



City of Grand Island

Tuesday, August 09, 2011

Council Session

Item F12

**#9311 - Consideration of Refinancing Bonds for the Heartland
Events Center Project**

Staff Contact: Mary Lou Brown

Council Agenda Memo

From: Mary Lou Brown, Finance Director

Meeting: August 9, 2011

Subject: Consideration of Authorizing Series 2011 Heartland Events Center Project Refunding Building Bonds and Approving Redemption of Series 2004 Building Bonds for the Heartland Events Center Project

Item #'s: F-12 & G-4

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 third refinancing is now ready to be presented to Council for action.

Discussion

The Heartland Events Center Project Building Bonds, Series 2004, date of original issue – December 28, 2004 – in the principal amount of \$7,765,000 are being called for payment on September 1, 2011; after such time, interest on the bonds will cease. These bonds were originally issued for the purpose of providing funds for the construction of the Heartland Events Center and miscellaneous costs associated therewith.

These bonds will be replaced with the issuance of Refunding Building Bonds (Heartland Events Center Project), Series 2011 in the principal amount of \$5,795,000. The purpose of these bonds is to pay and redeem the \$7,765,000 of the City's Bonds referenced above.

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 2004 Heartland Events Center Project Refunding Building Bonds in the principal amount of \$7,765,000 and Authorize the Issuance of Series 2011 Refunding Building Bonds (Heartland Events Center Project) in the principal amount of \$5,795,000
2. Postpone the issue to a future meeting.
3. Take no action.

Recommendation

City Administration recommends that the Council approve the Redemption of Series 2004 Refunding Building Bonds (Heartland Events Center Project) in the principal amount of \$7,765,000 and the Issuance of Series 2011 Refunding Building Bonds (Heartland Events Center Project) in the principal amount of \$5,795,000.

Sample Motion

Move to approve the Redemption of Series 2004 Refunding Building Bonds (Heartland Events Center Project) in the principal amount of \$7,765,000 and the Issuance of Series 2011 Refunding Building Bonds (Heartland Events Center Project) in the principal amount of \$5,795,000.

UNANIMOUS CONSENT OF DIRECTORS

OF

FONNER PARK EXPOSITION AND EVENTS CENTER, INC.

The undersigned, being all of the Directors of Fonner Park Exposition and Events Center, Inc., hereby adopt the following Resolution by unanimous consent of the undersigned as Directors, such Resolution to be effective from and after the effective date of this Consent.

The following Resolution is hereby adopted:

BE IT RESOLVED by the Board of Directors of Fonner Park Exposition and Events Center, Inc. (the "Corporation"), a Nebraska nonprofit corporation, as follows:

Section 1. The Board of Directors hereby determines that the Corporation has entered into a Lease Purchase Agreement dated as of October 9, 2001 (the "Original Lease Purchase Agreement") by and between the Corporation and the City of Grand Island, Nebraska, (the "City"), which agreement has been supplemented and amended by that Addendum to Lease Purchase Agreement dated August 26, 2003 (the "First Addendum"), which agreement has been further supplemented by that Second Addendum to Lease Purchase Agreement dated December 1, 2004 (the "Second Addendum" and together with the Original Lease Purchase Agreement and the First Addendum, the "Existing Agreement"); that the Corporation has issued and outstanding its Building Bonds (Heartland Events Center Project), Series 2004, (the "Building Bonds") which were issued for the purpose of providing funds for the acquisition of a new agricultural exposition and events center to serve the City and its inhabitants (the "Project"); that since the Building Bonds were issued, the rates of interest available in the market have so declined that by issuing its refunding bonds to provide for the payment and redemption of the Building Bonds, a substantial savings in the amount of yearly running interest will be made, thereby reducing the amount of payments required of the City under the Existing Agreement; and that in connection with such refunding there has been prepared and presented to the Board of Directors a Third Addendum to Lease Purchase Agreement dated as of September 1, 2011 (the "Third Addendum" and, together with the Existing Agreement, the "Agreement"). The Third Addendum is hereby approved and the Agreement is hereby approved and ratified and confirmed in all respects.

Section 2. To provide funds for refinancing the costs of the Project, the Corporation shall issue its Refunding Building Bonds (Heartland Events Center Project), Series 2011, in the principal amount of \$5,795,000 (the "Refunding Bonds") as described herein and in connection therewith the Corporation shall enter

into a Trust Indenture and Security Agreement dated as of September 1, 2011 (the "Indenture"), by and between the Corporation and Wells Fargo Bank, National Association, as Trustee, and the form of the Indenture presented to the Board of Directors is hereby approved. The assignment and transfer of the Agreement provided for in the Indenture is hereby expressly approved and authorized, with such assignment and transfer to occur at the same time as the redemption of the Building Bonds.

Section 3. The offer of Ameritas Investment Corp. to purchase the Refunding Bonds as provided for in a Bond Purchase Agreement dated August __, 2011, should be and it is hereby approved and accepted and the form of said Bond Purchase Agreement between the Corporation and said firm, as underwriter, is hereby authorized to be executed and delivered in the form presented.

Section 4. It is necessary and advisable to approve and authorize the redemption of the Building Bonds. The City has directed the Corporation to call the Building Bonds for redemption as soon as practicable in connection with the issuance of the Refunding Bonds. The President, any Vice President and Secretary/Treasurer of the Corporation (or any one or more of them) be and hereby are authorized and directed to execute and deliver to the trustee for the Building Bonds, on behalf of the Corporation, the Direction to Give Notice of Redemption, in substantially the form presented herewith but with such changes or modifications as may by such officer (or any one or more of them) be deemed necessary or desirable to effect such refunding.

Section 5. The President, any Vice President and Secretary/Treasurer of the Corporation (or any one or more of them) be and hereby are authorized and directed to execute and deliver on behalf of the Corporation the Third Addendum, the Indenture and the Bond Purchase Agreement, all as above approved, with such changes or modifications therein as may by such officers (or any one or more of them) be deemed necessary or desirable to consummate the transactions hereby approved and such officers (or any one or more of them) be and hereby are authorized and directed to take any actions and to sign all other documents as may be deemed by them (or any one or more of them) necessary or advisable in order to effect such transactions as hereby approved. In addition, the Addendum to Escrow Agreement and the Addendum to Management Contract, each relating to original documents delivered in connection with the issuance of the Building Bonds and each in the form presented, are hereby approved and the President, any Vice President and Secretary/Treasurer of the Corporation (or any one or more of them) be and hereby are authorized and directed to execute and deliver on behalf of the Corporation such documents, but with such changes or modifications therein as to such executing officer or officers may seem necessary, desirable or appropriate on behalf of the Corporation.

Section 6. The Corporation shall issue the Refunding Bonds in the aggregate principal amount of \$5,795,000 as provided in the Indenture and the President and Secretary be and hereby are authorized and directed execute and seal and to issue the Refunding Bonds on behalf of the Corporation and to cause them to be authenticated and delivered as provided in the Indenture and to take all other action necessary or desirable in order to complete the sale of the Refunding Bonds as provided in the Indenture and the Bond Purchase Agreement.

Section 7. The Refunding Bonds as authorized to be issued pursuant to the Indenture are to be issued by the Corporation on behalf of the City and the Corporation, on behalf of the City, hereby designates (to the extent that it may lawfully do so) the Refunding Bonds as “qualified tax-exempt obligations” pursuant to Section 265(b)(3)(B)(i)(III) of the Code and covenants and warrants that the Corporation does not reasonably expect to issue and that the City does not expect to issue or have issued on its behalf tax-exempt bonds or other tax-exempt interest bearing obligations aggregating in principal amount more than \$10,000,000 during calendar year 2011 (taking into consideration the exception for current refunding issues), provided that the amount of the Refunding Bonds hereby designated shall be reduced as and to the extent that all or a portion of the Refunding Bonds may be determined to be “deemed designated” in accordance with the provisions of Section 265(b)(3)(D) of the Code. The officers of the Corporation (or any one of them), acting in cooperation with the officers of the City (or any one of them) are hereby authorized to make allocations of the Refunding Bonds (as to principal maturities) and of the proceeds of the Refunding Bonds and debt service funds of the City as may be deemed appropriate under the federal tax laws and regulations, specifically including any allocations relating to the determination of all or a portion of the Refunding Bonds as “deemed designated”. Any such allocations made and determinations set forth in a certificate by an officer of the Corporation shall be and constitute authorized determinations made on behalf of the Corporation with the same force and effect as if set forth in this resolution.

Section 8. The Preliminary Official Statement dated August __, 2011, with respect to the Refunding Bonds is hereby approved and deemed final as of its date. The officers of the Corporation or any one of them are hereby authorized to approve and execute a final Official Statement providing information concerning the Refunding Bonds.

Section 9. The Board of Directors hereby reaffirms the covenants of the Corporation as set forth in the Existing Agreement, subject to such modifications thereto as are to be provided for in the Third Addendum.

This Unanimous Consent may be executed in counterparts. All of the foregoing actions are hereby adopted as the unanimous action of all directors of Corporation, effective as of August __, 2011.

