

*In the opinion of Bond Counsel and Co-Bond Counsel, under existing law, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference of the federal alternative minimum tax imposed on individuals and corporations. Further, under the provisions of Chapter 1 of Title 47 of the Louisiana Revised Statutes of 1950, as amended, interest on the Bonds owned by corporations or residents of the State of Louisiana is exempt from Louisiana State income taxation to the extent such interest is exempt from federal income taxation. See “TAX EXEMPTION” herein and the proposed forms of Bond Counsel and Co-Bond Counsel opinions attached hereto as Appendix “E.”*



**\$58,065,000**

**UTILITIES REVENUE BONDS, SERIES 2019**  
**CITY OF LAFAYETTE, STATE OF LOUISIANA**

**Dated: Date of Delivery**

**Due: November 1, as shown below**

The above-referenced bonds (the “Bonds”) are being initially issued as fully registered bonds without coupons in denominations of \$5,000 each, or any integral multiple thereof within a single maturity, and when issued will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository for the Bonds. **Purchasers of the Bonds will not receive certificates representing their interest in the Bonds purchased.** Purchases of the Bonds may be made only in book-entry form in authorized denominations by credit to participating broker-dealers and other institutions on the books of DTC as described herein. Principal of, redemption premium, if any, and interest on the Bonds is payable at the principal corporate trust office of Hancock Whitney Bank, a state banking corporation, as Paying Agent, or any successor paying agent, to DTC, which will remit such payments in accordance with its normal procedures, as described herein. Interest on the Bonds is payable on May 1 and November 1 of each year, commencing November 1, 2019. See “Book-Entry Only System” in Appendix “G” hereto.

**THE BONDS ARE SUBJECT TO REDEMPTION AS SET FORTH HEREIN. See “THE BONDS – Redemption Provisions” herein.**

The Bonds are special obligations of the City of Lafayette, State of Louisiana (the “City” or the “Issuer”) and do not constitute general obligations or indebtedness of the Issuer within the meaning of the Constitution of Louisiana, but shall be payable solely from and secured by a lien upon and a pledge of the income and revenues of the Issuer’s revenue producing public utility, consisting of electric, water and wastewater utilities (the “Utilities System”).

The Bonds are being issued for the purpose of (a) funding certain system improvements, upgrades, and other capital projects, as described herein, (b) funding a reserve for the payment of the Bonds, and (c) paying costs of issuance, including payment of a municipal bond insurance policy. The Bonds are being issued on a complete parity with the Issuer’s outstanding Utilities Revenue Bonds (collectively, the “Outstanding Parity Bonds”). See “PURPOSE OF ISSUE” herein.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by Assured Guaranty Municipal Corp. See “BOND INSURANCE” herein and Appendix “H” - “Specimen Municipal Bond Insurance Policy” attached hereto for a specimen Municipal Bond Insurance Policy.



**MATURITY SCHEDULE**  
**(Base CUSIP No. 506498)**

Nov. 1	Amount	Interest Rate	Yield	CUSIP†	Nov. 1	Amount	Interest Rate	Yield	CUSIP†
2020	\$1,205,000	3.00%	1.64%	ZH0	2031	\$2,070,000	5.00%	2.47 *	ZU1
2021	1,255,000	5.00	1.67	ZJ6	2032	2,180,000	5.00	2.58 *	ZV9
2022	1,320,000	5.00	1.72	ZK3	2033	2,290,000	5.00	2.63 *	ZW7
2023	1,390,000	5.00	1.78	ZL1	2034	2,405,000	5.00	2.68 *	ZX5
2024	1,460,000	5.00	1.86	ZM9	2035	2,530,000	5.00	2.74 *	ZY3
2025	1,535,000	5.00	1.93	ZN7	2036	2,660,000	5.00	2.79 *	ZZ0
2026	1,615,000	5.00	2.00	ZP2	2037	2,795,000	5.00	2.84 *	A20
2027	1,695,000	5.00	2.08	ZQ0	2038	2,940,000	5.00	2.89 *	A38
2028	1,785,000	5.00	2.18	ZR8	2039	3,090,000	5.00	2.93 *	A46
2029	1,875,000	5.00	2.27 *	ZS6	2044	18,000,000	5.00	3.06 *	A53
2030	1,970,000	5.00	2.38 *	ZT4					

The Bonds are offered subject to the approving opinions of Mahtook & LaFleur, Bond Counsel and Foley & Judell, L.L.P., Co-Bond Counsel. Certain legal matters will be passed upon for the Underwriters by their Counsel, Nixon Peabody LLP. It is expected that the Bonds will be delivered in Lafayette, Louisiana, and available for delivery through the facilities of DTC, on or about May 1, 2019, against payment therefor.



*The date of this Official Statement is April 16, 2019. This cover page contains information for quick reference only. It is not a summary of this Bond issue. Investors must read the entire Official Statement, including the Appendices hereto, to obtain information essential to the making of an informed investment decision.*

\* Yield to the first par call date of May 1, 2029.

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by Standard & Poor’s Financial Services LLC on behalf of The American Bankers Association. This information is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services Bureau. CUSIP numbers have been assigned by an independent company not affiliated with the Issuer or the Underwriters and are included solely for the convenience of the registered owners of the applicable Bonds. Neither the Issuer nor the Underwriters are responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the applicable Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

**NO DEALER, BROKER, SALESPERSON OR OTHER PERSON HAS BEEN AUTHORIZED BY THE LAFAYETTE CITY-PARISH COUNCIL AND THE LAFAYETTE PUBLIC UTILITIES AUTHORITY, AS THE GOVERNING AUTHORITY OF THE ISSUER FOR UTILITY PURPOSES, OR THE UNDERWRITERS TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS WITH RESPECT TO THE OBLIGATIONS HEREIN DESCRIBED OTHER THAN THOSE CONTAINED IN THIS OFFICIAL STATEMENT, AND IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY ANY OF THE FOREGOING.**

**THE INFORMATION SET FORTH HEREIN HAS BEEN FURNISHED BY THE ISSUER AND INCLUDES INFORMATION OBTAINED FROM SOURCES WHICH ARE BELIEVED TO BE RELIABLE BUT IS NOT GUARANTEED AS TO ACCURACY OR COMPLETENESS. THE INFORMATION SET FORTH HEREIN CONCERNING DTC HAS BEEN FURNISHED BY DTC, AND NO REPRESENTATION IS MADE BY THE ISSUER OR THE UNDERWRITERS AS TO THE COMPLETENESS OR ACCURACY OF SUCH INFORMATION.**

**THE UNDERWRITERS HAVE PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS OFFICIAL STATEMENT: “THE UNDERWRITERS HAVE REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH, AND AS PART OF ITS RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITERS DO NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.”**

**THE INFORMATION AND EXPRESSIONS OF OPINION HEREIN ARE SUBJECT TO CHANGE WITHOUT NOTICE, AND NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY SALE MADE HEREUNDER SHALL UNDER ANY CIRCUMSTANCES CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE ISSUER OR DTC SINCE THE DATE HEREOF. THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUER OR THE UNDERWRITERS AND ANY ONE OR MORE OF THE PURCHASERS OR REGISTERED OWNERS OF THE BONDS.**

**THIS OFFICIAL STATEMENT IS BEING PROVIDED TO PROSPECTIVE PURCHASERS EITHER IN BOUND PRINTED FORM (“ORIGINAL BOUND FORMAT”) OR IN ELECTRONIC FORMAT ON THE FOLLOWING WEBSITE: <http://www.munios.com>. THIS OFFICIAL STATEMENT MAY BE RELIED UPON ONLY IF IT IS IN ITS ORIGINAL BOUND FORMAT OR AS PRINTED IN ITS ENTIRETY DIRECTLY FROM SUCH WEBSITE.**

*All summaries herein of documents and agreements are qualified in their entirety by reference to such documents and agreements, and all summaries herein of the Bonds are qualified in their entirety by reference to the form thereof included in the Bond Ordinance and the provisions with respect thereto included in the aforesaid documents and agreements.*

*The Bonds have not been registered with the Securities and Exchange Commission. The registration, qualification or exemption of the Bonds in accordance with the applicable securities law provisions of the jurisdictions in which the securities have been registered, qualified or exempted should not be regarded as a recommendation thereof. Neither these jurisdictions nor any of their agencies have guaranteed or passed upon the safety of the Bonds as an investment, upon probability of any earnings thereon or upon the accuracy or adequacy of this Official Statement.*

*The prices and other terms respecting the offering and sale of the Bonds may be changed from time to time by the Underwriters after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell the Bonds into investment accounts. In connection with the offering of the Bonds, the Underwriters may overallot or effect transactions which stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.*

*The Issuer maintains the following website: [www.LafayetteUtilityBonds.com](http://www.LafayetteUtilityBonds.com). However, the information presented on that website is not part of this Official Statement and should not be relied upon in making investment decisions with respect to the Bonds. The references to internet websites in this Official Statement are shown for reference and convenience only; unless explicitly stated to the contrary, the information contained within the websites is not incorporated herein by reference and does not constitute part of this Official Statement.*

*Assured Guaranty Municipal Corp. (“AGM”) makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading “BOND INSURANCE” and Appendix “H” – “Specimen Municipal Bond Insurance Policy”.*

### **Cautionary Statements Regarding Forward-Looking Statements in this Official Statement**

This Official Statement is marked with a dated date and speaks only as of that dated date. Readers are cautioned not to assume that any information has been updated beyond the dated date except as to any portion of the Official Statement that expressly states that it constitutes an update concerning specific recent events occurring after the dated date of the Official Statement. Any information contained in the portion of the Official Statement indicated to concern recent events speaks only as of its date. The Issuer expressly disclaims any duty to provide an update of any information contained in this Official Statement, except as agreed upon by said parties pursuant to the continuing disclosure certificate (the “Continuing Disclosure Certificate”) included herein as Appendix “F.”

The information contained in this Official Statement may include forward looking statements by using forward-looking words such as “may,” “will,” “should,” “expects,” “believes,” “anticipates,” “estimates,” “budgets” or others. The reader is cautioned that forward-looking statements are subject to a variety of uncertainties that could cause actual results to differ from the projected results. Those risks and uncertainties include general economic and business conditions, and various other factors that are beyond the control of the Issuer.

Because the Issuer cannot predict all factors that may affect future decisions, actions, events or financial circumstances, what actually happens may be different from what is included in forward-looking statements.

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**OFFICIALS**  
**CITY OF LAFAYETTE, STATE OF LOUISIANA**  
**MAYOR-PRESIDENT OF THE LAFAYETTE CITY-PARISH**  
**CONSOLIDATED GOVERNMENT**

Joel Robideaux

**CITY-PARISH COUNCIL**

Jared P. Bellard, District 5, *Chair*

Patrick “Pat” Lewis, District 3, *Vice Chair\**

Kevin Naquin, District 1

Jay Castille, District 2

Kenneth P. Boudreaux, District 4\*

Bruce M Conque, District 6\*

Nanette S. Cook, District 7\*

Liz W. Hebert, District 8\*

William G. Theriot, District 9

**Clerk of Council**

Veronica L. Williams

**Chief Administrative Officer**

Lowell Duhon

**Chief Financial Officer**

Lorrie R. Toups

**Interim Director of Lafayette Utilities System**

Jeffrey Stewart

**Consulting Engineer**

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**Co-Bond Counsel**

Foley & Judell, L.L.P.

**Municipal Advisor**

Government Consultants, Inc.

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\* *Also serves as a member of the Lafayette Public Utilities Authority.*

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## **OFFICIAL STATEMENT**

**\$58,065,000**

### **UTILITIES REVENUE BONDS, SERIES 2019**

## **CITY OF LAFAYETTE, STATE OF LOUISIANA**

### **INTRODUCTION**

This Official Statement of the City of Lafayette, State of Louisiana (the “City” or “Issuer”) provides information with respect to the captioned bonds (the “Bonds”). This Official Statement contains summaries of certain provisions of the Fifth Supplemental Bond Ordinance adopted by the Lafayette City-Parish Council (the “Governing Authority” or “City-Parish Council”), acting as the governing authority of the Issuer, and the Lafayette Public Utilities Authority (“LPUA”), the governing authority of the Lafayette Utilities System, on March 26, 2019 pursuant to which the Bonds are being issued (collectively, the “Fifth Supplemental Bond Ordinance”) and the hereinafter defined General Bond Ordinance.

Brief descriptions of the Issuer, LPUA, the Utilities System (as hereinafter defined), the Bonds, the Bond Ordinance (as hereinafter defined) and other acts, resolutions, ordinances, documents and instruments are contained in this Official Statement, and reference to such matters is qualified by reference to such entity, act, resolution, ordinance, document or instrument so referred to or summarized.

Included as Appendix “B” hereto is the Consulting Engineer’s Report dated April 9, 2019, (the “Consulting Engineer’s Report”) prepared by NewGen Strategies and Solutions, LLC, 225 Union Boulevard, Lakewood, Colorado 80228, Phone: (720) 633-9496 (the “Consulting Engineer”), which includes a description of the business, organization and management of the Utilities System, its findings regarding the Utilities System, and a survey of the finances and environmental issues of the Utilities System. The forecasts contained in the Consulting Engineer’s Report are based on assumptions about the outcome of future events and there can be no assurance that such forecasts will approximate actual results. The Consulting Engineer’s Report should be read in its entirety prior to the making of an investment decision with respect to the Bonds. Additional information about the Issuer is included in Appendix “C” and Appendix “D”. The proposed forms of opinion of Mahtook & LaFleur, Bond Counsel, and Foley & Judell, L.L.P., Co-Bond Counsel, are included in Appendix “E” hereto.

Reference in this Official Statement to owner, holder, registered owner, Bondholder or Bondowner means the registered owner of the Bonds determined in accordance with the Bond Ordinance.

CAPITALIZED TERMS NOT OTHERWISE DEFINED WITHIN THIS OFFICIAL STATEMENT SHALL HAVE THE MEANING GIVEN IN THE GENERAL BOND ORDINANCE ATTACHED HERETO AS APPENDIX “A” UNLESS THE CONTEXT INDICATES OTHERWISE.

### **Bond Ordinance**

The Issuer adopted a General Bond Ordinance on June 29, 2004 (the “General Bond Ordinance”), which authorized the issuance of bonds of the Issuer designated as “Utilities Revenue Bonds.” The General Bond Ordinance authorizes the issuance of each series of bonds by a supplemental resolution adopted by the Issuer. The First Supplemental Ordinance, which provided for the issuance of the \$183,990,000 Utilities Revenue Bonds, Series 2004, dated August 10, 2004 (the “Series 2004 Bonds”), was adopted on June 29, 2004, the Second Supplemental Ordinance, which provided for the issuance of the \$86,080,000 Utilities Revenue Bonds, Series 2010 (the “Series 2010 Bonds”), was adopted on November 2, 2010, the Third Supplemental Ordinance, which provided for the issuance of the \$153,960,000 Utilities Revenue Refunding Bonds, Series 2012 Bonds (the “Series 2012 Bonds”) was adopted on October 2, 2012, the Fourth Supplemental Bond Ordinance, which provided for the issuance of the \$59,465,000 Utilities Revenue Refunding Bonds, Series 2017 (the “Series 2017 Bonds”), was adopted on August 8, 2017 and amended on September 19, 2017, and the Fifth Supplemental Ordinance which provides for the issuance of the Bonds, was adopted on March 26, 2019 (the General Bond Ordinance, together with the supplements thereto, is collectively referred to herein as the “Bond Ordinance”).

## **The Issuer**

The Issuer was incorporated in 1914. It is located on the Vermilion River, approximately 30 miles from the Gulf of Mexico, 160 miles west of New Orleans, and 214 miles east of Houston, Texas. The Issuer is the Parish seat of the Parish of Lafayette, State of Louisiana (the “Parish”), which was created on January 17, 1823, and covers a total area of approximately 277 square miles. The area of the Issuer is approximately 49.2 square miles. The Issuer is the center of a metropolitan area that includes the Parish and the area within the boundaries of Acadia, St. Landry, and St. Martin Parishes. The Issuer had an estimated population of 126,848 in 2017.

The Issuer owns and operates a utilities system as a single revenue producing public utility consisting of: (1) an Electric System (including generation, transmission and distribution facilities); (2) a Water System (including supply, treatment, transmission, distribution and storage facilities); and (3) a Wastewater System (including wastewater collection and treatment facilities), as more fully described herein (collectively, the “Utilities System” or “LUS”). The Issuer also owns a local communications network that offers telephone, cable television, high-speed Internet access, and other communications and information services and any future services, improvements and additions thereto (the “Communications System”), but the revenues from the Communications System are not pledged to the payment of the Bonds.

The Home Rule Charter of the City and the Parish (the “Charter”) created LPUA as the governing authority of the Utilities Department, which is also known as the Utilities System or LUS. The Charter further provides that LPUA shall fix rates, incur indebtedness, approve the utility budget, and approve proposals for the improvement and extension of the utilities. The members of LPUA are also members of the Governing Authority of the Issuer. For a further discussion of the governance of the Issuer and the Utilities System, and certain changes thereto becoming effective January 6, 2020 see “CITY OF LAFAYETTE – Governance” and “– Home Rule Charter Amendments” herein.

## **Outstanding Parity Bonds**

The Bonds are being issued on a complete parity with (i) \$5,780,000 outstanding of the Issuer’s Series 2010 Bonds, (ii) \$118,865,000 outstanding of the Issuer’s Series 2012 Bonds and (iii) the Issuer’s outstanding \$59,465,000 Series 2017 Bonds (collectively, the “Outstanding Parity Bonds”).

## **Bond Insurance**

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by Assured Guaranty Municipal Corp. (“AGM”). See “BOND INSURANCE” herein and Appendix “H” attached hereto for a specimen Municipal Bond Insurance Policy.

## **PURPOSE OF ISSUE**

The Bonds are being issued to provide funds for the purpose of (a) funding certain system improvements, upgrades, and other capital projects, as described in the Utilities System Capital Improvement Program described herein under “CAPITAL IMPROVEMENT PROJECTS”, (b) funding a reserve for the payment of the Bonds, and (c) paying costs of issuance of the Bonds, including the payment of a municipal bond insurance policy.

## **DEBT SERVICE REQUIREMENTS**

The following table sets forth, for each fiscal year ending October 31, the amounts, rounded to the nearest dollar, required to be made available in such Fiscal Year for the payment of the principal of and interest on the Bonds, debt service on Outstanding Parity Bonds and the total debt service for all such outstanding Bonds under the Bond Ordinance. The principal of the Bonds and Outstanding Parity Bonds matures on each November 1, one day following the close of the respective fiscal years listed.

<b>Fiscal Year Ending October 31</b>	<b><u>Outstanding Parity Bonds<sup>(1)</sup></u></b>			<b><u>Series 2019 Bonds</u></b>			<b><u>Aggregate Debt Service<sup>(2)</sup></u></b>
	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>	
2019	\$11,805,000.00	\$9,204,925.00	\$21,009,925.00	-	-	-	\$21,009,925.00
2020	12,370,000.00	8,614,100.00	20,984,100.00	-	\$2,879,150.00	\$2,879,150.00	23,863,250.00
2021	12,985,000.00	7,998,725.00	20,983,725.00	\$1,205,000.00	2,861,075.00	4,066,075.00	25,049,800.00
2022	13,305,000.00	7,359,975.00	20,664,975.00	1,255,000.00	2,811,625.00	4,066,625.00	24,731,600.00
2023	13,965,000.00	6,678,225.00	20,643,225.00	1,320,000.00	2,747,250.00	4,067,250.00	24,710,475.00
2024	14,670,000.00	5,962,350.00	20,632,350.00	1,390,000.00	2,679,500.00	4,069,500.00	24,701,850.00
2025	15,400,000.00	5,210,600.00	20,610,600.00	1,460,000.00	2,608,250.00	4,068,250.00	24,678,850.00
2026	16,170,000.00	4,421,350.00	20,591,350.00	1,535,000.00	2,533,375.00	4,068,375.00	24,659,725.00
2027	16,980,000.00	3,592,600.00	20,572,600.00	1,615,000.00	2,454,625.00	4,069,625.00	24,642,225.00
2028	17,825,000.00	2,722,475.00	20,547,475.00	1,695,000.00	2,371,875.00	4,066,875.00	24,614,350.00
2029	17,510,000.00	1,839,100.00	19,349,100.00	1,785,000.00	2,284,875.00	4,069,875.00	23,418,975.00
2030	4,105,000.00	1,298,725.00	5,403,725.00	1,875,000.00	2,193,375.00	4,068,375.00	9,472,100.00
2031	4,310,000.00	1,088,350.00	5,398,350.00	1,970,000.00	2,097,250.00	4,067,250.00	9,465,600.00
2032	4,520,000.00	890,200.00	5,410,200.00	2,070,000.00	1,996,250.00	4,066,250.00	9,476,450.00
2033	4,710,000.00	705,600.00	5,415,600.00	2,180,000.00	1,890,000.00	4,070,000.00	9,485,600.00
2034	4,895,000.00	513,500.00	5,408,500.00	2,290,000.00	1,778,250.00	4,068,250.00	9,476,750.00
2035	5,095,000.00	313,700.00	5,408,700.00	2,405,000.00	1,660,875.00	4,065,875.00	9,474,575.00
2036	5,295,000.00	105,900.00	5,400,900.00	2,530,000.00	1,537,500.00	4,067,500.00	9,468,400.00
2037	-	-	-	2,660,000.00	1,407,750.00	4,067,750.00	4,067,750.00
2038	-	-	-	2,795,000.00	1,271,375.00	4,066,375.00	4,066,375.00
2039	-	-	-	2,940,000.00	1,128,000.00	4,068,000.00	4,068,000.00
2040	-	-	-	3,090,000.00	977,250.00	4,067,250.00	4,067,250.00
2041	-	-	-	3,250,000.00	818,750.00	4,068,750.00	4,068,750.00
2042	-	-	-	3,415,000.00	652,125.00	4,067,125.00	4,067,125.00
2043	-	-	-	3,590,000.00	477,000.00	4,067,000.00	4,067,000.00
2044	-	-	-	3,775,000.00	292,875.00	4,067,875.00	4,067,875.00
2045	-	-	-	3,970,000.00	99,250.00	4,069,250.00	4,069,250.00

(1) Includes debt service on the Series 2010 Bonds, the Series 2012 Bonds, and the Series 2017 Bonds.

(2) Totals may not add due to rounding.

### **ESTIMATED SOURCES AND USES OF FUNDS**

The sources and uses of funds with respect to the Bonds are estimated to be as follows:

#### **Sources**

Par Amount of Bonds	\$58,065,000.00
Reoffering Premium	10,541,944.85
<u>Transfers from Prior Issue Debt Service Reserve Funds</u>	<u>19,764,888.59</u>
<b>TOTAL</b>	<b><u>\$88,371,833.44</u></b>

#### **Uses of Funds**

Deposit to Project Fund	\$70,000,000.00
Deposit to Debt Service Reserve Fund	17,277,530.64
Costs of Issuance <sup>(1)</sup>	<u>1,094,302.80</u>
<b>TOTAL</b>	<b><u>\$88,371,833.44</u></b>

Source: The Underwriters.

(1) Includes legal fees, underwriters' discount, bond insurance premium and other issuance costs.

### **THE BONDS**

#### **The Issue**

Fifty-Eight Million Sixty-Five Thousand Dollars (\$58,065,000) of Utilities Revenue Bonds, Series 2019 of the Issuer are being issued. The Bonds will be dated the delivery date thereof.

### Authority for Issue

The Bonds are being issued pursuant to the provisions of Section 1430 of Title 39 of the Louisiana Revised Statutes of 1950, as amended, and other statutory and constitutional provisions supplemental thereto (the “Act”), the General Bond Ordinance and the Fifth Supplemental Bond Ordinance.

### Average Life

The average life of the Bonds is approximately 16.032 years from their dated date.

### Form and Denomination

The Bonds will be initially issued as fully registered bonds in “book-entry only” form registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository for the Bonds, and purchasers of the Bonds will not receive certificates representing their interest in the Bonds purchased. The Bonds are in the denomination of \$5,000, or any integral multiple thereof within a single maturity. See “Book-Entry Only System” in Appendix “G” hereto.

### Maturities; Interest Payment Dates

The Bonds will mature on November 1 in the years and in the principal amounts indicated on the cover page of this Official Statement and will bear interest from the dated date of the Bonds, payable on May 1 and November 1 of each year, commencing November 1, 2019 (each an “Interest Payment Date”), at the rates per annum indicated on the cover page hereof. The Bonds shall bear interest from the date thereof or from the most recent Interest Payment Date to which interest has been paid or duly provided for. Interest on the Bonds will be computed on the basis of a 360-day year consisting of twelve 30-day months. The record date for the Bonds is the 15<sup>th</sup> day of the month preceding the Interest Payment Date.

### Redemption Provisions

*Optional Redemption.* The Bonds maturing November 1, 2029 and thereafter, are callable for redemption by the Issuer in full, or in part, at any time on or after May 1, 2029 at the principal amount thereof and accrued interest to the date fixed for redemption.

*Mandatory Sinking Fund Redemption.* The Bonds maturing on November 1, 2044, shall be subject to mandatory sinking fund redemption on November 1, of the years and in the principal amounts set forth below at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon:

<u>Year (November 1)</u>	<u>Principal Amount</u>
2040	\$3,250,000
2041	3,415,000
2042	3,590,000
2043	3,775,000
2044*	3,970,000

\* Final Maturity

### Selection of Bonds for Redemption

In the event a Bond is of a denomination larger than \$5,000, a portion of such Bond (\$5,000 or any multiple thereof) may be redeemed. In the event less than a full maturity of Bonds is redeemed, the Paying Agent shall select the Bonds, or portions thereof, to be redeemed. If less than all of the Bonds of a maturity are to be redeemed, DTC or its successor and Participants and Indirect Participants (as such terms are defined in Appendix “G” – “Book-Entry Only System” hereto) will determine the particular ownership interests of Bonds to be redeemed.

## **Notice of Redemption**

Notice of redemption of the Bonds is to be given by the Issuer by first mail, postage prepaid by notice deposited in the United States mail, or accepted means of electronic communication, not less than 30 days before the redemption date to the registered owners of the Bonds which are to be redeemed at their last addresses shown on the registration books for the Bonds. Failure to mail any such notice or any defect therein shall not affect the validity of the redemption proceedings for the Bonds being redeemed. Notice of redemption having been given as described above, unless cancelled as described below, the Bonds called for redemption shall become due and payable on the redemption date specified in such notice and interest thereon shall cease to accrue from and after the redemption date, if moneys sufficient for the redemption of the Bonds to be redeemed, together with interest thereon to the redemption date, are held by the Paying Agent or authorized depository in trust for such Bonds on the redemption date and the Bonds (or such portions thereof) shall cease to be entitled to any benefit or security under the Bond Ordinance. Notice of optional redemption may be conditioned upon the receipt by the Paying Agent or authorized depository of moneys sufficient to effectuate such redemption, and if such moneys are not received said notice shall be of no force and effect and the Issuer shall not be required to redeem such Bonds.

For so long as a book-entry only system is in effect with respect to the Bonds, the Issuer will mail notices of redemption to DTC or its nominee or its successor. Any failure of DTC or its successor or a Participant or Indirect Participant to do so, or notify a Beneficial Owner of a Bond of any redemption, will not affect the sufficiency or the validity or the redemption of Bonds.

Neither the Issuer, the Paying Agent nor the Underwriters can give any assurance that DTC, the Participants or the Indirect Participants will distribute such redemption notices to the Beneficial Owners of the Bonds, or that they will do so on a timely basis.

## **Provisions Applicable if Book-Entry Only System is Terminated**

*General.* Purchasers of Bonds will receive principal, premium, if any, and interest payments, and may transfer and exchange Bonds, pursuant to the following provisions only if the book-entry only system is terminated. Otherwise, payments and transfers and exchanges will be made only as described in Appendix “G” – “Book-Entry Only System” hereto.

*Place of Payment.* Principal of the Bonds is payable at Hancock Whitney Bank, a state banking corporation, or any successor thereto (the “Paying Agent”).

*Payment of Interest.* Upon discontinuation of the book-entry only system, interest on the Bonds will be payable by check mailed on or before the Interest Payment Date by the Paying Agent to the registered owner, determined as of the close of business on the 15th calendar day of the month next preceding an Interest Payment Date, whether or not such day is a Business Day (the “Record Date”), at the address of such registered owner as it appears on the registration books of the Paying Agent.

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

During any period after the initial delivery of the Bonds in book-entry form when the Bonds are delivered in multiple certificates form, upon request of a registered owner of at least \$1,000,000 in principal amount of Bonds outstanding, all payments of principal, premium, if any, and interest on the Bonds will be paid by wire transfer in immediately available funds to an account designated by such registered owner.

*Provisions for Transfer, Registration and Assignment.* The transfer of the Bond shall be registered on the registration books of the Paying Agent upon surrender of the Bond at the principal corporate trust office of the Paying Agent as Bond Registrar, duly endorsed by, or accompanied by written instrument of transfer in form and a guaranty of signature satisfactory to the Paying Agent, duly executed by the registered owner or his attorney duly authorized in writing, and thereupon a new Bond or Bonds of the same maturity and of authorized denominations, for the same aggregate principal amount, will be issued to the transferee. Prior to due presentment for transfer of the Bond, the Issuer and the Paying Agent may deem and treat the registered owner thereof as the absolute owner thereof (whether or not the Bond is overdue) for the purpose of receiving payment of or on account of principal and interest on the Bond and for all purposes, and neither the Issuer nor the Paying Agent shall be affected by any notice

to the contrary. Neither the Issuer nor the Paying Agent shall be required to (i) issue, register the transfer of, or exchange any Bond during a period beginning at the opening of business on the 15th day of the month next preceding an Interest Payment Date and ending at the close of business on the Interest Payment Date or (ii) to register the transfer of or exchange any Bond so selected for redemption in whole or in part.

## SECURITY AND SOURCES OF PAYMENT

### Sources of Payment

The Bonds and the Outstanding Parity Bonds and any additional Bonds hereafter issued on a parity therewith are special and limited obligations of the Issuer and are secured by and payable in principal and interest and redemption premium, if any, solely from the income and revenues derived or to be derived from the operation of the Issuer's Utilities System ("Revenues"), after provision has been made for the payment therefrom of the reasonable and necessary expenses of operation and maintaining the Utilities System ("Net Revenues"). Such Net Revenues consist of (i) all rates, fees, charges, income, rents and receipts derived by the Issuer from or attributable to the ownership and operation of the Utilities System, including all revenues attributable to the Utilities System or to the payment of the costs thereof received by the Issuer under any contracts for the sale of power, energy, transmission or other use of the services, facilities or products of the Utilities System or any part thereof or any contractual arrangement with respect to the use of the Utilities System or any portion thereof or the services, output, facilities, capacity or products of the Utilities System, (ii) the proceeds of any insurance covering business interruption loss relating to the Utilities System, (iii) interest received on the investment or reinvestment of any moneys held hereunder required to be deposited or kept in the Receipts Fund (defined hereafter), (iv) payments received by the Issuer under a Qualified Swap (defined hereafter), and (v) funds received from a Rate Stabilization Account as described in the Bond Ordinance; provided, however, that the "Net Revenues" shall not include revenues from a Separately Financed Project (defined hereafter) or Impact Fees (defined hereafter) or revenues deposited in a Rate Stabilization Account, less any operating and maintenance expense as defined in accordance with generally accepted accounting principles in the United States of America, plus any expenses incurred under any Power Sales Contract (as defined hereafter). Accordingly, Costs of Operation and Maintenance shall not include (i) any costs and expenses attributable to a Separately Financed Project, (ii) any costs or expenses for new construction or for reconstruction other than restoration of any part of the Utilities System to the condition of serviceability thereof when new, (iii) depreciation costs or (iv) any interest expense on any obligation.

The Bond Ordinance defines "Power Sales Contract" to mean the Power Sales Contract, dated May 1, 1977, executed June 3, 1977, with the Lafayette Public Power Authority (the "LPPA Contract") and any other contracts for fuel, energy, water, sewer or power designated in writing by the Issuer as a Cost of Operation and Maintenance.

So long as any Obligations, issued in any form of debt, authorized by a Supplemental Ordinance, including but not limited to, Bonds, notes, bond anticipation notes, commercial paper and Guaranteed Debt which are delivered under the Bond Ordinance, including any Bonds and Parity Contract Obligations, but not including any Contract Obligation or Subordinated Indebtedness, remain Outstanding, the Issuer will fix, charge and collect, or cause to be fixed, charged and collected, subject to applicable requirements or restrictions imposed by law, such rates, rentals, fees and charges for the use of and for the services and products provided by the Utilities System as are expected to be sufficient in each Sinking Fund Year (ending October 31) to produce Revenues, in an amount, at least equal to the sum of (i) one hundred percent (100%) of the Costs of Operation and Maintenance for such Sinking Fund year, (ii) one hundred percent (100%) of the Bond Service Requirement for such Sinking Fund Year, (iii) one hundred percent (100%) of the amounts payable with respect to Subordinated Indebtedness and Subordinated Contract obligations in such sinking fund year, (iv) one hundred percent (100%) of the amount required to maintain a Reserve Fund in accordance with the provisions of the Bond Ordinance, and any additional amount required to make all other payments required to be made. See "GENERAL COVENANTS OF THE ISSUER — Rate Covenant" herein.

***The Bonds and the Outstanding Parity Bonds are not general obligations of the Issuer nor LPPA, and neither the full faith and credit of the Issuer, LPPA, the City-Parish Council, nor the State of Louisiana is pledged to the payment thereof.***

The table below shows the projected debt service for the Utilities System and the associated debt service coverage ratio. In each year from 2019 to 2028, the debt service coverage ratio is projected to exceed the minimum coverage requirement of 1.0 required by the Bond Ordinance.

**Utilities System  
Projected Debt Service Coverage**

<b>FY</b>	<b>Operating Revenues<sup>(1)</sup></b>	<b>Operating Expenses<sup>(2)</sup></b>	<b>Net Available Revenues for Debt Service</b>	<b>Debt Service<sup>(3)</sup></b>	<b>Debt Service Coverage Ratio</b>
2019	\$242,348,544	\$165,515,065	\$76,618,169	\$22,732,925	3.4
2020	242,852,007	169,945,336	72,565,079	25,374,000	2.9
2021	244,224,088	168,460,243	75,384,912	25,095,600	3.0
2022	244,650,439	166,160,533	78,073,695	25,092,600	3.1
2023	246,105,303	170,256,826	75,382,931	25,874,119	2.9
2024	250,714,557	168,990,451	81,207,896	26,254,930	3.1
2025	255,318,242	173,235,494	81,506,033	26,257,304	3.1
2026	259,191,266	177,424,890	81,132,177	26,262,444	3.1
2027	262,383,398	180,548,811	81,139,363	26,258,101	3.1
2028	266,095,804	184,729,335	80,615,893	25,057,526	3.2

Source: Consulting Engineer and LUS.

(1) Operating Revenues include interest income and other miscellaneous revenue.

(2) Operating Expenses include operation and maintenance expenses and other expenses such as customer service and administrative and general costs. Operating Expenses do not include ILOT, normal capital and special equipment, and other miscellaneous expenses.

(3) Debt service was prepared on a cash basis. Debt service includes the Series 2010 Bonds, the Series 2012 Bonds, Series 2017 Bonds, the Series 2019 Bonds, and a projected bond issue in 2023. By 2020, the Series 2010 Bonds will be fully redeemed by the proceeds of the Series 2017 Bonds.

### **Creation of Funds and Accounts**

The Bond Ordinance creates and establishes a “Receipts Fund,” “Operating Fund,” “Sinking Fund,” “Reserve Fund” and “Capital Additions Fund” as defined below. There may be created and established in the Operating Fund and the Capital Additions Fund one or more separate accounts or subaccounts as determined by the Issuer from time to time to be necessary or convenient. The Operating Fund, the Reserve Fund and the Capital Additions Fund and all accounts and subaccounts therein shall constitute trust funds for the purposes provided in the Bond Ordinance, shall be delivered to and held by the Chief Financial Officer (or an Authorized Depository designated by the Chief Financial Officer), who shall act as trustee of such funds for the purposes thereof, shall, except as otherwise provided in the Bond Ordinance, be subject to a lien and charge in favor of the Bondholders and used only as therein provided. The described trust obligation shall extend only to the Issuer’s obligation to hold such funds for the benefit of Bondholders, but does not impose a trust obligation on any Authorized Depository.

All accounts referenced in the Bond Ordinance mean separate accounting, not necessarily separate bank, accounts.

(a) **Receipts Fund.** Revenues, except (i) income received from the sale of capital assets and charges between divisions of the Utilities System, and (ii) proceeds from the issuance of Obligations shall be deposited daily as the same may be collected in a separate and special bank account known and designated as the “Receipts Fund,” established and maintained with the Bank, or may be deposited in a fund with other moneys of the City and/or Parish in a Bank provided separate accounting is maintained at all times under the title of “Receipts Fund” and referred to hereinafter as the “Receipts Fund.”

(b) **Operating Fund.** Out of the Receipts Fund, there shall be transferred to or set aside in an “Operating Fund,” from time to time as needed during each Sinking Fund Year amounts sufficient to provide for the payment of Costs of Operation and Maintenance, including payments pursuant to the LPPA Contract.

(c) **Sinking Fund.** After meeting the requirements of (b) above, the moneys in the Receipts Fund shall be used for the establishment and maintenance with a Bank of a “Utilities Revenue Bond Sinking Fund” (the

“Sinking Fund”) sufficient in amount to pay promptly and fully the principal of, premium, if any, and the interest on the Obligations authorized in the Bond Ordinance including any Additional Parity Obligations issued hereafter in the manner provided therein, as they severally become due and payable whether by maturity or mandatory call, by transferring as needed from the Receipts Fund to the Sinking Fund. Arrangements with the Paying Agent shall be made as will assure, to the amount of money in the Sinking Fund, prompt payment for principal and interest on the Obligations payable from the Sinking Fund. Appropriate amounts shall also be placed in the Sinking Fund to allow for the payment of the charges of the Paying Agent. On or before the day before the Interest Payment Date, the Issuer will deposit with the Paying Agent sufficient funds to make payment of the principal and/or interest owed on the obligations, as of that Interest Payment Date.

A Supplemental Ordinance may provide for additional amounts to be deposited into the Sinking Fund.

(d) Reserve Fund. After meeting the requirements of (c) above, the moneys in the Receipts Fund shall next be used to satisfy the Reserve Requirements for Reserve Secured Bonds. The Bond Ordinance provides for the segregation of the Reserve Fund into separate accounts, each of which may be created for one or more Series of Revenue Secured Bonds, each of which accounts having its own Reserve Requirement. Currently, there is a single account for the Outstanding Parity Bonds and the Reserve Fund Account will secure the Bonds and the Outstanding Parity Bonds along with any future Reserve Secured Bonds that shall be designated as utilizing such Reserve Fund Account

Except as set forth in a Supplemental Ordinance, amounts on deposit in each account of the Reserve Fund may be used solely for the purpose of curing deficiencies in the Sinking Fund for the payment when due of the principal of, premium, if any, and interest on the Reserve Secured Bonds for which such account was created. If funds on deposit in each Reserve Fund account exceed the account Reserve Requirement for the applicable Reserve Secured Bonds, the excess cash shall be deposited into the Sinking Fund to the extent moneys from the Receipts Fund are unavailable to meet current Bond Service Requirements and otherwise to the Capital Additions Fund, provided however that upon refunding of any Reserve Secured Bonds such excess may be applied to pay or redeem the Reserve Secured Bonds to be refunded.

Within the Reserve Fund there may be created separate accounts to secure the payment of various issues of Reserve Secured Bonds, each with varying Reserve Requirements. Any issue of Reserve Secured Bonds may utilize an existing Reserve Fund account, provided that the Reserve Requirement of the prior issue is met and satisfied.

If at any time the Issuer is required to fund a Reserve Fund account, or to increase the amount required to be maintained in the Reserve Fund account pursuant to the General Bond Ordinance, the amount, or increase in the amount, as applicable, required to satisfy such Reserve Requirement may be funded in up to twelve substantially equal consecutive monthly deposits commencing not later than the month following the occurrence of deficiency.

Each Reserve Requirement, in whole or in part, may be funded with cash or Investment Obligations, or one or more Reserve Products, or a combination thereof. Any such Reserve Product must provide for payment on any interest or principal payment date (provided adequate notice is given) on which a deficiency exists (or is expected to exist) in moneys held hereunder for payment of the principal of or interest on the Obligations due on such date which cannot be cured by funds in any other fund or account held pursuant to the Bond Ordinance and available for such purpose, and shall name the Paying Agent as the beneficiary thereof. Each Reserve Product must be rated in the highest rating category by each Rating Agency. If a disbursement is made from a Reserve Product as provided above, the Issuer shall be obligated to reinstate the maximum limits of such Reserve Product on or before the close of the month following such disbursement from the first Revenues available pursuant to the Bond Ordinance or to replace such Reserve Product by depositing into the Reserve Fund pursuant to the Bond Ordinance, funds in the maximum amount originally available under such Reserve Product, plus amounts necessary to reimburse the Reserve Product Provider for previous disbursements under such Reserve Product, or a combination thereof. For purposes of this Section, amounts necessary to satisfy such reimbursement obligations of the Issuer to the Reserve Product Provider shall be deemed to be required deposits to the Reserve Fund, but shall be applied to satisfy the obligations to the Reserve Product Provider.

If the Reserve Requirement is funded in whole or in part with cash or investment obligations and no event of default shall have occurred and be continuing under the Bond Ordinance, the Issuer may at any time in its discretion, substitute a Reserve Product meeting the requirements of the Bond Ordinance for the cash and investment obligations in the Reserve Fund and the Issuer may then withdraw such cash and investment obligations from the Reserve Fund and deposit them to the credit of the Operating Fund so long as (i) the same does not



adversely affect any rating by a Rating Agency then in effect with respect to the obligations, or any series thereof, and (ii) the Issuer obtains an opinion of Bond Counsel to the effect that such actions will not, in and of themselves, adversely affect the exclusion from gross income of interest on the obligations (if not taxable obligations) for federal income tax purposes.

Cash on deposit in any Reserve Fund account shall be used (or investments purchased with such cash shall be liquidated and the proceeds applied as required) prior to any drawing on any Reserve Product in such account. If more than one Reserve Product is deposited in the Reserve Fund account, drawings thereunder shall be made on a pro rata basis, calculated by reference to the maximum amounts available thereunder.

Any Supplemental Ordinance may require a greater Reserve Requirement or no Reserve Requirement for any issue or series of obligations of or other obligations on behalf of Issuer with respect to the Reserve Fund.

(e) Capital Additions Fund. After meeting the requirements in (d) above, the moneys in the Receipts Fund shall next be deposited in the Capital Additions Fund, which moneys in the Capital Additions Fund shall next be used for the following purposes:

(i) When amounts are deposited in the Capital Additions Fund to pay the capitalized cost of interest on Obligations of the Issuer, the Issuer shall pay from the Capital Additions Fund to the Paying Agent, on or before the date or dates on which interest on such obligations becomes due and payable, an amount equal to such interest.

(ii) Notwithstanding the above provisions of this Section, amounts in the Capital Additions Fund must be applied to the payment of principal and Redemption Price of and interest on the Obligations and the payment of Parity Debt, on a parity basis, when due at any time that moneys are not available therefor.

(iii) There shall also be deposited in said fund all Impact Fees.

(iv) Not later than one hundred twenty (120) days following the close of each Fiscal Year the Issuer will receive from the Capital Additions Fund, if and to the extent that the money in such Fund makes possible such payment under the restrictions hereinafter contained, a payment in lieu of taxes, the amount of which shall be determined as follows:

- (A) There shall be set aside in each fiscal year for the purpose of paying Capital Costs an amount equal to seven and one-half percent (7-1/2%) of the total Non-Fuel Revenues into the Receipts Fund for such Fiscal Year.
- (B) If the balance of the amount so paid into the Capital Additions Fund in any Fiscal Year, after there has been deducted from the amount so paid seven and one-half percent (7-1/2%) of the total Non-Fuel Revenues into the Receipts Fund as above provided, is equal or less than twelve percent (12%) of the Receipts Fund deposits for such Fiscal Year, all of such balance shall be paid to the Issuer; however, if such balance is more than twelve percent (12%) of the Receipts Fund deposits for such year, then the Issuer shall be paid an amount equal to twelve percent (12%) of said Receipts Fund deposits.
- (C) The remaining moneys in the Capital Additions Fund may be used for (i) paying Capital Costs or for the creation and maintenance of a Rate Stabilization Account, which may be used for making payments into the Receipts Fund to provide for temporary losses of revenue, such payments to be made for such time and in such amounts as may be determined by the Issuer and shall be considered as Revenue as defined in the Bond Ordinance, (ii) the payment of Subordinated Indebtedness and Subordinated Contract Obligations, (iii) the purchase of Outstanding Obligations, or (iv) making any payment or investment for any lawful purpose.

#### **Creation of Liens; Issuance of Subordinated Indebtedness; Subordinated Contract Obligation and Debt**

The Issuer shall not issue any bonds or other evidences of indebtedness or incur obligations, other than Obligations and Parity Debt as provided in the Bond Ordinance, secured by a pledge of the Net Revenues and shall not create or cause to be created any lien or charge on the Net Revenues except to the extent otherwise provided in

the Bond Ordinance; provided, however, that the Issuer may, at any time, or from time to time, incur Subordinated Indebtedness or enter into Subordinated Contract Obligations payable out of, and which may be secured by a pledge of, such amounts as may from time to time be available for the purpose of the payment thereof in accordance with the Bond Ordinance, and such pledge shall be, and shall be expressed to be, subordinate in all respects to the pledge of Net Revenues created by the Bond Ordinance as security for payment of the Obligations and provided further, however, that nothing contained in the Bond Ordinance shall prevent the Issuer from issuing (i) bonds, notes, or other obligations or evidences of indebtedness under another and separate resolution or ordinance to finance a Separately Financed Project; or (ii) other bonds, notes, or other obligations or evidences of indebtedness under another and separate resolution or ordinance payable from, among other sources, those moneys withdrawn by the Issuer from the Capital Additions Fund.

### **Issuance of Parity Obligations**

Except as otherwise provided in this section, no Obligations may be issued under the Bond Ordinance, unless the Issuer shall have first complied with the requirements of this Section. Additional Obligations may be issued from time to time under the Bond Ordinance for any lawful purpose of the Issuer in connection with the Utilities System.

(1) Any Obligations, or any part thereof, may be refunded and the refunding Obligations so issued shall enjoy complete equality of lien with the Obligations which are not refunded, if there be any, and the refunding Obligations shall continue to enjoy whatever priority of lien over subsequent issues as may have been enjoyed by the Obligations refunded.

(2) Additional Obligations, other than refunding Obligations described in (1) above, may be issued from time to time under the Bond Ordinance upon compliance with the following conditions:

(a) the Issuer shall have enacted a Supplemental Ordinance authorizing such Obligations and providing for the terms thereof as contemplated in the Bond Ordinance and reciting that all of the covenants contained in the Bond Ordinance will be fully applicable to such Obligations and otherwise complying with the provisions of the Bond Ordinance;

(b) the Mayor-President shall certify in writing that, upon the delivery of such Obligations, the Issuer will not be in default in the performance of the terms and provisions of the Bond Ordinance or of any of the Obligations;

(c) the (i) Mayor-President shall certify in writing that the Net Revenues of the Utilities System, as shown on the then-most recent available audited financial statements of the Utilities System equal or exceed the Bond Service Requirement for the same audited period for all Outstanding Obligations and (ii) a certificate from the Consulting Engineer certifying that the Net Revenues of the Utilities System equal or exceed the Bond Service Requirement for all Outstanding Bonds, Parity Debt and additional Obligations proposed to be issued for the first three complete Bond Years during which the additional Obligations shall be outstanding; and

(d) the Governing Authority shall have received an opinion or opinions from the Bond Counsel to the effect that (i) the Issuer has the right and power under the Act to enact the Bond Ordinance and the Bond Ordinance has been duly and lawfully enacted by the Issuer, is in full force and effect and is valid and binding upon the Issuer and is enforceable in accordance with its terms and no other authorization of the Bond Ordinance is required, (ii) the Bond Ordinance creates a valid lien upon and pledge of the Net Revenues, (iii) the obligations are valid and binding limited obligations of the Issuer, enforceable in accordance with their terms and the Bond Ordinance and have been duly and validly authorized and issued in accordance with the Act and the Bond Ordinance, and (iv) the Issuer has the full lawful power and authority to issue the Obligations for the purposes for which they are authorized.

In calculating Net Revenues of the Utilities System for purposes of clause (c) above, the Mayor-President may, at his or her option, adjust the amount of Net Revenues shown on the most recent available audited financial statements of the Utilities System in the following respects:

(i) If, prior to the issuance of the additional Obligations or incurrence of Parity Debt, the Issuer shall have increased the rates, fees, rentals or other charges for services of the Utilities System, the above calculations of Net Revenues may be adjusted to show the Net Revenues that would have been derived from the Utilities System if such increased rates, fees, rentals or other charges had been in effect for the full fiscal year covered by such audited financial statements;

(ii) If the Issuer shall have acquired or shall have contracted to acquire all or part of any privately or publicly owned utility system which is to be added to the Utilities System and the cost of which is to be paid, in whole or in part, from proceeds of the proposed additional Obligations, then the above calculations of Net Revenues shall be increased by adding thereto the Net Revenues that would have been derived if such addition to the Utilities System had been included in the Utilities System for the full fiscal year covered by such audited financial statements; and

(iii) If the Issuer, in connection with the issuance of the additional Obligations or incurrence of Parity Debt, shall enter into a contract (with a duration or term not less than the final maturity of such additional obligations) with any public or private entity whereby the Issuer agrees to furnish services of the Utilities System to such entity, then the Net Revenues shown on the audited financial statements shall be increased by the estimated amount which such public or private entity has agreed to pay in one fiscal year for the furnishing of such services, after deducting therefrom the cost of operation, maintenance, repair, renewal and replacement allocable to providing such services.

(e) Obligations issued and Parity Debt incurred pursuant to the foregoing terms and conditions shall be deemed on a parity with all Obligations and Parity Debt then Outstanding, and all of the covenants and other provisions of the Bond Ordinance shall be for the equal benefit, protection and security of the holders of any Obligations originally authorized and issued and Parity Debt incurred pursuant to the Bond Ordinance and the holders of any Obligations and Parity Debt evidencing additional obligations subsequently created within the limitations of and in compliance with the foregoing.

Notwithstanding anything contained in the Bond Ordinance to the contrary, the above provisions shall not be applicable to Parity Reimbursement Obligations and Parity Swap Obligations incurred with respect to obligations which met the above conditions upon their issuance or incurrence.

#### **Separately Financed Project**

Nothing in the Bond Ordinance shall prevent the Issuer from authorizing and issuing bonds, notes, or other obligations or evidences of indebtedness, other than Obligations, for any project authorized by the Act, or from financing or otherwise providing for any such project from other available funds (such project being referred to as a "Separately Financed Project"), if the debt service on such bonds, notes, or other obligations or evidences of indebtedness, and the Issuer's share of any operating expenses related to such Separately Financed Project, are payable solely from the revenues or other income derived from the ownership or operation of such Separately Financed Project, from other available funds of the Issuer not constituting part of the Revenues or from other funds withdrawn by the Issuer from the Capital Additions Fund.

### **BOND INSURANCE**

*The following information has been furnished by Assured Guaranty Municipal Corp. ("AGM") for use in this Official Statement. The Issuer makes no representations as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the dates indicated. Summaries of or references to the Bond Insurance Policy are made subject to all the detailed provisions thereof to which reference is hereby made for further information and do not purport to be complete statements of any or all of such provisions. Reference is made to Appendix "H" for a specimen of the Bond Insurance Policy.*

#### **Bond Insurance Policy**

Concurrently with the issuance of the Bonds, AGM will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as Appendix "H" to this Official Statement.

#### **Assured Guaranty Municipal Corp.**

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO". AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and global public finance, infrastructure and structured finance markets. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM's financial strength is rated "AA" (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("KBRA") and "A2" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

### ***Current Financial Strength Ratings***

On December 21, 2018, KBRA announced it had affirmed AGM's insurance financial strength rating of "AA+" (stable outlook). AGM can give no assurance as to any further ratings action that KBRA may take.

On June 26, 2018, S&P announced it had affirmed AGM's financial strength rating of "AA" (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

On May 7, 2018, Moody's announced it had affirmed AGM's insurance financial strength rating of "A2" (stable outlook). AGM can give no assurance as to any further ratings action that Moody's may take.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2018.

### ***Capitalization of AGM***

At December 31, 2018:

- The policyholders' surplus of AGM was approximately \$2,533 million.
- The contingency reserves of AGM and its indirect subsidiary Municipal Assurance Corp. ("MAC") (as described below) were approximately \$1,034 million. Such amount includes 100% of AGM's contingency reserve and 60.7% of MAC's contingency reserve.
- The net unearned premium reserves and net deferred ceding commission income of AGM and its subsidiaries (as described below) were approximately \$1,873 million. Such amount includes (i) 100% of the net unearned premium reserve and deferred ceding commission income of AGM, (ii) the net unearned premium reserves and net deferred ceding commissions of AGM's wholly owned subsidiary Assured Guaranty (Europe) plc ("AGE"), and (iii) 60.7% of the net unearned premium reserve of MAC.

The policyholders' surplus of AGM and the contingency reserves, net unearned premium reserves and deferred ceding commission income of AGM and MAC were determined in accordance with statutory accounting principles. The net unearned premium reserves and net deferred ceding commissions of AGE were determined in accordance with accounting principles generally accepted in the United States of America.

### ***Incorporation of Certain Documents by Reference***

Portions of the following document filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof: the Annual Report on Form 10-K for the fiscal year ended December 31, 2018 (filed by AGL with the SEC on March 1, 2019).

All consolidated financial statements of AGM and all other information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof “furnished” under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC’s website at <http://www.sec.gov>, at AGL’s website at <http://www.assuredguaranty.com>, or will be provided upon request to Assured Guaranty Municipal Corp.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL’s website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AGM included herein under the caption “BOND INSURANCE – Assured Guaranty Municipal Corp.” or included in a document incorporated by reference herein (collectively, the “AGM Information”) shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

#### ***Miscellaneous Matters***

AGM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under this heading.

### **GENERAL COVENANTS OF THE ISSUER**

#### **Bond Ordinance to Constitute Contract**

The Bond Ordinance shall be deemed to be and shall constitute a contract between the Issuer and the Bondholders. The covenants and agreements to be performed by the Issuer set forth in the Bond Ordinance shall be for the equal benefit, protection and security of the Bondholders and all Obligations shall be of equal rank and without preference, priority or distinction over any other thereof, except as expressly provided in the Bond Ordinance.

#### **Operation Covenant**

The Issuer has covenanted to operate the Utilities System in a business-like manner and, in consultation with the Consulting Engineer, to operate the Utilities System in such manner in order to insure the continued availability of Net Revenues to pay all costs required by the Bond Ordinance. The Issuer covenants to adequately maintain and improve the Utilities System and to employ the necessary staff and employees, as required by industry practice and as necessary to properly operate and protect the Utilities System.

#### **Rate Covenant**

So long as any Obligations remain outstanding, the Issuer will fix, charge and collect, or cause to be fixed, charged and collected, subject to applicable requirements or restrictions imposed by law, such rates, rentals, fees and charges for the use of and for the services and products provided by the Utilities System as are expected to be sufficient in each Sinking Fund Year to produce Revenues, in an amount, at least equal to the sum of (i) one hundred percent (100%) of the Costs of Operation and Maintenance for such Sinking Fund Year, (ii) one hundred percent (100%) of the Bond Service Requirement for such Sinking Fund Year, (iii) one hundred percent (100%) of the amounts payable with respect to Subordinated Indebtedness and Subordinated Contract Obligations in such Sinking Fund Year, (iv) one hundred percent (100%) of the amount required to maintain the Reserve Fund in accordance with the Bond Ordinance, and any additional amount required to make all other payments required to be made.

Failure by the Issuer to comply with the preceding paragraph in any Fiscal Year shall not constitute an event of default under the Bond Ordinance so long as the Issuer shall, no later than sixty (60) days after discovering such non-compliance and in all events no later than sixty (60) days of receipt by the Issuer of audited financial

statements delivered pursuant to the Bond Ordinance which statements show such noncompliance, retain a Qualified Independent Consultant for the purpose of reviewing the Utilities System fees, rates, rents, charges and surcharges and shall implement the recommendations of such Qualified Independent Consultant with respect to such fees, rates, rents, charges and surcharges filed by the Qualified Independent Consultant with the Issuer in a written report or certificate, and such failure shall not be an event of default even though the Qualified Independent Consultant shall be of the opinion, as set forth in such report or certificate, that it would be impracticable at the time to charge such fees, rates, rents, charges and surcharges for the Utilities System as would provide funds sufficient to comply with the requirements of the preceding paragraph so long as the Issuer imposes such schedule of fees, rates, rents, charges and surcharges as in the opinion of such Qualified Independent Consultant will allow the Issuer to as nearly as then practicable comply with such requirements and the Issuer shall again be in compliance within the preceding paragraph no later than twelve calendar months after its discovery of such non-compliance. The Issuer shall provide notice of its failure to comply with the preceding paragraph to the Municipal Securities Rulemaking Board (the "MSRB") no later than thirty (30) days after engaging the services of a Qualified Independent Consultant pursuant to the requirements of the preceding sentence and shall provide a copy of the report or certificate of the Qualified Independent Consultant to any Owner who shall request the same in writing. Furthermore, the Issuer shall provide a copy of the report or certificate of the Qualified Independent Consultant to the Rating Agencies within thirty (30) days after receipt of same.

### **Maintenance of Utilities System; Disposition**

The Issuer has covenanted to maintain the Utilities System and all parts thereof in good condition and will operate the same in an efficient and economical manner, making such expenditures for such equipment, maintenance and repairs and for renewals and replacements thereof as maybe proper for its economical operation and maintenance, provided, however, that nothing shall be construed to prevent the Issuer from ceasing to operate or maintain, or from leasing or disposing of any portion or component of the Utilities System if, in the judgment of the Issuer, (i) it is advisable to lease, dispose of, or not operate and maintain the same, and (ii) the lease, disposition or failure to maintain or operate such component or portion of the Utilities System will not prevent the Issuer from meeting the requirements of the Bond Ordinance. Notwithstanding anything in the foregoing to the contrary, the sale-leaseback or lease-leaseback of any portion or component of the Utilities System or any similar contractual arrangements the effect of which is that the Issuer continues to retain as part of the Revenues, the Revenues from such portion or component of the Utilities System, shall not constitute a lease or disposition thereof for purposes of the Bond Ordinance.

### **Reports and Annual Audits**

The Issuer has covenanted to require that an annual audit of the accounts and records with respect to the Utilities System be completed as soon as reasonably practicable after the end of each Fiscal Year by a qualified independent certified public accountant. Such audit shall be conducted in accordance with generally accepted auditing standards as applied to governments and shall include a statement by such auditors that no default on the part of the Issuer of any covenant or obligation hereunder has been disclosed by reason of such audit, or, alternatively, specifying in reasonable detail the nature of such default.

### **Additions to Utilities System**

The Issuer may add to the Utilities System any facilities or equipment purchased, acquired or constructed for the purpose of improving or renovating any element of the then-existing Utilities System. In addition, the Issuer may add to the Utilities System any facilities or equipment for the provision of utility-related services other than those provided by the then-existing Utilities System, so long as, (i) if any Tax-Exempt Obligations are outstanding under the Bond Ordinance, the Issuer shall have received an opinion of Bond Counsel that the addition to the Utilities System will not, in and of itself, cause the interest on such Tax-Exempt Obligations not to be excludable from gross income of the Holders thereof for federal income tax purposes, (ii) if the Revenues anticipated by the Issuer to be derived from such addition in its first full Fiscal Year of operations are equal to or greater than ten percent (10%) of the total Revenues derived by the Utilities System in the most recent Fiscal Year of the Issuer preceding the adding of such addition to the Utilities System for which audited financial statements are available, or if the Cost of Operation and Maintenance anticipated by the Issuer to be incurred in connection with such addition in its first full Fiscal Year of operation are equal to or greater than ten percent (10%) of the total Cost of Operation and Maintenance incurred by the Utilities System in the most recent fiscal year preceding the adding of such addition to the Utilities System for which audited financial statements are available, prior to making such addition to the Utilities System the Issuer shall have obtained a written report of a Qualified Independent Consultant to the effect

that within its first five (5) full years of operation, the annual additional Revenues generated by such addition in any one Fiscal Year of such first five (5) full years will exceed the annual additional Costs of Operation and Maintenance allocable to such additions in such Fiscal Year, and (iii) within ninety (90) days after adding such addition to the Utilities System the Issuer shall have provided written notice of same to each Rating Agency.

## CITY OF LAFAYETTE

### General

The City was incorporated in 1914. It is located on the Vermilion River, approximately 30 miles from the Gulf of Mexico, 135 miles west of New Orleans, and 200 miles east of Houston, Texas. The City is the parish seat of the Parish, which was created on January 17, 1823, and covers a total area of approximately 277 square miles. The City is located in the heart of Acadiana, an eight-parish area in the center of southern Louisiana, between New Orleans and Houston, Texas in proximity to many of the largest and richest oilfields in Louisiana. Each of the Electric System, Water System and Wastewater System provides services primarily inside the City, but also on a limited basis to some areas outside the City limits.

For additional information with respect to the City, see Appendix “C” and Appendix “D” hereto.

### Governance

In the Fall of 1992, the electorate of the Parish, including the City, adopted the Charter establishing the Lafayette City-Parish Consolidated Government (“LCG”) for the purposes of consolidating the governmental functions of the City and the Parish. The new government became operative June 3, 1996, when the LCG officials took office pursuant to the Charter.

LCG includes the Mayor-President elected by the Parish and the City-Parish Council, consisting of nine single member district members, all elected to four-year terms of office. The Mayor-President and the Chief Administrative Officer direct and supervise the administration of all departments, offices, and agencies of LCG, except as may otherwise be provided by the Charter or by law. Certain departments of LCG are involved in day-to-day management and operation of LUS. The City owns the Utilities System’s assets.

The City-Parish Council is the governing authority of the LPPA, a political subdivision created for the purpose of acquiring electric generating facilities to provide power to the Utilities System. LPPA provides wholesale power to LUS. The governing authority of LUS is LPUA. Although LPUA is the governing body of LUS, the Charter confers the authority to sign all contracts on behalf of LUS to the Mayor-President. Joel Robideaux is the Mayor-President of LCG and his term expires January 2020.

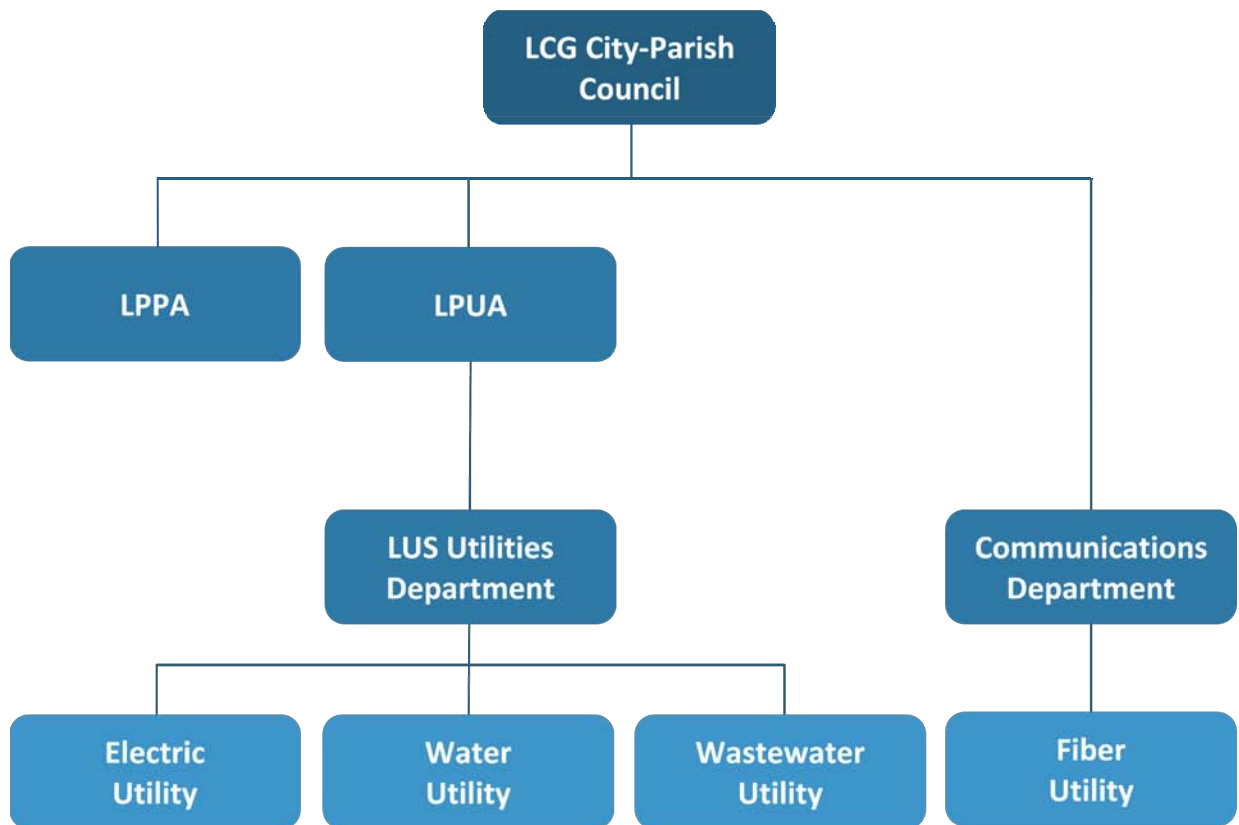
The following are the current members of the City-Parish Council:

	<u>Term Expires</u>
Jared P. Bellard, District 5, <i>Chair</i>	January 2020
Patrick “Pat” Lewis, District 3, <i>Vice Chair</i> *	January 2020
Kevin Naquin, District 1	January 2020
Jay Castille, District 2	January 2020
Kenneth P. Boudreaux, District 4*	January 2020
Bruce M Conque, District 6*	January 2020
Nanette S. Cook, District 7*	January 2020
Liz W. Hebert, District 8*	January 2020
William G. Theriot, District 9	January 2020

\* Also serves as a member of the Lafayette Public Utilities Authority.

The chart below shows the City’s Utilities System and Communications System current organizational structure until January 5, 2020. Beginning January 6, 2020, the organizational structure will reflect the separate governance of the City and the Parish as described in “– Home Rule Charter Amendments” below. At such time, LUS, the Communications System, and LPPA will be managed by the City Council (as hereinafter defined).

### LCG and LUS Structure



### Home Rule Charter Amendments

On December 8, 2018, voters of the Parish and the City ratified amendments to the Charter (the “Charter Amendments”) which provides the rules of governance for the City and the Parish.

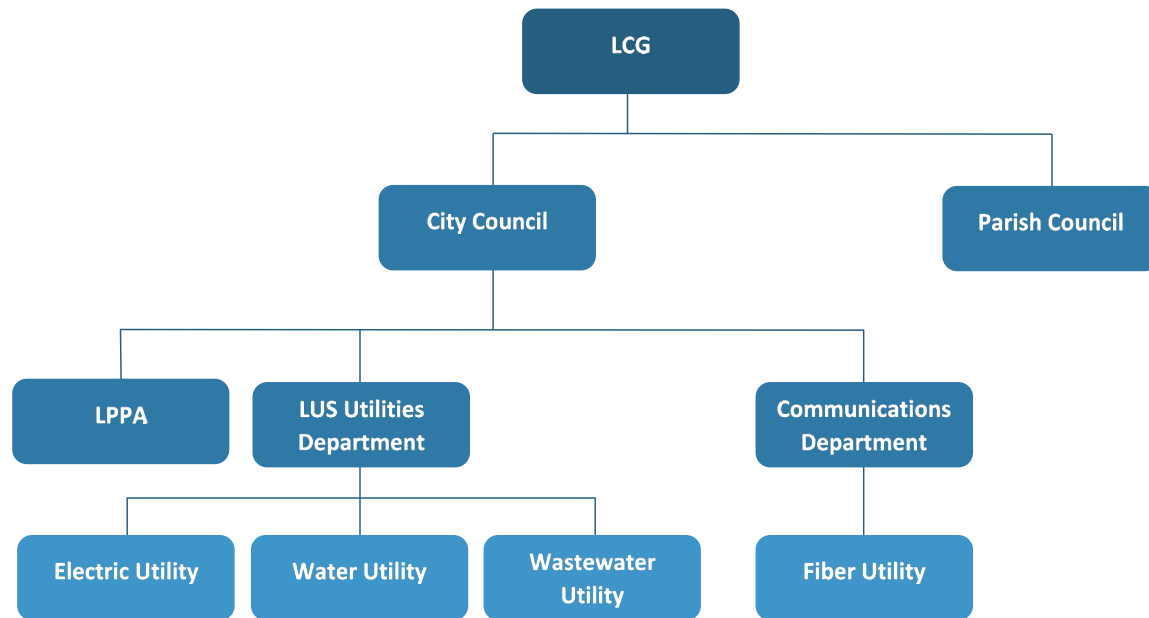
Currently, the City-Parish Council consists of nine (9) members and acts as the governing authority for the City and the Parish. Pursuant to the Charter Amendments, the nine (9) member City-Parish Council will be replaced by the new "Lafayette City Council" consisting of five (5) members who shall serve as the governing authority for the City (the “City Council”) and the new "Lafayette Parish Council" consisting of five (5) members who shall serve as the governing authority for the Parish (the “Parish Council”). Furthermore, the City Council and the Parish Council, jointly, shall serve as the governing authority for LCG. The Mayor-President will remain a part of LCG, together with the City Council and the Parish Council.

The boundaries of districts of the new five (5) member councils for the City and the Parish will be put in place for the upcoming elections on October 12, 2019. Currently, there is a pending question of whether an ordinance or an election is the proper method to address certain discrepancies in the description of the boundaries of the new City Council districts and Parish Council districts. The City-Parish Council is currently working on resolving that issue prior to October 12, 2019. Regardless of the ultimate resolution of this issue, the result will be that there will either be a five (5) member City Council and five (5) member Parish Council (as described above) or a nine (9) member consolidated City-Parish Council as currently exists. The organizational structure of the Council will not affect the City’s obligation or ability to repay the Bonds or other outstanding revenue bonds of the Utilities System or Communications System.

The City Council will replace LPUA as the governing authority for LUS. The Mayor-President will continue to appoint the director of LUS, with such appointment subject to ratification by the new City Council. Lastly, the Charter Amendments also provide that LUS may be sold, leased, or managed by a third party only if approved by a majority of qualified voters of the City.



The chart below reflects the City’s Utilities System and Communications System organizational structure beginning January 6, 2020, once the Charter Amendments go into effect.



## THE UTILITIES SYSTEM

### General

The Issuer owns and operates the Utilities System as a single revenue producing public utility consisting of: (1) an Electric System, including generation, transmission and distribution facilities (the “Electric System”); (2) a Water System, including supply, treatment, transmission, distribution and storage facilities (the “Water System”); and (3) a Wastewater System, including wastewater collection and treatment facilities (the “Wastewater System”), each as more fully described herein.

The Utilities System served approximately 70,000 accounts in 2018. The Electric System served 67,243 accounts, of which approximately 54,761 were residential and approximately 11,561 were commercial customers. The Water System and Wastewater System served 56,564 and 45,019 accounts, respectively.

Each of the Electric System, Water System and Wastewater System provides services primarily inside the City, but also on a limited basis to some areas outside the City limits. For more information regarding services provided outside the City limits, see “WATER SYSTEM – General” and “WASTEWATER SYSTEM – General”.

### Management of the Utilities System

The principal members of the management team of the Utilities System include:

Jeffrey Stewart — *Interim Utilities Director*. Jeffrey has been with LUS for 18 years, and was appointed as interim Utilities Director in July 2018. He graduated from the Louisiana State University with a Bachelor of Science in Electrical Engineering and is a registered Professional Engineer in the State of Louisiana. Jeffrey also serves as LUS’ Engineering and Power Supply Manager.

Lorrie R. Toups, CPA, CGFO — *Chief Financial Officer*. Lorrie has 26 years of experience in government finance. She was employed by St. Charles Parish, Louisiana from 1993 through 2008 where she held the position of Chief Financial Officer from 2000 – 2008. She served as Director of Accounting from 2008 through 2011 in Jefferson Parish, Louisiana prior to joining Lafayette City-Parish Consolidated Government in February 2011.

