1984 Bond Sale
$50M
(12)

ARBITRAGE CERTIFICATE

I.

GENERAL

§1.1 The undersigned is the President of the Board of Levee Commissioners of the Orleans Levee District (the "Board") and is charged by a resolution of the Board adopted on October 24, 1984 (the "Resolution"), with the responsibility for issuing the Board's obligations.

§1.2 This Certificate, which is made on behalf of the Board, is executed for the purpose of establishing the expectations of the Board as to future events regarding its aggregate $50,000,000.00 principal amount Orleans Levee District Levee Improvement Bonds, Series 1984A (the "Bonds"). This Certificate is intended, and may be relied upon, as a certification described in Section 1.103-13(a)(2)(ii) of the Treasury Regulations (as amended to the date hereof) under Section 103(c) of the Internal Revenue Code of 1954 (the "Code"), and is delivered as a part of the transcript of proceedings and accompanying certificates with respect to the Bonds.

§1.3 The Board has not received notice that it has been listed by the Commissioner of Internal Revenue as an issuer whose certification may not be relied upon by holders of its obligations, nor has the Board been advised that the Commissioner of Internal Revenue is contemplating any such listing of it.

§1.4 The undersigned has investigated the facts, estimates and circumstances surrounding the issuance of the Bonds as set forth in summary terms in this Certificate. To the best of the knowledge and belief of the undersigned, such facts, estimates and circumstances are true, correct and complete as of the date hereof; and the Board's expectations as to future events, which are based thereon, are in all respects reasonable. On the basis of such facts, estimates and circumstances, it is not expected that the proceeds of the Bonds will be used in a manner that would cause the Bonds to be considered arbitrage bonds within the meaning of Section 103(c) of the Code.

II.

THE PROJECT

§2.1. The Bonds are being issued to provide funds which, together with

certain other monies described herein, will be sufficient to pay the estimated cost of construction of the "Interim Hurricane and Flood Protection and Capital Improvement Project" (the "Project"). In addition to the proceeds of the Bonds, monies required to pay for the Project consist of:

(a) earnings from the temporary investment of Bond proceeds (or the reinvestment of such earnings), plus

(b) additional sums totalling $7,329,000.00 presently held by the Board, together with earnings from the temporary investment of such sums, plus

(c) an amount equal to $5,663,471.00 representing monies obtained over a period of five years from the 6.07 mill tax securing the Bonds which represent a portion of the excess of such proceeds over the amount required for debt service on the Bonds and the earnings from the temporary investment thereof.

The Project encompasses the acquisition, design, construction, installation, and equipping of a floodwall at Pontchartrain Beach from the University of New Orleans campus to the location of American Standard Company; a floodwall at Orleans Marina from the Harbor Master's building to Lakeshore Drive; a floodwall extension at Sea Brook along the west side of the Inner Harbor Navigation Canal ("IHNC"); a flood control structure, levees and road crossings located at Bayou St. John and Lakeshore Drive; Franklin Avenue and Lakeshore Drive levee improvements; Lakeshore Drive seawall erosion control; the construction of a field operation and office building within flood protection; Lakefront capital improvements, landscaping and stabilization; a flood control project on the East Lakefront; Levee Enlargement Reach A (IHNC to London Avenue); Levee Enlargement Reach B (London Avenue to West End Boulevard); ramp at Lake Marina Avenue; New Orleans East Lakefront levee (Parish Road to South Point); levee at South Point to Gulf Intercoastal Water Way ("GIWW"); acquisition of levee site on the South side Mississippi River Gulf Outlet ("M.R.G.O."); repairs to the Florida Avenue levee in the Lower Ninth Ward, and the costs of issuing the Bonds.

§2.2 The Board has entered into binding obligations with respect to the Project and has expended more than $100,000 pursuant thereto.

§2.3 Based upon facts, estimates, and circumstances in existence on the date hereof, including the report, annexed hereto as Exhibit "A", of Design Engineering, Inc., the independent, prime consulting engineers responsible for coordinating the planning, design and construction of the Project, construction of the Project is expected to be completed on or before November 26, 1989, and work on the Project is expected to proceed with due diligence until completion, whereupon all proceeds from the sale of the Bonds together with the earnings from the temporary investment of Bond proceeds (or the reinvestment of such earnings) and the other sums referred to in §2.1 hereinabove are expected to have been expended.

