone until Tuesday.

Councilman Walford: The rate is not to exceed 4.59, this would be an opportunity for our financial team to get back to Capital One and I'll be honest with you if it came in a 4% on Tuesday, I'll vote yes. That's basically the reason for the postponement.

Mr. Seaton: Madam Chair, it has been stated that November 15th is deadline to except the Capital One but that this council would have to act today or tomorrow in order for that resolution to effective by November 15th.

Councilwoman Bowman: Okay, so as it relates to Councilman Walford's subsidiary motion to postpone this until Tuesday and your opinion you are saying that this has to be done by the 15th, if not –

Mr. Sibley: Madam Chair, if you recall the reason we ask for the Special today –

Councilwoman Bowman: -- it kills it.

Mr. Sibley: The reason we asked for the Special today was that if the vote was held on the 9th the seven day period to make it effective would be beyond the November 15th day (inaudible) Cap One. And again as we have indicated Cap One has already indicated that if we don't respond by the 15th their deal basically comes off the table and it becomes a new deal and they may come back with a better deal – I think it is also important to keep in mind that when it started, you know Cap One worked the \$50 Million deal on this and initially did not want to this deal also. Many of the institutions felt that it was too small. They couldn't really do what they wanted to do. Cap One felt that they had a lot of our debt already and didn't want to go with any further but I only say that to say this, there is no guarantee that they will come back with a better deal and again we may end up in the very place that y'all don't want and I got to remind you, this wasn't a situation where the financial team sat down with just one institution. Chase had an opportunity and did not. If we don't respond by the 15th to Cap One we may in fact be in a situation where we are sitting down with only one institution that – again I will have to say it Councilman Walford they may be saying two percent today but if they find out we are only sitting down with them that two percent may become five percent. Again, not having anything in writing, not having anything that kind of locks them in,

so I just think it's important to know that the 15th changes the whole dynamics of this whole situation.

Councilwoman Bowman: So, just for the benefit of the new council members who are here – go ahead Councilman.

Councilman Lester: No, no, I going to let you finish that, and then I want to say something on this motion.

Councilman Bowman: Well go ahead.

Councilman Lester: Okay, thank you. Madam Chair, we have had this discussion several times. At our last City Council meeting we postponed this to make sure that we had the best deal possible. Our financial team has said it is. There is the sector of what Cap One might do and I hear Councilman Walford – I'm sorry Chase, may do and I hear us talking about a better deal and risk but you know, I think it's much more risky to throw away a deal that you have had on the table for many months that has been solicited by all of the financial institutions not only in Shreveport but as far as Alabama, national concerns that had an opportunity to bid and submit their proposals and their proposals they either did not submit or the proposals that were submitted this council and our financial team determined where not in the best financial interest of the City. We have this deal and it's just hanging out there and now we want to wipe that deal off the table for a hope and a wish and a prayer and a thought of a deal that may be there and may not be there and what brought us in this position that we are was, we had all of our debt with one group and that one group decided to dictate what the terms are and when we went out and into the market place to find out who was going to give us the best deal, this is the deal that six months ago was the best deal, that was the best deal nine months ago, that was the best deal last week, that was the best deal yesterday and it's the best deal today and we are now talking about postponing what has been the best deal for nine months on a hope of a deal that does not exist, understanding that the other deal that maybe out there, the folks from Chase, I'm sorry Cap One did not contact the administration on or any of us to put anything in writing. Chase, did not contact us to put anything in writing and I just – the entire speculative nature on that I think is far riskier to the City than it is to deal with this right now and I just don't see how we can do something that is so completely speculative on something that we heard in the paper from our sister city across the water and we don't even know what that deal was about. We heard that they got a better deal. Well, they might have been getting a two door coupe and we are buying four door wagon. You might get a cheaper deal if you are getting something cheaper. We don't even, today, have the details of that deal. It just doesn't make sense and so I would ask that we vote "no" on the motion to postpone because that effectively kills this and I take Councilman Walford at his word and you remember at the last Council meeting I said to Councilman Walford, if you just don't want to do it, let's vote no and call it a day and those that want to vote yes, let's do that. And here are having delayed that yet again and we are back at the same point where we were two weeks ago which is, I don't want to do this period and let's just vote no. So I would say let's move forward, let's vote this motion to postpone down and if those that want to support the work that our financial team and our bond team have done, vote for that. Those that don't want to support that, vote "no" and let's go on but to continue to delay this just really doesn't make any sense, --

Councilman Shyne: Madam Chairman, I call for the vote.

Councilman Lester: -- particularly if your concern is just risk, because the alleviatory nature of what we don't know is much greater then what you know that you have that's in writing and has been before you for at least nine months.

Mr. Sibley: Madam Chairman, if I may and I apologize to the Council because we came anticipating that all the questions had been answered so we didn't have a formal presentation but a couple of things I think also needs to be brought out. Mr. Strong was asked in the -- and Mike is here, where we were in those matters during the contract and there are a couple that we are very close to completion on which means those folks have to be paid. The question was asked, what happen if the deal doesn't come through, well basically we will have a negative, 15 roughly, \$11 -- \$12 Million note on our balance sheet which in terms directly effects our bond ratings, which in term directly effects anything that we try to do in terms of going out securing other debts. So again this isn't a new issue. This is an old existing issue that in many ways we are up against the wall because those contracts are out there because if you will recall the decision was made and the Council agreed to go ahead use that money to pay off the debt so that we could restructure this seventy-five million. Again the timing is the issue here and I would just simply ask the Council to please consider that because we could really be in a very, very tough situation if this thing drags out very much longer.

