



City of Grand Island

Tuesday, July 25, 2006

Council Session

Item F4

#9057 - Consideration of Ordinance Authorizing \$7,975,000 Public Safety Tax Anticipation Bonds Series 2006

Staff Contact: David Springer

Council Agenda Memo

From: David Springer, Finance Director

Meeting: July 25, 2006

Subject: Approval of the Ordinance Authorizing the Issuance of Public Safety Tax Anticipation Bonds for the City of Grand Island

Item #'s: F-4

Presenter(s): David Springer, Finance Director

Background

The 2005-2006 budget included provision for a new Law Enforcement Center to be jointly operated by the City and County. It was planned that this capital project would be funded through the issuance of Public Safety Bonds and the ensuing debt service would be paid from additional one-half cent sales tax revenues authorized by the 2004 voter referendum.

Discussion

Design and engineering have proceeded to the point where substantial construction costs will soon be incurred and appropriate funds need. While short-term borrowing rates have increased considerably in the last year, long term rates have moved much slower. We are anticipating an interest cost of about 4.7%. The bond issue is sized at \$7,975,000 which would net approximately \$7.8 million for the construction fund. The Intent to Issue Bonds that Council approved on June 27, 2006, will allow the City to go back 60 days and reimburse the General Fund for expenditures in that period also.

Alternatives

It appears that the Council has the following alternatives concerning the issue at hand. The Council may:

1. Approve the issuance of Public Safety Tax Anticipation Bonds.
2. Disapprove or /Deny the refinancing

3. Modify the Resolution to meet the wishes of the Council
4. Table the issue

Recommendation

City Administration recommends that the Council approve the issuance of \$7,975,000 in bonds to finance the construction of the Law Enforcement Center.

Sample Motion

Approve the issuance of \$7,975,000 in Public Safety Anticipation Bonds.

ORDINANCE NO. 9057

AN ORDINANCE AUTHORIZING THE ISSUANCE OF PUBLIC SAFETY TAX ANTICIPATION BONDS OF THE CITY OF GRAND ISLAND, NEBRASKA, IN THE PRINCIPAL AMOUNT OF SEVEN MILLION NINE HUNDRED SEVENTY-FIVE THOUSAND DOLLARS (\$7,975,000) FOR THE PURPOSE OF CONSTRUCTING AND EQUIPPING A NEW LAW ENFORCEMENT CENTER AND FOR THE PAYMENT OF MISCELLANEOUS COSTS ASSOCIATED THEREWITH; DIRECTING THE APPLICATION OF THE PROCEEDS OF SAID BONDS; PRESCRIBING THE FORM OF SAID BONDS; PROVIDING FOR THE LEVY AND COLLECTION OF TAXES TO PAY THE SAME; PROVIDING FOR THE SALE OF THE BONDS; AUTHORIZING THE DELIVERY OF THE BONDS TO THE PURCHASER; AND ORDERING THE ORDINANCE PUBLISHED IN PAMPHLET FORM.

BE IT ORDAINED BY THE MAYOR AND COUNCIL OF THE CITY OF GRAND ISLAND, NEBRASKA:

Section 1. The Mayor and Council of the City of Grand Island, Nebraska, hereby find and determine: That it is necessary for the City to provide funds for the purpose of constructing a new law enforcement center and for the payment of miscellaneous costs associated therewith; that in order to pay the cost of the foregoing, it is necessary and advisable for the City to issue its Public Safety Tax Anticipation Bonds in the amount of \$7,975,000; that the taxable valuation of all taxable property within the City as most recently determined, is \$2,084,825,444; that the City has no outstanding bonds outstanding under the provisions of Section 18-1202 R.R.S. Neb. 1997, as amended; that pursuant to Section 18-1201 Reissue Revised Statutes of Nebraska, 1997, as amended, the Mayor and Council of the City of Grand Island do hereby provide for the levying of a special tax, all as more specifically described in Section 10 hereof; that all conditions, acts and things required by law to exist or to be done precedent to the issuance of Public Safety Tax Anticipation Bonds in the amount of \$7,975,000 pursuant to Section 18-1202 R.R.S. Neb. 1997, as amended, do exist and have been done as required by law.

Section 2. To pay the costs specified in Section 1 hereof, there shall be and there are hereby ordered issued Public Safety Tax Anticipation Bonds, Series 2006, of the City of Grand Island, Nebraska, in the principal amount of Seven Million Nine Hundred Seventy-five Thousand Dollars (\$7,975,000) (the "Bonds") with said bonds bearing interest at the rates per annum (said interest to be computed on the basis of a 360-day year consisting of twelve 30-day months) and maturing on September 1 of each year in the principal amounts as follows:

<u><i>Principal Amount</i></u>	<u><i>Date of Maturity</i></u>	<u><i>Interest Rate</i></u>
\$520,000	September 1, 2007	
550,000	September 1, 2008	
570,000	September 1, 2009	
595,000	September 1, 2010	
620,000	September 1, 2011	
645,000	September 1, 2012	
670,000	September 1, 2013	
700,000	September 1, 2014	
725,000	September 1, 2015	
760,000	September 1, 2016	
790,000	September 1, 2017	
830,000	September 1, 2018	