§2.4 The actual work of acquiring, designing, constructing, installing, and equipping the floodwall at Pontchartrain Beach has heretofore begun. Binding contracts or commitments, obligating the expenditures for work on the Project consisting of designing, constructing, installing and equipping the floodwall at Pontchartrain Beach of not less than $50,000 have heretofore been entered and made. Additional commitments totalling at least $50,000 shall be entered into by the Board prior to May 27, 1985.

It is anticipated that the total financeable costs of such acquisition, design, construction, installation and equipping (excluding a pro rata portion of the expenses anticipated to be incurred in connection with the issuance of the bonds) will be approximately $4,237,000.00.

It is expected that the work of acquiring, designing, constructing, installing and equipping the floodwall at Pontchartrain Beach will proceed with due diligence to full completion, presently anticipated on or about November 20, 1987.

§2.5 The actual work of acquiring, designing, constructing, installing, and equipping the floodwall at the Orleans Marina has heretofore begun. Binding contracts or commitments, obligating the expenditures for the work of acquiring, designing, constructing, installing and equipping the floodwall at the Orleans Marina of not less than $50,000 have heretofore been entered and made.

It is anticipated that the total financeable costs of such acquisition, design, construction, installation, and equipping (excluding a pro rata portion of the expenses anticipated to be incurred in connection with the issuance of the bonds) will be approximately $1,179,000.00.

It is expected that the work of acquiring, designing, constructing, installing, and equipping the floodwall at Orleans Marina will proceed with due diligence to full completion, presently anticipated on or about November 20, 1987.

§2.6 The actual work of acquiring, designing, constructing, installing, and equipping the floodwall extension at Sea Brook has heretofore begun. Binding contracts or commitments, obligating the expenditures for the work of acquiring, designing, constructing, installing and equipping the floodwall extension at Sea Brook of not less than $50,000 have heretofore been entered and made.

It is anticipated that the total financeable costs of such acquisition, design, construction, installation, and equipping (excluding a pro rata portion of the expenses anticipated to be incurred in connection with the issuance of the bonds) will be approximately $1,593,000.00.

It is expected that the work of acquiring, designing, constructing, installing, and equipping the floodwall extension at Sea Brook will proceed with due diligence to full completion, presently anticipated on or about November 20, 1987.

§2.7 The actual work of acquiring, constructing, installing, and equipping the Bayou St. John structures, levees and road crossings has heretofore begun. Binding contracts or commitments, obligating the expenditures for the work of acquiring, designing, constructing, installing, and equipping the Bayou St. John structures, levees and road crossings of not less than $100,000 have heretofore been entered and made.

It is anticipated that the total financeable costs of such acquisition, design, construction, installation, and equipping (excluding a pro rata portion of the expenses anticipated to be incurred in connection with the issuance of the bonds) will be approximately $11,800,000.00.

It is expected that the work of acquiring, designing, constructing, installing and equipping the Bayou St. John structures, levees and road crossings will proceed with due diligence to full completion, presently anticipated on or about November 20, 1989.

§2.8 The actual work of acquiring, designing, constructing, installing, and equipping the Franklin Avenue and Lakeshore Drive levee improvements has heretofore begun. Binding contracts or commitments, obligating the expenditures for the work of acquiring, designing, constructing, installing, and equipping the Franklin Avenue and Lakeshore Drive levee improvements of not less than $100,000 have heretofore been entered and made.

It is anticipated that the total financeable costs of such acquisition, design, construction, installation, and equipping (excluding a pro rata portion of the expenses anticipated to be incurred in connection with the issuance of the bonds) will be approximately $536,003.00.

It is expected that the work of acquiring, designing, constructing, installing, and equipping the Franklin Avenue and Lakeshore Drive levee improvements will proceed with due diligence to full completion, presently anticipated on or about November 20, 1987.

§2.9 The actual work of acquiring, designing, constructing, installing, and equipping the Lakeshore Drive seawall erosion control has heretofore begun. Binding contracts or commitments, obligating the expenditures for the work of acquiring, designing, constructing, installing, and equipping the Lakeshore Drive erosion control of not less than $50,000 have heretofore been entered and made.

It is anticipated that the total financeable costs of such acquisition, design, construction, installation and equipping (excluding a pro rata portion of the expenses anticipated to be incurred in connection with the issuance of the bonds) will be approximately $2,000,000.00.