Lorrie is a certified public accountant and a certified government finance officer. She holds a B.S./B.A. degree from Nicholls State University with a major in accounting. She is a past president of the Louisiana Government Finance Officers Association and served six years on its board of directors. She served on the board of

directors for the Louisiana Certified Public Accountants – New Orleans Chapter for four years and chaired the Governmental and Non-profit committee for seven years. Lorrie also served on the Industrial Development Board of St. Charles Parish and on the Archbishop Chapelle High School Board.

Gregory A. Labbé — *Electric Operations Manager*. Gregory has been with working with LUS for 33 years and has held several positions in the Electric Operations Section. Mr. Labbé is responsible for the day-to-day operation of the electric transmission and distribution system including Transmission and Distribution Operations, Field Operations, Energy Control, Substations and Communication, Facilities Management, and the Warehouse. Mr. Labbé is a graduate of T.H. Harris Technical School in Opelousas, Louisiana.

Craig Gautreaux — *Water and Wastewater Operations Manager*. Craig has 37 years of experience in the Civil Engineering/Wastewater Operations industry (5 years with the University of Louisiana-Lafayette, 5 years with a private consulting firm and 27 years with the Utilities System). He is a Graduate Civil Engineer with a Masters in Civil Engineering.

Tracy Mouton — *Environmental Compliance Manager*. Tracy has been in the environmental field with the Utilities System for 26 years, serving as the Environmental Compliance Manager since July 2017. Her education includes a Bachelor of Science in biology with a minor in chemistry from Jackson State University in Jackson, Mississippi.

Antonio Conner — *Customer & Support Services Manager*. Antonio has over 18 years of experience in the business administration and accounting fields. His previous experience encompasses various private entities, and for over the past 13 years has worked for the Utilities System in a financial reporting capacity. He holds a Bachelor of Science in Business Administration degree and a Master of Business Administration degree from the University of Louisiana at Lafayette. He is responsible for various support and customer service functions within the Utilities System including financial monitoring and planning, rates, revenue assurance, employee development, meter services, utility conservation, customer service, business support services, and administration support services

The City is currently performing a comprehensive executive search to facilitate the recruitment and selection of a Director for the Utilities System. This executive search includes identification of candidates, interviews and a selection process. The City intends to fill the position this year.

## **Employees**

As of October 31, 2018, the Utilities System had approximately 416 full-time employees and approximately 34 part-time employees on staff. The Utilities System has a budgeted 460 employees for fiscal year 2019.

## **Permits and Approvals**

The Utilities System facilities are in material compliance with applicable environmental regulations and key environmental permits, approvals, and consent orders.

## **Environmental Stewardship**

LUS promotes conservation and is committed to the efficient use of natural resources. LUS promotes energy star products, educates customers on energy and water conservation practices, and provides web-based tools for customers to better manage their consumption on a daily basis. In addition, LUS employs an energy conservation specialist who provides complimentary energy audits to customers and provides tips for reducing energy and water usage. Some of the programs LUS has initiated include land farming, availability of Kill-a-Watt™ meters, Nest® thermostats, and rain barrels.

## **CAPITAL IMPROVEMENT PROJECTS**

The most recent Utilities System Capital Improvement Program (“CIP”) is contained in the LCG Adopted Operating and Five-Year Capital Improvement Budget FY 2018-2019 (“2019 Budget”). The five-year CIP totals \$143,115,000 and is shown in the table below. LUS plans to fund a portion of each of (i) the CIP for the Electric System (the “Electric System CIP”), (ii) the CIP for the Water System (the “Water System CIP”) and (iii) the CIP for the Wastewater System (the “Wastewater CIP”) from a portion of the proceeds of the Bonds with the remaining portion funded with cash.

**Utilities System  
Capital Improvement Program**

<b>Utility</b>	<b><u>FY 2019</u></b>	<b><u>FY 2020</u></b>	<b><u>FY 2021</u></b>	<b><u>FY 2022</u></b>	<b><u>FY 2023</u></b>	<b><u>Total</u></b>
<b>Electric <sup>(1)</sup></b>						
Production	\$2,080,000	\$1,320,000	\$510,000	\$510,000	\$160,000	\$4,580,000
Distribution	3,845,000	3,185,000	1,285,000	1,285,000	535,000	10,135,000
Substation	17,485,000	1,135,000	1,135,000	835,000	835,000	21,425,000
Transmission	5,310,000	3,010,000	10,000	10,000	10,000	8,350,000
General Plant	9,860,000	5,560,000	5,410,000	160,000	160,000	21,150,000
Total Electric	\$38,580,000	\$14,210,000	\$8,350,000	\$2,800,000	\$1,700,000	\$65,640,000
<b>Water</b>						
Production	\$6,980,000	\$580,000	\$1,180,000	\$930,000	\$230,000	\$9,900,000
Distribution	2,860,000	1,360,000	2,910,000	1,310,000	1,110,000	9,550,000
Total Water	\$9,840,000	\$1,940,000	\$4,090,000	\$2,240,000	\$1,340,000	\$19,450,000
<b>Wastewater</b>						
Treatment	\$13,230,000	\$13,985,000	\$860,000	\$4,460,000	\$610,000	\$33,145,000
Collection	8,540,000	5,125,000	2,075,000	1,895,000	7,245,000	24,880,000
Total Wastewater	\$21,770,000	\$19,110,000	\$2,935,000	\$6,355,000	\$7,855,000	\$58,025,000
<b>Total Capital Program</b>	<b>\$70,190,000</b>	<b>\$35,260,000</b>	<b>\$15,375,000</b>	<b>\$11,395,000</b>	<b>\$10,895,000</b>	<b>\$143,115,000</b>

Source: 2019 Budget. Amounts are in 2019 dollars.

(1) Does not include the LPPA Rodemacher Unit 2 CIP.

**Electric System Improvements**

The Electric System CIP is reviewed, updated, and budgeted annually. The Electric System CIP totals \$65.6 million over the five-year period.

***Production***

The Electric System CIP includes production capital expenditures totaling \$4.6 million over the five-year period, primarily related to combustion turbine plant improvements, and including inlet air chiller coil replacements, emissions controls, replacement of a cooling tower, and fuel supply improvements.

***Distribution***

Distribution system capital improvements included in the Electric System CIP include replacing and renewing distribution feeders, extending distribution infrastructure to serve system expansions, and other general distribution improvements. Of the \$10.1 million in capital improvements costs relating to distribution, approximately \$3.0 million is associated with system expansions or feeder extensions to serve growing areas of the existing service territory and the Holiday Gardens Annexation. Holiday Gardens is a residential area that was annexed into the City with approximately 400 residential customers. The majority of the remaining capital costs are associated with line extensions, fault detectors, reconductoring, renewals and replacements of existing feeders, and the distribution system.

***Substation***

The substation capital improvements are budgeted to total \$21.4 million in the Electric System CIP. The Electric System CIP includes \$2.5 million for a new 230 kilovolt (“kV”)/69 kV transformer at Pont Des Mouton Substation, \$3 million for the construction of the Northeast Substation, and \$4.0 million for the Peck Substation improvements. The Northeast Substation will be connected by two 69 kV transmission lines – one from Pont Des

Mouton Substation and the other from Peck Substation. The Northeast Substation will serve load growth in the northeast section of the City and provide backup to the Peck Substation distribution feeders. The Peck Substation improvements will allow for the connection of the 69 kV line from Northeast Substation. Per the CIP, \$6.5 million of the substation capital is dedicated to the reconfiguration and expansion of the Doc Bonin Switchyard to increase reliability and increase ease of maintenance to address any potential equipment issues.

The remaining substation capital improvements are associated with transformer replacements, high voltage breaker replacements throughout the transmission and distribution substation system, and general substation plant improvements.

### ***Transmission***

The Electric System CIP contains \$8.4 million in transmission conductors. The improvements primarily include \$6.5 million for construction of the new Peck / Northeast 69 kV transmission line and \$1.8 million construction of the new Pont Des Mouton / Northeast 69 kV transmission line. These 69 kV transmission lines and the new Northeast Substation will provide an additional connection between LUS' 69 kV transmission loop and the 230 kV transmission system, improving capacity, reliability, and performance. The remaining capital cost is associated with miscellaneous transmission improvements.

### ***General Plant***

The Electric System CIP for General Plant totals \$21.2 million. At \$7.0 million, the largest project is for light emitting diode streetlight replacements to reduce energy consumption and related streetlight maintenance costs. The Electric System CIP also includes \$5.3 million of facilities improvements related to office expansions, warehouse additions, and general facilities improvements. The Pinhook Plant Rehabilitation is \$5.0 million and includes lead paint abatement, asbestos abatement, and equipment removal. The remaining capital cost is associated with a supervisory control and data acquisition ("SCADA") software upgrade, warehouse renovations, outage management system replacement, facilities improvements, and network/technology improvements.

## **Water System Improvements**

The Water System CIP is reviewed, updated, and budgeted annually. The Water System CIP contained in the 2019 Budget totals \$19.5 million for the five-year period and includes building rehabilitation; treatment plant upgrades; and main replacements, upgrades, and extensions.

### ***Production***

The Water System CIP includes \$9.9 million in production improvements. The production improvements include \$4.5 million for pressure filters at the Commission Boulevard Plant. There is \$1.7 million identified in the CIP for the South Water Plant (the "SWP") for building rehabilitation to address roof repairs, wall repairs, general painting, and media replacements. The SWP will also be armored for protection from future hurricanes. The Water System CIP contains \$1.5 million for the North Water Plant (the "NWP") for media replacement of aging anthracite coal, building improvements, pipe pigging, and rehabilitation of treatment units. The anthracite coal media is part of the filtration system of the NWP. NWP building improvements include expanding an existing maintenance building and moving phosphate tanks from the third floor down to ground level. These improvements and replacements at the NWP will improve operations and increase efficiency at the plant. The remaining funds identified for water production in the 2019 Budget are associated with general treatment plant upgrades throughout the system, continued expansion of the SCADA monitoring system for the ground water wells and pumps, a backup generator at the Gloria Switch site, and ground storage tank painting at the NWP.

### ***Distribution***

The Water System CIP includes \$9.6 million in water distribution improvements. The majority of the distribution improvements identified are for water main expansions, upgrades, or replacements to serve expanding areas of the service territory and maintain or enhance water pressure and service in existing areas. The Water System CIP includes \$1.5 million for the installation of the new Vincent Road ground storage tank to further support system expansion and pressure needs in the growing Milton and Youngsville areas. Valve installation at the NWP, costing \$1.3 million, will improve operations and allow for the plant itself to be isolated from the distribution system, if necessary.

## **Wastewater System Improvements**

The Wastewater System CIP is reviewed, updated, and budgeted annually. The Wastewater System CIP contained in the 2019 Budget totals \$58.0 million and includes the expansion of wastewater treatment plants, digester rehabilitations, lift station upgrades, gravity sewer upgrades, collection system improvements, odor control, and sludge handling.

### ***Treatment***

The Wastewater System CIP includes \$33.2 million for LUS' wastewater treatment facilities. The Wastewater CIP contains \$27.0 million capital costs related to expansion and upgrade of the South Sewage Treatment Plant (the "South Plant") including the plant expansion, odor controls, and sludge handling and treatment processes. LUS purchased property adjacent to the South Plant, prepared engineering plans, and began initial phases of construction of a new sludge building and belt presses for the South Plant expansion project in FY 2017. The planned South Plant expansion and modifications will increase the capacity of the South Plant from 7.0 million gallons per day ("MGD") to a total capacity of 12.0 MGD, allowing the plant to better serve growth in the system, as well as, the potential addition of packaged plants in the area. Other considerations for maximizing the treatment capacity at the South Plant include reconfiguration of existing treatment from extended aeration to Sequencing Batch Reactors ("SBRs") and blending retained flow with treated discharge in accordance with United States Environmental Protection Agency ("EPA") rules and guidelines. The South Plant's increased capacity will allow for water treatment load to be shifted from the Ambassador Caffery Treatment Plant (the "Ambassador Caffery Plant"). Transferring a portion of the Ambassador Caffery Plant water treatment load will free up treatment capacity at the Ambassador Caffery Plant to adequately treat an increasing service area.

The remaining \$6.1 million in the Wastewater System CIP for treatment improvements includes a sewer system master plan, upgrades at the remaining sewage treatment plants, and additional property purchases to support LUS' biosolids disposal program. The additional sewage treatment plant upgrades include \$1.7 million for plant expansion, piping rehabilitation, sludge holding tank, and pond cleaning at the Northeast Sewage Treatment Plant (the "Northeast Plant"), and general upgrades or modifications to the remaining treatment facilities. Once completed, these remaining plant expansions, upgrades, and property purchases will provide additional flexibility in sewer treatment operations and increased capacity to serve the expanding service territory and package plant integrations.

### ***Collection***

The Wastewater System CIP includes \$24.9 million for wastewater collection improvements. The collection system improvements are primarily associated with lift station and collection system piping improvements. The lift station and collection system improvements will help reduce inflow and infiltration throughout the Wastewater System resulting in improved wastewater treatment plant operations. Remaining improvements include sewer consolidation projects that will provide sewer treatment to new customers, increase revenue, and provide backup power for critical lift stations. The Wastewater System CIP includes \$6.9 million for gravity sewer upgrades for the collection system feeding into the South Plant.

## **ELECTRIC SYSTEM**

### **General**

The Electric System consists of power generation, transmission, substation, distribution, and customer facilities within and outside its service territory. LUS became a full market participant in the Midcontinent Independent System Operator, Inc. ("MISO") as a Local Balancing Authority in 2013. MISO membership required LUS to modify the methods and processes the utility uses to purchase and sell power. LUS now purchases all its energy needs from the MISO market and dispatches its generation facilities to the market as market power sales.

LUS entered into an agreement with the local rural electric cooperative, Southwest Louisiana Electric Membership Corporation ("SLEMCO"), defining an "area of influence" surrounding the City limits in which LUS may acquire SLEMCO customers and serve new electric customers. The agreement defines the number of customers that can be acquired and specifies the payment for acquired customers. The agreement expires in September 2019 and LUS is in the process of negotiating a new contract.

### ***Generation Facilities***

LUS generates electricity with two natural gas-fired generating facilities located within the Parish, the T.J. Labbé Plant, and the Hargis-Hébert Plant, and the LPPA owned Rodemacher Unit 2 coal-fired generating plant located approximately 100 miles northwest of the City near Boyce, Louisiana. LPPA holds a 50 percent ownership interest in Rodemacher Unit 2 facilities, which is operated by Cleco.

The Utilities System has two local power plants that were retired in place, the Doc Bonin Plant and the Curtis Rodemacher Plant. The Doc Bonin and the Curtis Rodemacher Plants have been deemed economically obsolete. Curtis Rodemacher was retired in 1993 and the Doc Bonin Plant was retired in 2017. In 2016, a decommissioning study was performed for the Doc Bonin Plant and provided cost estimates for varying levels of decommissioning.

LUS is performing routine maintenance, upkeep, and site monitoring at the retired plants. At Curtis Rodemacher, site monitoring and remediation includes periodic soil sampling and lead paint removal. LCG must retain ownership of the Curtis Rodemacher site due to the co-location of a large, critical substation at the site and related security needs. Periodic costs associated with site monitoring and upkeep of both retired plants will continue, as needed, to maintain ownership and environmental compliance.

LUS has initiated a Request for Proposal to select a consultant to perform an Integrated Resource Plan (“IRP”), which will evaluate overall power supply options, including plans for potentially replacing or repowering the Doc Bonin Plant. In 2016, the previous IRP recommended that LUS install natural gas fired reciprocating engines at the Doc Bonin Plant site to replace the retiring Doc Bonin generation units. The reciprocating engine project is on hold indefinitely until the recommendations from the new IRP are available.

#### ***T.J. Labbé and Hargis-Hébert Plants***

The T.J. Labbé Plant began operation in 2005 and consists of two natural gas-fired 48 MW General Electric (“GE”) model LM6000PC SPRINT combustion turbine generators (each a “CTG”) equipped with supplemental inlet air cooling and compressor intercooling using a proprietary GE SPRay-INTERcooled system called “SPRINT.” The CTGs are capable of starting and reaching base load generation levels within 10 minutes. While the plant is staffed 24-hours per day, seven days a week, the CTGs are capable of being remotely started and monitored by the Hargis-Hébert staff. Previously, the T. J. Labbé Plant could be started and monitored from the Doc Bonin Plant control room. With the retirement of the Doc Bonin Plant, controls at both T. J. Labbé and Hargis-Hébert were upgraded in 2017 to allow for the start-up and monitoring of either plant from one location, if required. The T.J. Labbé Plant is connected to the LUS transmission system at 230 kV. The plant also includes a 600-kilowatt (“kW”) emergency generator for black start capability.

Annual net generation at the T. J. Labbé Plant has averaged approximately 13,400 megawatt hours (“MWh”) over the period from 2014 through 2018 with an average annual plant capacity factor of 1.6 percent. Annual natural gas consumption averaged 131,810 million British Thermal Units (“MMBtu”) over the same period. The annual average heat rate of the T. J. Labbé Plant was approximately 12,011 British Thermal Units (“Btu”) per kilowatt-hours (“kWh”).

The Hargis-Hébert Plant began commercial operation in 2006 and is nearly identical to the T.J. Labbé Plant, with two natural gas-fired 48 MW GE model LM6000PC SPRINT CTGs. The Hargis-Hébert Plant CTGs have the additional capability of providing voltage support to the transmission grid through a specially designed clutch system that was originally installed on each of the CTGs allowing the gas turbine to be shut down and uncoupled from the generator while the generator remains synchronized to the grid to supply or absorb reactive power. The CTGs are capable of starting and reaching base load generation levels within 10 minutes. The Hargis-Hébert Plant connects to the LUS transmission system at 69 kV. The plant has a 600-kW emergency generator for black start capability.

Annual net generation at the Hargis-Hébert Plant has averaged approximately 18,844 MWh over the 2014 to 2018 period, with an average annual plant capacity factor of 2.7 percent. Annual natural gas consumption averaged 243,452 MMBtu over the same period. The annual average heat rate of the Hargis-Hébert Plant was approximately 12,289 Btu per kWh.

### ***Rodemacher Unit 2***

Rodemacher Unit 2 is a 523 MW coal-fired generating station located at the Brame Energy Center near Boyce, Louisiana. Rodemacher Unit 2 is jointly owned by LPPA (50 percent), Cleco (30 percent), and the Louisiana Energy and Power Authority (“LEPA”) (20 percent) (collectively, the “Joint Owners”). The Agreement for Joint Ownership, Construction, and Operation (the “Joint Ownership Agreement”) dated June 30, 1977, as amended, established the joint ownership of Rodemacher Unit 2. The Joint Owners share the output of Rodemacher Unit 2 based on the relative ownership percentages. LPPA’s ownership share of Rodemacher Unit 2 is 261.5 MW of capacity and the related energy output. The Joint Ownership Agreement remains in effect through June 30, 2032.

Rodemacher Unit 2 provides the largest portion of LUS’ power generation capacity. Annual net generation at Rodemacher Unit 2 has averaged approximately 2,005,597 MWh over the period from 2014 through 2018 with an average annual plant capacity factor of 46.4 percent. The annual average heat rate of Rodemacher Unit 2 was approximately 11,449 Btu per KWh. For additional information regarding the LPPA Contract with respect to Rodemacher Unit 2, see “- Power Supply/Sales Contracts” below.

### ***MISO Market***

The Utilities System became a MISO full Market Participant in December 2013. MISO provides reliability and wholesale market grid operation for interconnected utilities in the midcontinent region of the United States. LUS is a Local Balancing Authority within the MISO Balancing Authority footprint.

As discussed below under “ – Fuel Infrastructure and Supply Contracts”, LUS has an agreement with The Energy Authority (“TEA”) for power and fuel marketing and TEA is registered as LUS’ Market Participant in MISO. LUS evaluates and approves TEA’s strategies for energy market participation, as well as provides feedback on how the selected strategies worked compared to alternative strategies.

Participation in the MISO market requires a buy-all/sell-all type of transaction. In collaboration with TEA, LUS purchases power to meet all of its load from the MISO market on an hourly basis. Simultaneously, MISO economically dispatches LUS’ generation assets and all of the generation is sold into the MISO market creating market sales for LUS. As a result of these changes, LUS reports the combined transaction as net purchased power (total market purchases less total market sales).

The MISO membership has improved the economic and over-all power supply situation for LUS. In addition to the transmission system improvements mentioned above, LUS also enjoys operational benefits resulting from MISO dispatch of its local generation, and is provided flexibility in the dispatch of LPPA’s Rodemacher Unit 2 capacity.

### ***Operations and Related Performance***

Each division within the Electric System has a safety representative and full support from upper management. The Departmental Accident Review Committee evaluates all incidents to report on causes and measures to improve safety. LUS adopted the American Public Power Association Safety Manual.

The distribution system Dispatch Center addresses customer calls, dispatches, and tracks crews. The Dispatch Center utilizes an Elster automated metering infrastructure system as the primary means for detecting and tracking outages, supplemented with customer call tracking. The outage management system tracks outage locations over time to prioritize maintenance/replacement work and determine system reliability indices.

### ***Transmission and Distribution***

The Electric System has 47 miles of transmission lines and 1,002 miles of distribution lines. Transmission substation facilities are at 230 kV, 138 kV, and 69 kV. The 230 kV transmission system includes 16 miles of line with interconnections to Cleco and Entergy. The 138 kV system equipment at the Doc Bonin Plant Substation connects to Entergy, as well as autotransformers to the 230 kV and 69 kV busses. The 69 kV transmission system consists of 31 miles of line. Fifteen distribution substations serve the 86 feeders on the LUS 13.8 kV distribution system. Existing transmission circuits are on a range of structure types including wood poles and steel towers.

The 1,002 miles of distribution lines include 481 miles of overhead and 521 miles of underground lines (13.8 kV). Overhead distribution poles are primarily creosote-treated southern yellow pine, with light-duty steel poles for corners or areas where guying is not possible.

All distribution facilities serving new subdivisions and commercial developments are underground. New underground cable is typically aluminum. All underground cable is installed in conduit with the exception of segments purchased from the local cooperative utility, SLEMCO. LUS is not aggressively pursuing conversion of overhead to underground facilities due to the significant costs incurred for such a conversion.

The transmission and distribution systems utilize dedicated fiber optic cables for secure communication and protection of the systems. Distribution capacitor bank controls and recloser controls are connected to the operations center via the fiber system.

LPPA, the City and Cleco have a Transmission Service Agreement signed in January 1991 to provide firm transmission service from Rodemacher Unit 2 to the City's interconnection points with Cleco. The agreement expires August 31, 2021.

### ***Environmental and Regulatory Compliance and Issues***

The Electric System and LPPA's Rodemacher Unit 2 are subject to continuing environmental regulation. Federal, state, and local standards and procedures, which regulate the impact of the generating assets on the environment, are subject to change. Consequently, there is no assurance that the facilities owned or under contract to the Electric System will remain subject to regulations that are currently in effect or will always be in compliance with regulations governing the protection of the environment that may be enacted in the future. The State of Louisiana (the "State"), through the Louisiana Department of Environmental Quality ("LDEQ"), establishes standards of performance and requires permits for the generating units of the Electric System, as well as Rodemacher Unit 2 in which the City has an ownership interest. In addition, the LDEQ has been delegated authority over and implements certain programs established by the EPA.

The Electric System facilities and LPPA's Rodemacher Unit 2 are in material compliance with applicable environmental regulations and key environmental permits, approvals and consent orders. LUS does not expect any rejections or delays in the renewals of the Electric System or LPPA environmental or operating permits.

The Electric System's most recent North American Electric Reliability Corporation ("NERC") Critical Infrastructure Protection ("NERC CIP") audit in the fall of 2017 was successful with no material findings and no major violations. The NERC Reliability Corporation has been assigned as LUS' regional compliance enforcement authority as of December 2, 2017. As part of LUS' adherence to current and future NERC CIP standards, LUS implemented new restrictive firewalls at substations and generating stations. In addition, encryption is now being utilized for substation communication to the LUS control centers. LUS has significantly reduced exposure to potential cyber security issues through these improvements.

LUS has a separate environmental and compliance division for the Electric System. Individual personnel within the Electric Environmental Compliance division are assigned to: 1) NERC compliance; 2) spills, Spill Prevention Control and Countermeasure plans, and remediation; and 3) air quality. Compliance staff education and training takes place as standards are updated or newly created; and the staff participates in NERC reliability conferences.

### ***Fuel Infrastructure and Supply Contracts***

The City signed a Resource Management Agreement with TEA in 2000 allowing TEA to market capacity and energy in the wholesale market and to purchase capacity and energy on behalf of the City if needed. In 2005, the City signed Letter Agreement Number Two for Natural Gas Services (the "Letter Agreement") with TEA. The Letter Agreement authorizes TEA to purchase natural gas and both firm and interruptible transportation and marketing the Electric System's surplus natural gas and transportation. The Letter Agreement continues until either party provides 30-day written notice of termination to the other party.

Natural gas for the T. J. Labbé and Hargis-Hébert Plants is provided under a base contract dated July 1, 2010 between by Centerpoint Energy Services, Inc. and TEA (the "Base Contract"). In 2017, two Transaction Confirmations were signed on LUS' behalf. Transaction Confirmation #4271474 was signed for a Firm Supply of up to 20,000 MMBtu per day for the Hargis- Hébert Plant for July 1, 2017 through June 30, 2018, with an automatic 12-month extension, at monthly and daily rates based on Henry Hub indices, plus an adder, plus Gulf South (as defined below) current transmission tariff, plus taxes or assessments. Transaction Confirmation #4547522 is a Full Requirements contract for the T.J. Labbé Plant for July 1, 2017 through June 30, 2018 with an automatic 12-month



extension, for 100 percent of LUS' natural gas requirements at monthly and daily rates based on Henry Hub indices, plus an adder, plus the TransCanada (Colombia Gulf) pipeline current transmission tariff, plus taxes or assessments

Natural gas supply to the Doc Bonin Plant site is via a 10-mile-long, 10-inch gas supply line, owned by LUS that connects to the Texas Gas Transmission Corporation and the Columbia Gulf Transmission Company pipeline. Natural gas is supplied to the T. J. Labbé Plant through an expansion pipeline that is approximately one-half mile long and is connected to the 10-inch gas supply line serving the Doc Bonin Plant site. Natural gas to the Hargis-Hébert Plant is supplied from an interconnection to the east-west Gulf South Pipeline Company, LP ("Gulf South") system located between Louisiana Highway 89 and Commission Boulevard. Gulf South operates and maintains the 10-inch lateral, which terminates at the metering station located on the Hargis-Hébert Plant property.

Coal from the Powder River Basin in Wyoming is the predominant fuel used at Rodemacher Unit 2. Coal is supplied under three contracts: Arch Coal Sales Company Inc., Peabody Coal Sales LLC, and Cloud Peak Energy Inc. LPPA owns two unit trains that deliver the coal to the plant from Wyoming. Cleco coordinates the deliveries in conjunction with their unit trains. Coal price adjustments are based on sulfur content in the coal and the heating value (Btu per pound) of the delivered coal.

An annual physical observation of the coal inventory is performed based on an aerial photographic survey and density measurements. An adjustment to inventory occurs when the survey indicates a variance in the results of the physical inventory of at least plus or minus 3 percent.

### ***Power Supply / Sales Contracts***

#### **LPPA — Rodemacher Unit 2 Power Station**

The Issuer entered into the LPPA Contract with the Lafayette Public Power Authority ("LPPA"). LPPA is a political subdivision of the State of Louisiana created in 1976 (and ratified and affirmed in 1977) by the City under and by virtue of the authority conferred by Article VI, Section 19 of the Louisiana Constitution of 1974, Sections 4170 through 4174 of Title 33 of the Louisiana Revised Statutes of 1950, as amended, and other constitutional and statutory authority supplemental thereto. LPPA was created for the purpose of planning, financing, constructing, acquiring, improving, operating, maintaining and managing public power projects or improvements singly or jointly with other public or private corporations, and for the purpose of purchasing electric power and selling electric power to, or exchanging electric power with, the City and others. LPPA constitutes a legal entity separate and apart from the City. The Lafayette City-Parish Council is the governing authority of LPPA, the chief executive officer of LPPA is the Mayor-President of the Council, and the managing director of LPPA is the Director of Utilities.

Pursuant to the LPPA Contract, the Issuer has agreed to purchase, and LPPA has agreed to sell, all of LPPA's share of the power and energy derived from LPPA's 50% ownership interest of a 523 MW coal-fired steam generating unit known as Rodemacher Unit No. 2 located at the Brame Energy Center (formerly known as the Rodemacher Power Station) near Boyce, Louisiana ("Rodemacher Unit 2") which is operated by Cleco Corporate Holdings, LLC ("Cleco"). The LPPA Contract expires on August 31, 2047.

Under the LPPA Contract, payments by the Issuer are specified to be sufficient to pay all costs of LPPA in connection with Rodemacher Unit 2, including LPPA's share of operation and maintenance of Rodemacher Unit 2, coal inventory costs, debt service requirements, and all other financial obligations of LPPA's share of Rodemacher Unit 2. The obligations of the Issuer to make the payments under the LPPA Contract are required to constitute operating expenses of the Issuer payable solely from the revenues of the Utilities System. Such payments are required to be made whether or not Rodemacher Unit 2 is operating or operable. As a result of being defined as operating expenses, the LPPA expenses have priority over the payment of debt service on the Issuer's debt. As of the date of this Official Statement, LPPA has \$78,470,000 aggregate principal amount of debt currently outstanding. In order to finance and refinance its portion of the costs of certain improvements, renewals, repairs and replacements for Rodemacher Unit 2, LPPA sold (i) \$65,100,000 of its Electric Revenue Bonds, Series 2012 on November 28, 2012 and delivered said bonds on December 21, 2012 and (ii) \$29,035,000 of its Electric Revenue Refunding Bonds, Series 2015 on October 14, 2015 and delivered said bonds on November 13, 2015.

The monthly billing payment for electric service to the City is paid in advance, and is based on monthly power and energy costs as estimated and budgeted by LPPA. Pursuant to the LPPA Contract, an annual reconciliation between budgeted amounts billed and the actual aggregate monthly power and energy costs as defined in the LPPA Contract is to be made 120 days after the end of each contract year. The payments made by the City

pursuant to the LPPA Contract constitute operation and maintenance expenses under the Bond Ordinance. For fiscal year 2018, such payments aggregated \$50,740,877.

As discussed under “CERTAIN FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY—Environmental Matters,” there are new and additional environmental requirements which may be imposed on the operation of coal fired generation units such as Rodemacher Unit 2. Such requirements may result in substantial and increased capital costs and operating costs. The Utilities System has received responses from consultants in response to a request for qualifications to evaluate power supply alternatives for the future. The Utilities System intends to study potential power supply options, including the feasibility of continuing to purchase power from Rodemacher Unit 2 assuming the incurrence of such capital and operating costs for Rodemacher Unit 2 as compared to purchase power alternatives or developing new generation resources. Whatever decision is made, the Utilities System expects the cost of power and energy to increase in the future.

#### Hydroelectric Purchased Power

LUS has a long-term contract with the Southwestern Power Administration for United States Department of Energy hydroelectric power. The bilateral agreement is for 22,320 MWh annually and ends May 31, 2033. The hydropower is generated by 24 Corps of Engineers dams in the region.

#### Energy Contract and Renewable Energy Credit Contract

LCG signed a contract with Exelon Generation Company, LLC for energy only based on 50 MW at 100 percent load factor. The contract term is from January 1, 2019 through December 31, 2020.

LCG signed a contract with STX Services B.V. via TEA for renewable energy credits. The contract term is from January 1, 2019 through December 31, 2020.

### **Electric System Sales**

#### ***Customers***

The ten largest retail customers of the Electric System are set forth in the following table:

**Electric System Largest Retail Customers  
Twelve months ended October 31, 2018**

<b><u>Customer</u></b>	<b><u>2018 Revenues</u></b>	<b><u>% of Total Retail Revenues</u></b>
University of Louisiana	\$7,414,145	4.1%
Lafayette General Hospital	2,714,085	1.5
Our Lady Of Lourdes	1,823,762	1.0
Lafayette Consolidated Government-Street Lighting	1,725,662	1.0
Stuller Inc.	1,012,728	0.6
Haliburton – Gulf Coast Campus	807,451	0.5
University Hospital & Clinics Inc.	739,177	0.4
Acadiana Mall	720,602	0.4
Women’s and Children’s Hospital	706,953	0.4
<u>International Paper</u>	<u>701,651</u>	<u>0.4</u>
<b>TOTAL</b>	<b>\$18,366,216</b>	<b>10.2%</b>
<b>TOTAL REVENUES</b>	<b>\$179,292,053</b>	<b>100%</b>

Source: LUS

#### ***Historical Power Sales***

As discussed above under “ – MISO Market”, LUS purchases the entirety of its requirements from the MISO market. Correspondingly, MISO dispatches LUS’ generation units and all of the generation is sold into the MISO market. The column labeled MISO Market Sales below represents LUS’ sales into the MISO market from LUS generating units. The column labeled MISO Market Purchases below represents purchases from the MISO market.

<u>Fiscal Year</u>	<u>Retail Sales (MWh)</u>	<u>Wholesale Sales (MWh)<sup>(1)</sup></u>	<u>MISO Market Sales (MWh)</u>	<u>MISO Market Purchases (MWh)</u>
2014	2,027,115	942	1,013,733	1,852,629
2015	2,050,434	0	1,100,385	2,113,086
2016	2,027,945	0	872,154	2,098,275
2017	1,980,653	0	898,205	2,042,686
2018	2,031,847	0	1,153,292	2,108,460

Source: LUS, the Consulting Engineer, and Aces Power LLC. LUS Financial and Operating Statements, 2014 through 2017 audited, 2018 unaudited.

(1) After LUS joined MISO, all LUS generation was sold to the MISO Market.

### ***Projected Demand and Resources***

As a MISO participant, LUS is required to maintain its relative share of capacity and reserves, also called Resource Adequacy. MISO applies a forced outage rate to each units' installed capacity values to calculate an unforced capacity value ("UCAP"). The LUS units' UCAP values may be applied toward LUS' Resource Adequacy. The Hargis Hébert Plant, with a gross capacity of 100 MW, has a UCAP value of 88.0 MW. The T. J. Labbé Plant, with a gross capacity of 100 MW, has a UCAP value of 83.3 MW. Rodemacher Unit 2, with a gross capacity of 261 MW, has a UCAP value of 228.2 MW. LUS has extended existing capacity contracts to meet near-term capacity requirements, while the proposed IRP will identify future capacity options and support longer-term capacity requirements in MISO. The most recent load forecast provided by LUS projects annual peak, not including reserves, at 475 MW by 2028.

With the retirement of the Doc Bonin Plan, LUS does not have sufficient capacity to meet the MISO requirements. The proposed IRP will identify future capacity options and support longer-term capacity requirements in MISO. Due to a potential short-term capacity deficit, LUS secured the following capacity contracts through MISO planning year 2020:

- 40.0 MW from June of 2016 through May of 2020 with NRG Energy, Inc. ("NRG")
- 33.0 MW from June of 2017 and through May of 2019 with TEA
- 11.8 MW from June of 2018. through May of 2019 with TEA
- 43.8 MW from June of 2019 through May of 2020 with NRG

## **WASTEWATER SYSTEM**

### **General**

The Issuer owns and operates a Wastewater System that provides sewer services to residents within the Issuer's boundaries, as well as to some residents outside its boundaries. Any residents outside the City limits that wish to be connected to the Wastewater System must be approved by LPUA. In addition, the Issuer operates and maintains approximately 18 packaged wastewater treatment systems outside the City limits in unincorporated areas of the Parish. These package plants serve subdivisions and rural areas that are not currently in the LUS service area or connected to the Wastewater System. The Wastewater System is comprised of a wastewater collection system, four wastewater treatment plants at various locations throughout the City, and waste sludge management and disposal facilities. The total combined permitted treatment capacity for the four plants is 18.5 MGD. In 2018, LUS provided wastewater services to 45,019 customers.

### ***Wastewater Treatment and Collection***

The four main wastewater treatment plants are the South Plant, the East Sewage Treatment Plant (the "East Plant"), the Ambassador Caffery Plant, and the Northeast Plant. The total permitted capacity for these plants is 18.5 MGD. The South Plant and the East Plant are activated sludge facilities with permitted capacities of 7.0 MGD and 4.0 MGD, respectively. The Northeast Plant is an oxidation ditch facility with a permitted capacity of 1.5 MGD. The Ambassador Caffery Plant is a 6.0 MGD treatment plant that was originally constructed with rotating biological

contactors (“RBC”) and an oxidation ditch, but the SBR has since replaced the RBC process. LUS finds the SBR system to be extremely efficient and flexible by easily processing varying flow ranges.

LUS purchased land surrounding the existing South Plant site for future construction of additional retention and treatment facilities to serve growth in the system and the potential addition of packaged plants in the area. The planned expansion will increase the capacity of the South Plant from 7.0 MGD to a total capacity of 12.0 MGD. Phase 1 of the South Plant expansion project includes belt filter presses and is expected to be complete this year. Phase 2 includes digesters for solids handling and is scheduled to be bid for construction in 2019.

The Wastewater System consists of 583 miles of gravity sewer collection pipes and interceptors and 90 miles of sewer force mains, with 12,716 manholes and 188 sanitary sewer lift stations. As the City area is relatively flat, with little to no elevation relief, the wastewater collection system requires a significant number of lift stations to pump and re-pump wastewater to the four treatment plants. The 188 sanitary sewer lift stations consist of approximately 30 percent Gorman Rupp style suction lift stations, and 60 percent submersible stations of various makes and descriptions.

LUS is also charged with the responsibility of assimilating small, community-type package wastewater treatment plants into the Wastewater System. These package plants are increasingly utilized to serve subdivisions and rural areas that are not currently in the LUS service area. To date, 18 package wastewater treatment plants are now operated and maintained as LUS’ Wastewater System infrastructure, with two or three additional package plants likely to be added in 2019. Each of the package plants carries its own discharge permit, and their relatively isolated locations mean that they do not affect LUS capacity as both treatment and discharge are located at the package plant site. Additional packaged plant integration capacity will be provided by the future South Plant and Wastewater System expansions should those service areas be incorporated into the existing collection system.

#### ***Wastewater Discharge Permits***

The wastewater discharge permit renewals for all four plants expire in the Fall of 2019. LUS has begun the renewal process and expects the permit renewals by fall of 2019. All renewed permits contain identical effluent limits for biological oxygen demand, total suspended solids, ammonia nitrogen, dissolved oxygen, total residual chlorine, and pH, and have not changed as a result of the renewals. The quality of various discharge parameters of each treatment unit is recorded on wastewater discharge monitoring reports (“DMRs”) and submitted monthly to LDEQ. The 2018 DMRs for the various treatment plants and operating units indicate all operating units were in compliance with National Pollutant Discharge Elimination System (“NPDES”) discharge limits, no notices of violation of effluent limits were received, LUS is current with all fees and report submittals, and there were no public complaints received in 2018. LUS does not expect any rejections or delays in the renewal of the Wastewater System environmental or operating permits.

#### ***Operations and Related Performance***

In 2018, the average daily wastewater volume treated by the four plants was 14.6 MGD. The average operating volumes treated by the four plants is less than each plant’s permitted capacity except the Ambassador Caffery Plant. Ambassador Caffery Plant’s average wastewater flow is at its permitted level of 6.0 MGD. While the flows are at the permitted level, the SBR system at the Ambassador Caffery Plant can treat up to 9.25 MGD as a peak or maximum flow. At times, the Ambassador Caffery Plant treats wastewater flows above its permitted levels in times of emergency operations or diversions to replace or repair other plant or collection system infrastructure. This situation occurred once in 2018 due to a wet weather event and over the last five years has averaged five times per year.

In April 2017, the EPA performed an audit of the LUS sanitary sewer system. LUS provided requested documentation, including the wastewater master plan and flow studies. The EPA also toured the four wastewater plants and select lift stations. The EPA took no issues with the LUS work order system and process by which wastewater complaints are addressed and repairs made. Minor maintenance issues were noticed and documented.

The final results of the EPA’s audit were presented to LUS in May 2018 in the form of an administrative order. The order requires the preparation and implementation of a Capacity, Management, Operation and Maintenance Program by May 1, 2020. This program is designed to assist municipalities and utilities to create a framework for implementation of best practices for managing, operating, and maintaining a wastewater system. In LUS’ case, this includes regularly scheduled testing and repair of sewerage infrastructure. The order requires 10 percent of the collection system be inspected each year, with found defects addressed within three years. This has

required LUS to increase the frequency of its inspections of the collection system. The increase in the frequency of inspections began in November 2018. In preparation for this program, LUS increased its annual budget for Closed Circuit Television Video inspection and inflow and infiltration repairs in the CIP. Another audit recommendation included development of standard operating procedures for all sewage pump/lift stations be left at the sites for operator reference. LUS does not expect any material difficulty or have any material concerns complying with the order.

LUS disposes of biosolids, the sludge byproduct of water and wastewater treatment plant operation, to privately owned farmland disposal sites leased by LUS. Waste sludge is transported and applied to privately owned land farms that are under lease to LUS for that purpose. Each of the leased locations is an active farming operation. LUS is required to accommodate their farming activities such as crop and livestock rotation, and access to farming operations during inclement weather. This arrangement makes it necessary for LUS to secure more acreage than is required for actual biosolids disposal. LUS currently leases approximately 2,700 acres for sludge disposal, with year-to-year leases that each include a 30-day notice end-of-lease clause.

In August 2017, LUS was notified by the farmer of one of the larger sites that biosolids could no longer be disposed of on his site. This leaves LUS with only three large sites available and limited back-up capacity should other farmers terminate their agreements. LUS has evaluated purchasing and owning land to dispose of the biosolids to eliminate the reliance on the multiple active farm leases, which could be cancelled with 30-day notice. As LUS currently treats biosolids to Class B sludge, disposal requires approximately 300 acres of land. If the land purchase is not feasible, LUS would be driven to generate Class A biosolids, and then find properties suitable for sludge application as a soil amendment rather than as a fertilizer component. Class A sludge treatment relegates the biosolids useless as a fertilizer, thus would be disposed of as a soil amendment.

#### ***Environmental and Regulatory Compliance and Issues***

LUS has environmental compliance and testing staff to provide direct environmental compliance support for the Water and Wastewater Systems. The testing lab is certified through February 2021 by the State of Louisiana to run the majority of the tests necessary for potable water quality reports and wastewater DMRs. All wastewater systems in Louisiana are required to file an annual Municipal Water Pollution Prevention audit report for each operating facility. These reports, among other things, compare the design hydraulic and biological treatment capacity of each plant with the actual conditions to identify plant design capacity exceedances. At times, LUS exceeds the design flow capacity at their wastewater treatment plants. Planned improvements to wet-weather holding facilities and head-works facilities will help to alleviate capacity exceedances related to excessive rainfall events.

The Clean Water Act of 1972 requires all states to participate in the NPDES, and to file DMRs regarding wastewater quality at the point of discharge or introduction into the environment. The Vermilion River is considered oxygen deficient; therefore, LUS must comply with the limitations established for the release of carbonaceous biological oxygen demand and ammonia nitrogen into the river. Discharge permits were issued to LUS for each operating unit by the LDEQ that reflect the total maximum daily loading standards set for the Vermilion River in 2003. See “ - Wastewater Discharge Permits” above.

New rules from the EPA for dental facilities concerning discharges containing Amalgam have been approved. LUS is contacting local facilities regarding types of waste being discharged to issue proper certifications. The EPA will begin enforcement of the new rules in July 2020.

LUS completed its evaluation of guidance from the EPA regarding national air emission standards for hazardous pollutants. It was determined that these regulations do not apply to the LUS wastewater treatment facilities.

#### **Wastewater System Sales**

The largest retail customers of the Wastewater System are reflected in the table below.

**Wastewater System Largest Retail Customers**  
**Twelve months ended October 31, 2018**

<b><u>Customer</u></b>	<b><u>2018 Revenues</u></b>	<b><u>% of Total Revenues</u></b>
University of Louisiana	\$953,633	3.0%
Borden Company	310,849	1.0
Lafayette General Hospital	246,346	0.8
Our Lady of Lourdes	161,698	0.5
Cintas Corporation	129,624	0.4
Peppertree Apartments	124,067	0.4
Bayou Shadows Apartments	120,324	0.4
Magnolia View Mobile Home Park	111,798	0.4
Pinhook South Apartments	111,508	0.4
<u>South Point Apartments</u>	<u>111,234</u>	<u>0.4</u>
<b>TOTAL</b>	<b>\$2,381,081</b>	<b>7.5%</b>
<b>TOTAL REVENUES</b>	<b>\$31,690,825</b>	<b>100%</b>

Source: LUS

In addition, LUS is currently under contract for the collection, treatment and disposal of wastewater and operation and maintenance of the system for the Grossie Avenue area. This area includes a small number of customers served by a separately owned wastewater collection system owned by the Parish. This agreement was entered into in 1995 between the City and the Parish via a United States Department of Housing and Urban Development grant. Flows from the approximately 50 customers are treated at the East Plant. The agreement has a 40-year term and expires in August 2035.

***Historical and Projected Wastewater Flows***

Wastewater flows are measured at the intake of the treatment facility and vary annually depending on rainfall events.

Wastewater System collection volumes decreased in 2018 by 7.7 percent from 2017 collection volumes. The collection volumes vary with weather related events. Historical Wastewater System collection volumes are shown in the table below.

**Historical Wastewater Retail Collection (1000 gallons)**

<b><u>Fiscal Year</u></b>	<b><u>Total Retail Collection<sup>(1)</sup></u></b>
2014	5,476,065
2015	5,734,225
2016	6,267,402
2017	5,768,832
<u>2018</u>	<u>5,326,815</u>
<b>CAGR<sup>(2)</sup></b>	<b>-0.7%</b>

Source: Consulting Engineer and LUS. LUS Financial and Operating Statements, 2014–2017, audited, 2018 unaudited.

(1) Annual collection volumes vary with weather. The 2016 volume reflects a wet weather event.

(2) Compounded average annual growth rate for the period 2014-2018.

**New and Proposed Wastewater Regulations**

The EPA, based on statutory requirements, periodically conducts reviews of wastewater regulations and standards to determine if a change in regulations is warranted. The Utilities System monitors the planned changes to these regulations and has or will have incorporated these requirements into its current and future operations. The Utilities System does not anticipate that compliance with any presently proposed regulatory changes will require major capital expenditures or major increases in costs of operations. The Utilities System can make no assurances that future regulations will not cause major capital expenditure or major increases in costs of operations.

## **WATER SYSTEM**

### **General**

The Water System consists of 20 ground water wells, two water treatment facilities, elevated and ground treated-water storage and a distribution system consisting of 1,170 miles of distribution piping. The wells serve the Water System with a combined production capacity of 53.8 MGD. In addition to the Water System within the City limits, LUS provides retail and wholesale water service outside the City limits. Any residents outside of the City limits that wish to be connected to the Water System must be approved by LPUA. Wholesale services are provided in accordance with contracts between LCG and the district customers. LCG has six wholesale contracts serving seven specific customers, including two water districts and five neighboring water systems or cities. These six wholesale contracts include Waterworks District North, Waterworks District South, the City of Scott, the City of Broussard, Milton Water System, and the City of Youngsville. Water service to Waterworks District North customers is billed by LCG in the name of the Waterworks District North consistent with the applicable rate schedules. Both the Waterworks District North and the Waterworks District South constructed their own additions and extensions according to standards set by LUS.

### ***Water Supply***

The Chicot underground aquifer is the sole source of raw water supply for the Utilities System. Groundwater from the Chicot aquifer provides the Utilities System with a reliable and abundant source of good quality water. The EPA has designated the Chicot aquifer as a sole source aquifer for all or parts of fifteen parishes in Louisiana and parts of Texas thereby requiring special consideration for federal permitting of projects that could adversely affect it. The Water System has joined with the LDEQ to implement a wellhead protection program for the Utilities System water supply. Outside potential contamination sources within the wellhead protection areas have been identified by the Utilities System and LDEQ has authority to take appropriate action to assure contamination is prevented.

Studies conducted by the LDEQ indicate that the water quality of the Chicot aquifer generally does not exceed the maximum contaminant levels for pollutants listed in the federal primary drinking water standards. The Chicot raw water supply is treated by a multi-step purification process at water treatment facilities that are monitored 24-hours a day by LUS operators, and certified by Louisiana Department of Health and Hospitals (“LA DHH”) to ensure that all water delivered to its customers is safe to drink, and is of acceptable secondary quality.

### ***Water Treatment and Production***

The Water System includes two water treatment facilities (the SWP and the NWP), and a total of 20 ground water wells to provide raw water for treatment, as well as supplemental volume and pressure to the system. The SWP has a capacity of 23.0 MGD and the NWP has a capacity of 20.8 MGD. Both the NWP and SWP use coagulation, sedimentation, and filtration to remove iron and manganese with lime-softening for hardness reduction and hypochlorite for finished water disinfection.

Sixteen deep well pumps located at the SWP and NWP provide the raw water supply for treatment at both facilities. The remaining four pumps are remotely located from the treatment plants and provide additional volume and pressure to the system. Water Well Nos. 24 and 26, located at the Gloria Switch remote site, provide supplemental volume and pressure to the northern end of the distribution system. Treatment at this site consists of application of potassium permanganate followed by six pressure filters, and hypochlorite is added for disinfection. Finished water is stored in a ground storage tank and delivered to the system with high-service pumps.

Water Well Nos. 23 and 25, located at the Commission Boulevard remote site, provide additional volume and pressure to the wholesale users on the southern end of the distribution system including the City of Broussard, the City of Youngsville, and Milton Water System. The Commission Boulevard site also includes the Fabacher Field re-boost facilities consisting of a 2.0 million gallon (“MG”) ground storage tank and high service pumps that are used to improve pressure conditions at the outer limits of the distribution system.

Water production facilities are provided with on-site backup electric generation facilities that are adequate to sustain an acceptable level of water production in the event of power failures or other catastrophic events. The SWP is equipped with full power generation capacity capable of maintaining full production output, while the NWP is equipped sufficiently to provide approximately 60 percent of production output.

### ***Water Distribution and Storage***

The water distribution system consists of 1,170 miles of pipe and the treated water storage of approximately 15.25 MG. LUS also utilizes the Communications System assets and fiber connections to manage, monitor, and control the water flows and storage volumes on the Water System.

The treated water storage includes 4.30 MG of elevated storage and 10.95 MG of ground storage, including finished water and booster pumping station clear wells. As the geographical service area and customer base have increased over the past several years, there has not been a corresponding increase in the amount and size of distribution lines. Current capacity and water pressure in the system is adequate. LUS has completed several projects in recent years to improve the distribution system and related pressure. LUS plans for additional distribution improvements to meet the demands from future residential and commercial development as outlined in Water System CIP.

### ***Operations and Related Performance***

LUS' two water treatment plants are each capable of producing over 20.0 MGD of treated water and LUS has completed several projects in recent years to improve the distribution system and related system pressures. LUS operates the two treatment plants for base load water treatment capacity with each plant producing an average of 10.0 to 12.0 MGD. The remote wells located at the Gloria Switch and the Commission Boulevard sites are used to supplement the flow at the extremities of the system to improve the pressure and capacity limitations on the distribution system. In 2018, the system average day demand was 23.1 MGD, with a peak-day demand of 33.8 MGD.

The lost and not accounted for water increased from 7.1 percent of total treated water in 2017 to 9.3 percent in 2018. The amount of lost and not accounted for water is within the range of acceptable industry standards. Much of the unaccounted-for water is primarily due to aggressive line flushing for hydrants. Responding to insurance requirements, LUS flushes hydrants twice per year. Fire hydrants are required to be tested by the Property Insurance Association of Louisiana in order to obtain or retain a higher fire insurance rating for the City. In addition, in 2013 the LA DHH Emergency Rule was established to protect Water Systems from the effects of the *Naegleria fowleri* amoeba and has resulted in significant increases in flushing due to the requirement to maintain 0.5 milligram per liter ("mg/l") of free or total chlorine to all extremities of the distribution system.

### ***Wholesale Contracts***

In addition to the Water System within the City limits, LUS operates and maintains water distribution facilities outside the City limits as a wholesale water provider. LUS provides retail and wholesale services outside the City limits. Wholesale services are provided in accordance with contracts between LCG and the district customers. LCG has six wholesale contracts serving seven specific customers, including two water districts and five neighboring water systems or cities. These six wholesale contracts include Water District North, Water District South, the City of Scott, the City of Broussard, Milton Water System, and the Town of Youngsville. Water service to Water District North customers is billed by LCG in the name of the Water District North consistent with the applicable rate schedules. Both the North and South Water Districts constructed their own additions and extensions according to standards set by LUS.

These wholesale customers represented 30 percent of the total water volume and 28 percent of total water sales revenue in 2018. The wholesale customer portion of total Water System sales volume has remained stable over the past few years; however, the corresponding revenues have increased due to wholesale rate increases.

Each of the contracts is a long-term contract between 30 and 40 years in length, except for the City of Scott and the City of Broussard. The City of Broussard contract is set to expire in 2020, while the City of Scott contract will expire in 2022. The remaining contracts are set to expire after 2031. Although the City of Broussard may still withdraw from the system in 2020, LUS is exploring options to extend the contract.

### ***Environmental and Regulatory Compliance and Issues***

Pursuant to the requirements of the Safe Drinking Water Act ("SDWA"), the Utilities System must prepare and distribute an annual water quality report to its customers by July 1 of each calendar year. The most recent report for 2017 shows that the water quality of the Utilities System is well within the regulatory limits established by the EPA.



The EPA, based on statutory requirements, periodically conducts reviews of contaminants found in drinking water to determine if a change in regulations is warranted. The Utilities System monitors planned changes to these regulations and either has incorporated or will incorporate the current requirements into current and future operations. The Issuer does not anticipate that compliance with presently proposed changes to current regulations or presently proposed changes to regulations will require major capital expenditures.

LUS reports that the water treatment plants and supplemental wells are currently in compliance with all operating permits, and meet all applicable drinking water standards of the SDWA. The NWP permit to discharge wastewater associated with the treatment of potable water is current and effective through January 1, 2020, at which point it will be automatically renewed. The SWP permit to discharge wastewater from the treatment of potable water, stormwater, and sanitary wastewater is current and effective through December 1, 2019. LUS does not expect any rejections or delays in the renewal of the Water System environmental or operating permits.

The LA DHH Emergency Rule requires all publicly owned water systems to maintain a minimum 0.5 mg/l chlorine residual throughout the piping distribution system. This requirement is based solely on the presence of the deadly *Naegleria fowleri* amoeba, which was detected in two water systems within the State. LA DHH had previously reduced the minimum chlorine residual from 0.2 mg/l to a trace amount, meaning any amount is acceptable, due to the potential of generating cancer-causing agents as a by-product of chlorination.

The Water System has implemented the management and enforcement of 2014 LA DHH regulations for backflow prevention for individual users. The 2014 LA DHH regulations expired on January 1, 2016, however, the Louisiana State Uniform Construction Code Council has adopted and enforces the 2014 LA DHH regulations. LUS continues to maintain its backflow prevention program in case the LA DHH re-implements the regulation in future years or as an Emergency Rule.

Pursuant to the requirements of the SDWA, the Water System must prepare and distribute an annual water quality report to its customers by July 1 of each calendar year. The most recent report for 2016 shows that the water quality of the Utilities System is well within the regulatory limits established by the EPA.

## Water System Sales

The largest retail customers of the Water System are reflected in the table below.

### Water System Largest Retail Customers Twelve months ended October 31, 2018

<u>Customer</u>	<u>2018 Revenues</u>	<u>% of Total Revenues</u>
University of Louisiana	\$365,516	1.7%
Lafayette General Hospital	154,309	0.7
Our Lady Of Lourdes	118,222	0.6
Borden Company	78,720	0.4
Lafayette Parish Correctional Center	53,164	0.3
Women's and Children's Hospital	51,324	0.2
University Hospital & Clinics Inc.	43,531	0.2
Lafayette General Southwest	43,152	0.2
Peppertree Apartments	42,466	0.2
<u>Bayou Shadows Apartments</u>	<u>42,328</u>	<u>0.2</u>
<b>TOTAL</b>	<b>\$992,732</b>	<b>4.7%</b>
<b>TOTAL REVENUES</b>	<b>\$21,220,243</b>	<b>100%</b>

Source: LUS

### Historical Water Sales

Water System total sales in 2018 were 1 percent higher than 2017, driven by an increase in wholesale water sales. Wholesale water sales increased due to increased residential and commercial development in areas served by the wholesale customers. Historical Water System volume sales are shown in the table on the next page.

**Historical Water Retail and Wholesale Sales  
(1000 gallons)**

<u>Fiscal Year</u>	<u>Retail</u>	<u>Wholesale</u>	<u>Total</u>
2014	5,426,408	2,004,355	7,430,763
2015	5,419,758	2,116,545	7,536,303
2016	5,402,650	2,117,627	7,520,277
2017	5,382,447	2,161,051	7,543,498
<u>2018</u>	<u>5,326,748</u>	<u>2,256,661</u>	<u>7,583,409</u>
<b>CAGR <sup>(1)</sup></b>	<b>-0.5%</b>	<b>3.0%</b>	<b>0.5%</b>

Source: LUS Financial and Operating Statements, 2014–2017, audited, 2018 unaudited.

(1) Compounded average annual growth rate for the period 2014-2018.

**RATES FOR UTILITIES SYSTEM**

The Utilities System regularly reviews and independently sets rates for the Electric System, Water System and Wastewater System. LPUA determines the Utilities System rates and charges for services within and outside the corporate limits of the City, as approved by the Mayor-President and the City-Parish Council. After the Charter Amendments go into effect on January 6, 2020, the newly formed City Council will be responsible for setting the Utility System's rates and charges.

Currently, the Utilities System's retail rates adequately cover operating and maintenance costs, debt service obligations (including minimum debt service coverage requirements), capital expenditures paid from current earnings, and the required ILOT payments to the City. The Utilities System pursues an overall financial objective where each system charges rates sufficient to render such system financially independent of the others, so that customers pay the full cost of service without subsidization. For the Electric System, Water System, and Wastewater System, rates are cost-based and charged to individual classes of customers based on customer use of the system and consumption patterns.

In 2016, the Utilities System completed a rate study which showed that rates for each of the Electric System, Water System, and Wastewater System were insufficiently recovering all costs. As a result, LPUA approved a two-phase rate increase for each utility. Rates were increased on November 1, 2016 and again on November 1, 2017. The rate increases implemented in 2016 and 2017 were designed to collect sufficient revenues to meet all operating costs, debt service coverage requirements, ILOT requirements, maintain reserves and fund capital expenses through 2021. The November 1, 2016 rate increases were 2.8 percent for the Electric System, 7.4 percent for the Water System (retail only), and 6.1 percent for the Wastewater System. The November 1, 2017 rate increases were 2.8 percent for the Electric System, 7.2 percent for the Water System (retail only), and 5.7 percent for the Wastewater System.

The Electric System rates consist of a monthly Fuel Charge (the "FC") and base rates (customer, energy, demand charges). Section 94-120 of the LCG Code of Ordinances establishes the FC. The FC is set using fuel (natural gas and coal for LPPA and related costs), purchased power expenses, and other associated costs. The FC continues on a month-to-month basis until such time the Utilities Director determines that eligible costs warrant an adjustment to the current charge. The FC passes fuel, purchased power, environmental, and other eligible costs directly to customers.

**Electric System Rates**

***Electric Retail Rate Summary***

<u>Rate Class</u>	<u>Serves</u>	<u>Effective Date</u>	<u>Customer Charge (per month)</u>	<u>Demand Charge (per kW)</u>	<u>Non-Fuel Energy Charge (per kWh)</u>
R-1	Residential	Nov. 2017	\$8.00	\$ --	\$0.04764
R-1-O	Residential-Non City	Nov. 2017	8.80	--	0.05240
C-1	Small Commercial	Nov. 2017	10.00	--	0.06176
C-2	Large Commercial	Nov. 2017	50.00	8.50	0.02098

Source: The Utilities System

### ***Electric System Sales by Customer Class***

As of October 31, 2018, residential and commercial customers represent approximately 91 percent of retail Electric System energy sales. The Utilities System's commercial customer base is diverse with no single commercial customer representing more than 5 percent of its retail revenues.

#### **Electric System Customer Class Statistics as of October 31, 2018**

<b><u>Customer Class</u></b>	<b><u>Number of Customers</u></b>	<b><u>Percent of Total</u></b>	<b><u>Retail Sales (kWh)</u></b>	<b><u>Percent of Total</u></b>
Residential	54,601	81.2%	829,850,078	40.8%
Residential - Outside the City	935	1.4	16,005,778	0.8
Commercial without Demand - Small	7,846	11.7	194,553,271	9.6
Commercial Small and Large - Outside of City	157	0.2	14,378,424	0.7
Commercial with Demand - Large	1,282	1.9	791,578,104	39.0
Private Security Lighting	1,724	2.6	6,660,739	0.3
Street Lighting	2	0.0	16,680,712	0.8
Schools and Churches	429	0.6	58,386,606	2.9
Municipal – General Fund	1	0.0	301,811	0.0
University of Louisiana - Lafayette	89	0.1	69,484,138	3.4
<u>Interdepartmental</u>	<u>178</u>	<u>0.3</u>	<u>33,967,569</u>	<u>1.7</u>
TOTAL METERS IN SERVICE	67,243	100.0%	2,031,847,230	100.0%

Source: LUS Financial and Operating Statements, 2018, unaudited.

### ***Electric System Rate Comparisons***

The Electric System's residential electric rates have historically been among the lowest in the state and surrounding region. The following tables and figures compare the average residential and commercial rates for the selected electric utilities in the region. As shown in the table below, the Electric System's residential rates are lower than average for the region. The residential rate class is based on a monthly usage of 1,000 kWh.

#### **Electric Residential Rate Comparison**

<b><u>City</u></b>	<b><u>Average \$/kWh <sup>(1)</sup></u></b>
Lake Charles <sup>(2)</sup>	\$0.08793
Baton Rouge <sup>(2)</sup>	0.08793
<b>LUS</b>	<b>0.09243</b>
Shreveport <sup>(3)</sup>	0.10329
Alexandria	0.10442
New Orleans <sup>(4)</sup>	0.11173
New Iberia <sup>(5)</sup>	0.12063

Source: LUS. Rates as of October 2018.

(1) Assumes 1,000 kWh per month consumption.

(2) Served by Entergy Gulf States.

(3) Served by SWEPCO.

(4) Served by Entergy New Orleans.

(5) Served by Cleco.

The Electric System's commercial rates are also competitive based on a comparison of the commercial rates for a 130 kW demand customer with a monthly energy usage of 51,000 kWh.

**Electric System Commercial Rate Comparison**

<b><u>City</u></b>	<b><u>Average \$/kWh <sup>(1)</sup></u></b>
Lake Charles <sup>(2)</sup>	\$0.0716
Baton Rouge <sup>(2)</sup>	0.0716
<b>LUS</b>	<b>0.0800</b>
Shreveport <sup>(3)</sup>	0.0847
New Iberia <sup>(4)</sup>	0.0968
Alexandria	0.1008
New Orleans <sup>(5)</sup>	0.1219

Source: Consulting Engineer. Rates as of October 2018.

- (1) Assumes an average customer of 130 kW demand and 51,000 kWh per month.
- (2) Served by Entergy Gulf States.
- (3) Served by SWEPCO.
- (4) Served by Cleco.
- (5) Served by Entergy New Orleans.

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## Water System Rates

### *Water Retail Rate Summary*

<u>Rate Class</u>	<u>Serves</u>	<u>Effective Date</u>	<u>Description</u>	<u>Volumetric Charge (per gallon)</u>	<u>Meter Size (inches)</u>	<u>Customer Charge (per month)</u>
W-1	Residential	Nov. 2017	Winter Months	\$0.00165	3/4	\$ 44.85
			Summer Tier 1	0.00165	1	8.10
			Summer Tier 2	0.00265	1 ½	16.15
					2	25.85
					3	48.50
					4	80.85
					6	161.65
W-1-0	Residential, Non-City	Nov. 2017	Winter Months	\$0.00330	3/4	\$ 9.70
			Summer Tier 1	0.00330	1	16.15
			Summer Tier 2	0.00530	1 ½	32.35
					2	51.75
W-2	Commercial	Nov. 2017	Each Month	\$0.00185	3/4	\$ 4.85
					1	8.10
					1 ½	16.15
					2	25.85
					3	48.50
					4	80.85
					6	161.65
W-2-0	Commercial, Non-City	Nov. 2017	Each Month	\$0.00370	3/4	\$ 9.70
					1	16.15
					1 ½	32.35
					2	51.75

Source: The Utilities System.

Note: Winter Months=December through March; computed using actual consumption.  
 Summer Months=April through November.  
 Summer Tier 1 computed using lesser of the winter months average or actual consumption.  
 Summer Tier 2 computed using the gallons in excess of the winter months average.

## Wastewater System Rates

### *Wastewater System Rate Summary*

<u>Rate Class</u>	<u>Serves</u>	<u>Effective Date</u>	<u>Customer Charge (per month)</u>	<u>Volumetric Charge (per gallon)</u>
S-1	Residential	Nov. 2017	\$8.60	\$0.00590
S-1-0	Residential, Non-City	Nov. 2017	10.30	0.00710
S-2	Commercial	Nov. 2017	16.15	0.00615
S-2-0	Commercial, Non-City	Nov. 2017	24.20	0.00740

Source: The Utilities System.

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## TREND IN FINANCES

The combined summary schedules of the Utilities System for the five fiscal years ended October 31, 2018 and for the four months ended February 28, 2018 and February 28, 2019 follow:

### LAFAYETTE CITY-PARISH CONSOLIDATED GOVERNMENT LAFAYETTE UTILITIES SYSTEM INCOME STATEMENTS

	Twelve months ended October 31,					Four months ended February 28,	
	(audited)				(unaudited)	(unaudited)	
	2014	2015	2016	2017	2018	2018	2019
<b>OPERATING REVENUES:</b>							
Electric	\$95,395,327	\$96,291,739	\$95,194,646	\$98,059,006	\$106,419,392	\$33,129,201	\$31,183,662
Electric Retail Fuel Adjustment	105,375,603	84,910,901	78,153,587	76,829,537	72,872,661	25,108,123	25,581,994
Water	17,746,170	18,028,081	18,286,651	19,458,484	21,220,243	6,797,371	6,595,343
Wastewater	28,579,957	28,791,165	28,752,436	30,305,358	31,690,825	10,793,845	10,538,787
Fiber	40	0	0	0	0	0	0
<b>TOTAL OPERATING REVENUES</b>	<b>\$247,097,097</b>	<b>\$229,021,886</b>	<b>224,652,384</b>	<b>\$224,652,384</b>	<b>\$232,203,121</b>	<b>\$75,828,540</b>	<b>\$73,899,785</b>
<b>OPERATING EXPENSES:</b>							
Electric Fuel & Purch Power	\$105,679,639	\$88,717,783	\$85,345,312	\$89,401,701	\$88,632,979	\$28,041,872	\$22,961,864
Electric Other Production	7,893,377	8,190,689	6,902,595	7,574,927	5,771,124	1,276,458	1,125,348
Other Electric	33,514,860	33,098,450	34,446,286	36,370,497	36,493,613	10,665,954	10,417,053
Water	12,950,319	13,099,239	13,761,106	13,965,819	14,126,577	3,967,609	4,074,074
Wastewater	17,428,365	17,566,682	18,295,151	18,685,538	18,551,271	5,075,109	5,280,761
Fiber	0	0	0	0	0	0	0
<b>TOTAL OPERATING EXPENSES</b>	<b>\$177,466,560</b>	<b>\$160,672,843</b>	<b>\$158,750,451</b>	<b>\$165,998,482</b>	<b>\$163,575,564</b>	<b>\$49,027,002</b>	<b>\$43,859,100</b>
<b>NET OPERATING REVENUES</b>	<b>\$69,630,538</b>	<b>\$67,349,042</b>	<b>\$61,636,867</b>	<b>\$8,653,902</b>	<b>\$68,627,557</b>	<b>\$26,801,538</b>	<b>\$30,040,684</b>
<b>DEPRECIATION</b>	<b>\$22,130,030</b>	<b>\$22,881,380</b>	<b>\$23,601,958</b>	<b>\$23,960,817</b>	<b>\$24,555,286</b>	<b>\$8,050,863</b>	<b>\$8,300,123</b>
<b>OTHER INCOME:</b>							
Interest Income	\$1,313,230	\$1,426,311	\$1,704,947	\$2,020,622	\$2,868,340	\$757,149	\$1,270,346
Unrealized Gain/Loss on Invs	30,750	91,526	117,778	(283,409)	(46,380)	0	0
Amortization of Debt Premium	3,029,199	3,028,445	3,020,974	2,995,867	3,544,254	1,195,872	1,104,567
Water Tapping Fees	104,100	107,420	78,320	64,240	72,240	19,520	14,620
Communications Lease Income	97,073	36,952	27,648	25,378	0	0	0
Contributions in Aid of Construct	0	0	56,063	128,155	304,557	0	0
Misc. Non-Operating Revenue	2,877,693	3,414,729	2,566,471	3,335,924	4,188,986	1,019,378	903,164
<b>Total Other Income</b>	<b>\$7,452,045</b>	<b>\$8,105,384</b>	<b>\$7,572,201</b>	<b>\$8,286,777</b>	<b>\$10,931,997</b>	<b>\$2,991,919</b>	<b>\$3,292,697</b>
<b>OTHER EXPENSES:</b>							
Loss on Disposition of Property	\$250,980	\$313,714	\$329,136	\$369,488	\$398,883	\$1,129	\$1,813
Interest Expense	9,180,021	10,623,334	10,970,238	8,916,835	9,622,905	3,253,103	2,974,450
Amortization on Plant	1,646,801	1,406,190	989,789	2,046,774	2,304,182	776,181	729,252
Amortization - Other	1,269,526	1,269,525	1,266,821	1,688	4,307	43	5
Interest on Customer Deposits	11,746	3,206	821	0	0	0	112,493
Tax Collections/Non-Operating	0	0	0	3,182,762	2,844,560	1,153,981	426,772
Misc. Non-Operating Expense	1,921,605	1,383,331	1,589,252	14,517,547	15,174,837	5,184,437	4,244,785
<b>Total Other Expense</b>	<b>\$14,280,680</b>	<b>\$14,999,299</b>	<b>\$15,146,058</b>	<b>\$369,488</b>	<b>\$398,883</b>	<b>\$1,129</b>	<b>\$1,813</b>
<b>NET INCOME BEFORE IN LIEU OF TAXES</b>	<b>\$40,671,873</b>	<b>\$37,573,746</b>	<b>\$30,461,056</b>	<b>\$28,462,316</b>	<b>\$39,829,431</b>	<b>\$16,558,157</b>	<b>\$20,788,473</b>
<b>In-Lieu-of-Taxes (ILOT)</b>	<b>\$22,073,833</b>	<b>\$22,847,494</b>	<b>\$23,306,557</b>	<b>\$22,568,235</b>	<b>\$23,708,786</b>	<b>\$5,000,000</b>	<b>\$5,000,000</b>
<b>NET INCOME</b>	<b>\$18,598,040</b>	<b>\$14,726,252</b>	<b>\$7,154,499</b>	<b>\$5,894,081</b>	<b>\$16,120,645</b>	<b>\$11,558,157</b>	<b>\$15,788,473</b>

## UTILITIES SYSTEM HISTORICAL DEBT SERVICE COVERAGE CALCULATION

	FY 14 <sup>(1)</sup>	FY 15 <sup>(1)</sup>	FY 16 <sup>(1)</sup>	FY 17 <sup>(1)</sup>	FY 18 <sup>(1)</sup>	Feb. 28/18 <sup>(2)</sup>	Feb. 28/19 <sup>(2)</sup>
Operating Revenues <sup>(3)</sup>	248,410,288	229,448,195	222,092,226	226,673,006	235,071,461	76,585,689	75,170,131
Operating Expenses <sup>(4)</sup>	177,466,560	160,672,843	158,750,451	165,998,482	163,575,563	49,027,002	43,859,100
Net Available Revenues	70,943,728	68,775,352	63,341,815	60,674,525	71,495,897	27,558,687	31,311,031
Debt Service <sup>(5)</sup>	23,333,915	22,924,293	22,925,238	21,341,835	21,427,905	21,427,905	22,786,350
Debt Service Coverage	3.0	3.0	2.8	2.8	3.3	N/A	N/A

(1) Source: LUS Financial and Operating Statements, 2014-2017, audited, 2018 unaudited.