Councilwoman Bowman: Mr. Sibley -- Councilman Shyne, you called for the vote. At this time we will vote on Councilman Walford's motion to postpone.

Councilman Walford: No, no, no. Point of order. Don't we vote on call for the question?

Councilman Shyne: No.

Councilman Walford: So any person can call for the question and stop debate without vote. Julie, I believe Robert's says that we will vote on --

Ms. Glass: If there is any objection then there should be a vote on the call for the question.

Councilwoman Bowman: Okay then Councilman Shyne and seconded you and let's vote on calling for the question. And that passes. Okay now we will vote on Councilman Walford --

Ms. Glass: Madam Chair, I think it is a 2/3 vote to call for the question.

Councilman Walford: I have a question on the --

Councilwoman Bowman: Go ahead Councilman Walford

Councilman Walford: Sherricka, has this Capital One deal itself been on our agenda for nine months?

Ms. Sherricka Fields: I can give you the date that we began renegotiating with Capital One which was in January. We began negotiating with Capital One in January. Initially they did tell us no and we went to Community Trust Bank as I mentioned to you before. At one point Community Trust Bank was the only option that we had, they were offering us a fixed rate of 6.5% but then as (inaudible) included a whole-make call, meaning that if the City decided to prepay bond prior to end of the five years that they would have to pay in addition the interest for the interest for the full term which would be very costly to –

Mr. Sibley: Ms. Sherricka, I'm sorry, one of the questions – when did first get the Cap One proposal because when we got it we submitted that to Council for their review –

Ms. Fields: The very first proposal with Capital One.

Mr. Sibley: The one that we are dealing with.

Councilman Walford: Because we have been dealing over and over again with waiting on DEQ – were we going to get the funding from there, so this particular proposal has not been in front of us for months.

Mr. Sibley: I believe it has Mr. Walford but I'm going to ask her to check to see exactly when we got it and –

Councilman Walford: And if I'm not mistaken hasn't the administration many number of times asked us to postpone on it.

Mr. Sibley: Yes sir on the DHH one. If you recall there was a hope that the State would come through on the DHH loan, so when that one was up for a final approval we asked to postpone it because we weren't certain whether or not the State would fund it. We were still hoping they would fund it but at the same time we were working on the private placement and then we got to the point where we basically asked y'all to go ahead and drop the delay on the DHH because that wasn't coming through and we just continued focusing the Cap One but there was a period of overlap when they both were out there.

Councilman Walford: So this proposal has not been in front of us to vote on – this or nothing for nine months.

Mr. Sibley: It has been on the agenda a while, Mr. Walford. When we received the copy of it, I recall sending it and all of you guys had it and we asked you to review it, look at it and it's been up at least a few times but again they have been working on this process since the beginning of the year. We are just at a point where, again if we delay it much longer then the whole game changes and we may end up in the situation where the City gets more damage in terms of our bond rating and our negative rating on our financial sheet because we have those contracts that are pending.

Councilman Shyne: Madam Chairman, may I just comment before she goes to that. If I'm not mistaken because I know – Calvin, I'm getting a little older and I forget things from time to time

but I believe Madam Chairman this why we postponed this at our last council meeting, wasn't it, so that Councilman Walford or any Council member who had any questions that they would like to ask the bond attorneys or anything that they would like to have cleared up that they could get it cleared up. Did you all make yourselves available to Councilman Walford to ask any questions so that so that when we got to this meeting and I believe the Chief Administrative Officer said that's why you all do not have a planned presentation because all of this was supposed to have been answered before we got to this particular meeting?

Mr. Sibley: We did but Mr. Walford in all fair, he did submit his questions and he did come and he asked questions. The issue with Chase is something that's brand new to us and I think what Mr. Walford is saying is, is now there is this opportunity that Chase can give us a better deal and that's something that is brand new this morning.

Councilman Shyne: Did you explain to Mr. Walford that our backs were against the wall and the clock was ticking and you know it's always something out there who can throw you off and say well look, I got something a little bit better, I got something –

Mr. Sibley: We tried but I would have to defer to Mr. Walford as to what he understood. We tried to offer all of that information.

Councilman Shyne: And I was under the impression Madam Chairman that this meeting would be so that we could go ahead on and make the decision and all those questions would have been answered before we got here and that we all understood that we had a certain time period that we had to work within, if I'm not mistaken and I would hope that we would keep that in mind in our discussion. I wouldn't like for us to stay here until 3 o'clock.

Councilman Long: Joyce, I have one last question. Sherricka, did anybody talk to Capital One about possibly getting an extension on that November 15th deadline?

Ms. Sherricka Fields: I did talk to Capital One and he said that he would have to go back to their underwriting. His concern was that – he would – he will go back, of course that would raise flags for them is what he mentioned and of course they would maybe look at re-pricing what our current rate is. So he said there is a lot of unknowns that they may come back with including wanting to review certain segments.