It is expected that the work of acquiring, designing, constructing, installing, and equipping the Lakeshore Drive seawall erosion control will proceed with due diligence to full completion, presently anticipated on or about November 20, 1984.

§2.10 The actual work of acquiring, designing, constructing, installing, and equipping the Field Operation and Office Construction within flood control has heretofore begun. Binding contracts or commitments, obligating the expenditures for the work of acquiring, designing, constructing, installing, and equipping the Field Operation and Office Construction within flood control of not less than $100,000 have heretofore been entered and made.

It is anticipated that the total financeable costs of such acquisition, design, construction, installation, and equipping (excluding a pro rata portion of the expenses anticipated to be incurred in connection with the issuance of the bonds) will be approximately $7,000,000.00.

It is expected that the work of acquiring, designing, constructing, installing, and equipping the Field Operation and Office Construction within flood control will proceed with due diligence to full completion, presently anticipated on or about November 20, 1984.

§2.11 The actual work of acquiring, designing, constructing, installing, and equipping the Lakefront capital improvements, landscaping and stabilization has heretofore begun. Binding contracts or commitments, obligating the expenditures for the work of acquiring, designing, constructing, installing, and equipping the Lakefront capital improvements, landscaping and

stabilization of not less than $60,000 have heretofore been entered and made.

It is anticipated that the total financeable costs of such acquisition, design, construction, installation, and equipping (excluding a pro rata portion of the expenses anticipated to be incurred in connection with the issuance of the bonds) will be approximately $2,260,000.00.

It is expected that the work of acquiring, designing, constructing, installing, and equipping the Lakefront capital improvements, landscaping and stabilization will proceed with due diligence to full completion, presently anticipated on or about November 20, 1987.

§2.12 The actual work of acquiring, designing, constructing, installing, and equipping the flood control project for the East Lakefront has not heretofore begun. Binding contracts or commitments, obligating the expenditures for the work of acquiring, constructing, installing, and equipping the flood control project East Lakefront of not less than $100,000 shall be entered on or before May 27, 1985.

It is anticipated that the total financeable costs of such acquisition, design, construction, installation, and equipping (excluding a pro rata portion of the expenses anticipated to be incurred in connection with the issuance of the bonds) will be approximately $3,744,368.00.

It is expected that the work of acquiring, designing, constructing, installing, and equipping flood control project East Lakefront will proceed with due diligence to full completion, presently anticipated on or about November 20, 1987.

§2.13 The actual work of acquiring, designing, constructing, installing, and equipping the Levee Enlargement Reach A has heretofore begun. The Board has previously executed a binding commitment with the U. S. Army Corps of Engineers (the "Corps") pursuant to which the Corps shall design and construct this work at the expense of the Board as a part of the "Barrier Plan." The Corps has announced its intention to substitute the "High Level Plan" for the "Barrier Plan." The work described in this section will be included in the "High Level Plan." It is reasonably expected that the prior commitment relating to the "Barrer Plan" will be modified to include the "High Level Plan" on or before May 27, 1985. The Corps has previously initiated the design of this work.

It is anticipated that the total financeable costs of such acquisition, design, construction, installation, and equipping (excluding a pro rata portion of the expenses anticipated to

be incurred in connection with the issuance of the bonds) will be approximately $486,977.00.

It is expected that the work of acquiring, designing, constructing, installing, and equipping the Levee Enlargement Reach A will proceed with due diligence to full completion, presently anticipated on or about November 20, 1987.

§2.14 The actual work of acquiring, designing, constructing, installing, and equipping the Levee Enlargement Reach B has heretofore begun. The Board has previously executed a binding commitment with the Corps pursuant to which the Corps shall design and construct this work at the expense of the Board as a part of the "Barrier Plan." The Corps has announced its intention to substitute the "High Level Plan" for the "Barrier Plan." The work described in this section will be included in the "High Level Plan." It is reasonably expected that the prior commitment relating to the "Barrier Plan" will be modified to the "High Level Plan" on or before May 27, 1985. The Corps has previously initiated the design of this work.

It is anticipated that the total financeable costs of such acquisition, design, construction, installation, and equipping (excluding a pro rata portion of the expenses anticipated to be incurred in connection with the issuance of the bonds) will be approximately $883,453.00.

It is expected that the work of acquiring, designing, constructing, installing, and equipping the Levee Enlargement Reach B will proceed with due diligence to full completion, presently anticipated on or about November 20, 1987.