The Bonds shall be issued in fully registered form in the denomination of \$5,000 or any integral multiple thereof. The date of original issue for the Bonds shall be the date of delivery thereof. Interest on the Bonds, at the respective rates for each maturity, shall be payable semiannually on March 1 and September 1 of each year, commencing March 1, 2007 (each of said dates an "Interest Payment Date") and the Bonds shall bear such interest from the date of original issue or the most recent Interest Payment Date, whichever is later. The interest due on each Interest Payment Date shall be payable to the registered owners of record as of the close of business on the fifteenth day of the month immediately preceding the month in which the Interest Payment Date occurs (the "Record Date"), subject to the provisions of Section 4 hereof. The Bonds shall be numbered from 1 upwards in the order of their issuance. No Bond shall be issued originally or upon transfer or partial redemption having more than one principal maturity. The initial bond numbering and principal amounts for each of the Bonds issued shall be designated by the City's Treasurer as directed by the initial purchaser thereof. Payments of interest due on the Bonds prior to maturity or date of redemption shall be made by the Paying Agent and Registrar, as designated pursuant to Section 3 hereof, by mailing a check or draft in the amount due for such interest on each Interest Payment Date to the registered owner of each Bond, as of the Record Date for such Interest Payment Date, to such owner's registered address as shown on the books of registration as required to be maintained in Section 3 hereof. Payments of principal and accrued interest thereon due at maturity or at any date fixed for redemption prior to maturity shall be made by said Paying Agent and Registrar to the registered owners upon presentation and surrender of the Bonds to said Paying Agent and Registrar. The City and said Paying Agent and Registrar may treat the registered owner of any Bond as the absolute

owner of such Bond for the purpose of making payments thereon and for all other purposes and neither the City nor the Paying Agent and Registrar shall be affected by any notice or knowledge to the contrary, whether such Bond or any installment of interest due thereon shall be overdue or not. All payments on account of interest or principal made to the registered owner of any Bond in accordance with the terms of this Ordinance shall be valid and effectual and shall be a discharge of the City and said Paying Agent and Registrar, in respect of the liability upon the Bonds or claims for interest to the extent of the sum or sums so paid.

Section 3. Cornerstone Bank, National Association, York, Nebraska is hereby designated as the Paying Agent and Registrar for the Bonds. Said Paying Agent and Registrar shall serve in such capacities under the terms of an agreement entitled "Paying Agent and Registrar's Agreement" between the City and said Paying Agent and Registrar, the form of which is hereby approved. The Mayor and City Clerk are hereby authorized to execute said agreement in substantially the form presented but with such changes as they shall deem appropriate or necessary. The Paying Agent and Registrar shall keep and maintain for the City books for the registration and transfer of the Bonds at its principal corporate trust office in York, Nebraska. The names and registered addresses of the registered owner or owners of the Bonds shall at all times be recorded in such books. Any Bond may be transferred pursuant to its provisions at the principal corporate trust office of said Paying Agent and Registrar by surrender of such Bond for cancellation, accompanied by a written instrument of transfer, in form satisfactory to said Paying Agent and Registrar, duly executed by the registered owner in person or by such owner's duly authorized agent, and thereupon the Paying Agent and Registrar on behalf of the City will deliver at its office (or send by registered mail to the transferee owner or owners thereof at such transferee owner's or owners' risk and expense), registered in the name of such transferee owner or owners, a new Bond or Bonds of the same interest rate, aggregate principal amount and maturity. To the extent of the denominations authorized for the Bonds by this Ordinance, one Bond may be transferred for several such Bonds of the same interest rate and maturity, and for a like aggregate principal amount, and several such Bonds may be transferred for one or several such Bonds, respectively, of the same interest rate and maturity and for a like aggregate principal amount. In every case of transfer of a Bond, the surrendered Bond shall be canceled and destroyed. All Bonds issued upon transfer of the Bonds so surrendered shall be valid obligations of the City evidencing

the same obligations as the Bonds surrendered and shall be entitled to all the benefits and protection of this Ordinance to the same extent as the Bonds upon transfer of which they were delivered. The City and said Paying Agent and Registrar shall not be required to transfer any Bond during any period from any Record Date until its immediately following Interest Payment Date or to transfer any Bond called for redemption for a period of 30 days next preceding the date fixed for redemption.

Section 4. In the event that payments of interest due on the Bonds on an Interest Payment Date are not timely made, such interest shall cease to be payable to the registered owners as of the Record Date for such Interest Payment Date and shall be payable to the registered owners of the Bonds as of a special date of record for payment of such defaulted interest as shall be designated by the Paying Agent and Registrar whenever monies for the purpose of paying such defaulted interest become available.

Section 5. If the date for payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the city where the principal corporate trust office of the Paying Agent and Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which such banking institutions are authorized to close, and payment on such day shall have the same force and effect as if made on the nominal date of payment.

Section 6. Bonds maturing September 1, 2011 and thereafter shall be subject to redemption, in whole or in part, prior to maturity at any time on or after the fifth anniversary of the date of original issue thereof, at par plus accrued interest on the principal amount redeemed to the date fixed for redemption. The City may select the Bonds to be redeemed in its sole discretion but the Bonds shall be redeemed only in amounts of \$5,000 or integral multiples thereof. Bonds redeemed in part only shall be surrendered to said Paying Agent and Registrar in exchange for new Bonds evidencing the unredeemed principal thereof. Notice of redemption of any Bond called for redemption shall be given at the direction of the City by said Paying Agent and Registrar by mail not less than 30 days prior to the date fixed for redemption, first class, postage prepaid, sent to the registered owner of such Bond at said owner's registered address. Such notice shall designate the Bond or Bonds to be redeemed by maturity or otherwise, the date of original issue and the date fixed for redemption and shall state that such Bond or Bonds are to be presented for prepayment at the office of said Paying Agent and Registrar. In case of any Bond partially redeemed,

such notice shall specify the portion of the principal amount of such Bond to be redeemed. No defect in the mailing of notice for any Bond shall affect the sufficiency of the proceedings of the City designating the Bonds called for redemption or the effectiveness of such call for Bonds for which notice by mail has been properly given and the City shall have the right to further direct notice of redemption for any such Bond for which defective notice has been given.