(SEAL)

Director

Director

Director

Director

Director

DOCS/1044204.2

TRUST INDENTURE AND SECURITY AGREEMENT

THIS TRUST INDENTURE AND SECURITY AGREEMENT (this “Indenture”), made and entered into as of the first day of September, 2011, by and between Fonner Park Exposition and Events Center, Inc., a nonprofit corporation organized and existing under the laws of the State of Nebraska (the “Corporation”) and Wells Fargo Bank, National Association, a national banking association duly organized and existing under the laws of the United States of America and authorized to accept, administer and execute trusts of the character herein set out, with its initial designated corporate trust office in Des Moines, Iowa, as trustee (the “Trustee”),

WITNESSETH:

WHEREAS, the Corporation, as seller and lessor, has entered into a Lease Purchase Agreement, dated October 9, 2001, as amended by an Addendum to Lease Purchase Agreement dated August 26, 2003, as further amended by a Second Addendum to Lease Purchase Agreement dated as of December 1, 2004 and as further amended by a Third Addendum to Lease Purchase Agreement dated as of September 1, 2011 (collectively, the “Agreement”) with the City of Grand Island, in the County of Hall, in the State of Nebraska (the “City”), as purchaser and lessee, under which the Corporation has sold and leased to the City the Project (as defined in Article I hereof and described in greater detail on Exhibit A hereto attached);

WHEREAS, in order to obtain funds for the acquisition and construction of the Project, it is necessary for the Corporation to issue its refunding bonds in the amount of Five Million Seven Hundred Ninety-five Thousand Dollars (\$5,795,000), said bonds to be paid out of and secured by a pledge of the payments to become due under the Agreement, and the Trustee has agreed to act as Trustee under this Indenture for the holders of the bonds issued as hereinafter provided;

NOW, THEREFORE, KNOW ALL PERSONS BY THESE PRESENTS:

That the Corporation, in consideration of the premises and acceptance by the Trustee of the trust hereby created and of the purchase and acceptance of the bonds by the holders thereof and of the sum of One Dollar (\$1.00) in lawful money of the United States of America to it duly paid by the Trustee at or before the execution and delivery of these presents, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, in order to provide for and secure the payment of the principal of and interest on the bonds issued as herein provided according to their tenor and the performance of all the covenants expressed or implied herein and in the bonds, does hereby grant, grant security interest in, bargain, sell, assign,

convey, mortgage and pledge unto the Trustee, as trustee, and unto its successors in trust, and to them and their assigns forever, for the securing of the performance of the obligations of the Corporation hereinafter set forth, the following property, whether now owned or hereafter acquired:

1. All of those fixed payments received and to be received under and pursuant to the Agreement and therein defined as the "Payments" (the "Payments") which Payments are to be forwarded directly to the Trustee for the account of the Corporation and deposited in the account of the Corporation herein designated as the "Bond Fund";

2. Any and all other property of every name and nature from time to time hereafter by delivery or by writing of any kind conveyed, mortgaged, pledged, assigned or transferred, as and for additional security hereunder by the Corporation or by anyone in its behalf (or with its written consent) to the Trustee, which is hereby authorized to receive any and all such property, subject to the conditions set forth in Section 8.05 of Article VIII of this Indenture, at any and all times and to hold and apply the same subject to the terms hereof;

provided that such transfer, sale and assignment of the Payments is hereby declared by the parties hereto to be absolute and unconditional to provide for the payments of principal and interest on the bonds herein authorized and not merely as security.

TO HAVE AND TO HOLD all the same with all privileges and appurtenances hereby conveyed and assigned, or agreed or intended so to be, to the Trustee and its respective successors in said trust and to them and their assigns forever, and the Corporation hereby binds itself, its successors and assigns, to warrant and forever defend title of said property unto the Trustee, its successors and assigns and against all persons now or hereafter claiming the same or any part thereof or interest therein;

IN TRUST, NEVERTHELESS, upon the terms and trusts herein set forth for the equal and proportionate payment, benefit, security and protection of all holders of bonds issued under and secured by this Indenture without privilege, priority or distinction as to the lien or otherwise of any of said bonds or interest thereon over any of the other said bonds or interest thereon;

PROVIDED, HOWEVER, that if the Corporation its successors or assigns shall well and truly pay, or cause to be paid, the principal of the bonds and interest due or to become due thereon, at the times and in the manner mentioned in the bonds, according to the true intent and meaning thereof, and shall make the payments into the Bond Fund as required under Article V and shall well and truly keep, perform and observe all the covenants and conditions pursuant to the terms of this Indenture to be kept, performed and observed by it, and shall pay or cause to be paid to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof, then upon such final payments this Indenture and the rights hereby granted shall cease, determine and be void; otherwise this Indenture to remain in full force and effect.

THIS INDENTURE FURTHER WITNESSETH: That all bonds issued hereunder are to be issued, authenticated and delivered, and all said revenues, income and other property hereby assigned and pledged are to be dealt with and disposed of under, upon and subject to the terms, conditions, trusts, uses and purposes hereinafter expressed, and the Corporation has agreed and covenanted and does hereby agree and covenant with the Trustee and with the respective owners, from time to time, of the bonds, as follows, that is to say:

ARTICLE I
DEFINITIONS

Section 1.01. In addition to the words and terms elsewhere defined in this Indenture, the following words and terms as used in this Indenture shall have the following meanings, unless the context or use indicates another or different meaning or intent:

“Agreement” - the Lease Purchase Agreement dated October 9, 2001, as amended by that Addendum to Lease Purchase Agreement dated August 26, 2003, as further amended by that Second Addendum to Lease Purchase Agreement dated as of December 1, 2004 and as further amended by that Third Addendum to Lease Purchase Agreement dated as of September 1, 2011, relating to the Project, each by and between the City, as purchaser and lessee, and the Corporation, as seller and lessor.

“bond” or “bonds” - any bond or bonds issued pursuant to, in accordance with and secured by this Indenture.

“Bond Fund” - the Fund created by Article V of this Indenture into which the funds specified in Article V are to be deposited.

“Bondholder” or “bondholder” or “owner” - shall mean the registered owner of any bond.

“Bond Purchase Agreement” – that Bond Purchase Agreement dated August __, 2011 by and between the Underwriter and the Corporation and approved by the City providing for the sale of the Refunding Bonds to the Underwriter upon the terms and conditions set forth therein.

“Building Bonds” - the \$7,765,000 of Building Bonds (Heartland Events Center Project), Series 2004, issued pursuant to the 2004 Indenture.

“City” - the City of Grand Island, in the County of Hall, in the State of Nebraska.

“Code” - the Internal Revenue Code of 1986, as amended.

“Corporation” – Fonner Park Exposition and Events Center, Inc., a Nebraska nonprofit corporation.

“Designated Office” – the designated corporate trust office of the Trustee which shall initially be in Des Moines, Iowa, and which may be changed by notice in writing to the Corporation, the City and each registered owner of the bonds.

“Government Obligations” - shall include the following:

(a) U.S. Treasury Certificates, Notes and Bonds (including State and Local Government Series - “SLGS”);

(b) Direct obligations of the Treasury which have been stripped by the Treasury itself;

(c) Resolution Funding Corp (REFCORP)(only the interest component of REFCORP strips which have been stripped by request to the Federal Reserve Bank of New York in book entry form are acceptable);

(d) Senior debt obligations issued by the following agencies which are backed by the full faith and credit of the U.S.: (i) U.S. Export-Import Bank (Eximbank)(direct obligations or fully guaranteed certificates of beneficial ownership); (ii) Farmers Home Administration (FmHA)(certificates of beneficial ownership); (iii) Federal Financing Bank; (iv) General Services Administration (participation certificates); (v) U.S. Maritime Administration (guaranteed Title XI financing); or (vi) U.S. Department of Housing and Urban Development (HUD)(Project Notes, Local Authority Bonds, New Communities Debentures--U.S. government guaranteed debentures, U.S Public Housing Notes and Bonds--U.S. government guaranteed public housing notes and bonds).

“Indenture” - this Trust Indenture and Security Agreement together with all supplements hereto.

“2004 Indenture” shall mean the Trust Indenture dated as of December 1, 2004 by and between the Corporation and the Trustee, pursuant to which the Building Bonds were issued.

“outstanding hereunder” or “bonds outstanding hereunder” - all bonds which have been authenticated, issued and delivered under this Indenture except:

(a) bonds cancelled because of payment;

(b) bonds for the payment of which cash or Government Obligations shall have been theretofore deposited with the Trustee, whether upon or prior to the maturity date of any of said bonds; and

- (c) bonds in lieu of which other bonds have been authenticated as provided under Article II hereof.

“person” - includes natural persons, firms, associations, corporations and public bodies.

“Payments” – the payments for the purchase and leasing of the Project as described and defined in Section IV of the Third Addendum.

“Project” - the Site, together with the approximately 165,000 square foot exposition and events center constructed on the Site, and all furniture, fixtures, equipment and improvements constructed and acquired as specified under the terms of the Agreement (See Exhibit A).

“Rebate Analyst” shall mean any Accountant or other recognized expert in the area of preparing analyses with respect to liability for arbitrage rebate under Section 148 of the Code.

“Rebate Fund” shall mean the Rebate Fund established with the Trustee in Section 5.10 of Article V of this Indenture, the monies on deposit in which are to be disbursed as provided in Section 5.10 of Article V hereof.

“Refunding Bonds” - the \$5,795,000 of Refunding Building Bonds (Heartland Events Center Project), Series 2011, issued pursuant to this Indenture.

“Third Addendum” - that Third Addendum to Lease Purchase Agreement dated as of September 1, 2011, constituting a part of the Agreement.

“Site” - the real estate described on Exhibit A attached hereto.

