



# City of Grand Island

Tuesday, March 08, 2011

Council Session

## Item F2

**#9291 - Consideration of Authorizing Series 2011 Public Safety  
Tax Anticipation Refunding Bonds**

Staff Contact: Mary Lou Brown

# Council Agenda Memo

**From:** Mary Lou Brown, Finance Director

**Meeting:** March 8, 2011

**Subject:** Consideration of Authorizing Series 2011 Public Safety Tax Anticipation Refunding Bonds and Approving Redemption of Series 2006 Public Safety Tax Anticipation Bonds

**Item #'s:** F-2 & G-14

**Presenter(s):** Mary Lou Brown, Finance Director

## Background

Potential bond refinancing activities were reviewed with the Council during a Study Session late last year. The Resolution and Ordinance for the first refinancing is now ready to be presented to Council for action.

## Discussion

The Public Safety Tax Anticipation Bonds, Series 2006, date of original issue – August 29, 2006 – in the principal amount of \$5,735,000 are being called for payment on August 29, 2011; after such time, interest on the bonds will cease. These bonds were originally issued for the purpose of providing funds for the construction and equipping of the law enforcement center and miscellaneous costs associated therewith.

These bonds will be replaced with the issuance of Public Safety Tax Anticipation Refunding Bonds, Series 2011 in the principal amount of \$5,535,000. The purpose of these bonds is to pay and redeem the \$5,735,000 of the City's Bonds referenced above.

Cornerstone Bank of York, Nebraska will serve as the escrow agent, paying agent and registrar.

The final numbers and debt service savings will be available at the Council meeting Tuesday night.

## **Alternatives**

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

1. Move to approve the Redemption of Series 2006 Public Safety Tax Anticipation Bonds in the principal amount of \$5,735,000 and Authorize the Issuance of Series 2011 Public Safety Tax Anticipation Refunding Bonds in the principal amount of \$5,535,000
2. Postpone the issue to a future meeting.
3. Take no action.

## **Recommendation**

City Administration recommends that the Council approve the Redemption of Series 2006 Public Safety Tax Anticipation Bonds in the principal amount of \$5,735,000 and the Issuance of Series 2011 Public Safety Tax Anticipation Refunding Bonds in the principal amount of \$5,535,000.

## **Sample Motion**

Move to approve the Redemption of Series 2006 Public Safety Tax Anticipation Bonds in the principal amount of \$5,735,000 and the Issuance of Series 2011 Public Safety Tax Anticipation Refunding Bonds in the principal amount of \$5,535,000.

## ESCROW AGREEMENT

THIS ESCROW AGREEMENT, dated as of \_\_\_\_\_, is made by and between the City of Grand Island, Nebraska (the "City") and Cornerstone Bank, York, Nebraska (the "Escrow Agent").

### WITNESSETH:

The City is issuing contemporaneously with the execution of this Escrow Agreement \$5,535,000 of its Public Safety Tax Anticipation Refunding Bonds, date of original issue - \_\_\_\_\_, 2011 (the "Refunding Bonds"), for the purpose, among other things, of providing in full for the payment of certain outstanding bonds as described below. The Refunding Bonds have been authorized to be issued by ordinance passed on \_\_\_\_\_ (the "Ordinance"). For purposes of assuring that payments are made as required by the Ordinance, the City desires to establish a special escrow account. The Escrow Agent is willing to serve as the City's agent and trustee for such purpose.

The City has issued and outstanding the following bonds which constitute its valid and binding legal obligations:

Public Safety Tax Anticipation Bonds, Series 2006, date of original issue - August 29, 2006, in the principal amount of Five Million Seven Hundred Thirty-five Thousand Dollars (\$5,735,000), numbered as shown on the books of the Paying Agent and Registrar, and becoming due and bearing interest as follows:

<u>Principal Amount</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>CUSIP No.</u>
\$ 620,000	September 1, 2011	3.95%	385654 AE 8
645,000	September 1, 2012	4.00	385654 AF 5
670,000	September 1, 2013	4.00	385654 AG 3
700,000	September 1, 2014	4.10	385654 AH 1
725,000	September 1, 2015	4.15	385654 AJ 7
755,000	September 1, 2016	4.20	385654 AK 4
790,000	September 1, 2017	4.30	385654 AL 2
830,000	September 1, 2018	4.35	385654 AM 0

Said bonds are hereinafter referred to as the "Refunded Bonds."

The Refunded Bonds are subject to redemption at any time on or after August 29, 2011, at par and accrued interest, and said interest is payable semiannually.

Said Refunded Bonds were issued for the purpose of providing funds for the construction and equipping of a law enforcement center and miscellaneous costs associated therewith.

All of said bonds are outstanding and a legal liability of this City.

The City has determined by the Ordinance that it is necessary and advisable for the City to provide for the payment in full of the Refunded Bonds by a deposit of cash and United States Treasury Securities with the Escrow Agent in order to satisfy its obligation on the Refunded Bonds.

NOW, THEREFORE, the City and the Escrow Agent agree as follows:

Section 1. The Refunded Bonds have been called for redemption on August 29, 2011 (the "Redemption Date"). Attached hereto as Exhibit "A", is a schedule of the principal and interest payments due on the Refunded Bonds as called for redemption. Said Bonds shall remain payable at Cornerstone Bank, York, Nebraska, as paying agent and registrar for the Refunded Bonds.