(2) Source: LUS. Figures unaudited.

(3) Operating Revenues include interest income and other miscellaneous revenue.

(4) Operating Expenses include O&M and other expenses such as customer service, and administrative and general costs. Operating Expenses do not include ILOT, normal capital and special equipment, nor other miscellaneous expenses.

(5) Debt service was prepared on a cash basis. Debt Service includes the Series 1996 Bonds, Series 2004 Bonds, Series 2010 Bonds, and Series 2012 Bonds. By 2014, the Series 2004 Bonds were partially refunded and defeased by the Series 2012 Bonds. The Series 1996 Bonds matured on November 1, 2017. By 2020, the Series 2010 Bonds will be fully redeemed by the proceeds of the Series 2017 Bonds.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Base rate revenues for all utilities services provided by the Electric System, Water System, and Wastewater System remained stable from fiscal years 2014 through 2016, with rate increases in 2017 and 2018 being the main drivers of the increase in total operating revenues during that period. Fuel adjustment revenues decreased between fiscal year 2014 and fiscal year 2018, with a high of \$105.4 million in 2014 and low of \$72.9 million in 2018, mainly due to reductions in fuel and purchased power costs.

Operating expense fluctuated from fiscal year 2014 to fiscal year 2018 and were mainly influenced by changes in fuel and purchased power costs in the Electric System, which spiked to \$105.7 million in 2014 because of an increase in weather-related generation needs and fell back to an average of \$88.0 million for 2015 through 2018. Other electric, water and wastewater operational costs remained relatively stable (when excluding fuel and purchased power) from fiscal years 2014 to 2018.

Balance available for debt service increased from \$70.9 million in fiscal year 2014 to \$73.2 million in fiscal year 2018. Additionally, debt service decreased from fiscal year 2014 to fiscal year 2018 by \$1.9 million, thereby increasing debt service coverage from 3.0x in fiscal year 2014 to 3.4x in fiscal year 2018. Consequently, the balance available after debt service also increased when comparing fiscal year 2014 and fiscal year 2018.

## CONSULTING ENGINEER'S REPORT

Included in Appendix "B" hereto is the Consulting Engineer's Report. The Consulting Engineer's Report includes a description of the business, organization and management of the Utilities System and the Communications System; its findings regarding the Electric System, the Wastewater System and the Water System; environmental issues; and a financial survey. The forecasts contained in the Consulting Engineer's Report are based upon assumptions about the outcome of future events and there can be no assurance that such forecasts will approximate actual results. Said Consulting Engineer's Report should be read in full prior to the making of an investment decision with respect to the Bonds. The information included in Appendix "B" was provided by the Consulting Engineer and should not be deemed as a representation of either the Issuer or the Underwriters.

## CERTAIN FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY AND OTHER REGULATORY MATTERS

### The Electric Utility Industry Generally

The electric utility industry has been, and in the future may be, affected by a number of factors which could impact the financial condition and competitiveness of electric utilities, such as that operated as part of the Utilities System. Such factors include, among others, (i) effects of compliance with rapidly changing environmental, safety, licensing, regulatory and legislative requirements, (ii) changes resulting from conservation and demand-side management programs on the timing and use of electric energy, (iii) other federal and state legislative changes, (iv) effects of competition from other electric utilities (including increased competition resulting from mergers,

acquisitions, and “strategic alliances” of competing electric (and gas) utilities and from competitors transmitting less expensive electricity from much greater distances over an interconnected system) and new methods of producing low cost electricity, (v) increased competition from independent power producers and marketers and brokers, (vi) “self-generation” by certain industrial and commercial customers, (vii) issues relating to the ability to issue tax-exempt obligations, (viii) severe restrictions on the ability to sell to nongovernmental entities electricity from generation projects financed with outstanding tax-exempt obligations, (ix) changes from projected future load requirements, (x) increases in costs, (xi) shifts in the availability and relative costs of different fuels, (xii) inadequate risk management procedures and practices with respect to, among other things, the purchase and sale of energy and transmission capacity, and (xiii) effects of possible manipulation of electric markets. Any of these general factors and the factors discussed below (as well as other factors) could have an effect on the financial condition of the Utilities System.

Electric utilities are subject to various federal and state laws requiring compliance with environmental rules and regulations. In addition, the operation of the Utilities System is also subject to various federal and state laws which affect the construction and operation of its facilities.

### **Environmental Issues**

The Utilities System is subject to continuing environmental regulation. Federal, state, and local standards and procedures, which regulate the impact of the Utilities System on the environment, are subject to change. Consequently, there is no assurance that the facilities owned or under contract to the Utilities System will remain subject to regulations that are currently in effect or will always be in compliance with future regulations governing the protection of the environment. The State, through the LDEQ, establishes standards of performance and requires permits for the generating units of the Utilities System as well as Rodemacher Unit 2 in which the City has an ownership interest. In addition, the LDEQ has been delegated authority over and implements certain programs established by the EPA.

The Utilities System facilities are in material compliance with applicable environmental regulations and key environmental permits, approvals and consent orders.

*Acid Rain Program.* The EPA issued a Title IV permit for Rodemacher Unit 2, which addresses the Acid Rain Program provisions of the Clean Air Act as applicable to Rodemacher Unit 2. The Acid Rain Program established (1) a trading system for sulfur dioxide (“SO<sub>2</sub>”) allowances, which are allocated to each facility, and (2) NO<sub>x</sub> emission limits for coal-fired units.

Each SO<sub>2</sub> allowance is equal to one ton of SO<sub>2</sub> emissions. Emission allowances may be banked, transferred, purchased or sold. If the facility emits more than the allocated SO<sub>2</sub> allowances, it may purchase additional allowances in the established market or may transfer allowances from another of the Joint Owner’s facilities. The Rodemacher Unit 2 receives an annual allocation of 18,212 SO<sub>2</sub> allowances (tons). LPPA’s share of the total SO<sub>2</sub> allocation is based on its ownership interest in the facility.

Rodemacher Unit 2’s historical SO<sub>2</sub> emissions have been below permitted levels. The operation of Rodemacher Unit 2 is not expected to be restricted due to the SO<sub>2</sub> emission limits of the air permit because the plant currently burns, and is expected to continue to burn, 0.7 lbs/MMBtu sulfur coal. Total SO<sub>2</sub> emissions are directly related to the sulfur content of the coal. The average annual SO<sub>2</sub> emission rate over the past five years has been 50 percent to 75 percent less than the permit limit of 1.2 lb/MMBtu.

NO<sub>x</sub> emissions under the Rodemacher Unit 2 Title IV Permit are limited to 0.46 lb/MMBtu. In addition, Rodemacher Unit 2 is allocated NO<sub>x</sub> allowances under CSAPR, which requires the purchase of additional allowances if actual NO<sub>x</sub> emissions are greater than allocated.

*Clean Air Interstate Rule and Cross State Air Pollution Rule.* In July 2011, the EPA finalized the Cross State Air Pollution Rule (“CSAPR”) to replace the existing Clean Air Interstate Rule. In August 2012, the United States Court of Appeals for the District of Columbia Circuit invalidated CSAPR. On April 29, 2014, the United States Supreme Court (the “Supreme Court”) reversed the Court of Appeals, upholding all aspects of the rule that had resulted in the Court of Appeals’ invalidation. The Supreme Court remanded CSAPR to the Court of Appeals for further proceedings. On November 21, 2014, the EPA issued an interim final rule amending the CSAPR compliance deadlines to align with the October 23, 2014 ruling that granted EPA’s motion to lift the stay of CSAPR and delay its deadlines for three years. The interim final rule provides that compliance with CSAPR Phase 1



emissions budgets were required in 2015 and 2016 and compliance with Phase 2 was required beginning in 2017. On September 7, 2016, the EPA finalized an update to the CSAPR ozone season program.

CSAPR is administered by the EPA and LDEQ no longer issues a separate permit for CSAPR. Under CSAPR, each facility is assigned an allocation of NO<sub>x</sub> (tons), which may be emitted during the Ozone Season (May – September). If the facility exceeds the limit during the Ozone Season, additional allowances may be withdrawn from the owner’s banked allowances or allowances may be purchased.

The impact of CSAPR is not expected to be significant for the Hargis-Hébert, and T. J. Labbé Plants because the current proposed allowance allocations are roughly equivalent to the recent emissions at all of the Electric System natural gas generating plants. Similarly, CSAPR is not expected to impact operations at Rodemacher Unit 2 as the allocation is equivalent to recent emissions history and improved performance from the SNCR installation.

*Mercury and Air Toxics Standard.* On February 16, 2012, the EPA issued the final ruling titled *National Emission Standards for Hazardous Air Pollutants from Coal- and Oil-fired Electric Utility Steam Generating Units and Standards of Performance for Fossil-Fuel-Fired Electric Utility, Industrial-Commercial-Institutional, and Small Industrial-Commercial-Institutional Steam Generating Units*, commonly referred to as MATS. To comply with MATS requirements, Rodemacher Unit 2 completed the installation of a dry absorbent injection system for acid gas control; a fabric filter baghouse for metallic particulate control; and ID booster fans. As of the date of this Report, all the new equipment and systems are functioning properly. The results of the contract guarantee testing indicate that the equipment is operating per design to meet MATS requirements. On June 29, 2015, the Supreme Court effectively remanded the EPA’s MATS requirements to the District of Columbia Circuit Court. The Supreme Court’s decision did not prohibit the EPA from regulating mercury emissions; however, it did require the EPA to consider costs for those plants yet to meet the MATS requirements. The EPA subsequently submitted revised cost/benefit analyses. In December 2015, the Supreme Court refused to grant a stay on MATS, thus MATS has been fully implemented. The court rulings on MATS do not affect Rodemacher Unit 2, as it has completed an upgrade and meets MATS requirements.

*Regional Haze Rule.* The Regional Haze Rule requires certain existing large stationary emissions sources, such as coal-fired power generation units, to install Best Available Retrofit Technology (“BART”) to improve visibility at certain National Parks designated as Class I areas. Under the rule, certain types of older sources are required to install BART to control particulate matter, SO<sub>2</sub> and NO<sub>x</sub> emissions. In 2012, the EPA issued a final action allowing states participating in the CSAPR trading program to use those programs instead of source specific BART to meet the requirements for the Regional Haze Rule.

The Regional Haze Rule BART requirement was superseded by the approval of CSAPR in 2014. However, in Louisiana, CSAPR only applies to NO<sub>x</sub> emissions during the Ozone Season. BART for NO<sub>x</sub> is accomplished by continuing participation in the CSAPR trading allowance trading program.

SO<sub>2</sub> emission sources that fall under Regional Haze Rule BART requirements were evaluated for their effect on pertinent Class I areas.

In February 2017, LDEQ submitted to the EPA a proposed state implementation plan (the “SIP”) indicating how BART-applicable Electric Utility Steam Generating Units in Louisiana would comply with the BART requirements. On December 21, 2017, the EPA published approval of the SIP in the Federal Register. BART for Rodemacher Unit 2 as designed in the SIP will be continued operation of the existing dry sorbent injection system (“DSI”) with increased reagent injection in order to meet a lower SO<sub>2</sub> limit of 0.30 lb/MMBtu on a 30-day rolling basis. The current air permit limit is 1.2 lb/MMBtu.

The EPA publication discusses emissions testing conducted on the existing DSI system to evaluate control of hydrogen chloride with respect to the MATS rule, during which the continuous emission monitoring system was operating and capturing SO<sub>2</sub> emissions data. The effective date of the SIP was January 22, 2018. Compliance must take place as expeditiously as practicable, but no later than one year of the effective date of the SIP. Cleco has confirmed that the existing DSI system continues to meet the requirements of and compliance with the SIP, including the lower SO<sub>2</sub> limit.

*Coal Combustion Residue.* Most of the Rodemacher Unit 2 coal combustion residue (e.g., fly ash and bottom ash) is removed on a regular basis from the site by truck and sold for beneficial use. On December 19, 2014,

the EPA finalized the Coal Combustion Residue (“CCR”) Rule and it was published on April 17, 2015 in the Federal Register. Rodemacher Unit 2 has two surface impoundments; the Fly Ash Pond and the Bottom Ash Pond, to which the CCR Rule applies. The rule became effective October 14, 2015. The final rule classifies coal ash as solid waste rather than hazardous waste. Classifying coal residue as a solid waste eliminates potential increased disposal costs associated with special handling, transportation, and disposal requirements for hazardous waste. Most of the Rodemacher Unit 2 coal combustion residue (e.g., flyash and bottom ash) is removed on a regular basis from the site by truck and sold for beneficial use. As a result of the latest EPA ruling, Rodemacher Unit 2 continues marketing and selling their coal ash for beneficial use.

The rule establishes technical requirements for CCR landfills and surface impoundments. In addition, the rule redefines beneficial use. Note that the CCR rule does not affect beneficial use applications started before the effective date of the rule. Beneficial use applications started after the effective date of the new rule will need to be evaluated according to new definitions of beneficial use and disposal.

The final rule establishes minimum national criteria for CCR landfills; CCR surface impoundments; and all lateral expansions of CCR units including location restrictions, liner design criteria, structural integrity requirements, operating criteria, groundwater monitoring and corrective action requirements, closure and post-closure care requirements, and recordkeeping, notification, and Internet posting requirements. CCR surface impoundments that do not receive CCR after the effective date of the rule, but still contain water, will be subject to all applicable regulatory requirements. Regulatory requirements must be met unless the owner or operator of the facility dewater and installs a final cover system on these inactive units no later than three years from publication of the rule.

The final CCR Rule requires the owner or operator of an existing CCR surface impoundment to document, no later than October 17, 2016, whether the impoundment was constructed to meet the liner requirements included in the final rule (40 Code of Federal Regulations (“CFR”) 257.71). In compliance with this requirement, Cleco obtained certification from a qualified professional engineer attesting that both the Bottom Ash Pond and the Fly Ash Pond meet the requirements of the final CCR Rule. In addition, a CCR Groundwater Monitoring Program is in place to determine the integrity of the liners in the Fly Ash and Bottom Ash Ponds, as required by the CCR Rule.

Annual inspections required by CCR for the Bottom Ash pond and Fly Ash pond were conducted in December 2017 by Providence Engineering & Environmental Group LLC. The inspection reports state that the reservoirs and slopes are in satisfactory condition, and no corrective actions were needed. The anticipated date of closure for both the Fly Ash and Bottom Ash impoundments is no sooner than 2020.

*National Ambient Air Quality Standards.* The Clean Air Act requires the EPA to set National Ambient Air Quality Standards (“NAAQS”) to protect public health and the environment. Ambient air quality monitoring and air dispersion models are used to monitor air quality in a region or predict concentrations of pollutants for a given area. When pollution exceeds an allowable air quality standard, an area may be designated as a “Nonattainment Area,” which typically requires emissions reductions from sources within the region and more restrictive permit limits for new sources. Rapides Parish and the surrounding region in Northern Louisiana is currently designated as “Attainment” for all criteria pollutants. Therefore, the more stringent nonattainment area regulations do not apply to Rodemacher Unit 2 under the current NAAQS.

In addition to NAAQS implementation, the EPA must update the standards every five years to maintain pace with new developments in health and science. Standards for NO<sub>x</sub> (1-hour), PM<sub>2.5</sub>, SO<sub>2</sub> (1-hour), and ozone have all been updated within the past five years, and Rapides Parish continues to meet the standards. If future updates to the NAAQS result in a Nonattainment Area designation, LDEQ would evaluate emission sources in the region and emissions reductions at Rodemacher Unit 2 could be required.

*New Source Performance Standards.* On October 23, 2015, the EPA published the final New Source Performance Standard designed to reduce carbon pollution from new power plants. This regulation, which only applies to new facilities, limits coal fired power plant carbon dioxide (“CO<sub>2</sub>”) emissions to 1,400 lb/MWh (gross). Traditional coal fired power plants cannot meet this limit without some form of CO<sub>2</sub> abatement, such as carbon capture and sequestration. Existing plants that commenced construction per the definition at 40 CFR) Subpart 60 prior to January 8, 2014 are not subject to the rule. Rodemacher Unit 2 commenced construction prior to January 8, 2014, and as such, is not subject to the rule.

*Water Discharge Permit.* The Louisiana Pollution Discharge Elimination System (“LPDES”) Permit was renewed by LDEQ. The permit is required for discharges of wastewater and stormwater to surface waters. The

permit establishes monitoring, reporting, and recordkeeping requirements, as well as limitations on emissions. The permitted discharge points, all of which are not exclusively used for Rodemacher Unit 2 effluent, are:

- Outfall 001 – Cooling pond discharge, including coal sedimentation pond effluent, seal well overflow, bottom ash and secondary settling pond effluent, chemical metal cleaning waste, clarifier sludge sedimentation pond effluent, and low volume wastewaters.
- Outfall R-02 – Coal sedimentation pond effluent.
- Outfall R-03 – Units 1 and 2 seal well effluent and general plant washdown effluent

Based on discussions with plant staff, the Consulting Engineer is not aware of any outstanding NOV's or any material compliance issues with the LPDES Permit.

### **Other Regulatory Matters**

Other operations of the Utilities System outside the Electric System are also subject to continuing environmental, conservation and other regulation and permitting requirements by federal, state and local authorities. The Issuer believes that its operations are currently in substantial compliance with the provisions with all such regulations and permitting requirements.

Federal and State standards and procedures that govern the control of the environment, conservation and system operations can change. These changes may arise from continuing legislative, regulatory, and judicial action regarding the standards, procedures and requirements for compliance and the issuance of permits. Therefore, there is no assurance that the units in operation, under construction, or contemplated will remain subject to the regulations that are currently in effect. Furthermore changes in clean air laws and environmental standards may result in increased capital and operating costs.

## **COMMUNICATIONS SYSTEM**

The Communications System, also known as LUS Fiber, operates a 100 percent fiber optic system. As of the end of 2018, the Communications System served 34 wholesale customers and over 20,000 retail customers with cable television, Internet, or telephone or some combination of the three services. These services are in competition with regional and national data, and communications providers including Cox Communications, Dish, AT&T, kaptel, REACH4 and HughesNet. LUS Fiber continues to provide some of the fastest broadband service in the country, with its 1-gigabit fiber home service offering equal upload and download speeds with its fiber equipment connecting directly to the home.

Currently, the Communications System's services are primarily offered within the City limits and within certain parts of the Parish. In November 2017, LUS Fiber attained franchise status, allowing it to offer communications services outside the City and unincorporated areas in the Parish. LUS Fiber recently expanded to offer services in the City of Broussard and the City of Youngsville. LUS Fiber is building out targeted areas, with one subdivision completed and another in progress, which provides video, Internet, and telephone services to residential and business customers within the City limits.

The fiber optic system began in 1998 with bulk fiber serving the Electric System's SCADA system, transmission line protection systems, and LUS facilities. Further expansion offered communications and data services to governmental and educational facilities, and retail data, telephone, and CATV services to the public. The first retail customers began receiving service in February 2009. The Communications System includes numerous 10-gigabit circuits deployed in multiple loops for greater redundancy that span the entire City and connect with national fiber backbone through contracts with various providers. The Communications System added a third 10-gigabit Internet drain to cover capacity required in the near future. The three 10-gigabit fiber connections are a fixed cost for the Communications System with data bursts above the various committed gigabit levels leading to additional variable costs. Currently the system consists of 70 miles of backbone fiber, 145 miles of distribution fiber, and 539 miles of access fiber connecting to 27,003 individual premise locations.

In preparation for providing retail communications services, the Communications System purchased the fiber optic system from the Utilities System in 2007. The Communications System also reimbursed the Utilities System for start-up costs. Both the purchase of assets and the reimbursement of start-up costs were funded by internal loans between the Utilities System and the Communications System at market terms and rates. As of

October 31, 2018, the Communications System has borrowed \$26,529,343 from the Utilities System for the acquisition of the already-existing fiber infrastructure, start-up costs and operations. The Communications System repayment of the loans will continue through 2033. The Communications System does not expect any future loans from the Utilities System.

In addition to the loans from the Utilities System, the Communications System has issued Communications System Revenue Bonds ("Communications System Bonds") for the purposes of expanding and upgrading the fiber optic infrastructure from wholesale to retail telecommunications services. As of the date of this Official Statement, \$96,785,000 in aggregate principal amount of Communications System Bonds are outstanding. The repayment of the Utilities System loans is subordinate to the Communications System Bonds debt service.

The Communications System is financially separate from the Utilities System; however, if the Communications System fails to transfer to the Paying Agent by the 21st day of the month proceeding an interest payment date the amount equal to the debt service on the Communications System Bonds falling due on the first day of the following month (a "Credit Event"), the Utilities System is required to pay such debt service (but only to the extent of such insufficiency) from revenues available for the payment of Subordinated Indebtedness on deposit in the Capital Additions Fund of the Utilities System. Upon the occurrence of a Credit Event, the Communications System must proceed to discontinue its provision of services, as soon as reasonably practicable, taking into consideration minimizing the interruption of services to existing users of the Communications System. Pursuant to the ordinances of the City authorizing the issuance of the Communications System Bonds (collectively, the "Communications System Ordinance"), the rate covenant contained in the Bond Ordinance was incorporated by reference into the Communications System Ordinance, and the debt service requirements on any Communications System Bonds are treated as amounts payable with respect to Subordinated Indebtedness of the Utilities System for the purposes of the rate covenant under the Bond Ordinance. See the Consulting Engineer's Report in Appendix "B" hereto, pages 53-54.

## **INVESTOR CONSIDERATIONS**

*The purchase of the Bonds involves certain investment risks which are discussed throughout this Official Statement, and each prospective investor should make an independent evaluation of all information presented in this Official Statement in order to make an informed investment decision. Particular attention should be given to the factors described below which, among others, could affect the payment of debt service on the Bonds.*

### **Operating Risk**

As with any utility, operation of the Utilities System could be affected by many factors, including the breakdown or failure of equipment or processes, the performance of the Electric System, the Wastewater System and/or the Water System below expected levels of output or efficiency, labor disputes, changes in laws and regulations governing the Utilities System operations and catastrophic events such as fires, explosions or similar events. The occurrence of such events could significantly prevent, hinder or increase the costs of operating the Utilities System and likewise affect Net Revenues.

### **General Economic Factors Affecting the Utilities System**

Economic factors could have an adverse economic impact on the Utilities System. These factors include, among others, the increased costs of operation and maintenance of the Utilities System, adverse demographic changes (i.e. reductions in population or users) in the service area of the Utilities System, and general adverse changes in the economy which reduce the consumption of water and inhibit the ability of users to pay their utility bills.

### **Limited Obligations**

The Bonds shall not be or constitute general obligations or indebtedness of the Issuer within the Constitution, but shall be payable solely from and secured by a lien upon and a pledge of the Net Revenues of the Utilities System. No bondholder shall ever have the right to compel the exercise of *ad valorem* taxing power of the Issuer or taxation in any form on any real or personal property to pay the Bonds or interest thereon, nor shall any bondholder be entitled to the payment of such principal and interest from any other funds of the Issuer other than the Net Revenues of the Utilities System in the manner and to the extent provided in the Bond Ordinance. In addition, no recourse shall be had for the payment of the principal or interest on the Bonds or for any claim based thereon or the Bond Ordinance against any member of the Governing Authority or officer of the Issuer or any person executing

the Bonds. Therefore, the security for the punctual payment of the principal of and interest on the Bonds is dependent on the availability of Net Revenues in an amount sufficient to meet the debt service requirements of the Bonds, the Outstanding Parity Bonds and any Additional Parity Bonds.

### **Future Changes in Laws**

The information presented in this Official Statement is based on the laws and regulations of the United States of America and the State and related court and administrative law decisions in effect as of the date of this Official Statement (collectively, the “Laws”). In addition, the opinions delivered in connection with the issuance of the Bonds are based on the Laws. No assurance can be given as to the impact, if any, future events, regulations, legislation, court decisions or administrative decisions may have with respect to the Laws or that any or all of the Laws will remain in effect during the entire term of the Bonds.

### **Difficulties in Enforcing Remedies**

The remedies available to the owners of the Bonds upon an event of default under the Bond Ordinance are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically in the United States Bankruptcy Code, 11 U.S.C. §101 et seq. (the “Bankruptcy Code”), the remedies provided in the Bond Ordinance may not be readily available or may be limited. The various legal opinions delivered concurrently with the delivery of the Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by general principles of equity and by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting the rights of creditors generally.

The enforceability of the rights and remedies of the owners of the Bonds, and the obligations incurred by the Issuer in issuing the Bonds, are subject to the Bankruptcy Code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors’ rights generally, now or hereafter in effect to the extent constitutionally applicable; equity principles which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the federal Constitution; and the exercise of the sovereign police powers of the State or its governmental bodies. Consistent with the contracts clauses of the Louisiana and United States Constitutions, in a bankruptcy proceeding or due to the exercise of powers by the federal or State government, Bondowners could be subject to judicial discretion and the interpretation of their rights in bankruptcy or otherwise, which consequently may entail risks of delay, limitation, or modification of their rights. Under current State law, no political subdivision of the State, including the Issuer, may file for protection under Chapter 9 of the Bankruptcy Code unless such filing is approved by the Louisiana State Bond Commission and the Governor and Attorney General of the State. Further, no political subdivision of the State, after filing for bankruptcy protection, may carry out a plan of readjustment of debts approved by the bankruptcy court until such plan is approved by the Louisiana State Bond Commission and the Governor and Attorney General of the State.

The obligations of the Issuer under the Bond Ordinance are and may be secured on a parity with other obligations of the Issuer so that any proceeds that might be derived from the exercise of remedies would be required to be shared among the owners of the Bonds and the Outstanding Parity Bonds and the holders of any Additional Parity Bonds.

The pledge of the Net Revenues by the Issuer to secure its obligations with respect to the Bonds may be ineffective as to certain revenues or under certain circumstances.

### **Financial Information**

Certain financial information relating to the Issuer is set forth herein and in the appendices hereto. There can be no assurance that the financial results achieved by the Issuer in the future (including, but not limited to, the amount of Net Revenues collected by the Issuer) will be similar to historical results. Such future results will vary from historical results and actual variations may be material.

### **Secondary Market**

There is no guarantee that a secondary trading market will develop for the Bonds. Consequently, prospective bond purchasers should be prepared to hold their Bonds to maturity or prior redemption. Subject to applicable securities laws and prevailing market conditions, the Underwriters intend, but are not obligated, to make a market in the Bonds. As a result, owners of the Bonds may be unable to dispose of the Bonds should they no longer

desire to own the Bonds. The Underwriters cannot guarantee the liquidity of the Bonds; consequently, prospective purchasers of the Bonds should be prepared to hold such bonds until maturity.

If such secondary market exists after the issuance of the Bonds, events such as decreases in benchmark interest rate indices, downward revisions or withdrawals of ratings on the Bonds or the Issuer, and general market turmoil, among others, may adversely affect the value of the Bonds on such secondary market. The Underwriters cannot guarantee that the owner of a Bond will not experience a loss of value of such Bond prior to maturity.

#### **Failure to Provide Ongoing Disclosure**

The failure of the Issuer to comply with the continuing disclosure certificate described herein may adversely affect the transferability and liquidity of the Bonds and their market price. See “CONTINUING DISCLOSURE” herein.

#### **Book-Entry**

Persons who purchase Bonds through DTC Participants become creditors of the DTC Participant with respect to the Bonds. Records of the investors’ holdings are maintained only by the DTC Participant and the investor. In the event of the insolvency of the DTC Participant, the investor would be required to look to the DTC Participant’s estate and to any insurance maintained by the DTC Participant, to make good the investor’s loss. Neither the Issuer nor the Underwriters are responsible for failures to act by, or insolvencies of, the Securities Depository or any DTC Participant. See Appendix “G” hereto.

#### **Forward-Looking Statements**

This Official Statement contains statements relating to future results that are “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words “estimate,” “intend,” “expect” and similar expressions identify forward-looking statements. Any forward-looking statement is subject to uncertainty and risks that could cause actual results to differ, possibly materially, from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop forward-looking statements will not be realized or unanticipated events and circumstances may occur. Therefore, investors should be aware that there are likely to be differences between forward-looking statements and actual results; those differences could be material.

#### **Hurricanes**

The Issuer is located near the Gulf Coast of Louisiana in an area that is prone to hurricanes and other tropical events. In the last ten years, Hurricanes Gustav, Ike and Isaac, along with less intense tropical storms and tropical depressions, have impacted parts of the Louisiana coast. In addition, Hurricanes Katrina and Rita caused significant damage to various parts of Louisiana in 2005. The Issuer cannot predict if or when any such tropical event will occur or the effect any such tropical event may have on its operations, population, demographics, economic or financial stability, or ability to pay debt service on the Bonds.

THE BONDS INVOLVE A DEGREE OF RISK. POTENTIAL INVESTORS IN THE BONDS ARE RESPONSIBLE FOR CONDUCTING AN INDEPENDENT INVESTIGATION OF MATTERS RELATING TO THE FINANCIAL ASPECTS OF THE BONDS, THE ISSUER AND THE SECURITY FOR THE BONDS TO DETERMINE IF AN INVESTMENT IN THE BONDS, AND THE RISKS ASSOCIATED THEREWITH, IS CONSISTENT WITH THEIR INVESTMENT OBJECTIVES. POTENTIAL INVESTORS SHOULD NOT RELY ON ANY PARTY TO THE TRANSACTION WITH RESPECT TO THE INVESTIGATION OF ANY SUCH MATTERS. PROSPECTIVE PURCHASERS SHOULD CONFER WITH THEIR OWN LEGAL AND FINANCIAL ADVISORS BEFORE CONSIDERING A PURCHASE OF THE BONDS.

#### **LITIGATION**

No litigation has been filed questioning the validity of the Bonds or the security thereof, and a certificate to that effect will be delivered by the Issuer to the Underwriters upon issuance of the Bonds.

Notwithstanding the foregoing, like any other municipal entity, the Issuer is a party to various lawsuits from time to time, and other disputes. The Issuer believes that the estimated costs and expenses of defense of such litigation will be entirely within the applicable insurance policy limits (subject to applicable deductibles) or not in excess of the total available reserves therefor. Therefore, the Issuer does not believe that an unfavorable ruling on

any actual litigation which is currently pending, except as disclosed below, would have a material adverse effect on the financial condition of the Issuer.

In June, 2016 a class action lawsuit was filed against LCG which challenges the validity of the City's collection of in lieu of tax ("ILOT") payments from LUS. More specifically, this suit alleges that the City wrongfully collected ILOT payments from LUS of over \$400 million dollars since 1976. LUS makes an ILOT payment to the City annually, which is common and industry practice for municipal owned utilities. Plaintiffs claim these payments were a disguised ad valorem tax assessed upon LUS customers in violation of Louisiana Law. LCG and LUS have denied all of the plaintiffs' allegations and maintain these claims are wholly without merit. The timeline within which a definitive resolution of the issues involved in the class action lawsuit will be reached is indeterminable, at this time.

## **LEGAL MATTERS**

The approving opinions of Mahtook & LaFleur, Bond Counsel, and Foley & Judell, L.L.P., Co-Bond Counsel, will be printed on the Bonds. The opinions of Bond Counsel and Co-Bond Counsel are limited to the matters set forth therein and Bond Counsel and Co-Bond Counsel are not passing upon the accuracy or completeness of this Official Statement. Bond Counsel's and Co-Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on factual representations made to Bond Counsel and Co-Bond Counsel as of the date thereof. Bond Counsel and Co-Bond Counsel assume no duty to update or supplement their respective opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel's and Co-Bond Counsel's attention or to reflect any changes in law that may thereafter occur or become effective. Moreover, Bond Counsel's and Co-Bond Counsel's opinions are not a guarantee of a particular result, and are not binding on the Internal Revenue Service or the courts; rather, such opinions represent Bond Counsel's and Co-Bond Counsel's professional judgment based on its review of existing law and in reliance on the representations and covenants that it deems relevant to such opinions.

A manually executed original of each such opinion will be delivered to the Underwriters on the date of payment for and delivery of the Bonds. The form of said legal opinion appears in Appendix "E" to this Official Statement. For additional information regarding the opinion of Bond Counsel and Co-Bond Counsel, see the section below titled "TAX EXEMPTION." The compensation of Bond Counsel and Co-Bond Counsel is contingent upon the sale and delivery of the Bonds.

Certain other legal matters will be passed upon for the Underwriters by Nixon Peabody LLP, New York, New York, Counsel to the Underwriters.

## **UNDERWRITING**

Stifel, Nicolaus & Company, Incorporated and Sisung Securities Corporation (collectively, the "Underwriters") have agreed, subject to certain customary conditions precedent to closing, to purchase the Bonds at a purchase price of \$68,215,006.10 (representing the principal amount of the Bonds, plus original issue premium of \$10,541,944.85 and less Underwriter's discount of \$391,938.75). The initial public offering prices or yields are set forth on the cover page of this Official Statement. The Underwriters' obligations are subject to certain conditions precedent, and they will be obligated to purchase all the Bonds if they are purchased. The Bonds may be offered and sold to certain dealers at a price or yield lower than such public offering prices or yields. The public offering prices may be changed, from time to time, by the Underwriters.

## **TAX EXEMPTION**

### **Interest on the Bonds**

The delivery of the Bonds is subject to delivery of the approving opinions of Mahtook & LaFleur, Bond Counsel, Lafayette, Louisiana, and Foley & Judell, L.L.P., Co-Bond Counsel, New Orleans, Louisiana to the effect that, under existing law, interest on such Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference of the federal alternative minimum tax imposed on individuals and corporations. See Appendix "E" – "Form of Legal Opinion".

## **State Taxes**

The opinions of Bond Counsel and Co-Bond Counsel will state that under Chapter 1 of Title 47 of the Louisiana Revised Statutes of 1950, interest on the Bonds owned by corporations or residents of the State of Louisiana is exempt from Louisiana State income taxation to the extent such interest is exempt from federal income taxation. Each prospective purchaser of the Bonds should consult his or her own tax advisor as to the status of interest on the Bonds under the tax laws of any state other than Louisiana.

## **Alternative Minimum Tax Consideration**

Interest on the Bonds is not an item of tax preference for purposes of the individual federal alternative minimum tax.

## **General**

The Code imposes a number of requirements that must be satisfied for interest on state and local obligations to be excluded from gross income for federal income tax purposes. These requirements include limitations on the use of bond proceeds and the source of repayment of bonds, limitations on the investment of bond proceeds prior to expenditure, a requirement that excess arbitrage earned on the investment of certain bond proceeds be paid periodically to the United States, except under certain circumstances, and a requirement that information reports be filed with the Internal Revenue Service.

The opinion of Bond Counsel will assume continuing compliance with the covenants in the Bond Ordinance pertaining to those sections of the Code which affect the exclusion from gross income of interest on the Bonds for federal income tax purposes and, in addition, will rely on representations by the Issuer with respect to matters solely within the knowledge of the Issuer, which Bond Counsel has not independently verified. If the Issuer should fail to comply with the covenants in the Bond Ordinance or if the foregoing representations should be determined to be inaccurate or incomplete, interest on the Bonds could become included in gross income from the date of original delivery of the Bonds, regardless of the date on which the event causing such inclusion occurs.

Owners of the Bonds should be aware that (i) the ownership of tax-exempt obligations, such as the Bonds, may result in collateral federal income tax consequences to certain taxpayers and (ii) certain other federal, state and/or local tax consequences may also arise from the ownership and disposition of the Bonds or the receipt of interest on the Bonds. Furthermore, future laws and/or regulations enacted by federal, state or local authorities may affect certain owners of the Bonds. All prospective purchasers of the Bonds should consult their legal and tax advisors regarding the applicability of such laws and regulations and the effect that the purchase and ownership of the Bonds may have on their particular financial situation.

## **Qualified Tax-Exempt Obligations (Non-Bank Deductibility)**

The Tax Reform Act of 1986 revised Section 265 of the Code so as to generally deny financial institutions 100% of the interest deductions that are allocable to tax-exempt obligations acquired after August 7, 1986. However, an exception is permitted under the Tax Reform Act of 1986 for certain qualified tax-exempt obligations which allows financial institutions to continue to treat the interest on such obligations as being subject to the 20% disallowance provision under prior law if the Issuer, together with certain subordinate entities, reasonably expects that it will not issue more than \$30,000,000 of governmental purpose bonds in a calendar year and designates such bonds as “qualified tax-exempt obligations” pursuant to the provisions of Section 265(b)(3)(B) of the Code. The Bonds are **not** designated as “qualified tax-exempt obligations” pursuant to Section 265(b)(3)(B) of the Code.

## **Tax Treatment of Original Issue Premium**

The Bonds are being offered and sold to the public at a price in excess of their stated principal amounts.

Such excess is characterized as a “bond premium” and must be amortized by an investor purchasing a Bond on a constant yield basis over the remaining term of the Bond in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized bond premium related to a tax-exempt bond for federal income tax purposes. However, as bond premium is amortized, it reduces the investor’s basis in the Bond. Investors who purchase a Bond should consult their own tax advisors regarding the amortization of bond premium and its effect on the Bond’s basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the Bond.



## BOND RATINGS

S&P Global Ratings, a division of Standard & Poor's Financial Services LLC ("S&P") and Moody's Investors Service, Inc. ("Moody's") have assigned their ratings of "AA (stable)" and "A2 (stable)", respectively, to the Bonds, each with the understanding that the municipal bond insurance policy of AGM will be issued upon delivery of the Bonds. See "BOND INSURANCE." S&P has assigned an initial underlying rating of "AA-" to the Bonds. Moody's assigned an initial underlying rating of and "A1" to the Bonds. Such ratings reflect only the view of S&P and Moody's and are not a recommendation to buy, sell, or hold the Bonds. Any desired explanation of the significance of such ratings may be obtained from the rating agency furnishing the same, at the following addresses: Standard & Poor's Public Finance Ratings, Lincoln Plaza, Suite 3200, 500 N. Akard, Dallas, Texas 75201, telephone (214) 871-1400 or Moody's Investors Service, Plaza of the Americas, Suite 2165, 600 N. Pearl Street, Dallas, Texas 75201, telephone (214) 220-4350. Generally, a rating agency bases its rating on the information and materials furnished by the issuer and others, and on investigations, studies and assumptions made by such rating agency. A rating may be changed, suspended, or withdrawn as a result of changes, in or unavailability of, information. There is no assurance that a rating will not be changed or withdrawn entirely, if in the judgment of the rating agency issuing the rating, circumstances so warrant. Any such downward changes or withdrawals of the ratings could have an adverse effect on the market price for the Bonds.

## CONTINUING DISCLOSURE

### General

The Issuer will, pursuant to a Continuing Disclosure Certificate to be dated the date of delivery of the Bonds (the "Continuing Disclosure Certificate"), covenant for the benefit of Bond Owners to provide (i) certain financial information and operating data relating to the Issuer in each year no later than eight (8) months from the end of the Issuer's first Fiscal Year ending after issuance of the Bonds, with the first such report due not later than June 30, 2019 (the "Annual Report"), and (ii) notices of the occurrence of certain enumerated events, called "Listed Events," in the future that may affect the Issuer or the Bonds. The Annual Reports and any notices of Listed Events required pursuant to the Continuing Disclosure Certificate will be filed with the MSRB through the Electronic Municipal Market Access website ("EMMA") and with any future Louisiana officially designated State Information Depository. For the specific nature of the information to be contained in the Annual Report or the potential Listed Events, see Appendix "F" – "Form of Continuing Disclosure Certificate" attached hereto. The Issuer is entering into the Continuing Disclosure Certificate in order to assist the Underwriters in complying with S.E.C. Rule 15c2-12(b)(5) (the "Rule"). The Issuer has not undertaken to provide all information investors may desire to have in making decisions to hold, sell or buy the Bonds and has no obligation to provide any information subsequent to the delivery of the Bonds except as provided in the Continuing Disclosure Certificate.

**The Issuer's Dissemination Agent for the above information is its Chief Financial Officer, Lafayette City-Parish Consolidated Government, 705 West University Avenue, Lafayette, Louisiana 70506, telephone 337-291-8311.**

The Issuer has filed all continuing disclosure reports currently required by its prior undertakings under the Rule; however, due to differing compliance dates contained within the continuing disclosure certificates, not all reports were timely filed. Additionally, the Issuer has failed to timely file notice of certain events as required by its prior undertakings. The following summarizes the results of the Issuer's review of the last five years of filings.

The Issuer's undertakings in connection with its Public Improvement Sales Tax Bonds, Series 2003C, Series 2003D, Series 2005B and Series 2005C had a continuing disclosure compliance date of April 1. For Fiscal Year 2013, the Issuer satisfied the reporting requirements for the Comprehensive Annual Financial Report and the sales tax collections late on April 30, 2014. For Fiscal Year 2014, the Issuer satisfied the reporting requirements for the Comprehensive Annual Financial Report and the sales tax collections late on April 30, 2015 and April 29, 2015, respectively. For Fiscal Year 2013, the Issuer satisfied the reporting requirements for the top sales tax dealers on August 20, 2014. For Fiscal Year 2014, the Issuer satisfied the reporting requirements for the top sales tax dealers on April 29, 2015.

The Issuer's undertakings in connection with its Public Improvement Sales Tax Bonds, Series 2001A, Series 2001B, Series 2006A, Series 2007A and Series 2007B, and its Public Improvement Sales Tax Refunding

Bonds, Series 2005A, Series 2006B and Series 2006C, Taxable Public Improvement Sales Tax Build America Bonds, Series 2009A and Series 2009B, and Taxable Public Improvement Sales Tax Recovery Zone Economic Development Bonds, Series 2009A, had a continuing disclosure compliance date of May 1.

The Issuer's undertakings in connection with its Public Improvement Sales Tax Bonds, Series 2011, and Series 2013, and Public Improvement Sales Tax Refunding Bonds, Series ST-2011A, Series ST-2011B, Series ST-2011C, Series ST-2011D, Series ST-2012A, Series ST-2012B had an annual compliance date of June 30. For Fiscal Year 2013, the Issuer satisfied the reporting requirement for the sales tax dealers late on August 20, 2014. On November 17, 2014, the Issuer filed additional financial information missed in earlier filings for Fiscal Year 2013 and 2014.

The Issuer's undertakings in connection with its Utility Revenue Bonds, Series 2004 had an annual compliance date of May 1. For Fiscal Year 2013, the Issuer satisfied the reporting requirements for the Comprehensive Annual Financial Report late on August 19, 2014.

The Issuer's undertakings in connection with its Communication System Revenue Bonds, Series 2007, Series 2012A and Taxable Communications System Revenue Bonds, Series 2012B had an annual compliance date of May 1. For Fiscal Year 2013, the Issuer filed additional Financial and Operating Data on the Communication System late on November 26, 2014.

Finally, the Issuer failed to file on a timely basis certain Listed Event notices including those related to a defeasance of bonds. The Issuer has not made any determination as to the materiality of the foregoing, and the Issuer is not aware of any other disclosures required by the Prior Undertakings that it has failed to file.

The Issuer has established procedures to ensure proper filing of the reports and notices required by the Continuing Disclosure Certificate and its prior undertakings with the EMMA in the future. Such procedures include, but are not limited to, (i) designating the Issuer's Chief Financial Officer with the duty of ensuring proper filings, (ii) educating the Governing Authority of the Issuer on an ongoing basis regarding the importance of the proper content and filing of the reports and notices required by the Continuing Disclosure Certificate and its prior undertakings, and (iii) periodically checking MSRB/EMMA to ensure such reports and notices have been properly filed and indexed. In addition, the Issuer has enrolled in the MSRB/EMMA reminder service, which will help ensure the proper officials of the Issuer are advised of upcoming filing deadlines.

### **Louisiana Act 463**

The State Legislature enacted Act 463 of the 2014 Regular Session of the State Legislature provides additional procedures designed to ensure compliance with the Continuing Disclosure Certificate by (i) requiring public entities, such as the Issuer, to keep certain records demonstrating compliance with the Continuing Disclosure Certificate, and (ii) mandating that the Issuer's auditor, as part of the preparation of the Issuer's annual financial audit, review the Issuer's compliance with its continuing disclosure undertakings and record keeping requirements.

### **MUNICIPAL ADVISOR**

Government Consultants, Inc. (the "Municipal Advisor") is serving as municipal advisor to the Issuer with respect to the pricing and sale of the Bonds. In its role as municipal advisor, the Municipal Advisor has not undertaken either to make an independent verification of or to assume responsibility for the accuracy or completeness of the information contained in this Official Statement and the appendices hereto. The Municipal Advisor is an independent financial advisory firm and is not engaged in the business of underwriting, trading or distributing tax-exempt securities or other public securities.

### **CONSULTING ENGINEER**

The Consulting Engineer is a national utility consulting firm providing services for publicly owned electric, water, wastewater and solid waste utilities. The Consulting Engineer and its team members provide deep expertise and experience in the construction and operation of utilities and related assets and infrastructure. Members of the Consulting Engineer's team actively participate in utility industry organizations; provide expert testimony to local, state, and federal utility regulatory bodies; and routinely evaluate utility infrastructure and operations. In the role as

Consulting Engineer to the Issuer, the Consulting Engineer is required to approve of the appointment of a Chief Operating Officer, to develop a Comprehensive Annual Report and to advise the Issuer as to any revisions of rates on the Utilities System.

#### **ADDITIONAL INFORMATION**

For any additional information concerning the Issuer, please address Ms. Lorrie Toups, Chief Financial Officer, Lafayette City-Parish Consolidated Government, P.O. Box 4017-C, Lafayette, Louisiana 70502, telephone 337-291-8201. For additional information concerning the Bonds now offered for sale, please address Mahtook & LaFleur, 600 Jefferson Street, 10<sup>th</sup> Floor, Lafayette, Louisiana 70501, telephone 337-266-2282 or Government Consultants, Inc., Annex Building, 700 North 10<sup>th</sup> Street, Baton Rouge, Louisiana 70802, telephone 225-344-2098.

For convenience, copies of certain financial information with respect to the Issuer may be obtained through the following website: [www.LafayetteUtilityBonds.com](http://www.LafayetteUtilityBonds.com). No information or statement on the Issuer's website is included by specific cross-reference herein.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Except as specifically provided herein, such websites and the information or links contained therein, including specifically (but not limited to) the information on the Issuer's website, are not included by reference herein, and are not part of this Official Statement for purposes of, and as that term is defined in, Rule 15c2-12 of the United States Securities and Exchange Commission.

Although the Issuer has prepared the information on its website for the convenience of those seeking that information, no decision in reliance upon that information should be made. Typographical or other errors may have occurred in converting the original source documents to their digital format, and the Issuer assumes no liability or responsibility for errors or omissions contained on any website. Further, the Issuer disclaims any duty or obligation to update or maintain the availability of the information contained on any website or any responsibility or liability for any damages caused by viruses contained within the electronic files on any website. The Issuer also assumes no liability or responsibility for any errors or omissions or for any updates to dated information contained on any website.

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## **MISCELLANEOUS**

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Neither this Official Statement nor any statement that may have been made verbally or in writing is to be construed as a contract with the holders or beneficial owners of the Bonds.

The appendices attached hereto are integral parts of this Official Statement and must be read in their entirety together with all foregoing statements.

The execution and delivery of this Official Statement has been duly authorized and approved by the City.

### **CITY OF LAFAYETTE, STATE OF LOUISIANA**

/s/ Joel Robideaux  
Joel Robideaux  
Mayor-President

/s/ Jared P. Bellard  
Jared P. Bellard  
Council Chair

/s/ Veronica L. Williams  
Veronica L. Williams  
Clerk of the Council

**GENERAL UTILITIES REVENUE**  
**BOND ORDINANCE NO. O-122-2004**

An ordinance of the Lafayette City-Parish Council and the Lafayette Public Utilities Authority authorizing the incurring of debt and issuance from time to time of Utilities Revenue Bonds of the City of Lafayette, State of Louisiana; prescribing the form, providing for the rights of the holders thereof; providing for the payment of said Bonds and the application of the proceeds thereof; and providing for other matters in connection therewith.

SECTION 1. WHEREAS, the City of Lafayette, State of Louisiana (the "Issuer") now owns and operates a utilities system as a single revenue producing public utility, consisting of the waterworks plant and system, electric power and light plant and system and sewer system, as more fully described in Section 1.1 hereof; and

SECTION 2. WHEREAS, the Issuer has outstanding the following described revenue bonds which are payable from a pledge and dedication of the income and revenues of the Utilities System, viz:

Issue	Date of Issue	Principal Outstanding	Maturing Nov. 1, 2004 to Nov. 1:	Authorized by Ordinance Adopted on:
Utilities Revenue Refunding Bonds Series 1993	September 1, 1993	\$6,020,000	2004	September 14, 1993 (supplemented September 23, 1993)
Utilities Revenue Bonds, Series 1996	August 22, 1996	\$13,520,000	2017	May 28, 1996

SECTION 3. WHEREAS, it is recognized that the Issuer entered into a Power Sales Contract dated May 1, 1977, first actually executed June 3, 1977, with the Lafayette Public Power Authority ("LPPA") under which contract the Issuer has agreed to purchase the power and energy from the LPPA's 50% ownership interest in the Rodemacher No. II Plant at Boyce, Louisiana, and the Issuer's payments to LPPA under said contract constitute obligations of the Issuer payable as an operating expense of the Utilities System and such payments shall be made whether or not the Rodemacher No. II Plant is then operable or is operating; and

SECTION 4. WHEREAS, the Power Sales Contract obligates the Issuer to maintain sufficient rates for the commodities and services furnished by its Utilities System to meet its obligations under such contract and pay all other obligations payable from, or constituting a charge or lien on such revenues; and

SECTION 5. WHEREAS, the Issuer will defease or retire the Utilities Revenue Refunding Bonds, Series 1993 or otherwise terminate the pledge of the revenues of the Utilities System to such Bonds (but not the Power Sales Agreement) prior to the delivery of any of the bonds authorized and provided for hereby; and

SECTION 6. WHEREAS, the Louisiana Department of Environmental Quality, the sole owner of the Utilities Revenue Bonds, Series 1996, has consented to the adoption of this Ordinance and has agreed that Parity Debt issued under this Ordinance will be issued on a parity with the Utilities Revenue Bonds, Series 1996 and will become Outstanding Bonds; and

SECTION 7. WHEREAS, the Issuer wishes to provide for the issuance from time to time of its revenue bonds payable from the revenues of the Utilities System; and

SECTION 8. NOW, THEREFORE, BE IT ORDAINED by the Lafayette City-Parish Council, acting as the governing authority of the City of Lafayette, State of Louisiana, and the Lafayette Public Utilities Authority, acting as the governing authority of the Utilities Department, that:

## ARTICLE I

### DEFINITIONS AND INTERPRETATION

SECTION 1.1. Definitions. The following terms shall have the following meanings unless the context otherwise requires:

“Accreted Values” means, as of any date of computation with respect to any Capital Appreciation Bond, an amount equal to the principal amount of such Capital Appreciation Bond (the principal amount at its initial offering) plus the interest accrued on such Capital Appreciation Bond from the date of delivery to the original purchasers thereof to the Compounding Date next preceding the date of computation or the date of computation if a Compounding Date, such interest to accrue at a rate not exceeding the maximum rate permitted by law, compounded periodically, plus, with respect to matters related to the payment upon redemption of the Capital Appreciation Bonds, if such date of computation shall not be a Compounding Date, a portion of the difference between the Accreted Value as of the immediately preceding Compounding Date and the Accreted Value as of the immediately succeeding Compounding Date, calculated based on the assumption that Accreted Value accrues during any period in equal daily amounts on the basis of a year of twelve 30-day months.

“Act” means Part XIII, Chapter 4 of Title 39 of the Louisiana Revised Statutes of 1950, as amended, and other statutory and constitutional provisions supplemental thereto.

“Additional Parity Obligations” means any additional pari passu obligations which may hereafter be issued pursuant to Section 9.2 hereof on a parity with the Bonds.

“Agent” means a financial institution performing those duties described in Section 10.5.

“Annual Budget” means the annual operating budget of the Utilities System, as amended and supplemented from time to time, prepared by the Issuer for each Fiscal Year.

“Authorized Depository” means any bank, trust company, national banking association, savings and loan association, savings bank or other banking association selected by the Issuer as a depository hereunder.

“Bank” means the bank or banks selected by the Issuer which may be the regularly designated fiscal agent bank or banks of the Issuer.

“BMA Municipal Index” means The Bond Market Association Municipal Swap Index as of the most recent date for which such index was published, or such other weekly, high-grade index comprised of seven-day, tax-exempt variable rate demand notes produced by Municipal Market Data, Inc., or its successor, or as otherwise designated by The Bond Market Association or any successor thereto; provided, however, that, if such index is no longer produced by Municipal Market Data, Inc. or its successor, then “BMA Municipal Index” shall mean such other reasonably comparable index selected by the Issuer.

“Bond Counsel” means counsel experienced in matters relating to the validity of, and the exclusion from gross income for federal income tax purposes of interest on, obligations of states and their political subdivisions selected by the Issuer.

“Bond” or “Bonds” means any or all of the Utilities Revenue Bonds of the Issuer, issued pursuant to the Ordinance, as the same may be amended from time to time, whether initially delivered or issued in exchange for, upon transfer of, or in lieu of any previously issued Bond, including the currently outstanding Utilities Revenue Bonds, Series 1996.

“Bondholders,” “Registered Owner,” “Holder,” and “Owner” means the registered owners (or their authorized representatives) of Obligations issued in registered form and the holders of Obligations issued in bearer form.

“Bond Obligation” means, as of the date of computation, the sum of: (i) the principal amount of all Current Interest Bonds then Outstanding and (ii) the Accreted Value on all Capital Appreciation Bonds then Outstanding.

“Bond Ordinances” means the ordinances authorizing the issuance of the Outstanding Parity Obligations.

“Bond Service Requirement” means for a given Sinking Fund Year, the remainder after subtracting any accrued interest paid by the purchasers of Obligations, and capitalized interest for the Bond Year ending the

immediately following November 1 that has been deposited into the Sinking Fund for that purpose from the sum of the principal of and interest and premium, if any, or other payments on Obligations coming due in such Bond Year.

For purpose of determining the Bond Service Requirement, unless the interest rate is fixed for the duration of the applicable Bond Year, in which case the actual interest rate shall be used, the interest rate on Variable Rate Obligations that are Outstanding at the time of such determination, shall be assumed to be one hundred ten percent (110%) of the average interest rate on such Variable Rate Obligations during the twelve months ending with the month preceding the date of calculation (or such shorter period of time as such Variable Rate Obligations shall have been Outstanding). If such Variable Rate Obligations are not Outstanding on the date of such calculation, the interest rate used to calculate the Bond Service Requirement, if the Obligations are Tax-Exempt Obligations, shall be 110% of the BMA Municipal Index on the date of calculation, and if the Obligations are Taxable Obligations shall be the interest rate on U.S. Treasury Obligation with comparable maturities, plus 50 basis points, on the date of calculation.

If a Series of Variable Rate Obligations is subject to purchase by the Issuer pursuant to a mandatory or optional tender by the holder, the “tender” date or dates shall be ignored and the stated maturity dates thereof shall be used for purposes of this calculation.

For all purposes of this Ordinance, if the Issuer has entered into a Qualified Swap with respect to all or a portion of a series of Obligations, interest on such Obligations shall be calculated at (i) the fixed rate or rates of the Qualified Swap if the Issuer has entered into what is generally referred to as a “floating-to-fixed” Qualified Swap (where the Issuer pays a fixed rate and receives a floating rate) or (ii) as provided in paragraph two above of this definition of “Bond Service Requirement,” if the Issuer has entered into either what is generally referred to as a “fixed-to-floating” Qualified Swap (where the Issuer pays a variable rate and receives a fixed rate) or a “floating-to-floating” Qualified Swap (where the Issuer pays a variable rate and receives a different variable rate).

For purposes of calculating the Bond Service Requirement with respect to Designated Maturity Obligations, the unamortized principal coming due on the final maturity date thereof that the Issuer reasonably anticipates refinancing, as reflected in the Annual Budget, shall not be included and in lieu thereof, there shall be included in the Bond Service Requirement for the Bond Year in which such final maturity occurs only the principal amount thereof the Issuer reasonably anticipates to become due in such Bond Year, taking into account any such anticipated refinancing of such Designated Maturity Obligations.

For purposes of calculating the Bond Service Requirement with respect to Commercial Paper Obligations, only the interest obligations with respect to such Commercial Paper Obligations and the principal amount of the Commercial Paper Obligations the Issuer reasonably expects to retire and not to pay with the proceeds of roll-over Commercial Paper Obligations in such Bond Year (as reflected in the Annual Budget) shall be included in the calculation of the Bond Service Requirement. The interest rate on the Commercial Paper Obligations shall be assumed for purposes of calculating the Bond Service Requirement, to be equal to the greater of (i) 110% of the Bond Market Association Municipal Swap Index (or if such index is no longer available, such other reasonably comparable index as the Issuer shall designate) or (ii) the actual rate on such Commercial Paper Obligations.

“Bond Year” means the annual period beginning on the second day of November of each year and ending on the first day of November of the following calendar year.

“Business Day” means, except as otherwise provided in a Supplemental Ordinance, a day of the year other than a day on which banks located in New York, New York and the cities in which the principal offices of the Paying Agent are located are required or authorized to remain closed and on which the New York Stock Exchange is closed.

“Capital Additions Fund” means the fund by that name established in Section 5.1(e) hereof.

“Capital Appreciation Bonds” means Obligations that bear interest which is payable only at maturity or upon redemption prior to maturity in amounts determined by reference to the Accreted Values.

“Capital Costs” means the costs of (i) physical construction of or acquisition of real or personal property or interests therein for any Project, together with incidental costs (including legal, administrative, engineering, consulting and technical services, insurance and financing costs), working capital and reserves deemed necessary or desirable by the Issuer (including but not limited to costs of supplies, fuel, fuel assemblies and components or interests therein), and other costs properly attributable thereto; (ii) all capital improvements or additions, including but not limited to, renewals or replacements of or repairs, additions, improvements, modifications or betterments to

or for any Project; (iii) the acquisition of any other real property, capital improvements or additions, or interests therein, deemed necessary or desirable by the Issuer for the conduct of its business; (iv) any other purpose for which bonds, notes or other obligations of the Issuer may be issued under the Act (whether or not also classifiable as a Cost of Operation and Maintenance); and (v) the payment of principal, interest, and redemption, tender or Purchase Price of any (a) Obligations issued by the Issuer for the payment of any of the costs specified above, (b) any Obligations issued to refund such Obligations, or (c) Obligations issued to pay capitalized interest; provided, however, that the term Capital Costs shall not include any costs of the Issuer relating to a Separately Financed Project.

“Chief Financial Officer” means the Associate Chief Administrative Officer-Finance and Management of the Issuer or the successor in function as chief financial officer of the Issuer.

“Chief Operating Officer” means the Director of Utilities or his successor in function as Chief Operating Officer of the Utilities System.

“Clerk” means the City-Parish Council Clerk.

“Code” means the Internal Revenue Code of 1986, as amended, or any successor Federal Internal

“Commercial Paper Obligations” means all of the Obligations Series or a proportionate maturity thereof with a maturity of less than 271 days so designated by the Issuer by Supplemental Ordinance prior to issuance thereof.

“Compounding Date” means a date for compounding of interest on Capital Appreciation Bonds as shown on a table of Accreted Values for such Capital Appreciation Bonds.

“Consulting Engineer” means a consulting utility engineer or firm of consulting utility engineers with nationally recognized credentials demonstrating skill and experience in the construction and operation of publicly owned electric, water and waste water utility properties.

“Costs of Issuance” means all items of expense, directly or indirectly payable or reimbursable and related to the authorization, sale and issuance of the Bonds, including but not limited to printing costs, costs of preparation and reproduction of documents, filing and recording fees, initial fees and charges of any fiduciary, legal fees and charges, fees and charges for the preparation and distribution of a preliminary official statement and official statement, if paid by the Issuer, fees and disbursements of consultants and professionals, costs of credit ratings, fees and charges for preparation, execution, transportation and safekeeping of the Bonds, costs and expenses of refunding, premiums for the insurance of the payment of the Bonds, if any, and any other cost, charge or fee paid or payable by the Issuer in connection with the original issuance of any issue of Bonds.

“Cost of Operation and Maintenance” means any operating and maintenance expense as defined in accordance with generally accepted accounting principles in the United States of America, plus any Power Sales Contract. Notwithstanding the foregoing, Costs of Operation and Maintenance shall not include (i) any costs and expenses attributable to a Separately Financed Project, (ii) any costs or expenses for new construction or for reconstruction other than restoration of any part of the Utilities System to the condition of serviceability thereof when new, (iii) depreciation costs or (iv) any interest expense on any Obligation.

“Credit Facility” means a line of credit, letter of credit, standby bond purchase agreement, policy of bond insurance, surety bond, guaranty or similar credit or liquidity enhancement device or arrangement providing credit or liquidity support with respect to any Outstanding Obligations or Subordinated Indebtedness, or any agreement relating to reimbursement of advances under any such instrument.

“Current Interest Bonds” means Obligations that bear interest which is payable periodically rather than solely at the maturity of such Obligations.

“Defeasance Securities” means (i) direct non-callable obligations of the United States of America or obligations the timely payment when due of the principal of and interest on which is unconditionally guaranteed by the United States of America, to which the direct obligation or guarantee of the full faith and credit of the United States of America has been pledged, (ii) stripped interest obligations on bonds, notes, debentures and similar obligations issued by the Resolution Funding Corporation, (iii) local government obligations rated AAA by a Rating Agency (iv) local government obligations defeased by securities described in clauses (i), (ii), (iii), (v), (vi) and (vii) hereof, (v) guaranteed investment contracts rated AAA by a Rating Agency, (vi) in the event any Bonds are secured by a Credit Facility, any securities approved by such Credit Facility provider, and (vii) notes, bonds, debentures, mortgages and other evidences of indebtedness, issued or guaranteed at the time of the



investment by the United States Postal Service, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Student Loan Marketing Association, the Federal Farm Credit System, or any other United States government sponsored agency; provided that at the time of the investment such agency or its obligations are rated and the agency receives, or its obligations receive, ratings in the highest Rating Category of each of the Rating Agencies that then rates such agency or its obligations.

“Designated Maturity Obligations” means all of the Obligations of a Series or a particular maturity thereof, with a maturity longer than 270 days, so designated by the Issuer by Supplemental Ordinance prior to the issuance thereof, for which no mandatory sinking fund redemption requirements have been established.

“Distribution Charge” means any charge or fee in the nature of a stranded cost or similar charge paid by any person other than the Utilities System for use of the facilities of the Utilities System.

“Exposure on Guaranteed Debt” means, with respect to the period of time for which calculated, (i) as to each Guaranteed Debt as to which the Issuer has not been required to make any payments under its guaranty, an amount equal to twenty percent (20%) of the debt service requirement for such period (calculated in the same manner as the Bond Service Requirement) on that Guaranteed Debt, and (ii) as to any Guaranteed Debt as to which the Issuer has been required to make any payments under its guaranty, an amount equal to one hundred percent (100%) of the debt service requirement for such period (calculated in the same manner as the Bond Service Requirement) on that Guaranteed Debt.

“Executive Officers” means, collectively, the City-Parish President, and the Clerk of the Lafayette City-Parish Council and the Chairman of the Lafayette Public Utilities Authority or any officers of the Issuer or its successor designated by Supplemental Ordinance.

“Fiduciary” or “Fiduciaries” means any trustee, or Paying Agent, or any or all of them, as may be appropriate.

“Fiscal Year” means the one-year period commencing on November 1 of each year, or such other one-year period as may be designated by the Governing Authority as the fiscal year of the Issuer.

“Fuel Revenues” means retail fuel adjustment charge revenues, as billed under the then-current rate ordinance, and revenues from fuel charges billed to wholesale customers.

“Funds” means the Receipts Fund, Capital Additions Fund, Sinking Fund and Reserve Fund.

“Governing Authority” means the Lafayette City-Parish Council and the Lafayette Public Utilities Authority, or its successor in function, as provided by the Issuer’s home rule charter or any successor charter.

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

“Guaranteed Debt” means any indebtedness or obligation for money of any Person which the Issuer has guaranteed to pay from the Utilities System on a parity with debt service on the Obligations.

“Impact Fees” means all capital expansion fees, contributions in aid of construction, system improvement fees, or other similar fees and charges, separately imposed by the Issuer as a non-user capacity charge for the proportionate share of the cost of expanding, oversizing, separating or constructing new additions to the Utilities System. “Impact Fees” shall not include connection or hook-up charges or other payments or fees received by the Issuer as reimbursement for the cost of connecting or re-connecting a customer to the Utilities System.

“Interest Payment Date” means May 1 and November 1 of each year, except as otherwise provided in any Supplemental Ordinance.

“Investment Obligations” means any investments or securities then permitted under Louisiana law.

“Issuer” means the City of Lafayette, State of Louisiana.

“Net Revenues” means, for any fiscal year period, the amount of Revenues less the Cost of Operation and Maintenance of the Utilities System.

“Non-Fuel Revenues” means Revenues less Fuel Revenues.

“Obligations” means any obligations, issued in any form of debt, authorized by a Supplemental Ordinance, including but not limited to, Bonds, notes, bond anticipation notes, commercial paper and Guaranteed Debt, which are delivered under this Ordinance, including any Bonds and Parity Contract Obligations but such term shall not include any Subordinated Contract Obligation or Subordinated Indebtedness.

“Operating Fund” means the fund by that name established in Section 5.1(b) hereof.

“Ordinance” means this Ordinance as from time to time amended or supplemented by Supplemental Ordinance.

“Outstanding”, when used with reference to the Bonds, means, as of any date, all Bonds theretofore issued under the Ordinance, except:

- (a) Bonds theretofore cancelled by the Paying Agent or delivered to the Paying Agent for cancellation;
- (b) Bonds for the payment or redemption of which sufficient cash and/or Defeasance Securities have been deposited with the Paying Agent or an escrow agent in trust for the Owners of such Bonds with the effect specified in the Ordinance, provided that if such Bonds are to be redeemed, irrevocable notice of such redemption has been duly given or provided for pursuant to the Ordinance, to the satisfaction of the Paying Agent, or waived;
- (c) Bonds in exchange for or *in lieu* of which other Bonds have been registered and delivered pursuant to the Ordinance; and
- (d) Bonds alleged to have been mutilated, destroyed, lost, or stolen which have been paid as provided in the Ordinance or by law.

“Parity Contract Obligation” means that portion of any rates, fees, charges or payments which the Issuer is contractually obligated to pay to another entity for fuel, energy or power, for the specific purpose of paying principal or interest or both on that entity’s obligations directly associated with such contract and payable to such entity regardless of whether fuel, energy or power is delivered or made available for delivery which is secured by a pledge of and lien on the Net Revenues on a parity with the lien created by Section 4.2 hereof to secure the Obligations.

“Parity Debt” means any Parity Contract Obligation, Parity Reimbursement Obligation, Parity Swap Obligation or Guaranteed Debt; provided, however, that for purposes of the definition of the term “Bond Service Requirement,” Parity Debt shall with respect to Guaranteed Debt include only Exposure on Guaranteed Debt. For purposes of Section 9.2 of this Ordinance, any Parity Debt shall specify, to the extent applicable, the interest and principal components of, or the scheduled payments corresponding to interest under, such Parity Debt.

“Parity Reimbursement Obligation” has the meaning provided in Section 9.4(d) hereof.

“Parity Swap Obligation” means the obligation to pay any amount under a Qualified Swap calculated as interest on a notional amount (but excluding any termination payments and payments of any other fees, expenses, indemnification or other obligations to a counterparty), that is secured by a pledge of, and a lien on, the Net Revenues on a parity with the lien created by Section 4.2 to secure the Obligations.

“Paying Agent” means the Issuer or any Authorized Depository designated by the Issuer to (i) serve as a Paying Agent or place of payment for the Obligations issued hereunder which shall have agreed to arrange for the timely payment of the principal of, interest on and redemption premium, if any, with respect to the Obligations to the registered owners thereof, from funds made available therefor by the Issuer, and any successors designated pursuant to this Ordinance and (ii) maintain the registration books for the Obligations of any Series issued hereunder or to perform other duties with respect to registering the transfer of Obligations.

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

“Power Sales Contract” means (i) the Power Sales Contract dated May 1, 1977 executed by and between the Issuer and the Lafayette Public Power Authority or (ii) any other contract for fuel, energy, water, sewer or power designated in writing by the Issuer as a Cost of Operation and Maintenance.

“Principal Payment Date” means November 1 of each year.

“Project” means any project, facility, system, equipment, or material related to or necessary or desirable in connection with the Utilities System, whether owned jointly or singly by the Issuer, including any output in which the Issuer has an interest, heretofore or hereafter authorized by the Act; provided, however, that the term “Project” shall not include any Separately Financed Project.

“Purchase Price” means, with respect to any Obligation, 100% of the principal amount thereof plus accrued interest, if any, plus in the case of an Obligation subject to mandatory tender for purchase on a date when such Obligation is also subject to optional redemption at a premium, an amount equal to the premium that would be payable on such Obligation if redeemed on such date.

“Qualified Independent Consultant” means any one or more qualified and recognized independent consultants or firm of consultants (which may include, without limitation, independent accountants and engineers), having favorable reputes, skill and experience with respect to the acts and duties required of a Qualified Independent Consultant by a particular section or sections of this Ordinance, as shall from time to time be retained by the Issuer for the purposes hereof. It may be the Consulting Engineer described in Article VIII.

“Qualified Swap” means, to the extent from time to time permitted by law, with respect to Obligations, any financial arrangement (i) which is entered into by the Issuer with an entity that is a Qualified Swap Provider at the time the arrangement is entered into, (ii) which is a cap, floor or collar; an interest rate, forward rate or future rate swap (such swap may be based on an amount equal either to the principal amount of such Obligations of the Issuer as may be designated or a notional principal amount relating to all or a portion of the principal amount of such Obligations); asset, index, price or market-linked transaction or agreement; other exchange or rate protection transaction agreement; other similar transaction (however designated); or any combination thereof; or any option with respect thereto, entered into by the Issuer for the purpose of moderating interest rate fluctuations or otherwise, and (iii) which has been designated in writing by the Issuer as a Qualified Swap with respect to such Obligations.

“Qualified Swap Provider” means an entity whose senior long term obligations, other senior unsecured long term obligations, financial program rating, counterparty rating, or claims-paying ability, or whose payment obligations under an interest rate exchange agreement are guaranteed by an entity whose senior long term debt obligations, other senior unsecured long term obligations, financial program rating, counterparty rating, or claims-paying ability, are rated either (i) at least as high as the third highest Rating Category of each nationally recognized securities Rating Agency then maintaining a rating for the Qualified Swap Provider, but in no event lower than any Rating Category designated by each such Rating Agency for the Obligations subject to such Qualified Swap, or (ii) any such lower Rating Categories which each such Rating Agency indicates in writing to the Issuer will not, by itself, result in a reduction or withdrawal of its rating on the Outstanding Obligations subject to such Qualified Swap that is in effect prior to entering into such Qualified Swap.

“Rate Stabilization Account” means the account set out in Section 5.1(e).

“Rating Agency” means each nationally recognized securities rating agency then maintaining a rating on the Obligations at the request of the Issuer.

“Rating Category” means one of the generic rating categories of any Rating Agency without regard to any refinement or gradation of such rating by a numerical modifier or otherwise.

“Record Date” means, except as otherwise provided in a Supplemental Ordinance, with respect to an Interest Payment Date, the fifteenth day of the calendar month next preceding such Interest Payment Date, whether or not such day is a Business Day.

“Redemption Price” means, when used with respect to an Obligation, the principal amount thereof plus the applicable premium, if any, payable upon redemption thereof pursuant to the Ordinance.

“Reimbursement Obligation” has the meaning provided in Section 9.4(d) hereof.

“Reserve Fund” means the Fund by that name established in Section 5.1 hereof.

“Reserve Product” means a policy of bond insurance, a surety bond or a letter of credit or other credit facility used in lieu of a cash deposit in the Reserve Fund meeting the terms and conditions of Section 5.1 hereof.