Section 7. The Bonds shall be in substantially the following form:

**UNITED STATES OF AMERICA
STATE OF NEBRASKA
COUNTY OF HALL
PUBLIC SAFETY TAX ANTICIPATION BOND OF
THE CITY OF GRAND ISLAND, NEBRASKA
SERIES 2006**

No. \$

Interest Rate Maturity Date Date of Original Issue CUSIP No.
September 1, _____, 2006

Registered Owner:

Principal Amount: Dollars (\$ _____)

KNOW ALL PERSONS BY THESE PRESENTS: That the City of Grand Island, in the County of Hall, in the State of Nebraska, hereby acknowledges itself to owe and for value received promises to pay to the registered owner specified above, or registered assigns, the principal amount specified above in lawful money of the United States of America on the date of maturity specified above with interest thereon to maturity (or earlier redemption) from the date of original issue or most recent Interest Payment Date, whichever is later, at the rate per annum specified above, payable semiannually on March 1 and September 1 of each year, commencing March 1, 2007 (each of said dates an "Interest Payment Date"). Said interest shall be computed on the basis of a 360-day year consisting of twelve 30-day months. The principal hereof and unpaid accrued interest thereon due at maturity or upon redemption prior to maturity are payable upon presentation and surrender of this bond at the principal corporate trust office of Cornerstone Bank, National Association, the Paying Agent and Registrar, in York, Nebraska. Interest on this bond due prior to maturity or earlier redemption will be paid on each Interest Payment Date by a check or draft mailed by the Paying Agent and Registrar to the registered owner of this bond, as shown on the books of record maintained by the Paying Agent and Registrar, at the close of business on the fifteenth day of the month immediately preceding the month in which the Interest Payment Date occurs, to such owner's registered address as shown on such books and records. Any interest not so timely paid shall cease to be payable to the person entitled thereto as of the record date such interest was payable, and shall be payable to the person who is the registered owner of this bond (or of one or more predecessor bonds hereto) on such special record date for payment of such defaulted interest as shall be fixed by the Paying Agent and Registrar whenever monies for such purpose become available.

This bond is one of an issue of fully registered bonds of the total principal amount of Seven Million Nine Hundred Seventy-five Thousand Dollars (\$7,975,000), of even date and like tenor except as to date of maturity, rate of interest and denomination which were issued by the City for the purpose of providing funds for the construction and equipping of a law enforcement center and miscellaneous costs associated therewith, in strict compliance with and in pursuance of Sections 18-1201 and 18-1202 R.R.S. Neb. 1997, as amended. The issuance of said bonds has been authorized by proceedings duly had and an ordinance legally passed, approved and published by the Mayor and Council of said City.

Bonds of this issue maturing September 1, 2011 and thereafter are subject to redemption at the option of the City, in whole or in part, at any time on or after the fifth anniversary of the date of original issue thereof, at par plus interest accrued on the principal amount redeemed to the date fixed for redemption. Notice of redemption shall be given by mail to the registered owner of any bond to be redeemed at said registered owner's address in the manner specified in the ordinance authorizing said issue of bonds. Individual bonds may be redeemed in part but only in \$5,000 amounts or integral multiples thereof.

This bond is transferable by the registered owner or such owner's attorney duly authorized in writing at the office of the Paying Agent and Registrar upon surrender and cancellation of this bond, and thereupon a new bond or bonds of the same aggregate principal amount, interest rate and maturity will be issued to the transferee as provided in the ordinance authorizing said issue of bonds, subject to the limitations therein prescribed. The City, the Paying Agent and Registrar and any other person may treat the person in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment due hereunder and for all purposes and shall not be affected by any notice to the contrary, whether this bond be overdue or not.

If the date for payment of the principal of or interest on this bond shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the city where the principal corporate trust office of the Paying Agent and Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which such banking institutions are authorized to close, and payment on such day shall have the same force and effect as if made on the nominal date of payment.

IT IS HEREBY CERTIFIED AND WARRANTED that all conditions, acts and things required by law to exist or to be done precedent to and in the issuance of this bond did exist, did happen and were done and performed in regular and due form and time as required by law and that the indebtedness of said City, including this bond, does not exceed any limitation imposed by law. The City has agreed to make a special levy of taxes as permitted by Section 18-1201 R.R.S. Neb., 1997, as amended, of not more than 5¢ per \$100 of taxable value on all the taxable property within the City, which tax shall be sufficient in rate and amount to fully pay the principal and interest of this bond and the other bonds of this issue as the same become due. The City agrees that said bonds shall be secured by such tax so assessed and levied and shall be payable out of the funds derived from such tax. The City reserves the right to appropriate and apply monies available from the levy of a local option sales tax pursuant to Sections 77-27,141 through 77-27,148, R.R.S. Neb. 2003, to the payment of the principal and interest on this bond and the other bonds of this issue.