Section 2. There is hereby created and established with the Escrow Agent a special escrow to be designated "City of Grand Island Escrow Deposit Fund" (the "Escrow Deposit Fund") to be held in trust, by Escrow Agent. On April 12, 2011, or as soon thereafter as practicable, there shall be transferred to Escrow Agent the United States government obligations listed in Exhibit "B". The monies and obligations deposited with Escrow Agent will be sufficient to provide Escrow Agent with sufficient monies to pay the principal of, and premium and interest on, the Refunded Bonds as set forth in Exhibit "A". All investment earnings on government obligations listed in Exhibit "B" are to be applied to payments of interest and principal falling due on the Refunded Bonds. Except as set forth in Exhibit "B", the Escrow Agent shall not invest any monies held in the Escrow Deposit Fund and any such monies in excess of current payment requirements shall be held in a non-interest bearing bank depository account which shall be fully insured or fully secured in the manner required by law for cities of the first class deposits and may be maintained as an account with Escrow Agent itself.

Section 3. On or before each interest payment date on the Refunded Bonds, without further direction, Escrow Agent shall provide sufficient funds from monies on hand in the Escrow Deposit Fund from payments of the maturing principal and interest on the United States government obligations for the payment of interest on the Refunded Bonds due and payable on said date. Monies in the Escrow Deposit Fund shall be applied to payments on the Refunded Bonds as directed in Exhibit "B". All such payments shall be made by Escrow Agent on or before the respective payment dates shown in Exhibit "A", paid to Cornerstone Bank, as paying agent for the Refunded Bonds, in current bankable funds.

Section 4. The escrow created hereby shall be irrevocable. All right, title and interest of the City in the United States government obligations and monies listed on Exhibit "B" and the payments to be received therefrom are hereby irrevocably assigned to Escrow Agent for purposes of paying in full, and as payment in full for principal and interest due on the Refunded Bonds. All monies and securities held or assigned to Escrow Agent hereunder shall be subject to an express trust as created by this Escrow Agreement until paid out, used and applied in accordance with this Escrow Agreement.

Section 5. Except as provided in Section 2, Escrow Agent shall have no power or duty to invest or reinvest any monies held hereunder or to make any substitutions for the United States government obligations or to sell, transfer or otherwise dispose of said obligations and the duties of the Escrow Agent shall be limited to receiving and paying out monies hereunder for purposes of paying principal and interest on the Refunded Bonds as the same fall due and as called for redemption.

Section 6. In consideration of the services rendered by Escrow Agent under this Escrow Agreement, Escrow Agent shall receive the sum of \$\_\_\_\_\_ which payment is to be made by the City and shall constitute the compensation for all services to be rendered by Escrow Agent hereunder. Escrow Agent shall have no lien or claim against any of the cash or securities in the Escrow Deposit Fund for the payment of its fees and expenses.

Section 7. This Escrow Agreement shall terminate when the Refunded Bonds and interest due thereon have been paid in full by making the payments required hereunder to be made to Cornerstone Bank, as paying agent for the Refunded Bonds. Any monies held in the Escrow Deposit Fund at the termination of this Escrow Agreement which are not required for the payment of the principal or interest on the Refunded Bonds shall be paid over to the City upon the termination hereof.

Section 8. Escrow Agent and the City covenant and agree that neither of them will take or omit to take any action which would cause the Refunded Bonds or the Refunding Bonds to be arbitrage bonds within the meaning of Sections 103(b) and 148 of the Internal Revenue Code of 1986, as amended, and the applicable regulations thereunder (the "Code"), or take or omit to take any action which would cause the Refunded Bonds or the Refunding Bonds to lose their tax-exempt status under said Code.

Section 9. The City agrees to execute for purposes of further assuring the rights of Escrow Agent hereunder and the rights of the holders of the Refunded Bonds, any Uniform Commercial Code Financing Statement or Statements which Escrow Agent may require.

Section 10. If any one or more of the covenants or agreements to be performed by either of the parties to this Escrow Agreement shall be determined by a court of competent jurisdiction to be unenforceable, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements contained herein and shall in no way affect the validity of the remaining provisions of this Escrow Agreement.

Section 11. This Escrow Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

Section 12. This Escrow Agreement shall be governed by and construed in accordance with the laws of the State of Nebraska.

IN WITNESS WHEREOF, the parties hereto have each caused this Escrow Agreement to be executed by their duly authorized officers and attested as of the date first above written.

THE CITY OF GRAND ISLAND,  
IN THE STATE OF NEBRASKA

By: \_\_\_\_\_  
Mayor

ATTEST

\_\_\_\_\_  
City Clerk

Cornerstone Bank  
York, Nebraska  
Escrow Agent

By: \_\_\_\_\_  
Its: \_\_\_\_\_

EXHIBIT "A"  
TO ESCROW AGREEMENT  
PAYMENTS DUE ON OUTSTANDING BONDS

Payment Date  
August 29, 2011

Amount Due

EXHIBIT "B"  
TO ESCROW AGREEMENT

LIST OF UNITED STATES GOVERNMENT OBLIGATIONS  
HELD IN ESCROW DEPOSIT FUND

<u>Principal Amount</u>	<u>Title</u>	<u>Rate of Interest</u>	<u>First Interest Payment to be Received</u>	<u>Maturity</u>
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Plus \_\_\_\_\_ in cash to be held in a non-interest bearing demand deposit account which is fully insured by insurance of the Federal Deposit Insurance Corporation until \_\_\_\_\_.