Councilman Long: What's the interest rate market done since, here in recent weeks if they have to go back re-price? My understanding is it has gotten at an all time low.

Ms. Fields: Right, I agree. I'm not sure exactly what their particular criteria is and how it would adjust from where it is now.

Mr. Sibley: Mr. Long, when Mr. Bradford, who was working the deal for Cap One responded, that was his concern. We are kind of doing this and then we got you to where you are. If you don't meet the deadline this thing kind of starts all over for us, meaning Cap One and there is a whole lot of more stuff (inaudible), there is a whole more stuff we have looked at and we not sure – as he

said, it's the person working the deal – I'm not sure what will come back because we kind of worked this – because keep in mind this is something they didn't really want to do initially. They felt that they had worked a good deal for the City and he really was concerned that the underwriting and everyone else, a whole lot of triggers were triggered with their parent company. So not only might we not get a better deal but we just may not even get a response in any kind of timely manner. And again, the issue for us is the issue of time.

Councilman Long: Thank you. I have a real problem with Chase coming back after the fact. I mean, where did that e-mail come from?

Councilman Walford: I just got it this morning.

Councilman Long: From who?

Councilman Walford: Chase.

Councilman Long: Well, who at Chase?

Councilman Walford: It was forwarded to me, so it may not have the individual's name on it but it says, Russell Nolan. I think what bothers me is whether they got the best interest rate we could get. Now I'm sitting here with the dilemma listening to the short fuse which I heard the other night and I did not make a commitment one way or the other the other night and I'm not in any way saying that we can go with Chase. What concerns me is -- did we get the best deal that we can get for the City of Shreveport. My thought is, we should be a preferred customer for Capital One with as much money as we keep in there.

Councilman Long: I don't disagree with that but what were some of the other conditions that set up the scenario with where we are right now?

Ms. Fields: Capital One?

Councilman Long: Yeah, with any of the lenders.

Ms. Fields: Right. I mean, if you recall the RFP that was issued for banking purposes. We went back and we revisited each of those institutions. We didn't receive anything back from any of them initially. Like I said, we went back to Capital One which they offered what they gave us now – well, actually offered us a 4.69 and we talked them down to a 4.59 and then Community Trust Bank was the other institution that gave us a proposal. So we did visit Regions, Wells Fargo and then of course JP Morgan Chase.

Mr. Sibley: Accentually, Mr. Walford we had two responses. Cap One after their initial – and Community Trust because if y'all recall one of the things that y'all wanted us to do was go back and check the local market. We did and that's when Community Trust responded but theirs' was the 6.59 at the time. So, you know it is almost one of those situation you know, on this day you get a loan rate (inaudible) . . . you find out somebody got it a little cheaper but you are kind of where

you are at the time that they quoted you the rate but that was the dilemma we had. We only had two responses and that was Cap One and that was Community Trust. And at the time if y'all recall, at the time we were trying to move forward and get this \$15 Million done and here we are a couple of months at least later but those are the responses we have.

Councilman Walford: Madam Chair, I would like to withdraw my motion to postpone.

Councilwoman Bowman: Okay. At this time can we just go on and vote on the original motion.

Councilman Long: I would suggest, we got a bird in the hand – I realize there maybe better options out there but right now it is what it is, we have been this long with this thing, let's be done with it and move on. The next time we do this maybe rates will be lower for the next round or wherever that happens, we can make up for it then.

Councilwoman Bowman: And you all do have the opportunity within two years to even pay it off or –

Mr. Sibley: Yes ma'am.

Councilman Walford: Well actually if there is no prepayment, you got the option the day after –

Councilwoman Bowman: Exactly, that can still be done.

Councilman Lester: Madam Chair, we did a RFP guys. There is a (inaudible) process like we would in our individual capacity to go to this person, to that person, to this person, to that person because if we were to do that without doing a RFP then there is the whole issue of well, the City's shopping and there is not one particular standard. I understand the idea about the interest rates changing and what have you but I don't want it to be lost on the group as if there was something that was untoward about the process. I mean, we did the process that the law requires us to do and we got two responses and even with getting the two responses our financial team when back to those folks and got a better deal then they even responded to and I'm with Councilman Long, you know, what does it say to Cap One who puts their best deal out there months ago in good faith and let there numbers hang out there and their biggest competitor on the day that you are getting ready vote says, oh, wait a minute, I can do better than that. I mean heck, if any of us were in business, I would find out what my opponent is doing. I would undercut him by five bucks because guess what, I want to get the deal myself and that is just not fair. That's leaving a bad taste in the mouth of the business community that says, you know what, the City of Shreveport does RFP's but they really don't do RFP's. They will put it out there, they'll get your responses, they'll get your numbers and then they will go shop your numbers and so later down the line when you put RFP's out, you find out you'll get know responses. Why? Because nobody wants to put their numbers out there because you are not a good business partner and so I just want us be mindful of that cause the process was done in the proper way.

Motion approved by the following vote: Ayes: Councilmen Lester, Walford, Long, Shyne, and Bowman. 5. Nays: Councilmen Wooley and Webb. 2.