AS PROVIDED IN THE ORDINANCE REFERRED TO HEREIN, UNTIL THE TERMINATION OF THE SYSTEM OF BOOK-ENTRY-ONLY TRANSFERS THROUGH THE DEPOSITORY TRUST COMPANY, NEW YORK, NEW YORK (TOGETHER WITH ANY SUCCESSOR SECURITIES DEPOSITORY APPOINTED PURSUANT TO THE ORDINANCE, "DTC"), AND NOTWITHSTANDING ANY OTHER PROVISIONS OF THE ORDINANCE TO THE CONTRARY, A PORTION OF THE PRINCIPAL AMOUNT OF THIS BOND MAY BE PAID OR REDEEMED WITHOUT SURRENDER HEREOF TO THE PAYING AGENT AND REGISTRAR. DTC OR A NOMINEE, TRANSFEREE OR ASSIGNEE OF DTC OF THIS BOND MAY NOT RELY UPON THE PRINCIPAL AMOUNT INDICATED HEREON AS THE PRINCIPAL AMOUNT HEREOF OUTSTANDING AND UNPAID. THE PRINCIPAL AMOUNT HEREOF OUTSTANDING AND UNPAID SHALL FOR ALL PURPOSES BE THE AMOUNT DETERMINED IN THE MANNER PROVIDED IN THE ORDINANCE.

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED OFFICER OF DTC (A) TO THE PAYING AGENT AND REGISTRAR FOR REGISTRATION OF TRANSFER OR EXCHANGE OR (B) TO THE PAYING AGENT AND REGISTRAR FOR PAYMENT OF PRINCIPAL, AND ANY BOND ISSUED IN REPLACEMENT HEREOF OR SUBSTITUTION HEREOF IS REGISTERED IN THE NAME OF DTC AND ANY PAYMENT IS MADE TO DTC OR ITS NOMINEE, ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSONS IS WRONGFUL BECAUSE ONLY THE REGISTERED OWNER HEREOF, DTC OR ITS NOMINEE, HAS AN INTEREST HEREIN.

This bond shall not be valid and binding on the City until authenticated by the Paying Agent and Registrar.

IN WITNESS WHEREOF, the Mayor and Council of the City of Grand Island, Nebraska, have caused this bond to be executed on behalf of the City with the facsimile signatures of the Mayor and the City Clerk and by causing the official seal of the City to be imprinted hereon or affixed hereto, all as of the date of original issue specified above.

CITY OF GRAND ISLAND, NEBRASKA

Mayor

ATTEST:

City Clerk

(SEAL)

Certificate of Authentication

This bond is one of the bonds authorized by ordinance of the Mayor and Council of the City of Grand Island, in the County of Hall, in the State of Nebraska, described in the foregoing bond.

Cornerstone Bank, National Association
York, Nebraska
Paying Agent and Registrar

By: _____
Authorized Signature

(Form of Assignment)

For value received _____ hereby sells, assigns and transfers unto _____ (Social Security or Taxpayer I.D. No. _____) the within bond and hereby irrevocably constitutes and appoints _____, attorney, to transfer the same on the books of registration in the office of the within mentioned Paying Agent and Registrar with full power of substitution in the premises.

Dated: _____

Registered Owner(s)

Signature Guaranteed

By _____

Authorized Officer(s)

Note: The signature(s) on this assignment MUST CORRESPOND with the name(s) as written on the face of the within bond in every particular, without alteration, enlargement or any change whatsoever, and must be guaranteed by a commercial bank or a trust company or by a firm having membership on the New York, Midwest or other stock exchange.

INSURANCE PROVISION

Financial Guaranty Insurance Policy No. _____ (the "Policy") with respect to payments due for principal of and interest on this Bond has been issued by Ambac Assurance Corporation ("Ambac Assurance"). The Policy has been delivered to The Bank of New York, New York, New York, as the Insurance Trustee under said Policy and will be held by such Insurance Trustee or any successor insurance trustee. The Policy is on file and available for inspection at the principal office of the Insurance Trustee and a copy thereof may be secured from Ambac Assurance or the Insurance Trustee. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. The owner of this Bond acknowledges and consents to the subrogation rights of Ambac Assurance as more fully set forth in the Policy.

Section 8. Each of the Bonds shall be executed on behalf of the City with the facsimile signatures of the Mayor and the City Clerk and shall have imprinted thereon the City's seal. The Bonds shall be issued initially as "book-entry-only" bonds under the services of The Depository Trust Company (the "Depository"), with one typewritten bond per maturity being issued to the Depository. In such connection said officers are authorized to execute and deliver a Letter of Representations (the "Letter of Representations") in the form required by the Depository (which may be in the form of a blanket letter, including any such letter previously executed and delivered), for and on behalf of the City, which shall thereafter govern matters with respect to registration, transfer, payment and redemption of the Bonds. With respect to the issuance of the Bonds as "book-entry-only" bonds, the following provisions shall apply:

(a) The City and the Paying Agent and Registrar shall have no responsibility or obligation to any broker-dealer, bank or other financial institution for which the Depository holds Bonds as securities depository (each, a "Bond Participant") or to any person who is an actual purchaser of a Bond from a Bond Participant while the Bonds are in book-entry form (each, a "Beneficial Owner") with respect to the following:

(i) the accuracy of the records of the Depository, any nominees of the Depository or any Bond Participant with respect to any ownership interest in the Bonds,

(ii) the delivery to any Bond Participant, any Beneficial Owner or any other person, other than the Depository, of any notice with respect to the Bonds, including any notice of redemption, or

(iii) the payment to any Bond Participant, any Beneficial Owner or any other person, other than the Depository, of any amount with respect to the Bonds. The Paying Agent and Registrar shall make payments with respect to the Bonds only to or upon the order of the Depository or its nominee, and all such payments shall be valid and effective fully to satisfy and discharge the obligations with respect to such Bonds to the extent of the sum or sums so paid. No person other than the Depository shall receive an authenticated Bond, except as provided in (e) below.