“Reserve Product Provider” means a bond insurance provider or a bank or other financial institution providing a Reserve Product, whose bond insurance policies insuring, or whose letters of credit, surety bonds or other credit facilities securing, the payment, when due, of the principal of, premium, if any, and interest on bond

issues by public entities, at the time such Reserve Product is obtained, result in such issues being rated in one of the two highest full rating categories by each of the Rating Agencies; provided, however, that nothing herein shall require the Issuer to obtain a rating on any Bonds issued under this Ordinance.

“Reserve Requirement” means, with respect to each series of Obligations, the amount, if any, set forth as the Reserve Requirement in the Supplemental Ordinance authorizing any series of Obligations.

“Reserve Secured Bonds” means a Series of Bonds for which the Supplemental Ordinance related to such Series provide that the payment of the principal, premium, if any, and interest on the bonds of such Series shall be secured by amounts on deposit and investments held in a designated account in the Reserve Fund.

“Revenues” means (i) all rates, fees, charges, income, rents and receipts derived by the Issuer from or attributable to the ownership and operation of the Utilities System, including all revenues attributable to the Utilities System or to the payment of the costs thereof received by the Issuer under any contracts for the sale of power, energy, transmission or other use of the services, facilities or products of the Utilities System or any part thereof or any contractual arrangement with respect to the use of the Utilities System or any portion thereof or the services, output, facilities, capacity or products of the Utilities System, (ii) the proceeds of any insurance covering business interruption loss relating to the Utilities System, (iii) interest received on the investment or reinvestment of any moneys held hereunder required to be deposited or kept in the Receipts Fund, (iv) payments received by the Issuer under a Qualified Swap, and (v) funds received from a Rate Stabilization Account; provided, however, that “Revenues” shall not include revenues from a Separately Financed Project or Impact Fees or revenues deposited in a Rate Stabilization Account.

“Separately Financed Project” has the meaning provided in Section 9.3 hereof.

“Series” means any portion of the Obligations of an issue authenticated and delivered in a single transaction, payable from an identical source of revenue and identified pursuant to a Supplemental Ordinance authorizing such Obligations as a separate Series of Obligations, regardless of variations in maturity, interest rate, redemption requirements or other provisions, and any Obligations thereafter authenticated and delivered in lieu of or in substitution of a Series of Obligations issued pursuant to this Ordinance.

“Series 2004 Bonds” means the Bonds issued by the first Supplemental Ordinance, in an amount not exceeding Two Hundred Million Dollars (\$200,000,000).

“Sinking Fund Year” means the year commencing on November 1st and ending on October 31st of the following year.

“State” means the State of Louisiana.

“Subordinated Contract Obligation” means any payment obligation (other than a payment obligation constituting Parity Debt or Subordinated Indebtedness) arising under (a) any Credit Facility which has been designated in writing by the Issuer as constituting a “Subordinated Contract Obligation,” (b) any Qualified Swap which has been designated in writing by the Issuer as constituting a “Subordinated Contract Obligation,” and (c) any other contract, agreement or other obligation authorized by ordinance or resolution of the Issuer and designated in writing by the Issuer as constituting a “Subordinated Contract Obligation.” Each Subordinated Contract Obligation shall be payable from the Net Revenues subject and subordinate to the payments to be made with respect to the Obligations and Parity Debt, and shall be secured by a lien on and pledge of the Net Revenues junior and inferior to the lien on and pledge of the Net Revenues herein created for the payment of the Obligations and Parity Debt.

“Subordinated Indebtedness” means any bond, note or other indebtedness authorized by ordinance or resolution of the Issuer and designated in such ordinance or resolution by the Issuer as constituting “Subordinated Indebtedness,” which shall be payable from the Net Revenues subject and subordinate to the payments to be made with respect to the Obligations and Parity Debt, and which shall be secured by a lien on and pledge of the Net Revenues junior and inferior to the lien on and pledge of the Net Revenues herein created for the payment of the Obligations and Parity Debt.

“Supplemental Ordinance” means any ordinance or resolution supplemental to or amendatory of this Ordinance, enacted or adopted by the Issuer in accordance with Article III hereof.

“Taxable Obligations” means any Obligations which are not Tax-Exempt Obligations.

“Tax-Exempt Obligations” means any Obligations the interest on which is intended by the Issuer to be generally excluded from gross income for federal income tax purposes.

“Trustee” means a financial institution serving in the capacity described in Section 10.2.

“Utilities System” means the revenue producing public utilities system of the Issuer consisting of the combined waterworks plants and system, the electric power and light plant and systems, and sewer system, including specifically all properties of every nature owned, leased or operated by the Issuer and used or useful in the operation of its complete waterworks plants and system, electric power and light plants and system and sewer systems, as said plants and systems now exist and as they may be improved, extended or supplemented from any source including the proceeds of bonds, and including all real estate, personal and intangible properties, contracts, franchises, leases and choses in action, and including any right to use the capacity from any facilities or services thereof, and all properties now or hereafter operated by the Issuer under lease or agreement with any other individual, joint venture, partnership or corporation, public or private, as a part of the Utilities System, whether lying within or without the boundaries of the Issuer. Upon compliance with the requirements of Section 7.12 hereof, the term “Utilities System” may include any other utility-related services or functions, as the Issuer shall determine by subsequent ordinance or resolution. The Utilities System shall not include any Separately Financed Project.

“Variable Rate Obligations” means Obligations issued with a variable, adjustable, convertible or other similar interest rate which is not fixed in percentage for the remaining term thereof.

SECTION 1.2. Interpretation. In the Ordinance, unless the context otherwise requires, (a) words importing the singular include the plural and vice versa, (b) words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders and (c) the title of the offices used in this Ordinance shall be deemed to include any other title by which such offices shall be known under any subsequently adopted charter.

## **ARTICLE II**

### **INSTRUMENT TO CONSTITUTE CONTRACT**

SECTION 2.1 Instrument to Constitute Contract. In consideration of the Obligations authorized to be issued hereunder by those who shall hold the same from time to time, this Ordinance shall be deemed to be and shall constitute a contract between the Issuer and the Bondholders. The covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Bondholders, and all Obligations shall be of equal rank and without preference, priority or distinction over any other thereof, except as expressly provided herein.

## **ARTICLE III**

### **AUTHORIZATION, DESCRIPTION, FORM AND TERMS OF OBLIGATIONS**

SECTION 3.1 Description of Obligations. Obligations may be issued from time to time in accordance with the terms of this Ordinance. The Obligations authorized hereunder may be issued in one or more Series that may be delivered from time to time. The Obligations may be issued as Tax-Exempt Obligations, as Taxable Obligations, as obligations that convert from Taxable Obligations to Tax-Exempt Obligations, as fixed rate Obligations, as Variable Rate Obligations, as Capital Appreciation Bonds, as Current Interest Bonds, as Designated Maturity Obligations and/or as Commercial Paper Obligations. The Issuer shall by Supplemental Ordinance authorize each Series of Obligations and shall specify the following:

- (a) the authorized principal amount of such Series, the purpose or purposes for which such Obligations are issued;
- (b) the date and terms of maturity or maturities of the Obligations;
- (c) whether such Obligations are Designated Maturity Obligations or Commercial Paper Obligations;

(d) the interest rate or rates of the Obligations or the method for determining such interest rate or rates, which may include variable, adjustable, convertible, auction reset or other rates, original issue discounts, Capital Appreciation Bonds and zero interest rate Obligations.

(e) the authorized denominations (or, with respect to Capital Appreciation Bonds, the value at maturity) of each Series of Obligations;

(f) numbering and lettering of such Obligations;

(g) the Paying Agent and place or places of payment of such Obligations;

(h) the redemption prices for such Obligations and any terms of redemption not inconsistent with the provisions of this Ordinance, which may include mandatory redemptions which may or may not be at the election of the Holder or Registered Owner thereof;

(i) any terms permitting or requiring the tender of such Obligations by the Owner thereof for purchase;

(j) the use of the proceeds of such Series of Obligations not inconsistent with this Ordinance;

(k) the forms of such Obligations; and

(l) any other terms or provisions applicable to the Obligations of such Series, not inconsistent with the provisions of this Ordinance or the Act.

All of the foregoing may be added by Supplemental Ordinance adopted or enacted at any time and from time to time prior to the issuance of such Series of Obligations.

Except as otherwise provided by Supplemental Ordinance, all Obligations hereunder shall be in registered form. All Obligations issued hereunder shall be in substantially the form provided by the Supplemental Ordinance authorizing the issuance of such Obligations; shall, unless otherwise provided by Supplemental Ordinance, be payable in lawful money of the United States of America and shall bear interest from their date paid by check or draft of the Paying Agent mailed to the Registered Owner thereof. Principal of and interest and redemption premiums, if any, on Capital Appreciation Bonds, and principal of and redemption premiums, if any, on Current Interest Bonds shall be payable by check or draft at maturity or earlier redemption thereof upon presentation and surrender of such Obligations to the Paying Agent. In addition, notwithstanding the foregoing, if and to the extent permitted by applicable law, the Issuer shall establish a system of registration and may issue thereunder certificated registered public obligations (represented by instruments) or uncertificated registered public obligations (not represented by instruments) commonly known as book-entry obligations, combinations thereof, or such other obligations as may then be permitted by law. The Issuer shall appoint such registrars, transfer agents, depositories, or other agents as may be necessary to cause the registration, registration of transfer and reissuance of the Obligations within a commercially reasonable time according to the then current industry standards and to cause the timely payment of interest, principal and premiums payable with respect to the Obligations. If the Issuer adopts a system for the issuance of uncertificated registered public obligations, it may permit thereunder the conversion, at the option of a Holder of any Obligation then outstanding, of a certificated registered public obligation to an uncertificated registered public obligation, and the reconversion of the same.

The registration of the Obligations issued in registered form may be transferred upon the registration books therefor upon delivery to the Paying Agent, accompanied by a written instrument or instruments of transfer in form and with guaranty of signature satisfactory to the Paying Agent, duly executed by the Registered Owner of such Obligations or by his attorney-in-fact or legal representative, containing written instructions as to the details of transfer of such Obligations, along with the social security number or federal employer identification number of such transferee. In all cases of a transfer of registered Obligations, the Paying Agent shall at the earliest practical time in accordance with the provisions of this Ordinance enter the transfer of ownership in the registration books for the Obligations and (unless uncertificated registration shall be requested and the Issuer has a registration system that will accommodate uncertificated registration) shall deliver in the name of the new transferee or transferees a new fully-registered Obligation or Obligations of the same Series, maturity and of authorized denomination or denominations for the same aggregate principal amount and payable from the same sources of funds. The Paying Agent or the Issuer may charge the Registered Owners of such Obligations for the registration of every such transfer of such Obligations an amount sufficient to reimburse it for any tax, fee or any other governmental charge required

to be paid, except for any such governmental charge imposed by the Issuer, with respect to the registration of such transfer, and may require that such amounts be paid before any such new Obligations shall be delivered.

Except as otherwise provided in the Supplemental Ordinance, if any date for payment of the principal of, premium, if any, or interest on any Obligation is not a Business Day, then the date for such payment shall be the next succeeding Business Day, and payment on such day shall have the same force and effect as if made on the nominal date of payment.

With respect to any Series of Obligations, the Issuer may, by Supplemental Ordinance enacted or adopted prior to the issuance of such Series of Obligations, reserve or exercise the right to sell, assign or transfer rights to call Obligations of such Series for mandatory purchase.

Unless otherwise provided by Supplemental Ordinance adopted prior to the issuance of the applicable Series of Obligations, a purchase of Obligations by or through a remarketing agent, trustee, auction agent, credit facility provider or the Issuer pursuant to an optional or mandatory tender shall not be deemed a redemption of such Obligations and will not be deemed to extinguish or discharge the indebtedness evidenced by such Obligations. Any Obligations purchased by or on behalf of the Issuer pursuant to an optional or mandatory tender shall be purchased with the intent that the indebtedness evidenced by such Obligations shall not be extinguished or discharged; such indebtedness shall not be extinguished or discharged and such Obligations shall remain outstanding hereunder unless and until such Obligations are delivered to the paying agent therefor for cancellation.

**SECTION 3.2. Execution of Obligations.** Unless otherwise provided by Supplemental Ordinance, the Obligations shall be executed in the name of the Issuer as provided in the Charter of the Issuer and the seal of the Issuer shall be imprinted, reproduced or lithographed on the Obligations, attested to and countersigned as provided in the Charter of the Issuer. There may be such additional signatures and attestations as may be determined by the Issuer. The signatures of the officers of the Issuer on the Obligations may be by facsimile, but one such officer shall sign his manual signature on the Obligations unless the Issuer appoints an authenticating agent, registrar, transfer agent or trustee who shall cause one of its duly authorized officers to manually execute the Obligations. If any officer whose signature appears on the Obligations ceases to hold office before the delivery of the Obligations, his signature shall nevertheless be valid and sufficient for all purposes. In addition, any Obligation may bear the signature of, or may be signed by, such persons as at the actual time of execution of such Obligation shall be the proper officers to sign such Obligation although at the date of such Obligation or the date of delivery thereof such persons may not have been such officers.

**SECTION 3.3. Obligations Mutilated, Destroyed, Stolen or Lost.** If any Obligation is mutilated, destroyed, stolen or lost, the Issuer or its agent may, in its discretion (i) deliver a duplicate replacement Obligation, or (ii) pay an Obligation that has matured or is about to mature. A mutilated Obligation shall be surrendered to and cancelled by the Chief Financial Officer or the duly authorized agent of the Issuer. The Bondholder must furnish the Issuer or its agent proof of ownership of any destroyed, stolen or lost Obligation; post satisfactory indemnity; comply with any reasonable conditions the Issuer or its agent may prescribe; and pay the Issuer's and/or its agent's reasonable expenses.

Any such duplicate Obligation shall constitute an original contractual obligation on the part of the Issuer whether or not the destroyed, stolen, or lost Obligation be at any time found by anyone, and such duplicate Obligation shall be entitled to equal and proportionate benefits and rights as to lien on, and source of and security for payment from, the funds pledged to the payment of the Obligation so mutilated, destroyed, stolen or lost.

**SECTION 3.4. Provisions for Redemption.** Each Series of Obligations may be subject to redemption prior to maturity at such times and in such manner as may be established by Supplemental Ordinance of the Issuer adopted with respect to any Series of Obligations on or before the time of delivery of those Obligations. Unless otherwise provided by Supplemental Ordinance with respect to a Series of Obligations, notice of redemption shall be sent at least thirty (30) days prior to the redemption date (i) be filed with the paying agent, and (ii) be mailed, postage prepaid, to all Registered Owners of Bonds to be redeemed at their address as they appear of record on the books of the Paying Agent as of forty-five (45) days prior to the date fixed for redemption, unless otherwise provided by Supplemental Ordinance. Interest shall cease to accrue on any Bond duly called for prior redemption on the redemption date, if payment thereof has been duly provided. The privilege of transfer or exchange of any of the Bonds so called for redemption is suspended for a period commencing 15 calendar days preceding the mailing of the notice of redemption and ending on the date fixed for redemption. Failure to mail any such notice to a registered

owner of an Obligation, or any defect therein, shall not affect the validity of the proceedings for redemption of any Obligation or portion thereof with respect to which no failure or defect occurred.

SECTION 3.5. Effect of Notice of Redemption. Notice having been given in the manner and under the conditions hereinabove required, the Obligations or portions of Obligations so called for redemption shall, on the redemption date designated in such notice, become and be due and payable at the redemption price provided for redemption of such Obligations or portions of Obligations on such date. On the date so designated for redemption, moneys for payment of the redemption price being held in separate accounts by the Paying Agent, an escrow agent or any Authorized Depository, in trust for the registered owners of the Obligations or portions thereof to be redeemed, all as provided in this Ordinance, interest on the Obligations or portions of Obligations so called for redemption shall cease to accrue, such Obligations and portions of Obligations shall cease to be entitled to any lien, benefit or security under this Ordinance, and the registered owners of such Obligations or portions of Obligations shall have no right in respect thereof except to receive payment of the redemption price thereof and, to the extent provided in Section 3.1 of this Article, to receive Obligations for any unredeemed portions of the Obligations. Notwithstanding anything to the contrary in the Ordinance, with respect to any notice of optional redemption of Obligations, unless upon the giving of such notice such Obligations or portions thereof shall be deemed to have been paid within the meaning hereof, such notice shall state that such redemption shall be conditioned upon the receipt by the Paying Agent on or prior to the date fixed for such redemption of moneys sufficient to pay the principal of, premium, if any, and interest on such Obligations or portions thereof to be redeemed, and that if such moneys shall not have been so received said notice shall be of no force and effect and the Issuer shall not be required to redeem such Obligations or portions thereof. In the event that such notice of redemption contains such a condition and such moneys are not so received, the redemption shall not be made and the Paying Agent shall within five (5) days thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received.

SECTION 3.6. Redemption of Portion of Registered Obligations. In case part but not all of an outstanding fully-registered Obligation shall be selected for redemption, the Registered Owners thereof shall present and surrender such Obligation to its designated Paying Agent (or if no such Paying Agent is designated, to the Issuer) for payment of the principal amount thereof and premium, if any, so called for redemption, and the Issuer shall execute and deliver to or upon the order of such Registered Owner, without charge therefor, for the unredeemed balance of the principal amount of the Obligation so surrendered, an Obligation or Obligations fully-registered as to principal and interest.

SECTION 3.7. Application of Proceeds. Except as otherwise provided hereby, the proceeds, including accrued interest and premium, if any, received from the sale of the Obligations of any Series shall be applied by the Issuer simultaneously with the delivery of such Obligations in accordance with the provisions of a Supplemental Ordinance of the Issuer enacted or adopted at or before the delivery of such Series of Obligations, in conformity with this Ordinance.

SECTION 3.8. Temporary Obligations. Pending the preparation of definitive Obligations, the Issuer may execute and deliver temporary Obligations. Temporary Obligations shall be issuable as registered Obligations without coupons, of any authorized denomination, and substantially in the form of the definitive Obligations but with such omissions, insertions, and variations as may be appropriate for temporary Obligations, all as may be determined by the Issuer. Temporary Obligations may contain such reference to any provisions of this Ordinance as may be appropriate. Every temporary Obligation shall be executed and authenticated upon the same conditions and in substantially the same manner, and with like effect, as the definitive Obligations. As promptly as practicable the Issuer shall execute and shall furnish definitive Obligations and thereupon temporary Obligations may be surrendered in exchange for definitive Obligations without charge at the principal office of the Paying Agent, and the Paying Agent shall authenticate and deliver in exchange for such temporary Obligations a like aggregate principal amount of definitive Obligations of authorized denominations. Until so exchanged, the temporary Obligations shall be entitled to the same benefits under this Ordinance as definitive Obligations.



## ARTICLE IV

### SOURCE OF PAYMENT OF OBLIGATIONS; SPECIAL OBLIGATIONS OF THE ISSUER

SECTION 4.1. Obligations Not to be Indebtedness of the Issuer. The Obligations shall not be or constitute general obligations or indebtedness of the Issuer within the meaning of the Constitution of Louisiana, but shall be payable solely from and secured by a lien upon and a pledge of the Net Revenues of the Utilities System, in the manner and to the extent herein provided. No Bondholder shall ever have the right to compel the exercise of the ad valorem taxing power of the Issuer or taxation in any form on any real or personal property to pay such Obligations or the interest thereon, nor shall any Bondholder be entitled to payment of such principal and interest from any other funds of the Issuer other than Net Revenues in the manner and to the extent herein provided.

SECTION 4.2. Pledge of Net Revenues. The payment of the principal of, premium, if any, and interest on the Obligations shall be secured forthwith equally and ratably by an irrevocable lien on the Net Revenues, all in the manner and to the extent provided herein, prior and superior to all other liens or encumbrances on the Net Revenues, except as otherwise provided herein, and the Issuer does hereby irrevocably pledge the Net Revenues to the payment of the principal of, premium, if any, and interest on the Obligations.

## ARTICLE V

### CREATION OF FUNDS AND ACCOUNTS

SECTION 5.1. Creation of Funds and Accounts. There are hereby created and established the "Receipts Fund," the "Operating Fund," the "Sinking Fund," the "Reserve Fund" and the "Capital Additions Fund". There may be created and established in the Operating Fund and the Capital Additions Fund one or more separate accounts or subaccounts as determined by the Issuer from time to time to be necessary or convenient. The Operating Fund, the Reserve Fund and the Capital Additions Fund and all accounts and subaccounts therein shall constitute trust funds for the purposes herein provided, shall be delivered to and held by the Chief Financial Officer (or an Authorized Depository designated by the Chief Financial Officer), who shall act as trustee of such funds for the purposes hereof, shall, except as otherwise provided herein, be subject to a lien and charge in favor of the Bondholders and used only as herein provided. The described trust obligation shall extend only to the Issuer's obligation to hold such funds for the benefit of Bondholders, but does not impose a trust obligation on any Authorized Depository.

Moneys currently deposited in funds for the Bonds, other than the Series 2004 Bonds, will be transferred to the Funds that provide a similar function. Accordingly, moneys in a current sinking fund established for the Utilities Revenue Bonds, Series 1996 will be transferred to the Sinking Fund. Similarly, moneys in a reserve fund will be transferred to the Reserve Fund, as will moneys in a capital additions fund be transferred to the Capital Additions Fund.

All accounts referenced in the Ordinance means separate accounting, not necessarily separate bank accounts.

(a) Receipts Fund. Revenues, except (i) income received from the sale of capital assets and charges between divisions of the Utilities System, and (ii) proceeds from the issuance of Obligations shall be deposited daily as the same may be collected in a separate and special bank account known and designated as the "Receipts Fund", established and maintained with the Bank, or may be deposited in a fund with other moneys of the City and/or Parish in a Bank provided separate accounting is maintained at all times under the title of "Receipts Fund" and referred to hereinafter as the "Receipts Fund".

(b) Operating Fund. Out of the Receipts Fund, there shall be transferred to or set aside in an "Operating Fund," from time to time as needed during each Sinking Fund Year amounts sufficient to provide for the payment of Costs of Operation and Maintenance.

(c) Sinking Fund. After meeting the requirements of 5.1(b) above, the moneys in the Receipts Fund shall be used for the establishment and maintenance with the Bank of a "Utilities Revenue Bond Sinking Fund" (the "Sinking Fund") sufficient in amount to pay promptly and fully the principal of, premium, if any, and the interest on the Obligations herein authorized including any Additional Parity Obligations issued

hereafter in the manner provided herein, as they severally become due and payable whether by maturity or mandatory call, by transferring as needed from the Receipts Fund to the Sinking Fund. Arrangements with the Paying Agent shall be made as will assure, to the amount of money in the Sinking Fund, prompt payment for principal and interest on the Obligations payable from the Sinking Fund. Appropriate amounts shall also be placed in the Sinking Fund to allow for the payment of the charges of the Paying Agent. On or before the day before the Interest Payment Date, the Issuer will deposit with the Paying Agent sufficient funds to make payment of the principal and/or interest owed on the obligations, as of that Interest Payment Date.

A Supplemental Ordinance may provide for additional amounts to be deposited into the Sinking Fund.

(d) Reserve Fund. After meeting the requirements of 5.1(c), the moneys in the Receipts Fund shall next be used to satisfy the Reserve Requirements for Reserve Secured Bonds. The Reserve Fund will be segregated into one or more accounts that are created for various Series of Reserve Secured Bonds.

Except as set forth in a Supplemental Ordinance, amounts on deposit in each account of the Reserve Fund may be used solely for the purpose of curing deficiencies in the Sinking Fund for the payment when due of the principal of, premium, if any, and interest on the Reserve Secured Bonds for which such account was created. If funds on deposit in each Reserve Fund account exceed the account Reserve Requirement for the applicable Reserve Secured Bonds, the excess cash shall be deposited into the Sinking Fund to the extent moneys from the Receipts Fund are unavailable to meet current Bond Service Requirements and otherwise to the Capital Additions Fund, provided however that upon refunding of any Reserve Secured Bonds such excess may be applied to pay or redeem the Reserve Secured Bonds to be refunded.

Within the Reserve Fund there may be created separate accounts to secure the payment of various issues of Reserve Secured Bonds, each with varying Reserve Requirements. Any issue of Reserve Secured Bonds may utilize an existing Reserve Fund account, provided in doing so, the Reserve Requirement of the prior issue is met and satisfied.

If at any time the Issuer is required to fund a Reserve Fund account, or to increase the amount required to be maintained in the Reserve Fund account pursuant to the preceding paragraph, the amount, or increase in the amount, as applicable, required to satisfy such Reserve Requirement may be funded in up to twelve substantially equal consecutive monthly deposits commencing not later than the month following the occurrence of deficiency.

Each Reserve Requirement, in whole or in part, may be funded with cash or Investment Obligations, or one or more Reserve Products, or a combination thereof. Any such Reserve Product must provide for payment on any interest or principal payment date (provided adequate notice is given) on which a deficiency exists (or is expected to exist) in moneys held hereunder for payment of the principal of or interest on the Obligations due on such date which cannot be cured by funds in any other fund or account held pursuant to this Ordinance and available for such purpose, and shall name the Paying Agent as the beneficiary thereof. Each Reserve Product must be rated in the highest rating category by each Rating Agency. If a disbursement is made from a Reserve Product as provided above, the Issuer shall be obligated to reinstate the maximum limits of such Reserve Product on or before the close of the month following such disbursement from the first Revenues available pursuant to this Section or to replace such Reserve Product by depositing into the Reserve Fund pursuant to such sections, funds in the maximum amount originally available under such Reserve Product, plus amounts necessary to reimburse the Reserve Product Provider for previous disbursements under such Reserve Product, or a combination thereof. For purposes of this Section, amounts necessary to satisfy such reimbursement obligations of the Issuer to the Reserve Product Provider shall be deemed to be required deposits to the Reserve Fund, but shall be applied to satisfy the obligations to the Reserve Product Provider.

If the Reserve Requirement is funded in whole or in part with cash or Investment Obligations and no event of default shall have occurred and be continuing hereunder, the Issuer may at any time in its discretion, substitute a Reserve Product meeting the requirements of this Ordinance for the cash and Investment Obligations in the Reserve Fund and the Issuer may then withdraw such cash and Investment Obligations from the Reserve Fund and deposit them to the credit of the Operating Fund so long as (i) the same does not adversely affect any rating by a Rating Agency then in effect with respect to the Obligations, or any Series thereof, and (ii) the Issuer obtains an opinion of Bond Counsel to the effect that such actions will not, in and of themselves, adversely affect the exclusion from gross income of interest on the Obligations (if not Taxable Obligations) for federal income tax purposes.

Cash on deposit in any Reserve Fund account shall be used (or investments purchased with such cash shall be liquidated and the proceeds applied as required) prior to any drawing on any Reserve Product in such account. If more than one Reserve Product is deposited in the Reserve Fund account, drawings thereunder shall be made on a pro rata basis, calculated by reference to the maximum amounts available thereunder.

Moneys in reserve in connection with the Utilities Revenue Bonds, Series 1996 shall be retained in a Reserve Fund account until a date one year before the final retirement of such bonds.

Any Supplemental Ordinance may require a greater Reserve Requirement or no Reserve Requirement for any issue or series of obligations of or other obligations on behalf of Issuer with respect to the Reserve Fund.

(e) Capital Additions Fund. After meeting the requirements in 5.1(d), the moneys in the Receipts Fund shall next be deposited in the Capital Additions Fund, which moneys in the Capital Additions Fund shall next be used for the following purposes:

(i) When amounts are deposited in the Capital Additions Fund to pay the capitalized cost of interest on Obligations of the Issuer, the Issuer shall pay from the Capital Additions Fund to the Paying Agent, on or before the date or dates on which interest on such Obligations becomes due and payable, an amount equal to such interest.

(ii) Notwithstanding the above provisions of this Section, amounts in the Capital Additions Fund must be applied to the payment of principal and Redemption Price of and interest on the Obligations and the payment of Parity Debt, on a parity basis, when due at any time that moneys are not available therefor.

(iii) There shall also be deposited in said fund all Impact Fees.

(iv) Not later than one hundred twenty (120) days following the close of each Fiscal Year the Issuer will receive from the Capital Additions Fund, if and to the extent that the money in such Fund makes possible such payment under the restrictions hereinafter contained, a payment in lieu of taxes, the amount of which shall be determined as follows:

- (A) There shall be set aside in each Fiscal Year for the purpose of paying Capital Costs an amount equal to seven and one-half percent (7-1/2%) of the total Non-Fuel Revenues into the Receipts Fund for such Fiscal Year.
- (B) If the balance of the amount so paid into the Capital Additions Fund in any Fiscal Year, after there has been deducted from the amount so paid seven and one-half percent (7-1/2%) of the total Non-Fuel Revenues into the Receipts Fund as above provided, is equal or less than twelve percent (12%) of the Receipts Fund deposits for such Fiscal Year, all of such balance shall be paid to the Issuer; however, if such balance is more than twelve percent (12%) of the Receipts Fund deposits for such Year, then the Issuer shall be paid an amount equal to twelve percent (12%) of said Receipts Fund deposits.
- (C) The remaining moneys in the Capital Additions Fund may be used for (i) paying Capital Costs or for the creation and maintenance of a Rate Stabilization Account, which may be used for making payments into the Receipts Fund to provide for temporary losses of revenue, such payments to be made for such time and in such amounts as may be determined by the Issuer and shall be considered as Revenue as defined herein, (ii) the payment of Subordinated Indebtedness and Subordinated Contract Obligations, (iii) the purchase of Outstanding Obligations, or (iv) making any payment or investment for any lawful purpose.

## ARTICLE VI

### DEPOSITORIES OF MONEYS, SECURITY FOR DEPOSITS AND INVESTMENT OF FUNDS

SECTION 6.1. Deposits Constitute Trust Funds. All funds or other property which at any time may be owned or held in the possession of or deposited with the Issuer in the funds and accounts created or maintained under the provisions of this Ordinance shall be held in trust and applied only in accordance with the provisions of this Ordinance.

All funds or other property which at any time may be owned or held in the possession of or deposited with the Issuer pursuant to this Ordinance shall be continuously secured, for the benefit of the Issuer and the Bondholders, either (a) by lodging with an Authorized Depository, as custodian, collateral security consisting of obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America having a market value (exclusive of accrued interest) not less than the amount of such deposit, or (b) in such other manner as may then be required or permitted by applicable state or federal laws and regulations regarding the security for, or granting a preference in the case of, the deposit of trust funds.

All moneys deposited with each Authorized Depository shall be credited to the particular Fund or Account to which such moneys belong.

SECTION 6.2. Investment of Moneys. Moneys held for the credit of the Funds established hereunder shall be invested and reinvested by the Issuer in Investment Obligations. Such investments or reinvestments shall mature or become available not later than the respective dates, as estimated by the Issuer, that the moneys held for the credit of said Funds will be needed for the purposes of such Funds.

Obligations so purchased as an investment of moneys in any such Fund shall be deemed at all times to be a part of such Fund, and shall at all times, for the purposes of this Ordinance, be valued at the amortized cost of such investments.

Except as otherwise expressly provided herein or as provided by subsequent resolution or ordinance, all income and profits derived from the investment of moneys in the Funds shall be deposited in the Receipts Fund and used for the purposes specified for the Receipts Fund, except that all income and profits derived from the investment of moneys in the Reserve Fund shall be retained therein until the Reserve Fund is fully funded and then shall be deposited in the Receipts Fund.

All such investments relating to Tax Exempt Obligations shall be made in compliance with covenants in Supplemental Ordinances relating to the Internal Revenue Code of 1986, as amended.

## ARTICLE VII

### GENERAL COVENANTS OF THE ISSUER

SECTION 7.1. Operation Covenant. The Issuer hereby covenants to operate the Utilities System in a business like manner and, in consultation with the Consulting Engineers, to operate the Utilities System in such manner in order to insure the continued availability of Net Revenues to pay all costs required by this Ordinance. The Issuer covenants to adequately maintain and improve the Utilities System and to employ the necessary staff and employees, as required by industry practice and as necessary to properly operate and protect the Utilities System.

SECTION 7.2. Maintenance of Utilities System; Disposition. The Issuer will maintain the Utilities System and all parts thereof in good condition and will operate the same in an efficient and economical manner, making such expenditures for such equipment, maintenance and repairs and for renewals and replacements thereof as may be proper for its economical operation and maintenance, provided, however, that nothing herein shall be construed to prevent the Issuer from ceasing to operate or maintain, or from leasing or disposing of any portion or component of the Utilities System if, in the judgment of the Issuer, (i) it is advisable to lease, dispose of, or not operate and maintain the same, and (ii) the lease, disposition or failure to maintain or operate such component or portion of the Utilities System will not prevent the Issuer from meeting the requirements of Sections 5.1 and 7.7 hereof. Notwithstanding anything in the foregoing to the contrary, the sale-leaseback or lease-leaseback of any portion or component of the Utilities System or any similar contractual arrangements the effect of which is that the

Issuer continues to retain as part of the Revenues, the Revenues from such portion or component of the Utilities System, shall not constitute a lease or disposition thereof for purposes of this Section.

SECTION 7.3. No Competitive Facilities. The Issuer shall not hereafter construct, acquire or operate any plants, structures, facilities or properties which will provide like services of the Utilities System in the Issuer and the areas currently served by the respective systems in competition with and not as part of the Utilities System unless such construction, acquisition or operation, in the judgment of the Issuer, does not materially impair the ability of the Issuer to comply with Section 5.1. Unless prohibited by any applicable law or regulation, the Issuer shall not voluntarily grant a franchise to any entity to construct or operate any competing facility providing the same services provided by the Utilities System. In the event the Issuer is required by law to allow use of its transmission line to any other electric provider, the Issuer, if permitted by law, shall charge a Distribution Charge.

SECTION 7.4. Obligation to Connect Sewerage Users. Acting in the exercise of its police powers, the Issuer will take all actions necessary to require every owner, tenant or occupant of each lot or parcel of land in the Issuer which abuts upon a street or other public way containing a sewer line and upon which lot or parcel a building shall have been constructed for residential, commercial or industrial use, to connect such building with the Utilities System and to cease to use any other method for the disposal of sewage, sewerage water or other polluting matter. All such connections shall be made in accordance with rules and regulations to be adopted from time to time by the Governing Authority, which rules and regulations may provide for an inspection charge to assure the proper making of such connection.

SECTION 7.5. No Free Service. The Issuer will not permit free water, electricity or sewerage service to be supplied by the Utilities System to the Issuer or any department thereof or to any person, firm or corporation, public or private, or to any public agency or instrumentality.

SECTION 7.6. Operating Budget. Before the first day of each Fiscal Year the Governing Body shall prepare, approve and adopt in the manner prescribed by law, and may amend from time to time as provided by law, a detailed budget of the Revenues, Bond Service Requirement (including the anticipated amortization of Designated Maturity Obligations and Commercial Paper Obligations), and Cost of Operation and Maintenance for the next succeeding Fiscal Year. Copies of its annual budgets and all authorizations for increases in the Cost of Operation and Maintenance shall be available for inspection at the offices of the Issuer and shall be mailed to any Bondholder requesting the same.

SECTION 7.7. Rate Covenant.

(a) So long as any Obligations remain Outstanding, the Issuer will fix, charge and collect, or cause to be fixed, charged and collected, subject to applicable requirements or restrictions imposed by law, such rates, rentals, fees and charges for the use of and for the services and products provided by the Utilities System as are expected to be sufficient in each Sinking Fund Year to produce Revenues, in an amount, at least equal to the sum of (i) one hundred percent (100%) of the Costs of Operation and Maintenance for such Sinking Fund Year, (ii) one hundred percent (100%) of the Bond Service Requirement for such Sinking Fund Year, (iii) one hundred percent (100%) of the amounts payable with respect to Subordinated Indebtedness and Subordinated Contract Obligations in such Sinking Fund Year, (iv) one hundred percent (100%) of the amount required to maintain the Reserve Fund in accordance with Section 5.1 hereof, and any additional amount required to make all other payments required to be made.

(b) Failure by the Issuer to comply with the preceding paragraph of this Section in any Fiscal Year shall not constitute an event of default as described in Section 10.1 hereof so long as the Issuer shall, no later than sixty (60) days after discovering such non-compliance and in all events no later than sixty (60) days of receipt by the Issuer of audited financial statements delivered pursuant to Section 7.9 hereof which statements show such noncompliance, retain a Qualified Independent Consultant for the purpose of reviewing the Utilities System fees, rates, rents, charges and surcharges and shall implement the recommendations of such Qualified Independent Consultant with respect to such fees, rates, rents, charges and surcharges filed by the Qualified Independent Consultant with the Issuer in a written report or certificate, and such failure shall not be an event of default even though the Qualified Independent Consultant shall be of the opinion, as set forth in such report or certificate, that it would be impracticable at the time to charge such fees, rates, rents, charges and surcharges for the Utilities System as would provide funds sufficient to comply with the requirements of the preceding paragraph so long as the Issuer imposes such schedule of fees, rates, rents, charges and surcharges as in the opinion of such Qualified Independent Consultant will allow the Issuer to as nearly as then practicable comply with such requirements and the Issuer shall

again be in compliance within the preceding paragraph of this Section no later than twelve calendar months after its discovery of such non-compliance. The Issuer shall provide notice of its failure to comply with the preceding paragraph of this Section to all then existing Nationally Recognized Municipal Securities Information Repositories no later than thirty (30) days after engaging the services of a Qualified Independent Consultant pursuant to the requirements of the preceding sentence and shall provide a copy of the report or certificate of the Qualified Independent Consultant to any Owner who shall request the same in writing. Furthermore, the Issuer shall provide a copy of the report or certificate of the Qualified Independent Consultant to the Rating Agencies within thirty (30) days after receipt of same.

SECTION 7.8. Books and Records. The Issuer shall keep separately identifiable financial books, records, accounts and data concerning the operation of the Utilities System and the receipt and disbursement of Revenues, and any Bondholder shall have the right at all reasonable times to inspect the same.

SECTION 7.9. Reports and Annual Audits. The Issuer shall require that an annual audit of the accounts and records with respect to the Utilities System be completed as soon as reasonably practicable after the end of each Fiscal Year by a qualified independent certified public accountant. Such audit shall be conducted in accordance with generally accepted auditing standards as applied to governments and shall include a statement by such auditors that no default on the part of the Issuer of any covenant or obligation hereunder has been disclosed by reason of such audit, or, alternatively, specifying in reasonable detail the nature of such default.

SECTION 7.10. Insurance and Condemnation Awards. The Issuer will carry adequate fire, windstorm, explosion/and other hazard insurance on the components of the Utilities System that are subject to loss through fire, windstorm, hurricane, cyclone, explosion or other hazards; adequate public liability insurance; other insurance of the kinds/and amounts normally carried in the operation of similar enterprises; and in time of war, such insurance as may be available at reasonable cost against loss or damage by the risks and hazards of war in an amount or amounts equal to the fair market value of the Utilities System. The Issuer may, upon appropriate authorization by its Governing Body, self-insure against such risks on a sound actuarial basis. Any such insurance shall be carried for the benefit of the Issuer and, to the extent herein provided, the Bondholders. All proceeds received from property damage or destruction insurance and all proceeds received from the condemnation of the Utilities System or any part thereof are hereby pledged by the Issuer as security for the Obligations, and thereafter shall be deposited at the option of the Issuer but subject to the limitations hereinafter described either (i) into the Capital Additions Fund, in which case, such proceeds shall be held in the Capital Additions Fund and used to remedy the loss, damage or taking for which such proceeds are received, either by repairing the damaged property or replacing the destroyed or taken property, as soon as practicable after the receipt of such proceeds, or (ii) into the Sinking Fund for the purpose of purchasing or redeeming Obligations.

SECTION 7.11. Enforcement of Collections. The Issuer will diligently enforce and collect the fees, rates, rentals and other charges for the use of the products, services and facilities of the Utilities System. The Issuer will not take any action that will impair or adversely affect its rights to impose, collect and receive the Revenues as herein provided, or impair or adversely affect in any manner the pledge of the Revenues made herein or the rights of the Bondholders.

SECTION 7.12. Additions to Utilities System. The Issuer may add to the Utilities System any facilities or equipment purchased, acquired or constructed for the purpose of improving or renovating any element of the then-existing Utilities System. In addition, the Issuer may add to the Utilities System any facilities or equipment for the provision of utility-related services other than those provided by the then existing Utilities System so long as, (i) if any Tax-Exempt Obligations are Outstanding hereunder, the Issuer shall have received an opinion of Bond Counsel that the addition to the Utilities System will not, in and of itself, cause the interest on such Tax-Exempt Obligations not to be excludable from gross income of the Holders thereof for federal income tax purposes, (ii) if the Revenues anticipated by the Issuer to be derived from such addition in its first full Fiscal Year of operations are equal to or greater than ten percent (10%) of the total Revenues derived by the Utilities System in the most recent Fiscal Year of the Issuer preceding the adding of such addition to the Utilities System for which audited financial statements are available, or if the Cost of Operation and Maintenance anticipated by the Issuer to be incurred in connection with such addition in its first full Fiscal Year of operation are equal to or greater than ten percent (10%) of the total Cost of Operation and Maintenance incurred by the Utilities System in the most recent Fiscal Year preceding the adding of such addition to the Utilities System for which audited financial statements are available, prior to making such addition to the Utilities System the Issuer shall have obtained a written report of a Qualified Independent Consultant to the effect that within its first five (5) full years of operation, the annual additional Revenues generated by such

addition in any one Fiscal Year of such first five (5) full years will exceed the annual additional Costs of Operation and Maintenance allocable to such additions in such Fiscal Year, and (iii) within ninety (90) days after adding such addition to the Utilities System the Issuer shall have provided written notice of same to each Rating Agency.

## ARTICLE VIII

### CONSULTING ENGINEER

SECTION 8.1. Consulting Engineer. The Issuer shall retain a Consulting Engineer for the purpose of providing the Issuer immediate and continuous counsel and advise regarding the Utilities System. It shall be the further duty of the Consulting Engineer to advise the Issuer in its appointment of a Chief Operating Officer for the Utilities System and the Issuer agrees that it will not appoint anyone as Chief Operating Officer who has not been approved by the Consulting Engineer.

SECTION 8.2. Comprehensive Annual Report. The Consulting Engineer shall prepare within one hundred eighty (180) days after the close of each Fiscal Year a comprehensive report, which comprehensive report shall contain therein or be accompanied by a certified copy of an audit of such year's business prepared by the certified public accountant chosen by the Issuer, and in addition thereto, shall report upon the operations of the Utilities System during the preceding year, the maintenance of the properties, the efficiency of the management of the property, the proper and adequate keeping of books of account and record, the adherence to budget and budgetary control provisions, the adherence to all the provisions of the Ordinance, and all other things having a bearing upon the efficient and profitable operations of the Utilities System, and shall include whatever criticism of any phase of the operation of the Utilities System the Consulting Engineer may deem proper, and such recommendation as to changes in operation and the making of repairs, renewals, replacements, extensions, betterments and improvements as the Consulting Engineer may deem proper including recommended changes in organization, pay scales and risk management practices. Copies of such report shall be placed on file with the Chief Operating Officer and shall be open to inspection by any Owners of any of the Bonds. Such report shall also contain the Consulting Engineer's recommendations as to personnel practices and policy and his analysis of the ability of the Utilities System to function in the present and forecasted environments.

SECTION 8.3. Recommendation as to Rate Revision. It shall further be the duty of the Consulting Engineer to advise the Issuer as to any revisions of rates and charges, and the Issuer agrees to make no downward revisions in its rates and charges for services (except fuel adjustment charges) which are not approved by the Consulting Engineer.

## ARTICLE IX

### ISSUANCE OF ADDITIONAL OBLIGATIONS

SECTION 9.1. Creation of Liens, Issuance of Subordinated Indebtedness, Subordinated Contract Obligations and Debt. The Issuer shall not issue any bonds or other evidences of indebtedness or incur obligations, other than the Obligations and Parity Debt as provided herein, secured by a pledge of the Net Revenues and shall not create or cause to be created any lien or charge on the Net Revenues except to the extent provided in Section 3.1; provided, however, that the Issuer may, at any time, or from time to time, incur Subordinated Indebtedness or enter into Subordinated Contract Obligations payable out of, and which may be secured by a pledge of, such amounts as may from time to time be available for the purpose of the payment thereof in accordance with Section 5.1(e) hereof and such pledge shall be, and shall be expressed to be, subordinate in all respects to the pledge of Net Revenues created by this Ordinance as security for payment of the Obligations and provided further, however, that nothing contained in this Ordinance shall prevent the Issuer from issuing (i) bonds, notes, or other obligations or evidences of indebtedness under another and separate resolution or ordinance to finance a Separately Financed Project; or (ii) other bonds, notes, or other obligations or evidences of indebtedness under another and separate resolution or ordinance payable from, among other sources, those moneys withdrawn by the Issuer from the Capital Additions Fund.

SECTION 9.2. Issuance of Parity Obligations. Except as otherwise provided in this section, no Obligations may be issued under this Ordinance, other than Series 2004 Bonds, unless the Issuer shall have first complied with the requirements of this Section. Additional Obligations may be issued from time to time hereunder for any lawful purpose of the Issuer in connection with the Utilities System.

(1) Any Obligations, or any part thereof, may be refunded and the refunding Obligations so issued shall enjoy complete equality of lien with the Obligations which are not refunded, if there be any, and the refunding Obligations shall continue to enjoy whatever priority of lien over subsequent issues as may have been enjoyed by the Obligations refunded.

(2) Additional Obligations, other than refunding described in subparagraph (1) above, may be issued from time to time under this Ordinance upon compliance with the following conditions:

(a) the Issuer shall have enacted a Supplemental Ordinance authorizing such Obligations and providing for the terms thereof as contemplated herein and reciting that all of the covenants contained herein will be fully applicable to such Obligations and otherwise complying with the provisions of Section 3.1;

(b) the City-Parish President of the Issuer shall certify in writing that, upon the delivery of such Obligations, the Issuer will not be in default in the performance of the terms and provisions of this Ordinance or of any of the Obligations;

(c) the (i) City-Parish President of the Issuer shall certify in writing that the Net Revenues of the Utilities System, as shown on the then-most recent available audited financial statements of the Utilities System equal or exceed the Bond Service Requirement for the same audited period for all Outstanding Obligations and (ii) a Certificate from the Consulting Engineer certifying that the Net Revenues of the Utilities System equal or exceed the Bond Service Requirement for all Outstanding Bonds, Parity Debt and additional Obligations proposed to be issued for the first three complete Bond Years during which the additional Obligations shall be outstanding; and

(d) the Governing Authority shall have received an opinion or opinions from the Bond Counsel to the effect that (i) the Issuer has the right and power under the Act to enact this Ordinance and this Ordinance has been duly and lawfully enacted by the Issuer, is in full force and effect and is valid and binding upon the Issuer and is enforceable in accordance with its terms and no other authorization of this Ordinance is required, (ii) this Ordinance creates a valid lien upon and pledge of the Net Revenues, (iii) the Obligations are valid and binding limited obligations of the Issuer, enforceable in accordance with their terms and this Ordinance and have been duly and validly authorized and issued in accordance with the Act and this Ordinance, and (iv) the Issuer has the full lawful power and authority to issue the Obligations for the purposes for which they are authorized.

In calculating Net Revenues of the Utilities System for purposes of clause (c) above, the City-Parish President may, at his or her option, adjust the amount of Net Revenues shown on the most recent available audited financial statements of the Utilities System in the following respects:

(i) If, prior to the issuance of the additional Obligations or incurrence of Parity Debt, the Issuer shall have increased the rates, fees, rentals or other charges for services of the Utilities System, the Net Revenues may be adjusted to show the Net Revenues that would have been derived from the Utilities System if such increased rates, fees, rentals or other charges had been in effect for the full Fiscal Year covered by such audited financial statements;

(ii) If the Issuer shall have acquired or shall have contracted to acquire all or part of any privately or publicly owned utility system which is to be added to the Utilities System and the cost of which is to be paid, in whole or in part, from proceeds of the proposed additional Obligations, then the Net Revenues shall be increased by adding thereto the Net Revenues that would have been derived if such addition to the Utilities System had been included in the Utilities System for the full Fiscal Year covered by such audited financial statements; and

(iii) If the Issuer, in connection with the issuance of the additional Obligations or incurrence of Parity Debt, shall enter into a contract (with a duration or term not less than the final maturity of such additional Obligations) with any public or private entity whereby the Issuer agrees to furnish services of the Utilities System to such entity, then the Net Revenues shown on the audited financial statements shall be increased by the estimated amount which such public or private entity has agreed to pay in one Fiscal Year for the furnishing of such services, after deducting therefrom the cost of operation, maintenance, repair, renewal and replacement allocable to providing such services.



(e) Obligations issued and Parity Debt incurred pursuant to the terms and conditions of this Section shall be deemed on a parity with all Obligations and Parity Debt then Outstanding, and all of the covenants and other provisions of this Ordinance shall be for the equal benefit, protection and security of the holders of any Obligations originally authorized and issued and Parity Debt incurred pursuant to this Ordinance and the holders of any Obligations and Parity Debt evidencing additional obligations subsequently created within the limitations of and in compliance with this Section.

Notwithstanding anything contained in Section 9.2 to the contrary, the above provisions shall not be applicable to Parity Reimbursement Obligations and Parity Swap Obligations incurred with respect to Obligations which met the conditions of this Section 9.2 upon their issuance or incurrence.

SECTION 9.3. Separately Financed Project. Nothing in this Ordinance shall prevent the Issuer from authorizing and issuing bonds, notes, or other obligations or evidences of indebtedness, other than Obligations, for any project authorized by the Act, or from financing or otherwise providing for any such project from other available funds (such project being referred to herein as a "Separately Financed Project"), if the debt service on such bonds, notes, or other obligations or evidences of indebtedness, and the Issuer's share of any operating expenses related to such Separately Financed Project, are payable solely from the revenues or other income derived from the ownership or operation of such Separately Financed Project, from other available funds of the Issuer not constituting part of the Revenues or from other funds withdrawn by the Issuer from the Capital Additions Fund.

SECTION 9.4. Credit Facilities; Qualified Swaps and Other Similar Arrangements; Parity Debt

(a) The Issuer may include such provisions in a Supplemental Ordinance authorizing the issuance of a Series of Obligations secured by a Credit Facility as the Issuer deems appropriate, and no such provisions shall be deemed to constitute an amendment to this Ordinance requiring action under Article XI hereof, including:

(1) So long as a Credit Facility providing security (but not liquidity) is in full force and effect, and payment on the Credit Facility is not in default, then, in all such events, the issuer of the Credit Facility shall be deemed to be the sole Bondholder of the Outstanding Obligations the payment of which such Credit Facility secures when the approval, consent or action of the Bondholders for such Obligations is required or may be exercised under this Ordinance. The rights of the issuer of a Credit Facility under this clause (1) may not be assigned or delegated by the issuer of such Credit Facility without the written consent of the Issuer.

(2) In the event that the principal, sinking fund installments, if any, and Redemption Price, if applicable, and interest due on any Outstanding Obligations shall be paid under the provisions of a Credit Facility, all covenants, agreements and other obligations of the Issuer to the Bondholders of such Obligations shall continue to exist and such issuer of the Credit Facility shall be subrogated to the rights of such Bondholders in accordance with the terms of such Credit Facility.

(b) In addition, such Supplemental Ordinance may establish such provisions as are necessary (i) to comply with the provisions of each such Credit Facility, (ii) to provide relevant information to the issuer of the Credit Facility, (iii) to provide a mechanism for paying principal installments and interest on Obligations secured by the Credit Facility, and (iv) to make provision for any events of default or for additional or improved security required by the issuer of a Credit Facility.

(c) In connection therewith the Issuer may enter into such agreements with the issuer of such Credit Facility providing for, inter alia: (i) the payment of fees and expenses to such issuer for the issuance of such Credit Facility, (ii) the terms and conditions of such Credit Facility and the Obligations affected thereby, and (iii) the security, if any, to be provided for the issuance of such Credit Facility.

(d) The Issuer may secure such Credit Facility by an agreement providing for the purchase of the Obligations secured thereby with such adjustments to the rate of interest, method of determining interest, maturity, or redemption provisions as specified by the Issuer in the applicable Supplemental Ordinance. The Issuer may also in an agreement with the issuer of such Credit Facility agree to directly reimburse such issuer for amounts paid under the terms of such Credit Facility (together with interest thereon, the "Reimbursement Obligation"); provided, however, that no Reimbursement Obligation shall be created for purposes of this Ordinance, until amounts are paid under such Credit Facility. Any such Reimbursement Obligation, which may include interest calculated at a rate higher than the interest rate on the related Obligation, may be secured by a pledge of, and a lien on, the Net Revenues on a parity with the lien created by Section 4.2 to secure the Obligations (a "Parity Reimbursement

Obligation”), but only to the extent principal amortization requirements with respect to such reimbursement are equal to the amortization requirements for such related Obligations, without acceleration, or may constitute a Subordinated Contract Obligation, as determined by the Issuer. Parity Reimbursement Obligations shall not include any payments of any fees, expenses, indemnification, or other obligations to any such provider, or any payments pursuant to term-loan or other principal amortization requirements in reimbursement of any such advance that are more accelerated than the amortization requirements on such related Obligations, which payments shall be Subordinated Contract Obligations.

(e) Any such Credit Facility shall be for the benefit of and secure such Obligations or portion thereof as specified in the applicable Supplemental Ordinance.

(f) In connection with the issuance of any Obligations or at any time thereafter so long as Obligations remain Outstanding, the Issuer may, to the extent from time to time permitted pursuant to law, enter into Qualified Swaps. The Issuer’s obligation to pay any amount under any Qualified Swap may constitute a Parity Swap Obligation, or may constitute a Subordinated Contract Obligation, as determined by the Issuer. Parity Swap Obligations shall not include any payments of any termination or other fees, expenses, indemnification or other obligations to a counterparty to a Qualified Swap, which payments shall be Subordinated Contract Obligations.

(g) The Issuer’s obligation to pay that portion of any rates, fees, charges or payments which the Issuer is contractually obligated to pay to another entity for fuel, energy or power, for the specific purpose of meeting principal or interest or both on that entity’s obligations directly associated with such contract and payable to such entity regardless of whether fuel or energy is delivered or made available for delivery, may be secured by a pledge of, and lien on, the Net Revenues on a parity with the lien created by Section 4.2 to secure the Obligations (a “Parity Contract Obligation”), or may constitute a Subordinated Contract Obligation or Cost of Operations and Maintenance, as determined by the Issuer.

## ARTICLE X

### EVENTS OF DEFAULT; REMEDIES

SECTION 10.1. Events of Default. Each of the following events is hereby declared an “event of default”, that is to say if:

(a) payment of principal of any Obligation shall not be made when the same shall become due and payable, either at maturity (whether by acceleration or otherwise) or on required payment dates by proceedings for redemption or otherwise; or

(b) payment of any installment of interest shall not be made when the same shall become due

(c) the Issuer shall for any reason be rendered incapable of fulfilling its obligations hereunder to the extent that the payment of or security for the Obligations would be materially adversely affected, and such conditions shall continue unremedied for a period of thirty (30) days after the Issuer becomes aware of such conditions; or

(d) an order or decree shall be entered, with the consent or acquiescence of the Issuer, appointing a receiver or receivers of the Issuer, the Utilities System, the Revenues, or any part thereof or the filing of a petition by the Issuer for relief under federal bankruptcy laws or any other applicable law or statute of the United States of America or the State of Louisiana, which shall not be dismissed, vacated or discharged within thirty (30) days after the filing thereof; or

(e) any proceedings shall be instituted, with the consent or acquiescence of the Issuer, for the purpose of effecting a compromise between the Issuer and its creditors or for the purpose of adjusting the claims of such creditors, pursuant to any federal or state statutes now or hereafter enacted, if the claims of such creditors are under any circumstances payable from the Revenues; or

(f) the entry of a final judgment or judgments for the payment of money against the Issuer as a result of the ownership, operation or control of the Utilities System or which subjects any of the funds pledged hereunder to a lien for the payment thereof in contravention of the provisions of this Ordinance for which there does not exist adequate insurance, reserves or appropriate bonds for the timely payment thereof, and any such judgment shall not be discharged within ninety (90) days from the entry thereof or an appeal shall not be taken therefrom or

from the order, decree or process upon which or pursuant to which such judgment shall have been granted or entered, in such manner as to stay the execution of or levy under such judgment, order, decree or process or the enforcement thereof; or

(g) the Issuer shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Obligations or in this Ordinance on the part of the Issuer to be performed, and such default shall continue for sixty (60) days after written notice specifying such default and requiring the same to be remedied shall have been given to the Issuer by the Registered Owners of not less than twenty-five percent (25%) of the Bond Obligation; notwithstanding the foregoing, however, an event of default shall not be deemed to have occurred under this paragraph if the default of the Issuer cannot be cured within sixty (60) days of such notice but can be cured within a reasonable period of time and the Issuer in good faith institutes curative action within such sixty-day period and diligently pursues such action until the default has been corrected.

Notwithstanding the foregoing, with respect to the events described in clauses (c) and (g), the Issuer shall not be deemed in default hereunder if such default can be cured within a reasonable period of time and if the Issuer in good faith institutes appropriate curative action and diligently pursues such action until the default has been corrected.

**SECTION 10.2. Enforcement of Remedies.** Upon the happening and continuance of any event of default specified in Section 10.1, then and in every such case the Owners of not less than twenty-five percent (25%) of the Bond Obligation may appoint any state bank, national bank, trust company or national banking association qualified to transact business in Louisiana to serve as trustee for the benefit of the Holders of all Obligations then outstanding (the "Trustee"). Notice of such appointment, together with evidence of the requisite signatures of the Holders of twenty-five percent (25%) of the Bond Obligation and the trust instrument under which the Trustee shall have agreed to serve shall be filed with the Issuer and the Trustee and notice of such appointment shall be published in THE BOND BUYER or a financial journal of general circulation in the City of New York, New York and mailed to the Registered Owners of the Obligations; provided, however, that if all Obligations then Outstanding are in registered form, no newspaper publication shall be required. After the appointment of a Trustee hereunder, no further Trustees may be appointed; however, the Holders of a majority of the Bond Obligation may remove the Trustee initially appointed and appoint one or more successors at any time. If the default for which the Trustee was appointed is cured or waived pursuant to this Article, the appointment of the Trustee shall terminate with respect to such default.

After a Trustee has been appointed pursuant to the foregoing, the Trustee may proceed, and upon the written request of Owners of twenty-five percent (25%) of the Bond Obligation shall proceed to protect and enforce the rights of the Bondholders under the laws of the State of Louisiana, including the Act, and under this Ordinance, by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board, body or officer having jurisdiction, either for the specific performance of any covenant or agreement contained herein or in aid of execution of any power herein granted or for the enforcement of any proper legal or equitable remedy, all as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights.

In the enforcement of any remedy against the Issuer under this Ordinance the Trustee shall be entitled to sue for, enforce payment of and receive any and all amounts then or during any default becoming, and at any time remaining, due from the Issuer for principal, premium, if any, and interest or otherwise under any provisions of this Ordinance or of such Obligations and unpaid, with interest on overdue payments of principal and, to the extent permitted by law, on interest at the rate or rates of interest specified in such Obligations, together with any and all costs and expenses of collection and of all proceedings hereunder and under such Obligations, without prejudice to any other right or remedy of the Trustee or of the Bondholders, and to recover and enforce any judgment or decree against the Issuer, but solely as provided herein and in such Obligations, for any portion of such amounts remaining unpaid and interest, costs and expenses as above provided, and to collect (but solely from moneys in the Receipts Fund, and any other moneys available for such purpose) in any manner provided by law, the moneys adjudged or decreed to be payable.

**SECTION 10.3. Effect of Discontinuing Proceedings.** In case any proceeding taken by the Trustee or any Bondholder on account of any default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or such Bondholder, then and in every such case the Issuer, the Trustee and Bondholders shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies and powers of the Trustee shall continue as though no such proceeding had been taken.

SECTION 10.4. Directions to Trustee as to Remedial Proceedings. Anything in this Ordinance to the contrary notwithstanding, the Holders of a majority of the Bond Obligation shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all remedial proceedings to be taken by the Trustee hereunder, provided that such direction shall not be otherwise than in accordance with law or the provisions of this Ordinance, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Bondholders not parties to such direction.

SECTION 10.5. Pro Rata Application of Funds. Anything in this Ordinance to the contrary notwithstanding, if at any time the moneys in the Operating Fund, as the case may be, shall not be sufficient to pay the principal (or Accreted Values with respect to the Capital Appreciation Bonds) of or the interest on the Obligations as the same become due and payable, such moneys, together with any moneys then available or thereafter becoming available for such purpose, whether through the exercise of the remedies provided for in this Article or otherwise, shall be applied as follows:

(a) Unless the principal of all the Obligations and Parity Debt shall have become due and payable, all such moneys shall be applied (1) to the payment of all installments of interest then due on the Obligations and the interest component of Parity Debt then due, in the order of the maturity of the installments of such interest, to the persons entitled thereto, ratably, without any discrimination or preference, and (2) to the payment of all installments of principal of Obligations and Parity Debt then due.

(b) If the principal of all the Obligations and Parity Debt shall have become due and payable, all such moneys shall be applied to the payment of the principal, premium, if any, and interest (or Accreted Values with respect to Capital Appreciation Bonds) then due and unpaid upon the Obligations and Parity Debt, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Obligation or Parity Debt over any other Obligation or Parity Debt, ratably, according to the amounts due, respectively, for principal and interest (or Accreted Values with respect to Capital Appreciation Bonds), to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Obligations and Parity Debt.

Whenever moneys are to be applied by a trustee or paying agent appointed by the Issuer (the "Agent"), pursuant to the provisions of this Section, such moneys shall be applied by the Agent at such times, and from time to time, as the Agent in its sole discretion shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future; the setting aside of such moneys, in trust for the proper purpose, shall constitute proper application; and the Agent shall incur no liability whatsoever to the Issuer, to any Bondholder or owner of Parity Debt or to any other person for any delay in applying any such moneys, so long as reasonable diligence, having due regard to the circumstances, and ultimately applies the same in accordance with such provisions of this Ordinance as may be applicable at the time of application. Whenever the Agent shall exercise such discretion in applying such moneys, it shall fix the date (which shall be an interest payment date unless the Issuer shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue and the Accreted Value of Capital Appreciation Bonds shall cease to accrete. The Agent shall give such notice as it may deem appropriate of the fixing of any such date, and shall not be required to make payment to the owner of any Obligation unless such Obligation shall be presented to the Agent for appropriate endorsement or for cancellation if fully paid.

SECTION 10.6. Restrictions on Actions by Individual Bondholders. No Bondholder shall have any right to institute any suit, action or proceeding in equity or at law for the execution of any obligation hereunder or for any other remedy hereunder unless such Bondholder previously shall have given to the Issuer written notice of the event of default on account of which suit, action or proceeding is to be taken, and unless the Holders of not less than twenty-five percent (25%) of the Bond Obligation shall have made written request of the Issuer after the right to exercise such powers or right of action, as the case may be, shall have accrued, and shall have afforded the Issuer a reasonable opportunity either to proceed to exercise the powers hereinabove granted or to institute such action, suit or proceeding in its or their name, and unless, also, there shall have been offered to the Issuer reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, including the reasonable fees of its attorneys (including fees on appeal), and the Issuer shall have refused or neglected to comply with such request within a reasonable time; and such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Issuer, to be conditions precedent to the execution of the powers and trusts of this

Ordinance or for any other remedy hereunder. It is understood and intended that no one or more Owners of the Obligations hereunder secured shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this Ordinance, or to enforce any right hereunder, except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the benefit of all Bondholders, and that any individual rights of action or any other right given to one or more of such Owners by law are restricted by this Ordinance to the rights and remedies herein provided.

Nothing contained herein, however, shall affect or impair the right of any Bondholder, individually, to enforce the payment of the principal of and interest on his Obligation or Obligations at and after the maturity thereof, at the time, place, from the source and in the manner provided in this Ordinance.

SECTION 10.7. Appointment of a Receiver. Upon the happening and continuance of an event of default, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Bondholders under this Ordinance, the Trustee shall be entitled, as a matter of right, without regard to the solvency of the Issuer, to the appointment of a receiver or receivers of the Utilities System, pending such proceedings, with such powers as the court making such appointments shall confer, whether or not the Revenues, the Net Revenues and other funds pledged hereunder shall be deemed sufficient ultimately to satisfy the Obligations outstanding hereunder.

## ARTICLE XI

### MISCELLANEOUS PROVISIONS

#### SECTION 11.1. Modification or Amendment.

(a) No modification or amendment of this Ordinance, or of any Supplemental Ordinance, materially adverse to the Bondholders may be made without the consent in writing of the Owners of not less than a majority of the Bond Obligation, but for such purposes the Series 1996 Utilities Revenue Bonds shall not be included in the calculation of Bond Obligation, unless otherwise provided by Supplemental Ordinance, and no modification or amendment shall permit a change (a) in the maturity of any of the Obligations or a reduction in the rate of interest thereon, (b) in the amount of the principal obligation of any Obligation, (c) that would affect the unconditional obligation of the Issuer to collect and hold the Revenues as herein provided, or provide for the receipt and disbursement of such Revenues as herein provided, or (d) that would reduce such percentage of Owners of the Bond Obligation, required above, for such modifications or amendments, without the consent of all of the Bondholders. For the purpose of Bondholders, voting rights or consents, the Obligations, if any, owned by or held for the account of the Issuer, directly or indirectly, shall not be counted. Notwithstanding the foregoing, and so long as the same shall not result in the interest on Obligations other than Taxable Obligations Outstanding hereunder being included in gross income of the holders thereof for federal income tax purposes, the Issuer may, without the consent of the Bondholders, enter into such supplemental ordinances or resolutions (which supplemental ordinances or resolutions shall thereafter form a part hereof):

(i) To cure any ambiguity, inconsistency or formal defect or omission in this Ordinance or in any Supplemental Ordinance, or

(ii) To grant to or confer upon the Bondholders any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Bondholders, or

(iii) To provide for the sale, authentication and of additional Obligations or refunding Obligations and the disposition of the proceeds from the sale thereof, in the manner and to the extent authorized herein, or

(iv) To modify, amend or supplement this Ordinance or any ordinance or resolution supplemental hereto in such manner as to permit the qualification hereof and thereof under the Trust Indenture Act of 1939 or any similar federal statute hereafter in effect or to permit the qualification of the Obligations for sale under the securities laws of any of the states of the United States of America, and, if the Issuer so determines, to add to this Ordinance or any ordinance or resolution supplemental hereto such other terms, conditions and provisions as may be permitted by said Trust Indenture Act of 1939 or similar federal statute, or

(v) To provide for the issuance of coupon Obligations or certificated or uncertificated registered public obligations, or

(vi) To provide for changes suggested by a nationally recognized securities rating agency as necessary to secure or maintain the rating on the Obligations, or

(vii) To subject to the terms of this Ordinance any additional funds, securities or properties, or

(viii) To make any other change or modification of the terms hereof which, in the reasonable judgment of the Issuer is not prejudicial to the rights or interests of the Holders of the Obligations hereunder.

B. Notwithstanding any provision set forth above, any bond insurer of any Obligations or Parity Debt may vote on behalf of all Bondholders of all such Obligations or Parity Debt.

C. Notice of any amendments or modifications of this Ordinance shall be given by the Issuer to the Rating Agencies then rating any Obligations Outstanding hereunder.

SECTION 11.2. Defeasance and Release of Ordinance. If, at any time after the date of issuance of the Obligations, (a) all Obligations secured hereby, or any Series thereof, or maturity or portion of a maturity within a Series, shall have become due and payable in accordance with their terms or otherwise as provided in this Ordinance, or shall have been duly called for redemption, or the Issuer gives the Paying Agent irrevocable instructions directing the payment of the principal of, premium, if any, and interest on such Obligations at maturity or at any earlier redemption date scheduled by the Issuer, or any combination thereof, (b) the whole amount of the principal, premium, if any, and the interest so due and payable upon all of such Obligations then outstanding, at maturity or upon redemption, shall be paid, or sufficient moneys shall be held by the Paying Agent, an escrow agent or any Authorized Depository, in irrevocable trust for the benefit of such Bondholders (whether or not in any accounts created hereby) which, as verified by a report of a nationally recognized independent certified public accountant or nationally recognized firm of independent certified public accountants, when invested in Defeasance Securities maturing not later than the maturity or redemption dates of such principal, premium, if any, and interest will, together with the income realized on such investments, be sufficient to pay all such principal, premium, if any, and interest on said Obligations at the maturity thereof or the date upon which such Obligations are to be called for redemption prior to maturity, and (c) provisions shall also be made for paying all other sums payable hereunder by the Issuer, then and in that case the right, title and interest of such Bondholders hereunder and the pledge of and lien on the Revenues, and the Net Revenues and all other pledges and liens created hereby or pursuant hereto, with respect to such Bondholders shall thereupon cease, determine and become void, and if such conditions have been satisfied with respect to all Obligations issued hereunder and then Outstanding, all balances remaining in any other funds or accounts created by this Ordinance other than moneys held for redemption or payment of Obligations and to pay all other sums payable by the Issuer hereunder shall be distributed to the Issuer for any lawful purpose; otherwise this Ordinance shall be, continue and remain in full force and effect.

For purposes of determining the amount of interest due and payable with respect to Variable Rate Obligations pursuant to (b) above, the interest on such Variable Rate Obligations shall be calculated at the maximum rate permitted by the terms thereof; provided, however, that if on any date, as a result of such Variable Rate Obligations having borne interest at less than such maximum rate for any period, the total amount of moneys and Defeasance Securities on deposit with the Paying Agent for the payment of interest on such Variable Rate Obligations is in excess of the total amount which would have been required to be deposited with the Paying Agent on such date in respect of such Variable Rate Obligations in order to satisfy the above provisions, the Paying Agent shall pay the amount of such excess to the Issuer for use in such manner as required or permitted pursuant to an opinion of Bond Counsel in order not to cause interest on the Obligations (other than Taxable Bonds) or any bonds issued to refund the Obligations to cease to be excludable from gross income for federal income tax purposes.

For purposes of determining the amount of principal, premium, if any, and interest due and payable pursuant to (b) above with respect to Obligations subject to mandatory purchase or redemption by the Issuer at the option of the Registered Owner thereof ("Put Bonds"), as long as a liquidity credit facility remains in place such amount shall be the maximum amount of principal of and premium, if any, and interest on such Put Bonds which could become payable to the Registered Owners of such Put Bonds upon the exercise of any such demand options provided to the registered owners of such Put Bonds, If any portion of the moneys deposited with the Paying Agent for the payment of the principal of and premium, if any, and interest on Put Bonds is not required for such purpose the Paying Agent shall pay the amount of such excess to the Issuer for use in such manner as required or permitted pursuant to an opinion of Bond Counsel in order not to cause interest on the Obligations (other than Taxable

Bonds) or any bonds issued to refund the Obligations to cease to be excluded from gross income for federal income tax purposes.

If a portion of a maturity of a series of Obligations subject to mandatory sinking fund redemption shall be defeased as provided above, the principal amount of the Obligations so defeased shall be allocated to the mandatory sinking fund installments designated by the Issuer, or if no such designation is made, such principal amount shall be allocated to mandatory sinking fund installments in inverse order of maturity.

SECTION 11.3. Tax Covenants. It is the intention of the Issuer and all parties under its control that the interest on the Obligations issued hereunder that are not Taxable Obligations be and remain excluded from gross income for federal income tax purposes and to this end the Issuer hereby represents to and covenants with each of the Holders of the Obligations issued hereunder that are not Taxable Bonds that it will comply with the requirements applicable to it contained in Section 103 and Part IV of Subchapter B of Chapter 1 of Subtitle A of the Code to the extent necessary to preserve the exclusion of interest on the Obligations issued hereunder that are not Taxable Obligations from gross income for federal income tax purposes. Specifically, without intending to limit in any way the generality of the foregoing, the Issuer covenants and agrees:

(1) to make or cause to be made all necessary determinations and calculations of the amount required to be paid to the United States of America pursuant to Section 148(f) of the Code (the "Rebate Amount") and required payments of the Rebate Amount;

(2) to set aside sufficient moneys from the Revenues or other legally available funds of the Issuer, to timely pay the Rebate Amount to the United States of America;

(3) to pay the Rebate Amount to the United States of America at the times and to the extent required pursuant to Section 148(f) of the Code;

(4) to maintain and retain all records, pertaining to the Rebate Amount with respect to the Obligations that are not Taxable Obligations issued hereunder and required payments of the Rebate Amount with respect to the Obligations that are not Taxable Obligations for at least six years after the final maturity of the Obligations that are not Taxable Obligations or such other period as shall be necessary to comply with the Code;

(5) to refrain from taking any action that would cause any Obligations or any Series or portion thereof issued hereunder, other than Taxable Obligations and bonds issued with the intent that they shall constitute "private activity bonds" under Section 141(a) of the Code, to be classified as "private activity bonds" under Section 141(a) of the Code; and

(6) to refrain from taking any action that would cause the Obligations that are not Taxable Obligations issued hereunder to become arbitrage bonds under Section 148 of the Code.

