
**CLEAN WATER
STATE REVOLVING FUND
LOAN AND PLEDGE AGREEMENT**

dated as of November 1, 2016

by and between

Louisiana Department of Environmental Quality

and the

City of Shreveport, State of Louisiana

relating to the issuance of:

not exceeding \$20,000,000

Taxable Water and Sewer Revenue Bond, Series 2016A

of the

City of Shreveport, State of Louisiana

Loan No. CS221870-02

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LOAN AND PLEDGE AGREEMENT

This **LOAN AND PLEDGE AGREEMENT**, which shall be dated for convenience as of November 1, 2016, by and between:

LOUISIANA DEPARTMENT OF ENVIRONMENTAL QUALITY (the "Department"), an executive department and agency of the State of Louisiana, whose mailing address is P.O. Box 4303, Baton Rouge, La. 70821-4303, attn: Clean Water State Revolving Fund, appearing herein through Karyn Andrews, Undersecretary, duly authorized hereunto pursuant to an executive order of the Secretary of the Department dated February 26, 2016, and

THE CITY OF SHREVEPORT, STATE OF LOUISIANA (the "City"), a political subdivision of the State of Louisiana, whose mailing address is 505 Travis St., Shreveport, Louisiana 71101, appearing herein through Ollie S. Tyler, its Mayor, and Arthur G. Thompson, its Clerk of Council, both duly authorized hereunto pursuant to a General Bond Resolution adopted by the governing authority of the City on June 12, 1984 and a Supplemental Bond Ordinance adopted on September 13, 2016, respectively,

WITNESSETH:

WHEREAS, the United States of America, pursuant to the Clean Water Act of 1972, as amended by the Water Quality Act of 1987, specifically Subchapter VI, Chapter 26 of Title 33 of the United States Code (the "Federal Act"), is authorized to make capitalization grants to states to be used for the purpose of establishing a water pollution control revolving fund for providing assistance (i) for construction of treatment works (as defined in Section 1292 of the Federal Act) which are publicly owned, (ii) for implementing a management program under Section 1329 of the Federal Act and (iii) for developing and implementing a conservation and management plan under Section 1330 of the Federal Act; and

WHEREAS, in order to be eligible to receive such capitalization grants, a state must first establish a water pollution control revolving loan fund to be administered by an instrumentality of the state with such powers and limitations as may be required to operate such fund in accordance with the requirements and objectives of the Federal Act; and

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

WHEREAS, the City has made application to the Department for a loan from the State Revolving Fund to finance a portion of the costs of constructing and acquiring improvements, extensions and replacements to its sewerage system, as are generally described in Exhibit A hereto (the "Project"); and

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

WHEREAS, in accordance with Section 1383(g) of the Federal Act, the Department has established a priority list under Section 1296 of Title 33 of the United States Code, and the Project is on such list; and

WHEREAS, the City, by ordinance of its governing authority adopted on September 13, 2016, has authorized the incurring of debt and the issuance of its Taxable Water and Sewer Revenue Bond, Series 2016A in an amount not to exceed \$20,000,000 (the "Bonds"), for the purpose of paying costs of the Project, which Bonds are proposed to be purchased by the Department using available moneys in the State Revolving Fund;

NOW, THEREFORE, the Department and the City each agree to perform their respective obligations under this Loan Agreement in accordance with the conditions, covenants and procedures set forth herein and in the exhibits attached hereto and made a part hereof as follows:

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ARTICLE I

DEFINITIONS AND INTERPRETATION

SECTION 1.01. Definitions. The following terms used in this Loan Agreement shall have the following meanings, unless the context clearly requires otherwise:

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

"Authorized Officer" means the officer or officers of the City who have executed this Loan Agreement, or their successors in office, or such other person or persons authorized pursuant to a resolution or ordinance of the Governing Authority to act as an authorized officer of the City to perform any act or execute any document relating to the Loan, the Bonds or this Loan Agreement.

"Authorizing Ordinance" means the resolutions and ordinances adopted by the governing authority of the City authorizing the issuance of the Bonds and authorizing the sale of the Bonds to the Department, as they may be supplemented, modified or amended from time to time in accordance with their terms.

"Bonds" means the City's Taxable Water and Sewer Revenue Bond, Series 2016A, in an amount not to exceed Twenty Million Dollars (\$20,000,000), which indebtedness is being issued by the City pursuant to the Authorizing Ordinance for the purpose of paying Costs of the Project, sold to the Department and purchased by the Department from moneys in the State Revolving Fund.

"City" means the City of Shreveport, State of Louisiana, a political subdivision of the State of Louisiana, and its successors or assigns.

"Code" means the Internal Revenue Code of 1986, as the same may be amended and supplemented from time to time, including any regulations promulgated thereunder or any administrative or judicial interpretations thereof.

"Commitment Agreement" means Commitment Agreement entered into between the Department and the City in connection with the Loan, including the exhibits attached thereto, as it may be supplemented, modified or amended from time to time in accordance with the terms thereof.

"Completion Date" means the earlier of (i) the date of the final disbursement of the purchase price of the Bonds to the City, or (ii) the date that operation of the Project is initiated or capable of being initiated, as certified by an Authorized Officer in accordance with Section 6.07.

"Construction Fund" means the fund or account to be established in accordance with the City's customary accounting practices, into which each installment of the purchase price of the Bonds is to be deposited, and from which Costs of the Project will be disbursed by the City.

"Costs of the Project" means, with reference to the Project, all capital costs incurred or to be incurred for the Project, including but not limited to (a) engineering, financing, legal and other fees and expenses related to the engineering and design of the Project and related to the issuance of the Bonds, (b) acquisition and construction costs of the Project, (c) interest on the Bonds during construction, if specifically approved by the Department, and (d) a reasonable allowance for contingencies, all to the extent permitted by the Federal Act, the State Act and any rules or regulations promulgated thereunder.

"Debt Service Fund" means the fund or account to be established or maintained in accordance with the City's customary accounting practices, into which the City will periodically deposit funds for the payment of principal, Administrative Fee and interest on the Bonds, in the manner set forth in the Authorizing Ordinance.

"Default" means an event or condition, the occurrence of which would constitute with the lapse of time or the giving of notice or both an Event of Default with respect to the Bonds.

"Delivery Date" means the date on which the Bonds are delivered to the Department and the first installment of the purchase price therefor is paid by the Department to the City.

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

"Engineer" means a consulting engineer or firm of consulting engineers registered and licensed by the Louisiana Professional Engineering and Land Surveying Board, or its successor in function, as a professional engineer and selected by the City for the purpose of providing engineering services with respect to the Project. If the City employs a qualified in-house engineer, then such personnel may be the Engineer hereunder with the approval of the Department.

"EPA" means the United States Environmental Protection Agency or any successor entity which may succeed to the administration of the programs established by the Federal Act.

"Event of Default" means any occurrence or event specified in Section 10.01.

"Federal Act" means the Clean Water Act of 1972, as amended by the Water Quality Act of 1987, specifically Subchapter VI, Chapter 26 of Title 33 of the United States Code, and other statutory and regulatory authority amendatory or supplemental thereto.

"Fiscal Year" means the City's one-year accounting period determined from time to time by the Governing Authority as the fiscal year of the City.

"Funds and Accounts" collectively means the Construction Fund, the Revenue Fund, the Debt Service Fund and the Reserve Fund.

"Governing Authority" means the City Council of the City or its successor in function.

"Interest Payment Date" means each date on which interest on the Bonds is payable, the first of which shall occur not more than six (6) months after the delivery of the Bonds to the

Department and which shall occur semi-annually thereafter until the Bonds are paid in full, as determined by mutual agreement of the City and the Department on the date of delivery of the Bonds and designated in the Bonds.

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

"Loan Agreement" means this Loan and Pledge Agreement, including the exhibits attached hereto, as it may be supplemented, modified or amended from time to time in accordance with the terms hereof.

"Loan Amount" means the maximum amount that the Department has agreed to loan the City, being the authorized principal amount of the Bonds.

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

- (a) Bonds that have been cancelled or delivered to the Paying Agent for cancellation;
- (b) Bonds that have been defeased in accordance with Section 4.02;
- (c) Bonds in exchange for or *in lieu* of which other Bonds have been registered and delivered pursuant to the Authorizing Ordinance; or
- (d) Bonds alleged to have been mutilated, destroyed, lost or stolen which have been paid as provided in the Authorizing Ordinance or by law.

"Parity Obligations" means the following obligations, plus any additional *pari passu* indebtedness, if any, issued by the City and payable from the same source of revenues on a parity with the Bonds in the manner set forth in the Authorizing Ordinance:

- (i) Loan Agreement relating to \$46,671,000 of outstanding Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Shreveport Utility System Project) Series 2005, maturing December 1 of the years 2016 through 2026, inclusive;
- (ii) Loan Agreement relating to \$2,400,000 of outstanding Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Shreveport Utility System Project) Series 2007, maturing December 1 of the years 2016 and 2017, inclusive;
- (iii) \$794,000 of outstanding Taxable Water and Sewer Revenue Bonds, Series 2009A, maturing December 1 of the years 2016 through 2030, inclusive ;
- (iv) \$6,970,302 of outstanding Water and Sewer Revenue Bonds, Taxable Series 2009B, maturing December 1 of the years 2016 through 2030, inclusive;

- (v) \$6,435,900 of outstanding Taxable Utility Revenue Bonds, Series 2010D, maturing December 1 of the years 2016 through 2031, inclusive;
- (vi) \$3,916,980 of outstanding Taxable Utility Revenue Bonds (LDEQ Series Project) Series 2013, maturing December 1 of the years 2016 through 2034, inclusive;
- (vii) \$70,745,000 of outstanding Water and Sewer Revenue Refunding Bonds, Series 2014A, maturing December 1 of the years 2016 through 2029, inclusive;
- (viii) \$67,045,000 of outstanding Water and Sewer Revenue Bonds, Series 2014B, maturing December 1 of the years 2027 through 2038, inclusive;
- (ix) \$7,955,000 of outstanding Water and Sewer Revenue Bonds, Series 2014C, maturing December 1, 2039; and
- (x) \$120,000,000 of outstanding Water and Sewer Revenue and Refunding Bonds, Series 2015, maturing December 1 of the years 2016 through 2040, inclusive.