LIST OF PAYMENTS TO BE RECEIVED  
FOR ESCROW DEPOSIT FUND

<u>Date</u>	<u>Amount</u>
08-29-11	



APPLICATION OF MONIES  
ESCROW DEPOSIT FUND

<u>Payment Date</u>	<u>Refunded Bonds</u>	<u>Applied from Escrow Deposit Fund</u>
August 29, 2011		

All remaining monies after all the above payments have been made in full shall be transferred to the Paying Agent and Registrar to be applied to the payments of principal and interest next due on the Refunding Bonds.

## PAYING AGENT AND REGISTRAR'S AGREEMENT

This Agreement made and entered into as of the \_\_\_\_\_ day of \_\_\_\_\_, 2011, by and between the City of Grand Island, Nebraska (the "City") and Cornerstone Bank, York, Nebraska (the "Registrar").

### WITNESSETH:

WHEREAS, the City has authorized the issuance of \$\_\_\_\_\_ of its Public Safety Tax Anticipation Refunding Bonds, Series 2011, date of original issue - \_\_\_\_\_, (the "Bonds") by Ordinance No. \_\_\_\_\_ (the "Ordinance") and requires the services of a paying agent and registrar for said issue: and

WHEREAS, the Registrar is willing to provide services as paying agent and registrar pursuant to the terms of this Agreement and the Ordinance in consideration for the compensation described in this Agreement.

NOW, THEREFORE, the City and the Registrar do hereby agree as follows:

1. The Registrar agrees that it shall maintain on behalf of the City books of record in which the registered owners of the Bonds and their registered addresses shall be duly recorded.

2. The Registrar agrees that it shall serve as paying agent for the City in making the payments of principal and interest falling due on the Bonds. The City shall, not later than each interest and principal payment date on the Bonds, deposit with the Registrar an amount sufficient to make such payment and the Registrar shall apply such deposit by mailing a check or draft to each of the registered owners of the Bonds as shown on the books of record maintained pursuant to paragraph 1 hereof for the appropriate amounts of interest due on each respective Bond, and pay principal and interest upon presentation of each respective Bond in accordance with the terms of the Ordinance. The provisions of this paragraph 2 are subject to the terms set forth in paragraph 15 as to the Bonds while outstanding as "book-entry-only bonds."

3. Registrar hereby accepts and agrees to perform all duties directed by the Ordinance to be performed by the "Paying Agent and Registrar" as described in the Ordinance and the terms of the Ordinance are hereby incorporated by reference. Registrar acknowledges receipt of a copy of the Ordinance. Registrar acknowledges that the City may make deposits of money or securities as provided in the Ordinance. In the event of any such deposit, the compensation provided for under this Agreement shall not be altered or abated.

4. The City shall furnish to the Registrar a sufficient supply of forms in blank of the Bonds to be issued upon transfer, signed by the facsimile signatures of the Mayor and City Clerk and sealed with the City seal and shall renew such supply pursuant to the Ordinance upon request by the Registrar.

5. The Registrar shall make the initial registration of the Bonds upon written directions from the original purchaser thereof as designated in the Ordinance.

6. Transfer of the Bonds shall be registered and new Bonds issued in replacement thereof, pursuant to the limitations prescribed in the Ordinance, upon surrender to the Registrar of any outstanding Bond in form deemed by the Registrar properly endorsed for transfer with all necessary signatures guaranteed in such manner and form as the Registrar may require by a signature guarantor reasonably believed by Registrar to be responsible, accompanied by such assurances as the Registrar shall deem

necessary or appropriate to evidence the genuineness and effectiveness of each necessary signature and, if deemed appropriate by the Registrar, satisfactory evidence of compliance with all applicable laws relating to the collection of taxes. In registering transfer of the Bonds, the Registrar may rely upon the Uniform Commercial Code or any other statutes which in the opinion of counsel protect the Registrar and the City in not requiring complete documentation, in registering Bonds without inquiry into adverse claims, in delaying registration for purposes of such inquiry or in refusing registration where in Registrar's judgment an adverse claim requires such refusal.

7. Replacement Bonds for any of the Bonds damaged, lost or stolen shall be issued by the Registrar upon a duly certified resolution or resolutions in compliance with the requirements of Sections 10-127 to 10-130, R.R.S. Neb. 2007, as now existing or as hereafter amended.

8. As provided by law, the books of registration maintained by the Registrar shall not be deemed public records and shall be available for inspection solely pursuant to a court order or a subpoena of any governmental agency having jurisdiction to issue such subpoena.

9. At least annually, the Registrar shall give a report to the City accounting for all funds received and disbursements made. The Registrar shall maintain customary records in connection with its exercise of its duties under this Agreement and the Ordinance.

10. At anytime the Registrar may apply to the City for instructions and may consult with the City's attorney or the Registrar's own counsel in respect to any matter arising in connection with its duties under this Agreement and the Ordinance and the Registrar shall not be liable or accountable for any action taken or omitted by it in good faith in accordance with such instructions or with the opinion of such counsel. The Registrar may rely on any paper or document reasonably believed by it to be genuine and to have been signed by the proper person or persons.