§2.15 The actual work of acquiring, designing, constructing, installing, and equipping the ramp at Lake Marina Avenue has heretofore begun. The Board has previously executed a binding commitment with the Corps pursuant to which the Corps shall design and construct this work at the expense of the Board as a part of the "Barrier Plan." The Corps has announced its intention to substitute the "High Level Plan" for the "Barrier Plan." The work described in this section will be included in the "High Level Plan." It is reasonably expected that the prior commitment relating to the "Barrier Plan" will be modified to the "High Level Plan" on or before May 27, 1985. The Corps has previously initiated the design of this work.

It is anticipated that the total financeable costs of such acquisition, design, construction, installation, and equipping (excluding a pro rata portion of the expenses anticipated to be incurred in connection with the issuance of the bonds) will be approximately $286,250.00.

It is expected that the work of acquiring, designing, constructing, installing, and equipping the ramp at Lake Marina Avenue will proceed with due diligence to full completion, presently anticipated on or about November 20, 1987.

§2.16 The actual work of acquiring, designing, constructing, installing, and equipping the New Orleans East Lakefront levee has not heretofore begun. The Board has previously executed a binding commitment with the Corps pursuant to which the Corps shall design and construct this work at the expense of the Board as a part of the "Barrier Plan." The Corps has announced its intention to substitute the "High Level Plan" for the "Barrier Plan." The work described in this section will be included in the "High Level Plan." It is reasonably expected that the prior commitment relating to the "Barrier Plan" will be modified to the "High Level Plan" on or before May 27, 1985.

It is anticipated that the total financeable costs of such acquisition, design, construction, installation, and equipping (excluding a pro rata portion of the expenses anticipated to be incurred in connection with the issuance of the bonds) will be approximately $3,276,990.00.

It is expected that the work of acquiring, designing, constructing, installing, and equipping the New Orleans East Lakefront levee will proceed with due diligence to full completion, presently anticipated on or about November 20, 1987.

§2.17 The actual work of acquiring, designing, constructing, installing, and equipping the levee at South Point to GIWW has heretofore begun. The Board has previously executed a binding commitment with the Corps pursuant to which the Corps shall design and construct this work at the expense of the Board as a part of the "Barrier Plan." The Corps has announced its intention to substitute the "High Level Plan" for the "Barrier Plan." The work described in this section will be included in the "High Level Plan." It is reasonably expected that the prior commitment relating to the "Barrier Plan" will be modified to the "High Level Plan" on or before May 27, 1985. The Corps has previously initiated the design of this work.

It is anticipated that the total financeable costs of such acquisition, design, construction, installation, and equipping (excluding a pro rata portion of the expenses anticipated to be incurred in connection with the issuance of the bonds) will be approximately $832,415.00.

It is expected that the work of acquiring, designing, constructing, installing, and equipping the levee at South Point

to GIWW will proceed with due diligence to full completion, presently anticipated on or about November 20, 1987.

§2.18 The actual work of acquiring the levee site South side M.R.G.O. has begun pursuant to a resolution of the Board, dated November 20, 1984, authorizing the Board to either acquire said property by purchase or by filing an expropriation proceeding. Binding contracts or commitments, obligating the expenditures for the acquisition thereof of not less than $2,500,000.00 shall be entered by the Board on or before May 27, 1985.

It is anticipated that the total financeable costs of such acquisition, design, construction, installation, and equipping (excluding a pro rata portion of the expenses anticipated to be incurred in connection with the issuance of the bonds) will be approximately $2,500,000.00.

It is expected that the work of acquiring the levee site will proceed with due diligence to full completion, presently anticipated on or about November 20, 1985.

§2.19 The actual work of acquiring, designing, constructing, installing, and equipping the repair to Florida Avenue levee has heretofore begun by the Board's engineering staff. Binding contracts or commitments, obligating the expenditures for the work of acquiring, designing, constructing, installing, and equipping the repair to Florida Avenue levee of not less than $3,578.13 shall be entered and made on or before May 27, 1985.

It is anticipated that the total financeable costs of such acquisition, design, construction, installation, and equipping (excluding a pro rata portion of the expenses anticipated to be incurred in connection with the issuance of the bonds) will be approximately $143,125.00.

It is expected that the work of acquiring, designing, constructing, installing, and equipping the Florida Avenue levee will proceed with due diligence to full completion, presently anticipated on or about November 20, 1985.