Also outstanding, but with a subordinate lien on the net revenues of the System, are the City's Taxable Utility Revenue Bonds, Series 2013, of which \$2,578,800, maturing December 1 of the years 2016 through 2022, inclusive, is currently outstanding (\$2,210,400 outstanding after December 1, 2016). The Series 2013 Bonds are payable from the Net Revenues, however, the Series 2013 Subordinate Bonds are **NOT** secured on a parity with the Outstanding Parity Bonds.

"Paying Agent" means the person designated as paying agent and registrar in the Authorizing Ordinance, unless and until a successor Paying Agent shall have assumed such responsibilities pursuant to the applicable provisions of the Authorizing Ordinance and thereafter "Paying Agent" shall mean such successor Paying Agent.

"Plans and Specifications" means the drawings, elevations, shop drawings and accompanying specifications for work prepared by the Engineer for the City relating to the Project or any portion thereof.

"Principal Payment Date" means each annual principal payment date on the Bonds, which dates are set forth in the Authorizing Ordinance, the first of which shall occur no later than one (1) year after the Completion Date and the last of which shall occur no later than twenty (20) years after the Completion Date.

"Project" means the improvements to the System generally described in Exhibit A hereto, which are being financed through the issuance of the Bonds.

"Regulations" means the regulations of the Department adopted pursuant to and in furtherance of the Clean Water Act of 1972, as amended by the Water Quality Act of 1987, and the State Act, as such may be amended from time to time, including, without limitation Title 33, Part IX, Chapter 21 of the Louisiana Administrative Code (L.A.C. 33:IX.2101, *et seq.*).

"Reserve Fund" means the fund or account to be established or maintained in accordance with the City's customary accounting practices, into which there shall be deposited

from available funds of the City, in the manner set forth in the Authorizing Ordinance (but not from the proceeds of the Loan unless specifically approved by the Department), a sum equal to the Reserve Fund Requirement, as defined in the Authorizing Ordinance.

"Revenue Fund" means the fund or account to be established or maintained in accordance with the City's customary accounting practices, into which all revenues of the System shall be deposited in the manner set forth in the Authorizing Ordinance.

"Scheduled Completion Date" means the date presently estimated by the City and the Engineer to be the Completion Date, which shall be set forth in a closing certification of the City delivered to the Department on the Delivery Date.

"State" means the State of Louisiana.

"State Act" means La. R.S. 30:2301, *et seq.* and other constitutional and statutory authority supplemental thereto.

"State Revolving Fund" means the Clean Water State Revolving Fund administered, operated and maintained by the Department pursuant to the Federal Act and the State Act.

"System" means the City's revenue-producing combined drinking water and wastewater collection, treatment and disposal system, as said system now exists, and as it may be hereafter improved, extended or supplemented while any of the Bonds remain outstanding, as more fully described in the Authorizing Ordinance.

"User Fees" means charges or fees levied on users of the System for the cost of operation, maintenance and replacement of the System, for the repayment of debt incurred with respect to the System and for such other purposes as may be determined by the Governing Authority from time to time.

SECTION 1.02. Rules of Interpretation

(a) Unless the context clearly indicates to the contrary, the following rules shall apply to the interpretation and construction of this Loan Agreement:

- (1) words importing the singular number shall include the plural number and *vice versa*;
- (2) all references to particular articles or sections herein are references to articles or sections of this Loan Agreement;
- (3) the captions and headings herein are solely for convenience of reference and shall not constitute a part of this Loan Agreement, nor shall they affect its meaning, construction or effect;
- (4) the terms "hereby," "hereof," "hereto," "herein," "hereunder" and any similar terms as used in this Loan Agreement refer to the Loan Agreement in its entirety

and not the particular article or section of this Loan Agreement in which they appear; and

- (5) the term "hereafter" means after the date of execution of this Loan Agreement and the term "heretofore" means before the date of the execution of this Loan Agreement.

(b) In the event that any provisions of the Authorizing Ordinance conflict with any provision of this Loan Agreement, then the provisions of this Loan Agreement shall control.

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ARTICLE II

REPRESENTATIONS OF THE DEPARTMENT

SECTION 2.01. Representations of the Department. The Department represents and covenants as follows:

(a) The Department is authorized by the State Act to administer, operate and maintain the State Revolving Fund in full compliance with the Federal Act, as amended, and the requirements of the EPA promulgated thereunder.

(b) The Department has complied with the provisions of the Federal Act and the State Act and all regulations thereunder with respect to the State Revolving Fund and has full power and authority to execute and deliver this Loan Agreement and to consummate the transactions contemplated hereby and perform its obligations hereunder.

(c) The Department, by executive order of its Secretary, being the chief executive officer thereof, has authorized the execution, delivery and due performance of this Loan Agreement and the taking of any and all actions as may be required on the part of the Department to carry out, give effect to and consummate the transactions contemplated hereby and all approvals necessary in connection with the foregoing.

(d) There is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body pending or threatened against or affecting the Department or to the best knowledge of the Department is there any basis therefor, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated hereby or which in any way would adversely affect the validity of this Loan Agreement or any agreement or instrument to which the Department is a party and which is used or contemplated for use in consummation of the transactions contemplated hereby.

(e) The execution and delivery by the Department of this Loan Agreement and the consummation of the transactions contemplated hereby will not violate any indenture, mortgage, deed of trust, note, loan agreement, or other contract or instrument to which the Department is a party or by which it is bound, and to the best of the Department's knowledge any judgment, decree, order, statute, rule or regulation applicable to the Department and all consents, approvals, authorizations and orders of governmental or regulatory authorities which are required for the consummation of the transactions contemplated hereby have been obtained.

(f) The Department has determined that the Project, subject to final review of the Plans and Specifications, is eligible for financial assistance from the State Revolving Fund, and the Project is listed on the State's priority list as required by Section 1383(g) of the Federal Act.

SECTION 2.02. Representations of the City. The City represents and covenants as follows:

(a) The City is a political subdivision of the State and has full legal right and authority and all necessary licenses and permits required as of the date hereof to own, operate and maintain the System, to carry on its activities relating thereto, to execute and deliver this

Loan Agreement, to execute, issue and deliver the Bonds, to pledge the revenues necessary to secure the payment of the Bonds, to undertake and complete the Project and to carry out and consummate all transactions contemplated by this Loan Agreement.

(b) The proceedings of the Governing Authority approving this Loan Agreement and the Bonds and authorizing their execution, issuance and delivery by the City and authorizing the City to undertake and complete the Project, including, without limitation the Authorizing Ordinance, have been duly and lawfully adopted in accordance with the laws of the State, including the Open Meetings Law (R.S. 42:11, *et seq.*).

(c) The Authorizing Ordinance was duly adopted by the Governing Authority and was published in the official journal of the City no less than 30 days prior to the delivery date of the Bonds, and since the said publication no actions or proceedings have been filed or threatened contesting the legality of the Authorizing Ordinance, the Bonds or any provision for payment of the Bonds.

(d) This Loan Agreement and the Bonds have been duly authorized and have been or will be duly executed and delivered by the Authorized Officer, and assuming that the Department has all the requisite power and authority to authorize, execute and deliver and has duly authorized, executed and delivered this Loan Agreement, this Loan Agreement and the Bonds will constitute the legal, valid and binding obligations of the City, enforceable in accordance with their respective terms.

(e) To the best of the City's knowledge, there is no fact that the City has not disclosed to the Department in writing on the City's application for the Loan or otherwise that materially adversely affects the properties, activities, prospects or condition (financial or otherwise) of the City or the System or the ability of the City to make all Loan repayments and otherwise to observe and perform its duties, covenants, obligations and agreements under this Loan Agreement and the Bonds.

(f) To the best of the City's knowledge, the authorization, execution and delivery of this Loan Agreement and the Bonds by the City, the observance and performance by the City of its duties, covenants, obligations and agreements thereunder and under the Authorizing Ordinance and the consummation of the transactions provided for in this Loan Agreement, the Authorizing Ordinance and the Bonds, the compliance by the City with the provisions of this Loan Agreement, the Authorizing Ordinance and the Bonds and the undertaking and completion of the Project will not result in any breach of any of the terms, conditions or provisions of or constitute a default under or result in the creation or imposition of any lien, charge or other encumbrance upon any property or assets of the City pursuant to any ordinance or resolution, trust agreement, indenture, mortgage, deed of trust, loan agreement or other instrument (other than the lien and charge of the Authorizing Ordinance and the Bonds and any ordinance, resolution or indenture which authorized outstanding debt obligations to which the City is a party or by which the City, the System or any of its property or assets may be bound), nor will such action result in any violation of the provisions of any laws, ordinances, resolutions, governmental rules, regulations or court orders to which the City, the System or its properties or operations are subject.

(g) There are no proceedings pending, or to the knowledge of the City threatened, against or affecting the City in any court or before any governmental authority or arbitration board or tribunal that have not been disclosed in writing to the Department in the City's application for the Loan or otherwise that, if adversely determined, would materially adversely affect the properties, activities, prospects or condition (financial or otherwise) of the City or its System or the ability of the City to make all Loan repayments and otherwise observe and perform its duties, covenants, obligations and agreements under this Loan Agreement and the Bonds.

(h) To the best of the City's knowledge, no event has occurred and no condition exists that, upon authorization, execution and delivery of this Loan Agreement and the Bonds or receipt of the amount of the Loan, or upon the happening of any such event and the giving of notice and/or the passage of time, would constitute an Event of Default hereunder or under the Authorizing Ordinance. The City is not in violation of and has not received notice of any claimed violation of any term of any agreement or other instrument to which it is a party or by which it or the System or its properties may be bound, which violation would materially adversely affect the properties, activities, prospects or condition (financial or otherwise) of the City or its System or the ability of the City to make all Loan repayments or otherwise observe and perform its duties, covenants, obligations and agreements under this Loan Agreement, the Authorizing Ordinance and the Bonds.

(i) The City has obtained all permits and approvals required to date by any governmental body or officer (and reasonably expects to receive all permits required in the future by any governmental agency) for the making, observance and performance by the City of its duties, covenants, obligations and agreements under this Loan Agreement and the Bonds or for the undertaking or completion of the Project and the financing or refinancing thereof and the City has complied with all applicable provisions of law requiring any notification, declaration, filing or registration with any governmental body or officer in connection with the making, observance and performance by the City of its duties, covenants, obligations and agreements under this Loan Agreement and the Bonds or with the undertaking or completion of the Project and the financing or refinancing thereof. No consent, approval or authorization of, or filing, registration or qualification with any governmental body or officer that has not been obtained is required on the part of the City as a condition to the authorization, execution and delivery of this Loan Agreement and the Bonds, the undertaking or completion of the Project or the consummation of any transaction herein contemplated.