The Issuer understands that the foregoing covenants impose continuing obligations of the Issuer that will exist as long as the requirements of Section 103 and Part IV of Subchapter B of Chapter 1 of Subtitle A of the Code are applicable to the Obligations.

Notwithstanding any other provision of this Ordinance, including, in particular Section 11.3 hereof, the obligation of the Issuer to pay the Rebate Amount to the United States of America and to comply with the other requirements of this Section 11.4 shall survive the defeasance or payment in full of the Obligations that are not Taxable Obligations.

SECTION 11.4. Severability. If any one or more of the covenants, agreements or provisions of this Ordinance should be held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separate from the remaining covenants, agreements or provisions of this Ordinance or of the Obligations issued hereunder.

SECTION 11.5. No Third-Party Beneficiaries. Except as herein or by Supplemental Ordinance otherwise expressly provided, nothing in this Ordinance expressed or implied is intended or shall be construed to confer upon any person, firm or corporation other than the parties hereto and the owners and holders of the Obligations issued under and secured by this Ordinance, any right, remedy or claim, legal or equitable, under or by reason of this Ordinance or any provision hereof, this Ordinance and all its provisions being intended to be and being for the sole and exclusive benefit of the parties hereto and the Owners and Holders from time to time of the Obligations issued hereunder.

SECTION 11.6. Controlling Law; Members of Issuer Not Liable. All covenants, stipulations, obligations and agreements of the Issuer contained in this Ordinance shall be deemed to be covenants, stipulations, obligations and agreements of the Issuer to the full extent (authorized by the Act and provided by the Constitution and laws of the State of Louisiana). No covenant, stipulation, obligation or agreement contained herein shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future member of the Governing Authority, agent or employee of the Issuer in his individual capacity, and neither the members of the Issuer nor any official executing the Obligations shall be liable personally on the Obligations or this Ordinance or shall be subject to any personal liability or accountability by reason of the issuance or the execution by the Issuer or such members thereof.

SECTION 11.7. Repeal of ordinances or resolutions. All ordinances or resolutions, or parts thereof, in conflict herewith are hereby repealed.

SECTION 11.8. Effective Date. This ordinance shall become effective upon signature of the Lafayette City-Parish President, the elapse of ten (10) days after receipt by the Lafayette City-Parish President without signature or veto, or upon an override of a veto, whichever occurs first.



**FIFTH SUPPLEMENTAL ORDINANCE**  
**ORDINANCE NO. O-040-2019**

**A FIFTH SUPPLEMENTAL ORDINANCE OF THE LAFAYETTE CITY-PARISH COUNCIL AND THE LAFAYETTE PUBLIC UTILITIES AUTHORITY AMENDING AND SUPPLEMENTING AN ORDINANCE (THE "GENERAL BOND ORDINANCE") ADOPTED ON JUNE 29, 2004 TO PROVIDE FOR THE ISSUANCE OF NOT TO EXCEED SEVENTY MILLION DOLLARS (\$70,000,000) AGGREGATE PRINCIPAL AMOUNT OF UTILITIES REVENUE BONDS, SERIES 2019, OF THE CITY OF LAFAYETTE, STATE OF LOUISIANA (THE "ISSUER"), PURSUANT TO THE GENERAL BOND ORDINANCE; PRESCRIBING THE FORM, FIXING THE DETAILS AND PROVIDING FOR THE PAYMENT OF PRINCIPAL OF AND INTEREST ON SUCH BONDS; EXECUTING A BOND PURCHASE AGREEMENT FOR THE PURCHASE OF THE BONDS; AUTHORIZING THE PURCHASE OF A MUNICIPAL BOND INSURANCE POLICY AND PROVIDING FOR OTHER MATTERS IN CONNECTION THEREWITH**

**BE IT ORDAINED** by the Lafayette City-Parish Council (the "**Governing Authority**"), acting as the governing authority of the City of Lafayette, State of Louisiana, (the "**Issuer**") and the Lafayette Public Utilities Authority (the "**LPUA**"), acting as the governing authority of the Utilities Department of the City of Lafayette, State of Louisiana, that:

**WHEREAS**, the Governing Authority and the LPUA adopted Ordinance No. O-122-2004 on June 29, 2004 (the "**General Bond Ordinance**"), authorizing the issuance from time to time of Utilities Revenue Bonds of the City of Lafayette, State of Louisiana on the terms and conditions set forth in the General Bond Ordinance; and

**WHEREAS**, the General Bond Ordinance provides that the details of each series of bonds issued thereunder shall be specified in a supplemental ordinance adopted by the Issuer authorizing the issuance of such series of bonds, subject to the terms, conditions and limitations established in the General Bond Ordinance; and

**WHEREAS**, pursuant to Section 1430 of Title 39 of the Louisiana Revised Statutes of 1950, as amended, the Governing Authority now desires to sell, issue and deliver not to exceed \$70,000,000 of Utilities Revenue Bonds, Series 2019, for the purpose of (a) constructing and acquiring improvements and extensions to the Utilities System of the City, including the necessary equipment and furnishings therefor, (b) funding a reserve for the payment of the Bonds, (c) paying the costs of issuance including the purchase of a municipal bond insurance policy, if deemed necessary and advisable; and

**WHEREAS**, the Issuer presently has outstanding the following described utilities revenue bonds, (collectively, the "**Outstanding Parity Bonds**") which are payable from a pledge and dedication of the Net Revenues as defined Section 1.1 the General Bond Ordinance: Utilities Revenue Bonds Series 2010, dated December 15, 2010, maturing November 1, of the years 2019 and 2020, inclusive, with an outstanding principal amount of \$5,780,000, Utilities Revenue Refunding Bonds, Series 2012, dated January 11, 2013, maturing November 1, of the years 2019 through 2028, inclusive, with an outstanding principal amount of \$118,865,000, and Utilities Revenue Refunding Bonds, Series 2017, dated October 13, 2017, maturing November 1, of the years 2021 through 2035, inclusive, with an outstanding principal amount of \$59,465,000; and

**WHEREAS**, under the terms and conditions of the General Bond Ordinance, the Issuer has authority to issue bonds on a complete parity with the Outstanding Parity Bonds, defined herein; and

**WHEREAS**, the Issuer proposes by this Fifth Supplemental Ordinance (the "**Bond Ordinance**") to authorize the issuance of an additional not exceeding \$70,000,000 aggregate principal amount of its Bonds under the General Bond Ordinance and further described in Section 4 hereof, and to specify the terms and conditions of the Bonds; and

**WHEREAS**, this Governing Authority and the LPUA have determined that all the terms and conditions specified in this Bond Ordinance for the issuance of the Bonds on a parity with the Outstanding Parity Bonds have been or will be complied with prior to the delivery of the Bonds, and it is the express desire and intent of this Governing Authority that the Bonds be issued on a complete parity with the Outstanding Parity Bonds.

**NOW, THEREFORE, BE IT FURTHER ORDAINED** by the Lafayette City-Parish Council, acting as the governing authority of the Issuer, and the LPUA, acting as the governing authority of the Utilities Department of the City of Lafayette, State of Louisiana, that:

**SECTION 1:** All of the aforescribed "Whereas" clauses are adopted as part of this Bond Ordinance.

**SECTION 2 Definitions.** Unless the context shall clearly indicate some other meaning, all words and terms used in this Bond Ordinance, which are defined in the General Bond Ordinance adopted by the Governing Authority, will have the meaning set out in said General Bond Ordinance attached hereto and made part hereof (Exhibit C to this Bond Ordinance). In addition, unless the context shall clearly indicate some other meaning, the following terms shall, for all purposes of the General Bond Ordinance and of this Bond Ordinance or of any ordinance or other instrument amendatory thereof or supplemental thereto, have the following meanings:

**"Act"** means Section 1430 of Title 39 of the Louisiana Revised Statutes of 1950, as amended intended, and other statutory and constitutional provisions supplemental thereto.

**"Bonds" or "Bond"** means the Utilities Revenue Bonds, Series 2019, of the Issuer, issued pursuant to this Bond Ordinance, as the same may be amended from time to time.

**"Bond Ordinance"** shall mean this Fifth Supplemental Ordinance as the same may be supplemented or amended hereafter.

**"Bond Purchase Agreement"** shall mean the completed agreement for the purchase of all or a portion of the Bonds in the form set forth in Exhibit B to this Bond Ordinance, with such additions, deletions, or amendments as shall be appropriate to describe the purchase of Bonds, the terms of the Bonds, the Outstanding Parity Bonds to be redeemed and the conditions of the delivery of the Bonds.

**"Paying Agent"** means Hancock Whitney Bank in the City of Baton Rouge, Louisiana, as paying agent and registrar hereunder, until a successor Paying Agent shall have become such pursuant to the applicable provisions of this Bond Ordinance, and thereafter "Paying Agent" shall mean such successor Paying Agent.

**"Purchaser"** means collectively, Stifel, Nicolaus & Company, Incorporated, of Baton Rouge, Louisiana, and Sisung Securities Corporation, of New Orleans, Louisiana.

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

**SECTION 3: Interpretation.** In this Bond Ordinance, unless the context otherwise requires, (a) words importing persons include firms, associations and corporations, (b) words importing the singular include the plural and vice versa and (c) words of the masculine gender shall be deemed and considered to include correlative words of the feminine and neuter genders.

**SECTION 4: Authorization and Designation.** Pursuant to the provisions of the General Bond Ordinance, this Bond Ordinance and the Act, there is hereby authorized the issuance of not to exceed \$70,000,000 in aggregate principal amount of Bonds of the Issuer, which are Designated Maturity Obligations subject to redemption as provided in Section 9 and Reserve Secured Bonds for the purpose of (a) constructing and acquiring improvements and extensions to the Utilities System of the City, including the necessary equipment and furnishings therefor, (b) funding a reserve for the payment of the Bonds and (c) paying the costs of issuance including the purchase of a municipal bond insurance policy, if deemed necessary and advisable. The Bonds shall be special obligations of the Issuer payable solely from the Net Revenues and shall be entitled to the pledge and lien created thereby and shall be otherwise entitled to the security and benefits thereof and on a parity with the Outstanding Parity Bonds pursuant to and in accordance with Section 9.2 of the General Bond Ordinance.

**SECTION 5: Denominations. Dates. Maturities and Interest.** The Bonds shall be dated the date of delivery, shall be in the denomination of \$5,000 or any integral multiple thereof within a maturity, shall be in fully registered form and shall be numbered from R-1 upward. The unpaid principal of the Bonds shall bear interest from the date thereof or from the most recent interest date to which interest has been paid or duly provided for, payable on

May 1 and November 1 of each year, commencing November 1, 2019, at a rate or rates not exceeding six (6%) percent per annum, with interest calculated on the basis of a 360 day year consisting of 12 thirty day months, to mature no later than November 1, 2049 and to be sold at price not less than 95% of par amount thereof and the Bonds shall mature on November 1 of each of the years and in the aggregate principal amounts set forth the Bond Purchase Agreement.

**SECTION 6: Principal Amount and Type.** The Bonds shall be issued in the aggregate original principal amount of not to exceed \$70,000,000 and shall be issuable as fully registered bonds, registered in the name of Cede & Co., as provided below.

**SECTION 7: Book Entry Registration of Bonds.** The Bonds shall be initially issued in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), as registered owner of the Bonds, and held in the custody of DTC. The Executive Officers of the Issuer or any other officer of the Issuer is authorized to execute and deliver a Blanket Letter of Representation to DTC on behalf of the Issuer with respect to the issuance of the Bonds in "book-entry only" format. The terms and provisions of said Blanket Letter of Representation shall govern in the event of any inconsistency between the provisions of this Bond Ordinance and said Blanket Letter of Representation. Initially, a single certificate will be issued and delivered to DTC for each maturity of the Bonds. The Beneficial Owners (as defined in the Blanket Letter of Representation) will not receive physical delivery of Bond certificates except as provided herein. Beneficial Owners are expected to receive a written confirmation of their purchase providing details of each Bond acquired. For so long as DTC shall continue to serve as securities depository for the Bonds as provided herein, all transfers of beneficial ownership interest will be made by book-entry only, and no investor or other party purchasing, selling or otherwise transferring beneficial ownership of Bonds is to receive, hold or deliver any Bond certificate.

Notwithstanding anything to the contrary herein, while the Bonds are issued in book-entry-only form, the payment of principal of, premium, if any, and interest on the Bonds may be payable by the Paying Agent by wire transfer to DTC in accordance with the Blanket Letter of Representation.

For every transfer and exchange of the Bonds, the Beneficial Owner may be charged a sum sufficient to cover such Beneficial Owner's allocable share of any tax, fee or other governmental charge that may be imposed in relation thereto.

Bond certificates are required to be delivered to and registered in the name of the Beneficial Owner under the following circumstances:

- (A) DTC determines to discontinue providing its service with respect to the Bonds. Such a determination may be made at any time by giving 30 days' notice to the Issuer and the Paying Agent and discharging its responsibilities with respect thereto under applicable law; or
- (B) The Issuer determines that continuation of the system of book-entry transfer through DTC (or a successor securities depository) is not in the best interests of the Issuer and/or the Beneficial Owners.

The Issuer and the Paying Agent will recognize DTC or its nominee as the Bondholder for all purposes, including notices and voting.

Neither the Issuer or the Paying Agent are responsible for the performance by DTC of any of its obligations, including, without limitation, the payment of moneys received by DTC, the forwarding of notices received by DTC or the giving of any consent or proxy in lieu of consent.

Whenever during the term of the Bonds the beneficial ownership thereof is determined by a book entry at DTC, the requirements of this Bond Ordinance of holding, delivering or transferring the Bonds shall be deemed modified to require the appropriate person to meet the requirements of DTC as to registering or transferring the book entry to produce the same effect.

If at any time DTC ceases to hold the Bonds, all references herein to DTC shall be of no further force or effect.

**SECTION 8: Bonds on Parity.** The Bonds shall be and the same are hereby issued on a parity with the Outstanding Parity Bonds, and the Bonds shall rank equally with and shall enjoy complete parity of lien with the Outstanding Parity Bonds on all of the Net Revenues as defined at Section 1.1 of the General Bond Ordinance or

other funds specially applicable to the payment of the Outstanding Parity Bonds, including funds established by the General Bond Ordinance.

This Governing Authority does hereby find, determine and declare that the Issuer has complied, or will comply prior to the delivery of the Bonds, with all of the terms and conditions set forth in the General Bond Ordinance with respect to authorizing the issuance of the Bonds on a parity with the Outstanding Parity Bonds.

**SECTION 9: Redemption.**

(a) **Optional Redemption of Bonds.** Any of the Bonds may be subject to optional redemption in Authorized Denominations on the dates and at the prices as set forth in the Bond Purchase Agreement as set forth in Schedule A to the Bond Purchase Agreement and incorporated into the final form of Bonds upon delivery. Official notice of such call of any of the Bonds for optional redemption will be given by first class mail, postage prepaid, by notice deposited in the United States mails not less than thirty (30) days prior to the redemption date addressed to the registered owner of each bond to be redeemed at his address as shown on the registration books of the Paying Agent.

(b) **Mandatory Sinking Fund Redemption of Bonds.** Any of the Bonds may be subject to mandatory sinking fund redemption and payment in Authorized Denominations prior to maturity on November 1 in each of the years and at 100% of the principal amounts plus accrued interest as set forth in the Bond Purchase Agreement and as set forth in Schedule B to the Bond Purchase Agreement and incorporated into the final form of Bonds upon delivery.

**SECTION 10: Reserve Requirement.** The Bonds are hereby designated as Reserve Secured Bonds and shall utilize the Reserve Fund Account established for the Outstanding Parity Bonds. Accordingly, the Reserve Requirement for the Bonds, the Outstanding Parity Bonds and for any other Additional Parity Bonds utilizing the Reserve Fund Account (but not necessarily for all Additional Parity Bonds) shall be a sum equal to the lesser of: (i) ten (10%) percent of the original principal proceeds of the Bonds, any Outstanding Parity Bonds and any issue of Additional Parity Bonds, (ii) the highest combined principal and interest requirements for any future Bond Year on the Bonds, any Outstanding Parity Bonds and any issue of Additional Parity Bonds or (iii) 125% of the average aggregate amount of principal installments and interest becoming due in any future Bond Year on the Bonds, any Outstanding Parity Bonds and any issue of Additional Parity Bonds. All income and earnings derived from the investment of moneys in the Reserve Fund account for the Bonds shall be deposited in the manner set forth in Section 6.2 of the General Bond Ordinance.

As set out in Section 5.1(d) of the General Bond Ordinance, the Reserve Requirement may be funded with cash, Investment Obligations, and/or one or more Reserve Products.

As provided in the General Bond Ordinance and the First, Second, Third and Fourth Supplemental Ordinances, the Reserve Fund Account established for the Outstanding Bonds may be combined or shared with any subsequent issuance of other Reserve Secured Bonds, provided the ordinance pertaining to the issuance of said subsequent Reserve Secured Bonds specifies that its respective Reserve Fund account shall be shared and/or combined with this Reserve Fund Account and further provided that the Reserve Requirement for the Bonds, as set forth in this Section, remains met and satisfied.

**SECTION 11: Application of Proceeds of the Bonds.** The proceeds of the Bonds shall be deposited into the Capital Additions Fund and the Reserve Fund account for the Bonds to be used solely for the purpose for which the Bonds are issued and for the payment of the costs of issuance including the purchase of a municipal bond insurance policy, if deemed necessary and advisable.

**SECTION 12: Execution and Form of Bonds.** The Bonds and the endorsements to appear on all such Bonds issuable hereunder shall be substantially in the form set forth in **Exhibit A** to this Bond Ordinance, with such necessary or appropriate variations, omissions and insertions to conform to the final terms set forth in the Bond Purchase Agreement, subject to the requirements of the Act, this Bond Ordinance, and the General Bond Ordinance. The Bonds shall be lettered and numbered as provided in Section 5. If the Issuer of the Bonds secures insurance on all or a portion of the maturities of the Bonds, an endorsement satisfactory to Bond Counsel may be printed on any or all the Bonds.

**SECTION 13: Appointment of Paying Agent/Registrar.** The initial Paying Agent/Registrar for each series of Bonds shall be Hancock Whitney Bank, in Baton Rouge, Louisiana. The principal (and premium, if any) of each Bond is payable upon maturity or redemption at the principal corporate trust office of the Paying

Agent/Registrar as provided in the General Bond Ordinance. The interest on the Bonds is payable as provided in the General Bond Ordinance.

**SECTION 14: Bond Ordinance to Constitute Contract.** In consideration of the purchase and the acceptance of the Bonds by those who shall be the registered owners of the same from time to time, the provisions of this Bond Ordinance shall be a part of the contract of the Issuer with the owners of the Bonds and shall be deemed to be and shall constitute a contract between the Issuer, the Paying Agent/Registrar and the owners from time to time of the Bonds. The provisions, covenants and agreements set forth to be performed by and on behalf of the Issuer shall be for the benefit, protection and security of the owners of any and all of the Bonds.

**SECTION 15: Arbitrage.** The Issuer covenants and agrees that, to the extent permitted by the laws of the State of Louisiana, it will comply with the requirements of the Internal Revenue Code of 1986 and any amendment thereto (the "Code") in order to establish, maintain and preserve the exclusion from "gross income" of interest on the Bonds under the Code. The Issuer further covenants and agrees that it will not take any action, fail to take any action, or permit any action within its control to be taken, or permit at any time or times any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or indirectly in any manner, the effect of which would be to cause the Bonds to be "arbitrage bonds" or would result in the inclusion of the interest on any of the Bonds in gross income under the Code, including, without limitation, (i) the failure to comply with the limitation on investment of Bond proceeds or (ii) the failure to pay any required rebate of arbitrage earnings to the United States of America or (iii) the use of the proceeds of the Bonds in a manner which would cause the Bonds to be "private activity bonds".

**SECTION 16: Preliminary Official Statement.** On behalf of the Issuer, the Mayor-President, and Chairman and Clerk of the Council are authorized to approve the form and content of any Preliminary Official Statement, pertaining to the Bonds, as submitted to the Issuer, and such approval may ratify its prior use in connection with the sale of the Bonds. Such officials are likewise authorized to execute any final Official Statement.

**SECTION 17: Publication of Ordinance; Peremption.** A copy of this Bond Ordinance shall be published one time in the official journal of the Issuer. For 30 days after the date of publication, any person in interest may contest the legality of this Bond Ordinance, any provision of the Bonds, the provisions therein made for the security and payment of the Bonds, the purchase of a municipal bond insurance policy, if deemed necessary and advisable, and the validity of all other provisions and proceedings relating to the authorization and issuance of the Bonds other than those matters that may be subject to the peremption occasioned by the publication of the General Bond Ordinance. After the said 30 days, no person may contest the regularity, formality, legality or effectiveness of this Bond Ordinance, any provisions of the Bonds, the provisions for the security and payment of the Bonds, the purchase of a municipal bond insurance policy, if deemed necessary and advisable, and the validity of all other provisions and proceedings relating to their authorization and issuance, for any cause whatever. Thereafter, it shall be conclusively presumed that the Bonds are legal and that every legal requirement for the issuance of the Bonds has been complied with. No court shall have authority to inquire into any of these matters after the said 30 days.

**SECTION 18: Continuing Disclosure Certificate.** The Mayor-President and/or Chief Financial Officer are hereby empowered and directed to execute an appropriate Continuing Disclosure Certificate (substantially in the form set forth in the official statement issued in connection with the sale and issuance of the Bonds) pursuant to S.E.C. Rule 15c2-12(b)(5).

**SECTION 19: Bonds are not "Bank-Qualified".** The Bonds are not designated as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code.

**SECTION 20: Additional Investment Obligations Restrictions.** In addition to the Investment Obligations restrictions set out in the General Bond Ordinance, investments, before expenditure of the Bonds proceeds are further restricted pursuant to 33§2955 of the Louisiana Revised Statutes of 1950 as amended.

**SECTION 21. Authorization and Mandate.** The Mayor-President, Chief Financial Officer, and the Clerk of the Council are hereby empowered, authorized and directed to take any and all action and to execute and deliver any instrument, document or certificate necessary to effectuate the purposes of this Section including but not limited to the Bond Purchase Agreement and the purchase of a municipal bond insurance policy, if he deems it necessary and advisable, and he, along with the Municipal Advisor makes, the findings required by 39§1429 of the Louisiana Revised Statutes of 1950 as amended, of the benefit of entering into a contract with a bond insurer for the purchase of a municipal bond insurance policy. Any and all covenants and terms contained in the commitment of the bond

insurer related to the bond insurance policy shall be incorporated herein by reference as if set forth herein and shall form a part of this Bond Ordinance and be a part of the contract with the holder of the Bonds.

**SECTION 22: Sale and Delivery of the Bonds.** The Bonds or any portion thereof are hereby authorized to be sold to the Purchaser and the Mayor-President is hereby authorized to execute the Bond Purchase Agreement and to purchase municipal bond insurance, if he deems it necessary. After his execution and authentication by the Paying Agent, the Bonds and the insurance policy, if deemed necessary, shall be delivered to the Purchaser or their agents or assigns, upon receipt by the Issuer of the agreed purchase price and confirmation of the payment of the municipal bond insurance policy premium. The Bond Purchase Agreement and the commitment to insure the payment of the Bonds and the insurance agreement required by the bond insurer, if a municipal bond insurance policy is deemed necessary and advisable, shall be in substantially the form attached hereto as **Exhibit D** to this Bond Ordinance and the Mayor-President is hereby authorized, empowered and directed to execute the Bond Purchase Agreement and to purchase a municipal bond insurance policy, if he deems it necessary, on behalf of the Issuer with such changes and under such terms as may be recommended by Bond Counsel and Municipal Advisor. He shall deliver or cause to be executed and delivered all documents required to be executed on behalf of the Issuer or deemed by him necessary or advisable to implement the Bond Ordinance or to facilitate the sale and delivery of the Bonds. The terms and conditions of said Bond Purchase Agreement and the provisions of the agreement to purchase a municipal bond insurance policy, if deemed necessary and advisable, shall be made a part hereof, incorporated herein and constitute enforceable obligations of this Bond Ordinance.

**SECTION 23: Post-Issuance Compliance.** The Executive Officers and/or their designees are directed to establish written procedures to assist the Issuer in complying with various State and Federal statutes, rules and regulations applicable to the Bonds and are further authorized to take any and all actions as may be required by said written procedures to ensure continued compliance with such statutes, rules and regulations throughout the term of the Bonds.

**SECTION 24: Conflict.** All ordinances or resolutions, or parts thereof, in conflict herewith are hereby amended or repealed to the extent of such conflict.

**SECTION 25: Effective Date.** This Bond Ordinance shall become effective upon signature of the Lafayette Mayor-President, the elapse of ten (10) days after receipt by the Lafayette Mayor-President without signature or veto, or upon override of any veto, whichever occurs first.

YEAS:

NAYS:

ABSENT:

ABSTAIN:

And the Bond Ordinance was adopted on this, the **26th** day of **March 2019**.

---

VERONICA L. WILLIAMS, CLERK  
LAFAYETTE CITY-PARISH COUNCIL

**EXHIBIT A  
TO THE BOND ORDINANCE**

**(FORM OF BOND)**

No. R-\_\_\_\_\_

Principal \$ \_\_\_\_\_

Unless this Bond is presented by an authorized representative of the Depository Trust Company, a New York corporation ("DTC"), to the City or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of CEDE & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to CEDE & CO. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, CEDE & CO., has an interest herein.

As provided in the Bond Ordinance referred to herein, until the termination of the system of book-entry-only transfers through DTC and notwithstanding any other provision of the Bond Ordinance to the contrary, this Bond may be transferred, in whole but not in part, only to a nominee of DTC, or by a nominee of DTC to DTC or a nominee of DTC, or by DTC or a nominee of DTC to any successor securities depository or any nominee thereof.

**UNITED STATES OF AMERICA  
STATE OF LOUISIANA  
PARISH OF LAFAYETTE**

**UTILITIES REVENUE BOND,  
SERIES 2019**

**CITY OF LAFAYETTE, STATE OF LOUISIANA**

Bond Date	Maturity Date	Interest Rate	CUSIP Number
_____, 2019	November 1	_____%	

The City of Lafayette, State of Louisiana (the "**Issuer**"), promises to pay to:

REGISTERED OWNER: CEDE & CO. (Tax Identification #13-2555119)

PRINCIPAL AMOUNT: \$ \_\_\_\_\_ DOLLARS

or registered assigns, on the Maturity Date set forth above, the Principal Amount set forth above, together with interest thereon from the date hereof, or from the most recent interest payment date to which interest has been paid or duly provided for, payable on May 1 and November 1 of each year, commencing November 1, 2019, at the Interest Rate per annum set forth above until said principal amount is paid. The principal of this Bond, upon maturity or redemption, is payable in such coin or currency of the United States of America which at the time of payment is legal tender for payment of public and private debts at Hancock Whitney Bank, in Baton Rouge, Louisiana, or any successor thereto (the "**Paying Agent/Registrar**"), upon presentation and surrender hereof. Interest on this Bond is payable by check mailed by the Paying Agent/Registrar to the registered owner. The interest so payable on any interest payment date will be paid to the person in whose name this Bond is registered as of the Regular Record Date (which is the 15th calendar day of the month next preceding an interest payment date). Any interest not punctually paid or duly provided for shall be payable as provided in the Bond Ordinance.

During any period after the initial delivery of the Bonds in book-entry-only form when the Bonds are delivered in multiple certificates form, upon request of a registered owner of at least \$1,000,000 in principal amount of Bonds outstanding, all payments of principal, premium, if any, and interest on the Bonds will be paid by wire transfer in immediately available funds to an account designated by such registered owner; CUSIP number identification with appropriate dollar amounts for each CUSIP number must accompany all payments of principal, premium, and interest, whether by check or by wire transfer.

This bond is one of an authorized issue of Utilities Revenue Bonds, Series 2019, aggregating in principal the sum of \_\_\_\_\_ Million Dollars (\$ \_\_\_\_\_) (the "**Bonds**"), said Bonds having been issued by the Issuer pursuant to a general bond ordinance adopted by its governing authority on June 29, 2004, as amended, and as supplemented by an ordinance adopted on March 26, 2019 (collectively, the "Bond Ordinance") for the purpose of (i) constructing and acquiring improvements and extensions to the Utilities System of the City, including the necessary equipment and furnishings therefor, (ii) funding a reserve for the payment of the Bonds and (iii) paying the costs of issuance including the purchase of a municipal bond insurance policy, thereof under the authority granted in Section 1430 of Title 39 of the Louisiana Revised Statutes of 1950, as amended, and other statutory and constitutional provisions supplemental thereto.

This Bond and the issue of which it forms a part are issued on a complete parity with the Issuer's outstanding (i) Utilities Revenue Bonds, Series 2010, dated December 15, 2010, maturing November 1, of the years 2019 and 2020, inclusive, with an outstanding principal amount of \$5,780,000, (ii) Utilities Revenue Refunding Bonds, Series 2012, dated January 11, 2013, maturing November 1, of the years 2019 through 2028, inclusive, with an outstanding principal amount of \$118,865,000 and (iii) Utilities Revenue Refunding Bonds, Series 2017, dated October 13, 2017, maturing November 1, of the years 2021 through 2035, inclusive, with an outstanding principal amount of \$59,465,000 (collectively, the "**Outstanding Parity Bonds**"), and it is certified that the Issuer has complied with all required terms and conditions with respect to the issuance of bonds on a complete parity with the Outstanding Parity Bonds.

The Bonds are issuable in the denomination of \$5,000, or any integral multiple thereof within a maturity. As provided in the Bond Ordinance, and subject to certain limitations set forth therein, the Bonds are exchangeable for an equal aggregate principal amount of Bonds of the same maturity of any other authorized denomination.

Subject to the limitations and requirements provided in the Bond Ordinance, the transfer of this Bond shall be registered on the registration books of the Paying Agent/Registrar upon surrender of this Bond at the principal corporate trust office of the Paying Agent/Registrar as Bond Registrar, duly endorsed by, or accompanied by a written instrument of transfer in form and a guaranty of signature satisfactory to the Paying Agent/Registrar, duly executed by the registered owner or his attorney duly authorized in writing, and thereupon a new Bond or Bonds of the same maturity and of authorized denomination or denominations, for the same aggregate principal amount, will be issued to the transferee. Prior to due presentment for transfer of this Bond, the Issuer and the Paying Agent/Registrar may deem and treat the registered owner hereof as the absolute owner hereof (whether or not this Bond shall be overdue) for the purpose of receiving payment of or on account of principal hereof and interest hereon and for all other purposes, and neither the Issuer nor the Paying Agent/Registrar shall be affected by any notice to the contrary.

The Issuer and the Paying Agent/Registrar shall not be required to (a) issue, register the transfer of or exchange any Bond during a period beginning at the opening of business on the 15th day of the month next preceding an interest payment date or any date of selection of Bonds to be redeemed and ending at the close of business on the interest payment date or (b) to register the transfer of or exchange any Bond so selected for redemption in whole or in part.



## REDEMPTION PROVISIONS

**Optional Redemption.** The Bonds maturing November 1, 20\_\_, and thereafter, are callable for redemption by the Issuer in full or in part at any time on or after November 1, 20\_\_, at a price equal to the principal amount of the Bonds to be redeemed and accrued interest thereon to the date of redemption.

In the event a Bond is of a denomination larger than Five Thousand Dollars (\$5,000), a portion of such Bond (\$5,000 or any multiple thereof) may be redeemed. Official notice of such call of any of the Bonds for redemption will be given by means of (i) first class mail, postage prepaid, by notice deposited in the United States mails not less than thirty (30) days prior to the redemption date or (ii) electronic transmission not later than thirty (30) days prior to the redemption date addressed to the registered owner of each bond to be redeemed at his address as shown on the registration books of the Paying Agent.

**Mandatory Sinking Fund Redemption.** The Bonds maturing on November 1, 20\_\_ shall be subject to mandatory sinking fund redemption on November 1 in the years and in the principal amounts set forth below at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon:

<b><u>Year</u></b> <b><u>November 1</u></b>	<b><u>Principal</u></b> <b><u>Amount</u></b>
*Final Maturity	

This Bond and the issue of which it forms a part, equally with the Outstanding Parity Bonds, are payable as to both principal and interest solely from and secured by an irrevocable pledge and dedication of the avails or proceeds of the Net Revenues, all as provided in the Bond Ordinance, and this Bond does not constitute an indebtedness or pledge of the general credit of the Issuer within the meaning of any constitutional and statutory limitation of indebtedness. For a complete statement of the revenues from which and conditions under which this Bond is issued, and provisions permitting the issuance of *pari passu* additional bonds under certain conditions, reference is hereby made to the Bond Ordinance.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Bond Ordinance until the certificate of registration hereon shall have been signed by the Paying Agent/Registrar.

It is certified that this Bond is authorized by and is issued in conformity with the requirements of the Constitution and statutes of the State of Louisiana. It is further certified, recited and declared that all acts, conditions and things required to exist, to happen and to be performed precedent to and in the issuance of this Bond and the issue of which it forms a part to constitute the same legal, binding and valid obligations of the Issuer have existed, have happened and have been performed in due time, form and manner as required by law, and that the indebtedness of the Issuer, including this Bond and the issue of which it forms a part, does not exceed the limitations prescribed by the Constitution and statutes of the State of Louisiana.

**IN WITNESS WHEREOF**, the City of Lafayette, State of Louisiana, has caused this Bond to be executed in its name by the manual or facsimile signatures of its Mayor-President and its Clerk of the Council and a facsimile of its corporate seal to be imprinted hereon.

**CITY OF LAFAYETTE,  
STATE OF LOUISIANA**

\_\_\_\_\_  
Clerk of the Council  
Veronica L. Williams  
(SEAL)

\_\_\_\_\_  
Mayor-President  
Joel Robideaux

**(FORM OF PAYING AGENT'S CERTIFICATE OF REGISTRATION)**

This Bond is one of the Bonds referred to in the within-mentioned Bond Ordinance.

HANCOCK WHITNEY BANK,  
as Paying Agent

By: \_\_\_\_\_

Date of Registration: \_\_\_\_\_

**(FORM OF ASSIGNMENT)**

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

\_\_\_\_\_

Please Insert Social Security  
or other Identifying Number of Assignee:

\_\_\_\_\_

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints  
\_\_\_\_\_ attorney or agent to transfer the within Bond on the books kept for registration thereof,  
with full power of substitution in the premises.

Dated: \_\_\_\_\_

\_\_\_\_\_

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

**(FORM OF LEGAL OPINION CERTIFICATE)  
(TO BE PRINTED ON ALL BONDS)**

**LEGAL OPINION CERTIFICATE**

I, the undersigned Clerk of the Council of the Lafayette City-Parish Council, do hereby certify that the following is a true copy of the complete legal opinions of co-bond counsel, Mahtook & LaFleur, LLC and Foley & Judell, L.L.P. the original of which was manually executed, dated and issued as of the date of payment for and delivery of this Bond and was delivered to Stifel, Nicolas & Company, representing the original Purchasers, thereof:

I further certify that an executed copy of the above legal opinion is on file in my office and that an executed copy thereof has been furnished to the Paying Agent for this Bond.

---

Clerk of the Council  
Veronica L. Williams

**CERTIFICATE OF AUTHENTICITY**

**STATE OF LOUISIANA**

**PARISH OF LAFAYETTE**

I, the undersigned Clerk of the Lafayette City-Parish Council, do hereby certify that the foregoing pages constitute a true and correct copy of an ordinance adopted by the Council on March 26, 2019 providing:

**A FIFTH SUPPLEMENTAL ORDINANCE OF THE LAFAYETTE CITY-PARISH COUNCIL AND THE LAFAYETTE PUBLIC UTILITIES AUTHORITY AMENDING AND SUPPLEMENTING AN ORDINANCE (THE “GENERAL BOND ORDINANCE”) ADOPTED ON JUNE 29, 2004 TO PROVIDE FOR THE ISSUANCE OF NOT TO EXCEED SEVENTY MILLION DOLLARS (\$70,000,000) AGGREGATE PRINCIPAL AMOUNT OF UTILITIES REVENUE BONDS, SERIES 2019, OF THE CITY OF LAFAYETTE, STATE OF LOUISIANA (THE “ISSUER”), PURSUANT TO THE GENERAL BOND ORDINANCE; PRESCRIBING THE FORM, FIXING THE DETAILS AND PROVIDING FOR THE PAYMENT OF PRINCIPAL OF AND INTEREST ON SUCH BONDS; EXECUTING A BOND PURCHASE AGREEMENT FOR THE PURCHASE OF THE BONDS; AUTHORIZING THE PURCHASE OF A MUNICIPAL BOND INSURANCE POLICY AND PROVIDING FOR OTHER MATTERS IN CONNECTION THEREWITH**

**IN FAITH WHEREOF**, witness my official signature and the impress of the official seal of said City-Parish Council at Lafayette, Louisiana, on March 26, 2019.

---

Veronica L. Williams, Clerk  
Lafayette City-Parish Council

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## **APPENDIX B**

### **CONSULTING ENGINEER'S REPORT**

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**CONSULTING ENGINEER'S REPORT**

**UTILITIES REVENUE BONDS  
SERIES 2019**

**APRIL 9, 2019**



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# CONSULTING ENGINEER'S REPORT

## UTILITIES REVENUE BONDS, SERIES 2019

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**April 9, 2019**

Lafayette City-Parish Council  
Lafayette Public Utilities Authority  
Lafayette Utilities System  
1314 Walker Road  
Lafayette, LA 70506

**Subject: Consulting Engineer's Report  
Utilities Revenue Bonds, Series 2019  
Lafayette Utilities System**

Ladies and Gentlemen:

## **INTRODUCTION**

NewGen Strategies and Solutions, LLC ("NewGen" or "Consulting Engineer") presents this Consulting Engineer's Report (this "Report") of our financial and technical due diligence related to the City of Lafayette, Louisiana's (the "City") proposal to issue Utilities Revenue Bonds, Series 2019 (the "Series 2019 Bonds") in the aggregate principal amount of \$60,220,000 to provide funds for system improvements, upgrades, and other capital projects, as described herein.

Lafayette City-Parish Consolidated Government (referred to as "Lafayette Consolidated Government" or "LCG") governs the City and the Parish of Lafayette (the "Parish"). LCG includes a Mayor-President elected by the Parish and nine single member districts Council members (the "City-Parish Council"), all elected to four-year terms of office. LCG operates on a fiscal year ("FY"), beginning November 1<sup>st</sup> and ending on October 31<sup>st</sup> of the following year. Unless otherwise stated, all data in this Report is presented on an FY basis.

Upon consolidation of the City and Parish governing authorities into LCG, it was specifically recognized that the Home Rule Charter (the "Charter") should accommodate for the governing of the City utility system. As a result, the Charter created the Lafayette Public Utilities Authority ("LPUA") as the governing authority of the Utilities Department. The Charter further provides that the City-Parish Council members whose districts include 60 percent or more of citizens residing within City boundaries also serve as LPUA members. The Utilities Department includes the electric, water, and wastewater utilities and is called the Lafayette Utilities System ("LUS" or "Utilities System"). The Communications System, also known as LUS Fiber, consists of a separate Communications Services Enterprise Fund with a distinct set of accounts, funds, and bond pledge.

The Mayor-President and Chief Administrative Officer supervise all LCG department, office, and agency administration, except as may otherwise be provided by the Charter. Certain LCG departments are involved in LUS' day-to-day management and operation. Utilities System revenue bonds finance the Electric System, Water System, and Wastewater System capital projects.

In addition to being the governing authority of the City and Parish, the City-Parish Council is also the governing authority of the Lafayette Public Power Authority (“LPPA”). LPPA is a political subdivision specifically created to finance electric generating facilities in order to provide power to the City’s Electric System. LPPA owns a 50 percent share of a coal fired generating unit. LPPA provides the output of the generating facility by way of wholesale power sales to LUS.

On December 8, 2018, voters of the City and the Parish ratified amendments to the Charter which provides the rules of governance for the City and the Parish. Pursuant to the Charter amendments ratified by the voters, the nine-member City-Parish Council will be replaced by the new City Council consisting of five members who shall serve as the governing authority for the City and the new Parish Council consisting of five members who shall serve as the governing authority for the Parish. Furthermore, the City Council and the Parish Council, jointly, shall serve as the governing authority for the LCG.

The City Council will replace the LPPA as the governing authority for LUS and LPPA. The Mayor-President will continue to appoint the director of LUS, with such appointment subject to ratification by the new City Council. Lastly, the newly adopted amendments provide that LUS may be sold, leased, or managed by a third party only if approved by a majority of qualified voters of the City.

The boundaries of districts of the new five member councils for the City and Parish will be put in place for the upcoming elections on October 12, 2019. Currently, there is a pending question of whether an ordinance or an election is the proper method to address certain discrepancies in the description of the boundaries of the new City Council districts and Parish Council districts. The City-Parish Council is currently working on resolving that issue prior to October 12, 2019. Regardless of the ultimate resolution of this issue, the result will be that there will either be a five-member City Council and five-member Parish Council (as described above) or a nine-member consolidated council as currently exists. The organizational structure of the Council will not affect the City’s obligation or ability to repay the Series 2019 Bonds or other outstanding revenue bonds of the Utilities System or Communications System.

### **Series 2019 Bonds**

LUS proposes to issue the Series 2019 Bonds in the aggregate principal amount of \$60,220,000<sup>1</sup> to provide funds for system improvements, upgrades, and other capital projects. The expected sources and uses of the Series 2019 Bonds set forth in the table below were provided by Stifel, Nicolaus, and Company, Incorporated and Sisung Securities Corporation (together, the “Underwriters”).

---

<sup>1</sup> Preliminary, subject to change

**Table 1**  
**Estimated Sources and Uses of the Series 2019 Bonds <sup>(1)</sup>**

<u><b>Sources of Funds</b></u>	<u><b>Amount</b></u>
Par Amount of Bonds	\$60,220,000.00
Reoffering Premium	8,770,669.35
Transfers from Prior Issue Debt Service Reserve Funds	19,764,888.59
<b>Total Sources</b>	<b>\$88,755,557.94</b>
<u><b>Uses of Funds</b></u>	<u><b>Amount</b></u>
Deposit to Project Fund	\$70,000,000.00
Deposit to Debt Service Reserve Fund	17,467,862.75
Cost of Issuance	607,291.00
Total Underwriter's Discount	406,485.00
Gross Bond Insurance Premium	271,143.13
Rounding	2,776.06
<b>Total Uses</b>	<b>\$88,755,557.94</b>

Source: Underwriters

(1) Preliminary, subject to change

### **Capital Improvement Projects**

Each spring, the budgeting process begins with each LCG department preparing their proposed operating and capital budget. By the end of July, the LCG administration presents a proposed budget to the City-Parish Council for consideration. The City-Parish Council then holds a series of budget review meetings where changes may be considered to the proposed budget. A final budget is typically adopted in late September. The most recently approved budget is the LCG Adopted Operating and Five-Year Capital Improvement Budget FY 2018-2019 (the "2019 Budget"). The 2019 Budget contains the Utilities System Capital Improvement Program (the "CIP"). The CIP contained in the 2019 Budget was used as the basis for the Electric, Water, and Wastewater Systems' projected capital expenses in this Report. The five-year CIP totals \$143,115,000 and is shown below in Table 2.

**Table 2**  
**Utilities System**  
**Capital Improvement Program**

<u>Utility</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>Total</u>
<b>Electric <sup>(1)</sup></b>						
Production	\$2,080,000	\$1,320,000	\$510,000	\$510,000	\$160,000	\$4,580,000
Distribution	3,845,000	3,185,000	1,285,000	1,285,000	535,000	10,135,000
Substation	17,485,000	1,135,000	1,135,000	835,000	835,000	21,425,000
Transmission	5,310,000	3,010,000	10,000	10,000	10,000	8,350,000
General Plant	9,860,000	5,560,000	5,410,000	160,000	160,000	21,150,000
Total Electric	\$38,580,000	\$14,210,000	\$8,350,000	\$2,800,000	\$1,700,000	\$65,640,000
<b>Water</b>						
Production	\$6,980,000	\$580,000	\$1,180,000	\$930,000	\$230,000	\$9,900,000
Distribution	2,860,000	1,360,000	2,910,000	1,310,000	1,110,000	9,550,000
Total Water	\$9,840,000	\$1,940,000	\$4,090,000	\$2,240,000	\$1,340,000	\$19,450,000
<b>Wastewater</b>						
Treatment	\$13,230,000	\$13,985,000	\$860,000	\$4,460,000	\$610,000	\$33,145,000
Collection	8,540,000	5,125,000	2,075,000	1,895,000	7,245,000	24,880,000
Total Wastewater	\$21,770,000	\$19,110,000	\$2,935,000	\$6,355,000	\$7,855,000	\$58,025,000
<b>Total Capital Program</b>	<b>\$70,190,000</b>	<b>\$35,260,000</b>	<b>\$15,375,000</b>	<b>\$11,395,000</b>	<b>\$10,895,000</b>	<b>\$143,115,000</b>

Source: 2019 Budget Amounts are in 2019 dollars.

(1) Does not include the LPPA Rodemacher Unit 2 CIP.

## **Electric System Improvements**

The Electric System CIP is reviewed, updated, and budgeted annually. The Electric System CIP contained in Table 2 totals \$65.6 million over the five-year period. LUS plans to fund a portion of the Electric System CIP from cash and a portion from the issuance of the Series 2019 Bonds.

### ***Production***

The Electric System CIP includes production capital expenditures totaling \$4.6 million over the five-year period, primarily related to combustion turbine plant improvements, and including inlet air chiller coil replacements, emissions controls, replacement of a cooling tower, and fuel supply improvements.

### ***Distribution***

Distribution system capital improvements included in the Electric System CIP include replacing and renewing distribution feeders, extending distribution infrastructure to serve system expansions, and other general distribution improvements. Of the \$10.1 million in capital improvements costs relating to distribution, approximately \$3.0 million is associated with system expansions or feeder extensions to serve growing areas of the existing service territory and the Holiday Gardens Annexation. Holiday Gardens is a residential area that was annexed into the City with approximately 400 residential customers. Most of the remaining capital costs are associated with line extensions, fault detectors, reconductoring, renewals and replacements of existing feeders, and the distribution system.



## ***Substation***

The substation capital improvements are budgeted to total \$21.4 million in the Electric System CIP. The Electric System CIP includes \$2.5 million for a new 230 kilovolt (“kV”)/69 kV transformer at Pont Des Mouton Substation, \$3 million for the construction of the Northeast Substation, and \$4.0 million for the Peck Substation improvements. The Northeast Substation will be connected by two 69 kV transmission lines – one from Pont Des Mouton Substation and the other from Peck Substation. The Northeast Substation will serve load growth in the northeast section of the City and provide backup to the Peck Substation distribution feeders. The Peck Substation improvements will allow for the connection of the 69 kV line from Northeast Substation. Per the CIP, \$6.5 million of the substation capital is dedicated to the reconfiguration and expansion of the Doc Bonin Switchyard to increase reliability and increase ease of maintenance to address any potential equipment issues.

The remaining substation capital improvements are associated with transformer replacements, high voltage breaker replacements throughout the transmission and distribution substation system, and general substation plant improvements.

## ***Transmission***

The Electric System CIP contains \$8.4 million in transmission conductors. The improvements primarily include \$6.5 million for construction of the new Peck / Northeast 69 kV transmission line and \$1.8 million for construction of the new Pont Des Mouton / Northeast 69 kV transmission line. These 69 kV transmission lines and the new Northeast Substation will provide an additional connection between LUS’ 69 kV transmission loop and the 230 kV transmission system, improving capacity, reliability, and performance. The remaining capital cost is associated with miscellaneous transmission improvements.

## ***General Plant***

The Electric System CIP for General Plant totals \$21.2 million. At \$7.0 million, the largest project is for light emitting diode (“LED”) streetlight replacements to reduce energy consumption and related streetlight maintenance costs. The CIP also includes \$5.3 million of facilities improvements related to office expansions, warehouse additions, and general facilities improvements. The Pinhook Plant Rehabilitation is \$5.0 million and includes lead paint abatement, asbestos abatement, and equipment removal. The remaining capital cost is associated with a supervisory control and data acquisition (“SCADA”) software upgrade, warehouse renovations, outage management system replacement, facilities improvements, and network/technology improvements.

## **Water System Improvements**

The Water System CIP is reviewed, updated, and budgeted annually. The Water System CIP contained in the 2019 Budget totals \$19.5 million for the five-year period and includes building rehabilitation; treatment plant upgrades; and main replacements, upgrades, and extensions. LUS plans to fund a portion of the Water System CIP from cash and a portion from the issuance of the Series 2019 Bonds.

## ***Production***

The Water System CIP includes \$9.9 million in production improvements. The production improvements include \$4.5 million for pressure filters at the Commission Boulevard Plant. There is \$1.7 million identified in the CIP for the South Water Plant (the “SWP”) for building rehabilitation to address roof repairs, wall repairs, general painting, and media replacements. The SWP will also be armored for protection from future hurricanes. The CIP contains \$1.5 million for the North Water Plant (the “NWP”) for media replacement of aging anthracite coal, building improvements, pipe pigging, and rehabilitation of treatment units. The anthracite coal media is part of the filtration system of the NWP. NWP building improvements include expanding an existing maintenance building and moving phosphate tanks from the third floor down to ground level. These improvements and replacements at the NWP will improve operations and increase efficiency at the plant. The remaining funds identified for water production in the 2019 Budget are associated with general treatment plant upgrades throughout the system, continued expansion of the SCADA monitoring system for the ground water wells and pumps, a backup generator at the Gloria Switch site, and ground storage tank painting at the NWP.

## ***Distribution***

The Water System CIP includes \$9.6 million in water distribution improvements. Most of the distribution improvements identified are for water main expansions, upgrades, or replacements to serve expanding areas of the service territory and maintain or enhance water pressure and service in existing areas. The CIP includes \$1.5 million for the installation of the new Vincent Road ground storage tank to further support system expansion and pressure needs in the growing Milton and Youngsville areas. Valve installation at the NWP, costing \$1.3 million, will improve operations and allow for the plant itself to be isolated from the distribution system, if necessary.

## **Wastewater System Improvements**

The Wastewater System CIP is reviewed, updated, and budgeted annually. The Wastewater System CIP contained in the 2019 Budget totals \$58.0 million and includes the expansion of wastewater treatment plants, digester rehabilitations, lift station upgrades, gravity sewer upgrades, collection system improvements, odor control, and sludge handling. LUS plans to fund a portion of the Wastewater System CIP from cash and a portion from the issuance of the Series 2019 Bonds

## ***Treatment***

The Wastewater System CIP includes \$33.1 million for LUS' wastewater treatment facilities. The CIP contains \$27.0 million in capital costs related to the expansion and upgrade of the South Sewage Treatment Plant (the "SSTP") including the plant expansion, odor controls, and sludge handling and treatment processes. LUS purchased property adjacent to the SSTP, prepared engineering plans, and began initial phases of construction of a new sludge building and belt presses for the SSTP expansion project in 2017. The planned SSTP expansion and modifications will increase the capacity of the SSTP from 7.0 million gallons per day ("MGD") to a total capacity of 12.0 MGD, allowing the plant to better serve growth in the system, as well as, the potential addition of packaged plants in the area. Other considerations for maximizing the treatment capacity at the SSTP include reconfiguration of existing treatment from extended aeration to Sequencing Batch Reactors ("SBRs") and blending retained flow with treated discharge in accordance with United States ("U.S.") Environmental Protection Agency (the "EPA") rules and guidelines. The SSTP's increased capacity will allow for water treatment load to be shifted from the Ambassador Caffery Treatment Plant (the "ACTP"). Transferring a portion of the ACTP water treatment load will free up treatment capacity at ACTP which will improve the ACTP's ability to adequately treat an increasing service area.

The remaining \$6.1 million in the Wastewater System CIP for treatment improvements includes a sewer system master plan, upgrades at the remaining sewage treatment plants, and additional property purchases to support LUS' biosolids disposal program. The additional sewage treatment plant upgrades include \$1.7 million for plant expansion, piping rehabilitation, sludge holding tank, and pond cleaning at the Northeast Sewage Treatment Plant ("NETP"), and general upgrades or modifications to the remaining treatment facilities. Once completed, these remaining plant expansions, upgrades, and property purchases will provide additional flexibility in sewer treatment operations and increased capacity to serve the expanding service territory and package plant integrations.

## ***Collection***

The Wastewater System CIP includes \$24.9 million for wastewater collection improvements. The collection system improvements are primarily associated with lift station and collection system piping improvements. The lift station and collection system improvements will help reduce inflow and infiltration throughout the Wastewater System resulting in improved wastewater treatment plant operations. Remaining improvements include sewer consolidation projects that will provide sewer treatment to new customers, increase revenue, and provide backup power for critical lift stations. The CIP includes \$6.9 million for gravity sewer upgrades for the collection system feeding into the SSTP.

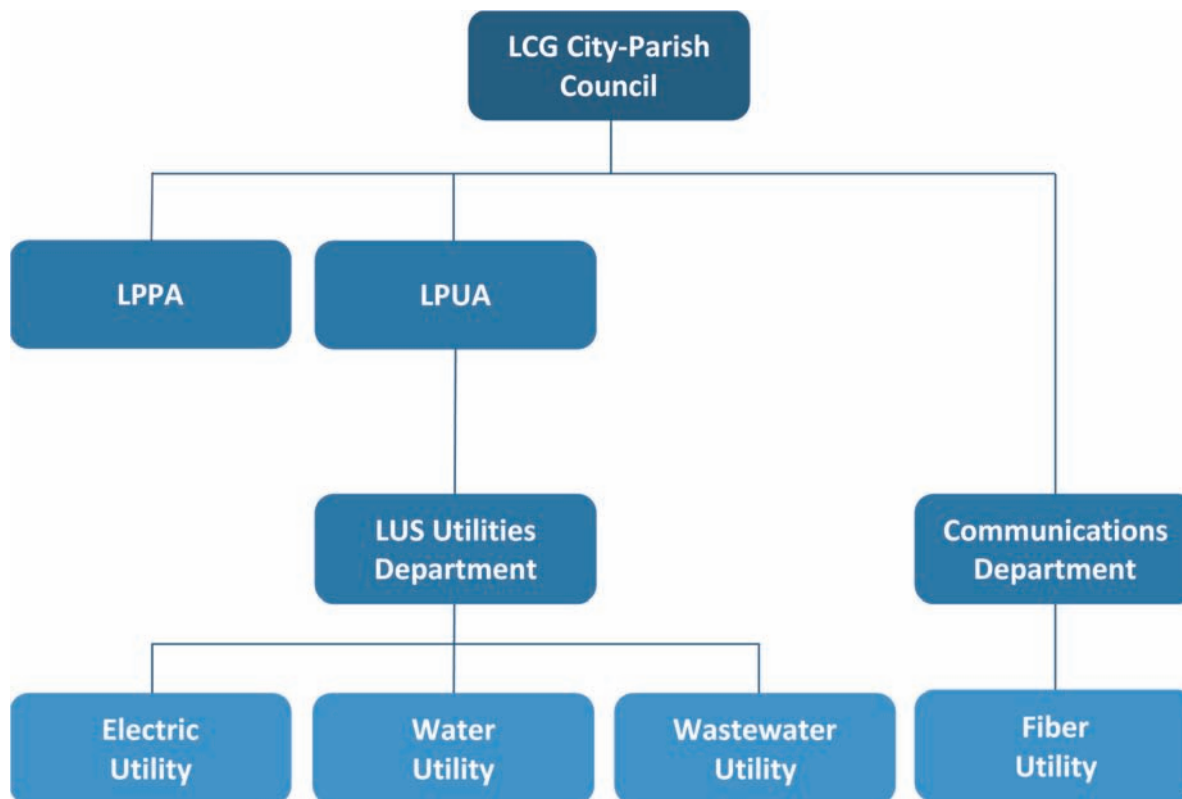
## **Structure, Organization, and Management**

### **Lafayette Consolidated Government**

The Lafayette Parish electorate and the City adopted the Charter to consolidate the City and Parish governmental functions. LCG manages and operates the Utilities System and Communications System through its departmental structure. LCG departments provide vital functions to the Utilities System and Communications System

operations, including the Office of Finance and Management, the Department of Information Services and Technology, and the Legal Department. The City owns the Utilities System and Communications Systems' assets.

Figure 1, below, shows the current utilities organizational structure. Beginning January 6, 2020, the organizational structure will reflect the separate governance of the City and the Parish, wherein, LUS, the Communications System, and LPPA will be managed by the City Council.



**Figure 1**  
**City of Lafayette, Louisiana**  
**Utilities' Organizational Chart**

### Utilities System

The Mayor-President appoints the Utilities Director, subject to LPUA's approval. In addition to the appointment and approval, there are certain further requirements in current bond resolutions and covenants for the appointment of a Utilities Director.

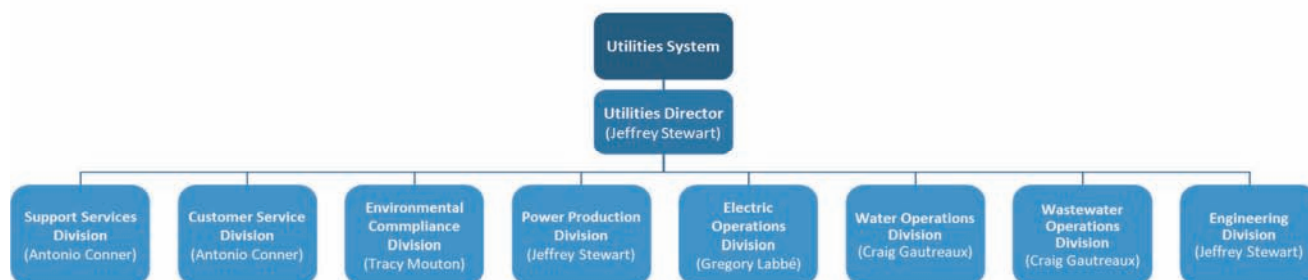
As a department of LCG, LUS is managed and operated in accordance with the Charter and provisions of the current General Bond Ordinances (the "Bond Ordinances"). The "Flow of Funds" set forth in the Bond Ordinance specifies how to treat revenues and related margins resulting from LUS operations. Available margins, once operation and maintenance ("O&M") expenses have been paid, are first required to meet debt service and reserve fund obligations, then a formula is applied to determine amounts for capital improvements and replacements funding, and the payment amount to the City's General Fund in lieu of taxes ("ILOT"). LPUA determines rates, approves the LUS budgets, and issues debt as approved by the Mayor-President and City-Parish Council. Upon and after January 6, 2020, the newly formed City Council will assume LPUA's responsibilities with respect to the Utilities System.

The Utilities Director oversees management and operations of LUS, consistent with the provision of services to LUS from other LCG departments mentioned above. The Charter specifies the Utilities Director’s duties to manage the following:

1. Production and distribution of electricity;
2. Water production, treatment, and distribution;
3. Sewerage collection, treatment, and disposal;
4. Utility engineering services;
5. Supervision of contract construction work for the Utilities System;
6. Maintaining utility equipment in cooperation with the central garage;
7. Reading of utility meters; and
8. Other such activities as may be directed by the Mayor-President as necessary or incidental to the operation of the Utilities System.

The interim Utilities Director is Mr. Jeffrey Stewart. Mr. Stewart graduated from the Louisiana State University with a Bachelor of Science (“B.S.”) in Electrical Engineering and was appointed as interim Utilities Director in July 2018. Mr. Stewart has been with LUS for 18 years. The City is currently performing a comprehensive executive search to facilitate the recruitment and selection of a Director for the Utilities System. This executive search includes identification of candidates, interviews, and a selection process. The City intends to fill the position this year.

Eight LUS functional areas report to the Utilities Director. These functional areas include the following divisions: Support Services, Customer Service, Environmental Compliance, Power Production, Electric Operations, Water Operations, Wastewater Operations, and Engineering, as shown below in Figure 2.



**Figure 2**  
**Utilities System Organizational Chart**

### Service Territory

The Utilities System serves electric, water, and wastewater customers primarily within the City limits. The Utilities System also serves certain electric, water, and wastewater customers residing in the Parish, but outside the City limits. As of 2018, LUS served 67,243 electric customers, 56,564 water customers, and 45,019 wastewater customers.

LUS entered into an agreement with Southwest Louisiana Electric Membership Corporation (“SLEMCO”), defining an “area of influence” surrounding the City limits in which LUS may acquire SLEMCO customers and serve new electric customers. The agreement defines the number of acquirable customers and specifies the payment for acquired customers. The SLEMCO contract expires in September of 2019 and LCG is in the process of negotiating a new contract.

LUS serves retail water customers inside and outside the City limits while providing wholesale water for other Parish water distribution companies.

LUS serves wastewater customers inside and outside the City limits. In addition, LUS serves packaged wastewater treatment systems outside the City limits.

## **FINDINGS AND CONCLUSIONS**

NewGen was engaged to perform operational, technical, and financial due diligence services related to the issuance of the Series 2019 Bonds. This includes preparation of this Report on our analyses, findings, recommendations, and conclusions. In performance of these services, NewGen assessed the operational, technical, and financial condition of the Utilities System.

In preparation of this Report, NewGen relied on information provided by LCG, LUS, the Communications System, LPPA, and the Underwriters. NewGen supplemented this information with physical observations of LUS and the Communications Systems' properties and facilities, in addition to interviews with LUS and Communications System management and staff, LCG personnel, and Cleco Corporate Holdings, LLC ("Cleco") personnel. NewGen's field investigations were conducted in early February 2019. These investigations and interviews were combined with financial and performance metrics to provide the basis for our findings and conclusions. The totality of the analyses, findings, and conclusions allows us to offer our opinions regarding the current financial integrity of the Utilities System and forecast the future financial condition for 10 years. NewGen's analyses and financial forecasts provide the basis of our opinions.

Based upon our information and assumptions relied upon, as included in this Report, NewGen is of the opinion:

1. Based on our visual observation and review of the Utilities System and Communications System, NewGen finds the systems to be in generally good condition and properly maintained in accordance with prudent utility and industry practices.
2. Projected revenues from the Utilities System are sufficient to meet all financial obligations including operating expenses, debt service, capital improvements, ILOT payments, and required reserves.
3. Utilities System Residual Balance Available for Communications debt service (as defined in the Communications System General Bond Ordinance) is sufficient to meet Communications System debt service if a Credit Event were to occur.

## **UTILITIES SYSTEM**

The Utilities System operates the Electric, Water, and Wastewater Systems. LUS serves customers primarily within the City limits. Each utility system provides services to certain customers outside of the City limits and wholesale customers. As of the end of 2018, LUS served 67,243 electric customers, 56,564 water customers, and 45,019 wastewater customers. Combined LUS' customer growth since 2014 was stable with an average increase of 0.9 percent per year. Customer growth projections average 0.6 percent annually from November 1, 2018 through October 31, 2028 (the "Projected Period"). Table 3 includes the historical and projected customers served by each utility.

**Table 3**  
**Utilities System**  
**Historical and Projected Number of Customers**

<u>FY</u>	<u>Electric</u> <sup>(1)</sup>		<u>Water</u> <sup>(2)</sup>		<u>Wastewater</u> <sup>(3)</sup>	
	<u>No. of Customers</u>	<u>Customer Growth</u>	<u>No. of Customers</u>	<u>Customer Growth</u>	<u>No. of Customers</u>	<u>Customer Growth</u>
<b>Historical</b>						
2014	65,262	1.2%	54,637	1.3%	43,068	1.1%
2015	65,847	0.9%	55,109	0.9%	43,521	1.1%
2016	66,325	0.7%	55,851	1.3%	44,269	1.7%
2017	66,860	0.8%	56,302	0.8%	44,830	1.3%
2018	67,243	0.6%	56,564	0.5%	45,019	0.4%
<b>Projected</b>						
2019	68,137	1.3%	57,113	1.0%	45,429	0.9%
2020	68,674	0.8%	57,569	0.8%	45,787	0.8%
2021	69,171	0.7%	57,995	0.7%	46,118	0.7%
2022	69,605	0.6%	58,374	0.7%	46,408	0.6%
2023	69,993	0.6%	58,718	0.6%	46,666	0.6%
2024	70,352	0.5%	59,034	0.5%	46,906	0.5%
2025	70,689	0.5%	59,341	0.5%	47,130	0.5%
2026	71,007	0.5%	59,633	0.5%	47,342	0.5%
2027	71,313	0.4%	59,917	0.5%	47,547	0.4%
2028	71,606	<u>0.4%</u>	60,191	<u>0.5%</u>	47,742	<u>0.4%</u>
Compounded Annual Growth Rate (2019–2028)		0.6%		0.6%		0.6%

Source: NewGen and LUS. LUS Financial and Operating Statements, 2014 through 2017 audited, 2018 unaudited.

(1) Electric System projections based on Load Forecast for LUS developed by Burns & McDonnell.

(2) Water System retail customer projections were based on the Electric System customer growth forecast. Wholesale customer growth was based on specific growth forecasts for wholesale customers.

(3) Wastewater System customer projections were based on the Electric System customer growth forecast.

LUS generated a total of \$235 million of cash revenues in 2018, which was comprised of \$181 million from electric services, \$22 million from water services, and \$32 million from wastewater services. The 2018 electric, water, and wastewater revenues were approximately 2.8 percent, 9.7 percent, and 5.2 percent higher than the previous year, respectively.

LUS completed a rate study in 2016, which showed that the Electric System, Water System, and Wastewater System rates were each insufficiently recovering revenues to cover costs. As a result, LPUA approved a two-phase rate increase for each utility. Rates were increased on November 1, 2016 and again on November 1, 2017. These rate increases are the primary cause for the revenue increases from 2016 to 2017 and from 2017 to 2018. Table 4 includes historical and projected revenues for each utility service.

**Table 4**  
**Utilities System**  
**Historical and Projected Revenues**

<b><u>FY</u></b>	<b><u>Electric Operating Revenues <sup>(1)</sup></u></b>	<b><u>Water Operating Revenues <sup>(2)</sup></u></b>	<b><u>Wastewater Operating Revenues <sup>(3)</sup></u></b>	<b><u>Total Operating Revenues</u></b>
<b>Historical</b>				
2014	\$201,891,247	\$17,783,466	\$28,735,575	\$248,410,288
2015	\$182,044,163	\$18,284,817	\$29,119,216	\$229,448,195
2016	\$174,354,151	\$18,593,541	\$29,144,574	\$222,092,266
2017	\$176,060,504	\$19,822,196	\$30,790,307	\$226,673,006
2018	\$180,955,690	\$21,736,544	\$32,379,226	\$235,071,461
<b>Projected</b>				
2019	\$186,897,978	\$22,188,713	\$33,261,853	\$242,348,544
2020	\$186,242,178	\$22,746,294	\$33,863,535	\$242,852,007
2021	\$186,464,352	\$22,997,887	\$34,761,850	\$244,224,088
2022	\$185,399,537	\$23,657,257	\$35,593,646	\$244,650,439
2023	\$184,816,442	\$24,796,604	\$36,492,257	\$246,105,303
2024	\$187,868,670	\$25,406,124	\$37,439,762	\$250,714,557
2025	\$190,542,640	\$26,419,001	\$38,356,601	\$255,318,242
2026	\$192,994,121	\$27,014,188	\$39,182,957	\$259,191,266
2027	\$194,311,051	\$28,092,502	\$39,979,845	\$262,383,398
2028	\$196,588,958	\$28,727,097	\$40,779,749	\$266,095,804

Source: NewGen and LUS. LUS Financial and Operating Statements, 2014 through 2017 audited, 2018 unaudited.

- (1) Electric Operating Revenues include revenue from base rates, fuel charges, interest income, and other miscellaneous revenues. Fuel charges represent approximately half of the Electric System revenues and vary based on fuel and energy market prices. The variations in annual electric operating revenues are a result of these market fluctuations. The projected revenues include no base rate increases.
- (2) Water Operating Revenues include revenue from rates, interest income, and other miscellaneous revenues. The projected revenues include retail rate increases of 2.0 percent per year from 2021 through 2028 and wholesale rate increases of 8.0 percent in each of the years 2021, 2023, 2025, and 2027.
- (3) Wastewater Operating Revenues include revenue from rates, interest income, and other miscellaneous revenues. The projected revenues include rate increases of 2.0 percent per year from 2021 through 2028.

The Electric System operates power generation, transmission, distribution, and customer assets. LPPA's Rodemacher Unit 2 provides the largest portion of LUS' power generation capacity. The Water System includes raw water treatment plants, distribution system, and customer assets. The Wastewater System includes sewage treatment plants, collection piping, and customer assets.

Table 5 summarizes the historical debt service coverage for the Utilities System. Historical debt service includes the Series 1996 Bonds, Series 2004 Bonds, Series 2010 Bonds, Series 2012 Bonds, and Series 2017 Bonds. In each year since 2014, the debt service coverage ratio (the “DSCR”) has exceeded the minimum coverage requirement of 1.0 required by the Bond Ordinances.

**Table 5**  
**Utilities System**  
**Historical Debt Service Coverage**

<b>FY</b>	<b>Operating Revenues <sup>(1)</sup></b>	<b>Operating Expenses <sup>(2)</sup></b>	<b>Net Available Revenues</b>	<b>Debt Service <sup>(3)</sup></b>	<b>Debt Service Coverage Ratio</b>
2014	\$248,410,288	\$177,466,560	\$70,943,728	\$23,333,915	3.0
2015	\$229,448,195	\$160,672,843	\$68,775,352	\$22,924,293	3.0
2016	\$222,092,266	\$158,750,451	\$63,341,815	\$22,925,238	2.8
2017	\$226,673,006	\$165,998,482	\$60,674,525	\$21,341,835	2.8
2018	\$235,071,461	\$163,575,563	\$71,495,897	\$21,427,905	3.3

Source: LUS Financial and Operating Statements, 2014 through 2017 audited, 2018 unaudited.

(1) Operating Revenues include interest income and other miscellaneous revenue.

(2) Operating Expenses include O&M and other expenses such as customer service, and administrative and general (“A&G”) costs. Operating Expenses do not include ILOT, normal capital and special equipment, nor other miscellaneous expenses.

(3) Debt Service was prepared on a cash basis. Debt Service includes the Series 1996 Bonds, Series 2004 Bonds, Series 2010 Bonds, and Series 2012 Bonds. In 2014, the Series 2004 Bonds were partially refunded and defeased by the Series 2012 Bonds. The Series 1996 Bonds matured on November 1, 2017. By 2020, the Series 2010 Bonds will be fully redeemed by the proceeds of the Series 2017 Bonds.

Descriptions of the electric, water, and wastewater utilities are included below. Each description includes details regarding customer sales or consumption, facilities, operations, regulatory impacts, and competitive benchmarking of services.

### **Electric System Description**

LUS operates an Electric System providing reliable power and electricity to 67,243 customers. The Electric System consists of power generation, transmission, substation, distribution, and customer facilities within and outside its service territory. Electric System retail sales increased 2.6 percent from 2017 to 2018. Future retail sales are projected to increase by approximately 0.3 percent per year through 2028.

LUS became a full market participant as a Local Balancing Authority in Midcontinent Independent System Operator, Inc (“MISO”) in 2013. MISO membership required LUS to modify the methods and processes the utility uses to purchase and sell power. The Energy Authority (“TEA”) has been designated to handle day-ahead schedules for LUS. Additional detail describing how TEA and MISO support the Electric System operations are described later in this section.

Participation in the MISO market requires a buy-all/sell-all type of transaction. LUS must buy all its load from the MISO market. Correspondingly, MISO dispatches LUS’ generation units and all of the generation is sold into the MISO market. Joining MISO contributed to a significant increase in Market Sales. The MISO Market Sales shown below in Table 6 represent LUS’ sales into the MISO market from LUS generating units. The MISO Market Purchases represent purchases from the MISO market.