“Tax-Exempt Organization” - a Person organized under the laws of the United States of America or any state thereof which is an organization described in Section 501(c)(3) of the Code, which is exempt from federal income taxes under Section 501(a) of the Code, and which is not a "private foundation" within the meaning of Section 509(a) of the Code, or corresponding provisions of federal income tax laws from time to time in effect.

“Underwriter” – Ameritas Investment Corp., the purchaser of the Refunding Bonds under the terms of the Bond Purchase Agreement.

ARTICLE II ISSUANCE AND EXECUTION OF REFUNDING BONDS

Section 2.01. Refunding Bonds in the aggregate principal amount of Five Million Seven Hundred Ninety-five Thousand Dollars (\$5,795,000) shall be issued by the Corporation as

soon as practicable on or following the date of execution of this Indenture and the proceeds thereof shall be delivered to the Trustee and deposited by the Trustee pursuant to Article VI of this Indenture.

Section 2.02. The bonds issued hereunder shall be designated “Refunding Building Bonds (Heartland Events Center Project), Series 2011” and shall be issued in the aggregate principal amount of Five Million Seven Hundred Ninety-five Thousand Dollars (\$5,795,000) in the denomination of \$5,000 or any integral multiple thereof. Said Refunding Bonds shall be dated as of the date of delivery thereof and shall bear interest at the rates per annum and become due on December 15 of each of the years as indicated below:

<u>Maturing on</u> <u>December 15</u> <u>of Year</u>	<u>Principal</u> <u>Amount</u>	<u>Interest Rate</u> <u>Per Annum</u>
2011	\$110,000	
2012	395,000	
2013	400,000	
2014	405,000	
2015	410,000	
2016	410,000	
2017	425,000	
2018	430,000	
2019	440,000	
2020	450,000	
2021	465,000	
2022	475,000	
2023	480,000	
2024	500,000	

Interest on the Refunding Bonds, at the respective rates for each maturity, shall be payable on June 15 and December 15 of each year commencing December 15, 2011 (each of said dates an “Interest Payment Date”) and the Refunding 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 last business day of the month immediately preceding the month in which the Interest Payment Date occurs (the “Record Date”), subject to the provisions of Section 2.04 of this Article II. The Refunding Bonds shall be numbered from R-1 upwards in the order of their issuance. No Refunding Bonds 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 Refunding Bonds issued shall be designated by the Trustee as directed by the initial purchaser thereof. Payments of interest due on the Refunding Bonds shall be made by the Trustee by mailing a check or draft in the amount due for such interest on each Interest Payment Date to the registered owner of each Building 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 2.03 of this Article II. Payments of principal due at maturity or at any date fixed for redemption prior to maturity shall be made by the Trustee to the registered owners upon presentation and surrender of the Refunding Bonds to the

Trustee at the Designated Office. The Corporation and the Trustee may treat the registered owner of any Refunding Bond as the absolute owner of such Refunding Bond for the purpose of making payments thereon and for all other purposes and neither the Corporation nor the Trustee shall be affected by any notice or knowledge to the contrary, whether such Refunding 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 Refunding Bond in accordance with the terms of this Indenture shall be valid and effectual and shall be a discharge of the Corporation and the Trustee, in respect of the liability upon the Refunding Bonds or claims for interest to the extent of the sum or sums so paid.

Section 2.03. The Trustee shall keep and maintain for the Corporation books for the registration and transfer of the Refunding Bonds at the Designated Office. The names and registered addresses of the registered owner or owners of the Refunding Bonds shall at all times be recorded in such books. Any Refunding Bond may be transferred pursuant to its provisions at the Designated Office of the Trustee by surrender of such Refunding Bond for cancellation, accompanied by a written instrument of transfer, in form satisfactory to the Trustee, duly executed by the registered owner in person or by such owner's duly authorized agent, and thereupon the Trustee on behalf of the Corporation will deliver at the Designated Office (or send by registered mail to the transferee owner or owners at such transferee owner's or owners' risk and expense), registered in the name of such transferee owner or owners, a new Refunding Bond or Refunding Bonds of the same interest rate, aggregate principal amount and maturity. To the extent of the denominations authorized for the Refunding Bonds by this Indenture, one Refunding Bond may be transferred for several such Refunding Bonds of the same interest rate and maturity, and for a like aggregate principal amount, and several such Refunding Bonds may be transferred for one or several such Refunding Bonds, respectively, of the same interest rate and maturity and for a like aggregate principal amount. In every case of transfer of a Building Bond, the surrendered Refunding Bond shall be cancelled and destroyed. All Refunding Bonds issued upon transfer of the Refunding Bonds so surrendered shall be valid obligations of the Corporation evidencing the same obligations as the Refunding Bonds surrendered and shall be entitled to all the benefits and protection of this Indenture to the same extent as the Refunding Bonds upon transfer of which they were delivered. The Corporation and the Trustee shall not be required to transfer any Refunding Bond during any period from any Record Date until its immediately following Interest Payment Date or to transfer any Refunding Bond called for redemption for a period of 30 days next preceding the date fixed for redemption. As to any Refunding Bonds issued pursuant to this Indenture as "Book-Entry-Only" Bonds, the terms and provisions of Section 2.11 of Article II shall govern as to terms relating to payment for such Refunding Bonds as and to the extent of any conflict with the other terms of this Article II.

Section 2.04. In the event that payments of interest due on the Refunding 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 Refunding Bonds as of a special date of record for payment of such defaulted interest as shall be designated by the Trustee whenever monies for the purpose of paying such defaulted interest become available.

Section 2.05. If the date for payment of the principal of or interest on the Refunding Bonds shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the city where the Designated Office of the Trustee 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 2.06. The Refunding Bonds, together with interest thereon, shall be payable out of the Payments made by the City pursuant to the Agreement. The Refunding Bonds shall be substantially in the form following, to-wit:

FONNER PARK EXPOSITION AND EVENTS CENTER, INC.
a Nebraska nonprofit corporation
issuing on behalf of
THE CITY OF GRAND ISLAND, NEBRASKA

REFUNDING BUILDING BOND (HEARTLAND EVENTS CENTER PROJECT)
SERIES 2011

No. R-____ \$

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>CUSIP No.</u>
%	December 15, 20____	September __, 2011	

Registered Owner:

Principal Amount:

Fonner Park Exposition and Events Center, Inc., a nonprofit corporation organized and existing under the laws of 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 on June 15 and December 15 of each year commencing December 15, 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 is payable upon presentation and surrender of this bond at the designated office of Wells Fargo Bank, National Association, as trustee (the "Trustee"), initially located in Des Moines, Iowa. Interest on this bond will be paid on each Interest Payment Date by a check or draft mailed by the Trustee to the registered owner of this bond, as shown on the books of record maintained by the Trustee, at the close of business on the last business day of the month immediately preceding the month in which the Interest Payment Date occurs, to such owner's 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 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 Trustee whenever monies for such purpose become available.

This bond is one of a series of fully registered bonds of the total principal amount of \$5,975,000 of even date and like tenor except as to denomination, date of maturity and rate of interest issued for the purpose of refunding the Corporation's Building Bonds (Heartland Events Center Project), Series 2004, date of original issue - December 28, 2004, outstanding in the principal amount of \$5,950,000, which Series 2004 Bonds were issued for the purpose of providing funds for acquiring and constructing an exposition and events center and related improvements (the "Project"), which Project has been sold and leased to the City of Grand Island, Nebraska (the

“City”) under a Lease Purchase Agreement (including as modified and amended, the “Agreement”) between the City and the Corporation. The bonds are to be paid out of fixed payments (the “Payments”) to be made by the City pursuant to the Agreement, which Payments have been assigned to the Trustee under a Trust Indenture and Security Agreement, dated as of July 1, 2011 (the “Indenture”), under which this bond is issued, the provisions of which Indenture govern the rights of the holders of the bonds of this issue. The Payments are sufficient in amount to pay the principal of and interest on the bonds of this issue. The Agreement provides, among other things, that the Payments have been assigned to and shall be made directly to the Trustee, that the City shall maintain the Project or cause the Project to be maintained and that loss or damage thereto shall not reduce the Payments to be made by the City.

The Corporation, however, reserves the right and option of paying bonds of this issue maturing on or after December 15, 2016, in whole or in part, on the fifth anniversary of the date of original issue or at any time thereafter, at a redemption price equal to the principal amount thereof plus accrued interest to the date fixed for redemption.

Notice of redemption shall be given by mail, sent to the registered owner of any bond to be redeemed at said registered owner’s address in the manner provided in the Indenture authorizing said 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 designated corporate trust office of the Trustee (initially in Des Moines, Iowa, but subject to change as permitted under the terms of the Indenture) 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 Indenture, subject to the limitations therein prescribed. The Corporation, the Trustee 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 day 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 designated corporate trust office of the Trustee 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.

This bond and the other bonds of this series and issue pursuant to the Indenture are limited obligations of the Corporation payable solely from the Payments and not from any other funds, assets or resources of the Corporation.

This bond shall not be valid for any purpose until the Certificate of Authentication hereon shall have been signed by the Trustee.

AS PROVIDED IN THE INDENTURE 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 INDENTURE, "DTC"), AND NOTWITHSTANDING ANY OTHER PROVISIONS OF THE INDENTURE TO THE CONTRARY, A PORTION OF THE PRINCIPAL AMOUNT OF THIS BOND MAY BE PAID OR REDEEMED WITHOUT SURRENDER HEREOF TO THE TRUSTEE. 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 INDENTURE.