(j) The City is in compliance with all laws, resolutions, ordinances, governmental rules and regulations to which it is subject, the failure to comply with which would materially adversely affect the ability of the City to conduct its activities or undertake or complete the Project, or the condition (financial or otherwise) of the City or its System; and the City has obtained or will obtain all licenses, permits, franchises or other governmental authorizations presently necessary for the ownership of its property or for the conduct of its activities which, if not obtained, would materially adversely affect the ability of the City to conduct its activities or undertake or complete the Project or the condition (financial or otherwise) of the City or its System.

(k) The City has not previously pledged the revenues being used to repay the Bonds to the payment of any indebtedness of the City or any other entity, other than the Parity Obligations, if any, defined in Section 1.01.

SECTION 2.03. Particular Covenants of the City. The City further covenants and agrees for the benefit of the Department as follows:

(a) The City agrees that the estimated Costs of the Project, as listed in Exhibit C hereto and made a part hereof, is a reasonable and accurate estimation as of the date hereof, and upon direction of the Department will supply the same with a certificate from its Engineer stating that such estimated cost is a reasonable and accurate estimation. With the approval of the State Revolving Fund Engineering Manager, the City and the Department may mutually agree to change the allocation and categories shown in said Exhibit C without the necessity of amending the Loan Agreement.

(b) The City will promptly notify the Department of any material adverse change in the activities, prospects or condition (financial or otherwise) of the City relating to the System or to the ability of the City to make all or any Loan repayments, provide for the payment of Administrative Fees and otherwise observe and perform its duties, covenants, obligations and agreements under this Loan Agreement and the Bonds.

SECTION 2.04. Tax-Exempt Status of Department Bonds. In the event any tax-exempt debt obligations are issued by or on behalf of the Department, the proceeds of which (or any portion of the proceeds of which) are loaned to the City for the purpose of funding the Loan (the "Leveraging Bonds"), then the City will not take any action or fail to take any action that could cause the Leveraging Bonds to be "arbitrage bonds" or "private activity bonds" under the Code. The Department shall notify the City in writing prior to the use of any Leveraging Bond proceeds to fund any portion of the Loan.

The City shall not purchase, pursuant to any arrangement, formal or informal, any debt obligations issued by or on behalf of the Department in an amount related to the amount of the Loan.

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ARTICLE III

LOAN TO CITY; ISSUANCE OF BONDS

SECTION 3.01. Terms of the Loan. The Department hereby agrees to reserve in the State Revolving Fund a sum equal to the Loan Amount from the sums available to the Department or to be received by the Department to be deposited in the State Revolving Fund. The Department further agrees that it will effect the Loan by purchasing the Bonds from the City and paying the purchase price thereof in installments pursuant to this Loan Agreement and the Authorizing Ordinance in accordance with Sections 7.01 and 7.02.

The City will apply the proceeds of the Loan to finance the Costs of the Project, and where applicable, to reimburse the City or any lender for such portion of the Costs of the Project that was paid or incurred by the City or for payment of the cost of which sums were borrowed on an interim basis in anticipation of reimbursement by the Department.

Notwithstanding the foregoing, (i) the Department shall be under no obligation to continue to make disbursements after an Event of Default has occurred and is continuing under the Authorizing Ordinance or this Loan Agreement; and (ii) the Department shall not be obligated to make or continue to make disbursements if funds are not legally available to the Department in the State Revolving Fund to make the Loan or make disbursements pursuant to the Loan. The City shall use the proceeds of the Loan strictly in accordance with the terms of the Authorizing Ordinance and this Loan Agreement.

SECTION 3.02. Issuance of Bonds. As evidence of its obligation to repay the principal and interest of the Loan, and to pay the Administrative Fee, the City contemporaneously herewith has issued and delivered the Bonds to the Department, which Bonds are payable in the manner and from the sources set forth in the Authorizing Ordinance.

SECTION 3.03. Delivery of Documents. On the Delivery Date the City will cause to be delivered to the Department each of the following items:

- (a) the executed opinions of counsel to the City in such form and containing such conclusions as may be reasonably required by the Department, addressed to the Department and the City;
- (b) a certificate or certificates, satisfactory in form and substance to the Department, from an authorized officer of the City, dated the Delivery Date, to the effect that:
 - (i) each of the representations of the City set forth herein and in the Commitment Agreement is true, accurate and complete in all material respects as of the Delivery Date, and each of the agreements of the City set forth in the Loan Agreement to be complied with at or prior to the Delivery Date has been complied with as of such date;
 - (ii) no litigation is pending, or to the knowledge of the authorized officer is threatened, to restrain or enjoin the issuance, execution, sale or delivery of the Bonds or in any way contesting or affecting any authority for or the validity of the

Bonds, the Loan Agreement, the Authorizing Ordinance or the creation, existence or powers of the City or the title of the present officers of the City, or any of them, to the respective offices and that none of the proceedings or authority for the issuance of the Bonds have been repealed, revoked or rescinded; and

(iii) the Bonds have been duly authorized, executed and delivered by the City, constitute valid and legally binding obligations of the City and are entitled to the security of and are secured by the Authorizing Ordinance which, together with the Loan Agreement have been duly authorized, executed and delivered by the City;

(c) a tax compliance or use of proceeds certificate executed by a duly authorized officer of the City in form and substance satisfactory to the Department and an opinion of bond counsel acceptable to the Department;

(d) executed originals of the Bonds and the Loan Agreement and a certified copy of the Authorizing Ordinance;

(e) executed originals of a Site Certificate, an Engineer's Certificate and a Certification Regarding Cross-Cutting Federal Authorities, in substantially the forms attached to the Commitment Agreement; and

(f) such additional certificates, instruments and other documents, dated as of the Delivery Date or before, as the Department or its counsel reasonably require to evidence the truth and accuracy as of the Delivery Date of the representations of the City herein contained and contained in the Loan Agreement and the due performance and satisfaction by the City at or prior to such time of all agreements to be performed and all conditions then to be satisfied by the City.

SECTION 3.04. Interest and Principal Payments. The Bonds shall be payable as set forth in the Authorizing Ordinance and as follows:

(a) Interest shall be payable semiannually in arrears on each Interest Payment Date based on the amount of the Loan theretofore paid by the Department to the City and not yet repaid; and

(b) Principal shall be payable annually on each Principal Payment Date in the amounts set forth on Exhibit B hereto. The payment schedule shown as Exhibit B may be adjusted under certain circumstances in the manner set forth in the Authorizing Ordinance.

Promptly after the payment of the final installment of the purchase price of the Bonds, the completion certificate required by Section 6.07 shall be attached to and made a part of the Bonds.

In the event that any installment of principal, interest or Administrative Fee shall become past due for a period in excess of fifteen (15) days from the payment date specified herein, in addition to interest continuing to accrue on the principal amount due until the payment thereof, the City shall pay upon demand an amount equal to five percent (5%) of the amount of such past-due installment to defray the expenses of handling the delinquent payment.

SECTION 3.05. Prepayment of Bonds. The Department acknowledges that the Bonds are subject to prepayment at the times and in the manner set forth in the Bonds and in the Authorizing Ordinance. In addition to the principal and interest on such prepayment date, the City shall pay to the Department the amount of the Administrative Fee that has accrued on the amount prepaid from the most recent date on which any Administrative Fee was paid.

Prepayment shall be applied first to the Administrative Fee, second to accrued interest on the portion of the Bonds to be redeemed, then to any redemption or prepayment premium and finally to principal.

SECTION 3.06. Administrative Fee. The Administrative Fee shall be payable to the Department on each Interest Payment Date. The City's obligation to pay the Administrative Fee shall be terminated upon the sale or other disposition of the Bonds by the Department, other than a pledge or assignment of the Bonds or this Loan Agreement pursuant to Section 11.01, or upon full payment by the City of the Bonds and all amounts owed the Department under this Loan Agreement. In the event that the Administrative Fee is declared illegal or unenforceable by a court or administrative body of competent jurisdiction, the interest rate borne by the Bonds shall be increased by one half of one percent (0.50%) *per annum*, effective as of the date declared to be the date from which the Administrative Fee is no longer owed because of such illegality or unenforceability.

SECTION 3.07. Manner of Repayment. Payment of the principal, interest and Administrative Fee, shall be made by immediately available funds or mailed and/or made available to the Department no later than the applicable payment date at the following address:

Department of Environmental Quality
Attn: Financial Services Division, Accounts Receivable
P. O. Box 4311
Baton Rouge, Louisiana 70821-4311

or such other address as may be designated by the Department, without presentation or surrender of the Bonds, except upon final payment. If acceptable to the Department, the City may make arrangements to make such payments by wire transfer of immediately available funds.

Payments with respect to the Bonds shall be applied first to the interest due to the date of payment, next to principal and thereafter to the Administrative Fees and other amounts payable on the Loan and the payment of principal and interest shall be recorded on a payment record to be kept and maintained by the Department.

SECTION 3.08. Disclaimer of Warranties and Indemnification. The City acknowledges and agrees that:

(a) the Department and the State make no warranty or representation, either express or implied, as to the value, design, condition, merchantability or fitness for particular purpose or fitness for any use of the System, the Project or any portions thereof or the Plans and Specifications or any other warranty or representation with respect thereto;

(b) in no event shall the Department or the State be liable or responsible for any direct, incidental, indirect, special or consequential damages in connection with or arising out of this Loan Agreement or the Project or the existence, furnishings, functioning or use of the System or the Project or any item or products or services provided for in this Loan Agreement, including the Plans and Specifications; and

(c) to the extent authorized by law, the City hereby indemnifies, saves and holds harmless the Department and the State against any and all claims, damages, liability and court awards, including costs, expenses and attorney fees, incurred as a result of any act or omission by the City, or its employees, agents or subcontractors pursuant to the terms of this Loan Agreement, including but not limited to failure of the Department to note any defect in materials or workmanship or of physical conditions or failure to comply with any plans, specifications, drawings, ordinances, statutes or other requirements of a governmental authority, or to call to the attention of any person whatsoever, or take any action, or to demand that any action be taken, with regard to any such defect or failure or lack of compliance.