**Table 6**  
**Electric System**  
**Historical and Projected Retail, Wholesale and Market Sales and Market Purchases**

<b><u>FY</u></b>	<b><u>Retail Sales (MWh) <sup>(1)</sup></u></b>	<b><u>Retail Sales Growth</u></b>	<b><u>Wholesale Sales (MWh) <sup>(2)</sup></u></b>	<b><u>MISO Market Sales (MWh) <sup>(3)</sup></u></b>	<b><u>MISO Market Purchases (MWh) <sup>(3)</sup></u></b>
<b>Historical</b>					
2014	2,027,115	2.4%	942	1,013,733	1,852,629
2015	2,050,434	1.2%	0	1,100,385	2,113,086
2016	2,027,945	(1.1%)	0	872,154	2,098,275
2017	1,980,653	(2.3%)	0	898,205	2,042,686
2018	2,031,847	2.6%	0	1,153,292	2,108,460
<b>Projected</b>					
2019	1,997,591	(1.7%)	0	1,476,525	1,955,857
2020	2,001,413	0.2%	0	1,158,662	1,874,428
2021	2,005,403	0.2%	0	1,182,144	2,171,602
2022	2,012,174	0.3%	0	1,036,866	2,215,923
2023	2,019,108	0.3%	0	894,519	2,213,974
2024	2,025,707	0.3%	0	895,951	2,214,452
2025	2,032,009	0.3%	0	925,454	2,220,161
2026	2,038,027	0.3%	0	966,238	2,234,366
2027	2,043,777	0.3%	0	1,029,759	2,253,862
2028	2,049,275	0.3%	0	1,051,463	2,258,118

Source: LUS, NewGen, and Aces Power LLC. LUS Financial and Operating Statements, 2014 through 2017 audited, 2018 unaudited.

- (1) Electric System projections based on Load Forecast for LUS developed by Burns & McDonnell. The retail sales do not include transmission or distribution losses.
- (2) After LUS joined MISO, all LUS generation was sold to the MISO Market.
- (3) Market sales and purchases for years 2019 through 2028 were based on an hourly dispatch model by Aces Power LLC.

As shown in Table 7, retail sales by customer class as of October 31, 2018, indicate that residential and commercial classes represent approximately 91 percent of Electric System energy sales. The commercial customer base is diverse, with no single customer representing more than five percent of LUS electric retail revenues.

**Table 7**  
**Electric System**  
**Customer Class Statistics as of October 31, 2018**

<u>Customer Class</u>	<u>Number of Customers</u>	<u>Percent of Total</u>	<u>Retail Sales (kWh)</u>	<u>Percent of Total</u>
Residential	54,601	81.2%	829,850,078	40.8%
Residential – Outside the City	935	1.4%	16,005,778	0.8%
Commercial without Demand – Small	7,846	11.7%	194,553,271	9.6%
Commercial Small and Large – Outside of City	157	0.2%	14,378,424	0.7%
Commercial with Demand – Large	1,282	1.9%	791,578,104	39.0%
Private Security Lighting	1,724	2.6%	6,660,739	0.3%
Street Lighting	2	0.0%	16,680,712	0.8%
Schools and Churches	429	0.6%	58,386,606	2.9%
Municipal – General Fund	1	0.0%	301,811	0.0%
University of Louisiana – Lafayette	89	0.1%	69,484,138	3.4%
Interdepartmental	178	0.3%	33,967,569	1.7%
Total Meters In Service	67,243	100.0%	2,031,847,230	100.0%

Source: LUS Financial and Operating Statements 2018, unaudited.

## Production

The Electric System peak demand typically occurs in the summer and was 456 megawatts (“MW”) in July 2018. LUS operates two power generation plants, while LPPA represents LUS’ interest in a third power generating unit, Rodemacher Unit 2.

LUS generates electricity with two natural gas-fired generating plants located within the Parish, and the LPPA-owned Rodemacher Unit 2 coal-fired generating plant located approximately 100 miles northwest of the City near Boyce, Louisiana. LPPA holds a 50 percent ownership in Rodemacher Unit 2, which is operated by Cleco.

When LUS joined MISO on December 19, 2013, MISO modified the methods and processes by which the Electric System generates, purchases, and sells power. In collaboration with TEA, LUS purchases power to meet load from the MISO market on an hourly basis. Simultaneously, LUS generation assets are economically dispatched into the market creating market power sales for LUS.

LUS has two local power plants that were retired in place, the Doc Bonin Plant and the Curtis Rodemacher Plant. The Doc Bonin and the Curtis Rodemacher Plants were deemed economically obsolete. Curtis Rodemacher was retired in 1993 and the Doc Bonin Plant was retired in 2017. In 2016, a decommissioning study was performed for the Doc Bonin Plant and provided cost estimates for varying levels of decommissioning. LUS is performing routine maintenance, upkeep, and site monitoring at the retired plants. At Curtis Rodemacher, site monitoring and remediation includes periodic soil sampling and lead paint removal. LCG must retain ownership of the Curtis Rodemacher site due to the co-location of a large, critical substation at the site and related security needs. Periodic costs associated with site monitoring and upkeep of both retired plants will continue, as needed, to maintain ownership and environmental compliance.

LUS has initiated a Request for Proposal to select a consultant to perform an Integrated Resource Plan (“IRP”), which will evaluate overall power supply options, including plans for potentially replacing or repowering the Doc Bonin Plant. In 2016, the previous IRP recommended that LUS install natural gas fired reciprocating engines at the Doc Bonin Plant site. The reciprocating engine project is on hold indefinitely until the recommendations from the new IRP are available.

### ***T. J. Labbé Plant***

The T. J. Labbé Plant began operation in 2005 and consists of two natural gas fired 48 MW General Electric (“GE”) model LM6000PC combustion turbine generators (each a “CTG”) equipped with supplemental inlet air cooling and compressor intercooling using a proprietary GE SPRay-INTERcooled system called “SPRINT.” The CTGs are capable of starting and reaching base load generation levels within 10 minutes. While the plant is staffed 24-hours per day, 7 days a week, the CTGs are capable of being remotely started and monitored by the Hargis-Hébert staff. Previously, the T. J. Labbé Plant could be started and monitored from the Doc Bonin Plant control room. With the retirement of the Doc Bonin Plant, controls at both T. J. Labbé and Hargis-Hébert were upgraded in 2017 to allow for the start-up and monitoring of either plant from one location, if required. The T. J. Labbé Plant is connected to the LUS transmission system at 230 kV. The plant also includes a 600 kilowatt (“kW”) emergency generator for black start capability.

The LM6000 CTG is an aero-derivative natural gas turbine that is commonly used in the power generation industry. In the electric utility industry, the first LM6000 CTG was introduced in 1991 and began commercial operations in 1992. This system allows the CTGs to optimize output over a wide range of ambient conditions. Each CTG system includes a chilled water system for inlet air cooling. Each combustion turbine package includes a gas turbine generator, unit enclosures, support structures, an air inlet system, an exhaust outlet, lube oil systems, a fire protection system, a control system, a water wash system, drawings, data, manuals, and a training package.

Annual net generation at the T. J. Labbé Plant has averaged approximately 13,400 megawatt-hours (“MWh”) over the period 2014 through 2018 with an average annual plant capacity factor of 1.6 percent. Annual natural gas consumption averaged 131,810 million British Thermal Units (“MMBtu”) over the same period. The annual average heat rate of the T. J. Labbé Plant was approximately 12,011 British Thermal Units (“Btu”) per kilowatt-hours (“kWh”).

### ***Hargis-Hébert Plant***

The Hargis-Hébert Plant began commercial operation in 2006 and is nearly identical to the T. J. Labbé Plant, with two natural gas fired 48 MW GE model LM6000PC SPRINT CTGs (see LM6000PC SPRINT details above). The Hargis-Hébert Plant CTGs have the additional capability of providing voltage support to the transmission grid through a specially designed clutch system that was originally installed on each of the CTGs allowing the gas turbine to be shut down and uncoupled from the generator while the generator remains synchronized to the grid to supply or absorb reactive power. The CTGs are capable of starting and reaching base load generation levels within 10 minutes. The Hargis-Hébert Plant connects to the LUS transmission system at 69 kV. The plant has a 600-kW emergency generator for black start capability.

Annual net generation at the Hargis-Hébert Plant has averaged approximately 18,844 MWh over the period 2014 through 2018, with an average annual plant capacity factor of 2.7 percent. Annual natural gas consumption averaged 243,452 MMBtu over the same period. The annual average heat rate of the Hargis-Hébert Plant was approximately 12,289 Btu per kWh.

### ***Rodemacher Unit 2***

Rodemacher Unit 2 is a 523 MW coal-fired generating station located at the Brame Energy Center near Boyce, Louisiana. Rodemacher Unit 2 is jointly owned by LPPA (50 percent), Cleco (30 percent), and the Louisiana Energy and Power Authority (“LEPA”) (20 percent) (collectively, the “Joint Owners”). The Agreement for Joint Ownership, Construction, and Operation (the “Joint Ownership Agreement”) dated June 30, 1977, as amended, established the joint ownership of Rodemacher Unit 2. The Joint Owners share the output of Rodemacher Unit 2 based on the relative ownership percentages. LPPA’s ownership share of Rodemacher Unit 2 is 261.5 MW of capacity and the related energy output. Rodemacher Unit 2 began commercial operation in 1982 and is operated by Cleco. The Joint Ownership Agreement remains in effect through June 30, 2032.

LPPA and the City entered into a Power Sales Contract (the “PSC”) on May 1, 1977 in which LPPA agreed to sell and the City agreed to purchase 100 percent of LPPA’s share of the capacity and energy produced by Rodemacher Unit 2. According to the PSC, all LPPA costs are passed to LUS as purchased power costs which are

considered and payable as operating expenses of the Electric System. As a result of being defined as operating expenses, the LPPA expenses have priority over LUS debt. The PSC expires on August 31, 2047.

Major equipment at Rodemacher Unit 2 includes a Foster Wheeler conventional pulverized coal steam boiler, with a steam rating of 3,800,000 pounds per hour at 2,500 pounds per square inch gauge (“psig”) and a main steam and reheat temperature of 1,005 degrees Fahrenheit (“°F”), and a GE reheat steam turbine generator with bottom exhaust. Lake Rodemacher supplies the cooling water for the steam turbine condenser and plant. Lake Rodemacher is a man-made lake located within the boundaries of the 6,000-acre Brame Energy Center site. An electrostatic precipitator, with a 99.5 percent efficiency rating when burning coal, is utilized for fly ash removal. The addition of a Selective Non-Catalytic Reduction (“SNCR”) System with urea injection improved nitrogen oxide (“NO<sub>x</sub>”) control in 2013. In 2014, the plant completed the installation of a dry absorbent injection system for acid gas control; a fabric filter baghouse for metallic particulate control; and induced draft (“ID”) booster fans as a result of the U.S. EPA Mercury and Air Toxics Standard (“MATS”) requirements.

The Joint Owners continue to evaluate options to ensure the long-term operation of Rodemacher Unit 2. The Joint Owners reviewed the 2018 Natural Gas Conversion Study and a Front-End Engineering Design Study. The natural gas conversion is under consideration by the Joint Owners, but current operations and performance do not require such a conversion.

Annual net generation at Rodemacher Unit 2 has averaged approximately 2,005,597 MWh over the period 2014 through 2018, with average annual plant capacity factor of 46.4 percent. The annual average heat rate of the Rodemacher Unit 2 was approximately 11,449 Btu per kWh.

## ***Fuel Supply***

### **Natural Gas**

The City signed a Resource Management Agreement with TEA in 2000 allowing TEA to market capacity and energy in the wholesale market and to purchase capacity and energy on behalf of the City if needed. In 2005, the City signed Letter Agreement Number Two for Natural Gas Services (the “Letter Agreement”) with TEA. The Letter Agreement authorizes TEA to purchase natural gas and both firm and interruptible transportation and marketing the Electric System’s surplus natural gas and transportation. The Letter Agreement continues until either party provides 30-day written notice of termination to the other party.

Natural gas for the T. J. Labbé and Hargis-Hébert Plants is provided under a base contract dated July 1, 2010 between CenterPoint Energy Services, Inc. (“CenterPoint”) and TEA. In 2017, two Transaction Confirmations were signed on LUS’ behalf. Transaction Confirmation #4271474 was signed for a Firm Supply of up to 20,000 MMBtu per day for the Hargis Hebert Plant for July 1, 2017 through June 30, 2018, with an automatic 12-month extension, at monthly and daily rates based on Henry Hub indices, plus an adder, plus Gulf South Pipelines current transmission tariff, plus taxes or assessments. Transaction Confirmation #4547522 is a Full Requirements contract for the T.J. Labbe Plant for July 1, 2017 through June 30, 2018 with an automatic 12-month extension, for 100 percent of LUS’ natural gas requirements at monthly and daily rates based on Henry Hub indices, plus an adder, plus the TransCanada (Colombia Gulf) pipeline current transmission tariff, plus taxes or assessments.

Natural gas supply to the Doc Bonin Plant site is via a 10-mile-long, 10-inch gas supply line, owned by LUS that connects to the Texas Gas Transmission Corporation and the Columbia Gulf Transmission Company pipeline. Natural gas is supplied to the T. J. Labbé Plant through an expansion pipeline that is approximately one-half mile long and is connected to the 10-inch gas supply line serving the Doc Bonin Plant site. Natural gas to the Hargis-Hébert Plant is supplied from an interconnection to the east-west Gulf South Pipeline Company, LP (“Gulf South”) system located between Louisiana Highway 89 and Commission Boulevard. Gulf South operates and maintains the 10-inch lateral, which terminates at the metering station located on the Hargis-Hébert Plant property.

### **Coal for Rodemacher Unit 2**

Coal from the Powder River Basin in Wyoming is the predominant fuel used at Rodemacher Unit 2. Coal is supplied under three contracts: Arch Coal Sales Company Inc. (“Arch Coal”), Peabody CoalSales LLC (“Peabody”), and Cloud Peak Energy Inc. LPPA owns two unit trains that deliver the coal to the plant from Wyoming.

Cleco coordinates the deliveries in conjunction with their unit trains. Coal price adjustments were based on sulfur content in the coal and the heating value (Btu/lb) of the delivered coal.

An annual physical observation of the coal inventory is performed based on an aerial photographic survey and density measurements. An adjustment to inventory occurs when the survey indicates a variance in the results of the physical inventory of at least plus or minus 3 percent.

### ***Hydroelectric Purchased Power Contract***

LUS renewed a long-term contract with the Southwestern Power Administration (“SPA”) for U.S. Department of Energy hydroelectric power. The bilateral agreement is for 22,320 MWh annually and ends May 31, 2033. The hydropower is generated by 24 Army Corps of Engineers dams in the region.

### ***Energy Contract and Renewable Energy Credit (“REC”) Contract***

LCG signed a contract with Exelon Generation Company, LLC for energy only based on 50 MW at 100 percent load factor. The contract term is from January 1, 2019 through December 31, 2020.

LCG signed a contract with STX Services B.V. via TEA for RECs. The contract term is from January 1, 2019 through December 31, 2020.

### ***Capacity Contracts***

With the retirement of the Doc Bonin Plant, LUS does not have sufficient capacity to meet the MISO requirements. The proposed IRP will identify future capacity options and support longer-term capacity requirements in MISO. Due to a potential short-term capacity deficit, LUS secured the following capacity contracts through MISO planning year 2020:

- 40.0 MW from June of 2016 through May of 2020 with NRG Energy, Inc. (“NRG”)
- 33.0 MW from June of 2017 through May of 2019 with TEA
- 11.8 MW from June of 2018 through May of 2019 with TEA
- 43.8 MW from June of 2019 through May of 2020 with NRG

### **Transmission and Distribution**

The Electric System has 47 miles of transmission lines and 1,002 miles of distribution lines. Transmission substation facilities are at 230 kV, 138 kV, and 69 kV. The 230 kV transmission system includes 16 miles of line with interconnections to Cleco and Entergy. The 138 kV system equipment at the Doc Bonin Plant Substation connects to Entergy, as well as autotransformers to the 230 kV and 69 kV busses. The 69 kV transmission system consists of 31 miles of line. Fifteen distribution substations serve the 86 feeders on the LUS 13.8 kV distribution system. Existing transmission circuits are on a range of structure types including wood poles and steel towers.

The 1,002 miles of distribution include 481 miles of overhead and 521 miles of underground lines (13.8 kV). Overhead distribution poles are primarily creosote-treated southern yellow pine, with light-duty steel poles for corners or areas where guying is not possible.

All distribution facilities serving new subdivisions and commercial developments are underground. New underground cable is typically aluminum. All underground cable is installed in conduit with the exception of segments purchased from the local cooperative utility, SLEMCO. LUS is not aggressively pursuing conversion of overhead to underground facilities due to the significant costs incurred for the conversion.

The transmission and distribution systems utilize dedicated fiber optic cables for secure communication and protection of the system. Distribution capacitor bank controls and recloser controls are connected to the operations center via the fiber system.

LPPA, the City, and Cleco have a Transmission Service Agreement signed in January 1991 to provide firm transmission service from Rodemacher Unit 2 to the City's interconnection points with Cleco. The agreement expires August 31, 2021.

## **MISO Market**

LUS became a MISO full Market Participant in December 2013. MISO provides reliability and wholesale market grid operation for interconnected utilities in the midcontinent region of the U.S. LUS is a Local Balancing Authority within the MISO Balancing Authority footprint. LUS has an agreement with TEA for power and fuel marketing and TEA is registered as LUS' Market Participant in MISO. LUS evaluates and approves TEA's strategies for energy market participation, as well as provides feedback on how the selected strategies worked compared to alternative strategies.

In collaboration with TEA, LUS purchases power to meet load from the power market on an hourly basis. Simultaneously, MISO economically dispatches LUS' generation assets into the market creating market sales for LUS. As a result of these changes, LUS reports the combined transaction as net purchased power (total market purchases less total market sales).

The MISO membership has improved the economic and over-all power supply situation for LUS. In addition to the transmission system improvements mentioned above, LUS also enjoys operational benefits resulting from MISO dispatch of its local generation and is provided flexibility in the dispatch of LPPA's Rodemacher Unit 2 capacity.

## **Projected Demand and Resources**

As a MISO participant, LUS is required to maintain its relative share of capacity and reserves, also called Resource Adequacy. MISO applies a forced outage rate to each unit's installed capacity values to calculate an unforced capacity value ("UCAP"). The LUS units' UCAP values may be applied toward LUS' Resource Adequacy. The Hargis Hébert Plant, with a gross capacity of 100 MW, has a UCAP value of 88.0 MW. The T. J. Labbé Plant, with a gross capacity of 100 MW, has a UCAP value of 83.3 MW. Rodemacher Unit 2, with a gross capacity of 261 MW, has a UCAP value of 228.2 MW. LUS has extended existing capacity contracts to meet near-term capacity requirements, while the proposed IRP will identify future capacity options and support longer-term capacity requirements in MISO. The most recent load forecast provided by LUS projects annual peak, not including reserves, at 475 MW by 2028.

## **Operations and Related Performance**

Each division within the Electric System has a safety representative and full support from upper management. The Departmental Accident Review Committee evaluates all incidents to report on causes and measures to improve safety. LUS adopted the American Public Power Association Safety Manual.

The distribution system Dispatch Center addresses customer calls, dispatches, and tracks crews. The Dispatch Center utilizes an Elster automated metering infrastructure system as the primary means for detecting and tracking outages, supplemented with customer call tracking. The outage management system tracks outage locations over time to prioritize maintenance/replacement work and determine system reliability indices.

## ***Security***

An evaluation of the Utilities System security measures is beyond the scope of this Report and a security assessment was not conducted. Based on site visits and discussions with LUS, we learned that the physical security includes the use of fencing, magnetic gates, card swipes, and key pads at critical facilities. In addition, armed personnel are stationed at the Doc Bonin Plant site. LUS security protocols also include employee and contractor background checks, routine training on requirements and policies, and standard entry procedures for all electric facilities.

The North American Electric Reliability Corporation ("NERC") is a regulatory authority whose mission is to assure the reliability and security of the bulk power system in North America. NERC develops and enforces reliability and security standards including the Critical Infrastructure Protection ("NERC CIP"). The

NERC CIP plan consists of standards and requirements covering the security of electronic perimeters and the protection of critical cyber assets, as well as personnel and training, security management, and disaster recovery planning. LUS complies with all NERC CIP requirements. The Electric System's most recent NERC CIP audit in the fall of 2017 was successful, with no material findings and no major violations. The SERC Reliability Corporation has been assigned as LUS' regional compliance enforcement authority as of December 2, 2017. As part of LUS' adherence to current and future NERC CIP standards, LUS implemented new restrictive firewalls at substations and generating stations. In addition, encryption is now being utilized for substation communication to the LUS control centers. LUS has significantly reduced exposure to potential cyber security issues through these improvements.

## **Environmental and Regulatory Compliance Issues**

The LUS Electric System and LPPA's Rodemacher Unit 2 are subject to continuing environmental regulation. Federal, state, and local standards and procedures, which regulate the impact of the generating assets on the environment, are subject to change. Consequently, there is no assurance that the facilities owned or under contract to the Electric System will remain subject to regulations that are currently in effect; or will always be in compliance with future regulations governing the protection of the environment. The State of Louisiana (the "State") through the Louisiana Department of Environmental Quality ("LDEQ") establishes standards of performance and requires permits for the generating units of the Electric System, as well as Rodemacher Unit 2 in which the City has an ownership interest. In addition, the LDEQ has been delegated authority over and implements certain programs established by the U.S. EPA.

The Electric System and LPPA's Rodemacher Unit 2 facilities are in material compliance with applicable environmental regulations and key environmental permits, approvals, and consent orders. LUS does not expect any rejections or delays in the renewal of the Electric System or LPPA environmental or operating permits.

LUS has separate electric environmental and compliance divisions. Individual personnel within the Electric Environmental Compliance division are assigned to 1) NERC compliance; 2) spills, Spill Prevention Control and Countermeasure ("SPCC") Plans, and remediation; and 3) air quality. Compliance staff education and training takes place as standards are updated/created; and the staff participates in NERC reliability conferences.

## ***Clean Air Interstate Rule and Cross State Air Pollution Rule***

In July 2011, the U.S. EPA finalized the Cross State Air Pollution Rule ("CSAPR") to replace the existing Clean Air Interstate Rule ("CAIR"). In August 2012, the U.S. Court of Appeals for the District of Columbia Circuit invalidated CSAPR. On April 29, 2014, the U.S. Supreme Court reversed the Court of Appeals, upholding all aspects of the rule that had resulted in the Court of Appeals' invalidation. The Supreme Court remanded CSAPR to the Court of Appeals for further proceedings. On November 21, 2014, the U.S. EPA issued an interim final rule amending the CSAPR compliance deadlines to align with the October 23, 2014 ruling that granted U.S. EPA's motion to lift the stay of CSAPR and delay its deadlines for three years. The interim final rule provides that compliance with CSAPR Phase 1 emissions budgets were required in 2015 and 2016 and compliance with Phase 2 was required in beginning in 2017. On September 7, 2016, the U.S. EPA finalized an update to the CSAPR ozone season program.

CSAPR is administered by the U.S. EPA and LDEQ no longer issues a separate permit for CSAPR. Under CSAPR, each facility is assigned an allocation of NO<sub>x</sub> (tons), which may be emitted during the Ozone Season (May – September). If the facility exceeds the limit during the Ozone Season, additional allowances may be withdrawn from the owner's banked allowances or allowances may be purchased.

The impact of CSAPR is not expected to be significant for the Hargis-Hébert and T. J. Labbé Plants because the current proposed allowance allocations are roughly equivalent to the recent emissions at all the Electric System natural gas generating plants. Similarly, CSAPR is not expected to impact operations at Rodemacher Unit 2 as the allocation is equivalent to recent emissions history and improved performance from the SNCR installation.

## ***Current Rodemacher Unit 2 Environmental Issues***

### **Regional Haze Rule**

The Regional Haze Rule requires certain existing large stationary emissions sources, such as coal fired power generation units, to install Best Available Retrofit Technology ("BART") to improve visibility at certain

National Parks designated as Class I areas. Under the rule, certain types of older sources are required to install BART to control particulate matter, sulfur dioxide (“SO<sub>2</sub>”), and NO<sub>x</sub> emissions. In 2012, the U.S. EPA issued a final action allowing states participating in the CSAPR trading program to use those programs instead of source specific BART to meet the requirements for the Regional Haze Rule.

The Regional Haze Rule BART requirement was superseded by the approval of CSAPR in 2014. However, in Louisiana, CSAPR only applies to NO<sub>x</sub> emissions during the Ozone Season. BART for NO<sub>x</sub> is accomplished by continuing participation in the CSAPR trading allowance trading program.

SO<sub>2</sub> emission sources that fall under Regional Haze Rule BART requirements were evaluated for their effect on pertinent Class I areas.

In February 2017, LDEQ submitted to the U.S. EPA a proposed state implementation plan (the “SIP”) indicating how BART-applicable Electric Utility Steam Generating Units (“EGUs”) in Louisiana would comply with the BART requirements. On December 21, 2017, the U.S. EPA published approval of the SIP in the Federal Register. BART for Rodemacher Unit 2 as designed in the SIP will be continued operation of the existing dry sorbent injection system (“DSI”) with increased reagent injection in order to meet a lower SO<sub>2</sub> limit of 0.30 lb/MMBtu on a 30-day rolling basis. The current air permit limit is 1.2 lb/MMBtu.

The U.S. EPA publication discusses emissions testing conducted on the existing DSI system to evaluate control of hydrogen chloride (“HCl”) with respect to the MATS rule, during which the continuous emission monitoring system (the “CEMS”) was operating and capturing SO<sub>2</sub> emissions data. The effective date of the SIP was January 22, 2018. Compliance must take place as expeditiously as practicable, but not later than one year after the effective date of the SIP. Cleco has confirmed that the existing DSI system continues to meet the requirements of and compliance with the SIP, including the lower SO<sub>2</sub> limit.

## **Acid Rain Program**

The U.S. EPA issued a Title IV permit for Rodemacher Unit 2 which addresses the Acid Rain Program provisions of the Clean Air Act. The Acid Rain Program established (1) a trading system for SO<sub>2</sub> allowances, which are allocated to each facility, and (2) NO<sub>x</sub> emission limits for coal-fired units.

Each SO<sub>2</sub> allowance is equal to one ton of SO<sub>2</sub> emissions. Emission allowances may be banked, transferred, purchased or sold. If the facility emits more than the allocated SO<sub>2</sub> allowances, it may purchase additional allowances in the established market or may transfer allowances from another of the Joint Owner’s facilities. The Rodemacher Unit 2 receives an annual allocation of 18,212 SO<sub>2</sub> allowances (tons). LPPA’s share of the total SO<sub>2</sub> allocation is based on its ownership interest in the facility.

Rodemacher Unit 2’s historical SO<sub>2</sub> emissions have been below permitted levels. The operation of Rodemacher Unit 2 is not expected to be restricted due to the SO<sub>2</sub> emission limits of the air permit because the plant currently burns, and is expected to continue to burn, 0.7 lbs/MMBtu sulfur coal. Total SO<sub>2</sub> emissions are directly related to the sulfur content of the coal. The average annual SO<sub>2</sub> emission rate over the past five years has been 50 percent to 75 percent less than the permit limit of 1.2 lb/MMBtu.

NO<sub>x</sub> emissions under the Rodemacher Unit 2 Title IV Permit are limited to 0.46 lb/MMBtu. In addition, Rodemacher Unit 2 is allocated NO<sub>x</sub> allowances under CSAPR, which requires the purchase of additional allowances if actual NO<sub>x</sub> emissions are greater than allocated.

Based on our discussion with plant staff, we are not aware of any outstanding Notice of Violation or any material compliance issues with the Title IV permit.

## **Mercury and Air Toxics Standard**

On February 16, 2012, the U.S. EPA issued the final ruling titled *National Emission Standards for Hazardous Air Pollutants from Coal- and Oil-fired Electric Utility Steam Generating Units and Standards of Performance for Fossil-Fuel-Fired Electric Utility, Industrial-Commercial-Institutional, and Small Industrial-Commercial-Institutional Steam Generating Units*, commonly referred to as MATS. To comply with MATS requirements, Rodemacher Unit 2 completed the installation of a dry absorbent injection system for acid gas control;



a fabric filter baghouse for metallic particulate control, and ID booster fans. As of the date of this Report, all the new equipment and systems are functioning properly. The results of the contract guarantee testing indicate that the equipment is operating per design to meet MATS requirements. On June 29, 2015, the U.S. Supreme Court effectively remanded the U.S. EPA's MATS requirements to the District of Columbia Circuit Court. The U.S. Supreme Court's decision did not prohibit the U.S. EPA from regulating mercury emissions; however, it did require the U.S. EPA to consider costs for those plants yet to meet the MATS requirements. The U.S. EPA subsequently submitted revised cost/benefit analyses. In December 2015, the U.S. Supreme Court refused to grant a stay on MATS, thus MATS has been fully implemented. The court rulings on MATS do not affect Rodemacher Unit 2, as it has completed an upgrade and meets MATS requirements.

## **Coal Combustion Residue**

Most of the Rodemacher Unit 2 coal combustion residue (e.g., fly ash and bottom ash) is removed on a regular basis from the site by truck and sold for beneficial use. On December 19, 2014, the U.S. EPA finalized the Coal Combustion Residue ("CCR") Rule and it was published on April 17, 2015 in the Federal Register. Rodemacher Unit 2 has two surface impoundments; the Fly Ash Pond and the Bottom Ash Pond, to which the CCR Rule applies. The rule became effective October 14, 2015. The final rule classifies coal ash as solid waste rather than hazardous waste. Classifying coal residue as a solid waste eliminates potential increased disposal costs associated with special handling, transportation, and disposal requirements for hazardous waste. As a result of the latest U.S. EPA ruling, Rodemacher Unit 2 continues marketing and selling their coal ash for beneficial use.

The rule establishes technical requirements for CCR landfills and surface impoundments. In addition, the rule redefines beneficial use. Note that the CCR Rule does not affect beneficial use applications started before the effective date of the rule. Beneficial use applications started after the effective date of the new rule will need to be evaluated according to new definitions of beneficial use and disposal. The rule defines beneficial use as needing to meet the following criteria:

1. The CCR must provide a functional benefit;
2. The CCR must substitute for the use of a virgin material, conserving natural resources that would otherwise need to be obtained through practices such as extraction;
3. The use of CCRs must meet relevant product specifications, regulatory standards, or design standards when available, and when such standards are not available, CCRs are not used in excess quantities; and
4. When un-encapsulated use of CCRs involves placement on the land of 12,400 tons or more in non-roadway applications, the user must demonstrate and keep records, and provide such documentation upon request, that environmental releases to ground water, surface water, soil, and air are comparable to or lower than those from analogous products made without CCRs, or that environmental releases to ground water, surface water, soil, and air will be at or below relevant regulatory and health based benchmarks for human and ecological receptors during use.

The new criteria for "beneficial use" exclude the use of CCR in large-scale placement or fill, such as mine fills.

The final rule establishes minimum national criteria for CCR landfills; CCR surface impoundments; and all lateral expansions of CCR units including location restrictions, liner design criteria, structural integrity requirements, operating criteria, groundwater monitoring and corrective action requirements, closure and post-closure care requirements, and recordkeeping, notification, and Internet posting requirements. CCR surface impoundments that do not receive CCR after the effective date of the rule, but still contain water, will be subject to all applicable regulatory requirements. Regulatory requirements must be met unless the owner or operator of the facility dewater and installs a final cover system on these inactive units no later than three years from publication of the rule.

The final CCR Rule required the owner or operator of an existing CCR surface impoundment to document, no later than October 17, 2016, whether the impoundment was constructed to meet the liner requirements included in the final rule (40 Code of Federal Regulations ("CFR") 257.71). In compliance with this requirement, Cleco obtained certification from a qualified professional engineer attesting that both the Bottom Ash Pond and the

Fly Ash Pond meet the requirements of the final CCR Rule. In addition, a CCR Groundwater Monitoring Program is in place to determine the integrity of the liners in the Fly Ash and Bottom Ash Ponds, as required by the CCR Rule.

Annual inspections required by CCR for the Bottom Ash pond and Fly Ash pond were conducted in December 2017 by Providence Engineering & Environmental Group LLC. The inspection reports state that the reservoirs and slopes are in satisfactory condition, and no corrective actions were needed. The anticipated date of closure for both the Fly Ash and Bottom Ash impoundments is no sooner than 2020.

### **Opacity Compliance**

The Rodemacher Unit 2 Title IV and Title V Permit renewals were approved in 2013 and expired on October 14, 2018. The permit renewal applications for both were submitted in April 2018 with additional information submitted in June of 2018. As the renewal application was timely submitted, the facility can continue to operate under its permit issued in 2013 during the renewal process. A public comment period was held from December 13, 2018 through January 17, 2019. The only comment received was from Cleco, which requested some corrections to the permit. The air permit currently allows for the burning of coal, natural gas, and No. 2 fuel oil in Unit 2. However, coal is the predominant fuel. The 2018 air permit renewal application requested the removal of No. 2 fuel oil in Unit 2, to comply with BART requirements. The unit has a Continuous Emission Monitoring (“CEM”) System installed; annual CEM Relative Accuracy Test Audit (“RATA”) testing is required.

Based on our discussion with plant staff, we are not aware of any outstanding Notice of Violation or any material compliance issues with the Title IV and Title V permits.

### **Cooling Water Supply and 316(b) Regulation**

Circulating water for the cooling tower and boiler makeup is pumped from Lake Rodemacher by circulating water pumps located at the screened water intake. Rainfall runoff from around Lake Rodemacher provides makeup for water lost to evaporation. LDEQ has issued an opinion that Lake Rodemacher is not subject to the requirements of 316(b) because it was constructed for support of the power plant operations and is not considered “waters of the state.” To the best of our knowledge, the U.S. EPA has not opined or ruled otherwise.

### **Wastewater Permit**

The Louisiana Pollution Discharge Elimination System (“LPDES”) Permit was renewed by LDEQ. The permit is required for discharges of wastewater and stormwater to surface waters. The permit establishes monitoring, reporting, and recordkeeping requirements, as well as limitations on emissions. The permitted discharge points, all of which are not exclusively used for Rodemacher Unit 2 effluent, are:

- Outfall 001 – Cooling pond discharge, including coal sedimentation pond effluent, seal well overflow, bottom ash and secondary settling pond effluent, chemical metal cleaning waste, clarifier sludge sedimentation pond effluent, and low volume wastewaters.
- Outfall R-02 – Coal sedimentation pond effluent.
- Outfall R-03 – Units 1 and 2 seal well effluent and general plant washdown effluent.

Based on our discussions with plant staff, we are not aware of any outstanding Notice of Violation or any material compliance issues with the LPDES Permit.

### **Wastewater Effluent Standards**

A 2009 study performed by the U.S. EPA determined that the steam electric power generating effluent guidelines established in 1982 did not adequately address the pollutants being discharged and have not kept pace with changes in the electric power industry. The U.S. EPA evaluated the technologies and costs to remove those metals and identified the best available technology to affect their control in coal-fired power plant effluent. The U.S. EPA proposed more stringent limits for new metals and parameters for individual wastewater streams generated by steam electric power plants, with emphasis on coal-fired power plants. The U.S. EPA proposed the power plant

Effluent Limitation Guidelines (“ELGs”) for coal-fired steam electric plants and accepted comments on the rule until September 20, 2013.

The U.S. EPA finalized the new effluent rule on September 30, 2015. The rule sets federal limits on the levels of toxic metals discharged in wastewater. The rule establishes new requirements for power plant wastewater streams including flue gas desulfurization (“FGD”), fly ash, bottom ash, flue gas mercury control, and gasification of fuels such as coal and petroleum coke. The effluent limit requirements must be incorporated into each plant’s LPDES permit. However, as of September 18, 2017, the U.S. EPA postponed the compliance dates for the new standards for FGD wastewater and bottom ash transport water for two years to provide the U.S. EPA with additional time to review and reconsider the rule for these two effluent streams. The compliance dates for these two effluent streams were changed from November 1, 2018 to November 1, 2020. The compliance date remains November 1, 2018 for fly ash transport water and flue gas mercury control wastewater. Cleco has indicated that the applicable requirements are being met with existing plant equipment and procedures. During LDEQ’s development of the Brame Energy Center’s LPDES permit renewal, LDEQ incorporated applicable aspects of the U.S. EPA’s Guidance Document on this subject. Whether the changes will be in the renewed permit will depend on the outcome of U.S. EPA’s rule review.

## **Oil Storage and Disposal**

The Brame Energy Center maintains a SPCC Plan to meet the requirements of the Federal Oil Pollution Prevention regulations. The SPCC must be updated to comply with U.S. EPA regulations and revisions to the regulations. A Facility Response Plan was submitted to the U.S. EPA, which demonstrates the facility’s preparedness to respond to oil spills. Cleco maintains a contract with an emergency response contractor for oil spill cleanup services. The SPCC Plan is not required to be submitted for review, but the U.S. EPA can perform a review of the SPCC Plan at any time. LPPA has no ownership interest in, or liability for, the fuel oil storage tanks located on the Brame Energy Center site.

## ***Potential Future Regulatory Requirements***

### **National Ambient Air Quality Standards**

The Clean Air Act requires the U.S. EPA to set National Ambient Air Quality Standards (“NAAQS”) to protect public health and the environment. Ambient air quality monitoring and air dispersion models are used to monitor air quality in a region or predict concentrations of pollutants for a given area. When pollution exceeds an allowable air quality standard, an area may be designated as a “Nonattainment Area,” which typically requires emissions reductions from sources within the region and more restrictive permit limits for new sources. Rapides Parish and the surrounding region in Northern Louisiana is currently designated as “Attainment” for all criteria pollutants. Therefore, the more stringent nonattainment area regulations do not apply to Rodemacher Unit 2 under the current NAAQS.

In addition to NAAQS implementation, the U.S. EPA must update the standards every five years to maintain pace with new developments in health and science. Standards for NO<sub>x</sub> (1-hour), PM<sub>2.5</sub>, SO<sub>2</sub> (1-hour), and ozone have all been updated within the past five years, and Rapides Parish continues to meet the standards. If future updates to the NAAQS result in a Nonattainment Area designation, LDEQ would evaluate emission sources in the region and emissions reductions at Rodemacher Unit 2 could be required.

### **New Source Performance Standards**

On October 23, 2015, the U.S. EPA published the final New Source Performance Standard designed to reduce carbon pollution from new power plants. This regulation, which only applies to new facilities, limits coal fired power plant carbon dioxide (“CO<sub>2</sub>”) emissions to 1,400 lb/MWh (gross). Traditional coal fired power plants cannot meet this limit without some form of CO<sub>2</sub> abatement, such as carbon capture and sequestration. Existing plants that commenced construction per the definition at 40 CFR Subpart 60 prior to January 8, 2014 are not subject to the rule. Rodemacher Unit 2 commenced construction prior to January 8, 2014, and as such, is not subject to the rule.

## Clean Power Plan Emission Guidelines

On October 23, 2015, the U.S. EPA finalized the Clean Power Plan (“CPP”): CO<sub>2</sub> emission guidelines for existing power plants. The CPP was intended to regulate greenhouse gas (“GHG”) emissions associated with electric generation. On February 9, 2016, the U.S. Supreme Court granted a stay on the CPP and the CPP has never gone into effect. On August 21, 2018, the U.S. EPA proposed the Affordable Clean Energy (“ACE”) rule to replace the CPP. The approach in the proposed ACE rule would establish guidelines for states to develop plans to address GHG emissions from existing coal-fired power plants. The proposed rule would provide states three years to develop state plans, followed by one year for the U.S. EPA to act on a complete state submittal.

## Contracts

In addition to interconnection agreements for transmission services, fuel supply arrangements mentioned above, and LUS’ membership in MISO as a market participant, LUS maintains a number of contracts and agreements important to its day-to-day utility operations. Among the day-to-day operations contracts are agreements relating to maintenance of key equipment, testing services, customer acquisitions, and certain analysis functions. These contracts are summarized in Table 8.

**Table 8**  
**Electric System and LPPA**  
**Contracts and Agreements**

<b><u>Contracts &amp; Agreements Between</u></b>	<b><u>Date Signed/Renewed</u></b>	<b><u>Termination Date</u></b>	<b><u>Provisions</u></b>
<b>LPPA Contracts</b>			
LPPA – Cleco, LEPA	November 15, 1982	June 30, 2032 or end of useful life	Joint ownership of Rodemacher Unit 2
LCG – LPPA	May 1, 1997	August 31, 2047 or when bonds have been paid	Purchase of power from LPPA’s 50 percent share in Rodemacher Unit 2
LPPA – Peabody	November 7, 2007	60 days’ written notice	Purchase of coal for Rodemacher Unit 2
LPPA – Arch Coal Sales, Inc.	August 4, 2009	Upon 30 days’ notice	Purchase of coal for Rodemacher Unit 2
LPPA – Cloud Peak Energy	December 11, 2002	Upon 180 days’ notice	Purchase of coal for Rodemacher Unit 2
LPPA – Cleco – LEPA – Charah Inc	March 1, 2015	February 29, 2020; may be renewed for 1- or 5-year period	Sale of byproducts (ash) for reuse
<b>MISO Related Contracts</b>			
LCG – Other Transmission	January 4, 2013	Coincides with MISO Owners Agreement	Supplemental Agreement between Transmission Facilities Owners and MISO regarding Independent System Operator (“ISO”) services and functions
LCG – Other Transmission Facilities Owners	February 4, 2013	30 years from the earliest Effective Date for any signatory, thereafter 5-year terms	Transmission Owner Agreement for LUS in MISO
LCG – MISO	February 4, 2013	Coincides with MISO Owners Agreement	Agency Agreement for Open Access Transmission Service

**Table 8**  
**Electric System and LPPA**  
**Contracts and Agreements**

<b><u>Contracts &amp; Agreements Between</u></b>	<b><u>Date Signed/Renewed</u></b>	<b><u>Termination Date</u></b>	<b><u>Provisions</u></b>
LCG – MISO	August 1, 2013	Upon 30-day notice	Agreement to procure satellite phone link
LCG – MISO	September 25, 2013	2 years from Effective Date, thereafter 1-year terms	Modeling, Data, and Analysis reliability standards compliance obligations primarily related to NERC requirements
LCG – Other Transmission Facilities Owners	December 10, 2013	5 years from Effective Date, thereafter 1-year term	Settlement Agreement between Transmission Owners and MISO on Filing Rights
LCG – Midwest ISO Transmission Owners	January 25, 2018	Withdrawal from MISO	Cost sharing for attorneys and consultants related to MISO
<b>TEA and Fuel Contracts</b>			
LCG – TEA	June 1, 2013	Upon 6-months' notice, but not prior to 48 months after the Effective Date	Power and Fuel Marketing
TEA – Centerpointe	March 16, 2017	June 30, 2018 with automatic 12-month extension	Supply of natural gas for Hargis Hébert Plant
TEA –Centerpointe	June 20, 2017	June 30, 2018 with automatic 12-month extension	Supply of natural gas for T. J. Labbé Plant and Doc Bonin Plant sites
<b>Capacity, Energy and Renewable Contracts</b>			
LCG – NRG	July 10, 2015	May 2020	40.0 MW of capacity from June 2016 – May 2020
LCG – TEA	January 16, 2017	May 2019	33.0 MW of capacity from June 2017 – May 2019
LCG – TEA	February 22, 2018	May 2019	11.8 MW of capacity from June 2018 – May 2019
LCG – TEA	December 2018	May 31 2020	43.8 MW of capacity from June 2019 – May 2020
LCG – Exelon Generation Company, LLC	August 7, 2018	December 31, 2020	Energy contract for 50 MW at 100 percent load factor from January 1, 2019 through December 31, 2020
LCG – SPA	June 1, 2018	May 31, 2033	Purchase of hydroelectric power
LCG – SPP	August 9, 2013	September 1, 2018	Firm point-to-point transmission service; contract will not be renewed
LCG – STX Services B.V. (via TEA)	August 3, 2018	December 31, 2020	RECs from January 1, 2019 through December 31, 2020
<b>Transmission Related Contracts</b>			
City – Louisiana Generating (Cajun Electric)	May 23, 1983	Upon 3-year notice	Interchange agreement for electric transmission

**Table 8**  
**Electric System and LPPA**  
**Contracts and Agreements**

<b><u>Contracts &amp; Agreements Between</u></b>	<b><u>Date Signed/Renewed</u></b>	<b><u>Termination Date</u></b>	<b><u>Provisions</u></b>
City – Entergy Louisiana	October 6, 1988	Upon 18-month notice	Interchange agreement for electric transmission
LCG – Cleco	1991	August 31, 2021 <sup>(1)</sup>	Interconnection agreement for delivery of power Transformer lease agreement (Cleco rent transformer space to serve Breaux Bridge) Firm transmission service point to point (expires August 31, 2021)
LCG – Entergy Gulf States	June 22, 2012	June 21, 2032; year-to-year thereafter	Interconnection agreement for delivery of power
<b>Miscellaneous Contracts</b>			
LCG – SLEMCO	September 10, 2004	September 10, 2019	Customer acquisition agreement; Joint Use Rights
LCG – GE	May 1, 2012	December 31, 2018	CTG Maintenance Services. LUS is currently negotiating with various suppliers
LCG – City of Broussard	December 18, 2015	December 17, 2025	Franchise Agreement
LCG – City of Broussard	December 18, 2015	December 17, 2025	Streetlighting Agreement
LCG – City of Youngsville	July 7, 2017	November 30, 2026	Franchise Agreement
LCG – City of Youngsville	July 7, 2017	November 30, 2026	Streetlighting Agreement

### Competition and Benchmarking

LUS’ residential electric rates have historically been among the lowest in the state and the surrounding region. The following tables compare the average residential and commercial rates for selected electric utilities in the region. As shown in Table 9, LUS residential rates are lower than average for the region. The residential rate comparison assumes a customer with a monthly energy usage of 1,000 kWh.

**Table 9**  
**Electric System**  
**Residential Rate Comparison**

<u>Utility</u>	<u>Average (\$/kWh) <sup>(1)</sup></u>
Lake Charles <sup>(3)</sup>	\$0.08793
Baton Rouge <sup>(3)</sup>	\$0.08793
<b>LUS</b>	<b>\$0.09243</b>
Shreveport <sup>(2)</sup>	\$0.10329
Alexandria	\$0.10442
New Orleans <sup>(4)</sup>	\$0.11173
New Iberia <sup>(5)</sup>	\$0.12063

Source: LUS. Rates as of October 2018.

(1) Assumes 1,000 kWh per month consumption.

(2) Served by SWEPCO.

(3) Served by Entergy Gulf States.

(4) Served by Entergy New Orleans.

(5) Served by Cleco.

LUS commercial rates are competitive in the region. The commercial rate comparison assumes a 130 kW demand customer with a monthly energy usage of 51,000 kWh.

**Table 10**  
**Electric System**  
**Commercial Rate Comparison**

<u>Utility</u>	<u>Average (\$/kWh) <sup>(1)</sup></u>
Lake Charles <sup>(2)</sup>	\$0.0716
Baton Rouge <sup>(2)</sup>	\$0.0716
<b>LUS</b>	<b>\$0.0800</b>
Shreveport <sup>(3)</sup>	\$0.0847
New Iberia <sup>(4)</sup>	\$0.0968
Alexandria	\$0.1008
New Orleans <sup>(5)</sup>	\$0.1219

Source: NewGen. Rates as of October 2018.

(1) Assumes an average customer of 130 kW demand and 51,000 kWh per month.

(2) Served by Entergy Gulf States.

(3) Served by SWEPCO.

(4) Served by Cleco.

(5) Served by Entergy New Orleans.

## Historical Financial Performance

Historical Electric System debt service includes a portion of the Series 2004 Bonds, a portion of the Series 2010 Bonds, a portion of the Series 2012 Bonds, and a portion of the Series 2017 Bonds. Table 11 shows historical debt service and the associated DSCR. In each year since 2014, the DSCR has exceeded the minimum coverage requirement of 1.0 required by the Bond Ordinances.

**Table 11**  
**Electric System**  
**Historical Debt Service Coverage**

<b><u>FY</u></b>	<b><u>Operating Revenues <sup>(1)</sup></u></b>	<b><u>Operating Expenses <sup>(2)</sup></u></b>	<b><u>Net Available Revenues</u></b>	<b><u>Debt Service <sup>(3)</sup></u></b>	<b><u>Debt Service Coverage Ratio</u></b>
2014	\$201,891,247	\$147,087,876	\$54,803,370	\$16,852,621	3.3
2015	\$182,044,163	\$130,006,922	\$52,037,241	\$16,500,796	3.2
2016	\$174,354,151	\$126,694,194	\$47,659,957	\$16,503,966	2.9
2017	\$176,060,504	\$133,347,125	\$42,713,378	\$15,655,298	2.7
2018	\$180,955,690	\$130,897,716	\$50,057,974	\$16,337,720	3.1

Source: LUS Financial and Operating Statements, 2014 through 2017 audited, 2018 unaudited.

(1) Operating Revenues include interest income and other miscellaneous revenue.

(2) Operating Expenses include O&M and other expenses such as customer service and A&G costs. Operating Expenses do not include ILOT, normal capital and special equipment, and other miscellaneous expenses.

(3) Debt Service was prepared on a cash basis. Debt Service includes a portion of the Series 2004 Bonds, a portion of the Series 2010 Bonds, a portion of the Series 2012 Bonds and a portion of the Series 2017 Bonds. In 2014, the Series 2004 Bonds were partially refunded and defeased by the Series 2012 Bonds. By 2020, the Series 2010 Bonds will be fully redeemed by the proceeds of the Series 2017 Bonds.

### **Water System Description**

As of 2018, LUS provided potable water to 56,564 residential, commercial, industrial, and wholesale customer accounts. LUS' responsibilities include raw water supply, water treatment, transmission and distribution of finished potable water, metering, and sales. LUS obtains all its raw water supply needs from the Chicot aquifer. The Water System includes two water treatment facilities, 20 ground water wells, elevated and ground treated-water storage, and 1,170 miles of distribution piping.

Water System total sales in 2018 were 0.5 percent higher than 2017, driven by an increase in wholesale water sales. Historical and projected Water System volume sales are shown in Table 12. Future total Water System sales are projected to increase at an average of 0.7 percent.



**Table 12**  
**Water System**  
**Historical and Projected Retail and Wholesale Sales**

<b>FY</b>	<b>Retail Sales (1,000 gallons) <sup>(1)</sup></b>	<b>Retail Sales Growth</b>	<b>Wholesale Sales (1,000 gallons) <sup>(1)</sup></b>	<b>Wholesale Sales Growth</b>	<b>Total Sales (1,000 gallons)</b>	<b>Total Sales Growth</b>
<b>Historical</b>						
2014	5,426,408	(1.2%)	2,004,355	5.9%	7,430,763	0.6%
2015	5,419,758	(0.1%)	2,116,545	5.6%	7,536,303	1.4%
2016	5,402,650	(0.3%)	2,117,627	0.1%	7,520,277	(0.2%)
2017	5,382,447	(0.4%)	2,161,051	2.1%	7,543,498	0.3%
2018	5,326,748	(1.0%)	2,256,661	4.4%	7,583,409	0.5%
<b>Projected <sup>(1)</sup></b>						
2019	5,453,696	2.4%	2,310,057	2.4%	7,763,753	2.4%
2020	5,496,717	0.8%	2,410,870	4.4%	7,907,587	1.9%
2021	5,536,518	0.7%	2,201,063	(8.7%)	7,737,581	(2.1%)
2022	5,571,249	0.6%	2,269,867	3.1%	7,841,116	1.3%
2023	5,602,277	0.6%	2,343,307	3.2%	7,945,584	1.3%
2024	5,631,053	0.5%	2,376,816	1.4%	8,007,869	0.8%
2025	5,657,977	0.5%	2,411,079	1.4%	8,069,055	0.8%
2026	5,683,451	0.5%	2,446,114	1.5%	8,129,565	0.7%
2027	5,707,961	0.4%	2,481,941	1.5%	8,189,902	0.7%
2028	5,731,423	<u>0.4%</u>	2,518,581	<u>1.5%</u>	8,250,004	<u>0.7%</u>
Compounded Annual Growth Rate (2019-2028)		0.6%		1.0%		0.7%

Source: LUS Financial and Operating Statements, 2014 through 2017 audited, 2018 unaudited.

(1) Retail and wholesale sales volumes based on customer growth and historical sales per customer and specific growth forecasts for wholesale customers.

## Water Supply

LUS' sole raw water supply is the Chicot aquifer, a confined aquifer that supplies water for public water systems (14 percent); aquaculture (17 percent); irrigation (58 percent); and industry, power generation, and other uses (11 percent). The Chicot aquifer is designated as a "sole-source" aquifer for all or parts of 15 parishes in Louisiana and parts of Texas. The Chicot aquifer is designated a sole source by the U.S. EPA; thus, special consideration for federal permitting of projects that could adversely affect it are required.

Studies conducted by LDEQ indicate that the water quality of the Chicot aquifer generally does not exceed the maximum contaminant levels ("MCL") for pollutants listed in the federal primary drinking water standards. The Chicot raw water supply is treated by a multi-step purification process at water treatment facilities that are monitored 24-hours a day by LUS operators and certified by Louisiana Department of Health and Hospitals ("LA DHH") to ensure that all water delivered to its customers is safe to drink and is of acceptable secondary quality.

## Water Treatment and Production

The Water System includes two water treatment facilities, SWP and NWP, and a total of 20 ground water wells to provide raw water for treatment, as well as supplemental volume and pressure to the system. The SWP has a capacity of 23.0 MGD and the NWP has a capacity of 20.8 MGD. Both the NWP and SWP use coagulation,

sedimentation, and filtration to remove iron and manganese with lime-softening for hardness reduction and hypochlorite for finished water disinfection.

Sixteen deep well pumps located at the SWP and NWP provide the raw water supply for treatment at both facilities. The remaining four pumps are remotely located from the treatment plants and provide additional volume and pressure to the system. Water Well Nos. 24 and 26, located at the Gloria Switch remote site, provide supplemental volume and pressure to the northern end of the distribution system. Treatment at this site consists of application of potassium permanganate followed by six pressure filters, and hypochlorite is added for disinfection. Finished water is stored in a ground storage tank and delivered to the system with high-service pumps.

Water Well Nos. 23 and 25, located at the Commission Boulevard remote site, provide additional volume and pressure to the wholesale users on the southern end of the distribution system including the City of Broussard, City of Youngsville, and Milton Water System. The Commission Boulevard site also includes the Fabacher Field re-boost facilities consisting of a 2.0 million-gallon (“MG”) ground storage tank and high service pumps that are used to improve pressure conditions at the outer limits of the distribution system.

Water production facilities are provided with on-site backup electric generation facilities that are adequate to sustain an acceptable level of water production in the event of power failures or other catastrophic events. SWP is equipped with full power generation capacity capable of maintaining full production output, while NWP is equipped sufficiently to provide approximately 60 percent of production output.

## **Water Distribution and Storage**

The water distribution system consists of 1,170 miles of pipe and the treated water storage of approximately 15.25 MG. LUS also utilizes the Communications System assets and fiber connections to manage, monitor, and control the water flows and storage volumes on the Water System.

The treated water storage includes 4.30 MG of elevated storage and 10.95 MG of ground storage, including finished water and booster pumping station clear wells. As the geographical service area and customer base have increased over the past several years, there has not been a corresponding increase in the amount and size of distribution lines. Current capacity and water pressure in the system is adequate. LUS has completed several projects in recent years to improve the distribution system and related pressure. LUS plans for additional distribution improvements to meet the demands from future residential and commercial development as outlined in the CIP.

## **Operations and Related Performance**

LUS’ two water plants are each capable of producing over 20.0 MGD of treated water and LUS has completed several projects in recent years to improve the distribution system and related system pressures. To maintain acceptable system pressure, LUS plans for additional improvements with future residential and commercial growth. LUS operates the two treatment plants for base load water treatment capacity with each plant producing an average of 10.0 to 12.0 MGD. The remote wells located at the Gloria Switch and the Commission Boulevard sites are used to supplement the flow at the extremities of the system to improve the pressure and capacity limitations on the distribution system. In 2018, the system average day demand was 23.1 MGD, with a peak-day demand of 33.8 MGD.

The lost and not accounted for water increased from 7.1 percent of total treated water in 2017 to 9.3 percent in 2018. The amount of lost and not accounted for water is within the range of acceptable industry standards<sup>2</sup>. Much of the unaccounted-for water is primarily due to aggressive line flushing for hydrants. Responding to insurance requirements, LUS flushes hydrants twice per year. Fire hydrants are required to be tested by the Property Insurance Association of Louisiana in order to obtain or retain a higher fire insurance rating for the City. In addition, in 2013 the LA DHH Emergency Rule was established to protect Water Systems from the effects of the *Naegleria fowleri* amoeba and has resulted in significant increases in flushing due to the requirement to maintain 0.5 milligram per liter (“mg/l”) of free or total chlorine to all extremities of the distribution system.

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<sup>2</sup> <https://www.epa.gov/sites/production/files/2015-04/documents/epa816f13002.pdf>

## ***Security***

Based on site visits and discussions with LUS, we learned that the physical security includes the use of fencing, magnetic gates, card swipes, and key pads at critical facilities. LUS security protocols also include employee and contractor background checks, routine training on requirements and policies, and standard entry procedures for all electric facilities.

## **Environmental and Regulatory Compliance Issues**

LUS reports that the water treatment plants and supplemental wells are currently in compliance with all operating permits and meet all applicable drinking water standards of the Safe Drinking Water Act (the “SDWA”). The NWP permit to discharge wastewater associated with the treatment of potable water is current and effective through January 1, 2020, at which point it will be automatically renewed. The SWP permit to discharge wastewater from the treatment of potable water, stormwater, and sanitary wastewater is current and effective through December 1, 2019. LUS does not expect any rejections or delays in the renewal of the Water System environmental or operating permits.

The LA DHH Emergency Rule requires all publicly owned water systems to maintain a minimum 0.5 mg/l chlorine residual throughout the piping distribution system. This requirement is based solely on the presence of the deadly *Naegleria fowleri* amoeba, which was detected in two water systems within the State. LA DHH had previously reduced the minimum chlorine residual from 0.2 mg/l to a trace amount, meaning any amount is acceptable, due to the potential of generating cancer-causing agents as a by-product of chlorination.

The Water System implemented the management and enforcement of 2014 LA DHH regulations for backflow prevention for individual users. The 2014 LA DHH regulations expired on January 1, 2016, however, the Louisiana State Uniform Construction Code Council adopted and enforces the 2014 LA DHH regulations. LUS continues to maintain its backflow prevention program in case the LA DHH re-implements the regulation in future years or as an Emergency Rule.

Pursuant to the requirements of the SDWA, the Water System must prepare and distribute an annual water quality report to its customers by July 1 of each calendar year. The most recent report for calendar year 2017 shows that the water quality of the Utilities System is well within the regulatory limits established by the U.S. EPA.

## **Contracts**

In addition to the Water System within the City limits, LUS operates and maintains water distribution facilities outside the City limits. LUS provides retail and wholesale service outside the City limits. Wholesale service is provided in accordance with contracts between LCG and the district customers. LCG has six wholesale contracts serving seven specific customers, including two water districts and five neighboring water systems or cities. These six wholesale contracts include Waterworks District North, Waterworks District South, the City of Scott, the City of Broussard, Milton Water System, and the City of Youngsville. Water service to Waterworks District North customers is billed by LCG in the name of the Waterworks District North consistent with the applicable rate schedules. Both the North and South Water Districts constructed their own additions and extensions according to standards set by LUS.

These wholesale customers represent 30 percent of the total water volume and 28 percent of total water sales revenue in 2018. The wholesale customer portion of total Water System sales volume has remained stable over the past few years; however, the corresponding revenues have increased due to wholesale rate increases.

Each contract is a long-term contract between 30 and 40 years in length, except for the City of Scott and the City of Broussard. The City of Broussard contract is set to expire in 2020, while the City of Scott contract will expire in 2022. The Waterworks District North and Waterworks District South contracts expire in 2032 and 2035, respectively. The Milton Water System contract expires in 2037 and the City of Youngsville contract expires in 2038. Although the City of Broussard may still withdraw from the system in 2020, LUS is exploring options to extend the contract.

## Competition and Benchmarking

LUS' residential and commercial water rates have historically been among the lowest in the state and surrounding region. The following tables compare the average residential and commercial rates for selected water utilities in the region.

**Table 13**  
**Water System**  
**Residential Rate Comparison**

<u>Utility</u>	<u>Average</u> <u>(\$/1,000 gallon) <sup>(1)</sup></u>
<b>LUS</b>	<b>\$2.49</b>
Alexandria	\$3.03
Lake Charles	\$3.30
Shreveport	\$3.86
Baton Rouge	\$4.23
New Iberia	\$4.90
New Orleans	\$7.65

Source: LUS. Rates as of October 2018.

(1) Assumes monthly water consumption of 7,000 gallons per month.

**Table 14**  
**Water System**  
**Commercial Rate Comparison**

<u>Utility</u>	<u>Average</u> <u>(\$/1,000 gallons) <sup>(1)</sup></u>
<b>LUS</b>	<b>\$2.94</b>
Alexandria	\$3.07
Shreveport	\$3.78
Baton Rouge	\$3.87
New Iberia	\$4.12
Lake Charles	\$4.15
New Orleans	\$8.04

Source: NewGen. Rates as of October 2018

(1) Assumes monthly consumption of 30,000 gallons and a 2-inch meter.

## Historical Financial Performance

Historical Water System debt service includes a portion of the Series 2004 Bonds, a portion of the Series 2010 Bonds, a portion of the Series 2012 Bonds, and a portion of the Series 2017 Bonds. Table 15 shows historical debt service and the associated DSCR. In each year since 2014, the DSCR has exceeded the minimum coverage requirement of 1.0 required by the Bond Ordinances.

**Table 15**  
**Water System**  
**Historical Debt Service Coverage**

<b><u>FY</u></b>	<b><u>Operating Revenues <sup>(1)</sup></u></b>	<b><u>Operating Expenses <sup>(2)</sup></u></b>	<b><u>Net Available Revenues</u></b>	<b><u>Debt Service <sup>(3)</sup></u></b>	<b><u>Debt Service Coverage Ratio</u></b>
2014	\$17,783,466	\$12,950,319	\$4,833,147	\$1,809,191	2.7
2015	\$18,284,817	\$13,099,239	\$5,185,577	\$1,802,076	2.9
2016	\$18,593,541	\$13,761,106	\$4,832,435	\$1,801,748	2.7
2017	\$19,822,196	\$13,965,819	\$5,856,377	\$1,415,916	4.1
2018	\$21,736,544	\$14,126,577	\$7,609,967	\$1,726,379	4.4

Source: LUS Financial and Operating Statements, 2014 through 2017 audited, 2018 unaudited.

(1) Operating Revenues include interest income and other miscellaneous revenue.

(2) Operating Expenses include O&M and other expenses such as customer service and A&G costs. Operating Expenses do not include ILOT, normal capital and special equipment, and other miscellaneous expenses.

(3) Debt Service was prepared on a cash basis. Debt Service includes a portion of the Series 2004 Bonds, a portion of the Series 2010 Bonds, a portion of the Series 2012 Bonds and a portion of the Series 2017 Bonds. In 2014, the Series 2004 Bonds were partially refunded and defeased by the Series 2012 Bonds. By 2020, the Series 2010 Bonds will be fully redeemed by the proceeds of the Series 2017 Bonds.

### **Wastewater System Description**

As of 2018, LUS provided wastewater services to 45,019 customers. The Wastewater System is comprised of a wastewater collection system, four wastewater treatment plants at various locations throughout the City, and waste sludge management and disposal facilities. The total combined permitted treatment capacity for the four plants is 18.5 MGD. In addition, LUS is responsible for integrating small, community-type package wastewater treatment plants into the main Wastewater System. These package plants serve subdivisions and rural areas that are not currently in the LUS service area.

Wastewater System collection volumes decreased in 2018 by 7.7 percent from 2017 collection volumes. The collection volumes vary with weather related events. Historical and projected Wastewater System collection volumes are shown in Table 16. Future wastewater volumes are projected to increase at an average 0.5 percent over the Projected Period.

**Table 16**  
**Wastewater System**  
**Historical and Projected Retail Collection**

<u>FY</u>	<u>Retail Collection (1,000 gallons)</u>	<u>Daily Average Collection (MGD)</u>	<u>Growth</u>
<b>Historical <sup>(1)</sup></b>			
2014	5,476,065	15.0	(4.4%)
2015	5,734,225	15.7	4.7%
2016	6,267,402	17.2	9.3%
2017	5,768,832	15.8	(8.0%)
2018	5,326,815	14.6	(7.7%)
<b>Projected <sup>(2)</sup></b>			
2019	5,764,418	15.8	8.2%
2020	5,809,890	15.9	0.8%
2021	5,851,959	16.0	0.7%
2022	5,888,669	16.1	0.6%
2023	5,921,464	16.2	0.6%
2024	5,951,880	16.3	0.5%
2025	5,980,337	16.4	0.5%
2026	6,007,263	16.4	0.5%
2027	6,033,169	16.5	0.4%
2028	6,057,968	16.6	<u>0.4%</u>
Compounded Annual Growth Rate (2019-2028)			0.6%

Source: NewGen and LUS. LUS Financial and Operating Statements, 2014 through 2017 audited, 2018 unaudited.

(1) Annual collection volumes vary with weather. The 2016 volume reflects a wet weather event.

(2) Retail collection volumes based on customer growth and historical collection per customer.

## Wastewater Treatment

The four main wastewater treatment plants include East Sewage Treatment Plant (the “ESTP”), SSTP, ACTP, and NETP. SSTP and ESTP are activated sludge facilities with permitted capacities of 7.0 MGD and 4.0 MGD, respectively. ACTP is a 6.0 MGD treatment plant that was originally constructed with rotating biological contactors (“RBC”) and an oxidation ditch, but the SBR has since replaced the RBC process. LUS finds the SBR system to be extremely efficient and flexible by easily processing varying flow ranges. NETP is an oxidation ditch treatment facility with a 1.5 MGD permitted capacity. The total permitted capacity for the Wastewater System is 18.5 MGD. The total treatment capacity of the Wastewater System, including the plant treatment capacity and storage is 33.5 MGD.

LUS purchased land surrounding the existing SSTP site for future construction of additional retention and treatment facilities to serve growth in the system and the potential addition of packaged plants in the area. The planned expansion will increase the capacity of the SSTP from 7.0 MGD to a total capacity of 12.0 MGD. Phase 1 of the SSTP expansion project includes belt filter presses and is expected to be complete this year. Phase 2 includes digesters for solids handling and is scheduled to be bid for construction in 2019.

## **Wastewater Collection**

The collection system consists of 583 miles of gravity sewer collector pipes and interceptors, 12,716 sanitary sewer manholes, 188 sanitary sewer lift stations, and 90 miles of sewer force mains. As the City area is relatively flat, with little to no elevation relief, the wastewater collection system requires a significant number of lift stations to pump and re-pump wastewater to the four treatment plants. The 188 sanitary sewer lift stations consist of approximately 30 percent Gorman Rupp style suction lift stations and 60 percent submersible stations of various makes and descriptions.

LUS is also charged with the responsibility of assimilating small, community-type package wastewater treatment plants into the Wastewater System. These package plants are increasingly utilized to serve subdivisions and rural areas that are not currently in the LUS service area. To date, 18 package wastewater treatment plants are now operated and maintained as LUS' Wastewater System infrastructure, with two or three additional package plants likely to be added in 2019. Each of the package plants carries its own discharge permit, and their relatively isolated locations mean that they do not affect LUS capacity as both treatment and discharge are located at the package plant site. Additional packaged plant integration capacity will be provided by the future SSTP and Wastewater System expansions should those service areas be incorporated into the existing collection system.

## **Operations and Related Performance**

In 2018, the average daily wastewater volume treated by the four plants was 14.6 MGD. The average operating volumes treated by the four plants is less than each plant's permitted capacity except ACTP. ACTP's average wastewater flow is at its permitted level of 6.0 MGD. While the flows are at the permitted level, the SBR system at ACTP can treat up to 9.25 MGD as a peak or maximum flow. ACTP treats wastewater flows above its permitted levels in times of emergency operations or diversions to replace or repair other plant or collection system infrastructure. This situation occurred once in 2018 due to a wet weather event and over the last five years has averaged five times per year.

In April 2017, the U.S. EPA performed an audit of the LUS sanitary sewer system. LUS provided requested documentation, including the wastewater master plan and flow studies. The U.S. EPA also toured the four wastewater plants and select lift stations. The U.S. EPA took no issues with the LUS work order system or the process by which wastewater complaints are addressed and repairs made. Minor maintenance issues were noticed and documented.

The final results of the U.S. EPA's audit were presented to LUS in May 2018 in the form of an administrative order. The order requires the preparation and implementation of a Capacity, Management, Operation, and Maintenance Program by May 1, 2020. This program is designed to assist municipalities and utilities to create a framework for implementation of best practices for managing, operating, and maintaining a wastewater system. In LUS' case, this includes regularly scheduled testing and repair of sewerage infrastructure. The order requires 10 percent of the collection system be inspected each year, with found defects addressed within three years. This has required LUS to increase the frequency of its inspections of the collection system. The increase in the frequency of inspections began in November 2018. In preparation for this program, LUS increased its annual budget for Closed Circuit Television Video inspection and inflow and infiltration repairs in the CIP. Another audit recommendation included development of standard operating procedures ("SOPs") for all sewage pump/lift stations be left at the sites for operator reference. LUS does not expect any material difficulties or have any material concerns complying with the order.

LUS disposes of biosolids, the sludge byproduct of water and wastewater treatment plant operation, to privately owned farmland disposal sites leased by LUS. Waste sludge is transported and applied to privately owned land farms that are under lease to LUS for that purpose. Each of the leased locations is an active farming operation. LUS is required to accommodate their farming activities such as crop and livestock rotation, and access to farming operations during inclement weather. This arrangement makes it necessary for LUS to secure more acreage than is required for biosolids disposal. LUS currently leases approximately 2,700 acres for sludge disposal, with year-to-year leases that each include a 30-day notice end-of-lease clause.

In August 2017, LUS was notified by the farmer of one of the larger sites that biosolids could no longer be disposed of on his site. This leaves LUS with only three large sites available and limited back-up capacity

should other farmers terminate their agreements. LUS has evaluated purchasing and owning land to dispose of the biosolids to eliminate the reliance on the multiple active farm leases, which could be cancelled with 30-day notice. As LUS currently treats biosolids to Class B sludge, disposal requires approximately 300 acres of land. If the land purchase is not feasible, LUS would be driven to generate Class A biosolids, and then find properties suitable for sludge application as a soil amendment rather than as a fertilizer component. Class A sludge treatment relegates the biosolids useless as a fertilizer, thus would be disposed of as a soil amendment.

### ***Security***

Based on site visits and discussions with LUS, we learned that the physical security includes the use of fencing, magnetic gates, card swipes, and key pads at critical facilities. LUS security protocols also include employee and contractor background checks, routine training on requirements and policies, and standard entry procedures for all electric facilities.

### **Environmental and Regulatory Compliance Issues**

LUS has environmental compliance and testing staff to provide direct environmental compliance support for the Water and Wastewater Systems. The testing lab is certified through February 2021 by the State of Louisiana to perform the majority of the tests necessary for potable water quality reports and wastewater discharge monitoring reports (“DMR”). All wastewater systems in Louisiana are required to file an annual Municipal Water Pollution Prevention audit report for each operating facility. These reports, among other things, compare the design hydraulic and biological treatment capacity of each plant with the actual conditions to identify plant design capacity exceedances. At times, LUS exceeds the design flow capacity at its wastewater treatment plants. Planned improvements to wet-weather holding facilities and head-works facilities will help to alleviate capacity exceedances related to excessive rainfall events.

The Clean Water Act of 1972 requires all states to participate in the National Pollutant Discharge Elimination System (“NPDES”), and to file DMRs regarding wastewater quality at the point of discharge or introduction into the environment. The Vermilion River is considered oxygen deficient; therefore, LUS must comply with the limitations established for the release of carbonaceous biological oxygen demand and ammonia nitrogen (“NH<sub>3</sub>”) into the river. Discharge permits were issued to LUS for each operating unit by the LDEQ that reflect the total maximum daily loading standards set for the Vermilion River in 2003.

The wastewater discharge permit renewals for all four plants expire in the fall of 2019. LUS has begun the renewal process and expects the permit renewals by fall of 2019. All renewed permits contain identical effluent limits for biological oxygen demand, total suspended solids, ammonia nitrogen, dissolved oxygen, total residual chlorine, and pH, and have not changed as a result of the renewals. The quality of various discharge parameters of each treatment unit is recorded on DMRs and submitted monthly to LDEQ. The 2018 DMRs for the various treatment plants and operating units indicate all operating units were in compliance with NPDES discharge limits, no notices of violation of effluent limits were received, LUS is current with all fees and report submittals, and there were no public complaints received in 2018. LUS does not expect any rejections or delays in the renewal of the Wastewater System environmental or operating permits.