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED OFFICER OF DTC (A) TO THE TRUSTEE FOR REGISTRATION OF TRANSFER OR EXCHANGE OR (B) TO THE TRUSTEE 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.

IN WITNESS WHEREOF, the undersigned Corporation has caused this bond to be executed by being signed and attested by the facsimile signatures of its President and Secretary and its corporate seal imprinted hereon, all as of the date of original issue shown above.

FONNER PARK EXPOSITION AND
EVENTS CENTER, INC.

(SEAL)

By: _____
President

ATTEST:

Secretary

TRUSTEE’S CERTIFICATE OF AUTHENTICATION

This Refunding Bond is one of the bonds of the series and issue designated therein and issued under the provisions of the within mentioned Indenture.

WELLS FARGO BANK, NATIONAL
ASSOCIATION, Trustee

By: _____
Authorized Officer

(FORM OF ASSIGNMENT)

For value received _____ hereby sells, assigns and transfers unto _____ (Social Security or Taxpayer Identification 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 Trustee with full power of substitution in the premises.

Date: _____

Registered Owner

Signature Guaranteed

By: _____

Authorized Officer

Note: The signature(s) of 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 trust company or firm having membership on the New York, Midwest or other stock exchange.

Section 2.07. Each of the Refunding Bonds shall be executed on behalf of the Corporation with the facsimile signatures of the President and Secretary and shall have the Corporation's seal affixed thereto or imprinted thereon. Subject to the provisions of Section 2.11 of this Article II, a supply of Refunding Bonds for issuance upon subsequent transfers or in the event of partial redemption shall also be so executed and delivered to the Trustee. In the event that such supply of bonds shall be insufficient to meet the requirements of the Trustee for issuance of replacement Refunding Bonds upon transfer or partial redemption, the Corporation agrees to order printed an additional supply of Refunding Bonds, and to direct their execution by manual or facsimile signatures of its then duly qualified and acting President and Secretary and by having affixed thereto or imprinted thereon the Corporation's seal. In case any officer whose signature or facsimile thereof shall appear on any Refunding Bond shall cease to be such officer before the delivery of such Refunding Bond (including any Refunding Bonds delivered to the Trustee 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 Building Bond. Upon execution, registration and authentication of the Refunding Bonds, they shall be delivered by the Trustee to the Underwriter upon receipt of \$_____, which purchase price takes into consideration (i) aggregate original issue [premium/discount] in the amount of \$_____ allocated to the Refunding Bonds as set forth in the Bond Purchase Agreement and (ii) Underwriter's discount in the amount of \$_____. The Refunding Bonds have been sold to the Underwriter pursuant to the terms of the Bond Purchase Agreement and upon the conditions set forth therein. The Underwriter shall have the right to direct the registration of the Refunding Bonds and the denominations thereof within each maturity, subject to the restrictions of this Indenture.

Section 2.08. Only such Refunding Bonds as shall have endorsed thereon a Certificate of Authentication substantially in the form hereinabove set forth, duly executed by the Trustee, shall be entitled to any right or benefit under this Indenture. No Refunding Bond shall be valid or obligatory for any purpose unless and until such Certificate of Authentication shall have been duly executed by the Trustee and such executed Certificate shall be conclusive evidence that such Refunding Bond has been authenticated under this Indenture.

Section 2.09. In case any bond issued hereunder shall become mutilated or destroyed or lost, the Corporation shall, if not then prohibited by law, cause to be executed, and the Trustee may authenticate and deliver a new bond of like date, number, maturity and tenor in exchange and substitution for and upon cancellation of such mutilated bond, or in lieu of and in substitution for such lost bond, upon the holder paying the reasonable expenses and charges of the Corporation and the Trustee in connection therewith, and, in case of a bond destroyed or lost, such owner's filing with the Trustee evidence satisfactory to it that such bond was destroyed or lost, and of such owner's ownership thereof and furnishing the Corporation and the Trustee with indemnity satisfactory to them.

Section 2.10. The Corporation shall not issue any additional bonds or other indebtedness under the terms of this Indenture or secured by the grants herein provided for, other than the Refunding Bonds.

Section 2.11. As initially issued the Refunding Bonds shall be issued as “book-entry-only bonds” using the services of the Depository Trust Company (the “Depository”), with one typewritten bond per maturity being issued to the Depository. In such connection, the Corporation and the Trustee agree to execute and deliver a Letter of Representations (the “Letter of Representations”) in the form required by the Depository (including any blanket letter previously or concurrently executed and delivered by the Corporation), which shall govern certain matters with respect to registration, transfer, payment and redemption of the Refunding Bonds. In connection with such “book-entry-only bonds” the following terms and conditions shall apply:

(a) Refunding Bonds so issued shall be registered in the name of Cede & Co., as nominee for the Depository.

(b) Payment of semiannual interest for any Refunding Bond registered as of each Record Date in the name of Cede & Co. shall be made by wire transfer to the account of Cede & Co. on each Interest Payment Date for the Refunding Bonds at the address shown in the Trustee’s books of registration for Cede & Co. as registered owner, in accordance with the standard procedures of the Depository as in effect from time to time.

(c) The Trustee and the Corporation may treat the Depository (or its nominee) as the sole and exclusive owner of the Refunding Bonds registered in its name for the purposes of payment of the principal of or interest on the Refunding Bonds, selecting the Refunding Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Bondholders under this Indenture, registering the transfer of Refunding Bonds, obtaining any consent or other action to be taken by Bondholders and for all other purposes whatsoever, and neither the Trustee nor the Corporation shall be affected by any notice to the contrary. Neither the Trustee nor the Corporation shall have any responsibility or obligation to any participant of the Depository (a “Participant”), any person claiming a beneficial ownership interest in the Refunding Bonds under or through the Depository or any Participant (a “Beneficial Owner”), or any other person which is not shown on the registration books of the Trustee 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 Refunding Bonds; any notice which is permitted or required to be given to Bondholders under this Indenture; the selection by the Depository or any Participant of any person to receive payment in the event of a partial redemption of the Refunding Bonds; or any consent given or other action taken by the Depository as Bondholder. The Trustee shall pay all principal of and interest on the Refunding Bonds only to the Depository, and all such payments shall be valid and effective to fully satisfy and discharge the Corporation’s obligations with respect to the principal of and interest on the Refunding 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 Refunding Bond for each separate stated maturity evidencing the obligation of the Corporation to make payments of principal and interest pursuant to this Indenture. Upon delivery by the Depository to the Trustee

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 this Indenture with respect to Record Dates, the term “Cede & Co.” in this Section 2.11 of Article II shall refer to such new nominee of the Depository.

(d) If the Depository gives notice to the Corporation or the Trustee pursuant to the Letter of Representations that it will discontinue providing its services as securities depository with respect to the Refunding Bonds, the Corporation (at the direction of the City) shall either appoint a successor securities depository or terminate the book-entry system for the Refunding Bonds under the following conditions:

(1) 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 Trustee agreeing to act as the depository and clearing agency for all the Refunding Bonds. After such agreement has become effective, the Depository shall present the Refunding Bonds for registration of transfer in accordance with Section 2.03 of Article II of this Indenture and the Trustee 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.

(2) If the Corporation (at the direction of the City) elects to terminate the book-entry system for the Refunding Bonds, it shall so notify the Trustee in writing. Thereafter, upon presentation of the Refunding Bonds, or any of them, by the Depository or its nominee to the Trustee for registration of transfer in accordance with Section 2.03 of Article II of this Indenture, the Trustee shall register the transfer in accordance with such Section 2.03 of Article II of this Indenture and all provisions of this Section 2.11 of Article III shall immediately cease to be in effect, except as otherwise provided in this Section 2.11.

(e) The Corporation (at the direction of the City) may elect to terminate the book-entry system for the Refunding Bonds at any time by giving written notice to the Depository and the Trustee. On the effective date of such termination, the provisions of this Section 2.11 of Article II shall cease to be in effect, except that the Trustee shall continue to comply with applicable provisions of the Letter of Representations with respect to Refunding Bonds as to which the Depository remains the registered owner. After such termination, the Trustee shall, upon presentation of Refunding Bonds by the Depository or its nominee for registration of transfer or exchange in accordance with said Section 2.03 of Article II of this

Indenture, make such transfer or exchange in accordance with said Section 2.03 of Article II. Upon the appointment of a successor securities depository or termination of the book-entry system, the Trustee shall give notice of such event to the registered owners of Refunding Bonds (through the Depository) and (1) of the name and address of the successor securities depository or (2) that Refunding Bonds may be obtained by the beneficial owners of the Refunding 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 this Indenture regarding registration of transfers. Notwithstanding any other provision of this Section 2.11 of Article II to the contrary, so long as any Refunding 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 Refunding Bond and all notices with respect to such Refunding Bond shall be made and given, respectively, to the Depository as provided in the Letter of Representations.

(f) In connection with any notice or other communication to be provided to Bondholders pursuant to this Indenture by the Corporation or the Trustee with respect to any consent or other action to be taken by Bondholders, the Corporation or the Trustee, 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.

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

(h) As initially issued, the Refunding Bonds shall be held by the Trustee under the Depository's FAST procedures.