SECTION 3.09. Registration. The City agrees to initially prepare, keep, and maintain books and records reflecting the authorization, issuance, transfer and assignment of the Bonds and has appointed the Paying Agent in the Authorizing Ordinance to do so. A successor paying agent may be appointed in the manner set forth in the Authorizing Ordinance, provided, however, that in no event shall the Department be liable for the payment of any fees of such Paying Agent

SECTION 3.10. Lost, Destroyed or Improperly Cancelled Bonds. In case any of the Bonds shall become lost, destroyed or improperly cancelled, such Bonds may be replaced pursuant to any applicable terms of the Authorizing Ordinance, or in the absence of any such terms, in the manner set forth in R.S. 39:971, *et seq.*, or other applicable laws.

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ARTICLE IV

PAYMENT OF BONDS; DEFEASANCE

SECTION 4.01. Pledge of Revenues. The Bonds, and to the extent allowed by applicable law all other sums due pursuant to this Loan Agreement, including the Administrative Fee, equally with the Parity Obligations, if any, shall be secured and payable from a pledge and dedication of the revenues of the combined water and sewerage system, after payment of the reasonable and necessary expenses of operating and maintaining the System. Subject to the terms of the Authorizing Ordinance, the net revenues of the System shall be set aside in the Funds and Accounts described in the Authorizing Ordinance and shall be and remain so pledged for the security and payment of the Bonds in principal and interest, until the Bonds shall be fully paid and discharged, as provided in the Authorizing Ordinance. The City agrees that it shall not further encumber the pledged revenues, to the payment of any indebtedness having an equal or superior lien to that enjoyed by the Bonds, other than through the issuance of Parity Obligations in the manner and under the conditions provided in the Authorizing Ordinance.

SECTION 4.02. Defeasance. Notwithstanding any defeasance procedures set forth in the Authorizing Ordinance, so long as the Bonds are owned by the Department or pledged as security for any indebtedness issued by or on behalf of the Department, the Bonds may be defeased and may be deemed to be paid and shall no longer be considered Outstanding under the Authorizing Ordinance and under this Loan Agreement, only in the event that the City has complied with the requirements of Chapter 14 of Title 39 of the Louisiana Revised Statutes of 1950, as amended (La. R.S. 39:1441 *et seq.*), or any successor provision thereto, to defease all remaining scheduled payments of principal, interest and Administrative Fees on the Bonds.

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ARTICLE V

FUNDS AND ACCOUNTS

SECTION 5.01. Funds and Accounts. For the purpose of receiving purchase price payments of the Bonds and paying Costs of the Project, the City has established and agrees to maintain the Construction Fund to be administered in the manner set forth herein and in the Authorizing Ordinance. Additionally, for the payment of and further security for the principal, interest and Administrative Fee on the Bonds, the City has established and agrees to maintain the Funds and Accounts to be administered in the manner set forth in the Authorizing Ordinance.

If at any time the Department deems, in its sole discretion, that the depository for any of the aforesaid funds and accounts to be unsatisfactory for whatever reason, then the City agrees that it will transfer any or all of said funds to such depository as may be designated by the Department.

SECTION 5.02. Investments. All moneys in any of the Funds and Accounts shall be invested in investment securities permitted by State law and the Authorizing Ordinance. All income derived from such investments shall be added to the amounts in the respective funds, if required, or to the Revenue Fund or to such funds as may be designated in the Authorizing Ordinance, and such investments shall be liquidated to the extent at any time necessary to apply the proceeds thereof to the purpose for which the respective funds have been created. For the purpose of determining if the required amount is being maintained in any of the funds, such investment securities shall be valued at least annually at the lesser of amortized cost (exclusive of accrued interest) or fair market value.

SECTION 5.03. Notification of Deficiencies. The City shall notify the Department, and as required by R.S. 39:1410.62 the State Bond Commission, in writing, whenever (i) transfers to any fund required to be established by the Authorizing Ordinance or any ordinance or resolution authorizing the issuance of indebtedness of the City have not been made timely or (ii) principal, interest, premiums, or other payments due on the Bonds or any other outstanding indebtedness of the City have not been made timely.

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ARTICLE VI

CONSTRUCTION AND COMPLETION OF THE PROJECT

SECTION 6.01. Plans and Specifications; Construction Contracts. The Plans and Specifications must be submitted to the Department for approval in writing, prior to formal request for bids on a construction contract or contracts. The Plans and Specifications shall comply with all laws, regulations and ordinances including, in particular, all zoning, fire, safety and environmental laws, regulations and ordinances. Contracts for the acquisition, construction and installation of the Project shall be entered into in compliance with Chapter 10 of Title 38 of the Louisiana Revised Statutes of 1950, as amended.

As a condition of the Loan, the City will demonstrate to the satisfaction of the Department before issuing an initial work order for construction, that the City has or will have an ownership or such other real interest in the site(s) of the Project, including necessary servitudes and rights-of-way as the Department finds sufficient to assure undisturbed use and possession for the purpose of construction and operation of the Project for the estimated life of the Project. The City agrees to provide the Department with a Site Certificate in substantially the form attached to the Commitment Agreement prior to disbursement by the Department of any Loan proceeds for construction.

The City will exercise its best efforts to initiate construction of the Project within six (6) months after the Delivery Date and in accordance with prudent public utility practice to complete the Project and to so accomplish such completion on or before the Scheduled Completion Date, and to provide from its own financial resources all moneys required to complete the Project in excess of the Loan Amount available hereunder.

SECTION 6.02. Engineer. Prior to signing a construction contract or contracts, the City shall name the Engineer. If so required by the Department, the Engineer shall issue prior to each disbursement request a progress report detailing construction status to date and stating whether construction is within the Project budget. Requisitions for funds during construction, in the form attached hereto as Exhibit D will be executed by the City and certified by the Engineer.

SECTION 6.03. Compliance with Law. If requested by the Department, the City will furnish the Department with evidence that the property and equipment constituting the System, and the proposed and actual use thereof, comply with all laws, ordinances, rules and regulations of all governmental authorities having jurisdiction over the same, including the Regulations, and that there is no action or proceeding before any court, quasi-judicial body or administrative agency at the time of any disbursement by the Department relating to the System.

The City will obtain all necessary approvals from any and all governmental agencies requisite to the completion of the Project in compliance with all federal, State and local laws, ordinances and regulations applicable thereto. Upon completion of the Project the City shall obtain all required permits and authorizations from appropriate authorities as required for operation and use of the Project as contemplated by this Loan Agreement.

In the event that archeological artifacts or historical resources are unearthed during construction excavation of the Project, the City shall stop or cause to be stopped construction activities and will notify the Department of such fact.

The City will immediately halt construction of the Project and notify the Department if any endangered species are encountered during construction so that mitigating measures can be taken in accordance with the Endangered Species Act of 1973, as amended.

The City will take and institute such proceedings as will be necessary to cause and require all contractors and materials suppliers to complete their contracts diligently and in accordance with the terms of the contracts, including without limitation, correcting any defective work.

SECTION 6.04. Davis-Bacon Wage Rate Requirements. The City agrees that all laborers and mechanics employed by contractors and subcontractors on the Project shall be paid wages at rates not less than those prevailing on projects of a character similar in the locality of the City as determined by the Secretary of the United States Department of Labor ("DOL") in accordance with Subchapter IV of Chapter 31 of Title 40, United States Code. DOL provides all pertinent information related to compliance with the foregoing requirements, including prevailing wage rates and instructions for reporting. The City will ensure that all construction contracts relating to the Project will require that the contractor comply with the aforesaid wage and reporting requirements.

SECTION 6.05. Use of American Iron and Steel Products. In order to comply with Title IV, Division G of the Consolidated Appropriations Act, 2014 (P.L. 113-76) the City agrees that all of the iron and steel products used in the portion of the Project that is funded in whole or in part with the Bonds shall be produced in the United States unless the Administrator of the United States Department of Environmental Quality ("EPA") finds that:

- (a) applying the foregoing requirement would be inconsistent with the public interest;
- (b) iron and steel products are not produced in the United States in sufficient and reasonably available quantities and of a satisfactory quality; or
- (c) inclusion of iron and steel products produced in the United States will increase the cost of the overall Project by more than 25 percent.

The requirements of this section shall not apply to any project if the engineering plans and specifications for the Project (or applicable portion of the Project) were approved by the Department prior to January 17, 2014.

The City agrees that the Project Engineer(s) will in good faith design the Project and solicit bids for construction with American-made iron and steel products, and that it will include the applicable terms relating to the user of American-made iron and steel products in any request for proposal or solicitations for bids and in all contracts related to the Project. Language similar to that attached hereto as Exhibit E may be used for this purpose.

If the City determines that it cannot comply with the requirements of this section, it will request a waiver in accordance with procedures set forth by EPA, and shall notify the

Department that it is requesting such a waiver from EPA. If the Administrator of EPA determines that it is necessary to waive the application of this section based on a finding under subsection (b), the head of EPA shall publish in the Federal Register a detailed written justification as to why the provision is being waived. For purposes of this Section:

"Iron and Steel Products" means the following products made primarily of iron or steel: lined or unlined pipes and fittings, manhole covers and other municipal casings, hydrants, tanks, flanges, pipe clamps and restraints, valves, structural steel, reinforced precast concrete, and construction materials.

"Steel" means an alloy that includes at least 50% iron, between 0.02% and 2% carbon, and may include other elements. Production in the United States of the iron or steel used in the Project requires that all manufacturing processes must take place in the United States, except metallurgical processes involving refinement of steel additives. The requirements of this Section do not apply to iron or steel used as components or subcomponents of manufactured goods used in the Project.

"Manufactured Good" means a good brought to the construction site of the Project for incorporation into the Project that has been (a) processed into a specific form and shape or (b) combined with other raw material to create a material that has different properties than the properties of the individual raw materials. There is no requirement with regard to the origin of components or subcomponents in manufactured goods, as long as the manufacture of the goods occurs in the United States.

"Reasonably available quantity" means that the quantity of iron or steel is available or will be available at the time needed and place needed and in the proper form or specification as specified in the Project plans and designs.

"Satisfactory quality" means the quality of iron or steel as specified in the project plans and designs.