New rules from the U.S. EPA for dental facilities concerning discharges containing Amalgam have been approved. LUS is contacting local facilities regarding types of waste being discharged to issue proper certifications. The U.S. EPA will begin enforcement of the new rules in July 2020.

LUS completed its evaluation of guidance from the U.S. EPA regarding national air emission standards for hazardous pollutants. It was determined that these regulations do not apply to the LUS wastewater treatment facilities.

### **Contracts**

LUS is currently under contract for wastewater O&M for the Grossie Avenue area. This area includes a small number of customers served by a separately owned wastewater collection system. This agreement was made in 1995 via a U.S. Department of Housing and Urban Development grant. Flows from the approximately 50 customers are treated at the ESTP. The 40-year agreement expires in August 2035.



## Competition and Benchmarking

LUS' residential and commercial wastewater rates are similar to and competitive with the utilities benchmarked in the state and surrounding region. The following tables compare the average residential and commercial rates for selected wastewater utilities in the region.

**Table 17**  
**Wastewater System**  
**Residential Rate Comparison**

<u>Utility</u>	<u>Average</u> <u>(\$/1,000 gallon) <sup>(1)</sup></u>
Alexandria	\$3.32
Lake Charles	\$4.33
New Iberia	\$4.93
Baton Rouge	\$6.15
<b>LUS</b>	<b>\$7.13</b>
Shreveport	\$9.62
New Orleans	\$10.26

Source: LUS. Rates as of October 2018.

(1) Assumes monthly water consumption of 7,000 gallons per month.

**Table 18**  
**Wastewater System**  
**Commercial Rate Comparison**

<u>Utility</u>	<u>Average</u> <u>(\$/1,000 gallon) <sup>(1)</sup></u>
Alexandria	\$2.41
Lake Charles	\$3.88
<b>LUS</b>	<b>\$6.69</b>
Baton Rouge	\$7.95
Shreveport	\$8.70
New Orleans	\$10.89

Source: NewGen. Rates as of October 2018.

(1) Assumes monthly consumption of 30,000 gallons and a 2-inch meter.

## Historical Financial Performance

Historical Wastewater System debt service includes the Series 1996 Bonds, a portion of the Series 2004 Bonds, a portion of the Series 2010 Bonds, a portion of the Series 2012 Bonds, and a portion of the Series 2017 Bonds. Table 19 shows historical debt service and the associated DSCR. In each year since 2014, the DSCR has exceeded the minimum coverage requirement of 1.0 required by the Bond Ordinances.

**Table 19**  
**Wastewater System**  
**Historical Debt Service Coverage**

<b><u>FY</u></b>	<b><u>Operating Revenues <sup>(1)</sup></u></b>	<b><u>Operating Expenses <sup>(2)</sup></u></b>	<b><u>Net Available Revenues</u></b>	<b><u>Debt Service <sup>(3)</sup></u></b>	<b><u>Debt Service Coverage Ratio</u></b>
2014	\$28,735,575	\$17,428,365	\$11,307,211	\$4,672,103	2.4
2015	\$29,119,216	\$17,566,682	\$11,552,534	\$4,621,420	2.5
2016	\$29,144,574	\$18,295,151	\$10,849,422	\$4,619,524	2.3
2017	\$30,790,307	\$18,685,538	\$12,104,769	\$4,270,621	2.8
2018	\$32,379,226	\$18,551,271	\$13,827,956	\$3,363,806	4.1

Source: LUS Financial and Operating Statements, 2014 through 2017 audited, 2018 unaudited.

(1) Operating Revenues include interest income and other miscellaneous revenue.

(2) Operating Expenses include O&M and other expenses such as customer service and A&G costs. Operating Expenses do not include ILOT, normal capital and special equipment, and other miscellaneous expenses.

(3) Debt Service was prepared on a cash basis. Debt Service includes the Series 1996 Bonds, a portion of the Series 2004 Bonds, a portion of the Series 2010 Bonds, a portion of the Series 2012 Bonds and a portion of the Series 2017 Bonds. In 2014, the Series 2004 Bonds were partially refunded and defeased by the Series 2012 Bonds. The Series 1996 Bonds matured on November 1, 2017. By 2020, the Series 2010 Bonds will be fully redeemed by the proceeds of the Series 2017 Bonds.

### **Projected Operating Results**

This section contains forward looking financial statements based on NewGen's current expectations and projections about future events and financial trends regarding the Utilities System. Projections as contained herein reflect estimates of what might occur in the future based on the information available to NewGen as of the date of this Report. NewGen cannot predict the future or guarantee future financial performance of the Utilities System. To the extent that assumptions used in these projections vary from those observed, financial performance as presented herein will vary from actual performance. NewGen prepared a 10-year projection of financial and operating data for each of the Electric, Water, and Wastewater Systems. Projections were based on NewGen's review of historical operating results, the 2019 Budget, visual observations of the Utilities System assets, and other assumptions and considerations as listed in the Report. The projections prepared by NewGen are for the Projected Period of November 1, 2018 through October 31, 2028. LUS provided actual historical data for 2014 through 2018.

### **Information and Assumptions Relied Upon**

The projected operating results for the Utilities System rely upon the following information and assumptions gathered in the course of our review.

1. NewGen assumed LUS will operate and maintain the Utilities System following prudent utility practices. Prudent utility practices mean practices, methods, and acts that would be expected to accomplish the desired results in a workmanlike manner consistent with applicable laws and other government requirements and reliability, safety, and environmental protection.
2. NewGen assumed LUS will hire and maintain competent personnel. If needed, LUS will provide training to personnel to ensure the safety of personnel and reliability of the utility.
3. NewGen assumed LUS will maintain and renew any required permits or approvals related to the utility including electric, water, and wastewater treatment plants and sites.

4. NewGen assumed there will not be further regulation of LUS facilities that require major capital expenditures for LUS to be in compliance beyond those referenced in this Report and included in the LUS CIP.
5. NewGen assumed the Rodemacher Unit 2, Hargis-Hébert Plant, and T. J. Labbé Plant will be maintained and operated in good condition throughout the Projected Period.
6. NewGen assumed the water treatment plants, ground water wells, and system will be maintained and operated in good condition throughout the Projected Period.
7. NewGen assumed the wastewater treatment plants and system will be maintained and operated in good condition throughout the Projected Period.
8. NewGen assumed that all existing contracts will be honored. NewGen assumed that the Utilities System would extend or replace any expired contracts as needed.
9. NewGen assumed standard operating procedure for LUS and did not include the effects of any event outside of LUS' control including events traditionally considered force majeure.
10. NewGen assumed LUS will have adequate coal, natural gas, and water supply for operation of the power plants.
11. NewGen assumed LUS will have adequate water supply from the Chicot aquifer to meet the customers' needs.
12. NewGen assumed that LUS will continue to be a market participant in MISO including providing capacity and meeting all other operational and financial requirements.
13. NewGen assumed adequate transmission access in MISO to buy and sell power as needed.
14. Utilities System financial and operating data was provided by LUS and LCG. LPPA financial and operating data was provided by LUS, LPPA and Cleco staff. Data provided includes historical financial and operating data for 2014 through 2018, the 2019 Budget, and an LPPA Operating and Capital Budget.
15. The Underwriters provided information on the proposed Series 2019 Bonds.
16. NewGen relied upon an hourly dispatch model provided by ACES Power LLC. Using this forecast, assumptions pertaining to the dispatch of LUS' generating units and Rodemacher Unit 2 were developed. The model projected MISO market purchases, MISO market sales, fuel costs associated with Rodemacher Unit 2, Hargis-Hébert Plant, and T. J. Labbé Plant. The structure of LUS' electric rates enable the direct pass through of MISO power supply costs, fuel costs, certain LPPA costs, environmental, and other eligible costs directly to customers.
17. Future costs associated with emissions or potential environmental compliance have not been included in the projected operating results. The implementation and financial impacts of the CPP are evolving and currently unknown. The Projected Period does not include any capital or debt associated with compliance with the CPP. All operating expenses associated with environmental compliance are included in the Fuel Charge ("FC") and passed through to customers.
18. NewGen relied upon the most recent semi-annual Blue Chip Economic Indicator projection of gross domestic product ("GDP"), dated March 2019. The GDP was used to escalate O&M expenses and capital. Per the Blue Chip forecast, the annual GDP is projected to be 2.1 percent over the Projected Period.
19. NewGen relied upon the March 2019 Blue Chip Economic Indicator Report projection of the 3-month Treasury Bill for short-term and long-term investments.

20. Projected interest costs associated with future Utilities System bonds were assumed to vary from 4.0 to 5.0 percent. NewGen assumed that future bond terms will be 25 years with level annual debt service.

### **Important Assumptions Impacting Utilities System Projected Operating Results**

Although there are many variables that influence the Utilities System projected operating results, a few key variables have an important influence on the financial integrity of the systems. These variables include growth in:

- Electric and water sales;
- Adequacy of rates and rate structure; and
- Capital additions and improvements associated with the Utilities System.

Sustained growth in electric and water sales reduces the frequency of rate increases and provides an increasing revenue stream. The Electric System rate structure includes base rates and a monthly FC. The FC continues on a month-to-month basis until which time the Utilities Director determines that eligible costs warrant an adjustment to the current charge. The FC passes fuel, purchased power, environmental, and other eligible costs directly to customers. This mechanism protects LUS from the financial risk associated with unforeseen and potentially detrimental volatility in power costs that may be associated with the MISO market.

The Utilities System is capital intensive. Each system must be maintained and expanded to meet customer growth, increasing demands, and applicable regulations. This ensures a high-level of reliability.

### ***Revenue Projection***

Historically, electric and water sales have shown steady growth as described earlier in this Report. Projected operating results assume that electric retail sales (kWh) will grow at a compounded annual rate of approximately 0.3 percent over the Projected Period. Water retail sales (gallons) are projected to grow at a compounded annual rate of approximately 0.6 percent, and wholesale sales project growth at a compounded annual rate of approximately 1.0 percent over the Projected Period. The wholesale sales projection assumes the loss of one wholesale customer in 2020. The discontinued water wholesale customer represented 3.6 percent of the Water System's revenues in 2018. Wastewater sales are a function of water retail sales.

The revenue projection assumes periodic rate increases as indicated in Tables 20, 21, and 22. Rate increases are required to meet system operating costs, debt service coverage, capital planning requirements, the ILOT test, and minimum cash reserve requirements. As shown in Table 20, based on the assumptions contained in this Report, the Electric System does not need rate increases during the 2019 through 2028 period. Depending on the results of the proposed IRP, the assumptions may change.

**Table 20**  
**Electric System**  
**Projected Electric Retail Sales and Revenues**

<b><u>FY</u></b>	<b><u>Retail Sales (MWh) <sup>(1)</sup></u></b>	<b><u>Retail Sales: Base Rate Revenue <sup>(2)</sup></u></b>	<b><u>Retail Sales: FC Revenue</u></b>	<b><u>Other Revenue</u></b>	<b><u>Total Operating Revenues</u></b>	<b><u>Electric Base Rate Increase</u></b>
2019	1,997,591	\$101,667,106	\$80,023,497	\$5,207,375	\$186,897,978	0.0%
2020	2,001,413	\$101,934,439	\$78,915,721	\$5,392,018	\$186,242,178	0.0%
2021	2,005,403	\$102,209,661	\$78,792,299	\$5,462,392	\$186,464,352	0.0%
2022	2,012,174	\$102,468,864	\$77,187,009	\$5,743,663	\$185,399,537	0.0%
2023	2,019,108	\$102,703,791	\$75,918,454	\$6,194,197	\$184,816,442	0.0%
2024	2,025,707	\$102,921,295	\$78,475,878	\$6,471,497	\$187,868,670	0.0%
2025	2,032,009	\$103,123,480	\$80,691,096	\$6,728,064	\$190,542,640	0.0%
2026	2,038,027	\$103,311,657	\$82,805,030	\$6,877,435	\$192,994,121	0.0%
2027	2,043,777	\$103,487,470	\$83,835,737	\$6,987,844	\$194,311,051	0.0%
2028	2,049,275	\$103,651,479	\$85,864,638	\$7,072,841	\$196,588,958	0.0%

Source: NewGen and LUS.

(1) Electric System projections based on Load Forecast for LUS developed by Burns & McDonnell. The retail sales do not include transmission or distribution losses.

(2) Base Rate Revenue projections reflect revenue from customer, energy, and demand charges by customer class.

The FC revenue, as shown in Table 20, includes the following items: MISO market purchases less market sales, transmission associated with purchased power, capacity and energy contracts, the REC contract, LPPA fuel and fuel handling costs, LPPA rail car debt service, LPPA MATS debt service, LPPA MATS O&M, LPPA reagents, LUS fuel costs, hydroelectric purchased power contract and TEA costs.

**Table 21**  
**Water System**  
**Projected Retail and Wholesale Sales and Revenues**

<b>FY</b>	<b>Retail Sales (1,000 gallons) <sup>(1)</sup></b>	<b>Wholesale Sales (1,000 gallons) <sup>(2)</sup></b>	<b>Retail Sales Revenue</b>	<b>Wholesale Sales Revenue</b>	<b>Other Revenue</b>	<b>Total Operating Revenues</b>	<b>Water Retail Rate Increase <sup>(3)</sup></b>
2019	5,453,696	2,310,057	\$15,161,274	\$6,188,219	\$839,219	\$22,188,713	0.0%
2020	5,496,717	2,410,870	\$15,280,873	\$6,456,519	\$1,008,902	\$22,746,294	0.0%
2021	5,536,518	2,201,063	\$15,723,710	\$6,311,553	\$962,623	\$22,997,887	2.0%
2022	5,571,249	2,269,867	\$16,156,623	\$6,588,071	\$912,563	\$23,657,257	2.0%
2023	5,602,277	2,343,307	\$16,582,740	\$7,264,345	\$949,519	\$24,796,604	2.0%
2024	5,631,053	2,376,816	\$17,005,779	\$7,451,652	\$948,693	\$25,406,124	2.0%
2025	5,657,977	2,411,079	\$17,426,568	\$8,067,409	\$925,024	\$26,419,001	2.0%
2026	5,683,451	2,446,114	\$17,846,035	\$8,277,294	\$890,859	\$27,014,188	2.0%
2027	5,707,961	2,481,941	\$18,265,474	\$8,963,304	\$863,724	\$28,092,502	2.0%
2028	5,731,423	2,518,581	\$18,684,439	\$9,198,580	\$844,078	\$28,727,097	2.0%

Source: NewGen and LUS.

(1) Retail Sales projections based on customer growth and historical usage per customer.

(2) Wholesale sales volumes were based on specific growth forecasts for wholesale customers. The decrease in Wholesale Sales reflects discontinued service to a wholesale customer.

(3) Water Wholesale rate increases are 8.0 percent in each of the years 2021, 2023, 2025, and 2027.

**Table 22**  
**Wastewater System**  
**Projected Retail Collection and Revenues**

<b>FY</b>	<b>Retail Collection (1,000 gallons) <sup>(1)</sup></b>	<b>Retail Sales Revenue</b>	<b>Other Revenue</b>	<b>Total Operating Revenue</b>	<b>Wastewater Rate Increase</b>
2019	5,764,418	\$31,718,328	\$1,543,526	\$33,261,853	0.0%
2020	5,809,890	\$31,968,534	\$1,895,001	\$33,863,535	0.0%
2021	5,851,959	\$32,833,161	\$1,928,689	\$34,761,850	2.0%
2022	5,888,669	\$33,721,756	\$1,871,890	\$35,593,646	2.0%
2023	5,921,464	\$34,595,989	\$1,896,268	\$36,492,257	2.0%
2024	5,951,880	\$35,463,643	\$1,976,119	\$37,439,762	2.0%
2025	5,980,337	\$36,326,459	\$2,030,142	\$38,356,601	2.0%
2026	6,007,263	\$37,232,813	\$1,950,144	\$39,182,957	2.0%
2027	6,033,169	\$38,139,381	\$1,840,464	\$39,979,845	2.0%
2028	6,057,968	\$39,045,222	\$1,734,527	\$40,779,749	2.0%

Source: NewGen and LUS.

(1) Retail collection volumes based on customer growth and historical collection per customer.

Table 23 summarizes the combined revenues of the Electric, Water, and Wastewater Systems.

**Table 23**  
**Utilities System**  
**Operating Revenues**

<u><b>FY</b></u>	<u><b>Total Operating Revenues <sup>(1)</sup></b></u>
2019	\$242,348,544
2020	\$242,852,007
2021	\$244,224,088
2022	\$244,650,439
2023	\$246,105,303
2024	\$250,714,557
2025	\$255,318,242
2026	\$259,191,266
2027	\$262,383,398
2028	\$266,095,804

Source: NewGen and LUS.

(1) Total Operating Revenues include revenue from base rates, fuel charges, interest income, and other miscellaneous revenues.

### ***Expense Projection***

The Utilities System's largest expenses are related to purchased power and the power generation function. NewGen relied upon an hourly dispatch model provided by ACES Power LLC. Using this forecast, assumptions pertaining to the dispatch of LUS' generating units were developed. The model projected MISO market purchases, MISO market sales, and LUS fuel costs associated with Rodemacher Unit 2, Hargis-Hébert Plant, and the T. J. Labbé Plant.

The structure of LUS' electric rates and the FC enable the direct pass through of MISO power supply costs, eligible LPPA costs, environmental, and other eligible costs and credits to customers. The Utilities Director may adjust the FC monthly to ensure that the charge adequately recovers eligible costs as closely as possible. LPPA fuel and fuel handling costs, reagent costs, MATS O&M costs, debt service associated with the rail cars, and debt service associated with the MATS project are included in the FC calculation. Over the Projected Period, approximately 80 percent of LPPA debt service is passed through the FC. Electric System base rates recover the remaining LPPA debt service obligation.

Other Electric System operating expenses include transmission, distribution, customer service, and A&G expenses. Water System operating expenses include production, distribution, customer service, and A&G expenses. Water production is the largest expense for the Water System. Wastewater System operating expenses include treatment, collection, customer service, and A&G expenses. Wastewater treatment is the largest expense for the Wastewater System.

As a result of these assumptions, Tables 24, 25, and 26 summarize the Electric, Water, and Wastewater Systems' expense projections.

**Table 24**  
**Electric System**  
**Projected Operating Expenses**

<u>FY</u>	<u>Production</u>	<u>Transmission <sup>(1)</sup></u>	<u>Distribution</u>	<u>Customer Accounts Service &amp; Sales</u>	<u>Administrative &amp; General</u>	<u>Total Operating Expenses <sup>(2)</sup></u>
2019	\$94,669,063	\$8,532,842	\$12,280,832	\$2,843,691	\$12,344,472	\$130,670,901
2020	\$98,036,439	\$8,712,032	\$12,538,729	\$2,894,214	\$12,603,706	\$134,785,120
2021	\$96,108,068	\$7,925,239	\$12,802,042	\$2,949,182	\$12,868,384	\$132,652,916
2022	\$97,237,766	\$3,141,119	\$13,070,885	\$3,002,662	\$13,138,620	\$129,591,053
2023	\$99,881,045	\$3,207,083	\$13,345,374	\$3,057,775	\$13,414,531	\$132,905,807
2024	\$97,100,712	\$3,274,431	\$13,625,627	\$3,120,662	\$13,696,236	\$130,817,668
2025	\$99,805,306	\$3,343,194	\$13,911,765	\$3,184,084	\$13,983,857	\$134,228,207
2026	\$102,423,552	\$3,413,401	\$14,203,912	\$3,248,576	\$14,277,518	\$137,566,959
2027	\$103,957,429	\$3,485,083	\$14,502,194	\$3,312,378	\$14,577,346	\$139,834,430
2028	\$106,501,321	\$3,558,270	\$14,806,740	\$3,379,145	\$14,883,471	\$143,128,947

Source: NewGen and LUS.

(1) The Transmission Expense decrease in 2021 and 2022 represents the expiration of the Cleco contract. Estimates provided to LUS by other consultants indicate that the replacement transmission from MISO will be significantly more cost effective.

(2) Total Operating Expenses do not include debt service, ILOT, normal capital and special equipment, or other expenses.

**Table 25**  
**Water System**  
**Projected Operating Expenses**

<u>FY</u>	<u>Production</u>	<u>Distribution</u>	<u>Customer Accounting, Collecting Service and Information</u>	<u>Administrative &amp; General</u>	<u>Total Operating Expenses <sup>(1)</sup></u>
2019	\$5,648,738	\$2,893,927	\$1,224,276	\$4,664,980	\$14,431,921
2020	\$5,825,779	\$2,522,348	\$1,247,613	\$4,762,945	\$14,358,685
2021	\$5,875,827	\$2,577,561	\$1,272,313	\$4,862,966	\$14,588,667
2022	\$6,041,802	\$2,633,688	\$1,296,850	\$4,965,089	\$14,937,429
2023	\$6,213,731	\$2,690,818	\$1,322,034	\$5,069,356	\$15,295,938
2024	\$6,380,227	\$2,749,051	\$1,349,455	\$5,175,812	\$15,654,545
2025	\$6,549,823	\$2,808,430	\$1,377,248	\$5,284,504	\$16,020,006
2026	\$6,723,355	\$2,868,999	\$1,405,558	\$5,395,479	\$16,393,391
2027	\$6,898,872	\$2,930,813	\$1,433,934	\$5,508,784	\$16,772,403
2028	\$7,081,306	\$2,993,889	\$1,463,326	\$5,624,468	\$17,162,990

Source: NewGen and LUS.

(1) Total Operating Expenses do not include debt service, ILOT, normal capital and special equipment, or other expenses.



**Table 26**  
**Wastewater System**  
**Projected Operating Expenses**

<b><u>FY</u></b>	<b><u>Treatment</u></b>	<b><u>Collection</u></b>	<b><u>Customer Accounting, Collecting, Service and Information</u></b>	<b><u>Administrative &amp; General</u></b>	<b><u>Total Operating Expenses <sup>(1)</sup></u></b>
2019	\$7,052,099	\$5,452,094	\$1,399,679	\$5,923,430	\$19,827,303
2020	\$7,187,798	\$5,557,579	\$1,425,810	\$6,047,822	\$20,219,009
2021	\$7,329,641	\$5,668,434	\$1,453,690	\$6,174,827	\$20,626,591
2022	\$7,466,221	\$5,775,751	\$1,481,218	\$6,304,498	\$21,027,688
2023	\$7,606,172	\$5,886,329	\$1,509,505	\$6,436,892	\$21,438,899
2024	\$7,765,060	\$6,012,357	\$1,540,734	\$6,572,067	\$21,890,218
2025	\$7,925,141	\$6,139,664	\$1,572,340	\$6,710,081	\$22,347,226
2026	\$8,087,608	\$6,269,138	\$1,604,517	\$6,850,992	\$22,812,255
2027	\$8,248,402	\$6,397,345	\$1,636,644	\$6,994,863	\$23,277,254
2028	\$8,416,554	\$6,531,716	\$1,670,023	\$7,141,755	\$23,760,049

Source: NewGen and LUS.

(1) Total Operating Expenses do not include debt service, ILOT, normal capital and special equipment, or other expenses.

### ***Debt Service***

Current Utilities System debt service includes payments of principal and interest on the Series 2010 Bonds, Series 2012 Bonds, and Series 2017 Bonds. Projected operating results assume future bond issues to fund a portion of the Utilities System capital requirements. New debt service includes the Series 2019 Bonds and a projected bond issue in 2023.

According to the PSC, the LPPA costs are passed to LUS as purchased power costs, which are considered operating expenses. As a result of being defined as operating expenses, the LPPA expenses and debt service have priority over LUS debt.

If the Communications System is unable to make its debt service payment (a Credit Event), the covenants in the Communications System Bond Ordinance require that the Utilities System meet the credit obligation of the Communications System with funds available in the Utilities System Capital Additions Fund after LUS meets its own debt service requirements.

Tables 27, 28, 29, and 30 show projected debt service for each system and the Utilities System and the associated DSCR. In each year from 2019 to 2028, the DSCR is projected to exceed the minimum coverage requirement of 1.0 required by the Bond Ordinances.

**Table 27**  
**Electric System**  
**Projected Debt Service Coverage**

<b><u>FY</u></b>	<b><u>Operating Revenues</u> <sup>(1)</sup></b>	<b><u>Operating Expenses</u> <sup>(2)</sup></b>	<b><u>Net Available Revenues</u></b>	<b><u>Debt Service</u> <sup>(3)</sup></b>	<b><u>Debt Service Coverage Ratio</u></b>
2019	\$186,897,978	\$130,670,901	\$56,227,077	\$16,628,440	3.4
2020	\$186,242,178	\$134,785,120	\$51,457,058	\$17,291,939	3.0
2021	\$186,464,352	\$132,652,916	\$53,811,435	\$17,138,321	3.1
2022	\$185,399,537	\$129,591,053	\$55,808,484	\$17,136,334	3.3
2023	\$184,816,442	\$132,905,807	\$51,910,635	\$17,141,095	3.0
2024	\$187,868,670	\$130,817,668	\$57,051,002	\$17,139,874	3.3
2025	\$190,542,640	\$134,228,207	\$56,314,433	\$17,138,353	3.3
2026	\$192,994,121	\$137,566,959	\$55,427,162	\$17,141,009	3.2
2027	\$194,311,051	\$139,834,430	\$54,476,621	\$17,138,322	3.2
2028	\$196,588,958	\$143,128,947	\$53,460,011	\$16,114,247	3.3

Source: NewGen and LUS.

- (1) Operating Revenues include interest income and other miscellaneous revenue.
- (2) Operating Expenses include O&M and other expenses such as customer service and A&G costs. Operating Expenses do not include ILOT, normal capital and special equipment, and other miscellaneous expenses.
- (3) Debt Service was prepared on a cash basis. Debt Service includes a portion of the Series 2010 Bonds, a portion of the Series 2012 Bonds, a portion of the Series 2017 Bonds, and a portion of the proposed Series 2019 Bonds. By 2020, the Series 2010 Bonds will be fully redeemed by the proceeds of the Series 2017 Bonds

**Table 28**  
**Water System**  
**Projected Debt Service Coverage**

<b><u>FY</u></b>	<b><u>Operating Revenues</u> <sup>(1)</sup></b>	<b><u>Operating Expenses</u> <sup>(2)</sup></b>	<b><u>Net Available Revenues</u></b>	<b><u>Debt Service</u> <sup>(3)</sup></b>	<b><u>Debt Service Coverage Ratio</u></b>
2019	\$22,188,713	\$14,431,921	\$7,756,792	\$1,906,800	4.1
2020	\$22,746,294	\$14,358,685	\$8,387,609	\$2,298,368	3.6
2021	\$22,997,887	\$14,588,667	\$8,409,220	\$2,229,178	3.8
2022	\$23,657,257	\$14,937,429	\$8,719,828	\$2,228,894	3.9
2023	\$24,796,604	\$15,295,938	\$9,500,666	\$2,230,190	4.3
2024	\$25,406,124	\$15,654,545	\$9,751,580	\$2,229,821	4.4
2025	\$26,419,001	\$16,020,006	\$10,398,995	\$2,230,674	4.7
2026	\$27,014,188	\$16,393,391	\$10,620,797	\$2,229,869	4.8
2027	\$28,092,502	\$16,772,403	\$11,320,098	\$2,231,347	5.1
2028	\$28,727,097	\$17,162,990	\$11,564,107	\$2,209,605	5.2

Source: NewGen and LUS.

- (1) Operating Revenues include interest income and other miscellaneous revenue.
- (2) Operating Expenses include O&M and other expenses such as customer service and A&G costs. Operating Expenses do not include ILOT, normal capital and special equipment, and other miscellaneous expenses.
- (3) Debt Service was prepared on a cash basis. Debt Service includes a portion of the Series 2010 Bonds, a portion of the Series 2012 Bonds, a portion of the Series 2017 Bonds, and a portion of the proposed Series 2019 Bonds. By 2020, the Series 2010 Bonds will be fully redeemed by the proceeds of the Series 2017 Bonds

**Table 29**  
**Wastewater System**  
**Projected Debt Service Coverage**

<b>FY</b>	<b><u>Operating Revenues</u></b> <sup>(1)</sup>	<b><u>Operating Expenses</u></b> <sup>(2)</sup>	<b><u>Net Available Revenues</u></b>	<b><u>Debt Service</u></b> <sup>(3)</sup>	<b><u>Debt Service Coverage Ratio</u></b>
2019	\$33,261,853	\$19,827,303	\$13,434,551	\$4,251,110	3.2
2020	\$33,863,535	\$20,219,009	\$13,644,527	\$5,935,543	2.3
2021	\$34,761,850	\$20,626,591	\$14,135,259	\$5,878,602	2.4
2022	\$35,593,646	\$21,027,688	\$14,565,958	\$5,880,622	2.5
2023	\$36,492,257	\$21,438,899	\$15,053,359	\$6,653,585	2.3
2024	\$37,439,762	\$21,890,218	\$15,549,544	\$7,038,486	2.2
2025	\$38,356,601	\$22,347,226	\$16,009,375	\$7,038,778	2.3
2026	\$39,182,957	\$22,812,255	\$16,370,702	\$7,039,316	2.3
2027	\$39,979,845	\$23,277,254	\$16,702,592	\$7,043,432	2.4
2028	\$40,779,749	\$23,760,049	\$17,019,700	\$6,885,423	2.5

Source: NewGen and LUS.

- (1) Operating Revenues include interest income and other miscellaneous income.
- (2) Operating Expenses include O&M and other expenses such as customer service, and A&G costs. Operating Expenses do not include ILOT, normal capital and special equipment, and other miscellaneous expenses.
- (3) Debt Service was prepared on a cash basis. Debt Service includes a portion of the Series 2010 Bonds, a portion of the Series 2012 Bonds, a portion of the Series 2017 Bonds, a portion of the proposed Series 2019 Bonds and a projected bond issue in 2023. By 2020, the Series 2010 Bonds will be fully redeemed by the proceeds of the Series 2017 Bonds.

**Table 30**  
**Utilities System**  
**Projected Debt Service Coverage**

<b>FY</b>	<b><u>Operating Revenues</u></b> <sup>(1)</sup>	<b><u>Operating Expenses</u></b> <sup>(2)</sup>	<b><u>Net Available Revenues</u></b>	<b><u>Debt Service</u></b> <sup>(3)</sup>	<b><u>Debt Service Coverage Ratio</u></b>
2019	\$242,348,544	\$164,930,124	\$77,418,419	\$22,786,350	3.4
2020	\$242,852,007	\$169,362,814	\$73,489,193	\$25,525,850	2.9
2021	\$244,224,088	\$167,868,175	\$76,355,913	\$25,246,100	3.0
2022	\$244,650,439	\$165,556,170	\$79,094,269	\$25,245,850	3.1
2023	\$246,105,303	\$169,640,644	\$76,464,659	\$26,024,869	2.9
2024	\$250,714,557	\$168,362,431	\$82,352,126	\$26,408,180	3.1
2025	\$255,318,242	\$172,595,439	\$82,722,803	\$26,407,804	3.1
2026	\$259,191,266	\$176,772,605	\$82,418,661	\$26,410,194	3.1
2027	\$262,383,398	\$179,884,088	\$82,499,311	\$26,413,101	3.1
2028	\$266,095,804	\$184,051,986	\$82,043,818	\$25,209,276	3.3

Source: NewGen and LUS.

- (1) Operating Revenues include interest income and other miscellaneous revenue.
- (2) Operating Expenses include O&M and other expenses such as customer service and A&G costs. Operating Expenses do not include ILOT, normal capital and special equipment, and other miscellaneous expenses.
- (3) Debt Service was prepared on a cash basis. Debt Service includes the Series 2010 Bonds, the Series 2012 Bonds, Series 2017 Bonds, the proposed Series 2019 Bonds, and a projected bond issue in 2023. By 2020, the Series 2010 Bonds will be fully redeemed by the proceeds of the Series 2017 Bonds.

## ***Other Expenses***

Other expense items include ILOT, normal capital and special equipment, and other miscellaneous expenses. Normal capital and special equipment expenses are projected based on historical data.

The Utilities System ILOT calculation provides for an ILOT payment of up to 12 percent of the Receipts Fund deposits. Receipt Fund deposits include all revenues except for income received from the sale of assets and charges between divisions of the Utilities System.

To be eligible to make the ILOT payment, the Utilities System must first pass an ILOT test. The ILOT test ensures that the Utilities System retains sufficient cash to meet capital obligations. If cash available after payment of operating expenses and debt service less 7.5 percent of the Non-fuel Revenues is greater than 12 percent of the Non-fuel Revenues, the Utilities System passes the test and makes the ILOT payment to the City. The Non-fuel Revenues are Gross Receipts less fuel costs and other miscellaneous items. Should the Utilities System fail the ILOT test, the Utilities System pays an amount equal to the amount of cash available after debt service less 7.5 percent of the Non-fuel Revenues.

Tables 31, 32, and 33 summarize Utilities System Other Expenses for the Projected Period.

**Table 31**  
**Electric System**  
**Projected Other Expenses**

<b><u>FY</u></b>	<b><u>ILOT</u></b>	<b><u>Normal Capital &amp; Special Equipment</u></b>	<b><u>Other Expenses (Revenues) <sup>(1)</sup></u></b>	<b><u>Total Other Expenses</u></b>
2019	\$18,572,813	\$7,353,326	(\$795,782)	\$25,130,357
2020	\$17,616,578	\$6,130,965	(\$761,786)	\$22,985,757
2021	\$17,672,177	\$6,259,715	(\$777,784)	\$23,154,109
2022	\$17,713,120	\$6,391,169	(\$794,117)	\$23,310,172
2023	\$17,779,404	\$6,525,384	(\$810,794)	\$23,493,994
2024	\$17,864,128	\$6,662,417	(\$827,820)	\$23,698,724
2025	\$17,923,147	\$6,802,327	(\$845,204)	\$23,880,270
2026	\$17,976,727	\$6,945,176	(\$862,954)	\$24,058,950
2027	\$18,015,454	\$7,091,025	(\$881,076)	\$24,225,403
2028	\$18,049,010	\$7,239,936	(\$899,578)	\$24,389,369

Source: NewGen and LUS.

(1) Other Expenses (Revenues) include interest on customer deposits, tax collections/non-operating, and other miscellaneous non-operating expenses. Other Revenues include contribution in aid of construction, communications lease income, and miscellaneous non-operating revenues.

**Table 32**  
**Water System**  
**Projected Other Expenses**

<b><u>FY</u></b>	<b><u>ILOT</u></b>	<b><u>Normal Capital &amp; Special Equipment</u></b>	<b><u>Other Expenses (Revenues) <sup>(1)</sup></u></b>	<b><u>Total Other Expenses</u></b>
2019	\$2,502,595	\$2,717,790	(\$310,209)	\$4,910,176
2020	\$2,487,112	\$2,266,005	(\$302,945)	\$4,450,173
2021	\$2,550,400	\$2,313,592	(\$309,307)	\$4,554,685
2022	\$2,565,706	\$2,362,177	(\$315,802)	\$4,612,080
2023	\$2,638,505	\$2,411,783	(\$322,434)	\$4,727,853
2024	\$2,758,357	\$2,462,430	(\$329,205)	\$4,891,581
2025	\$2,829,195	\$2,514,141	(\$336,119)	\$5,007,218
2026	\$2,937,214	\$2,566,938	(\$343,177)	\$5,160,975
2027	\$3,006,125	\$2,620,844	(\$350,384)	\$5,276,585
2028	\$3,120,854	\$2,675,882	(\$357,742)	\$5,438,994

Source: NewGen and LUS.

- (1) Other Expenses (Revenues) include interest on customer deposits, tax collections/non-operating, and other miscellaneous non-operating expenses. Other Revenues include water tapping fees, contribution in aid of construction, communications lease income, and miscellaneous non-operating revenues.

**Table 33**  
**Wastewater System**  
**Projected Other Expenses**

<b><u>FY</u></b>	<b><u>ILOT</u></b>	<b><u>Normal Capital &amp; Special Equipment</u></b>	<b><u>Other Expenses (Revenues) <sup>(1)</sup></u></b>	<b><u>Total Other Expenses</u></b>
2019	\$3,975,594	\$2,786,784	(\$273,025)	\$6,489,353
2020	\$3,973,740	\$2,323,530	(\$260,389)	\$6,036,881
2021	\$4,045,907	\$2,372,324	(\$265,857)	\$6,152,374
2022	\$4,153,745	\$2,422,143	(\$271,440)	\$6,304,448
2023	\$4,253,486	\$2,473,008	(\$277,140)	\$6,449,354
2024	\$4,361,267	\$2,524,941	(\$282,960)	\$6,603,248
2025	\$4,475,197	\$2,577,965	(\$288,902)	\$6,764,259
2026	\$4,585,420	\$2,632,102	(\$294,969)	\$6,922,552
2027	\$4,684,774	\$2,687,376	(\$301,164)	\$7,070,987
2028	\$4,780,511	\$2,743,811	(\$307,488)	\$7,216,834

Source: NewGen and LUS.

- (1) Other Expenses (Revenues) include interest on customer deposits, tax collections/non-operating, and other miscellaneous non-operating expenses. Other Revenues include contribution in aid of construction, communications lease income, and miscellaneous non-operating revenues

### ***Capital Improvement Program***

During the Projected Period, the Utilities System CIP reflects capital projects designed to upgrade, renew, and expand the system to meet customer growth requirements. Table 34 represents the Utilities System CIP. Over the Projected Period, approximately 32 percent of the Utilities System CIP is funded from cash available in the Capital Additions Fund and 68 percent from new debt.

**Table 34**  
**Utilities System**  
**Projected Capital Improvement Program** <sup>(1), (2)</sup>

<u><b>FY</b></u>	<u><b>Electric</b></u>	<u><b>Water</b></u>	<u><b>Wastewater</b></u>	<u><b>Total Capital Program</b></u>
2019	\$38,580,000	\$9,840,000	\$21,770,000	\$70,190,000
2020	\$14,508,410	\$1,980,740	\$19,511,310	\$36,000,460
2021	\$8,704,382	\$4,263,584	\$3,059,564	\$16,027,530
2022	\$2,980,130	\$2,384,104	\$6,763,832	\$12,128,066
2023	\$1,847,362	\$1,456,156	\$8,535,897	\$11,839,414
2024	\$12,421,412	\$4,628,292	\$6,662,894	\$23,712,597
2025	\$12,682,261	\$4,725,486	\$6,802,814	\$24,210,562
2026	\$12,948,589	\$4,824,721	\$6,945,673	\$24,718,983
2027	\$13,220,509	\$4,926,041	\$7,091,533	\$25,238,082
2028	\$13,498,140	\$5,029,487	\$7,240,455	\$25,768,082

Source: NewGen and LUS.

(1) Amounts are in nominal dollars.

(2) The projected operating results assume the CIP is partially funded by deposits of \$70,000,000 in 2019 and \$17,000,000 in 2023 from bond issues.

### ***Bond Reserve Fund and Cash Available***

Cash available reflects remaining funds available to the Utilities System once all other credit obligations of the Utilities System are satisfied. For the Utilities System, LUS has established a financial objective that requires a minimum cash balance of \$8,000,000 to be held in the Operation and Maintenance Fund. The Operation and Maintenance Fund resides in the Operating Fund providing a cash reserve to meet system O&M expense requirements. Once O&M expense requirements and debt service obligations are met by LUS, accumulated cash balances are transferred to a Capital Additions Fund and such amounts are applied to capital projects or other lawful uses. The Projected Period assumes that capital additions for the Utilities System will be paid with a combination of cash balances available in the Capital Additions Fund and a debt issue in 2023.

As a result of these assumptions, Table 35 shows the projected Utilities System fund balances.

**Table 35**  
**Utilities System**  
**Projected Reserves and Cash Available Balance**

<b>FY</b>	<b>Reserve Fund: Bond Reserve Fund Balance (Restricted) <sup>(1)</sup></b>	<b>Operating Fund: Operation and Maintenance Fund: Available Cash Balance (Unrestricted) <sup>(2)</sup></b>	<b>Capital Additions Fund: Available Cash Balance (Unrestricted) <sup>(3)</sup></b>	<b>Total Available Cash Balance (Unrestricted)</b>
2019	\$17,467,863	\$8,000,000	\$29,181,648	\$37,181,648
2020	\$17,467,863	\$8,000,000	\$28,326,834	\$36,326,834
2021	\$17,467,863	\$8,000,000	\$33,491,943	\$41,491,943
2022	\$17,467,863	\$8,000,000	\$42,657,515	\$50,657,515
2023	\$13,894,307	\$8,000,000	\$60,434,938	\$68,434,938
2024	\$13,894,307	\$8,000,000	\$65,943,974	\$73,943,974
2025	\$13,894,307	\$8,000,000	\$66,384,376	\$74,384,376
2026	\$13,894,307	\$8,000,000	\$63,487,291	\$71,487,291
2027	\$13,894,307	\$8,000,000	\$59,796,588	\$67,796,588
2028	\$13,894,307	\$8,000,000	\$55,933,362	\$63,933,362

Source: NewGen and LUS.

- (1) A Bond Reserve Fund is required for the outstanding Series 2010 Bonds, Series 2012 Bonds, and Series 2017 Bonds under the Bond Ordinances. The reserve fund balance for 2019 represents an adjustment for the Series 2019 Bonds. The projected bond issue in 2023 may require bond reserve adjustments under the Bond Ordinances, which reserve deposits are assumed to be funded with bond monies.
- (2) The Operation and Maintenance Fund goal for the Utilities System is \$8,000,000.
- (3) The Available Cash Balance represents the annual balance and accrual of cash margins from operations.

The complete Utilities System projected operating results with detailed footnotes can be found in Exhibit B-1 at the end of this Report.

## LPPA

LPPA is a political subdivision specifically created to finance electric generating facilities in order to provide power to the City's Electric System. LPPA owns a 50 percent share of a coal fired generating unit. LPPA provides the output of the generating facility by way of wholesale power sales to LUS.

Rodemacher Unit 2 is a 523 MW coal-fired generating station located at the Brame Energy Center near Boyce, Louisiana. The Joint Owners share the output of Rodemacher Unit 2 based on the relative ownership percentages. LPPA's ownership share of Rodemacher Unit 2 is 261.5 MW of capacity and the related energy output.

LPPA sells and the City purchases 100 percent of LPPA's share of the capacity and energy produced by Rodemacher Unit 2. According to the PSC, the LPPA costs are passed to LUS as purchased power costs, which are considered operating expenses. As a result of being defined as operating expenses, the LPPA expenses have priority over LUS debt. These contractual terms provide a higher level of security on the LPPA debt service than if the City had issued the debt.

As Table 36 shows, the projected DSCR exceeds the minimum requirement of 1.0. The Operating Revenues are provided exclusively from LUS and generally equal Operating Costs. In each year from 2019 to 2028,

the DSCR is projected to exceed the minimum coverage requirement of 1.0 required by the Bond Ordinances. To the extent that debt service coverage is greater than 1.0, any available cash is applied to capital improvement projects.

**Table 36**  
**LPPA**  
**Projected Debt Service Coverage**

<b>FY</b>	<b>Operating Revenues <sup>(1)</sup></b>	<b>Operating Expenses <sup>(2)</sup></b>	<b>Net Available Revenues</b>	<b>Debt Service <sup>(3)</sup></b>	<b>Debt Service Coverage Ratio</b>
2019	\$55,242,592	\$46,638,149	\$8,604,443	\$6,916,206	1.2
2020	\$51,068,600	\$41,064,052	\$10,004,548	\$6,922,456	1.4
2021	\$51,882,254	\$41,226,727	\$10,655,527	\$6,916,306	1.5
2022	\$53,039,943	\$39,253,784	\$13,786,159	\$6,925,156	2.0
2023	\$53,981,571	\$36,684,852	\$17,296,719	\$6,919,406	2.5
2024	\$49,479,992	\$37,878,439	\$11,601,553	\$6,926,406	1.7
2025	\$51,131,870	\$39,425,866	\$11,706,004	\$6,923,856	1.7
2026	\$52,780,659	\$40,957,657	\$11,823,002	\$6,931,606	1.7
2027	\$54,603,423	\$42,682,629	\$11,920,794	\$6,917,856	1.7
2028	\$56,498,492	\$44,461,463	\$12,037,029	\$6,920,206	1.7

Source: NewGen, LPPA, and Cleco.

(1) Revenues received from LUS.

(2) Operating Expenses do not include capital.

(3) Debt Service was prepared on a cash basis. Includes the Series 2012 Bonds, and Series 2015 Bonds debt service. No future debt issues projected from 2019 through 2028.

## COMMUNICATIONS SYSTEM

The Communications System, also known as LUS Fiber, is comprised of a 70-mile fiber backbone system with direct connections to national Tier 1 broadband providers, 145 miles of distribution fiber, and 539 miles of access fiber connecting to 27,003 individual premise locations. The Communications System offers an array of services in the competitive market including fiber leases, wholesale broadband, and retail customer services. In the retail market, the Communications System offers “triple play” services. “Triple play” is a common term in the industry that refers to cable television (“CATV”), Internet, and telephone services. The Communications System provides services to over 20,000 customers, who can choose to purchase any, or all, of the triple-play services. These services are in competition with regional and national data, and communications providers including Cox Communications, Dish, AT&T, kaptel, REACH4, and HughesNet.

LUS Fiber attained franchise status in November 2017, allowing LUS Fiber to offer communications service outside the City and unincorporated areas in the Parish. LUS Fiber recently expanded to offer services in the City of Broussard and the City of Youngsville. LUS Fiber is building out targeted areas, with one subdivision completed and another in progress.

The fiber optic system began in 1998 with bulk fiber serving the Electric System’s SCADA system, transmission line protection systems, and LUS facilities. Further expansion offered communications and data services to governmental and educational facilities, and retail data, telephone, and CATV services to the public. The first retail customers began receiving service in February 2009. The Communications System includes numerous 10-gigabit circuits deployed in multiple loops for greater redundancy that span the entire City and connect with the national fiber backbone. The Communications System added a third 10-gigabit Internet drain to cover capacity required in the near future. The three 10-gigabit fibers connections are a fixed cost for LUS with data bursts above the various committed gigabit levels leading to additional variable costs.

In preparation for providing retail communications services, the Communications System purchased the fiber optic system from the Utilities System in 2007. The Communications System utilized internal loans from the Utilities System to fund the purchase of the fiber system assets, startup costs, and operating costs. The



Communication System does not expect any future loans from the Utilities System. The Communications System repayment of the loans will continue through 2033. The repayment of the Utilities System loans is subordinate to the payment of debt service on the Communications System bonds.

The Mayor-President appoints the Communications Director. The Communications Director is responsible for the Communications System operations and management. Communications System employees and facilities are organized separately from other utility operations; however, several services such as engineering, accounting, billing, and reporting functions are shared among the Utilities System and Communications System. In accordance with the requirement to maintain separate Utilities System and Communications System funds, all costs associated with these services are accounted for separately. The Communications System includes approximately 70 employees, reporting to the following four divisions: Operations, Warehouse, Business Support Services, and Engineering.

### **Regulatory Structure and Environment**

The Communications System must adhere to the Local Government Fair Competition Act (the “Fair Competition Act”) in Louisiana. The Fair Competition Act requires, among other provisions, that LUS must operate the Communications System in a manner that does not discriminate against competing providers of the same service, and it may not grant any undue or unreasonable preference to itself or any private provider of covered services. Further, LUS may not cross-subsidize its covered services with tax dollars, income from other local government or utility services, below-market rate loans from the local government, or any other means. Under the Fair Competition Act, covered services of LUS include telecommunications services, advanced services (Internet), and CATV.

Separate from the requirements of the Fair Competition Act and Louisiana Public Service Commission (“LPSC”) Rules, LPSC has some jurisdiction over the telecommunication rates of LUS but it does not have jurisdiction over LUS’ rates for advanced services (Internet) and CATV.

### **Imputed Tax**

Pursuant to terms of a regulatory settlement, the Communications System must calculate and pay to the City an Imputed Tax annually. The Imputed Tax is equivalent to the payments that it would have to make if it were a privately owned entity paying applicable state and local sales tax, property tax, franchise tax, and income tax. The Imputed Tax will be paid to the Utilities System and the City General Fund as prescribed in Ordinance No. O-014-2015 for years 2016 through 2020. Beyond 2021, the Imputed Tax is paid to the City General Fund.

### **Credit Event**

The Communications System is financially separate from the Utilities System; however, if the Communications System fails to transfer to the Paying Agent by the 21st day of the month preceding an interest payment date the amount equal to the debt service on the Communications System Bonds falling due on the first day of the following month (a “Credit Event”), the Utilities System is required to pay such debt service (but only to the extent of such insufficiency) from amounts deposited in the Capital Additions Fund of the Utilities System. Upon the occurrence of a Credit Event, the Communications System must proceed to discontinue its provision of services, as soon as reasonably practical, taking into consideration minimizing the interruption of services to existing users of the Communications System. Pursuant to the ordinances of the City authorizing the issuance of the Communications System Bonds, the rate covenant contained in the Bond Ordinances were incorporated by reference into the Communications System Bond Ordinance, and the debt service requirements on any Communications System Bonds are treated as amounts payable with respect to Subordinated Indebtedness of the Utilities System for the purposes of the rate covenant under the Bond Ordinances.

Should a Credit Event occur, the impact to overall Utilities System rates over the Projected Period is equivalent to a 4.1 percent increase. Table 37 shows the Utilities System annual DSCR assuming a Credit Event. In each year from 2019 to 2028, the Utilities System DSCR is projected to exceed the minimum coverage requirement of 1.0 required by the Bond Ordinances.

**Table 37**  
**Utilities System**  
**Projected Debt Service Coverage from Residual Revenues**

<b><u>FY</u></b>	<b><u>Utilities System Net Available Revenues for Debt Service</u></b>	<b><u>Utilities System Debt Service <sup>(1)</sup></u></b>	<b><u>Capital Additions Account, Minimum Capital Requirement <sup>(2)</sup></u></b>	<b><u>Net Available Revenues for Communications Debt Service</u></b>	<b><u>Communications System Debt Service <sup>(3)</sup></u></b>	<b><u>Debt Service Coverage Ratio from Residual Revenues</u></b>
2019	\$76,556,216	\$22,786,350	\$11,923,394	\$41,846,472	\$9,428,241	4.4
2020	\$72,654,391	\$25,525,850	\$12,042,803	\$35,085,738	\$9,430,991	3.7
2021	\$75,552,950	\$25,246,100	\$12,145,357	\$38,161,493	\$9,431,991	4.0
2022	\$78,343,553	\$25,245,850	\$12,294,622	\$40,803,082	\$10,590,741	3.9
2023	\$75,768,281	\$26,024,869	\$12,489,844	\$37,253,567	\$10,599,941	3.5
2024	\$81,712,258	\$26,408,180	\$12,642,212	\$42,661,866	\$10,601,223	4.0
2025	\$82,141,707	\$26,407,804	\$12,812,101	\$42,921,802	\$10,598,970	4.0
2026	\$81,898,686	\$26,410,194	\$12,941,471	\$42,547,021	\$10,596,363	4.0
2027	\$82,042,903	\$26,413,101	\$13,093,985	\$42,535,817	\$10,588,283	4.0
2028	\$81,653,520	\$25,209,276	\$13,218,254	\$43,225,991	\$10,593,760	4.1

Source: NewGen and LUS.

- (1) Debt Service was prepared on a cash basis. Debt Service includes the Series 2010 Bonds, the Series 2012 Bonds, Series 2017 Bonds, proposed Series 2019 Bonds and a projected bond issue in 2023. By 2020, the Series 2010 Bonds will be fully redeemed by the proceeds of the Series 2017 Bonds.
- (2) The Bond Ordinances require a minimum amount equal to 7.5 percent of the total Non-fuel Revenue deposits into the Receipts Account for the purposes of paying capital costs.
- (3) Debt Service was prepared on a cash basis. Debt Service includes the Series 2012 Bonds and Series 2015 Bonds. No future debt issues are projected to be issued for the Communications System from 2019 through 2028.

**Exhibit B-1 Utilities System Historical and Projected Operating Results**

	2014	2015	2016	2017	2018
<b>Operating Revenues</b>					
Electric - Retail - Base Rate <sup>(1)</sup>	\$91,749,309	\$92,626,681	\$91,631,825	\$94,552,196	\$102,886,777
Electric - Retail - Fuel Charge <sup>(2)</sup>	105,375,603	84,910,901	78,153,587	76,829,537	72,872,661
Electric - Other Sales <sup>(3)</sup>	160,062	179,301	200,753	177,166	174,622
Electric - Other <sup>(4)</sup>	4,606,272	4,327,280	4,367,987	4,501,605	5,021,629
Water - Retail <sup>(5)</sup>	13,119,010	13,207,794	13,229,678	13,862,679	14,821,240
Water - Wholesale <sup>(6)</sup>	4,164,275	4,406,071	4,736,650	5,232,452	6,038,256
Water - Other <sup>(7)</sup>	500,181	670,952	627,213	727,065	877,048
Wastewater - Retail <sup>(8)</sup>	28,316,395	28,304,757	28,522,778	29,706,376	30,977,546
Wastewater - Other <sup>(9)</sup>	419,180	814,459	621,796	1,083,931	1,401,680
Total Operating Revenues	\$248,410,288	\$229,448,195	\$222,092,266	\$226,673,006	\$235,071,461
<b>Operating Expenses</b>					
Electric Direct <sup>(10)</sup>	\$132,159,231	\$116,213,942	\$112,523,030	\$118,453,239	\$115,684,986
Water Direct <sup>(11)</sup>	7,303,913	7,450,659	8,004,038	8,025,971	8,287,865
Wastewater Direct <sup>(12)</sup>	10,693,690	10,745,739	11,377,626	11,501,715	11,463,877
Customer Related <sup>(13)</sup>	5,053,499	5,112,709	5,365,952	5,391,127	5,410,551
Administrative & General <sup>(14)</sup>	22,256,227	21,149,794	21,479,806	22,626,430	22,728,283
Total Operating Expenses	\$177,466,560	\$160,672,843	\$158,750,451	\$165,998,482	\$163,575,563
<b>Net Available Revenues</b>	<b>\$70,943,728</b>	<b>\$68,775,352</b>	<b>\$63,341,815</b>	<b>\$60,674,525</b>	<b>\$71,495,897</b>
<b>Debt Service</b>					
Outstanding <sup>(15)</sup>	\$23,333,915	\$22,924,293	\$22,925,238	\$21,341,835	\$21,427,905
Series 2019 Bonds <sup>(16)</sup>	0	0	0	0	0
Future <sup>(17)</sup>	0	0	0	0	0
Total Debt Service	\$23,333,915	\$22,924,293	\$22,925,238	\$21,341,835	\$21,427,905
<b>Debt Service Coverage <sup>(18)</sup></b>	<b>3.0</b>	<b>3.0</b>	<b>2.8</b>	<b>2.8</b>	<b>3.3</b>
<b>Balance After Debt Service</b>	<b>\$47,609,813</b>	<b>\$45,851,060</b>	<b>\$40,416,577</b>	<b>\$39,332,690</b>	<b>\$50,067,992</b>
<b>Other Income (Expenditures)</b>					
Miscellaneous <sup>(19)</sup>	\$1,145,515	\$2,172,565	\$1,138,428	\$369,247	\$1,716,917
In Lieu of Tax Payment <sup>(20)</sup>	(22,073,833)	(22,847,494)	(23,306,557)	(22,568,235)	(23,708,786)
Normal Capital & Special Equipment <sup>(21)</sup>	(8,512,201)	(10,001,798)	(9,309,935)	(4,890,913)	(5,032,337)
Total Other Income (Expenditures)	(\$29,440,520)	(\$30,676,727)	(\$31,478,064)	(\$27,089,901)	(\$27,024,207)
<b>Balance Available for Capital</b>	<b>\$18,169,293</b>	<b>\$15,174,333</b>	<b>\$8,938,513</b>	<b>\$12,242,788</b>	<b>\$23,043,786</b>

# **Exhibit B-1 Utilities System Historical and Projected Operating Results**

	2019	2020	2021	2022	2023
<b>Operating Revenues</b>					
Electric - Retail - Base Rate <sup>(1)</sup>	\$101,667,106	\$101,934,439	\$102,209,661	\$102,468,864	\$102,703,791
Electric - Retail - Fuel Charge <sup>(2)</sup>	80,023,497	78,915,721	78,792,299	77,187,009	75,918,454
Electric - Other Sales <sup>(3)</sup>	178,290	182,034	185,856	189,759	193,744
Electric - Other <sup>(4)</sup>	5,029,085	5,209,984	5,276,536	5,553,904	6,000,453
Water - Retail <sup>(5)</sup>	15,161,274	15,280,873	15,723,710	16,156,623	16,582,740
Water - Wholesale <sup>(6)</sup>	6,188,219	6,456,519	6,311,553	6,588,071	7,264,345
Water - Other <sup>(7)</sup>	839,219	1,008,902	962,623	912,563	949,519
Wastewater - Retail <sup>(8)</sup>	31,718,328	31,968,534	32,833,161	33,721,756	34,595,989
Wastewater - Other <sup>(9)</sup>	1,543,526	1,895,001	1,928,689	1,871,890	1,896,268
Total Operating Revenues	\$242,348,544	\$242,852,007	\$244,224,088	\$244,650,439	\$246,105,303
<b>Operating Expenses</b>					
Electric Direct <sup>(10)</sup>	\$115,482,737	\$119,287,200	\$116,835,350	\$113,449,770	\$116,433,501
Water Direct <sup>(11)</sup>	8,542,665	8,348,127	8,453,388	8,675,490	8,904,549
Wastewater Direct <sup>(12)</sup>	12,504,193	12,745,377	12,998,075	13,241,972	13,492,501
Customer Related <sup>(13)</sup>	5,467,646	5,567,637	5,675,185	5,780,731	5,889,314
Administrative & General <sup>(14)</sup>	22,932,883	23,414,473	23,906,177	24,408,207	24,920,779
Total Operating Expenses	\$164,930,124	\$169,362,814	\$167,868,175	\$165,556,170	\$169,640,644
<b>Net Available Revenues</b>	<b>\$77,418,419</b>	<b>\$73,489,193</b>	<b>\$76,355,913</b>	<b>\$79,094,269</b>	<b>\$76,464,659</b>
<b>Debt Service</b>					
Outstanding <sup>(15)</sup>	\$21,293,350	\$21,289,850	\$20,997,600	\$20,992,350	\$20,999,100
Series 2019 Bonds <sup>(16)</sup>	1,493,000	4,236,000	4,248,500	4,253,500	4,255,000
Future <sup>(17)</sup>	0	0	0	0	770,769
Total Debt Service	\$22,786,350	\$25,525,850	\$25,246,100	\$25,245,850	\$26,024,869
<b>Debt Service Coverage <sup>(18)</sup></b>	<b>3.4</b>	<b>2.9</b>	<b>3.0</b>	<b>3.1</b>	<b>2.9</b>
<b>Balance After Debt Service</b>	<b>\$54,632,069</b>	<b>\$47,963,343</b>	<b>\$51,109,813</b>	<b>\$53,848,419</b>	<b>\$50,439,790</b>
<b>Other Income (Expenditures)</b>					
Miscellaneous <sup>(19)</sup>	\$1,379,017	\$1,325,120	\$1,352,948	\$1,381,359	\$1,410,368
In Lieu of Tax Payment <sup>(20)</sup>	(25,051,002)	(24,077,431)	(24,268,484)	(24,432,571)	(24,671,395)
Normal Capital & Special Equipment <sup>(21)</sup>	(12,857,900)	(10,720,500)	(10,945,631)	(11,175,489)	(11,410,174)
Total Other Income (Expenditures)	(\$36,529,885)	(\$33,472,811)	(\$33,861,167)	(\$34,226,700)	(\$34,671,201)
<b>Balance Available for Capital</b>	<b>\$18,102,184</b>	<b>\$14,490,533</b>	<b>\$17,248,646</b>	<b>\$19,621,719</b>	<b>\$15,768,589</b>

**Exhibit B-1 Utilities System Historical and Projected Operating Results**

	2024	2025	2026	2027	2028
<b>Operating Revenues</b>					
Electric - Retail - Base Rate <sup>(1)</sup>	\$102,921,295	\$103,123,480	\$103,311,657	\$103,487,470	\$103,651,479
Electric - Retail - Fuel Charge <sup>(2)</sup>	78,475,878	80,691,096	82,805,030	83,835,737	85,864,638
Electric - Other Sales <sup>(3)</sup>	197,813	201,967	206,208	210,539	214,960
Electric - Other <sup>(4)</sup>	6,273,684	6,526,097	6,671,226	6,777,305	6,857,881
Water - Retail <sup>(5)</sup>	17,005,779	17,426,568	17,846,035	18,265,474	18,684,439
Water - Wholesale <sup>(6)</sup>	7,451,652	8,067,409	8,277,294	8,963,304	9,198,580
Water - Other <sup>(7)</sup>	948,693	925,024	890,859	863,724	844,078
Wastewater - Retail <sup>(8)</sup>	35,463,643	36,326,459	37,232,813	38,139,381	39,045,222
Wastewater - Other <sup>(9)</sup>	1,976,119	2,030,142	1,950,144	1,840,464	1,734,527
Total Operating Revenues	\$250,714,557	\$255,318,242	\$259,191,266	\$262,383,398	\$266,095,804
<b>Operating Expenses</b>					
Electric Direct <sup>(10)</sup>	\$114,000,770	\$117,060,266	\$120,040,865	\$121,944,706	\$124,866,331
Water Direct <sup>(11)</sup>	9,129,278	9,358,253	9,592,354	9,829,685	10,075,195
Wastewater Direct <sup>(12)</sup>	13,777,417	14,064,805	14,356,746	14,645,746	14,948,271
Customer Related <sup>(13)</sup>	6,010,850	6,133,673	6,258,651	6,382,956	6,512,495
Administrative & General <sup>(14)</sup>	25,444,116	25,978,442	26,523,989	27,080,993	27,649,694
Total Operating Expenses	\$168,362,431	\$172,595,439	\$176,772,605	\$179,884,088	\$184,051,986
<b>Net Available Revenues</b>	<b>\$82,352,126</b>	<b>\$82,722,803</b>	<b>\$82,418,661</b>	<b>\$82,499,311</b>	<b>\$82,043,818</b>
<b>Debt Service</b>					
Outstanding <sup>(15)</sup>	\$20,995,600	\$20,995,600	\$20,997,100	\$20,993,100	\$19,786,850
Series 2019 Bonds <sup>(16)</sup>	4,258,000	4,257,250	4,257,750	4,264,250	4,266,250
Future <sup>(17)</sup>	1,154,580	1,154,954	1,155,344	1,155,751	1,156,176
Total Debt Service	\$26,408,180	\$26,407,804	\$26,410,194	\$26,413,101	\$25,209,276
<b>Debt Service Coverage <sup>(18)</sup></b>	<b>3.1</b>	<b>3.1</b>	<b>3.1</b>	<b>3.1</b>	<b>3.3</b>
<b>Balance After Debt Service</b>	<b>\$55,943,945</b>	<b>\$56,314,999</b>	<b>\$56,008,467</b>	<b>\$56,086,210</b>	<b>\$56,834,543</b>
<b>Other Income (Expenditures)</b>					
Miscellaneous <sup>(19)</sup>	\$1,439,986	\$1,470,225	\$1,501,100	\$1,532,623	\$1,564,808
In Lieu of Tax Payment <sup>(20)</sup>	(24,983,751)	(25,227,539)	(25,499,361)	(25,706,354)	(25,950,376)
Normal Capital & Special Equipment <sup>(21)</sup>	(11,649,788)	(11,894,433)	(12,144,216)	(12,399,245)	(12,659,629)
Total Other Income (Expenditures)	(\$35,193,553)	(\$35,651,747)	(\$36,142,478)	(\$36,572,975)	(\$37,045,197)
<b>Balance Available for Capital</b>	<b>\$20,750,392</b>	<b>\$20,663,253</b>	<b>\$19,865,989</b>	<b>\$19,513,234</b>	<b>\$19,789,346</b>

## Footnotes to Exhibit B-1

- (1) Electric Retail Base Rate Revenues for years 2014 through 2018 were based on the LUS Financial and Operating Statements. For years 2019 through 2028, the revenues were calculated monthly by customer class. Based on the assumptions in this Report, the Electric System does not need future rate increases from 2019 through 2028.
- (2) Electric Retail Fuel Charge Revenues for years 2014 through 2018 were based on the LUS Financial and Operating Statements. For years 2019 through 2028, the FC was calculated based on the applicable expenses divided by the retail sales (kWh). The expenses that pass through the FC include: MISO market purchases less market sales, transmission associated with purchased power, capacity and energy contracts, the REC contract, LPPA fuel and fuel handling costs, LPPA rail car debt service, LPPA MATS debt service, LPPA MATS O&M, LPPA reagents, LUS fuel costs, hydroelectric purchased power contract and TEA costs.
- (3) Electric Other Sales Revenues for years 2014 through 2018 were based on the LUS Financial and Operating Statements. For years 2019 through 2028, the revenues were escalated at the anticipated rate of inflation. Electric Other Sales include wholesale energy sales revenue and a small payment from MISO for transmission administration.
- (4) Electric Other Revenues for years 2014 through 2018 were based on the LUS Financial and Operating Statements. Electric Other Revenues include Interest Income and Miscellaneous Operating Revenues. For years 2019 through 2028, the Interest Income was calculated based on reserve fund and cash balances using a short-term interest rate. The Interest Income includes Communications System inter-utility loan interest payments. Miscellaneous Operating Revenues include Imputed Tax payments from the Communications System, customer late fees, and other miscellaneous revenues. For years 2019 through 2028, the remaining Miscellaneous Operating Revenues were projected based on historical data and system growth.
- (5) Water Retail Revenues for years 2014 through 2018 were based on the LUS Financial and Operating Statements. For years 2019 through 2028, the revenues were projected based on the historical revenue per 1,000 gallons for the retail customers and customer growth. The revenues include adjustments for future rate increases.
- (6) Water Wholesale Revenues for years 2014 through 2018 were based on the LUS Financial and Operating Statements. Except for discontinued service to a wholesale customer in 2020, for years 2019 through 2028, the wholesale sales were projected based on information provided by LUS and the wholesale customers. The revenues include adjustments for future rate increases.
- (7) Water Other Revenues for years 2014 through 2018 were based on the LUS Financial and Operating Statements. Other revenues include Interest Income and Miscellaneous Operating Revenues. For years 2019 through 2028, the Interest Income was calculated based on reserve fund and cash balances using a short-term interest rate. The Miscellaneous Operating Revenues were escalated at the anticipated rate of inflation.
- (8) Wastewater Retail Revenues for years 2014 through 2018 were based on the LUS Financial and Operating Statements. For years 2019 through 2028, the revenues were calculated based on the revenue per 1,000 gallons for the retail customers and system growth. The revenues include adjustments for future rate increases.
- (9) Wastewater Other Revenues for years 2014 through 2018 were based on the LUS Financial and Operating Statements. For years 2019 through 2028, the revenues were projected based on historical data. Other revenues include Interest Income and Miscellaneous Operating Revenues.

- (10) Electric Direct Expenses include production, transmission, and distribution expenses. For years 2014 through 2018, the expenses were based on the LUS Financial and Operating Statements. For years 2019 through 2028, the expenses were escalated at the anticipated rate of inflation, adjusted for growth in the system and existing contracts, and based on projected fuel costs and MISO market costs.
- (11) Water Direct Expenses include production and distribution expenses. For years 2014 through 2018, the expenses were based on the LUS Financial and Operating Statements. For years 2019 through 2028, the expenses were escalated at the anticipated rate of inflation and adjusted for growth in the system.
- (12) Wastewater Direct Expenses include treatment and collection expenses. For years 2014 through 2018, the expenses were based on the LUS Financial and Operating Statements. For years 2019 through 2028, the expenses were escalated at the anticipated rate of inflation and adjusted for growth in the system.
- (13) Customer Related Expenses for years 2014 through 2018 were based on the LUS Financial and Operating Statements. For years 2019 through 2028, the expenses were escalated at the anticipated rate of inflation.
- (14) Administrative & General Expenses for years 2014 through 2018 were based on the LUS Financial and Operating Statements. For years 2019 through 2028, the expenses were escalated at the anticipated rate of inflation.
- (15) Outstanding Debt Service includes the Series 1996 Bonds, Series 2004 Bonds, Series 2010 Bonds, Series 2012 Bonds, and Series 2017 Bonds. In 2014, the Series 2004 Bonds were partially refunded and defeased by the Series 2012 Bonds. The Series 1996 Bonds matured on November 1, 2017. By 2020, the Series 2010 Bonds will be fully redeemed by the proceeds of the Series 2017 Bonds. Debt Service was prepared on a cash basis.
- (16) Series 2019 Bonds Debt Service is preliminary and subject to change. Debt Service was prepared on a cash basis.
- (17) Future Debt Service includes the following debt issues: \$17.3 million in 2023. Debt Service was prepared on a cash basis.
- (18) Debt Service Coverage equals the Net Available Revenues divided by the Total Debt Service.
- (19) Miscellaneous Other Income (Expenditures) for years 2014 through 2018 were based on the LUS Financial and Operating Statements. For years 2019 through 2028, the expenses were based on historical information and escalated at the anticipated rate of inflation.
- (20) Payment in Lieu of Tax for years 2014 through 2018 were based on the LUS Financial and Operating Statements. For years 2019 through 2028, the payment was calculated based on the formula provided for in the Bond Ordinance.
- (21) Normal Capital and Special Equipment for years 2014 through 2018 were provided by LUS. For 2019, the expenses were based on the CIP contained in the 2019 Budget. For years 2020 through 2028, the expenses were projected based on historical information and escalated at the anticipated rate of inflation.

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**FINANCIAL AND STATISTICAL DATA  
RELATIVE TO THE CITY OF LAFAYETTE AND  
THE PARISH OF LAFAYETTE, STATE OF LOUISIANA**

**Location and Area of the City**

The City of Lafayette, State of Louisiana (the “City”) is located on the Vermilion River, approximately 30 miles from the Gulf of Mexico. The City is the Parish seat of the Parish of Lafayette, State of Louisiana (the “Parish”), which was created on January 17, 1823, and covers a total area of approximately 277 square miles. The area of the City is approximately 51.75 square miles.

**Population of the City of Lafayette**

<u>Year</u>	<u>Population</u>
1940	19,210
1950	33,541
1960	40,400
1970	68,908
1980	81,961
1990	94,440
2000	110,257
2010	120,623
2017	126,848

Sources: U. S. Census Bureau; Treasurer of the State of Louisiana

**Assessed Value of Taxable Property of the City**

The trend in the assessed valuation of the City appears in the following table.