If for any reason the arrangements described in this Section 2.11 of Article II for "book-entry-only bonds" shall cease to be in effect, the Trustee (at the Corporation's expense, and upon failure of the Corporation to pay, at the City's expense) shall immediately cause to be prepared a supply of printed bond certificates, which shall be duly executed by the Corporation, for issuance upon transfer or partial redemption and shall deliver such supply to the Trustee.

Section 2.12. The Refunding Bonds are and shall be the limited obligations of the Corporation payable solely from the Payments, and the Trustee and the Bondholders for the Refunding Bonds shall not have recourse to any other assets or resources of the Corporation for the payment thereof.

ARTICLE III
REDEMPTION OF BONDS BEFORE MATURITY

Section 3.01. Refunding Bonds maturing on or before December 15, 2015, are not subject to redemption prior to maturity.

Section 3.02. Refunding Bonds maturing on and after December 15, 2016, are subject to optional redemption, in whole or in part, at the option of the Corporation (as directed by the City), prior to maturity, on the fifth anniversary of the date of original issue for the Refunding Bonds, or at any time thereafter, at the principal amount of each Refunding Bond plus accrued interest to the date fixed for redemption. Selection of the Refunding Bonds to be optionally redeemed shall be in the sole discretion of the Corporation (at the direction of the City).

Section 3.03 [Reserved]

Section 3.04 In the event that the Trustee shall be provided with funds sufficient to make any optional redemption prior to maturity, upon the request of either the Corporation or the City, the Trustee is hereby authorized and directed to take action to call and redeem Refunding Bonds in accordance with such request; provided, however, before mailing notice or taking any other action to redeem any Refunding Bonds in any such case of optional redemption under the terms of Section 3.02 of this Article III, the Trustee in its discretion may require that such monies or investments be deposited with it as will provide in full for the payment of principal and accrued interest on the Refunding Bonds to be called for such optional redemption as of the date fixed for redemption. In the case of mandatory redemptions under Section 3.03 of this Article III, the Trustee shall mail notice and take action to redeem Refunding Bonds without further direction and shall rely upon the Payments being made in accordance with the terms of the Agreement.

Section 3.05 Individual Refunding Bonds may be redeemed in part but only in the principal amount of \$5,000 or any integral multiple thereof. Notice of the call for any redemption identifying the Refunding Bonds to be redeemed shall be given by the Trustee by mail (or other means acceptable to the Depository so long as there is a Depository serving in accordance with the provisions of Section 2.11 of Article II of this Indenture) not less than thirty days prior to the date fixed for redemption, first class, postage prepaid, sent to the registered owner of each such bond called for redemption at said owner's registered address. The registered owner of any Refunding Bond may waive the foregoing thirty-day requirement for mailed notice of redemption. Each notice shall identify the Refunding Bonds to be redeemed by their numbers and maturities and state the date on which they shall be presented for payment. If on or before the date fixed for redemption funds have been deposited with the Trustee to pay the Refunding Bonds, the Refunding Bonds thus called shall not bear interest after such redemption date and, except for the purpose of payment, shall no longer be protected by this Indenture and shall not be deemed to be outstanding under the provisions of this Indenture.

Section 3.06. All bonds which have been redeemed shall be cancelled by the Trustee and shall not be reissued.

ARTICLE IV

GENERAL COVENANTS

Section 4.01. The Corporation covenants that it will promptly pay the principal of and interest on every bond issued under this Indenture at the place, on the dates and in the manner provided herein and in said bonds according to the true intent and meaning hereof. Such principal and interest are payable solely from revenues in the Bond Fund derived from the Payments required to be made by the City under the Agreement. The Corporation covenants that it will take all steps necessary to enforce its rights as seller and lessor and secure the observance of all of the City's obligations as purchaser and lessee under the Agreement. The Corporation further covenants to perform faithfully at all times any and all covenants, undertakings, stipulations and provisions contained in this Indenture, and that the Corporation will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered such indentures supplemental hereto and such further acts, instruments and transfers as the Trustee may reasonably require for the better assuring, transferring, pledging, assigning and confirming unto the Trustee the property herein described and the revenues (specifically, the Payments), income and all other property pledged hereby to the payment of the principal of and interest on the bonds.

Section 4.02. The Trustee agrees that, so long as any bonds issued hereunder and payable in accordance with and secured by this Indenture shall be outstanding and unpaid, it will keep proper books of record and account in which full, true and correct entries will be made of all dealings or transactions of and in relation to the Project and the Payments. The Trustee agrees to furnish to the City and the Corporation an accounting annually, and at such other times as either may reasonably request, pertaining to the dealings and transactions of the Trustee in relation to the Payments and the Project. All books and records of the Trustee relating to the Payments and the Project shall at all times be open to inspection by representatives of the City and the Corporation and registered owners of the bonds.

Section 4.03. The Agreement sets forth the covenants and obligations of the Corporation and the City and reference is hereby made to the same for detailed statement of the respective obligations. The Payments have been assigned to the Trustee on the basis of an absolute assignment. The Corporation agrees that the Trustee in its name or in the name of the Corporation may enforce all rights of the Corporation with respect to the Payments for and on behalf of the Bondholders. The Corporation agrees to assist the Trustee and take any actions reasonably requested by the Trustee to enforce the City's obligation to make the Payments.

Section 4.04. The Corporation covenants that, so long as any of the Refunding Bonds are outstanding, it will not issue additional bonds under this Indenture. The Corporation may incur additional indebtedness payable from sources other than the Payments and other than any funds and other property, if any, held under or pledged by this Indenture. In order to assure compliance with the requirements of Rev. Proc. 82-26 of the Internal Revenue Service, the Corporation hereby agrees that any such other indebtedness incurred by the Corporation to make improvements to the Project or to refund the Refunding Bonds will be discharged no later than the latest maturity of the Refunding Bonds (that is, December 15, 2024) and the Corporation further agrees that the maturity date of the Refunding Bonds or any other indebtedness incurred by the Corporation with respect to the Project may not be extended beyond the latest maturity of the Refunding Bonds (that is, December 15, 2024). The Corporation hereby covenants and agrees that

it will not encumber or permit to be encumbered its interest in the Agreement or the Project without the prior approval and consent of the City.

Section 4.05. The Corporation for the benefit of the Bondholders hereby covenants, represents and warrants that that it has received determination letters from the Internal Revenue Service to the effect that it is a Tax-Exempt Organization, which letters are still in full force and effect; that it is a Tax-Exempt Organization and that so long as any of the Refunding Bonds remain outstanding under this Indenture it will maintain its status as a Tax-Exempt Organization.

Section 4.06. The Corporation for the benefit of the Bondholders hereby covenants, represents and warrants that:

(a) a reasonable estimate of the fair market value of the Project on the latest maturity of the Refunding Bonds (that is as of December 15, 2024) is equal to at least \$4,100,000, not taking into consideration the value of any additions or improvements which may be made to the Project or any increase or decrease due to inflation or deflation during the term of the Refunding Bonds, and

(b) a reasonable estimate of the remaining useful life of the Project on the latest maturity date of the Refunding Bonds (that is as of December 15, 2024) is not less than twenty percent (20%) of the originally estimated useful life of the Project.

Section 4.07. The Corporation for the benefit of the Bondholders hereby covenants, represents and warrants, so long as this Indenture shall remain in force and effect, that the Corporation shall not take any action which could result in any of the Refunding Bonds being declared invalid or result in the interest on any of the Refunding Bonds becoming subject to federal or state income taxation.

ARTICLE V
BOND FUND; REBATE FUND AND ADDITIONAL PAYMENTS

Section 5.01. The Project has been sold and leased to the City under the Agreement and the Payments have been absolutely assigned to and shall be remitted directly by the City to the Trustee and deposited in the Bond Fund, and the entire amount of the Payments is hereby assigned to provide for the payment of the principal of and interest on the Refunding Bonds.

Section 5.02. There is hereby created by the Corporation and ordered established with the Trustee a trust fund to be designated “Bond Fund”, which shall be used to pay the interest on and principal of said bonds.

Section 5.03. There shall be deposited in the Bond Fund, as and when received, all of the Payments and all other monies received by the Trustee under and pursuant to any of the provisions of the Agreement or this Indenture directing such monies to be paid into the Bond Fund.

Section 5.04. Monies in the Bond Fund shall be used solely for the payment of the interest on the Refunding Bonds and for the retirement of the Refunding Bonds at or prior to maturity, including the making of any mandatory redemption as set forth in Section 3.03 of Article III of this Indenture.

Section 5.05. The Bond Fund shall be in custody of the Trustee, and the Corporation hereby authorizes and directs the Trustee to withdraw funds from the Bond Fund in amounts sufficient to meet installments of interest and principal upon the Refunding Bonds when due (including amounts due for principal upon mandatory redemption). The Trustee hereby accepts such authorization and direction.

Section 5.06. In the event any bonds shall not be presented for payment when the principal thereof becomes due, if funds sufficient to pay such bonds and interest thereon shall have been made available to the Trustee for the benefit of the registered owners thereof, all liability of the Corporation to the registered owners thereof for the payment of such bonds or interest thereon, as the case may be, shall forthwith cease, determine and be completely discharged and thereupon it shall be the duty of the Trustee to hold such fund or funds, without liability for interest thereon, for a period of five (5) years after such bonds shall have matured, for the benefit of the registered owners of such bonds, who shall thereafter be restricted exclusively to such funds for any claim of whatever nature on their part under this Indenture or on, or with respect to, such bonds. At the expiration of such period, subject to the provisions of Section 8.05 hereof, any unclaimed principal or interest shall be paid to the City and thereafter all claimants shall be restricted exclusively to making claim against the City for such principal or interest. The City shall have no liability for interest on any such funds paid to it and shall not be required to hold such funds in trust nor, in any manner, to segregate such funds on its books.