(b) Upon receipt by the Paying Agent and Registrar of written notice from the Depository to the effect that the Depository is unable or unwilling to discharge its responsibilities, the Paying Agent and Registrar shall issue, transfer and exchange Bonds requested by the Depository in appropriate amounts. Whenever the Depository requests the Paying Agent and Registrar to do so, the Paying Agent and Registrar will cooperate with the Depository in taking appropriate action after reasonable notice (i) to arrange, with the prior written consent of the City, for a substitute depository willing and able upon reasonable and customary terms to maintain custody of the Bonds or (ii) to make available Bonds registered in

whatever name or names as the Beneficial Owners transferring or exchanging such Bonds shall designate.

(c) If the City determines that it is desirable that certificates representing the Bonds be delivered to the ultimate beneficial owners of the Bonds and so notifies the Paying Agent and Registrar in writing, the Paying Agent and Registrar shall so notify the Depository, whereupon the Depository will notify the Bond Participants of the availability through the Depository of bond certificates representing the Bonds. In such event, the Paying Agent and Registrar shall issue, transfer and exchange bond certificates representing the Bonds as requested by the Depository in appropriate amounts and in authorized denominations.

(d) Notwithstanding any other provision of this Ordinance to the contrary, so long as any Bond is registered in the name of the Depository or any nominee thereof, all payments with respect to such Bond and all notices with respect to such Bond shall be made and given, respectively, to the Depository as provided in the Letter of Representations.

(e) Registered ownership of the Bonds may be transferred on the books of registration maintained by the Paying Agent and Registrar, and the Bonds may be delivered in physical form to the following:

(i) any successor securities depository or its nominee; or

(ii) any person, upon (A) the resignation of the Depository from its functions as depository or (B) termination of the use of the Depository pursuant to this Section and the terms of the Paying Agent and Registrar's Agreement.

(f) In the event of any partial redemption of a Bond unless and until such partially redeemed bond has been replaced in accordance with the provisions of this Ordinance, the books and records of the Paying Agent and Registrar shall govern and establish the principal amount of such bond as is then outstanding and all of the Bonds issued to the Depository or its nominee shall contain a legend to such effect.

If for any reason the Depository is terminated or resigns and is not replaced, the City shall immediately provide a supply of printed bond certificates for issuance upon the transfers from the Depository and subsequent transfers or in the event of partial redemption. In the event that such supply of certificates shall be insufficient to meet the requirements of the Paying Agent and Registrar for issuance of replacement certificates upon transfer or partial redemption, the City agrees to order printed an additional supply of such certificates and to direct their execution by manual or facsimile signatures of its then duly qualified and acting Mayor and City Clerk and by imprinting thereon or affixing thereto the City's seal. In case any officer whose signature or facsimile thereof shall appear on any Bond shall cease to be such officer before the delivery of such bond (including such certificates delivered to the Paying Agent and Registrar for issuance upon transfer or partial redemption), such signature or such

facsimile signature shall nevertheless be valid and sufficient for all purposes the same as if such officer or officers had remained in office until the delivery of such bond. The Bonds shall not be valid and binding on the City until authenticated by the Paying Agent and Registrar. Thereafter the Bonds shall be delivered to the Paying Agent and Registrar for registration and authentication. Upon execution, registration and authentication of the Bonds, they shall be delivered to the City Treasurer, who is authorized to deliver them to Ameritas Investment Corp., as initial purchaser thereof. The Bonds are hereby sold to said purchaser for the sum of \$_____, which sum represents a discount to the stated principal amount in the sum of \$_____, of which \$_____ is attributable to underwriter=s discount and \$_____ in aggregate is attributable to original issue discount, allocated to the specific maturities of principal as follows:

<u>Date Principal Maturing</u>	<u>Total Principal Amount Maturing</u>	<u>Total Original Issue Discount per Maturity</u>	<u>Price for each \$100 of Principal</u>
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The officers of the City (or any one of them) are hereby authorized to execute and deliver the Bond Purchase Agreement for and on behalf of the City. Said initial purchaser shall have the right to direct the registration of the Bonds and the denominations thereof within each maturity, subject to the restrictions of this Ordinance. Such purchaser and its agents, representatives and counsel (including its bond counsel) are hereby authorized to take such actions on behalf of the City as are necessary to effectuate the closing of the issuance and sale of the Bonds, including, without limitation, authorizing the release of the Bonds by the Depository at closing. The City Clerk shall make and certify a transcript of the proceedings of the Mayor and Council with respect to the Bonds which shall be delivered to said purchaser.