11. The City hereby agrees to pay any expenses reasonably incurred by the Registrar in connection with the performance of its duties under this Agreement and the Ordinance, including counsel fees, and in addition shall pay to the Registrar as compensation for its services the following:

See Attachment

12. Any corporation or association into which the Registrar may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party, shall, ipso facto, be and become successor Registrar hereunder and vested with all of the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instruments or any further act, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

13. The City shall have the right to remove the Registrar only in the event of a material breach of the Registrar's duties under this Agreement and the Ordinance. In such event the Mayor and Council of the City shall have the right to designate a successor and the Registrar hereby agrees that it shall turn over all of its records with respect to the Bonds to any such successor upon request by the City.

14. This Agreement shall terminate when the Bonds have been paid in full. The Registrar shall have no duties with respect to the investment of monies paid to it under this Agreement and the Ordinance. Any deposit of such monies shall be either fully insured by insurance of the Federal Deposit Insurance Corporation or fully secured in the manner required by law for deposit of funds of the City.

Any such deposit may be in an account maintained with the Registrar or an affiliate of the Registrar.

15. Under the terms of the Ordinance, the Bonds are to be issued initially as "book-entry-only bonds" using the services of The Depository Trust Company (the "Depository") and initially the entire issue of the Bonds shall be registered in the name of Cede & Co., as nominee for the Depository, with one typewritten bond for each separate stated maturity. Payment of semiannual interest for any Bond registered as of each Record Date in the name of Cede & Co. shall be made by wire transfer to the Depository in accordance with its procedures as in effect from time to time. The Registrar agrees that it will execute and observe the terms and conditions of the Letter of Representations (the "Letter of Representations") as authorized by the Ordinance. The Letter of Representations may be in the form of separate undertakings executed by the Registrar and the City in connection with services provided by the Depository.

The Registrar and the City may treat the Depository (or its nominee) as the sole and exclusive owner of the Bonds registered in its name for the purposes of payment of the principal of or interest on the Bonds, selecting the Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to bondholders under the Ordinance, registering the transfer of Bonds, obtaining any consent or other action to be taken by bondholders and for all other purposes whatsoever, and neither the Registrar nor the City shall be affected by any notice to the contrary. Neither the Registrar nor the City shall have any responsibility or obligation to any participant of the Depository ("Participant"), any person claiming a beneficial ownership interest in the Bonds under or through the Depository or any Participant, or any other person which is not shown on the registration books of the Registrar as being a bondholder, with respect to the accuracy of any records maintained by the Depository or any Participant; the payment by the Depository or any Participant of any amount in respect of the principal of or interest on the Bonds; any notice which is permitted or required to be given to bondholders under the Ordinance; the selection by the Depository or any Participant of any person to receive payment in the event of a partial redemption of the Bonds; or any consent given or other action taken by the Depository as bondholder. The Registrar shall pay all principal of and interest on the Bonds only to the Depository, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to the principal of and interest on the Bonds to the extent of the sum or sums so paid. Except under the conditions directed below, no person other than the Depository shall receive an authenticated Bond for each separate stated maturity evidencing the obligation of the City to make payments of principal and interest pursuant to the Ordinance. Upon delivery by the Depository to the Registrar of written notice to the effect that the Depository has determined to substitute a new nominee in the place of Cede & Co., and subject to the provisions in the Ordinance with respect to Record Dates, the term "Cede & Co." in this Agreement shall refer to such new nominee of the Depository. If the Depository gives notice to the City or the Registrar pursuant to the Letter of Representations that it will discontinue providing its services as securities depository with respect to the Bonds, the City shall either appoint a successor securities depository or terminate the book-entry system for the Bonds under the following conditions:

(i) Any successor securities depository must be a clearing agency registered with the Securities and Exchange Commission pursuant to Section 17A of the Securities Exchange Act of 1934 and must enter into an agreement with the City and the Registrar agreeing to act as the depository and clearing agency for all the Bonds. After such agreement has become effective, the Depository shall present the Bonds for registration of transfer in accordance with Section 3 of the Ordinance and the Registrar shall register them in the name of the successor securities depository or its nominee. If a successor securities depository has not accepted such position prior to the effective date of the Depository's termination of its services, the book-entry system shall automatically terminate.

(ii) If the City elects to terminate the book-entry system for the Bonds, it shall so notify the

Registrar in writing. Thereafter, upon presentation of the Bonds, or any of them, by the Depository or its nominee to the Registrar for registration of transfer in accordance with Section 3 of the Ordinance, the Registrar shall register the transfer in accordance with such Section 3 of the Ordinance and all provisions of this paragraph 15 shall immediately cease to be in effect.

The City may elect to terminate the book-entry system for the Bonds at any time by giving written notice to the Depository and the Registrar. On the effective date of such termination, the provisions of this paragraph 15 shall cease to be in effect, except that the Registrar shall continue to comply with applicable provisions of the Letter of Representations with respect to Bonds as to which the Depository remains the registered owner. After such termination, the Registrar shall, upon presentation of Bonds by the Depository or its nominee for registration of transfer or exchange in accordance with Section 3 of the Ordinance make such transfer or exchange in accordance with said Section 3. Upon the appointment of a successor securities depository or termination of the book-entry system, the Registrar shall give notice of such event to the registered owners of Bonds (through the Depository) and (1) of the name and address of the successor securities depository or (2) that Bonds may now be obtained by the beneficial owners of the Bonds, or their nominees, upon proper instructions being given to the Depository by the relevant Participant and compliance by the Depository with the provisions of the Ordinance regarding registration of transfers. Notwithstanding any other provision of this Agreement to the contrary, so long as any Bond is registered in the name of Cede & Co., as nominee of the Depository (or any successor nominee), all payments with respect to the principal and interest on 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. In connection with any notice or other communication to be provided to bondholders pursuant to the Ordinance by the City or the Registrar with respect to any consent or other action to be taken by bondholders, the City or the Registrar, as the case may be, shall establish a record date for such consent or other action and give the Depository notice of such record date not less than 15 calendar days in advance of such record date to the extent possible.

16. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

17. This Agreement shall be governed by and construed in accordance with the laws of the State of Nebraska.

IN WITNESS WHEREOF, the parties hereto have each caused this Paying Agent and Registrar's Agreement to be executed by their duly authorized officers as of the date first above written.

THE CITY OF GRAND ISLAND, NEBRASKA

(SEAL)

By: \_\_\_\_\_  
Mayor

ATTEST

\_\_\_\_\_  
City Clerk

Cornerstone Bank,  
York, Nebraska  
Paying Agent and Registrar

By: \_\_\_\_\_  
Its: \_\_\_\_\_

ORDINANCE NO. 9291

AN ORDINANCE AUTHORIZING THE ISSUANCE OF PUBLIC SAFETY TAX ANTICIPATION REFUNDING BONDS OF THE CITY OF GRAND ISLAND, NEBRASKA, IN THE PRINCIPAL AMOUNT OF FIVE MILLION FIVE HUNDRED THIRTY-FIVE THOUSAND DOLLARS (\$5,535,000) FOR THE PURPOSE OF PAYING AND REDEEMING \$5,735,000 OF THE CITY'S OUTSTANDING PUBLIC SAFETY TAX ANTICIPATION BONDS, SERIES 2006, DATE OF ORIGINAL ISSUE – AUGUST 29, 2006; 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 City Council hereby find and determine:

a. that there have been heretofore issued and are now outstanding and unpaid valid and interest bearing bonds of the City of Grand Island, Nebraska, as follows:

Public Safety Tax Anticipation Bonds, Series 2006, date of original issue - August 29, 2006, in the principal amount of Five Million Seven Hundred Thirty-five Thousand Dollars (\$5,735,000), numbered as shown on the books of the Paying Agent and Registrar, and becoming due and bearing interest as follows:

<u>Principal Amount</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>CUSIP No.</u>
\$ 620,000	September 1, 2011	3.95%	385654 AE 8
645,000	September 1, 2012	4.00	385654 AF 5
670,000	September 1, 2013	4.00	385654 AG 3
700,000	September 1, 2014	4.10	385654 AH 1
725,000	September 1, 2015	4.15	385654 AJ 7
755,000	September 1, 2016	4.20	385654 AK 4
790,000	September 1, 2017	4.30	385654 AL 2
830,000	September 1, 2018	4.35	385654 AM 0

Said bonds are hereinafter referred to as the “Refunded Bonds.”

The Refunded Bonds are subject to redemption at any time on or after August 29, 2011, at par and accrued interest, and said interest is payable semiannually.

Said Refunded Bonds were issued for the purpose of providing funds for the

ORDINANCE No. 9291 (Cont.)

construction and equipping of a law enforcement center and miscellaneous costs associated therewith.

The Refunded Bonds are valid, interest bearing obligations of the City of Grand Island, Nebraska, and have been called for redemption on August 29, 2011 (the "Redemption Date"). Since the Refunded Bonds were issued, the rates of interest have so declined in the markets that by taking up and paying off said Refunded Bonds on the Redemption Date, a substantial savings in the amount of yearly running interest will be made to the City; that for the purpose of making said redemption, it is for the best interest of the City to issue refunding bonds of the City in the principal amount of \$5,535,000; that all conditions, acts and things required to exist or to be done precedent to the issuance of refunding bonds of the City of Grand Island, Nebraska, in the principal amount of Five Million Five Hundred Thirty-five Thousand Dollars (\$5,535,000), pursuant to Section 10-142 and Sections 18-1201 and 18-1202 R.R.S. Neb. 2007, do exist and have been done as required by law.

(b) that the taxable valuation of all taxable property within the City as most recently determined, is \$2,395,497,486; that the City has no outstanding bonds outstanding under the provisions of Section 18-1202 R.R.S. Neb. 2007, as amended; that pursuant to Section 18-1201 R.R.S. Nebraska, 2007, 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; and that the annual debt service on the bonds herein authorized does not in any year exceed \$\_\_\_\_\_.

Section 2. To provide for the refunding of the Refunded Bonds as specified in Section 1 hereof, there shall be and there are hereby ordered issued Public Safety Tax Anticipation Refunding Bonds, Series 2011, of the City of Grand Island, Nebraska, in the principal amount of Five Million Five Hundred Thirty-five Thousand Dollars (\$5,535,000) (the "Series 2011 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:

ORDINANCE No. 9291 (Cont.)