Section 5.07. It is understood and agreed that pursuant to the provisions of the Agreement, the City has agreed to pay as additional payments the fees and expense of the Trustee and the other charges and expenses payable to the Trustee, as authorized and provided by this Indenture. The City is to make such payments either semiannually or annually on statements rendered by the Trustee. All such additional payments received by the Trustee under said Agreement shall not be paid into the Bond Fund but shall be expended by the Trustee solely for the purpose for which said additional rent payments are received.

Section 5.08. All monies required to be deposited with or paid to the Trustee under any provision of this Indenture or the Agreement, except for payments to the Trustee for its fees and expenses, shall be held by the Trustee in trust.

Section 5.09. After payment or provision for payment in full of the bonds and fees of the Trustee, any balance remaining in the Bond Fund shall be paid to the City as a return of the Payments attributable to amounts in excess of the amounts required to pay principal and interest on the bonds.

Section 5.10. There is hereby established with the Trustee a separate trust fund of the Corporation (for the benefit of the City as well as the Corporation) to be known and designated

as the "Rebate Fund". Any amounts deposited and held in the Rebate Fund shall not be subject to any pledge of this Indenture but are to be held by the Trustee as set aside and pledged for the benefit of the United States Treasury in accordance with the terms of Section 148 of the Code. Investment earnings on any monies in the Rebate Fund shall be retained therein. Periodically at times sufficient to provide for any required payments to the United States under Section 148 of the Code and applicable regulations thereunder, at the City's expense, there shall be furnished to the Trustee a Rebate Analyst's report showing the excess, if any, of the amount earned on all "nonpurpose investments" related to the Refunding Bonds over the amount which would have been earned if such "nonpurpose investments" were invested at a rate equal to the "yield" on the Refunding Bonds. Such report shall be made in accordance with the requirements of Section 148 of the Code and any applicable regulations thereunder. Based upon such report and within fifteen days from the furnishing thereof, the Trustee shall transfer from investment earnings on hand or monies paid by the City into the Rebate Fund an amount equal to such excess. From the Rebate Fund the Trustee shall make payments to the United States in accordance with the requirements of Section 103 and Section 148 of the Code and any applicable regulations thereunder. In making transfers and payments to the United States, the Trustee shall be entitled to rely conclusively upon any Rebate Analyst's report or other recognized expert's report and any letter of instruction furnished to the Trustee by recognized bond counsel and may in its discretion consult with counsel selected in the Trustee's discretion. Monies may be withdrawn from the Rebate Fund and transferred to or for the benefit of the City only upon the basis of an Accountant's report or other recognized expert's report accompanied by an opinion of recognized bond counsel satisfactory to the Trustee showing the amount and legal authority (whether statute, regulation or ruling of the Internal Revenue Service) for such withdrawal. All earnings on excess amounts transferred to the Rebate Fund shall be transferred to the United States as and to the extent required under Section 148 of the Code and applicable regulations thereunder. It is understood, agreed and acknowledged that pursuant to the provisions of the Agreement, the City has agreed to pay as additional payments any amounts required to be deposited to the Rebate Fund, after taking into consideration available funds, if any, on deposit with the Trustee.

ARTICLE VI
REDEMPTION OF BUILDING BONDS; COSTS OF ISSUANCE FUND

The net proceeds of the Refunding Bonds, after payment of issuance expenses, in an amount of \$_____, shall be applied, along with funds provided by the City, upon receipt to the payment and satisfaction of the Building Bonds as called for payment under the terms of the 2004 Indenture. The Trustee shall apply such net proceeds to such redemption on the date fixed for redemption of the Building Bonds. The registered owners of the Refunding Bonds shall be subrogated to the rights of the holders of the Building Bonds, from and after their redemption.

ARTICLE VII
INVESTMENTS

Section 7.01. Monies held for the credit of any fund or account under this Indenture shall be kept invested and reinvested by the Trustee in (i) Government Obligations; (ii) obligations of the Government National Mortgage Corporation; (iii) in bank savings accounts or

certificates of deposit issued by banks, including the Trustee itself or affiliates of the Trustee, to the extent that said savings accounts or certificates of deposit are fully insured by the Federal Deposit Insurance Corporation; or (iv) in common trust funds or mutual funds or securities of investment companies which invest substantially all of their assets in securities described in this Section 7.01, including such securities as covered by repurchase agreements. Such investments shall have maturity dates or become due or will be redeemable or subject to sale by the holder, at the option of the holder, on or prior to the dates the funds will be needed. Obligations so purchased as an investment of monies shall be held by or under the control of the Trustee and shall be deemed at all times part of the fund or account from which invested, and the interest accruing thereon and any profit realized from such investments shall be credited to such fund or account and any loss resulting from such investments shall be charged to such fund or account.

Section 7.02. The Corporation hereby covenants to the purchasers and holders of the Refunding Bonds that it will make no use of the proceeds of said bond issue which would cause said bonds to be arbitrage bonds within the meaning of Section 103(b) and 148 of the Code, and further directs the Trustee to comply with said Section 103(b) and 148 and all applicable regulations thereunder throughout the term of said bond issue.

ARTICLE VIII DISCHARGE OF LIEN

Section 8.01. If the Corporation shall pay or cause to be paid to the registered owners of the bonds the principal and interest to become due thereon at the times and in the manner stipulated therein, and if the Corporation shall keep, perform and observe all and singular the covenants and promises in the bonds and in this Indenture expressed as to be kept, performed and observed by it or on its part, then these presents and the estate and rights hereby granted shall cease, determine and be void, and thereupon the Trustee shall cancel and discharge the lien of this Indenture and execute and deliver to the Corporation such instruments in writing as shall be requisite to satisfy the lien hereof and assign and deliver to the Corporation any property at the time subject to the lien of this Indenture which may then be in its possession, except cash held by the Trustee for the payment of interest on and retirement of the bonds.

Section 8.02. Bonds for the payment of which monies (insured at all times by insurance of the Federal Deposit Insurance Corporation) or Government Obligations which bear interest and mature in such amounts and at such times as to provide the monies required for the payment in full of the principal thereof and interest thereon shall have been deposited with the Trustee (whether upon or prior to the maturity of such bonds) shall be deemed to be satisfied within the meaning of this Indenture and no longer outstanding.

Section 8.03. It is specifically understood and agreed that release of the lien of this Indenture shall not affect nor cancel the provisions of this Indenture relating to bonds issued or the rights of registered owners of bonds, the Trustee or the Corporation, which provisions shall continue in full force and effect according to their terms.

Section 8.04. The Corporation may at any time surrender to the Trustee for cancellation by it any bonds previously authenticated and delivered hereunder, which the

Corporation may have acquired in any manner whatsoever, and such bonds, upon surrender and cancellation, shall be deemed to be paid and retired.

Section 8.05. Monies or Government Obligations held by the Trustee in trust for the payment and discharge of any of the bonds which remain unclaimed for five (5) years after the date on which such bonds shall have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such monies were held by the Trustee at such date, or for five (5) years after the date of deposit of such monies, if deposited with the Trustee after said date when such bonds became due and payable, shall, at the written request of the Corporation for the benefit of the City, be repaid by the Trustee to the City as unclaimed portions of the Payments and as the City's property and be free from the trust created by this Indenture, and the Trustee shall thereupon be released and discharged with respect thereto, and the owners of the bonds payable from such monies shall look only to the City for the payment of such bonds, provided, however, that the Trustee or the Corporation or the City, or any one of them, shall be permitted to discharge all responsibility with respect to any such monies or Government Obligations by making payment to the Treasurer of the State of Nebraska in accordance with Section 69-1301 to 69-1329 R.R.S. Neb. 1996, as now or hereafter amended, or to the appropriate officer of any other state for which similar laws are determined by the Trustee, the Corporation or the City to apply to funds so held by the Trustee, the Corporation or the City, as the case may be.

ARTICLE IX
DEFAULT PROVISIONS AND REMEDIES
OF TRUSTEE AND BONDHOLDERS

Section 9.01. If any of the following events occur, it is hereby defined as and declared to be and to constitute an "event of default":

- (a) default in the due and punctual payment of the principal of or the interest on any bond hereby issued, secured and outstanding;
- (b) default in the due and punctual making of the Payments as required to be paid by the City under the Agreement to the Trustee as described in Article V hereof and the continuance thereof for period of five (5) days, or the default in the due and punctual payment of additional payments required to be paid by the City to the Trustee as described in Article V hereof and the continuance thereof for period of thirty (30) days, or
- (c) default in the performance or observance of any other of the covenants, agreements or conditions on the Corporation's part contained in this Indenture or the bonds outstanding hereunder and the continuance thereof for a period of thirty (30) days after written notice thereof to the Corporation by the Trustee, or notice given to the Trustee and the Corporation by the registered owners of not less than fifty-one percent (51%) or more in aggregate principal amount of bonds outstanding hereunder.

The term “default” shall mean default by the Corporation in the performance or observance of any of the covenants, agreements or conditions on its part contained in this Indenture, or in the bonds outstanding hereunder, exclusive of any period of grace required to constitute a default as an “event of default”, as hereinabove provided, after giving notice to the Corporation, if applicable. Notwithstanding any other provision of this Indenture, no default shall be declared to be an “event of default” until after the expiration of five (5) days after written notice of such default has been given to the City.