Section 9. The proceeds of the Bonds shall be applied to the payment of the costs as described in Section 1 hereof upon order of the Mayor and Council. Accrued interest received from the sale of the Bonds, if any, shall be applied to pay interest falling due on said Bonds on March 1, 2007. Bond insurance premium for bond insurance as described in Section 14 of this Ordinance shall be paid from the proceeds of the sale of the Bonds and the Underwriter is hereby authorized to make payment of such premium on behalf of the City directly to the insurer in connection with its purchase of the Bonds. Expenses of issuance of the Bonds may be paid from the proceeds of the Bonds.

Section 10. The City agrees that it shall, pursuant to Section 18-1201 R.R.S. Neb. 1997, as amended, levy a special tax so long as any of said Bonds remain outstanding of not more than 5¢ per \$100 of taxable value on all the taxable property within the City. The City further agrees that such tax shall be levied in such amount so that in each calendar year in which payments of principal and interest fall due on the Bonds of this issue, the anticipated amount to be collected from such tax shall be an amount of not less than 112% of the total amount of principal and interest payable on the Bonds of this issue in such calendar year. Said Bonds shall be secured by such tax and shall be payable out of the funds derived from such tax. On receipt of such taxes, the City Treasurer shall hold such tax in a separate fund for the purpose of paying the Bonds of this issue or making redemptions as provided in Section 6 of this ordinance. The City reserves the right to appropriate and apply monies available from the levy of a local option sales tax pursuant to Sections 77-27,141 through 77-27,148, R.R.S. Neb. 2003, to the payment of the principal and interest on the Bonds.

Section 11. The City hereby covenants to the purchasers and holders of the Bonds hereby authorized that it will make no use of the proceeds of said bond issue, including monies held in any sinking fund for the Bonds, which would cause the Bonds to be arbitrage bonds within the meaning of Sections 103(b) and 148 of the Internal Revenue Code of 1986, as amended (the "Code"), and further covenants to comply with said Sections 103(b) and 148 and all applicable regulations thereunder throughout the term of said Bond issue. The City hereby covenants and agrees to take all actions necessary under the Code to maintain the tax exempt status (as to taxpayers generally) of interest payable on the Bonds.

Section 12. The City's obligations under this Ordinance with respect to any or all of the Bonds herein authorized shall be fully discharged and satisfied as to any or all of such Bonds and any such Bond shall no longer be deemed to be outstanding hereunder if such Bond has been purchased by the City and canceled or when the payment of the principal of and interest thereon to the respective date of maturity or redemption (a) shall have been made or caused to be made in accordance with the terms thereof or (b) shall have been provided for by depositing with the Paying Agent and Registrar, or with a national or state bank having trust powers, or trust company, in trust, solely for such payment (i) sufficient money to make such payment and/or (ii) direct general obligations (including obligations issued or held in book entry form on the books of the Department of Treasury of the United States of America) of or obligations the principal and interest of which are unconditionally guaranteed by the United States of America (herein referred to as "U.S. Government Obligations") in such amount and bearing interest payable and maturing or redeemable at stated fixed prices at the option of the holder as to principal, at such time or times, as will ensure the availability of sufficient money to make such payment; provided, however, that with respect to any Bond to be paid prior to maturity, the City shall have duly called such bond for redemption and given notice of such redemption as provided by law or made irrevocable provision for the giving of such notice. Any money so deposited with a bank or trust company or the Paying Agent and Registrar may be invested or reinvested in U.S. Government Obligations at the direction of the City, and all interest and income from U.S. Government Obligations in the hands of such bank or trust company or Paying Agent and Registrar in excess of the amount required to pay principal of and interest on the Bonds for which such monies or U.S. Government Obligations were deposited shall be paid over to the City as and when collected.

Notwithstanding anything in this Ordinance to the contrary, in the event that the principal and/or interest due on the Bonds shall be paid by Ambac Assurance (as defined in Section 14 below) pursuant to the Financial Guaranty Insurance Policy (as defined in Section 14 below), the Bonds shall remain outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the City, and all covenants, agreements and other obligations of the City to the registered owners shall continue to exist and shall run to the benefit of Ambac Assurance, and Ambac Assurance shall be

subrogated to the rights of such registered owners. Ambac Assurance will allow the following obligations to be used as Permitted Investments for defeasance purposes in refunding escrow accounts: (1) cash (insured at all times by the Federal Deposit Insurance Corporation); (2) direct obligations of the United States of America; or (3) senior debt obligations of other Government Sponsored Agencies approved by Ambac Assurance.

Section 13. In accordance with the requirements of Rule 15c2-12 (the “Rule”) promulgated by the Securities and Exchange Commission, the City hereby agrees that it will provide the following continuing disclosure information:

(a) to each nationally recognized municipal securities information repository (a “NRMSIR”) and to the Underwriter, the City shall provide annual financial and operating information generally consistent with the information set forth under the heading “**SUMMARY FINANCIAL STATEMENT AND OPERATING STATISTICS**” in the Official Statement for said bonds and its audited financial statements; such information is expected to be available not later than seven months after the end of each fiscal year for the City. Audited financial information shall be provided in accordance with generally accepted accounting principles;

(b) in a timely manner to each NRMSIR or to the Municipal Securities Rulemaking Board (“MSRB”), notice of the occurrence of any of the following events with respect to the Bonds, if in the judgment of the City, such event is material:

- (1) principal and interest payment delinquencies,
- (2) non-payment related defaults,
- (3) unscheduled draws on debt service reserves reflecting financial difficulties (there are no debt service reserves established for the Bonds under the terms of this Ordinance),
- (4) unscheduled draws on credit enhancements reflecting financial difficulties,
- (5) substitution of credit or liquidity providers, or their failure to perform,
- (6) adverse tax opinions or events affecting the tax-exempt status of the Bonds,
- (7) modifications to rights of the Bondholders,
- (8) bond calls,
- (9) defeasances,

- (10) release, substitution, or sale of property securing repayment of the Bonds, and
- (11) rating changes.