The adopted Ordinance follows:

ORDINANCE NO. 132 OF 2010

TWENTY-EIGHTH SUPPLEMENTAL ORDINANCE

A Supplemental Ordinance amending and supplementing Resolution No. 131 of 1984 (the "General Bond Resolution") adopted on June 12, 1984, as amended; acknowledging and approving the issuance of not to exceed \$15,000,000 principal amount of Louisiana Local Government Environmental Facilities and Community Development Authority Utility Revenue Bonds (Shreveport Water Improvement Project), Series 2010C, on behalf of the City of Shreveport, State of Louisiana, approving and confirming the sale of such bonds; pledging revenues of the System to secure such bonds; and providing for other matters in connection therewith.

WHEREAS, the City of Shreveport (the "City"), State of Louisiana, owns and operates a revenue producing public utility comprised of a combined waterworks plant and system and sewer plant system (the "System"); and

WHEREAS, the City is authorized to borrow money payable from the income and revenues to be derived by the City from the operation of the System to finance acquisitions, construction of improvements, extensions, and replacements to the drinking water portion of the System (the "Project"); and

WHEREAS, the City has requested the Louisiana Local Government Environmental Facilities and Community Development Authority (the "Authority") issue its Utility Revenue Bonds (Shreveport Water Improvement Project), Series 2010C (the "Bonds") on behalf of the City to provide financing for the Project; and

WHEREAS, the Bonds will be issued in accordance with Chapter 10-D of Title 33 of the Louisiana Revised Statutes of 1950, as amended (the "Act"); and

WHEREAS, the City is a participating political subdivision and member of the Authority; and

WHEREAS, the City adopted Resolution No. 131 of 1984 (the "General Bond Resolution") on June 12, 1984, as amended and supplemented, authorizing the issuance from time to time of Water and Sewer Revenue Bonds and the pledge of revenues of the City derived from the System on the terms and conditions set forth in the General Bond Resolution; and

WHEREAS, the Bonds will be issued pursuant to a Trust Indenture dated as of October 15, 2010 (the "Indenture") by and between the Authority and Regions Bank, Baton Rouge, Louisiana, as Trustee (the "Trustee"); and

WHEREAS, the proceeds of the Bonds will be loaned by the Authority to the City pursuant to a Loan Agreement dated as October 15, 2010 (the "Loan Agreement") by and between the Authority and the City; and

WHEREAS, the City desires to designate the Bonds as "Prior Lien Bonds" under the General Bond Resolution and grant a pledge and security interest on the Net Revenues (as defined in the General Bond Resolution) of the System, on a parity with its other outstanding water and sewer bonds (the "Outstanding Prior Lien Bonds") to secure its obligations under the Loan Agreement; and

WHEREAS, the Bonds, as issued by the Authority, shall constitute Prior Lien Bonds provided certain conditions are met as provided in the General Bond Resolution; and

WHEREAS, said terms and conditions shall be satisfied prior to the issuance of the Bonds and, accordingly, the Bonds shall constitute Prior Lien Bonds.

NOW, THEREFORE, BE IT ORDAINED by the Council of the City of Shreveport, Louisiana, acting as the governing authority (the "Governing Authority") of the City, that:

ARTICLE I

Definitions, Findings and Interpretation

Section 101. Definitions. Unless the context shall clearly indicate some other meaning, all words and terms used in this Supplemental Ordinance which are defined in Resolution No. 131 of 1984 adopted by this Council on June 12, 1984, entitled: "A RESOLUTION authorizing the issuance from time to time of Water and Sewer Revenue Bonds of the City of Shreveport, State of Louisiana, prescribing the form, fixing the details and providing for the payment of principal of and interest on such bonds and for the rights of the holders thereof," as amended and supplemented to date, shall, for all purposes of this Twenty-Eighth Supplemental Ordinance, have the respective meanings given to them in the General Bond Resolution, as amended. In addition, unless the context shall clearly indicate some other meaning, the following terms shall, for all purposes of the General Bond Resolution or of any resolution or other instrument amendatory thereof or supplemental thereto have the following meanings:

"Bonds" means the Issuer's Utility Revenue Bonds, Series 2010C authorized to be issued by this Ordinance and, particularly, Section 2 hereof.

"Loan Agreement" means the Loan Agreement between the City and the Authority in which the Authority agrees to loan the Bond Proceeds to the City in order to finance the Project and the City agrees to make payments

"Outstanding Prior Lien Bonds" means the City's Water and Sewer Bonds, Series 1993B, 1997A (Refunding), 2000A, 2001A, 2001B, 2001C, 2002A, 2002B, 2002A (Refunding), 2003A,

2003B, 2003A (Refunding), 2003B (Refunding), 2003C (Refunding), 2004A, 2004B (Refunding), 2005 (LCDA) and 2006A (Refunding), 2007, 2009A, 2009B and 2010D.

"Purchaser" means the Purchaser of the Bonds, Capital One Public Funding, L.L.C.

"Twenty-Eighth Supplemental Ordinance" shall mean this Twenty-Eighth Supplemental Ordinance as the same may be supplemented and amended hereafter.