<i><u>Principal Amount</u></i>	<i><u>Date of Maturity</u></i>	<i><u>Rate of Interest</u></i>
\$ 280,000	September 1, 2011	
715,000	September 1, 2012	
720,000	September 1, 2013	
735,000	September 1, 2014	
740,000	September 1, 2015	
760,000	September 1, 2016	
780,000	September 1, 2017	
805,000	September 1, 2018	

The Series 2011 Bonds shall be issued in fully registered form in the denomination of \$5,000 or any integral multiple thereof. The Series 2011 Bonds shall bear date of original issue of the date of delivery thereof. Interest on the Series 2011 Bonds, at the respective rates for each maturity, shall be payable semiannually on March 1 and September 1 of each year, commencing September 1, 2011 (each of said dates an “Interest Payment Date”) and the Series 2011 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 Series 2011 Bonds shall be numbered from 1 upwards in the order of their issuance. No Series 2011 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 Series 2011 Bonds issued shall be designated by the City’s Treasurer as directed by the initial purchaser thereof. Payments of interest due on the Series 2011 Bonds prior to maturity or date of redemption shall be made by the Paying Agent and Registrar, as designated pursuant to



ORDINANCE No. 9291 (Cont.)

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 Series 2011 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 Series 2011 Bonds to said Paying Agent and Registrar. The City and said Paying Agent and Registrar may treat the registered owner of any Series 2011 Bond as the absolute owner of such Series 2011 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 Series 2011 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 Series 2011 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 Series 2011 Bonds or claims for interest to the extent of the sum or sums so paid.

Section 3. Cornerstone Bank, York, Nebraska, is hereby designated as Paying Agent and Registrar for the Series 2011 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

ORDINANCE No. 9291 (Cont.)

deem appropriate or necessary. The Paying Agent and Registrar shall keep and maintain for the City books for the registration and transfer of the Series 2011 Bonds at its principal corporate trust office. The names and registered addresses of the registered owner or owners of the Series 2011 Bonds shall at all times be recorded in such books. Any Series 2011 Bond may be transferred pursuant to its provisions at the principal corporate trust office of said Paying Agent and Registrar by surrender of such Series 2011 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 Series 2011 Bond or Series 2011 Bonds of the same interest rate, aggregate principal amount and maturity. To the extent of the denominations authorized for the Series 2011 Bonds by this Ordinance, one such 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 Series 2011 Bond, the surrendered Series 2011 Bond or Bonds shall be canceled and destroyed. All Series 2011 Bonds issued upon transfer of the Series 2011 Bonds so surrendered shall be valid obligations of the City evidencing the same obligations as the Series 2011 Bonds surrendered and shall be entitled to all the benefits and protection of this Ordinance to the same extent as the Series 2011 Bonds upon transfer of which they

ORDINANCE No. 9291 (Cont.)

were delivered. The City and said Paying Agent and Registrar shall not be required to transfer any Series 2011 Bond during any period from any Record Date until its immediately following Interest Payment Date or to transfer any Series 2011 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 Series 2011 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 Series 2011 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 Series 2011 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. Series 2011 Bonds maturing September 1, 2016 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

ORDINANCE No. 9291 (Cont.)

Series 2011 Bonds to be redeemed in its sole discretion but the Series 2011 Bonds shall be redeemed only in amounts of \$5,000 or integral multiples thereof. Series 2011 Bonds redeemed in part only shall be surrendered to said Paying Agent and Registrar in exchange for new Series 2011 Bonds evidencing the unredeemed principal thereof. Notice of redemption of any Series 2011 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 Series 2011 Bond at said owner's registered address. Such notice shall designate the Series 2011 Bond or Series 2011 Bonds to be redeemed by maturity or otherwise, the date of original issue and the date fixed for redemption and shall state that such Series 2011 Bond or Series 2011 Bonds are to be presented for prepayment at the office of said Paying Agent and Registrar. In case of any Series 2011 Bond partially redeemed, such notice shall specify the portion of the principal amount of such Series 2011 Bond to be redeemed. No defect in the mailing of notice for any Series 2011 Bond shall affect the sufficiency of the proceedings of the City designating the Series 2011 Bonds called for redemption or the effectiveness of such call for Series 2011 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 Series 2011 Bond for which defective notice has been given.

Section 7. The Series 2011 Bonds shall be in substantially the following form:

**UNITED STATES OF AMERICA  
STATE OF NEBRASKA  
COUNTY OF HALL  
PUBLIC SAFETY TAX ANTICIPATION REFUNDING BOND  
OF THE CITY OF GRAND ISLAND, NEBRASKA  
SERIES 2011**

No. \_\_\_\_\_ \$ \_\_\_\_\_

Interest Rate                      Maturity Date                      Date of Original Issue                      CUSIP  
No.    \_\_\_\_\_, 2011

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 September 1, 2011 (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, 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 Five Million Five Hundred Thirty-five Thousand Dollars (\$5,535,000), 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 refunding on August 29, 2011, \$5,735,000 Public

ORDINANCE No. 9291 (Cont.)

Safety Tax Anticipation Bonds, Series 2006, of the City, date of original issue - August 29, 2006, all in strict compliance with Sections 10-142, 18-1201 and 18-1202 R.R.S. Neb. 2007, 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 (the "Ordinance").

Bonds of this issue maturing September 1, 2016, 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. 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, 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 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., 2007, 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 only out of the funds derived from such tax.

AS PROVIDED IN THE ORDINANCE REFERRED TO HEREIN, UNTIL THE TERMINATION OF THE SYSTEM OF BOOK-ENTRY-ONLY TRANSFERS

ORDINANCE No. 9291 (Cont.)