Section 9.02. Upon the occurrence of an event of default, neither the Trustee nor any holder or holders of any bonds shall be permitted to effect the acceleration of the maturity of any bond or bonds which shall remain due and payable as provided for in Articles II and III of this Indenture.

Section 9.03. Upon the occurrence or continuation of an event of default, the Trustee may on its own initiative, and shall upon the written request of the registered owners of not less than fifty-one percent (51%) in principal amount of the bonds then outstanding hereunder, and upon being indemnified to its reasonable satisfaction against any and all costs, expenses, outlays, counsel fees and other reasonable disbursements and against all liability, proceed to take steps needful for the protection and enforcement of its rights and the rights of the holders of the bonds as shall be provided by law. If the Trustee holds any additional security for any of the obligations secured hereby, it may enforce the terms hereof or otherwise realize upon such additional security, at its option, either before or concurrently herewith or after proceedings for the enforcement hereof and may apply the proceeds upon the indebtedness secured hereby without affecting the status of or waiving any right to exhaust all or any other security, including the security hereunder, and without waiving any breach or default or any right or power whether exercised hereunder or contained herein or in any other instrument providing for such additional security. The Corporation and the Trustee acknowledge and agree that the bonds are payable solely from the Payments required to be made by the City under the Agreement and that the remedies of the Trustee shall be limited to enforcement of the collection of such Payments as may be provided by law (including equitable remedies).

Section 9.04. No registered owner of any of the bonds shall have any right to institute any suit, action or proceeding in equity or at law hereunder or for any other remedy hereunder unless such owner previously shall have given to the Trustee written notice of any event of default as herein provided and unless the registered owners of not less than fifty-one percent (51%) in principal amount of the bonds then outstanding shall have made written request of the Trustee, after the right to exercise such powers or rights of action, as the case may be, shall have accrued, either to proceed to exercise the powers herein granted or to institute such action, suit or proceeding in the name of the Trustee and the Trustee shall have refused or neglected to comply with such request within a reasonable time and after being afforded a reasonable opportunity to do so and after having been offered security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby, as aforesaid. All actions to enforce any provision of this Indenture shall be instituted and maintained for the equal benefit of all owners of the bonds, except that nothing herein contained shall impair the right of any owner of any bond at or after the maturity thereof to reduce the same to judgment.

Section 9.05. All rights of action under this Indenture or under any of the bonds secured hereby enforceable by the Trustee may be enforced without the possession of any of the bonds or the production thereof at the trial or other proceedings relative thereto, and any such suit or proceeding instituted by the Trustee shall be brought for the ratable benefit of the owners of the bonds, subject to the provisions of this Indenture.

Section 9.06. No waiver of any default or breach of duty by any bondholder or the Trustee shall impair any such right or power or shall be construed to be a waiver of any such default or any subsequent default.

Section 9.07. The Corporation hereby agrees that upon the occurrence of any event of default, the City shall have the exclusive option to purchase the Project (including any additions and improvements constituting a part thereof) for an amount equal to the principal amount of the Refunding Bonds outstanding plus accrued interest to the date of default. In connection with any such option, the City shall have 90 days from the date it receives notification by the Corporation (or the Trustee acting on behalf of the Corporation) to exercise such option and upon any such exercise shall have 90 days thereafter to complete the purchase.

ARTICLE X
THE TRUSTEE

Section 10.01. The Trustee hereby accepts the trust imposed upon it by this Indenture and agrees to perform said trusts as an ordinarily prudent trustee under a corporate indenture. The Trustee may resign at any time by giving no less than sixty (60) days' notice to the Corporation and to the City and, within five (5) days after giving such notice, by mailing notice of such resignation to each of the registered owners of the bonds then outstanding under this Indenture. The Trustee may be removed at any time upon the written request of or upon the affirmative vote of the registered owners of fifty-one percent (51%) or more in principal amount of bonds outstanding. In the event of such resignation or removal, a successor may be appointed by the registered owners of fifty-one percent (51%) or more in principal amount of the bonds outstanding, and such successor shall have all the powers and obligations of the Trustee theretofore vested in its predecessor; provided that unless and until the successor Trustee shall have been appointed by the registered owners of the bonds as aforesaid, the Corporation shall forthwith appoint a Trustee to fill such vacancy.

Section 10.02. The duties and obligations of the Trustee shall be determined solely by the express provisions of this Indenture and the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Indenture. The Trustee shall be protected when acting in good faith upon the advice of its counsel. The Trustee may conclusively rely upon any certificate of the Corporation executed by any two of the directors of the Corporation. The Trustee may require of the Corporation full information and advice as to the performance of all covenants, conditions and agreements of the Corporation contained in this Indenture or any supplement hereto, but the Trustee shall not be required to ascertain or inquire as to the correctness of any information, statements, conclusions or opinions expressed in any certificate, resolution, report, opinion or other document furnished to it pursuant to any provision

of this Indenture. The Trustee is not liable or responsible for any loss resulting from the investment of monies made in accordance with the Indenture and instructions provided by the Corporation.

Section 10.03. The Trustee in its individual capacity may become the owner or pledgee of any bonds with the same rights it would have if it were not a Trustee hereunder.

Section 10.04. The Trustee shall be entitled to reasonable compensation for all services rendered by it in the execution, exercise or performance of any of the powers and duties to be exercised or performed by it pursuant to the provisions of this Indenture and for the reasonable expenses, charges and other disbursements incurred in connection with the exercise and performance of said powers and duties, all of which under the Agreement are to be paid to Trustee by the City.

ARTICLE XI
SUPPLEMENTAL INDENTURES

Section 11.01. The Corporation and the Trustee may from time to time and at any time enter into such indentures supplemental hereto as shall not be inconsistent with the terms and provisions hereof (which supplemental indentures shall thereafter form a part hereof), so as to thereby (a) cure any ambiguity or formal defect or omission in this Indenture or in any such supplemental indenture; or (b) grant to or confer upon the Trustee for the benefit of the bondholders any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the bondholders or the Trustee.

Section 11.02. Except as provided in Section 11.01 of this Article XI, no indenture supplemental hereto shall be made without the consent of the registered owners of all bonds outstanding.

ARTICLE XII
AMENDMENT OF AGREEMENT

Section 12.01. The Corporation or the Trustee, or each thereof, may from time to time, without the approval of the bondholders, consent to any amendment, change or modification of the Agreement between the Corporation and the City for the purpose of curing any ambiguity, formal defect or omission, to grant to or confer upon the Trustee for the benefit of the owners of Bonds any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the owners of bonds or the Trustee, or for the purpose of making any other change therein which, in the judgment of the Trustee, is not to the prejudice of the Trustee or the bondholders.

Section 12.02. Except for amendments, changes or modifications as above provided in Section 12.01 of this Article, no amendment, change or modification of the Agreement shall be made without the consent of the registered owners of all of the bonds outstanding. No amendment, change or modification of the Payments due under the Agreement shall be made which would have the effect of reducing the amount of the Payments as due for each period so long as the Refunding Bonds remain outstanding.

ARTICLE XIII
MISCELLANEOUS

Section 13.01. Any request, direction, consent or other instrument in writing required by this Indenture, or any supplement hereto, to be signed or executed by owners of bonds may be in any number of concurrent instruments of similar tenor and may be signed or executed by such owner in person or by an agent duly appointed by an instrument in writing. Proof of the execution of any such instrument and of the ownership of such bonds shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Trustee and the Corporation with regard to any action taken by them under such instrument, if made in the following manner:

(a) The fact and date of the execution by any person of any such instrument may be proved by the certificate of any officer in any jurisdiction who, by the laws thereof, has power to take acknowledgments of deeds to be recorded within such jurisdiction, to the effect that the person signing such instrument acknowledged to him the execution thereof, or by an affidavit of a witness to such execution.

(b) The ownership of any bond and the amount and numbers and other descriptive details of such bonds and the dates of ownership of the same shall be established by the books of registration maintained by the Trustee.

Section 13.02. This Indenture may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument. This Indenture shall be governed by the laws of the State of Nebraska.

Section 13.03. If any provisions of this Indenture shall be held or deemed to be or shall, in fact, be inoperative or unenforceable as applied in any particular case, for any reason, such circumstance shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative or unenforceable to any extent whatever. The invalidity of any one or more phrases, sentences, clauses or paragraphs in this Indenture contained shall not affect the remaining portions of this Indenture or any part thereof.

IN WITNESS WHEREOF, the Corporation has caused this Indenture to be executed on its behalf by its President and attested by its Secretary and its corporate seal to be hereunto affixed, and to evidence its acceptance of the trust hereby created, the Trustee has caused this Indenture to be signed in its name and on its behalf by its duly authorized officer, all as of the date first above written.

FONNER PARK EXPOSITION AND
EVENTS CENTER, INC.

(SEAL)

By: _____
President

ATTEST:

Secretary

WELLS FARGO BANK, NATIONAL
ASSOCIATION, Trustee

By: _____
Authorized Officer

EXHIBIT A
Trust Indenture and Security Agreement

Project Description

DESCRIPTION OF SITE:

The site of the Project is the following described real estate located in Hall County, Nebraska:

LOT ONE (1), HEARTLAND EVENT CENTER FIRST SUBDIVISION TO THE CITY
OF GRAND ISLAND, HALL COUNTY, NEBRASKA.