The City has not undertaken to provide notice of the occurrence of any other material event, except the events listed above.

- (c) in a timely manner to each NRMSIR or to the MSRB notice of any failure on the part of the City to provide required annual financial information not later than seven months from the close of the City's fiscal year.

The City reserves the right to modify from time to time the specific types of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the City, so long as such modification is consistent with the Rule. The City hereby agrees that such covenants are for the benefit of the registered owners of the Bonds (including Beneficial Owners) and that such covenants may be enforced by any registered owner or Beneficial Owner, provided that any such right to enforcement shall be limited to specific enforcement of such undertaking and any failure shall not constitute an event of default under this Ordinance. The continuing disclosure obligations of the City under this Ordinance, as described above, shall cease when none of the Bonds remain outstanding.

Section 14. Financial Guaranty Insurance. The Bonds have been sold to the Underwriter on the basis of bond insurance to be obtained on behalf of the City. For such purposes the following terms shall apply with respect to the Bonds:

Definitions

“Ambac Assurance” shall mean Ambac Assurance Corporation, a Wisconsin-domiciled stock insurance company.

“Financial Guaranty Insurance Policy” shall mean the financial guaranty insurance policy issued by Ambac Assurance insuring the payment when due of the principal of and interest on the Bonds as provided therein.

Consent of Ambac Assurance

Any provision of this Ordinance expressly recognizing or granting rights in or to Ambac Assurance may not be amended in any manner which affects the rights of Ambac Assurance hereunder without the prior written consent of Ambac Assurance. Ambac Assurance reserves the right to charge the City a fee for any consent or amendment to this Ordinance while the Financial Guaranty Insurance Policy is outstanding.

Consent of Ambac Assurance in lieu of Bondholder Consent

Unless otherwise provided in this Section, Ambac Assurance's consent shall be required in lieu of bondholder consent, when required, for the following purposes: (i) execution and delivery of any supplemental ordinance, (ii) removal of the Paying Agent and Registrar and selection and appointment of any successor Paying Agent and Registrar; and (iii) initiation or approval of any action not described in (i) or (ii) above which requires bondholder consent.

Consent of Ambac Assurance in the Event of Insolvency

Any reorganization or liquidation plan with respect to the City must be acceptable to Ambac Assurance. In the event of any reorganization or liquidation, Ambac Assurance shall have the right to vote on behalf of all bondholders who hold Ambac Assurance-insured Bonds absent a default by Ambac Assurance under the applicable Financial Guaranty Insurance Policy insuring such Bonds.

Consent of Ambac Assurance Upon Default

Anything in this Ordinance to the contrary notwithstanding, upon the occurrence and continuance of an event of default as defined herein, Ambac Assurance shall be entitled to control and direct the enforcement of all rights and remedies granted to the bondholders under this Ordinance pursuant to state law. For such purposes an event of default shall constitute any failure on the part of the City to pay principal and interest on the Bonds as the same fall due.

Notices to be sent to the attention of the SURVEILLANCE DEPARTMENT:

- A. While the Financial Guaranty Insurance Policy is in effect, the City shall furnish to Ambac Assurance:
 - (a) as soon as practicable after the filing thereof, a copy of any financial statement of the City and a copy of any audit and annual report of the City;
 - (b) such additional information Ambac Assurance may reasonably request.

Upon request by Ambac Assurance, such information shall be delivered at the City's expense to the attention of the Surveillance Department, unless otherwise indicated.

- B. A copy of any notice to be given to the registered owners of the Bonds, including, without limitation, notice of any redemption of or defeasance of Bonds, and any certificate rendered pursuant to this Ordinance relating to the security for the Bonds, at no cost to Ambac Assurance.
- C. To the extent that the City has entered into a continuing disclosure agreement with respect to the Bonds, Ambac Assurance shall be included as party to be notified.

Notices to be sent to the attention of the GENERAL COUNSEL OFFICE:

The City shall notify Ambac Assurance of any failure of the City to provide relevant notices, certificates, etc.

Notwithstanding any other provision of this Ordinance, the City shall immediately notify Ambac Assurance if at any time there are insufficient moneys to make any payments of principal and/or interest as required and immediately upon the occurrence of any event of default hereunder.

Other Information to be given to Ambac Assurance:

The City will permit Ambac Assurance to discuss the affairs, finances and accounts of the City or any information Ambac Assurance may reasonably request regarding the security for the Bonds with appropriate officers of the City. The City will permit Ambac Assurance to have access to the project financed by the Bonds and have access to and to make copies of all books and records relating to the Bonds at any reasonable time.

Ambac Assurance shall have the right to direct an accounting at the City=s expense, and the City=s failure to comply with such direction within thirty (30) days after receipt of written notice of the direction from Ambac Assurance shall be deemed a default hereunder; provided, however, that if compliance cannot occur within such period, then such period will be extended so long as compliance is begun within such period and diligently pursued, but only if such extension would not materially adversely affect the interests of any registered owner of the Bonds.