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.

NEBRASKA

CITY OF GRAND ISLAND,

(Do not sign) \_\_\_\_\_  
Mayor

ATTEST:

(Do not sign) \_\_\_\_\_  
City Clerk

(SEAL)

**CERTIFICATE OF AUTHENTICATION**

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

Cornerstone Bank  
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,



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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.

Section 8. Each of the Series 2011 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 Series 2011 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 Series 2011 Bonds. With respect to the issuance of the Series 2011 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 Series 2011 Bonds as securities depository (each, a "Bond Participant") or to any person who is an actual purchaser of a Series 2011 Bond from a Bond Participant while the Series 2011 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 Series 2011 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 Series 2011 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 Series 2011 Bonds. The Paying Agent and Registrar shall make

ORDINANCE No. 9291 (Cont.)

payments with respect to the Series 2011 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 Series 2011 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 Series 2011 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 Series 2011 Bonds or (ii) to make available Series 2011 Bonds registered in whatever name or names as the Beneficial Owners transferring or exchanging such Series 2011 Bonds shall designate.

(c) If the City determines that it is desirable that certificates representing the Series 2011 Bonds be delivered to the ultimate beneficial owners of the Series 2011 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 Series 2011 Bonds. In such event, the Paying Agent and Registrar shall issue, transfer and exchange bond certificates representing the Series 2011 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 Series 2011 Bond is registered in the name of the Depository or any nominee thereof, all payments with respect to such Series 2011 Bond and all notices with respect to such Series 2011 Bond shall be made and given, respectively, to the Depository as provided in the Letter of Representations.

(e) Registered ownership of the Series 2011 Bonds may be transferred on the books of registration maintained by the Paying Agent and Registrar, and the Series 2011 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.

ORDINANCE No. 9291 (Cont.)

(f) In the event of any partial redemption of a Series 2011 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 Series 2011 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, duly executed by manual or facsimile signatures of the Mayor and City Clerk and sealed with the City's seal, 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 Series 2011 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 Series 2011 Bonds shall not be valid and binding on the City until authenticated by the Paying Agent and Registrar. The Series 2011 Bonds shall be delivered to the Paying Agent and Registrar for registration and authentication. Upon execution, registration, and authentication of the Series 2011 Bonds, they shall be delivered to the City Treasurer, who is authorized to deliver them to Ameritas Investment Corp., as initial purchaser

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thereof. The Series 2011 Bonds are hereby sold to said purchaser for the sum of \$\_\_\_\_\_, plus accrued interest, if any, thereon to date of payment and delivery. 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 Series 2011 Bonds, including without limitation, authorizing the release of the Series 2011 Bonds by the Depository at closing. Said initial purchaser shall have the right to direct the registration of the Series 2011 Bonds and the denominations thereof within each maturity, subject to the restrictions of this Ordinance. 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. The Treasurer of the City shall maintain a record of information with respect to the Series 2011 Bonds as required under Section 10-140, R.R.S. 2007, and shall cause the same to be filed in the office of the Auditor of Public Accounts of the State of Nebraska. The City Clerk shall make and certify a duplicate transcript of the proceedings of the Mayor and Council with respect to the Series 2011 Bonds which shall be delivered to said purchaser. The officers of the City are further authorized to take such actions as such officers may deem necessary or appropriate in order to carry out the terms of this Ordinance.

Section 9. The proceeds of the Series 2011 Bonds herein authorized shall be applied to: (a) the payment of principal of and interest on the Refunded Bonds as the same fall due on and prior to the Redemption Date, and as called for redemption on the Redemption Date and paying the costs of issuance of the Series 2011 Bonds. Accrued interest, if any, received upon closing of the Series 2011 Bonds shall be applied to pay

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interest falling due on September 1, 2011. All of the proceeds of the Series 2011 Bonds remaining after payment of costs of issuance, together with such other available funds of the City as may be required to fully fund the escrow for the Refunded Bonds, shall be set aside and held and invested in a special trust account for payment of the Refunded Bonds which is hereby ordered established. Cornerstone Bank, York, Nebraska, is hereby designated to serve as the escrow agent ("Escrow Agent"), to have custody and safekeeping of the funds and investments which are to be set aside for the payment of the Refunded Bonds. For purposes of governing such escrow account and the holding and application of such funds and investments, the City shall enter into a contract entitled "Escrow Agreement" with the Escrow Agent. The Mayor and City Clerk are hereby authorized and directed to execute and deliver on behalf of the City said Escrow Agreement, including necessary counterparts, in substantially the form and content as presented to the meeting at which this Ordinance is passed, but with such changes and modifications therein as to them seem necessary, desirable, or appropriate for and on behalf of the City. Said Mayor and City Clerk are further authorized to approve the investments provided for in said Escrow Agreement, and to make any necessary subscriptions for United States Treasury Securities, State and Local Government Series, or to contract for the purchase of securities in the open market. Said proceeds shall be invested in obligations of the United States Government, direct or guaranteed, including United States Treasury Securities, State and Local Government Series. To the extent that such proceeds are held in a bank depository account, such deposits shall be insured by insurance of the Federal Deposit Insurance Corporation or, to the extent not fully insured, fully collateralized in the same manner as is required for deposit of public funds. Any

ORDINANCE No. 9291 (Cont.)