§2.20 The actual work of acquiring, designing, constructing, installing, and equipping the London Avenue Canal levee improvements has heretofore begun. Binding contracts or commitments, obligating the expenditures for the work of acquiring, constructing, installing, and equipping the London Avenue Canal Levee improvements of not less than $100,000 have heretofore been entered and made.

It is anticipated that the total financeable costs of such acquisition, design, construction, installation, and equipping (excluding a pro rata portion of the expenses anticipated to

be incurred in connection with the issuance of the bonds) will be approximately $21,460,000.

It is expected that the work of acquiring, designing, constructing, installing, and equipping the London Avenue Canal levee improvements will proceed with due diligence to full completion, presently anticipated on or about November 20, 1989.

§2.21 The actual work of acquiring, designing, constructing, installing, and equipping the Orleans Avenue Canal levee improvements has heretofore begun. Binding contracts or commitments, obligating the expenditures for the work of acquiring, designing, constructing, installing, and equipping the Orleans Avenue Canal levee improvements of not less than $100,000 have heretofore been entered and made.

It is anticipated that the total financeable costs of such acquisition, design, construction, installation, and equipping (excluding a pro rata portion of the expenses anticipated to be incurred in connection with the issuance of the bonds) will be approximately $11,157,000.00.

It is expected that the work of acquiring, designing, constructing, installing, and equipping the Orleans Avenue Canal levee improvements will proceed with due diligence to full completion, presently anticipated on or about November 20, 1987.

§2.22 The actual work of acquiring, designing, constructing, installing, and equipping the 17th Street Canal levee improvements has heretofore begun. Binding contracts or commitments, obligating the expenditures for the work of acquiring, designing, constructing, installing, and equipping the 17th Street Canal levee improvements of not less than $100,000 have heretofore been entered and made.

It is anticipated that the total financeable costs of such acquisition, design, construction, installation, and equipping (excluding a pro rata portion of the expenses anticipated to be incurred in connection with the issuance of the bonds) will be approximately $8,200,000.00.

It is expected that the work of acquiring, designing, constructing, installing, and equipping the 17th Street Canal levee improvements will proceed with due diligence to full completion, presently anticipated on or about November 20, 1989.

§2.23 The proceeds of the Bonds, after payment of the expenses anticipated to be incurred in connection with the issuance of the Bonds, the earnings on such proceeds, the sums now held by the Board to be applied to the Project together with the excess proceeds of the 6.07 mill tax referred to in §2.1 hereinabove, will be expended for payment of the costs of

acquiring, designing, constructing, equipping, and installing the Project facilities substantially in accordance with the schedule set forth in Exhibit "B" hereto.

III.

THE BONDS

§3.1 The date, maturities, rates of interest, and denomination of the Bonds are as shown in Exhibit "C" attached hereto.

§3.2 The initial offering price of the Bonds to the public is $50,000,000.00. The Board believes that such price is reasonable under customary standards applicable in the established tax-exempt market.

§3.3 The payment of principal and interest on the Bonds is guaranteed by the members of the Municipal Bond Insurance Association through the issuance of a policy of Bond insurance (the "Insurance").

IV.

APPLICATION OF BOND PROCEEDS

§4.1 The Bonds will be sold to the underwriters for $48,750,000.00 (the $50,000,000.00 aggregate principal amount of the Bonds, minus an underwriting discount of $1,250,000.00). There will be accrued interest on the Bonds equal to $365,207.19. In addition to the underwriting discount, the Board will incur costs of issuance totalling $500,000.00 not including the premium for the Insurance in conjunction with the sale and issuance of the Bonds. The Board believes the underwriting discount and costs of issuance are reasonable under customary standards applicable to bonds similar in character and quality to the Bonds.

§4.2 The premium charged by the Municipal Bond Insurance Association for the Insurance was quoted at .00728 percent of the total payments of principal and interest on the Bonds. The premium thereon equals $1,193,000.00. The premium for the Insurance shall be paid in one payment on the closing date. The underwriters have advised the Board that the debt service on the Bonds without insurance would equal that schedule depicted in Exhibit "D" attached hereto. The debt service on the Bonds with the Insurance is that depicted in Exhibit "E" attached hereto. As set forth in the schedule attached hereto as Exhibit "F," the present value of the premium, $1,193,000.00 is less than the present value of the interest reasonably expected to be saved as a result of the Insurance, $2,023,873.74. Accordingly, in computing

the yield on the Bonds the premium paid for the Insurance shall be treated as interest.