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

Section 102. Findings and Determinations. The Governing Authority hereby finds and determines:

- (a) Upon Direction of the City, the Authority is directed under the Act to issue its revenue bonds in such amounts as may be necessary and to loan the proceeds to the City to finance the Project.
- (b) The Bonds, when issued, shall constitute Prior Lien Bonds as provided in the General Bond Resolution, as amended.
- (c) The Bonds shall be secured by the Loan Agreement and the Loan Agreement shall be secured by a pledge of the Net Revenues derived from the System on a parity with the Outstanding Prior Lien Bonds, and paid from Lawfully Available Funds, as defined in the Loan Agreement.
- (d) The conditions of Section 205 of the General Bond Resolution are contained and satisfied in the Indenture.

Section 103. Interpretation. This Twenty-Eighth Supplemental Ordinance, unless the context otherwise requires, (a) words importing persons includes firms, associations and corporations, (b) words importing the singular include the plural and vice versa, and, (c) words of the masculine gender shall be deemed and considered to include correlative words of the feminine and neuter genders.

Section 104. Rate Covenant. The City does hereby ratify and confirm SECTION 705. Rates and Charges. of the General Bond Resolution, which, as described therein, obligates the City to fix and collect certain rates and charges for all water and sewage services.

ARTICLE II

Authorization and Details of the Bonds

Section 201. Authorization and Designation; Purpose. The City hereby acknowledges and approves the Bonds to be issued by the Authority. The proceeds of the Bonds will be loaned to the City and used to finance the Project. The Mayor is hereby authorized to execute and deliver the Loan Agreement, and any other documents, certificates, opinions, etc. deemed necessary in connection with the issuance of the Bonds.

The Bonds, together with other Outstanding Prior Lien Bonds, are payable as to both principal and interest from the Revenues to be derived from the operation of the System, subject to the prior payment of the reasonable and necessary expenses of operation and maintenance of the System and other funds of the City as set forth in the Indenture and Loan Agreement.

Section 202. Principal Amount and Type; Interest Rate; Maturity. The Bonds shall be issued in the aggregate principal amount of not to exceed Fifteen Million Dollars (\$15,000,000) and shall be in the Bond Form attached hereto as Exhibit "A". The term of the Bonds shall not exceed twenty-five (25) years from the date of issuance and shall bear interest at a rate not to exceed 4.59% for the first five years with semi-annual interest payments on June 1 and December 1 of each year, commencing December 1, 2010 and annual payments of principal beginning December 1, 2012.

The Bond Purchaser reserves the right to consider repurchasing the bonds before the end of the fifth (5th), tenth (10th), fifteenth (15th) and twentieth (20th) year. Any repurchase would be subject to underwriting approval and updated pricing, based on market conditions, security, credit quality and Bond Purchaser cost of capital and any repurchase would be subject to approval of the City and the Authority.

If the City is unable to remarket the bonds after the fifth year to any other party or the Bond Purchaser, the outstanding principal balance of the Bonds, together with accrued and unpaid interest, will be subject to special mandatory redemption over a five (5) year period with principal payable in equal semi-annual installments, bearing interest at highest of (1) the Overnight Federal Funds Rate (adjusted daily) plus 2.00%; (2) the Prime Rate plus 1.50%; or (3) 9%, as applicable but in no event shall the rate during the redemption period exceed the Louisiana statutory rate of 12%."

Section 203. The Loan Agreement. The Loan Agreement between the City and the Authority which is hereby approved, provides in part that the Authority agrees to loan the Bond Proceeds to the City in order to finance the Project and the City agrees to make Payments (as therein defined) to the Authority which will equal the principal of and interest on the Bonds.

Upon the terms and conditions of the Loan Agreement, the Authority will lend to the City the proceeds of the sale of the Bonds. The proceeds of the Loan will be deposited with the Trustee and applied in accordance with the Indenture.

The City, for and in consideration for the issuance of the Bonds under the Indenture by the Authority, and the application of the proceeds thereof by the Authority as provided in the Indenture for the benefit of the City, promises to repay the Loan from any Lawfully Available Funds which shall include the Net Revenues.

Lawfully Available Funds are defined in the Loan Agreement to be, collectively and in the following priority: (i) the Net Revenues (on a parity with the other Outstanding Prior Lien Bonds) pledged pursuant to the Ordinance and (ii) the funds, income, revenue, fees, receipts or charges of any nature from any source whatsoever on deposit with or accruing from time to time to the City, including, but not limited to, all revenues, income and receipts received by the City and deposited to its General Fund, provided that no such funds, income, revenue, fees, receipts or charges shall be so included in this definition which have been or are legally dedicated and required for purposes inconsistent with the Project by the electorate, by the terms of specific grants, by the terms of particular obligations issued or by operation of law, and provided further that the full faith and credit of the City is not pledged and there is no obligation to levy or increase taxes or other sources of revenue above any legal limits applicable to the City from time to time.

As authorized by the Act, the obligation of the City to repay the Loan by making payments from any Lawfully Available Funds is absolute and unconditional and is not subject to, nor shall the City assert, any rights of non-appropriation, abatement, deduction, reduction, deferment, recoupment, setoff, offset or counterclaim by the City or any other person, nor will the same be abated, abrogated, waived, diminished, postponed, delayed or otherwise modified under or by reason of any circumstance or occurrence that may arise or take place, irrespective of what statutory rights the City may have to the contrary.