SECTION 6.06. Payment of Additional Costs of the Project. In the event that Loan proceeds are not sufficient to pay the Costs of the Project in full, the City shall nonetheless complete the Project and pay that portion of the Costs of the Project as may be in excess of available Loan proceeds and shall not be entitled to any reimbursement therefor from the Department, except for the proceeds of any additional financing which may (subject to availability) be provided by the Department pursuant to application by the City.

SECTION 6.07. Completion Certificate. The Project will be considered complete when the provisions of Section 7.08 have been met for all construction contracts included in the Project, or upon the disbursement of the final installment of the purchase price of the Bonds, whichever occurs first, and such date will be the Completion Date for purposes of this Loan Agreement. On or as soon as practicable after the Completion Date, the City shall submit the Certificate of Substantial Completion required by Section 7.08(a) and shall certify to the Department when it has initiated or is capable of initiating operation of the Project. The City shall also ratify and confirm in writing the final principal amount of the Loan and the final principal amortization schedule for the Loan.

ARTICLE VII

DISBURSEMENTS

SECTION 7.01. Disbursement of Loan Proceeds. Prior to any disbursement of Loan proceeds, the City will prepare a budget and construction disbursement schedule which shall be updated from time to time as required by the progress of construction. Installments of the Loan, representing purchase price installments of the Bonds, shall be paid by the Department to the City under the terms of this Loan Agreement, upon receipt of a properly completed requisition in the form attached hereto as Exhibit D, subject to and conditioned upon the availability of sums on deposit in the State Revolving Fund. The City will deposit such proceeds in the Construction Fund and will utilize and expend such proceeds in a timely and expeditious manner and, in particular, will:

- (a) pay promptly all approved Costs of the Project;
- (b) proceed expeditiously with and complete the Project in accordance with Plans and Specifications, with construction reasonably expected to begin within six (6) months after the Delivery Date;
- (c) provide and maintain competent and adequate supervision and inspection of the Project;
- (d) disburse all installments of the purchase price of the Loan to pay Costs of the Project no more than twenty (20) calendar days after receipt of such installment of the purchase price;
- (e) return promptly upon written request of the Department any and all unused funds, including all costs or amounts found not eligible or disallowed by the Department or any portion of any installment of the purchase price that is not disbursed to pay Costs of the Project within twenty (20) calendar days after receipt of such installment by the City; and
- (f) complete the Project within two years of the Delivery Date unless the Department gives its written approval to an extended construction period.

SECTION 7.02. Disbursement Procedure. Purchase price installments of the Bonds for the payment of Costs of the Project shall be made by the Department to the City from time to time as the construction of the Project progresses, subject to the satisfaction of the following conditions:

- (a) in connection with each disbursement, the City shall submit a requisition in the form attached hereto as Exhibit D, which requisition shall include:
 - (i) an updated copy of the disbursement schedule (if applicable);
 - (ii) the report of the Engineer, which report shall be in the form and substance satisfactory to the Department and shall state that the Project, to the best of the Engineer's knowledge, as completed as of the date of such report, has been

constructed in accordance with the Plans and Specifications and that the undisbursed portion of the Loan Amount is sufficient to complete the Project in accordance with the Plans and Specifications and the disbursement schedule;

- (iii) if required by the Department, evidence satisfactory to the Department that the insurance required by Section 8.08 of this Loan Agreement remains in full force and effect;
 - (iv) if required by the Department, evidence and/or certifications satisfactory to the Department that the "Buy American" requirements of Title IV, Division G of the Consolidated Appropriations Act, 2014, have been complied with;
 - (v) such other instruments, documents, certificates, endorsements, invoices and opinions as the Department may reasonably require to substantiate the Costs of the Project for which payment is requested; and
 - (vi) if the requisition is the final requisition, the Completion Certificate required by Section 6.07 and Section 7.08(a);
- (b) disbursements shall be made by the Department not more frequently than twice per calendar month, and each disbursement request must be for a minimum of \$5,000, except for the final request, which may be for a lesser amount;
- (c) each disbursement shall be subject to the review and approval of the Department;
and
- (d) the amount of each disbursement shall be computed so that five percent (5%), or such larger percentage as may be requested by the City, of such disbursement constituting eligible costs and one hundred percent (100%) of non-eligible costs will be deducted from the total amount payable as retainage or as non-eligible costs with respect to each contract for construction of the Project or any portion thereof. The total amount of retainage withheld from the disbursements during the construction of the Project with respect to each contract shall be disbursed pursuant to the provisions of Section 7.08.

SECTION 7.03. Modified Disbursement Procedure. The Department reserves the right to modify the procedures set forth in Section 7.02 in order to make disbursements directly to any contractor or to subcontractors and suppliers when it is necessary to prevent a default under any construction contract or to insure that all subcontractors, suppliers and laborers who have performed services or provided materials to the Project are paid.

SECTION 7.04. Reimbursement of Certain Costs. The City will promptly reimburse the Department for any portion of the Loan which is determined by the Department to have been expended for a cost which is not eligible for funding from the State Revolving Fund, which reimbursement will be made not more than 180 days after the discovery thereof by either the City or the Department. Such reimbursement shall be promptly paid to the Department upon written request of the Department with interest on the amount reimbursed at the rate borne by the Bonds from the later of the date of the disbursement from which any such non-eligible item was paid or the last Interest Payment Date on which the City paid interest with respect to said

amounts, and shall be applied in inverse order of maturity against the outstanding principal amount of the Bonds.

SECTION 7.05. Inspections; Possession of Project. Upon the occurrence of an Event of Default, the City does hereby agree and authorize the Department, EPA, the Engineer, or any agent, officer, employee or representative of the Department or EPA to enter upon the Project to make inspections of the materials, plans, shop drawings, workmanship and construction of the Project or to enter into possession of the Project and perform any work necessary or desirable to complete the Project and to take all other action in connection therewith, in order that the Department and/or EPA may:

(a) verify that each disbursement is appropriate and in conformity with the requirements of this Article and any applicable laws or regulations;

(b) verify that all work covered by a proposed disbursement is in accordance with the Plans and Specifications;

(c) determine whether there has been or may be any default of the obligations of the City under this Loan Agreement or the Authorizing Ordinance; and

(d) take any necessary or appropriate action to insure that the Project will be completed in a timely manner and in accordance with the Plans and Specifications and the disbursement schedule.

None of the aforesaid actions by the Department or by any agent, officer, employee or representative of the Department shall be or may be construed in such a manner as to impose any duty or obligation whatsoever on the Department, the Engineer, or any agent, officer, employee or representative of the Department to protect or represent any owner, borrower, contractor, surety, or any other person whatsoever and shall not be considered or construed as having made any warranty whatsoever, whether express or implied, as to the adequacy, quality of fitness or purpose of any physical conditions, materials, workmanship, plans, specifications, drawings or other requirements pertaining to the Project, or whether any such physical conditions, materials or workmanship comply with any plans, specification, drawings, ordinances, statutes, or other governmental requirements pertaining to the Project.

SECTION 7.06. Conditions Precedent. It is specifically understood and agreed that the obligation of the Department to fund any disbursements for payments to contractors or suppliers (other than engineering expenses and costs of issuance of the Bonds) shall be subject to the receipt by the Department of the following items with respect to each construction contract that is entered into with respect to the Project:

(a) a true and correct copy of all applicable construction contracts pertaining to the Project (including all amendments, addenda, supplements, modifications and related documents), which contracts shall be for a guaranteed maximum contract price satisfactory to the Department or on such terms and conditions as shall be satisfactory to the Department;

(b) three (3) complete sets of the Plans and Specifications relating to any construction contract pertaining to the Project, which Plans and Specifications shall be in final form and shall have been approved in scope and substance by the City and the Department;

(c) a "Notice to Proceed" statement from the City or the Engineer stating that the Engineer has reviewed and approved the disbursement schedule and that the applicable portion of the Project can be completed in accordance with such Plans and Specifications for the amounts reflected in the disbursement schedule;

(d) a certificate from the Engineer stating that the proposed use of the Project as contemplated by the Plans and Specifications is consistent with all applicable zoning ordinances and such use of the Project for the purposes contemplated thereby is permitted under all applicable zoning ordinances;

(e) a copy of any building permits, if required, issued by the applicable agency or agencies with respect to the proposed construction of the Project;

(f) a copy of any policy or policies of builder's all-risk insurance issued by an insurance company or companies acceptable to the Department, insuring the Project for its full replacement costs (or on a progressively full insured basis) with extended coverage, and said policy shall insure against such loss or damages as the Department may require, or the City shall provide proof of self-insurance;

(g) a copy of a policy of comprehensive general liability insurance, which policy shall be satisfactory to the Department in form, substance, limits and coverage, or the City shall provide proof of self-insurance;

(h) a copy of a policy of worker's compensation insurance issued in accordance with applicable law, or the City shall provide proof of self-insurance;

(i) a copy of a payment and a performance bond from a surety company acceptable to the Department; and

(j) a final site certificate.

SECTION 7.07. Conditions to all Disbursements. In addition to the requirements of Section 7.06 with respect to the initial disbursement for each construction contract that is entered into with respect to the Project, the obligation of the Department to fund the initial and all subsequent disbursements of the purchase price of the Bonds is subject to the satisfaction of the following further conditions:

(a) that as of the date of such disbursement, there has occurred no Default and no condition which, with the giving of notice or lapse of time or both, would become an Event of Default with respect to the Bonds, any other bonds or indebtedness of the City or this Loan Agreement;

(b) that each of the representations, covenants and agreements of the City contained herein shall be true and correct on and as of the date of the respective disbursements;

(c) that the City shall be in full compliance with all obligations and covenants contained herein, the applicable Regulations and all other applicable State, Department and federal regulations;

(d) that as of the date of the request for disbursement there have been no changes made to the Plans and Specifications nor any change orders executed which have not been approved by the Department; and

(e) that as of the date of the request for disbursement all fees and expenses of counsel to the Department in connection with the Loan have been paid or will be paid from the proceeds of such disbursement.