Payment Procedure Pursuant to the Financial Guaranty Insurance Policy

As long as the bond insurance shall be in full force and effect, the City and the Paying Agent and Registrar agree to comply with the following provisions:

- (a) At least one (1) day prior to all Interest Payment Dates the Paying Agent and Registrar will determine whether there will be sufficient funds available to pay the principal of or interest on the Bonds on such Interest Payment Date. If the Paying Agent and Registrar determines that there will be insufficient funds available, the Paying Agent and Registrar shall so notify Ambac Assurance. Such notice shall specify the amount of the anticipated deficiency, the Bonds to which such deficiency is applicable and whether such Bonds will be deficient as to principal or interest, or both. If the Paying Agent and Registrar has not so notified Ambac Assurance at least one (1) day prior to an Interest Payment Date, Ambac Assurance will make payments of principal or interest due on the Bonds on or before the first (1st) day next following the date on which Ambac Assurance shall have received notice of nonpayment from the Paying Agent and Registrar.
- (b) The Paying Agent and Registrar shall, after giving notice to Ambac Assurance as provided in (a) above, make available to Ambac Assurance and, at Ambac Assurance=s direction, to The Bank of New York, as insurance trustee for Ambac Assurance or any successor insurance trustee (the “Insurance Trustee”), the registration books of the City maintained by the Paying Agent and Registrar and all records relating to any funds and accounts maintained under this Ordinance by the Paying Agent and Registrar.
- (c) The Paying Agent and Registrar shall provide Ambac Assurance and the Insurance Trustee with a list of registered owners of the Bonds entitled to receive principal or interest payments from Ambac Assurance under the terms of the Financial Guaranty Insurance Policy, and shall make arrangements with the Insurance Trustee (i) to mail checks or drafts to the registered owners of Bonds entitled to receive full or partial interest payments from Ambac Assurance and (ii) to pay principal upon Bonds surrendered to the Insurance Trustee by the registered owners of Bonds entitled to receive full or partial principal payments from Ambac Assurance.
- (d) The Paying Agent and Registrar shall, at the time it provides notice to Ambac Assurance pursuant to (a) above, notify registered owners of Bonds entitled to receive

the payment of principal or interest thereon from Ambac Assurance (i) as to the fact of such entitlement, (ii) that Ambac Assurance will remit to them all or a part of the interest payments next coming due upon proof of bondholder entitlement to interest payments and delivery to the Insurance Trustee, in form satisfactory to the Insurance Trustee, of an appropriate assignment of the registered owner=s right to payment, (iii) that should they be entitled to receive full payment of principal from Ambac Assurance, they must surrender their Bonds (along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee to permit ownership of such Bonds to be registered in the name of Ambac Assurance) for payment to the Insurance Trustee, and not the Paying Agent and Registrar, and (iv) that should they be entitled to receive partial payment of principal from Ambac Assurance, they must surrender their Bonds for payment thereon first to the Paying Agent and Registrar, who shall note on such Bonds the portion of the principal paid by the Paying Agent and Registrar and then, along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee, to the Insurance Trustee, which will then pay the unpaid portion of principal.

(e) In the event that the Paying Agent and Registrar has notice that any payment of principal of or interest on a Bond which has become Due for Payment (as defined in the Financial Guaranty Insurance Policy) and which is made to a bondholder by or on behalf of the City has been deemed a preferential transfer and theretofore recovered from its registered owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, nonappealable order of a court having competent jurisdiction, the Paying Agent and Registrar shall, at the time Ambac Assurance is notified pursuant to (a) above, notify all registered owners that in the event that any registered owner=s payment is so recovered, such registered owner will be entitled to payment from Ambac Assurance to the extent of such recovery if sufficient funds are not otherwise available, and the Paying Agent and Registrar shall furnish to Ambac Assurance its records evidencing the payments of principal of and interest on the Bonds which have been made by the Paying Agent and Registrar and subsequently recovered from registered owners and the dates on which such payments were made.

(f) In addition to those rights granted Ambac Assurance under this Ordinance, Ambac Assurance shall, to the extent it makes payment of principal of or interest on the Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Financial Guaranty Insurance Policy, and to evidence such subrogation (i) in the case of subrogation as to claims for past due interest, the Paying Agent and Registrar shall note Ambac Assurance=s rights as subrogee on the registration books of the City maintained by the Paying Agent and Registrar upon receipt from Ambac Assurance of proof of the payment of interest thereon to the registered owners of the Bonds, and (ii) in the case of subrogation as to claims for past due principal, the Paying Agent and Registrar shall note Ambac Assurance=s rights as subrogee on the registration books of the City maintained by the Paying Agent and Registrar upon surrender of the Bonds by the registered owners thereof together with proof of the payment of principal thereof.

Ambac as Third Party Beneficiary

To the extent that this Ordinance confers upon or gives or grants to Ambac Assurance any right, remedy or claim under or by reason of this Ordinance, Ambac Assurance is hereby

explicitly recognized as being a third-party beneficiary hereunder and may enforce any such right remedy or claim conferred, given or granted hereunder.

Section 15. The Preliminary Official Statement is hereby approved and the Mayor and City Clerk are hereby authorized to approve on behalf of the City a final Official Statement with any changes deemed appropriate by them.

Section 16. This Ordinance shall be in force and take effect from and after its passage and publication in pamphlet form as provided by law.

Passed and approved this _____ day of _____, 2006.

Mayor

Attest:

City Clerk

(SEAL)