The City promises that it will pay the Payments from any Lawfully Available Funds. The City obligates itself and its successors to budget annually a sum of money sufficient to make the Payments required by the Loan Agreement including any principal and/or interest on the Bonds theretofore matured and unpaid and to collect revenues sufficient to make such Payments, including the principal and interest on the Bonds.

The City hereby authorizes, at the closing of the issuance of the Bonds, to secure its obligations, the granting of a security interest, on a parity with the other Outstanding Prior Lien Bonds, to the Authority and the Trustee in the Net Revenues derived by the City from the System after the payment of the necessary and reasonable expenses of operating and maintaining the System. The City approves the assignment by the Authority to the Trustee of the security interest. The grant to the Trustee is in trust for the benefit of the Purchaser of the Bonds secured under the Indenture.

Section 204. Denominations and Dates. The Bonds are issuable as fully registered bonds. Interest on the Bonds (payable June 1 and December 1 of each year, commencing December 1, 2010) is

payable by check or wire transfer to the Purchaser. The Bonds are in the denomination of \$5,000 each or any integral multiple thereof, and in fully registered form

The principal of the Bonds is payable at the principal corporate trust office of Regions Bank, in the City of Baton Rouge, Louisiana, as Paying Agent and Bond Registrar with respect to the Bonds upon surrender thereof.

Each Bond shall be dated the date of delivery. Except as otherwise provided in this Section, the Bonds shall bear interest from the date thereof or from the most recent Interest Payment Date to which interest has been paid or duly provided for, as the case may be. However, when there is no existing default in the payment of interest on the Bonds, each Bond executed after the Regular Record Date for any Interest Payment Date but prior to such Interest Payment Date, shall bear interest from such Interest Payment Date provided, however, that if and to the extent that the Issuer shall default in the payment of the interest due on any Interest Payment Date, then all such Bonds shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, unless no interest has been paid on the Bonds, in which case from the date of delivery.

The person in whose name any Bond is registered at the Regular Record Date with respect to an Interest Payment Date shall in all cases be entitled to receive the interest payable on such Interest Payment Date (unless such Bond has been called for redemption on a redemption date which is prior to such Interest Payment Date) notwithstanding the cancellation of such Bond upon any registration of transfer or exchange thereof subsequent to such Regular Record Date and prior to such Interest Payment Date.

ARTICLE III

Sale of the Bonds

Section 301. Sale of the Bonds. The sale of the Bonds by the Authority to the Purchaser is hereby in all respects approved, ratified and confirmed and the City hereby requests the Bonds to be delivered to the Purchaser or its agents or assigns, upon receipt by the Trustee of the agreed purchase price. The execution and delivery on behalf of the City of the Bond Purchase Agreement is hereby approved and ratified in all respects. The Mayor and Director of Finance of the City are each hereby empowered, authorized and directed to execute and deliver or cause to be executed and delivered all documents required to be executed on behalf of the City or deemed by them necessary or advisable to implement this Twenty-Eighth Supplemental Ordinance or facilitate the sale of the Bonds.

ARTICLE IV

Miscellaneous

Section 401. Publication of Ordinance. A copy of this Twenty-Eighth Supplemental Ordinance shall be published in the Official Journal of the City of Shreveport.

Section 402. Supplemental Ordinance to Constitute Contract. In consideration of the purchase and the acceptance of the Bonds by those who shall hold the same from time to time, the provisions of this Twenty-Eighth Supplemental Ordinance shall be a part of the contract of the City with the holders of the Bonds and shall be deemed to be and shall constitute a contract between the City, the Authority, the Trustee and the holders from time to time of the Bonds. The provisions, covenants and agreements herein set forth to be performed by and on behalf of the City shall be for the benefit, protection and security of the holders of any and all of the Bonds.

Section 403. Filing of Ordinance. A certified copy of this Twenty-Eighth Supplemental Ordinance shall be filed and recorded as soon as possible in the Mortgage Records in the Parish of Caddo, Louisiana.

Section 404. Paying Agent. The City hereby acknowledges and approves the appointment of Regions Bank, a state banking corporation duly organized and existing under and by virtue of the laws of the State of Alabama, as Trustee and Paying Agent under the Indenture, subject to the conditions set forth in Section 1110 of the General Bond Resolution.

Section 405. Severability. In case any one or more the provisions of this Twenty-Eighth Supplemental Ordinance shall, for any reason, be held to be illegal or invalid, such illegality or invalidity shall not affect any other provisions of this Twenty-Eighth Supplemental Ordinance and this Twenty-Eighth Supplemental Ordinance shall be construed and enforced as if such illegal or invalid provisions had not been contained herein or therein.

Section 406. Governing Law. This Twenty-Eighth Supplemental Ordinance is a contract made under, and the rights and obligations of the parties hereunder shall be governed by and construed in accordance with, the laws of the State of Louisiana applicable to contracts made and to be performed entirely within such State.