SECTION 7.08. Conditions to Disbursement of Retainage. The disbursement by the Department of the retainage withheld pursuant to Section 7.02 shall be subject to the satisfaction of the following conditions:

(a) receipt by the Department of a certificate signed by the City and the Engineer stating that to their best knowledge the Project or applicable portion of the Project has been completed in accordance with the Plans and Specifications therefor;

(b) receipt by the Department of a copy of a lien and privilege certificate showing that no liens have been recorded encumbering the Project;

(c) if requested by the Department, receipt by the Department of a certificate of cancellation evidencing that the construction contract or contracts have been canceled and erased from the mortgage records, if applicable;

(d) receipt by the Department of a duly completed request for disbursement executed by the City covering the retainage;

(e) a certificate of the City certifying that all Costs of the Project, and all change orders and amendments to all construction contracts, have been previously submitted by the City to the Department, which certificate contains an acknowledgment by the City that no further disbursements will be due to the City from the Department;

(f) completion of a final inspection of the Project by the Department;

(g) receipt by the Department of a duly completed certificate of labor standards by the City, if applicable; and

(h) if not previously furnished by City, (i) a certified copy of a duly enacted sewer use ordinance, (ii) a sewer user charge ordinance and (iii) if applicable, an industrial waste ordinance, all as defined by the Regulations, each complying with applicable provisions of the Regulations and all other applicable State and federal regulations, which have been approved as to form and substance by the Department.

ARTICLE VIII

OPERATION OF THE SYSTEM

SECTION 8.01. Operation of the System. The City will maintain the System in good repair and operating condition and will cooperate with the Department in the observance and performance of the respective duties, covenants, obligations and agreements of the City and the Department under this Loan Agreement.

The City will insure that the Project operates and meets minimum technical and administrative requirements in accordance with the State Sanitary Code, and the City will meet all requirements imposed by the EPA and the Department as a condition of receiving the Loan from the State Revolving Fund under the Federal Act, the State Act and any applicable Regulations.

The City will, in accordance with prudent sewerage utility practice,

(a) at all times operate the properties of its System and any business in connection therewith in an efficient manner;

(b) maintain the System in good repair, working order and operating condition; and

(c) from time to time make all necessary and proper repairs, renewals, replacements, additions, betterments and improvements with respect to the System so that at all times the business carried on in connection therewith shall be properly and advantageously conducted, provided, however, that this covenant shall not be construed as requiring the City to expend any funds which are derived from sources other than the operation of its System or other receipts of such System which are not pledged hereunder, and provided further that nothing herein shall be construed as preventing the City from doing so.

SECTION 8.02. Sewer Charges and Connections. Acting in the exercise of its police powers, to the extent permitted by law, the City shall take all action necessary to require every owner, tenant or occupant of each lot or parcel of land within the geographical boundaries of the City which abuts upon a street or other public way containing a sewer line and upon which lots or parcels of a building shall have been constructed for residential, commercial or industrial use, to connect said building with the System and to cease to use any other method for the disposal of sewage, sewage waste or other polluting matter which can be handled by the System. All such connections shall be made in accordance with the rules and regulations to be adopted from time to time by the City, which rules and regulations may provide for an inspection charge to assure the proper making of such connection.

In addition to all other rights and remedies available to be used for the enforcement of public sewerage charges and for the compelling of the making of utility connections as aforesaid, the City covenants that it shall exercise and enforce promptly and efficiently all rights given it under the laws of the State for the enforcement and collection of such charges.

The City will not furnish or supply or cause to be furnished or supplied any use, capacity or service of the System free of charge to any person, firm, corporation (public or private), public agency or instrumentality.

SECTION 8.03. User Fees. The City will enact, maintain and enforce an ordinance or resolution imposing User Fees and will enact, maintain and enforce a utilities use ordinance or resolution or similar proceeding that satisfies the requirements of all applicable regulations. So long as the Bonds are outstanding, the City through its Governing Authority obligates itself to fix, establish, maintain, levy and collect such rates, fees, rents or other charges for services and facilities of the System and all parts thereof and to revise the same from time to time whenever necessary to always provide User Fees in each Fiscal Year sufficient to meet all requirements of the Authorizing Ordinance and at least to:

(a) pay the reasonable and necessary expenses of operating and maintaining the System in such Fiscal Year and to satisfy the requirements of Louisiana Administrative Code 33:IX.2111(L), or any successor provision, that the User Fees generate sufficient revenues to cover the costs of operation, maintenance and replacement;

(b) pay debt service and Administrative Fee on the Bonds and any Parity Obligations and make all required deposits to the Funds and Accounts to the extent that such payments are not provided for from other sources of pledged revenues; and

(c) meet any coverage ratio requirement set forth in the Authorizing Ordinance.

SECTION 8.04. Annual Review of User Fees. At least annually, but in no event later than six (6) months after the close of the previous Fiscal Year, the City shall review the adequacy of its User Fees to satisfy the requirements of Section 8.03 for the next succeeding Fiscal Year. If required by the Department, the City shall prepare a report of such review stating the City's opinion regarding the adequacy or inadequacy of the existing User Fees to satisfy the requirements of Section 8.03 and what action the City will take to satisfy such requirements, if any, and shall furnish a copy of such report to the Department upon its completion.

If such review indicates that the User Fees are, or are likely to be, insufficient to meet the requirements of Section 8.03 for the next succeeding Fiscal Year, or if it otherwise appears at any time during such Fiscal Year that User Fees are or are likely to be insufficient to meet such requirements, the City shall promptly take such steps as are necessary to cure or avoid the deficiency.

SECTION 8.05. Financial Records; Annual Audit. The City will establish and maintain adequate financial records as required by the laws of the State governing financial record-keeping by political subdivisions and in accordance with generally accepted accounting principles ("GAAP") and will make these and the following records and reports available to the Department and EPA or their authorized representatives upon request.

The City will cause an audit of its financial statements to be made by an independent firm of certified public accountants in accordance with the requirements of Chapter 8 of Title 24 of the Louisiana Revised Statutes of 1950, as amended, and in accordance with the requirements of the Single Audit Act Amendments of 1996 as implemented by 2 CFR 200 Subpart F and Section

66.458 of the Catalog of Federal Domestic Assistance (CFDA Publication #66.458 - Capitalization Grants for State Revolving Funds) if applicable. The City and its auditor have furnished a certification acknowledging the requirements of Circular A-133.

Upon completion, but in no event later than six (6) months after the close of the applicable Fiscal Year, the City shall file a copy of such audited financial statements with the Department.

A reasonable portion of the expenses incurred in the preparation of the audit report required by this Section may be regarded and paid as a maintenance and operation expense of the System. The City further agrees that the Department shall have the right to ask for and discuss with the accountant making the review and the contents of the review and such additional information as it may reasonably require. The City further agrees to furnish to the Department, upon request therefor, a monthly statement itemized to show the income and expenses of the operation of the System and the number of users for the preceding month.

SECTION 8.06. Consulting Engineer. The City will submit over the life of the Loan sufficient information as is reasonably requested by the Department to demonstrate that the City has legal, institutional, managerial and financial capability to ensure the construction, operation and maintenance of the Project and the System and the repayment of the Loan, interest and administrative fees.

To this end, the City may retain an Engineer, but shall be required to do so only in accordance with provisions of this section and Section 10.04, for the purpose of providing the City with continuous engineering counsel in the operation of the System. The Engineer shall be retained under contract at such reasonable compensation as may be fixed by the City, and the payment of such compensation shall be considered to be one of the costs of maintaining and operating the System. Any Engineer appointed under the provisions of Section 10.04 may be replaced at any time by another Engineer appointed or retained by the City upon written notice to the Department.

Upon the occurrence of an Event of Default, or if requested in writing by the Department, the City shall prepare, or shall have the Engineer prepare within one hundred eighty (180) days after the close of each Fiscal Year a comprehensive operating report which shall report upon the operation of the System during the preceding Fiscal Year, the maintenance of the properties, the efficiency of the management of the property, the proper and adequate keeping of the books of account and record, the adherence to budget and budgetary control provisions, all matters bearing upon the sufficient and profitable operation of the System, and shall include whatever criticism of any phase of the operation of the System the City or the Engineer, as the case may be, may deem proper and such recommendation as to changes in the operation and the making of repairs, renewals, replacements, extensions, betterments and improvements as the City or Engineer may deem proper. Copies of such report shall be furnished to the Department upon written request. It shall be the duty of the Engineer, if retained in accordance with this Section, to determine the economic soundness or feasibility of any extensions, betterments, improvements, expenditures or purchases of equipment and materials or supplies, which will involve the expenditure of more than Twenty-Five Thousand Dollars (\$25,000), whether in one or more than one order.

SECTION 8.07. Prohibition Against Liens. Except as provided in Section 11.02, the City will maintain title to or the possession of the System and equipment acquired and properties improved by the Project, including any necessary servitudes and rights-of-way acquired in connection with the Project. Title to any immovable equipment and any real property purchased by the City in connection with the Project will remain free and clear of all liens and encumbrances. Furthermore, all movable property necessary for the operation of the System will remain free of all liens except liens necessary to secure the purchase of said movable equipment.

SECTION 8.08. Insurance. So long as the Bonds are Outstanding the City will maintain or cause to be maintained in force insurance policies with responsible insurers or self-insurance programs providing against risk of direct physical loss, damage or destruction of the System at least to the extent that similar insurance is usually carried by utilities constructing, operating and maintaining facilities similar in nature to the System, including liability coverage, all to the extent available at reasonable cost. In case of loss, any insurance money received by the City shall be used for the purpose of promptly repairing or replacing the property damaged or destroyed or shall be deposited in the Revenue Fund.

SECTION 8.09. Fidelity Bonds. So long as the Bonds are Outstanding the City, in operating the System, shall require all of its officers and employees who may be in a position of authority or in possession of money derived from the operation of the System to obtain or be covered by blanket or faithful performance bond, or independent fidelity bonds, written by a responsible indemnity company in amounts adequate to protect the City from loss.

SECTION 8.10. Competitive Franchises. So long as the Bonds are Outstanding the City obligates itself not to grant a franchise to any utility for operation within the boundaries of the City which would render services or facilities in competition with the System, and also obligates itself to oppose the granting of any such franchise by any other public body having jurisdiction over such matters. Further, the City shall maintain its corporate identity and existence so long as any of the Bonds remain outstanding.

SECTION 8.11. Equal Opportunity. The City will comply with all federal and State laws pertaining to equal employment opportunities insuring that all engineers and contractors for this Project not discriminate against any person on the basis of race, color, sex, religion, age, national origin or handicap.