§4.3 The proceeds from the sale of the Bonds will be deposited into an account of the Board captioned "The Series 1984A Bond Proceeds Account" in the First National Bank of Commerce, New Orleans. The Bond Proceeds Account will be used in part to pay the costs of issuance of the Bonds, including paying the premium due for the Insurance, and the balance in such Fund will be transferred to an account captioned "Interim Protection Project Account" (the "Project Account") in the First National Bank of Commerce, New Orleans. In turn, the Project Account, including the investment earnings therein, will be used to pay the costs of the Project financed with such proceeds, including the costs of the Project already incurred by the Board. No construction period interest shall be paid from the proceeds of the Bonds.

§4.4 Monies in the Project Account shall be applied to the payment of costs of the Project prior to any other monies available for such expenditures which are described in §2.2(a)-(c) hereof. In the unexpected event that any moneys remain in the Project Account after payment of the costs of the Project, such moneys will be used to first reimburse the Board the sums spent on the Project prior to the issuance of the Bonds, and not previously reimbursed to the Board from the proceeds of the Bonds. Any remaining sums shall be used in connection with other hurricane and flood protection projects or the maintenance of such projects as may be determined by the Board.

V.

DESCRIPTION OF ACCOUNTS

§5.1 The Resolution of the Board, dated October 24, 1984, authorizing the issuance of the Bonds (the "Resolution"), pledges to the payment of the Bonds the proceeds of the two taxes described in Section 15 of the Resolution. The Resolution requires that the Board shall retain, in a separate and special bank account of the Board, from the revenue derived from said taxes, an amount which shall be sufficient to provide for the payment of the principal of and interest on, the Bonds which shall become due within the twelve month period following receipt of such tax revenues.

§5.2 Except as set forth in §4.2 and §5.1 above, the Board has established no funds or accounts and has set aside no moneys which are expected to be used to pay debt service on the Bonds or which may be pledged as collateral for the Bonds.

VI.

YIELD

§6.1 When used herein, the term "yield" refers to yield computed by the actuarial or present value method using a 360-day year and semi-annual compounding, and means that discount rate which, when used in computing the present worth of all payments of principal and interest to be paid on an obligation, produces an amount equal to the purchase price thereof.

§6.2 As set forth in Exhibit "G" attached hereto, the yield on the Bonds, without consideration of the premium for the Insurance or the underwriting discount and issue costs is not less than 10.33722%. Said rate was used in the computation of the present value of the interest savings shown in Exhibit "F."

§6.3 As set forth in Exhibit "H" attached hereto, the yield on the Bonds on the date of issuance is not less than 10.99461%. In the computation of yield, the purchase price of the Bonds is the aggregate principal amount of the Bonds, increased by the accrued interest payable on the Bonds and decreased by the underwriter's discount and issue costs. The premium for the Insurance is treated as interest.

VII.

ADEQUACY OF BOND PROCEEDS

The sum of $47,422,207.19, constituting the amount received by the Board from the sale of the Bonds net of all costs of issuance, including premium for the bond insurance, will be used in conjunction with the sum of $7,329,000.00 presently held by the Board on the date hereof, plus an amount equal to $5,663,471 to be obtained over a period of five years from the proceeds of a 6.07 mill tax to pay the Project costs. Such amounts, together with anticipated investment earnings, do not exceed the amounts necessary to complete the Project.

VIII.

INVESTMENTS AND INVESTMENT RESTRICTIONS

§8.1 All proceeds from the sale of the Bonds are expected to be expended prior to November 26, 1989, and may be invested without restriction as to yield in the interim.

§8.2 In the event that some portion of the proceeds from the sale of the Bonds is still in the Project Account subsequent to November 26, 1989, such proceeds and any earnings received from the investment of such proceeds will not be invested in obligations having a yield that exceeds the yield on the Bonds by more than 1/8 of a percent.

§8.4 At any time, $7,312,500.00, an amount equal to fifteen (15) percent $48,750,000.00 may be invested without restriction as to yield.

§8.3 For purposes of the calculations of yield on any investment held in or charged to the Project Account, purchase price of such investment shall take account of the market price rules described in Exhibit "I" hereto.

IN WITNESS WHEREOF, I have hereunto set my hand this 27th day of November 1984.

EMILE W. SCHNEIDER
PRESIDENT