EXHIBIT "A"

TO THE ORDINANCE

No. R-1 Principal Amount: \$15,000,000

UNITED STATES OF AMERICA

STATE OF LOUISIANA

LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL

FACILITIES AND COMMUNITY DEVELOPMENT AUTHORITY

UTILITY REVENUE BONDS

(SHREVEPORT WATER IMPROVEMENT PROJECT)

SERIES 2010C

<u>Maturity Date</u> _____	<u>Interest Rate</u> 4.59%	<u>Bond Date</u> October __, 2010
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Registered Owner: **Capital One Public Funding, L.L.C.**

The Louisiana Local Government Environmental Facilities and Community Development Authority (the "Issuer"), a political subdivision of the State of Louisiana ("State") and its successors and assigns for value received, promises to pay to the registered owner shown above, or registered assigns, but solely from the source and as hereinafter provided, on the Maturity Date set forth above, fully amortized payments of interest payable semi-annually on each June 1, and December 1, commencing December 1, 2010, at the Interest Rate per annum set forth above, on the basis of twelve 30-day months and a 360-day year in accordance with the Amortization Schedule attached hereto as Exhibit "A", until said principal and interest is paid, unless this Bond shall have been previously called for redemption and payment shall have been duly made or provided for.

The principal of and interest on this Bond are payable in such coin or currency of the United States of America as, at the respective times of payment, is legal tender for the payment of public and private debts to the registered owner hereof or its assigns at the principal corporate trust office of Regions Bank, Baton Rouge, Louisiana, as trustee (the "Trustee") such amounts at such times as are necessary to make all payments as and when due of the principal of, and interest on this Bond in accordance with the terms of the Bonds and the Indenture. Payments, when due and payable, shall be paid by wire, check or draft mailed by the Trustee, on the Payment Date, to the person in whose name this Bond is registered at his address as it appears on the Bond Register maintained by the Trustee at the close of business on the 15th calendar day of the month next preceding an Payment Date, or if such day shall not be a Business Day, the next preceding Business Day (the "Record Date"), irrespective of any transfer or exchange of this Bond subsequent to such Record Date and prior to such Payment Date, unless the Issuer shall default in payment of principal or interest due on such Payment Date. In the event of any such default, such defaulted principal or interest shall be payable on a payment date established by the Trustee to the person in whose name this Bond is registered at the close of business on a special record date for the payment of such defaulted payment established by notice mailed by the Trustee to the registered owner of this Bond not less than fifteen (15) days preceding such special record date.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture until the certificate of authentication hereon shall have been signed by a duly authorized representative of the Trustee.

This Bond is the duly authorized issue of the Issuer's Utility Revenue Bonds (Shreveport Water Improvement Project), Series 2010C (the "Bonds"), issued under and secured by the Indenture (hereinafter defined) pursuant to which the Issuer is issuing \$15,000,000 aggregate principal amount of said utility revenue bonds on behalf of the City of Shreveport, State of Louisiana (the

"City") for the purpose of loaning the proceeds from the sale thereof to the City to enable the City to (i) finance the costs of the Project; and (ii) pay costs of issuance of the Bonds, and (b) lend the proceeds of the sale of the Bonds to the City of Shreveport, State of Louisiana (the "City"), pursuant to the Loan Agreement (the "Loan Agreement") dated as of October 15, 2010 between the Issuer and the City for such purposes. The proceeds of the Bonds have been loaned to the City pursuant to the Loan Agreement dated as of October 15, 2010 for the foregoing purposes.

The Bonds are issued pursuant to the laws of the State, particularly Chapter 10-D of Title 33 of the Louisiana Revised Statutes of 1950, as amended (LSA- R.S. 33:4548.1 through 33:4548.16) and other constitutional and statutory authority supplemental thereto (the "Act"), and are issued and secured pursuant to a Trust Indenture dated as of October 15, 2010 between the Issuer and Regions Bank, Baton Rouge, Louisiana, as Trustee (the "Trustee") (together with all amendments and supplements thereto called the "Indenture"), to which Indenture, a fully executed counterpart of which is on file in the principal corporate trust office of the Trustee, reference is hereby made for a more complete description of the Trust Estate, the nature and extent of the security, the terms and condition under which the Bonds are issued and secured, the rights, duties and immunities of the Trustee and the rights of the registered owners of this Bond. The registered owner of this Bond shall have no rights to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture, and by acceptance of this Bond, the owner hereof assents to all of the provisions of the Indenture. All terms not defined herein shall have the meanings assigned thereto in the Indenture.

This Bond is a limited and special revenue obligation of the Issuer and are payable solely from (i) payments received by the Issuer from the City pursuant to the Loan Agreement (except however, the Issuer's rights to exculpation, indemnification and payment of expenses by the City under the Loan Agreement) and (ii) all funds held by the Trustee under the Indenture and available for such payment, said payments and funds being herein referred to as the "Trust Estate". The Loan Agreement, a fully executed counterpart of which is on file in the principal corporate trust office of the Trustee, provides that the City is unconditionally obligated to make payments, but solely from the Lawfully Available Funds (as defined in the Loan Agreement) in an aggregate amount sufficient, with any other funds available therefor, for the payment in full of the principal of, and interest on all Bonds issued and outstanding under the Indenture, to the date of payment thereof, and certain costs, expenses and charges of the Issuer and the Trustee. Lawfully Available Funds are defined in the Loan Agreement to be, collectively the funds, income, revenue, fees, receipts or charges of any nature from any source whatsoever on deposit with or accruing from time to time to the City, including, but not limited to, all revenues, income and receipts received by the City, provided that no such funds, income, revenue, fees, receipts or charges shall be so included in this definition which have been or are legally dedicated and required for purposes inconsistent with the Project by the electorate, by the terms of specific grants or by the terms of particular obligations issued and provided further that the full faith and credit of the City is not pledged and there is no obligation to levy or increase taxes or other sources of revenue above any legal limits applicable to the City from time to time.