<u>Assessed Year / Fiscal Year</u>	<u>Assessed Value</u>	<u>Assessed Year / Fiscal Year</u>	<u>Assessed Value</u>
2009/2010	\$1,167,335,011	2014/2015	\$1,378,851,017
2010/2011	1,176,713,420	2015/2016	1,460,184,953
2011/2012	1,217,474,359	2016/2017	1,575,850,272
2012/2013	1,303,420,762	2017/2018	1,589,623,826
2013/2014	1,351,910,412	2018/2019	1,582,892,287

Sources: Grand Recapitulation of the Assessment Roll; Lafayette Parish Tax Assessor’s Office

A breakdown of the City’s 2018 assessed valuation (Fiscal Year 2019) by classification of property follows:

<b><u>2018 Assessed Classification of Property Valuation</u></b>	
Real Estate	\$1,233,831,778
Personal Property	325,130,777
Public Service Property	<u>23,929,732</u>
<b>TOTAL</b>	<b>\$1,582,892,287</b>

Sources: Abstract of Assessments for the City of Lafayette 2018; Lafayette Parish Tax Assessor’s Office

## Millage Rates

The recent trend in the *ad valorem* tax rates levied within the boundaries of the City follows:

	Assessed Year 2014 / Fiscal Year <u>2015</u>	Assessed Year 2015 / Fiscal Year <u>2016</u>	Assessed Year 2016 / Fiscal Year <u>2017</u>	Assessed Year 2017 / Fiscal Year <u>2018</u>	Assessed Year 2018 / Fiscal Year <u>2019</u>
<b><u>City of Lafayette</u></b>					
General Alimony	5.42	5.42	5.42	5.42	5.42
Street/Road/Alley	1.29	1.29	1.29	1.29	1.29
Playground/Recreation Centers	1.92	1.92	1.78	1.78	1.78
Public Buildings	1.13	1.13	1.13	1.13	1.13
Police & Fire Departments	3.18	3.18	3.18	3.18	3.18
Police Salaries	3.00	3.00	3.00	3.00	3.00
Fire Salaries	<u>2.00</u>	<u>2.00</u>	<u>2.00</u>	<u>2.00</u>	<u>2.00</u>
<b>Total:</b>	<b>17.94</b>	<b>17.94</b>	<b>17.80</b>	<b>17.80</b>	<b>17.80</b>
<b><u>Parishwide School Taxes</u></b>					
School District Regular	4.59	4.59	4.59	4.59	4.59
School District No. 1 - Special	7.27	7.27	7.27	7.27	7.27
Special School Improvement	5.00	5.00	5.00	5.00	5.00
School 1985 Operation	16.70	16.70	16.70	16.70	16.70
<b><u>Parish Taxes</u></b>					
Courthouse & Jail Maintenance	2.34	2.34	2.34	2.34	2.34
Library (2017-2026)	2.91	2.91	2.68	2.68	2.68
Library (2009-2018)	1.61	1.61	1.48	1.48	1.48
Library (2013-2022)	2.00	2.00	1.84	1.84	1.84
Health Unit Maintenance (Removed)	1.61	0.80	N/A	N/A	N/A
Juvenile Detention Maintenance	1.17	1.17	1.17	1.17	1.17
Lafayette Economic Development Authority	1.82	1.82	1.68	1.68	1.68
Assessment District	1.56	1.56	1.44	1.44	1.56
Law Enforcement	16.79	16.79	16.79	16.79	16.79
Airport Regional Parishwide	1.71	1.71	1.58	1.58	1.58
Detention Correctional Facility	2.06	2.06	1.90	1.90	1.90
Road and Bridges	4.17	4.17	4.17	4.17	4.17
Lafayette Parish Bayou Vermilion-					
Bond & Interest	0.10	0.00	0.17	0.17	0.17
Maintenance	0.75	0.75	0.75	0.75	0.75
Drainage Maintenance	3.34	3.34	3.34	3.34	3.34
Public Improvement Bonds	3.00	2.75	2.75	2.75	2.75
Teche-Vermilion Water District	1.50	1.50	1.41	1.41	1.41
Mosquito Abatement & Control (Removed)	1.50	1.50	N/A	N/A	N/A
Health Unit, Mosquito, Etc. (NEW in 2016)	N/A	N/A	3.56	3.56	3.56
<b><u>Other Parish and District Taxes:</u></b>					
Parish Tax (Inside Municipalities)	1.52	1.52	1.52	1.52	1.52
Parish Tax (Outside Municipalities)	3.05	3.05	3.05	3.05	3.05
Lafayette Center Development District	10.91	11.24	11.24	11.69	12.75

Sources: Louisiana Tax Commission; Lafayette Parish Assessor's Office

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## Leading Taxpayers

The ten largest property taxpayers of the City and their 2018 assessed valuations (Fiscal Year 2019) follow.

	<u>Name of Taxpayer</u>	<u>Type of Business</u>	<u>2018 Assessed Valuation</u>
1.	Stuller Inc.	Manufacturing	\$16,657,039
2.	Iberia Bank	Commercial Banking	15,967,451
3.	Franks Casing	Oil & Gas Support Services	12,274,649
4.	Wal-Mart/Sam's	Warehouse Clubs & Supercenters	10,219,678
5.	J P Morgan Chase	Commercial Banking	10,215,769
6.	P H I Inc. <sup>(1)</sup>	Oil & Gas Support Services	9,853,053
7.	AT&T/Bellsouth	Telecommunications	9,717,005
8.	Service Chevrolet Inc.	New Car Dealers	7,147,758
9.	Entergy Gulf States	Electric Company	5,924,070
10.	<u>HCA Regional Health System</u>	<u>General Medical &amp; Surgical Hospitals</u>	<u>5,226,956</u>
	<b>TOTAL</b>		<b>\$103,203,428*</b>

\* Approximately 6.52% of the 2019 assessed valuation of the City.

Source: Lafayette Parish Tax Assessor's Office

(1) P H I Inc. has recently filed for Chapter 11 Bankruptcy protection

## Sales Tax Collections

The City has collected the following amounts from its 1961 special one percent (1%) sales and use tax initially effective July 1, 1961 and 1985 special one percent sales and use tax initially effective July 1, 1985, each effective in perpetuity, for the periods indicated below:

### City of Lafayette Combined (61 & 85) Gross Sales Tax Collections

	<b>FY 16-17</b>	<b>FY 17-18</b>	<b>FY 18-19</b>
<b>Month</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>
<b><u>Collected</u></b>	<b><u>Collections</u></b>	<b><u>Collections</u></b>	<b><u>Collections</u></b>
November	\$6,569,295	\$6,273,115	\$6,707,189
December	6,563,374	6,374,642	6,896,866
January	8,426,880	7,959,495	7,850,848
February	6,137,715	5,946,269	6,215,366*
March	5,912,935	5,830,654	-
April	7,297,553	7,732,741	-
May	6,343,120	6,650,710	-
June	6,807,826	6,684,641	-
July	6,876,297	6,754,618	-
August	6,225,120	6,405,209	-
September	6,417,062	6,366,946	-
<u>October</u>	<u>6,439,454</u>	<u>6,423,582</u>	<u>-</u>
<b>TOTAL</b>	<b>\$80,016,631</b>	<b>\$79,402,621</b>	<b>\$27,670,269</b>

Source: City of Lafayette. Figures unaudited.

\* Latest month for which figures are available

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**SUMMARY DEBT STATEMENT AS OF MAY 2, 2018**  
(For additional information, see Appendix “D” of this Official Statement)

A.	<b><u>Debt of the City of Lafayette</u></b>	
	<b><u>Type of Obligation</u></b>	<b><u>Principal Outstanding</u></b>
	Utilities Revenue Bonds	\$184,110,000
	Sales Tax Bonds	197,150,000
	Communications System Revenue Bonds	96,785,000
	Taxable Revenue Bonds	26,365,000
	Certificates of Indebtedness	3,275,000
B.	<b><u>Debt of the Parish of Lafayette</u></b>	
	<b><u>Type of Obligation</u></b>	<b><u>Principal Outstanding</u></b>
	Unlimited <i>Ad Valorem</i> Tax Bonds	\$46,960,000
C.	<b><u>Debt of the Lafayette Parish School Board</u></b>	
	<b><u>Type of Obligation</u></b>	<b><u>Principal Outstanding</u></b>
	Sales Tax Bonds	\$94,615,000
	Certificates of Indebtedness	7,140,000
	Limited Tax	121,539,158
D.	<b><u>Debt of the Law Enforcement District</u></b>	
	<b><u>Type of Obligation</u></b>	<b><u>Principal Outstanding</u></b>
	Limited Tax Revenue Bonds	\$15,570,000
	Revenue Anticipation Note	5,000,000
E.	<b><u>Debt of the Lafayette Parish Bayou Vermilion District</u></b>	
	<b><u>Type of Obligation</u></b>	<b><u>Principal Outstanding</u></b>
	Unlimited <i>Ad Valorem</i> Tax Bonds	\$3,685,000
F.	<b><u>Debt of the Lafayette Public Power Authority</u></b>	
	<b><u>Type of Obligation</u></b>	<b><u>Principal Outstanding</u></b>
	Electric Revenue Bonds	\$78,470,000
G.	<b><u>Partially Underlying Debt of Lafayette Parish Waterworks District North</u></b>	
	<b><u>Type of Obligation</u></b>	<b><u>Principal Outstanding</u></b>
	Water Revenue Bonds	\$3,001,000
H.	<b><u>Partially Underlying Debt of Lafayette Parish Waterworks District South</u></b>	
	<b><u>Type of Obligation</u></b>	<b><u>Principal Outstanding</u></b>
	Water Revenue Bonds	\$3,985,000

*(NOTE: The above statement excludes the outstanding indebtedness of the Lafayette Airport Commission, the Lafayette Economic Development Authority (formerly the Lafayette Harbor, Terminal and Industrial Development District), the Lafayette Public Trust Financing Authority, Lafayette Industrial Development Board, Lafayette I-10 Corridor District at Mile Marker 103, District No. 4 Regional Planning and Development Commission, and all operating and capital leases.)*

Source: Lafayette City-Parish Consolidated Government; Figures unaudited

**Short Term Indebtedness**

According to the Chief Financial Officer of LCG, the City has no short term indebtedness other than normal accounts payable or as otherwise disclosed in this Official Statement.

**Default Record**

According to the Chief Financial Officer of LCG, the City has never defaulted in the payment of its outstanding bonds or obligations.

## **GASB 45**

Effective with the fiscal year beginning November 1, 2007, the Governing Authority implemented Government Accounting Standards Board Statement Number 45 (“GASB 45”). A summary of the impact of LCG’s Post Employment Benefit Obligations on the financing of LCG is explained in Note 19 - Post Retirement Health Care Benefits of the 2017 Comprehensive Annual Financial Report (“CAFR”) of LCG. See pages 74-77 of the 2017 CAFR. As of the date of this Official Statement, LCG has not published its CAFR for 2018. Amounts reflected herein are more up-to-date than those presented in the 2017 CAFR.

As required by GASB 45 (“Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions”), the City has determined that the accrued actuarial liability for benefits associated with Other Post Employment Benefits (“OPEB”), as of October 31, 2018 (the most recent actuarial valuation date) was approximately \$31,793,398 for the primary government and \$105,807 for component units. The covered payroll (annual payroll of active employees covered by the plan) was \$93,251,607 for the primary government and \$1,588,458 for the component units, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 34.1% for the primary government and 6.7% for the component units. The valuation was conducted by an independent actuary and amounts determined regarding the funded status of the plan, the accrued liability and the annual required contributions are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future, including future employment, mortality and the healthcare cost trend. More detailed information relating to OPEB, as of November 1, 2015, is contained in the 2017 CAFR which can be found on LCG’s website at <http://lafayetteela.gov/Finance/Pages/Accounting.aspx>.

No information or statement on the website above is included by specific cross-reference herein.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Except as specifically provided herein, such websites and the information or links contained therein, including specifically (but not limited to) the information on the Issuer’s website, are not included by reference herein, and are not part of this Official Statement for purposes of, and as that term is defined in, Rule 15c2-12 of the United States Securities and Exchange Commission.

Although the Issuer has provided access to the information on the website above for the convenience of those seeking that information, no decision in reliance upon that information should be made. Typographical or other errors may have occurred in converting the original source documents to their digital format, and the Issuer assumes no liability or responsibility for errors or omissions contained on any website. Further, the Issuer disclaims any duty or obligation to update or maintain the availability of the information contained on any website or any responsibility or liability for any damages caused by viruses contained within the electronic files on any website. The Issuer also assumes no liability or responsibility for any errors or omissions or for any updates to dated information contained on any website.

## **Budget**

The budget summary for LCG for the fiscal year ending October 31, 2019 can be found on its website at <http://www.lafayetteela.gov/Budget/SiteAssets/Files/2019-ADOPTED-BUDGET-BOOK.pdf>.

## **ECONOMIC INDICATORS**

A comprehensive revision of the estimates of Per Capita Personal Income by State were published in November 2018 by the Bureau of Economic Analysis of the United States Department of Commerce. The recent trends in revised per capita personal income for the Parish and the Nation are indicated in the following table:

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**Per Capita Personal Income**

	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>
Lafayette Parish	\$49,813	\$52,859	\$48,901	\$45,111	\$45,892
Louisiana	40,714	42,524	42,832	42,581	43,660
United States	44,826	47,025	48,940	49,831	51,640

Source: Bureau of Economic Analysis

Note – All dollar estimates are in current dollars (not adjusted for inflation)

Estimates of personal income in the United States are derived as the sum of the regional estimates. These differ from the estimates of personal income in the national income and products accounts (NIPAs) because of differences in coverage, in the methodologies used to prepare the estimates, and in the timing of the availability of source data.

**Employment**

The Louisiana Workforce Commission has issued revised not seasonally adjusted annual average statistics for various employment areas within Louisiana. The revised not seasonally adjusted annual average figures for the Parish and Louisiana were reported as follows:

**Employment**

<b><u>Year</u></b>	<b><u>Labor Force</u></b>	<b><u>Employment</u></b>	<b><u>Unemployment</u></b>	<b><u>Parish Rate</u></b>	<b><u>State Rate</u></b>
2013	118,870	113,007	5,863	4.9%	6.7%
2014	122,595	116,553	6,042	4.9	6.4
2015	120,282	113,456	6,826	5.7	6.3
2016	114,609	107,602	7,007	6.1	6.0
2017	113,098	107,552	5,546	4.9	5.1

Source: Labor Market Statistics, Local Area Unemployment Statistics Program

The preliminary figures for the Parish for January 2019 were reported as follows:

<b><u>Month</u></b>	<b><u>Labor Force</u></b>	<b><u>Employment</u></b>	<b><u>Unemployment</u></b>	<b><u>Parish Rate</u></b>	<b><u>State Rate</u></b>
01/19	112,291	107,126	5,165	4.6%	5.2%*

Source: Louisiana Workforce Commission. March 11, 2019

\* The seasonally adjusted rate was 4.9%

The preliminary figures for the Lafayette Metropolitan Statistical Area (“MSA”) for January 2019 were reported as follows:

<b><u>Month</u></b>	<b><u>Labor Force</u></b>	<b><u>Employment</u></b>	<b><u>Unemployment</u></b>	<b><u>MSA Rate</u></b>	<b><u>State Rate</u></b>
01/19	210,354	199,694	10,660	5.1%	5.2%*

Source: Labor Market Statistics, Local Area Unemployment Statistics Program

\* The seasonally adjusted rate was 4.9%

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The following table shows the composition of the employed work force in the Lafayette MSA:

**Nonfarm Wage and Salary Employment by Major Industry**  
(Employees in Thousands)

	<b><u>Preliminary January 2019</u></b>	<b><u>Revised December 2019</u></b>	<b><u>January 2018</u></b>
Mining & Logging	12.8	12.9	13.0
Construction	9.5	9.7	9.2
Manufacturing	16.1	15.7	14.8
Trade, Transportation, & Utilities	41.8	42.5	42.3
Information	2.3	2.4	2.4
Financial Activities	10.9	11.0	10.7
Professional and Business Services	21.6	21.7	21.0
Education and Health Services	32.2	32.5	31.5
Leisure and Hospitality	21.6	22.0	20.6
Other Services	7.1	7.1	7.0
<b><u>Government</u></b>	<b><u>26.6</u></b>	<b><u>27.5</u></b>	<b><u>26.3</u></b>
<b>TOTAL</b>	<b>202.5</b>	<b>205.0</b>	<b>198.8</b>

Source: United States Bureau of Labor Statistics

The names of the largest employers located in the Parish for 2017 are as follows:

	<b><u>Name of Employer</u></b>	<b><u>Type of Business</u></b>	<b><u>Approximate No. of Employees</u></b>
1.	Lafayette General Health <sup>1</sup>	Health Care	4,245
2.	Lafayette Parish School System	Education	3,606
3.	University of Louisiana Lafayette	Education	2,894
4.	Lafayette Consolidated Government <sup>2</sup>	Public Administration	2,270
5.	Our Lady of Lourdes Regional Medical Center <sup>3</sup>	Health Care	1,888
6.	Wal-Mart Stores, Inc. <sup>4</sup>	Retail Trade	1,479
7.	Stuller, Inc.	Manufacturing	1,191
8.	Island Operating Company	Oil and Gas	1,000
9.	Lafayette Parish Gov't (not part of LCG) <sup>5</sup>	Public Administration	996
10.	WHC, Inc.	Pipeline Construction	990

Source: Lafayette Economic Development Authority

<sup>1</sup> Includes LGMC, imaging, OSCP, corporate offices, Surgical Hospital, Southwest Hospital, Lafayette General Medical Doctors, University Hospital and Clinics, and contract workers

<sup>2</sup> Includes all government offices, except Clerk of Court, Assessor and Sheriff

<sup>3</sup> Includes hospital and affiliated services

<sup>4</sup> Includes Wal-Mart and Sam's Club locations

<sup>5</sup> Includes Clerk of Court, Assessor and Sheriff's Office

There can be no assurance that any employer listed will continue to locate in the Parish or continue employment at the level stated.

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## **GENERAL INFORMATION**

### **The City**

The City is located in the heart of Acadiana, an eight-parish area in the center of southern Louisiana, between New Orleans and Houston. The area was settled in 1763 by exiled Acadians from Nova Scotia. French and Acadian culture, handwork and traditions are very much in evidence in and around the City and both French and English languages are still spoken.

### **City-Parish Government**

On November 2, 1992, the voters of the Parish approved a home-rule charter that merged the governing authorities of the City of Lafayette and the Parish of Lafayette effective June 3, 1996.

Section 4-17 of the Lafayette City-Parish Consolidated Government Home Rule Charter (the "Charter") provides for administrative reorganization whereby the Mayor-President proposes and the City-Parish Council (as hereinafter defined) approves various organizational changes. In May 1998, the City-Parish Council adopted an ordinance providing for the reorganization of certain functions and departments under the Charter.

The Lafayette City-Parish Consolidated Government ("LCG") governs the City and the Parish. LCG includes a Mayor-President, elected by the Parish, and the City-Parish Council, consisting of nine members elected from nine single member districts (the "City-Parish Council"). The Charter further provides that the Mayor-President succeeds to all powers of the Mayor of the City. The names of the incumbent Mayor-President and City-Parish Council members are listed on the title page to this Official Statement.

The terms of the Mayor-President and the members of the City-Parish Council were sworn in on January 4, 2016, at which time a new Mayor-President and four (4) new council members were elected to serve a four-year term.

On December 8, 2018, voters of the Parish and the City approved amendments to the Charter which provides the rules of governance for the City and the Parish (the "Charter Amendments").

Currently, the City-Parish Council consists of nine (9) members and acts as the governing authority for the City and the Parish. Pursuant to the Charter Amendments, the nine (9) member City-Parish Council will be replaced by the new "Lafayette City Council" consisting of five (5) members who shall serve as the governing authority for the City (the "City Council") and the new "Lafayette Parish Council" consisting of five (5) members who shall serve as the governing authority for the Parish (the "Parish Council"). Furthermore, the City Council and the Parish Council, jointly, shall serve as the governing authority for LCG. The Mayor-President will remain a part of LCG, together with the City Council and the Parish Council.

The boundaries of districts of the new five (5) member councils for the City and the Parish will be put in place for the upcoming elections on October 12, 2019. Currently, there is a pending issue related to the proper procedure (ordinance versus election) to address certain discrepancies in the description of the new City Council districts and Parish Council districts. The City-Parish Council is currently working on resolving that issue prior to October 12, 2019. Regardless of the ultimate resolution of this issue, the result will be that there will either be a five (5) member City Council and five (5) member Parish Council (as described above) or a nine (9) member consolidated City-Parish Council as currently exists.

### **Industry, Commerce and Agriculture**

The business base of the Parish includes energy services, manufacturing, health care, transportation and distribution, education, information technology, finance, tourism, and other service-related industries. The population in Lafayette's trade market is over 600,000 people with over one million tourists visiting the area each year. More than twenty percent of the dollars spent in the Parish come from visitors outside the Parish borders.

The City is the natural economic, commercial, agricultural, retail and cultural center of the region because of its location as the geographic center of Acadiana. The Parish's location between New Orleans and Houston and its proximity to the largest and richest oilfields in Louisiana and the Gulf of Mexico make the oil industry a factor in the City's economy. However, the City's employment has significantly diversified over the years and today education and healthcare represent 14% of employment. Also, the City's economy is largely driven by its position as a major regional trade and retail center serving an area with a population of over 600,000 people. A third significant factor in the City's economy are the educational and medical facilities located within its boundaries. The University



of Louisiana at Lafayette (“ULL”), the second largest institution of higher education in the State, is located in the City. ULL had a 2018 (Fall Semester) enrollment of approximately 19,387 full-time and part-time students.

Lafayette’s unique culture and quality of life draws thousands of visitors to Lafayette. It is well-known for its great food, music, and festivals, along with many historical attractions, museums and art exhibitions. The “Acadian Village” is a replica of a Cajun settlement, with homes and buildings, their furnishings, all reflecting the Cajun living conditions of yore. Vermilionville Living History Museum is a similar tourist attraction located on the beautiful grounds on the banks of Bayou Vermilion and is laid out as a historic village authentically portraying life in Acadiana between 1765 and 1890. Located near Vermilionville is the Acadian Cultural Center belonging to the Jean Lafitte National Park System offering various Cajun and Creole-related topics. Although the City is modern in most respects, there is a strong interest in preserving the flavor and customs of the past. Accordingly, recent history has shown a renewed interest in the cajun language, zydeco music, cajun cuisine and historical sites in the area.

Lafayette is also home to nationally recognized festivals. Festival Interenational de Louisiane is an annual four day free celebration that brings talented artists from francophone countries around world. French, African, Caribbean, and Hispanic cultures participate via music, dance and craft performances. Festivals Acadiens et Creoles is a weekend festival featuring Cajun, Creole, and Zydeco musicians.

In recent years, the City has positioned itself, through its unique, publicly-owned fiber optic loop, as a technology leader with high-tech infrastructure designed to encourage economic development and improve and reduce costs of telecommunications services to its citizens. An example of this is the \$27 million, 70,000 square foot Louisiana Immersive Technologies Enterprise which is one of very few facilities in the world that combine high performance computing capabilities with advanced visualization.

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# APPENDIX D

## STATEMENT OF DIRECT, OVERLAPPING BONDED DEBT AS OF MAY 2, 2019 (The accompanying notes are an integral part of this statement)

Notes	Name of Issuer and Issue	Interest Rates (%)	Dated Date	Final Maturity Date	Principal Outstanding	Principal Amount Due Within One Year
(1)	<b><u>Direct Debt of the City of Lafayette, State of Louisiana</u></b>					
(2)	Public Improvement Sales Tax Refunding Bonds, Series ST-2011A	3.75-5.0	6/01/11	3/01/26	\$ 9,520,000	\$ 1,160,000
(2)	Public Improvement Sales Tax Refunding Bonds, Series ST-2011C	3.125-5.0	12/08/11	3/01/27	4,785,000	520,000
(2)	Taxable Public Improvement Sales Tax Recovery Zone Economic Development Bonds, Series 2009A	7.23	8/18/09	3/01/34	3,640,000	(a)
(2)	Public Improvement Sales Tax Refunding Bonds, Series ST-2012A	3.0-3.125	6/01/12	3/01/28	3,695,000	350,000
(2)	Public Improvement Sales Tax Bonds, Series 2013	3.125-5.0	6/21/13	3/01/38	13,135,000	475,000
(2)	Public Improvement Sales Tax Refunding Bonds, Series 2014A	5.0	10/17/14	3/01/30	13,745,000	955,000
(2)	Public Improvement Sales Tax Refunding Bonds, Series 2014C	5.0	12/05/14	3/01/24	13,830,000	2,855,000
(2)	Public Improvement Sales Tax Refunding Bonds, Series 2015A	2.43	12/18/15	3/01/25	2,710,000	280,000
(2)	Public Improvement Sales Tax Refunding Bonds, Series 2016D	2.0-4.0	2/26/16	3/01/32	11,500,000	695,000
(2)	Public Improvement Sales Tax Refunding Bonds, Series 2017A	3.0-5.0	7/18/17	3/01/32	10,835,000	670,000
(2)	Public Improvement Sales Tax Refunding Bonds, Series 2018A	4.0-5.0	12/06/18	3/01/33	20,090,000	1,095,000
(3)	Public Improvement Sales Tax Refunding Bonds, Series ST-2011B	3.75-4.25	6/01/11	5/01/26	6,650,000	815,000
(3)	Public Improvement Sales Tax Refunding Bonds, Series ST-2011D	3.125-5.0	12/08/11	5/01/27	6,995,000	815,000
(3)	Public Improvement Sales Tax Refunding Bonds, Series ST-2012B	3.0-5.0	6/01/12	5/01/28	9,500,000	860,000
(3)	Public Improvement Sales Tax Refunding Bonds, Series 2014B	3.0-3.375	9/26/14	5/01/30	1,420,000	105,000
(3)	Public Improvement Sales Tax Refunding Bonds, Series 2015	5.0	2/06/15	5/01/24	5,870,000	1,695,000
(3)	Public Improvement Sales Tax Refunding Bonds, Series 2016A	3.0-5.0	2/26/16	5/01/25	13,285,000	3,075,000
(3)	Public Improvement Sales Tax Refunding Bonds, Series 2016E	2.63	2/26/16	5/01/32	1,540,000	100,000
(3)	Public Improvement Sales Tax Refunding Bonds, Series 2018B	4.0-5.0	12/06/18	5/01/34	18,335,000	870,000
(3)	Public Improvement Sales Tax Bonds, Series 2019A	2.5-5.0	4/11/19	5/01/44	26,070,000	0
(4)	Utilities Revenue Bonds, Series 2010	3.75-5.0	12/15/10	11/01/20	5,780,000	2,820,000
(4)	Utilities Revenue Refunding Bonds, Series 2012	5.0	1/11/13	11/01/28	118,865,000	9,550,000
(4)	Utilities Revenue Refunding Bonds, Series 2017	4.0-5.0	10/13/17	11/01/35	59,465,000	0
(5)	Certificates of Indebtedness, Series 2011	3.65	5/11/11	5/01/26	3,275,000	410,000
(6)	Communications System Revenue Bonds, Series 2012A	4.0-5.0	1/26/12	11/01/31	7,595,000	0
(6)	Taxable Communications System Revenue Bonds, Series 2012B	5.0-6.0	1/26/12	11/01/31	7,000,000	0
(6)	Communications System Revenue Refunding Bonds, Series 2015	3.5-5.0	8/21/15	11/01/31	82,190,000	4,645,000
(7)	Taxable Limited Tax Refunding Bond, Series 2012	3.75	3/02/12	5/01/28	26,365,000	2,510,000

(a) Various amounts are required to be deposited annually into a sinking fund.

<u>Notes</u>	<u>Name of Issuer and Issue</u>	<u>Interest Rates (%)</u>	<u>Dated Date</u>	<u>Final Maturity Date</u>	<u>Principal Outstanding</u>	<u>Principal Amount Due Within One Year</u>
(8)	<b><u>Overlapping Debt of the Parish of Lafayette, State of Louisiana</u></b>					
(9)	General Obligation Bonds, Series 2010	4.75-5.0	1/12/11	3/01/35	\$19,770,000	\$ 835,000
(9)	General Obligation Refunding Bonds, Series 2010	3.75-5.0	1/12/11	3/01/26	6,935,000	850,000
(9)	General Obligation Refunding Bonds, Series 2012	3.0-4.0	5/03/12	3/01/28	11,525,000	1,075,000
(9)	General Obligation Refunding Bonds, Series 2014	3.0-4.0	8/01/14	3/01/30	8,730,000	645,000
(10)	<b><u>Overlapping Debt of the Parish School Board of the Parish of Lafayette, State of Louisiana</u></b>					
(5)	Refunding Certificates of Indebtedness, Series 2010	3.06	12/29/10	11/01/23	1,195,000	285,000
(5)	Certificate of Indebtedness, Series 2015	2.2	8/17/15	11/01/22	5,945,000	1,425,000
(11)	Public School Refunding Bonds, Series 2010	3.75-4.0	5/27/10	4/01/21	1,850,000	905,000
(11)	Sales Tax Revenue Bonds, Series 2018A	3.0-5.0	7/31/18	4/01/48	27,765,000	595,000
(11)	Sales Tax Revenue Bonds, Series 2018	3.0-5.0	2/27/18	4/01/48	65,000,000	1,140,000
(12)	Limited Tax Bonds (Taxable QSCB), Series 2009	0.8	12/11/09	10/01/24	10,000,000	(a)
(12)	Limited Tax Bonds (Taxable QSCB), Series 2011	0	3/01/11	10/01/26	10,000,000	(a)
(12)	Limited Tax Bonds (Taxable QSCB), Series 2012	0	4/03/12	3/01/27	1,460,000	(a)
(12)	Limited Tax Revenue Bonds, Series 2012A	2.25-5.0	1/04/13	3/01/32	22,505,000	1,380,000
(12)	Limited Tax Revenue Bonds, Series 2016	2.375	12/21/16	12/21/56	77,574,158	1,297,922
(13)	<b><u>Overlapping Debt of Law Enforcement District of the Parish of Lafayette, State of Louisiana</u></b>					
(14)	Limited Tax Revenue Bonds, Series 2012	2.0-4.0	3/01/12	3/01/32	15,570,000	915,000
(15)	Revenue Anticipation Note, Series 2018	3.0	10/25/18	6/30/19	5,000,000	5,000,000
(16)	<b><u>Overlapping Debt of the Lafayette Parish Bayou Vermilion District, State of Louisiana</u></b>					
(9)	General Obligation Bonds, Series 2016	2.0-2.625	8/30/16	3/01/36	3,685,000	140,000
(17)	<b><u>Overlapping Debt of Lafayette Public Power Authority</u></b>					
(18)	Electric Revenue Bonds, Series 2012	2.0-5.0	12/21/12	11/01/32	50,420,000	2,715,000
(18)	Electric Revenue Refunding Bonds, Series 2015	3.0-5.0	11/13/15	11/01/32	28,050,000	815,000
(19)	<b><u>Partially Underlying Debt of Lafayette Parish Waterworks District North, Lafayette Parish, Louisiana</u></b>					
(20)	Water Revenue Refunding Bonds, Series 2013	2.95	1/29/13	10/01/27	3,001,000	372,000
(21)	<b><u>Partially Underlying Debt of Lafayette Parish Waterworks District South, Lafayette Parish, Louisiana</u></b>					
(20)	Water Revenue Refunding Bonds, Series 2011	2.9	12/21/11	8/01/21	1,085,000	369,000
(20)	Water Revenue Bonds, Series 2013	3.2	8/08/13	8/01/28	1,400,000	20,000
(20)	Water Revenue Bonds, Series 2018	1.675-3.35	7/26/18	8/01/30	1,500,000	20,000

(a) *Various amounts are required to be deposited annually into a sinking fund.*

#### NOTES

- (1) The 2018 total assessed valuation of the City of Lafayette, State of Louisiana is approximately \$1,582,892,287, all of which is taxable for municipal purposes.
- (2) Payable solely from and secured by an irrevocable pledge and dedication of the avails or proceeds of the special 1% sales and use tax being levied and collected by the issuer, pursuant to elections held in the issuer on May 13, 1961, November 20, 1965, March 22, 1977, and July 21, 2001, subject only to the prior payment of the reasonable and necessary costs and expenses of collecting and administering the tax.
- (3) Payable solely from and secured by an irrevocable pledge and dedication of the avails or proceeds of the special 1% sales and use tax now being levied and collected by the issuer, pursuant to elections held in the issuer on May 4, 1985, November 15, 1997, and July 21, 2001, subject only to the prior payment of the reasonable and necessary costs and expenses of collecting and administering the tax.

- (4) Payable as to principal and interest, solely from the income and revenues to be derived from the operation of the Lafayette Utilities System, subject only to the prior payment of the reasonable expenses of administration, operation and maintenance of the Lafayette Utilities System.
- (5) Secured by and payable solely from an irrevocable pledge and dedication of the excess of annual revenues of the issuer above statutory, necessary and usual charges in each of the fiscal years during which the obligations and any parity obligations are outstanding.
- (6) The Bonds shall be special obligations of the issuer, payable first, from the net income and revenues of the Communications System and second, to the amount necessary, from a secondary or subordinate pledge of the revenues of the Utilities System.
- (7) Secured by and payable from an irrevocable pledge and dedication of the funds to be derived by the issuer from the levy and collection of a special tax of 5.42 mills (such rate being subject to adjustment from time to time due to reassessment), which the issuer is authorized to impose and collect in each year. Said special tax is authorized to be levied on all the property subject to taxation within the corporate boundaries of the issuer.
- (8) The 2018 total assessed valuation of the Parish of Lafayette, State of Louisiana is approximately \$2,680,216,083, of which approximately \$2,286,166,528 is taxable.
- (9) Secured by and payable from unlimited *ad valorem* taxation.
- (10) The 2018 total assessed valuation of the Parish School Board of the Parish of Lafayette, State of Louisiana is approximately \$2,680,216,083, of which approximately \$2,286,166,528 is taxable.
- (11) Secured by and payable solely from an irrevocable pledge and dedication of the avails or net proceeds of the 1% sales and use tax being levied and collected by the issuer, in compliance with a special election held within the Parish of Lafayette, State of Louisiana on September 18, 1965.
- (12) Secured by and payable from an irrevocable pledge and dedication of the funds to be derived by the issuer from the levy and collection of a special tax of 4.59 mills (such rate being subject to adjustment from time to time due to reassessment) authorized to be levied each year on all the property subject to taxation within the corporate boundaries of the issuer.
- (13) The 2018 total assessed valuation of the Law Enforcement District of the Parish of Lafayette, State of Louisiana is approximately \$2,680,216,083, of which approximately \$2,286,166,528 is taxable.
- (14) Secured by and payable from an irrevocable pledge and dedication of the annual revenues of a special *ad valorem* tax of 8.03 mills (such rate being subject to adjustment from time to time due to reassessment) within the issuer, authorized to be imposed and collected each year on all the property subject to taxation within the corporate boundaries of the issuer.
- (15) Secured by and payable from a pledge of all revenues accruing to the sheriff's general fund for the fiscal year ending June 30, 2019.
- (16) The 2018 total assessed valuation of the Lafayette Parish Bayou Vermilion District, State of Louisiana is \$2,680,216,083, of which approximately \$2,286,166,528 is taxable.
- (17) The Lafayette Public Power Authority is parishwide, and levied no *ad valorem* taxes in 2018.
- (18) Secured by a pledge of project power revenues of the Lafayette Public Power Authority attributable to the project after payment of operating expenses.
- (19) Lafayette Parish Waterworks District North of the Parish of Lafayette, State of Louisiana includes an area lying to the North of the Township line between Township 9 South and Township 10 South, except those areas included in any municipality or other water district, and except certain areas adjacent to the City of Lafayette. The District levied no *ad valorem* taxes in 2018.
- (20) Payable solely from the income and revenues derived or to be derived from the operation of the waterworks system of the issuer, subject only to the prior payment of the reasonable and necessary expenses of operating and maintaining the system.
- (21) Lafayette Parish Waterworks District South of the Parish of Lafayette, State of Louisiana includes an area lying to the South of the Township line between Township 9 South and Township 10 South, except those areas included in any municipality or other water district and/or certain water systems, and except certain areas adjacent to the City of Lafayette. The District levied no *ad valorem* taxes in 2018.

(NOTE: The above statement excludes the outstanding indebtedness of the Lafayette Airport Commission, the Lafayette Economic Development Authority (formerly the Lafayette Harbor, Terminal and Industrial Development District), the Lafayette Public Trust Financing Authority, Lafayette Industrial Development Board, Lafayette I-10 Corridor District at Mile Marker 103, District No. 4 Regional Planning and Development Commission, and all operating and capital leases.)

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FORM OF LEGAL OPINIONS

*Set forth below are the proposed forms of opinions of Mahtook & LaFleur, as Bond Counsel and Foley & Judell, L.L.P., as Co-Bond Counsel to the Issuer. They are preliminary and subject to change prior to delivery of the Bonds.*

Form Opinion of Bond Counsel

\_\_\_\_\_, 2019

Honorable Lafayette City-Parish Council  
Lafayette City-Parish Consolidated Government  
Lafayette, Louisiana

**\$58,065,000**  
**UTILITIES REVENUE BONDS, SERIES 2019**  
**OF THE**  
**CITY OF LAFAYETTE, STATE OF LOUISIANA**

We have acted as bond counsel to the City of Lafayette, State of Louisiana (the "Issuer"), in connection with the issuance of the captioned bonds (the "Bonds"). The Bonds are issued as fully registered bonds, are dated, bear interest at the rates, are subject to redemption and mature on the dates and in the principal amounts as set forth in the Ordinances (hereinafter defined).

The Bonds have been issued by the Issuer pursuant to an ordinance adopted on June 29, 2004, as supplemented by ordinances adopted on June 29, 2004, November 2, 2010, October 2, 2012, December 18, 2012, August 8, 2017, September 19, 2017 and March 26, 2019 (collectively the "Ordinances") for the purposes of constructing and acquiring improvements and extensions to the Issuer's Utilities System consisting of the combined waterworks plants and system, the electric power and light plant and systems and sewer system (the "Utilities System"), including the necessary equipment and furnishings therefor, funding a reserve for the payment of the Bonds and paying the costs of issuance of the Bonds, under the authority of Section 1430 of Title 39 of the Louisiana Revised Statutes of 1950, as amended (the "Act"), and other constitutional and statutory authority.

The Issuer, in and by the Ordinances, has entered into certain covenants and agreements with the owners of the Bonds with respect to the security and payment of the Bonds, including a provision for the issuance of *pari passu* obligations, for the terms of which reference is made to the Ordinances. Capitalized terms used but not defined herein shall have the meaning given to them in the Ordinances.

We have examined the provisions of the Constitution and Statutes of the State of Louisiana, a certified transcript of the proceedings of the Issuer relating to the issuance of the Bonds, and such other documents, proofs and matters of law as we deemed necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon the representations contained in the Ordinances and in the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

On the basis of the foregoing examinations, we are of the opinion, as of the date hereof and under existing law, that:

1. The Issuer is a validly existing political subdivision of the State of Louisiana with the power to adopt the Ordinances and to authorize and issue the Bonds.

2. Said proceedings, documents and proofs show lawful authority for the issuance of the Bonds pursuant to the Act, and other constitutional and statutory authority, and the Ordinances.

3. The Bonds are valid and binding special and limited obligations of the Issuer and are secured by and payable as to principal and interest, equally with the Outstanding Parity Bonds (as defined below), solely from the income and revenues to be derived from the operation of the Utilities System, subject only to the prior payment of the reasonable expenses of administration, operation and maintenance of the Utilities System (the "Net Revenues"), and the Ordinances create a valid pledge of the Net Revenues.

4. The Ordinances have been duly adopted by the Issuer and constitute a valid and enforceable obligation of the Issuer.

5. The Bonds have been issued on a parity in all respects with the Issuer's outstanding (i) Utilities Revenue Bonds, Series 2010, (ii) Utilities Revenue Refunding Bonds, Series 2012, and (iii) Utilities Revenue Refunding Bonds, Series 2017 (collectively, the "Outstanding Parity Bonds"), rank equally with and enjoy complete parity of lien with the Outstanding Parity Bonds on the Net Revenues; the lien of the owners of the Bonds and the owners of the Outstanding Parity Bonds on the Net Revenues will be prior and superior to the lien on such Net Revenues of any obligations hereafter issued and payable therefrom except *pari passu* additional obligations hereafter issued within the terms, limitations and restrictions contained in the Ordinances.

6. Interest on the Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax.

7. Under the provisions of Chapter 1 of Title 47 of the Louisiana Revised Statutes of 1950, as amended, interest on the Bonds owned by corporations or residents of the State of Louisiana is exempt from Louisiana state income taxation to the extent such interest is exempt from federal income taxation.

In rendering the opinion expressed in numbered paragraphs 6 and 7 above, we have relied on representations of the Issuer with respect to questions of fact material to our opinion without undertaking to verify the same by independent investigation and have assumed continuing compliance with covenants in the Ordinances pertaining to the Internal Revenue Code of 1986, as amended, which affect the exclusion from gross income of interest on the Bonds for federal income tax purposes. In the event that such representations are determined to be inaccurate or incomplete or the Issuer fails to comply with the foregoing covenants in the Ordinances, interest on the Bonds could be included in gross income from the date of original delivery, regardless of the date on which the event causing such inclusion occurs.

Except as stated above, we express no opinion as to any federal, state or local tax consequences resulting from the ownership of, receipt or accrual of interest on, or disposition of the Bonds.

It is to be understood that the rights of the owners of the Bonds and the enforceability of the Bonds, and the Ordinances may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and that their enforceability may also be subject to the exercise of the sovereign police powers of the State, or its governmental bodies, and the exercise of judicial discretion in appropriate cases.

Respectfully submitted,



## Form Opinion of Co-Bond Counsel

\_\_\_\_\_, 2019

Honorable Lafayette City-Parish Council  
Lafayette City-Parish Consolidated Government  
Lafayette, Louisiana

**\$58,065,000**  
**UTILITIES REVENUE BONDS, SERIES 2019**  
**OF THE**  
**CITY OF LAFAYETTE, STATE OF LOUISIANA**

We have acted as co-bond counsel to the City of Lafayette, State of Louisiana (the "Issuer"), in connection with the issuance of the captioned bonds (the "Bonds"). The Bonds are issued as fully registered bonds, are dated, bear interest at the rates, are subject to redemption and mature on the dates and in the principal amounts as set forth in the Ordinances (hereinafter defined).

The Bonds have been issued by the Issuer pursuant to an ordinance adopted on June 29, 2004, as supplemented by ordinances adopted on June 29, 2004, November 2, 2010, October 2, 2012, December 18, 2012, August 8, 2017, September 19, 2017 and March 26, 2019 (collectively the "Ordinances") for the purposes of constructing and acquiring improvements and extensions to the Issuer's Utilities System consisting of the combined waterworks plants and system, the electric power and light plant and systems and sewer system (the "Utilities System"), including the necessary equipment and furnishings therefor, funding a reserve for the payment of the Bonds and paying the costs of issuance of the Bonds, under the authority of Section 1430 of Title 39 of the Louisiana Revised Statutes of 1950, as amended (the "Act"), and other constitutional and statutory authority.

The Issuer, in and by the Ordinances, has entered into certain covenants and agreements with the owners of the Bonds with respect to the security and payment of the Bonds, including a provision for the issuance of *pari passu* obligations, for the terms of which reference is made to the Ordinances. Capitalized terms used but not defined herein shall have the meaning given to them in the Ordinances.

We have examined the provisions of the Constitution and Statutes of the State of Louisiana, a certified transcript of the proceedings of the Issuer relating to the issuance of the Bonds, and such other documents, proofs and matters of law as we deemed necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon the representations contained in the Ordinances and in the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

On the basis of the foregoing examinations, we are of the opinion, as of the date hereof and under existing law, that:

1. The Issuer is a validly existing political subdivision of the State of Louisiana with the power to adopt the Ordinances and to authorize and issue the Bonds.
2. Said proceedings, documents and proofs show lawful authority for the issuance of the Bonds pursuant to the Act, and other constitutional and statutory authority, and the Ordinances.
3. The Bonds are valid and binding special and limited obligations of the Issuer and are secured by and payable as to principal and interest, equally with the Outstanding Parity Bonds (as defined below), solely from the income and revenues to be derived from the operation of the Utilities System, subject only to the prior payment

of the reasonable expenses of administration, operation and maintenance of the Utilities System (the "Net Revenues"), and the Ordinances create a valid pledge of the Net Revenues.

4. The Ordinances have been duly adopted by the Issuer and constitute a valid and enforceable obligation of the Issuer.

5. The Bonds have been issued on a parity in all respects with the Issuer's outstanding (i) Utilities Revenue Bonds, Series 2010, (ii) Utilities Revenue Refunding Bonds, Series 2012, and (iii) Utilities Revenue Refunding Bonds, Series 2017 (collectively, the "Outstanding Parity Bonds"), rank equally with and enjoy complete parity of lien with the Outstanding Parity Bonds on the Net Revenues; the lien of the owners of the Bonds and the owners of the Outstanding Parity Bonds on the Net Revenues will be prior and superior to the lien on such Net Revenues of any obligations hereafter issued and payable therefrom except *pari passu* additional obligations hereafter issued within the terms, limitations and restrictions contained in the Ordinances.

6. Interest on the Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax.

7. Under the provisions of Chapter 1 of Title 47 of the Louisiana Revised Statutes of 1950, as amended, interest on the Bonds owned by corporations or residents of the State of Louisiana is exempt from Louisiana state income taxation to the extent such interest is exempt from federal income taxation.

In rendering the opinion expressed in numbered paragraphs 6 and 7 above, we have relied on representations of the Issuer with respect to questions of fact material to our opinion without undertaking to verify the same by independent investigation and have assumed continuing compliance with covenants in the Ordinances pertaining to the Internal Revenue Code of 1986, as amended, which affect the exclusion from gross income of interest on the Bonds for federal income tax purposes. In the event that such representations are determined to be inaccurate or incomplete or the Issuer fails to comply with the foregoing covenants in the Ordinances, interest on the Bonds could be included in gross income from the date of original delivery, regardless of the date on which the event causing such inclusion occurs.

Except as stated above, we express no opinion as to any federal, state or local tax consequences resulting from the ownership of, receipt or accrual of interest on, or disposition of the Bonds.

It is to be understood that the rights of the owners of the Bonds and the enforceability of the Bonds, and the Ordinances may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and that their enforceability may also be subject to the exercise of the sovereign police powers of the State, or its governmental bodies, and the exercise of judicial discretion in appropriate cases.

Respectfully submitted,

**FORM OF  
CONTINUING DISCLOSURE CERTIFICATE**

**\$58,065,000  
UTILITIES REVENUE BONDS, SERIES 2019  
OF THE CITY OF LAFAYETTE, STATE OF LOUISIANA**

**CONTINUING DISCLOSURE CERTIFICATE**

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the City of Lafayette, State of Louisiana, (the “Issuer”), in connection with the issuance of \$58,065,000 of Utilities Revenue Bonds, Series 2019 (the “Bonds”). The Bonds are being issued pursuant to an ordinance dated June 29, 2004, as supplemented on March 26, 2019 (collectively, the “Ordinance”), and are described in that certain Official Statement dated April 16, 2019 (the “Official Statement”), which contains certain information concerning the Issuer, the revenues securing the Bonds and certain financial and other information relating thereto. The Issuer covenants and agrees as follows:

SECTION 1. *Purpose of the Disclosure Certificate.* This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Bondholders and in order to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12(b)(5).

SECTION 2. *Definitions.* In addition to the definitions set forth in the Ordinance, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“**Annual Report**” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“**Beneficial Owner**” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“**Bondholders**” shall mean both the owners and beneficial owners of any of the Bonds.

“**Dissemination Agent**” shall mean the Issuer’s Chief Administrative Officer, or any successor Dissemination Agent designated by the Issuer.

“**Financial Obligation**” shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

“**Listed Events**” shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

“**MSRB**” shall mean the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the single centralized repository for the collection and availability of continuing disclosure documents for purposes of the Rule. The continuing disclosure documents must be provided to the MSRB in portable document format (PDF) to the following:

Municipal Securities Rulemaking  
Board Electronic Municipal Market  
Access Center  
<http://emma.msrb.org>

**“Obligated Person”** shall mean any person, including the Issuer, who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all, or part of the obligations on the Bonds (other than providers of municipal bond insurance, letters of credit, or other liquidity or credit facilities).

**“Official Statement”** shall mean the Official Statement with respect to the Bonds and the Issuer dated April 16, 2019.

**“Ordinance”** shall have the meaning given such term in the first paragraph herein.

**“Participating Underwriters”** shall mean, collectively, Stifel, Nicolaus & Company, Incorporated, of New Orleans, Louisiana, and Sisung Securities Corporation of New Orleans, Louisiana, as the original purchaser of the Bonds required to comply with the Rule in connection with an offering of the Bonds.

**“Rule”** shall mean Rule 15c2-12 (b) (5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than June 30 of each year, commencing with the Annual Report for the fiscal year ending October 31, 2018, provide to the MSRB an Annual Report which is consistent with the requirements set forth below. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as set forth below; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report.

(b) If the Issuer is unable to provide to the MSRB an Annual Report by the date required in (a) above, the Issuer, in a timely manner, shall send a notice to the MSRB in substantially the form attached as Exhibit A hereto.

SECTION 4. Content of Annual Reports. The Issuer’s Annual Report shall contain or incorporate by reference the following:

1. Audited financial statements for the preceding fiscal year.
2. Basis of accounting used by the Issuer in reporting its financial statements. The Issuer follows GAAP principles and mandated Louisiana statutory accounting requirements as in effect from time to time. In the event of any material change in such requirements, the impact of such changes will be described in the Annual Report of the year such change occurs.
3. The Annual Engineering Report required to be prepared by the Ordinance, which Report shall include the operational and statistical data under the heading “TRENDS IN FINANCE” in the Official Statement.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to the MSRB or the Securities and Exchange Commission. If the document incorporated by reference is a deemed final official statement, it shall be available from the MSRB. The Issuer shall clearly identify each such other document so incorporated by reference.

SECTION 5. Reporting of Listed Events.

The Issuer shall provide in a timely manner, not in excess of 10 business days after the occurrence of the event, to the MSRB via EMMA notice of the occurrence of any of the following events with respect to the Bonds:

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults, if material;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) substitution of credit or liquidity providers, or their failure to perform;
- (f) adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax-exempt status of the Bonds;
- (g) modifications to rights of the holders (including Beneficial Owners) of the Bonds, if material;
- (h) Bond calls, if material, and tender offers;
- (i) defeasances;
- (j) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (k) rating changes;
- (l) bankruptcy, insolvency, receivership or similar events of an Obligated Person;
- (m) the consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions other than pursuant to its terms, if material;
- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (o) incurrence of a Financial Obligation of the Issuer or Obligated Person, if material, or agreement to covenants, events of defaults, remedies, priority rights or other similar terms of a Financial Obligation of the Issuer or Obligated Person, any of which affect holders (including Beneficial Owners) of the Bonds, if material; and
- (p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer or Obligated Person, any of which reflect financial difficulties.

With respect to events (d) and (e), the Issuer does not undertake to provide any notice with respect to credit enhancement added after the primary offering of the Bonds, unless the Issuer applies for or participates in obtaining the enhancement.

With respect to event (h), the Issuer does not undertake to provide notice of a mandatory scheduled redemption not otherwise contingent upon the occurrence of an event if the terms, dates and amounts of redemption are set forth in detail in the Official Statement.

SECTION 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds.

SECTION 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if:

(a) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Issuer, or type of business conducted;

(b) This Disclosure Certificate, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not materially impair the interests of the beneficial owners of the Bonds, as determined either by an opinion of a nationally recognized bond counsel or by approving vote of the holders of the Bonds pursuant to the terms of the Ordinance at the time of the amendment.

In the event of any such amendment or waiver of a provision of this Disclosure Certificate, the Issuer shall describe such amendment in the next Annual Report relating to the Issuer and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of change of accounting principles, on the presentation) of financial information or operating data being presented by or in respect of the Issuer.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any Bond owner may take such actions as may be necessary and appropriate, to cause the Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Ordinance, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriters and Bondholders from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 12. Other Stipulations. Any document submitted to the MSRB pursuant to this Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB. Any document submitted to the MSRB pursuant to this Disclosure Certificate shall be word-searchable (without regard to diagrams, images and other non-textual elements).

Date: \_\_\_\_\_, 2019

CITY OF LAFAYETTE, STATE OF LOUISIANA

By: \_\_\_\_\_  
Chief Financial Officer

**EXHIBIT A**  
**to Continuing Disclosure Certificate**

**NOTICE OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: City of Lafayette, State of Louisiana

Name of Bond Issue: \$58,065,000 Utilities Revenue Bonds, Series 2019

Date of Issuance: \_\_\_\_\_, 2019

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report as required by the Continuing Disclosure Certificate dated \_\_\_\_\_, 2019. The Issuer anticipates that its Annual Report will be filed by \_\_\_\_\_.

Date: \_\_\_\_\_

CITY OF LAFAYETTE, STATE OF LOUISIANA

By: \_\_\_\_\_  
Chief Financial Officer

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**BOOK-ENTRY ONLY SYSTEM**

The Bonds initially will be issued solely in book-entry only form to be held in the system maintained by DTC. So long as such book-entry only system is used, only DTC will receive or have the right to receive physical delivery of the Bonds and Beneficial Owners (as defined herein) will not be or be considered to be, and will not have any rights as, owners or holders of the Bonds under the Bond Ordinance.

*The following information about the book-entry only system applicable to the Bonds has been supplied by DTC. Neither the Issuer nor the Underwriters make any representations, warranties or guarantees with respect to its accuracy or completeness.*

DTC will act as the initial securities depository for the Bonds. The Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of the Bonds, in the aggregate principal amount thereof, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has an S&P rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

SO LONG AS CEDE & CO. (OR ANY OTHER NOMINEE REQUESTED BY DTC) IS THE REGISTERED OWNER OF THE BONDS AS NOMINEE FOR DTC, REFERENCES HEREIN TO THE HOLDERS OR REGISTERED OWNERS OR OWNERS OF THE BONDS SHALL MEAN CEDE & CO. (OR SUCH OTHER NOMINEE), AS AFORESAID, AND SHALL NOT MEAN THE BENEFICIAL OWNERS.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds such as redemptions, tenders, defaults, and proposed amendments to the Bond Ordinance. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices will be sent to DTC. If less than all of the Bonds within a maturity bearing the same interest rate are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal or redemption price of and interest payments on the Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer or the Paying Agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, nor its nominee, the Issuer, or the Paying Agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as a depository with respect to the Bonds at any time by giving reasonable notice to the Issuer or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

NEITHER THE ISSUER NOR THE TRUSTEE NOR THE BOND REGISTRAR NOR THE PAYING AGENT NOR THE UNDERWRITERS (OTHER THAN IN ITS CAPACITY, IF ANY, AS DIRECT PARTICIPANT OR INDIRECT PARTICIPANT) WILL HAVE ANY OBLIGATION TO THE DIRECT PARTICIPANTS OR THE INDIRECT PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO (1) DTC'S PROCEDURES OR ANY PROCEDURES OR ARRANGEMENTS BETWEEN DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS AND THE PERSONS FOR WHOM THEY ACT RELATING TO THE MAKING OF ANY DEMAND BY CEDE & CO. AS THE REGISTERED OWNER OF THE BONDS, (2) THE ADHERENCE TO SUCH PROCEDURES OR ARRANGEMENTS OR THE

EFFECTIVENESS OF ANY ACTION TAKEN PURSUANT TO SUCH PROCEDURES OR ARRANGEMENTS OR (3) THE PAYMENTS TO OR THE PROVIDING OF NOTICE FOR THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS, OR THE BENEFICIAL OWNERS.

*Discontinuation of the Book-Entry Only System.* DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Issuer or the Trustee. In addition, if the Issuer determines that (i) DTC is unable to discharge its responsibilities with respect to the Bonds, or (ii) continuation of the system of book-entry only transfers through DTC is not in the best interests of the Beneficial Owners of the Bonds or of the Issuer, the Issuer may, upon satisfaction of the applicable procedures of DTC with respect thereto, terminate the services of DTC with respect to the Bonds. Upon the resignation of DTC or determination by the Issuer that DTC is unable to discharge its responsibilities, the Issuer may, within ninety days, appoint a successor depository. If no such successor is appointed or the Issuer determines to discontinue the book-entry only system, Bond certificates will be printed and delivered. Transfers and exchanges of Bonds shall thereafter be made as provided in the Bond Ordinance.

If the book-entry only system is discontinued with respect to the Bonds, the persons to whom Bond certificates are delivered will be treated as "Holders" of Bonds for all purposes of the Bond Ordinance including without limitation the payment of principal, premium, if any, and interest on Bonds, the redemption of Bonds, and the giving to the Issuer or the Trustee of any notice, consent, request or demand pursuant to the Bond Ordinance for any purpose whatsoever. In such event, interest on the Bonds will be payable by check or draft of the Paying Agent mailed to such Holders at the addresses shown on the registration books maintained on behalf of the Issuer, and the principal and redemption price of all Bonds will be payable at the principal corporate trust office of the Paying Agent.

***The information in this Appendix "G" concerning DTC and DTC's book-entry system has been obtained from sources that the Issuer and the Underwriters believe to be reliable. No representation is made herein by the City or the Underwriters as to the accuracy, completeness or adequacy of such information, or as to the absence of material adverse changes in such information subsequent to the date of the Official Statement to which this APPENDIX "G" is attached.***

THE ISSUER AND THE UNDERWRITERS CANNOT AND DO NOT GIVE ANY ASSURANCES THAT THE DTC PARTICIPANTS OR THE INDIRECT PARTICIPANTS WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE BONDS (i) PAYMENTS OF PRINCIPAL OF OR INTEREST AND PREMIUM, IF ANY, ON THE BONDS; (ii) CONFIRMATION OF BENEFICIAL OWNERSHIP INTERESTS IN BONDS; OR (iii) REDEMPTION OR OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS NOMINEE, AS THE REGISTERED OWNERS OF THE BONDS, OR THAT THEY WILL DO SO ON A TIMELY BASIS OR THAT DTC, DTC PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT. THE CURRENT "RULES" APPLICABLE TO DTC ARE ON FILE WITH THE SECURITIES AND EXCHANGE COMMISSION AND THE CURRENT "PROCEDURES" OF DTC TO BE FOLLOWED IN DEALING WITH DTC PARTICIPANTS ARE ON FILE WITH DTC.

NEITHER THE ISSUER, THE UNDERWRITERS NOR THE PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO SUCH DTC PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; (2) THE PAYMENT BY ANY DTC PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OR INTEREST OR PREMIUM, IF ANY, ON THE BONDS; (3) THE DELIVERY BY ANY DTC PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE BOND ORDINANCE TO BE GIVEN TO BONDHOLDERS; (4) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE BONDS; OR (5) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS BONDHOLDER.

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**APPENDIX H**

**SPECIMEN MUNICIPAL BOND INSURANCE POLICY**

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## MUNICIPAL BOND INSURANCE POLICY

ISSUER:

BONDS: \$ in aggregate principal amount of

Policy No: -N

Effective Date:

Premium: \$

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By \_\_\_\_\_  
Authorized Officer

A subsidiary of Assured Guaranty Municipal Holdings Inc.  
1633 Broadway, New York, N.Y. 10019  
(212) 974-0100

Form 500NY (5/90)



**APPENDIX I**

**UNAUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR 2018 FOR LUS, THE  
COMMUNICATIONS SYSTEM AND THE CITY GENERAL FUND**

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LAFAYETTE CITY-PARISH CONSOLIDATED GOVERNMENT  
Lafayette, Louisiana

Statement of Net Position - Utilities System **(Unaudited)**  
October 31, 2018 and 2017

ASSETS	<u>2018</u>	<u>2017</u>
<b>CURRENT ASSETS</b>		
Cash	\$ 2,414,862	\$ 4,260,424
Investments	6,000,000	4,000,000
Accounts receivable, net	25,012,983	24,383,321
Due from other funds	2,694,361	4,152,243
Due from other governmental agencies	1,843,723	2,698,507
Inventories, net	8,927,536	8,571,367
Prepaid items	<u>155,758</u>	<u>190,199</u>
Total current assets	<u>47,049,223</u>	<u>48,256,061</u>
<b>NONCURRENT ASSETS</b>		
Restricted assets:		
Cash	6,722,591	2,640,920
Investments	125,119,918	121,915,975
Receivables	<u>402,115</u>	<u>221,843</u>
Total restricted assets	<u>132,244,624</u>	<u>124,778,738</u>
<b>CAPITAL ASSETS</b>		
Land	20,470,102	20,448,000
Construction in progress	11,024,503	13,219,496
Utility plant and equipment, net	<u>533,564,727</u>	<u>532,604,485</u>
Total capital assets, net	<u>565,059,332</u>	<u>566,271,981</u>
<b>OTHER ASSETS</b>		
Notes receivable - interfund loans	<u>26,529,343</u>	<u>27,181,093</u>
Total noncurrent assets	<u>723,833,299</u>	<u>718,231,812</u>
Total assets	<u>770,882,522</u>	<u>766,487,873</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred loss on bond refunding	11,549,690	13,245,143
Deferred outflows related to pensions	<u>9,195,075</u>	<u>12,256,302</u>
Total deferred outflows of resources	<u>20,744,765</u>	<u>25,501,445</u>

LAFAYETTE CITY-PARISH CONSOLIDATED GOVERNMENT  
Lafayette, Louisiana

Statement of Net Position - Utilities System (Continued) **(Unaudited)**  
October 31, 2018 and 2017

LIABILITIES	2018	2017
CURRENT LIABILITIES (payable from current assets)		
Accounts payable	3,836,665	3,515,430
Accrued liabilities	1,464,621	1,820,895
Contracts payable	1,187,854	487,696
Retainage payable	675,852	399,405
Unearned revenue	17,724	16,940
Due to other funds	1,622,365	1,556,195
Compensated absences	2,261,735	2,254,513
Total	11,066,816	10,051,074
CURRENT LIABILITIES (payable from restricted assets)		
Customers' deposits	9,038,860	8,742,942
Total current liabilities	20,105,676	18,794,016
NONCURRENT LIABILITIES		
Revenue bonds payable	207,533,312	222,882,565
Compensated absences	5,115,327	5,813,434
Other employee benefits payable	6,291,440	-
Net pension liability	28,181,940	31,849,465
Total noncurrent liabilities	247,122,019	260,545,464
Total liabilities	267,227,695	279,339,480
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions	4,459,844	1,541,355
NET POSITION		
Net investment in capital assets	369,075,710	356,634,559
Restricted for:		
Debt service	123,359,783	116,035,796
Unrestricted	27,504,255	38,438,128
Total net position	<u>\$ 519,939,748</u>	<u>\$ 511,108,483</u>

LAFAYETTE CITY-PARISH CONSOLIDATED GOVERNMENT  
Lafayette, Louisiana

Statement of Revenues, Expenses, and Changes in Fund Net Position - Utilities System **(Unaudited)**  
For the Years Ended October 31, 2018 and 2017

	2018	2017
Operating revenues:		
Charges for services	\$ 227,771,102	\$ 220,360,405
Miscellaneous	<u>5,014,740</u>	<u>4,995,876</u>
Total operating revenues	<u>232,785,842</u>	<u>225,356,281</u>
Operating expenses:		
Production, collection and cost of services	104,514,483	107,080,241
Distribution and treatment	30,922,245	30,885,632
Administrative and general	28,138,834	28,032,609
Transfer to City in lieu of taxes	23,708,786	22,568,235
Depreciation and amortization	<u>25,164,015</u>	<u>24,743,583</u>
Total operating expenses	<u>212,448,363</u>	<u>213,310,300</u>
Operating income	<u>20,337,479</u>	<u>12,045,981</u>
Nonoperating revenues (expenses):		
Investment earnings	2,821,960	1,737,213
Interest expense	(7,778,412)	(7,186,663)
Bond issuance costs	-	(1,006,340)
Gain (loss) on disposal of capital assets	(398,883)	(369,488)
Hurricane/flood expenses	(289,755)	(214,126)
Non-employer pension contributions	556,122	542,688
Other, net	<u>306,798</u>	<u>6,710</u>
Total nonoperating revenues (expenses)	<u>(4,782,170)</u>	<u>(6,490,006)</u>
Income before contributions	15,555,309	5,555,975
Capital contributions	304,557	338,106
Transfers in	<u>260,780</u>	<u>-</u>
Change in net position	16,120,646	5,894,081
Net position, beginning as restated	<u>503,819,102</u>	<u>505,214,402</u>
Net position, ending	<u>\$ 519,939,748</u>	<u>\$ 511,108,483</u>

LAFAYETTE CITY-PARISH CONSOLIDATED GOVERNMENT  
Lafayette, Louisiana

Statement of Net Position - Communications System **(Unaudited)**  
October 31, 2018 and 2017

ASSETS	<u>2018</u>	<u>2017</u>
<b>CURRENT ASSETS</b>		
Cash	\$ 2,638,366	\$ 2,883,869
Investments	350,306	-
Accounts receivable, net	1,213,335	1,290,085
Due from other funds	9,089	378
Due from other governmental agencies	20,847	22,638
Prepaid items	<u>617,099</u>	<u>447,722</u>
Total current assets	<u>4,849,042</u>	<u>4,644,692</u>
<b>NONCURRENT ASSETS</b>		
Restricted assets:		
Cash	3,015,125	1,404,103
Investments	<u>3,000,000</u>	<u>8,000,000</u>
Total restricted assets	<u>6,015,125</u>	<u>9,404,103</u>
<b>CAPITAL ASSETS</b>		
Land	1,093,408	718,408
Construction in progress	788,404	2,758,906
Utility plant and equipment, net	<u>75,945,232</u>	<u>72,749,752</u>
Total capital assets, net	<u>77,827,044</u>	<u>76,227,066</u>
<b>OTHER ASSETS</b>		
Total other assets	<u>1,443,018</u>	<u>1,546,546</u>
Total noncurrent assets	<u>85,285,187</u>	<u>87,177,715</u>
Total assets	<u>90,134,229</u>	<u>91,822,407</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred loss on bond refunding	4,260,525	4,851,930
Deferred outflows related to pensions	<u>1,327,546</u>	<u>1,848,646</u>
Total deferred outflows of resources	<u>5,588,071</u>	<u>6,700,576</u>

LAFAYETTE CITY-PARISH CONSOLIDATED GOVERNMENT  
Lafayette, Louisiana

Statement of Net Position - Communications System (Continued) **(Unaudited)**  
October 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES (payable from current assets)</b>		
Accounts payable	1,028,618	950,568
Accrued liabilities	183,076	159,625
Contracts payable	197,362	212,062
Due to other funds	1,156,767	2,542,627
Compensated absences	<u>165,303</u>	<u>141,684</u>
Total	2,731,126	4,006,566
<b>CURRENT LIABILITIES (payable from restricted assets)</b>		
Customers' deposits	<u>67,630</u>	<u>85,275</u>
Total current liabilities	<u>2,798,756</u>	<u>4,091,841</u>
<b>NONCURRENT LIABILITIES</b>		
Revenue bonds payable	105,026,495	110,598,812
Notes payable - interfund loans	26,529,343	27,181,093
Compensated absences	6,517	30,018
Other post-employment benefits payable	172,180	-
Net pension liability	<u>3,757,277</u>	<u>4,383,137</u>
Total noncurrent liabilities	<u>135,491,812</u>	<u>142,193,060</u>
Total liabilities	<u>138,290,568</u>	<u>146,284,901</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows related to pensions	<u>730,600</u>	<u>239,239</u>
<b>NET POSITION</b>		
Net investment in capital assets	(31,364,417)	(37,690,708)
Restricted for:		
Debt service	5,938,706	9,275,844
Unrestricted (deficit)	<u>(17,873,157)</u>	<u>(19,586,293)</u>
Total net position (deficit)	<u>\$ (43,298,868)</u>	<u>\$ (48,001,157)</u>

LAFAYETTE CITY-PARISH CONSOLIDATED GOVERNMENT  
Lafayette, Louisiana

Statement of Revenues, Expenses, and Changes in Fund Net Position - Communications System **(Unaudited)**  
For the Year Ended October 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Operating revenues:		
Charges for services	\$ 37,662,371	\$ 36,620,209
Miscellaneous	<u>1,149,948</u>	<u>1,054,026</u>
Total operating revenues	<u>38,812,319</u>	<u>37,674,235</u>
Operating expenses:		
Production, collection and cost of services	17,513,735	16,739,956
Administrative and general	3,816,050	4,059,790
Depreciation and amortization	<u>7,473,500</u>	<u>6,973,048</u>
Total operating expenses	<u>28,803,285</u>	<u>27,772,794</u>
Operating income	<u>10,009,034</u>	<u>9,901,441</u>
Nonoperating revenues (expenses):		
Investment earnings	150,565	65,158
Interest expense of capital assets	(5,355,317)	(5,546,433)
Non-employer pension contributions	<u>79,319</u>	<u>78,344</u>
Total nonoperating revenues (expenses)	<u>(5,124,783)</u>	<u>(5,402,174)</u>
Change in net position	4,884,251	4,499,267
Net position (deficit), beginning as restated	<u>(48,183,119)</u>	<u>(52,500,424)</u>
Net position (deficit), ending	<u>\$ (43,298,868)</u>	<u>\$ (48,001,157)</u>



LAFAYETTE CITY-PARISH CONSOLIDATED GOVERNMENT

Lafayette, Louisiana

General Fund - City of Lafayette

Comparative Balance Sheet **(Unaudited)**

October 31, 2018 and 2017

	2018	2017
<b>ASSETS</b>		
Cash	\$ 11,113,143	\$ 8,544,498
Investments	36,525,797	38,371,139
Accounts receivable, net	1,308,222	1,111,539
Accrued interest receivable	148,445	97,166
Due from other funds	3,872,642	4,052,704
Due from component units	-	15,466
Due from other governmental agencies	327,536	327,536
Prepaid expenditures	3,349	-
Property held for resale	-	815,367
Total assets	<u>\$ 53,299,134</u>	<u>\$ 53,335,415</u>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 574,942	\$ 529,987
Accrued salaries and benefits	1,312,340	1,226,068
Other payables	360,955	629,977
Due to other funds	374,754	2,433,313
Due to component units	-	20,581
Unearned revenue	1,462	23,059
Total liabilities	<u>2,624,453</u>	<u>4,862,985</u>
<b>Fund balances:</b>		
Nonspendable - prepaid items	3,349	-
Assigned for subsequent year's expenditures	4,693,369	2,414,305
Unassigned	45,977,963	46,058,125
Total fund balances	<u>50,674,681</u>	<u>48,472,430</u>
Total liabilities and fund balances	<u>\$ 53,299,134</u>	<u>\$ 53,335,415</u>

LAFAYETTE CITY-PARISH CONSOLIDATED GOVERNMENT

Lafayette, Louisiana

General Fund - City of Lafayette

Budgetary Comparison Schedule (Unaudited)

For the Year Ended October 31, 2018

With Comparative Actual Amounts for the Year Ended October 31, 2017

	2018			Variance with Final Budget Positive (Negative)	2017 Actual
	Original Budget	Final Budget	Actual		
Revenues:					
Taxes -					
Ad valorem	\$ 25,750,026	\$ 24,995,219	\$ 24,988,748	\$ (6,471)	\$ 24,802,660
Sales and use taxes	27,942,350	27,821,293	27,812,651	(8,642)	28,017,795
Utility system payments in lieu of taxes	24,100,000	24,308,786	24,308,786	-	22,968,235
Other	2,454,136	2,492,401	2,425,550	(66,851)	2,411,883
Licenses and permits	2,498,560	2,708,889	2,691,225	(17,664)	2,626,179
Intergovernmental -					
State shared revenue	166,611	150,000	150,085	85	161,235
On-behalf payments	-	3,062,009	3,062,009	-	3,028,898
Charges for services	9,343,706	9,037,737	8,967,875	(69,862)	8,478,291
Fines and forfeits	1,485,158	1,298,560	1,173,118	(125,442)	1,407,242
Investment earnings	243,196	713,000	792,465	79,465	300,957
Miscellaneous	728,789	1,239,994	460,018	(779,976)	726,243
Total revenues	<u>94,712,532</u>	<u>97,827,888</u>	<u>96,832,530</u>	<u>(995,358)</u>	<u>94,929,618</u>
Expenditures:					
Current -					
General government	23,862,095	24,003,226	21,746,981	2,256,245	20,148,776
Public safety	58,685,931	62,396,811	60,706,429	1,690,382	59,454,598
Public works	<u>4,250,060</u>	<u>4,282,314</u>	<u>3,757,404</u>	<u>524,910</u>	<u>3,640,242</u>
Total expenditures	<u>86,798,086</u>	<u>90,682,351</u>	<u>86,210,814</u>	<u>4,471,537</u>	<u>83,243,616</u>
Excess of revenues over expenditures	<u>7,914,446</u>	<u>7,145,537</u>	<u>10,621,716</u>	<u>3,476,179</u>	<u>11,686,002</u>
Other financing sources (uses):					
Transfers in	7,046,738	6,975,933	7,123,418	147,485	6,636,048
Transfers out	<u>(17,375,489)</u>	<u>(18,201,204)</u>	<u>(15,542,883)</u>	<u>2,658,321</u>	<u>(14,208,016)</u>
Total other financing sources (uses)	<u>(10,328,751)</u>	<u>(11,225,271)</u>	<u>(8,419,465)</u>	<u>2,805,806</u>	<u>(7,571,968)</u>
Net change in fund balance	(2,414,305)	(4,079,734)	2,202,251	6,281,985	4,114,034
Fund balance, beginning	<u>48,472,430</u>	<u>48,472,430</u>	<u>48,472,430</u>	<u>-</u>	<u>44,358,396</u>
Fund balance, ending	<u>\$ 46,058,125</u>	<u>\$ 44,392,696</u>	<u>\$ 50,674,681</u>	<u>\$ 6,281,985</u>	<u>\$ 48,472,430</u>