investment from the proceeds of the Series 2011 Bonds herein authorized shall mature not later than August 29, 2011. As provided in said Escrow Agreement, the proceeds of the Series 2011 Bonds herein authorized and investment earnings thereon shall be applied to the payment of the principal of and interest on the Refunded Bonds as the same become due on and prior to the Redemption Date, and as called for redemption on the Redemption Date. The City agrees that on the date of issuance of the Series 2011 Bonds, or as soon thereafter as practicable, it shall deposit or otherwise have on hand with the Escrow Agent from City funds on hand sufficient after taking into consideration available proceeds of the Series 2011 Bonds and investment earnings to provide funds for all payments due on the Refunded Bonds on or before the Redemption Date, and as called for redemption on the Redemption Date. The City hereby covenants and agrees to take all steps necessary and appropriate, including transfer and deposit of any additional required funds, to provide for the calling and redemption of the Refunded Bonds on August 29, 2011.

Section 10. The holders of the Series 2011 Bonds shall be subrogated to all rights of the holders of the Refunded Bonds. The City agrees that it shall, pursuant to Section 18-1201 R.R.S. Neb. 2011, as amended, levy a special tax so long as any of the Series 2011 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 Series 2011 Bonds, 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 Series 2011 Bonds in such calendar year. The Series 2011 Bonds shall be secured

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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 Series 2011 Bonds or making redemptions as provided in Section 6 of this Ordinance.

Section 11. The City hereby covenants to the purchasers and holders of the Series 2011 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 Series 2011 Bonds, which would cause the Series 2011 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 Series 2011 Bonds. The City hereby designates the Series 2011 Bonds as its "qualified tax-exempt obligations" pursuant to Section 265(b)(3)(B)(i)(III) of the Code and covenants and warrants that it does not reasonably expect to issue tax-exempt bonds or other tax-exempt obligations aggregating in principal amount more than \$10,000,000 during calendar 2011 (taking into consideration the exception for current refunding issues), provided that the amount of the Series 2011 Bonds hereby designated shall be reduced as and to the extent that a portion of the Series 2011 Bonds may be determined to be "deemed designated" in accordance with the provisions of Section 265(b)(3)(D) of the Code.

Section 12 The City's obligations under this Ordinance with respect to any or all of the Series 2011 Bonds herein authorized shall be fully discharged and satisfied as to

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any or all of such Series 2011 Bonds and any such Series 2011 Bond shall no longer be deemed to be outstanding hereunder if such Series 2011 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 Series 2011 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 Series 2011 Bonds for which such monies or U.S. Government Obligations were deposited shall be paid over to the City as and when collected.



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Section 13. In accordance with the requirements of Rule 15c2-12 (the “Rule”) promulgated by the Securities and Exchange Commission, the City, being the only “obligated person” with respect to the Series 2011 Bonds, agrees that it will provide the following continuing disclosure information to the Municipal Securities Rulemaking Board (the “MSRB”) in an electronic format as prescribed by the MSRB:

(a) not later than seven months after the end of each fiscal year of the City (the “Delivery Date”), financial information or operating data for the City of the type accompanying the audited financial statements of the City entitled “Management’s Discussion and Analysis” (“Annual Financial Information”);

(b) when and if available, audited financial statements for the City; audited financial information shall be prepared on the basis of generally accepted accounting principles; and

(c) in a timely manner not in excess of ten business days after the occurrence of the event, notice of the occurrence of any of the following events with respect to the Series 2011 Bonds:

(1) principal and interest payment delinquencies;

(2) non-payment related defaults, if material;

(3) unscheduled draws on debt service reserves reflecting financial difficulties (there are no debt service reserves established for the Series 2011 Bonds under the terms of this Ordinance);

(4) unscheduled draws on credit enhancements reflecting financial difficulties (not applicable to the Series 2011 Bonds);

(5) substitution of credit or liquidity providers, or their failure to perform;

(6) adverse tax opinions, 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 Series 2011 Bonds, or other material events affecting the tax status of the Series 2011 Bonds;

(7) modifications to rights of the holders of the Series 2011 Bonds, if material;

ORDINANCE No. 9291 (Cont.)

- (8) bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution, or sale of property securing repayment of the Series 2011 Bonds, if material;
- (11) rating changes (the Series 2011 Bonds are not rated and no rating for the Series 2011 Bonds is expected to be requested);
- (12) bankruptcy, insolvency, receivership or similar events of the City (this event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City);
- (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, 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;
- (14) appointment of a successor or additional trustee or the change of name of a trustee, if material.

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

(d) in a timely manner, notice of any failure on the part of the City to provide Annual Financial Information not later than the Delivery Date.

The City agrees that all documents provided to the MSRB under the terms of this continuing disclosure undertaking shall be in such electronic format and accompanied by such identifying information as shall be prescribed by the MSRB. The City reserves the right to modify from time to time the specific types of information provided or the format

ORDINANCE No. 9291 (Cont.)

of the presentation of such information or the accounting methods in accordance with which such information is presented, to the extent necessary or appropriate in the judgment of the City, consistent with the Rule. The City agrees that such covenants are for the benefit of the registered owners of the Series 2011 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 the Resolution. The continuing disclosure obligations of the City, as described above, shall cease when none of the Series 2011 Bonds remain outstanding.

Section 14. 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 15. 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 8th day of March, 2011.

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City Clerk

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Mayor

(SEAL)