THE BONDS ARE LIMITED AND SPECIAL OBLIGATIONS OF THE ISSUER AND DO NOT CONSTITUTE OR CREATE AN OBLIGATION, GENERAL OR SPECIAL, DEBT, LIABILITY OR MORAL OBLIGATION OF THE STATE THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISIONS WHATSOEVER AND NEITHER THE FAITH OR CREDIT NOR THE TAXING POWER OF THE STATE, THE ISSUER, THE CITY OR OF ANY OTHER POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR THE INTEREST ON THE BONDS. THE BONDS ARE NOT A GENERAL OBLIGATION OF THE ISSUER BUT ARE A LIMITED AND SPECIAL REVENUE OBLIGATION OF THE ISSUER PAYABLE SOLELY FROM THE TRUST ESTATE, INCLUDING, WITHOUT LIMITATION, THE INCOME, REVENUES AND RECEIPTS DERIVED OR TO BE DERIVED FROM PAYMENTS MADE PURSUANT TO THE LOAN AGREEMENT AND FROM ANY MONEYS RECEIVED BY THE TRUSTEE UNDER THIS INDENTURE.

EXCHANGE AND TRANSFER OF BONDS

As long as this Bond remains outstanding, there shall be permitted the exchange of Bonds at the principal corporate trust office of the Trustee. Any Bond upon surrender thereof at the principal corporate trust office of the Trustee with a written instrument of transfer satisfactory to the Trustee, duly executed by the registered owner or his legal representative duly authorized in writing, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of other Bonds in Authorized Denominations.

For every such exchange or transfer of Bonds, the Issuer or the Trustee may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. The Trustee shall not be required to register the transfer or exchange of (a) any Bond during the 15 day period next preceding the selection of Bonds to be redeemed and thereafter until the date of the mailing of a notice of redemption of Bonds selected for redemption, or (b) any Bonds selected, called or being called for redemption in whole or in part, except in the case of any Bond to be redeemed in part, the portion thereof not so to be redeemed.

The Bonds are issuable only as registered bonds without coupons in one Bond and shall be registered in the registry books of the Registrar in the name of a nominee of the initial purchaser. The Trustee shall make payments with respect to the Bonds in immediately available funds only to the Bondholders, and all such payments shall be valid and effective fully to satisfy and discharge the obligations with respect to such Bonds to the extent of the sum or sums so paid.

The Indenture permits certain amendments or supplements to the Loan Agreement and the Indenture, and other amendments or supplements thereto to be made with the consent of the Owners of at least a majority in aggregate principal amount of the Bonds then outstanding.

Interest Rates

This Bond shall bear interest at the Interest Rate described herein.

If an "Event of Default", as defined in the Indenture, shall occur, the principal of all Bonds then outstanding may become or be declared due and payable in the manner and with the effect provided in the Indenture.

Modifications or alterations of the Indenture or any indenture supplemental thereto or of the Loan Agreement or any agreement supplemental thereto may be made only to the extent and in the circumstances permitted by the Indenture and the Loan Agreement. The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the Owners of the Bonds at any time with the consent of the Owners of a majority in aggregate principal amount of all Bonds at the time outstanding. The Indenture also contains provisions permitting the owners of a majority in aggregate principal amount of all Bonds at the time outstanding, on behalf of the Owners of all Bonds, to waive compliance by the Issuer with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Owner of this Bond shall be conclusive and binding upon such owner and all future Owners of this Bond and of any Bond issued in lieu hereof whether or not notation of such consent or waiver is made upon this Bond.

The owner of this Bond shall have no right to enforce the provisions of the Indenture, or to institute any action to enforce the covenants therein, or to take any action with respect to any default thereunder, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture and the Loan Agreement.

As provided in the Indenture and subject to certain limitations therein set forth, this Bond is transferable on the Bond Register maintained at the office of the Trustee, upon surrender of this Bond for transfer at such office, together with all necessary endorsements for transfer, and thereupon one or more new Bonds of the same series and maturity, and for a like aggregate principal amount, will be issued to the designated transferee or transferees.

As provided in the Indenture and subject to certain limitations therein set forth, the Bonds are exchangeable for other Bonds of a like aggregate principal amount, as requested by the owner surrendering the same.

The City and the Trustee may treat the person in whose name this Bond is registered as the Owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this Bond is overdue, and neither the City nor the Trustee shall be affected by notice to the contrary.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Indenture and issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law.

There being no further business to come before the Council, the meeting adjourned at approximately 12:40 p.m.

//s// Joyce Bowman, Chairman

//s// Arthur G. Thompson, Clerk of Council