SECTION 8.12. Access to Books. The Department and the EPA or their authorized representative shall have access to the Project and to the City's administrative offices, books, records, reports, design documents, contract documents and similar documents at any reasonable time. The City hereby covenants and agrees that the City shall cause its engineers and contractors to cooperate during Project inspections, including making readily available books, records, current working copies of plans and specifications and supplementary materials and further consents and agrees that the City will allow inspections and examinations by the Department, and EPA during construction and periodically over the term of the Loan.

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ARTICLE IX

PARITY OBLIGATIONS

SECTION 9.01. Issuance of Additional Parity Obligations. Additional Parity Obligations may be issued in accordance with the provisions of and subject to the terms and conditions imposed by the Authorizing Ordinance, to complete the acquisition and construction of the Project, to make additional improvements to the System, to refund or refinance any portion of the Bonds or other Parity Obligations, and/or for other legally authorized purposes.

SECTION 9.02. Junior and Subordinate Lien Obligations. Junior and subordinate lien Obligations may be issued by the City at any time without restriction or notice thereof to the Department.

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ARTICLE X

DEFAULTS AND REMEDIES

SECTION 10.01. Events of Default. Each of the following events is defined as and declared to be and to constitute an "Event of Default" hereunder:

(a) Failure by the City to pay, or cause to be paid, the principal of or interest on the Bonds or any other amount payable on the Loan other than the payment of the Administrative Fee when due;

(b) Failure by the City to pay, or cause to be paid, the Administrative Fee or any portion thereof when due;

(c) Failure by the City to observe and perform any duty, covenant, obligation or agreement on its part to be observed or performed under this Loan Agreement, other than as referred to in subsections (a) or (b) above, which failure shall continue for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied is given to the City by the Department, unless the Department shall agree in writing to an extension of such time prior to its expiration; provided, however, that if the failure stated in such notice is correctable but cannot be corrected within the applicable period, the Department may not unreasonably withhold its consent to an extension of such time up to sixty (60) days from the delivery of the written notice referred to above if corrective action is instituted by the City within the applicable period and diligently pursued until the Event of Default is corrected;

(d) If any representation made by or on behalf of the City contained in this Loan Agreement, or in any instrument furnished in compliance with or with reference to this Loan Agreement or the Loan or in connection with the Bonds, is determined to be false or misleading in any material respect; or

(e) A petition is filed by or against the City under any federal or state bankruptcy or insolvency law or other similar law in effect on the date of this Loan Agreement or hereafter enacted, unless in the case of any such petition filed against the City such petition shall be dismissed within thirty (30) days after such filing and such dismissal shall be final and not subject to appeal, or the City shall become insolvent or bankrupt or make an assignment for the benefit of its creditors; or a custodian (including, without limitation, a receiver, liquidator or trustee of the City or any of its property) shall be appointed by court order to take possession of the City or its property or assets if such order remains in effect or such possession continues for more than thirty (30) days.

SECTION 10.02. Notice of Default. The City shall give the Department prompt notice, by telephone, fax or electronic mail, of the occurrence of any Event of Default and of the occurrence of any other event or condition that constitutes an Event of Default. Any telephone notice pursuant to this Section shall be confirmed in writing by the end of the next business day.

SECTION 10.03. Remedies on Default. Until an Event of Default shall have occurred, the City shall retain full possession and control of the System with the full right to manage, operate and use the same and every part thereof with rights appertaining thereto, and to collect

and receive, and subject to the provisions of this Loan Agreement, to take, use, enjoy and distribute the earnings, income and profits accruing or derived from the System.

However, when an Event of Default shall have occurred and be continuing the Department shall have the right to take any action permitted or required pursuant to this Loan Agreement or the Authorizing Ordinance and to take whatever other action at law or in equity may appear necessary or desirable to collect the amounts then due and thereafter to become due hereunder or to enforce the performance and observance of any duty, covenant, obligation or agreement of the City hereunder, including, without limitation, obtaining the appointment of a receiver of the System in an appropriate judicial proceeding in a court of competent jurisdiction.

SECTION 10.04. Appointment of Engineer; Required Reports. In the event that the City should fail to derive sufficient User Fees from the operation of the System to make the monthly payments into the Funds and Accounts, as required in the Authorizing Ordinance, or in the event of an Event of Default hereunder, then it will retain an Engineer in the manner provided in the Authorizing Ordinance.

SECTION 10.05. Appointment of Receiver. In the event that the Department obtains the appointment of a receiver after the occurrence of an Event of Default, such receiver shall, in the performance of the powers conferred upon him, be under the direction and supervision of the court making such appointment, shall at all times be subject to the orders and decrees of such court and may be removed thereby and a successor receiver appointed in the discretion of the court.

Nothing herein contained shall limit or restrict the jurisdiction of such court to enter such other and further orders and decrees as such court may deem necessary or appropriate for the exercise by the receiver of any function not specifically set forth herein.

Any receiver appointed as provided shall hold and operate the System in the name of the City and for the joint protection and benefit of the City, any owners of Parity Obligations and the Department. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System and 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 City, any owners of Parity Obligations and the Department and the curing and making good of any Default. In such case, title to and the ownership of the System shall remain in the City, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, mortgage, or otherwise dispose of any assets of the System except with the consent of the City and in such manner as the court shall direct.

SECTION 10.06. Attorney's Fees and Other Expenses. To the extent allowed by law, the City shall, on demand, pay to the Department the reasonable fees and expenses of attorneys and other reasonable expenses (including without limitation the reasonably allocated costs of in-house counsel and legal staff) incurred by the Department in the collection of delinquent Loan repayments or any other sum due hereunder or in the enforcement of performance or observation of any other duties, covenants, obligations or agreements of the City hereunder, under the Authorizing Ordinance or under any other agreements relating to the Bonds.

SECTION 10.07. Application of Moneys. Any moneys collected by the Department pursuant to Section 10.03, after payment of the costs of operation and maintenance of the System, shall be applied

- (a) first to pay interest due and payable on the Loan;
- (b) second, to pay principal due and payable on the Loan;
- (c) third, to pay any fees and expenses owed by the City pursuant to Section 10.06;
- (d) fourth, to pay any other amounts due and payable under this Loan Agreement; and
- (e) fifth, to pay any other amounts payable hereunder, including Administrative Fees, as such amounts become due and payable.

SECTION 10.08. No Remedy Exclusive; Waiver; Notice. No remedy herein conferred upon or reserved to the Department is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other given under this Loan Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right, remedy or power accruing upon any Event of Default shall impair any such right, remedy or power or shall be construed to be a waiver thereof, but any such right, remedy or power may be exercised from time to time and as often as may be deemed expedient. To entitle the Department to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be required in this Article.

SECTION 10.09. Retention of Department's Right. Notwithstanding any assignment or transfer of this Loan Agreement pursuant to Section 11.01 or otherwise, and anything else to the contrary contained herein, the Department shall have the right upon the occurrence of an Event of Default to take any action, including (without limitation) bringing an action against the City at law or in equity, as the Department may, in its discretion, deem necessary to enforce the obligations of the City to the Department.

SECTION 10.10. Default by Department. In the event of any default by the Department under any duty, covenant, agreement or obligation of this Loan Agreement, the City's remedy for such default shall be limited to injunction, special action, action for specific performance or any other available legal or equitable remedy designed to enforce the performance or observance of any duty, covenant, obligation or agreement of the Department hereunder as may be necessary or appropriate.

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ARTICLE XI

ASSIGNMENT

SECTION 11.01. Assignment, Transfer or Sale by the Department. The City hereby approves and consents to any assignment, transfer or sale of this Loan Agreement and/or the Bonds by the Department including but not limited to any such assignment or transfer in connection with the issuance by or on behalf of the Department of bonds, notes or other debt obligations. The City hereby further approves and consents to any assignment or pledge by the Department of payments due from the City pursuant to this Loan Agreement and the Bonds as security or partial security for the payment of principal and interest on such bonds, notes or other debt obligations issued by or on behalf of the Department. The City agrees to cooperate with the Department in accomplishing any such assignment, including execution of any additional certificates or documents as may be reasonably required by the Department.

SECTION 11.02. Assignment, Transfer or Sale by City. While the Bonds are outstanding, neither this Loan Agreement nor the Project may be assigned, transferred or sold by the City for any reason, unless the following conditions shall be satisfied:

- (a) the Department shall have approved said assignment, transfer or sale in writing;
- (b) the assignee or transferee shall be a governmental unit within the meaning of Section 141(c) of the Code, unless the Department shall have received the opinion described in (d) below notwithstanding the fact that the assignee or transferee is not a governmental unit, and the assignee shall have expressly assumed in writing the full and faithful observance and performance of the City's duties, covenants, agreements and obligations under this Loan Agreement;
- (c) immediately after such assignment, transfer or sale, the assignee or transferee shall not be in default in the performance or observance of any duties, covenants, obligations or agreements of the City hereunder or under the Authorizing Ordinance;
- (d) if applicable, the Department shall have received an opinion of its bond counsel to the effect that such assignment, transfer or sale will not or would not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes under the Code;
- (e) if applicable, the Department shall have received an opinion of its bond counsel to the effect that such assignment, transfer or sale will not adversely affect the exclusion of interest on any bonds, notes, or other debt obligations issued by or on behalf of the Department from gross income for federal income tax purposes under the Code or affect the ability of the Department to repay or cause to be repaid any such bonds, notes or other debt obligations; and
- (f) the Department shall receive an opinion of its counsel to the effect that such assignment, transfer or sale will not violate the provisions of any agreement entered into by the Department with, or condition of any grant received by the Department from, the United States of America relating to any capitalization grant received by the Department or the State under the Federal Act or the Regulations.

No assignment, transfer or sale shall relieve the City from primary liability for any of its obligations under this Loan Agreement and in the event of such assignment, the City shall continue to remain primarily liable for the performance and observance of its obligations to be performed and observed under this Loan Agreement.

Notwithstanding the foregoing, the City may dispose of property which in its reasonable 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 deposited in the Revenue Fund or used to prepay or redeem the Bonds.

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ARTICLE XII

MISCELLANEOUS

SECTION 12.01. Payment of Department Expenses. The City agrees to pay at the Delivery Date all fees and expenses incurred by the Department in connection with the Loan which shall include the payment of all attorneys' fees and expenses of Adams and Reese, LLP, bond counsel to the Department, approved by the Department in connection with the Loan.

SECTION 12.02. Consents and Approvals. Whenever the written consent or approval of the Department shall be required under the provisions of this Loan Agreement, such consent or approval may only be given by the Secretary of the Department, or the officer signing this Loan Agreement on behalf of the Department (or his or her successor) unless otherwise provided by law or by rules or regulations of the Department or executive order of the Secretary of the Department.

SECTION 12.03. Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when hand delivered or sent by registered or certified mail, postage prepaid, or by overnight courier service to the City and to the Department at the addresses shown in the appearances to this Loan Agreement. Either of the foregoing parties may designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent by notice in writing given to the other party, and may accept notices by facsimile or electronic mail.

SECTION 12.04. Binding Effect. This Loan Agreement shall inure to the benefit of and shall be binding upon the Department and the City and their respective successors and assigns.

SECTION 12.05. Severability. In the event any provision of this Loan Agreement shall be held illegal, invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate, render unenforceable or otherwise affect any other provision hereof.

SECTION 12.06. Amendments, Supplements and Modifications. This Loan Agreement may be amended, supplemented or modified in writing with the consent of both the Department and the City.

SECTION 12.07. Execution in Counterparts. This Loan Agreement may be executed in several counterparts, each of which shall be an original and all of which constitute but one and the same instrument.

SECTION 12.08. Applicable Law. This Loan Agreement shall be governed by and construed in accordance with the laws of the State of Louisiana.

SECTION 12.09. Captions. The captions or headings in this Loan Agreement are for convenience only and shall not in any way define, limit or describe the scope or intent of any provisions or sections of this Loan Agreement.

SECTION 12.10. Further Assurances. The City agrees, at the request of the Department to authorize, execute, acknowledge and deliver such further resolutions, ordinances,

conveyances, transfers, assurances, financing statements and other instruments as may be necessary or desirable for better assuring, conveying, granting, assigning and confirming the rights and agreements granted or intended to be granted by the City under this Loan Agreement.

SECTION 12.11. City to Cooperate in Rating and Issuance of Department's Bonds. The City acknowledges that the Department may assign the Bonds and this Loan Agreement as security for the payment of bonds issued by or on the Department's behalf, and that in order to facilitate the rating of any such bonds the City shall furnish to the Department, any issuer of any such bonds, or any nationally recognized rating agency, such documents and financial reports as may be reasonably required to obtain a rating for such bonds. Further, the City agrees to perform such acts and execute such further documents and certificates as may be reasonably required by the Department in connection with the issuance of any such bonds.

SECTION 12.12. City's Continuing Disclosure Obligations. The City hereby acknowledges and agrees that even though the Bonds are initially exempt from the continuing disclosure requirements of Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the "Rule") pursuant to section (d)(1) and/or other exemptions to the Rule, in the event the Department should transfer the Bonds or the Bonds become a source of repayment of "municipal securities" sold through a "primary offering" (as both terms are defined and used in the Rule), it is possible that the City could constitute an "obligated person" as defined and used in the Rule. In that case, the City agrees to comply with the continuing disclosure requirements of the Rule upon notification by the Department of the City's obligation to do so.

[SIGNATURES APPEAR ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the Department and the City have caused this Loan Agreement to be executed, sealed and delivered on this 28th day of Nov., 2016, but dated for convenience of the parties as of the date first above-written.

LOUISIANA DEPARTMENT OF ENVIRONMENTAL QUALITY

By: Karyn Andrews
Karyn Andrews, Undersecretary

CITY OF SHREVEPORT, STATE OF LOUISIANA

ATTEST:

By: Allie S. Zyle
Mayor

By: Arthur D. Royso
Clerk of Council

(SEAL)

EXHIBIT A
to Loan and Pledge Agreement

DESCRIPTION OF PROJECT

The project consists of acquiring and constructing additions, extensions and improvements to the wastewater portion of the combined drinking water and wastewater collection, treatment and disposal system of the City, including equipment and fixtures.

EXHIBIT B
to Loan and Pledge Agreement

ESTIMATED PRINCIPAL REPAYMENT SCHEDULE

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

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

EXHIBIT C
to Loan and Pledge Agreement

ESTIMATED COSTS OF THE PROJECT

Construction	\$19,560,256.00
Contingencies	378,674.50
Legal / Administrative	<u>61,069.50</u>
Total:	<u>\$20,000,000.00</u>

EXHIBIT D
to Loan and Pledge Agreement

FORM OF REQUISITION

REQUEST FOR REIMBURSEMENT CLEAN WATER STATE REVOLVING FUND	FORM RF-105	DEPARTMENT OF ENVIRONMENTAL QUALITY FINANCIAL SERVICES DIVISION P.O. BOX 4303 BATON ROUGE, LOUISIANA 70821-4303	Page 1
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DEQ LOAN NUMBER: _____ PAYMENT REQUEST _____ PAYMENT TYPE
 PERIOD COVERED BY THIS REQUEST: FROM _____ TO PARTIAL X
 FINAL _____

RECIPIENT COMMUNITY: NAME: PHONE: FAX:	CONTACT PERSON: NAME: PHONE:
---	------------------------------------

LINE ITEM CLASSIFICATIONS	Budget Amount	Previously Requested	Amount Requested	TOTALS
a. Construction				
b. Contingencies				
c. Legal/Administrative				
d. Basic Engineering Fees				
e. Other A/E Fees				
f. Project Inspection				
g. Design				
h. O & M				
i. Startup Services				
j. Other (Equipment)				
k. Miscellaneous				
l.				
m. Total Cumulative to date Sum of lines a through l)				
n. LESS Payments Previously Requested				
o. Amount Requested this Reimbursement				
p. Percentage of Physical Completion				

CERTIFICATION:

"I certify to the best of my knowledge and belief, that the billed costs are in accordance with the terms of the Loan Agreement and that this reimbursement represents the funds due which have not previously been requested, that an inspection has been performed, that all work is in accordance with the terms and conditions of the Loan Agreement, that the project as completed as of the date of this request has been constructed in accordance with the plans and specifications and that the undisbursed portion of the loan amount is sufficient to complete the project in accordance with the plans and specifications and the disbursement schedule."

Signature of Engineer or Representative Typed or Printed Name and Title Date

Signature of Loan Recipient Typed or Printed Name and Title Date

*** THIS SECTION TO BE COMPLETED BY DEQ ***

PREPARED BY : _____ DATE: _____

APPROVED BY : _____ DATE: _____

EXHIBIT E
to Loan and Pledge Agreement

SAMPLE BIDDER CERTIFICATIONS
RELATING TO USE OF AMERICAN-MADE IRON AND STEEL PRODUCTS

1. Identification of American-made Iron and Steel Products: Consistent with the terms of the Purchaser's bid solicitation and the provisions of Title IV, Division G of the Consolidated Appropriations Act, 2014 (P.L. 113-76), the Bidder certifies that this bid reflects the Bidder's best, good faith effort to identify domestic sources of iron and steel, products for every component contained in the bid solicitation where such American-made iron and steel products are available on the schedule and consistent with the deadlines prescribed in or required by the bid solicitation.

2. Verification of U.S. Production: The Bidder certifies that all iron and steel products contained in the bid solicitation that are American-made have been so identified, and if this bid is accepted, the Bidder agrees that it will provide reasonable, sufficient, and timely verification to the Purchaser of the U.S. production of each iron or steel product so identified.

3. Documentation Regarding Non-American-made Iron or Steel Products: The Bidder certifies that for any iron or steel product that is not American-made and is so identified in this bid, the Bidder has included in or attached to this bid one or both of the following, as applicable:

- (a) Identification of and citation to a categorical waiver published by the U.S. Environmental Protection Agency in the Federal Register that is applicable to such product, and an analysis that supports its applicability to the component or components;
- (b) Verifiable documentation sufficient to the Purchaser, as required in the bid solicitation or otherwise, that the Bidder has sought to secure American-made iron or steel products but has determined that such products are not available on the schedule and consistent with the deadlines prescribed in the bid solicitation, with assurance adequate for the Bidder under the applicable conditions stated in the bid solicitation or otherwise.

4. Information and Detailed Justification Regarding Non-American-made Iron or Steel Product: The Bidder certifies that for any such iron or steel product that is not so available, the Bidder has also provided in or attached to this bid information, including but not limited to the verifiable documentation and a full description of the bidder's efforts to secure any such American-made product that the Bidder believes are sufficient to provide and as far as possible constitute the detailed justification required for a waiver with respect to such product. The Bidder further agrees that, if this bid is accepted, it will assist the Purchaser in amending, supplementing, or further supporting such information as required by the Purchaser to request and, as applicable, implement the terms of a waiver with respect to any such product.

* * * * *

**SAMPLE CONTRACT LANGUAGE
RELATING TO USE OF AMERICAN-MADE IRON AND STEEL PRODUCTS**

The Contractor acknowledges to and for the benefit of the Louisiana Department of Environmental Quality (the "Purchaser") and the Clean Water State Revolving Fund (the "SRF") that it understands the goods and services under this Agreement are being funded with monies made available by the SRF and that Title IV, Division G of the Consolidated Appropriations Act, 2014 contains provisions commonly known as "Buy American;" that requires all of the iron and steel products used in the project be produced in the United States ("Buy American Requirements") including iron and steel products provided by the Contractor pursuant to this Agreement. The Contractor hereby represents and warrants to and for the benefit of the Purchaser and the SRF that (a) the Contractor has reviewed and understands the Buy American Requirements, (b) all of the iron and steel products used in the project will be and/or have been produced in the United States in a manner that complies with the Buy American Requirements, unless a waiver of the requirements is approved, and (c) the Contractor will provide any further verified information, certification or assurance of compliance with this paragraph, or information necessary to support a waiver of the Buy American Requirements, as may be requested by the Purchaser or the SRF. Notwithstanding any other provision of this Agreement, any failure to comply with this paragraph by the Contractor shall permit the Purchaser or SRF to recover as damages against the Contractor any loss, expense or cost (including without limitation attorney's fees) incurred by the Purchaser or SRF resulting from any such failure (including without limitation any impairment or loss of funding, whether in whole or in part, from the SRF or any damages owed to the SRF by the Purchaser). While the Contractor has no direct contractual privity with the SRF, as a lender to the Purchaser for the funding of its project, the Purchaser and the Contractor agree that the SRF is a third-party beneficiary and neither this paragraph (nor any other provision of this Agreement necessary to give this paragraph force or effect) shall be amended or waived without the prior written consent of the SRF.