DESCRIPTION OF PROJECT:

The Project consists of an agricultural exposition and events center constructed on the Site (as originally financed with the proceeds of the Building Bonds).

DOCS/1038843.1

THIRD ADDENDUM TO LEASE PURCHASE AGREEMENT

This Third Addendum to Lease Purchase Agreement (this “Third Addendum”) is executed and delivered as of the first day of September, 2011 by and between the CITY OF GRAND ISLAND, NEBRASKA, a city of the first class of the State of Nebraska (“City”) and FONNER PARK EXPOSITION AND EVENTS CENTER, INC., a Nebraska nonprofit corporation (“Heartland”).

RECITALS

WHEREAS, the City and Heartland have entered into a Lease Purchase Agreement dated October 9, 2001 (the “Original Lease Purchase Agreement”) which has been modified and amended by an Addendum to Lease Purchase Agreement dated August 26, 2003 also by and between said parties (the “First Addendum”) and which has been further modified and amended by a Second Addendum to Lease Purchase Agreement dated December 1, 2004 also by and between said parties (the “Second Addendum” and, together with the Original Lease Purchase Agreement and the First Addendum, the “Existing Lease Purchase Agreement”) all relating to the planning, designing, constructing and financing of an agricultural exposition and events center which the City proposes to lease and acquire for the benefit of the City and its inhabitants in accordance with the authorization provided for in Section 19-2421, R.R.S. Neb. 2007, as amended;

WHEREAS, Heartland is concurrently entering into a Trust Indenture and Security Agreement dated as of September 1, 2011 (the “Indenture”) with Wells Fargo Bank, National Association, as trustee (the “Bond Trustee”) under which Heartland is issuing, on behalf of the City, Heartland’s Refunding Building Bonds (Heartland Events Center Project), Series 2011, in the principal amount of Five Million Seven Hundred Ninety-five Thousand Dollars (\$5,795,000) (the “Bonds”);

WHEREAS, in connection with the issuance of the Bonds, it is necessary and advisable for the City and Heartland to amend and modify the Lease Purchase Agreement to include certain provisions for the benefit of the registered and beneficial owners of the Bonds;

NOW THEREFORE, in consideration of the mutual covenants contained herein and of the purchase of the Bonds by the original and subsequent purchasers of the Bonds, the parties do hereby agree and contract as follows:

Section I. Amendment of Definitions of Terms. The definitions of terms set forth in Section 2 of the Original Lease Purchase Agreement and in Section I of the Second Addendum

are hereby confirmed and incorporated by reference in this Third Addendum and are further supplemented as follows:

The words and terms as used in this Third Addendum shall have the following meanings, unless the context or use indicates another or different meaning or intent:

“Agreement” shall mean the Lease Purchase Agreement together with any amendments hereto, including but not limited to the First Addendum, the Second Addendum and this Third Addendum.

“Bond Fund” shall mean the fund to be created by the Indenture into which the Payments due under this Agreement shall be deposited for paying principal and interest on the Refunding Bonds.

“Refunding Bonds” or **“Bonds”** shall mean the Refunding Building Bonds (Heartland Events Center Project), Series 2011, issued pursuant to the Indenture to provide funds to redeem the Heartland’s Building Bonds (Heartland Events Center Project), Series 2004, which 2004 Bonds were issued to pay a portion of the costs of the construction and acquisition of the Project.

“Code” shall mean the Internal Revenue Code of 1986, as amended.

“Indenture” shall mean that Trust Indenture and Security Agreement dated as of September 1, 2011 by and between Heartland and the Trustee authorizing the Refunding Bonds to be issued by Heartland.

“Project” shall have the meaning set forth in the Second Addendum, provided that the parties hereto acknowledge and agree that the construction of the Project was completed in accordance with the terms of the Agreement.

“Site” shall mean the real estate now owned by Heartland which is more specifically described on Exhibit “A” hereto attached and by reference incorporated herein.

“Trustee” shall mean Wells Fargo Bank, National Association, as trustee under the Indenture, or any successor thereto having trust powers under applicable federal and state law which has been designated as successor trustee under the Indenture in accordance with the terms thereof.

Section II. Statement of Term of Lease Purchase Agreement as Amended by Second Addendum; Incorporation by Reference. The term of the Agreement (including as Amended by this Third Addendum) shall extend until December 31, 2024, provided that at such time all of the Refunding Bonds shall have been paid in full or shall otherwise be no longer outstanding in accordance with the terms of the Indenture. If any Refunding Bonds shall as of such date remain outstanding under the terms of the Indenture, then the term of the Agreement shall automatically be extended until all Refunding Bonds are no longer outstanding under the Indenture. A copy of

the Original Lease Purchase Agreement is attached hereto as Exhibit “B” and incorporated herein by such reference. A copy of the First Addendum is attached hereto as Exhibit “C” and incorporated herein by such reference. A copy of the Second Addendum is attached hereto as Exhibit “D” and incorporated herein by such reference. Each such incorporation by reference is subject to the amendments, modifications and supplements provided for in this Third Addendum.

Section III. Approval of Terms of Indenture; Restatement of Conditions Prior to Commencement. The City and Heartland hereby approve the terms of the Indenture and of the Refunding Bonds as set forth therein.

Section IV. Agreement to Make Payments; Liquidated Damages. The City hereby agrees to make continuing installment purchase payments as the remaining purchase price and remaining basic rent due under the Agreement as follows:

Payment Date	Amount Due
December 15, 2011	
June 15, 2012	
December 15, 2012	
June 15, 2013	
December 15, 2013	
June 15, 2014	
December 15, 2014	
June 15, 2015	
December 15, 2015	
June 15, 2016	
December 15, 2016	
June 15, 2017	
December 15, 2017	
June 15, 2018	
December 15, 2018	
June 15, 2019	
December 15, 2019	
June 15, 2020	
December 15, 2020	
June 15, 2021	
December 15, 2021	
June 15, 2022	
December 15, 2022	
June 15, 2023	
December 15, 2023	
June 15, 2024	
December 15, 2024	

All such payments (the “Payments”) shall be made without abatement or set-off and without regard to whether the Project remains occupied. The City shall have the right to make prepayment of the Payments at any time and to cause such prepayments to be applied to the early redemption and/or satisfaction of the Refunding Bonds, as provided in the Indenture. Any amount of the Payments not required for the payment of principal and interest on the Refunding Bonds or the redemption and/or satisfaction thereof shall be considered satisfied in full upon any payment or redemption and/or satisfaction in full of the Refunding Bonds. The City hereby acknowledges and consents to the provisions of Section 9.07 of Article IX of the Indenture which permits the City to purchase the Project for a price which might, depending upon the circumstances, be less than an amount sufficient to pay all of the principal and accrued interest on the Refunding Bonds as provided for in the Indenture. As and to the extent that the City’s right to exercise its option under said Section 9.07 has resulted from any failure on the part of the City to make the Payments as the same fall due, the City hereby agrees to pay as liquidated damages (determined with specific reference to the payment rights of the holders of the Refunding Bonds) payable to the Trustee for the benefit of the holders of the Refunding Bonds, an amount sufficient, when added to the amount payable under the terms of the option set forth in said Section 9.07, will be sufficient to effect the satisfaction in full of the Refunding Bonds under the terms of the Indenture and specifically Article VIII thereof.

Section V. Continuing Disclosure Undertaking. Section X of the Second Addendum is hereby amended to read as follows:

Section X. 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 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 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 2011 Bonds under the terms of the Indenture);

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

(5) substitution of credit or liquidity providers, or their failure to perform (not applicable to the 2011 Bonds);

(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 2011 Bonds, or other material events affecting the tax status of the 2011 Bonds;

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

(8) bond calls, if material, and tender offers;

(9) defeasances;

(10) release, substitution, or sale of property securing repayment of the 2011 Bonds, if material;

(11) rating changes (the 2011 Bonds are not rated and no rating for the 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 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 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 Agreement or the Indenture. The continuing disclosure obligations of the City, as described above, shall cease when none of the 2011 Bonds remain outstanding.

Section VI. Amendments to Existing Lease Purchase Agreement as Amended by Third Addendum. The Existing Lease Purchase Agreement as amended by this Third Addendum may be amended only in accordance with the terms of the Indenture.

Section VII. Assignment of Payments; Obligations of City Unconditional. Under the Indenture the Payments have been assigned on an absolute and unconditional basis in order to effect the payment of principal and interest on the Refunding Bonds. The City hereby agrees that no amendment reducing the amount of the Payments or extending the time of payment thereof shall be made without the consent of the registered owners of each of the Refunding Bonds affected thereby. The Payments may be reduced in the event of any refunding of the Refunding Bonds or any other Refunding Bonds provided that no such reduction shall take effect so long as any of the Refunding Bonds being refunded remain outstanding under the Indenture. The City hereby agrees that the Trustee shall have the right to enforce any and all of its obligations with respect to the Payments under the Existing Lease Purchase Agreement as amended by this Third Addendum. The City hereby agrees and acknowledges that its obligations to make the Payments shall be absolute and unconditional. The City shall bear all risk of damage to or destruction of the Project or any part thereof, including without limitation any loss, complete or partial, or interruption in the use, occupancy or operation of the Project, or anything which for any reason interferes with, prevents or renders burdensome the use of the Project or the compliance by the City with the terms of the Existing Lease Purchase Agreement

as amended by this Third Addendum. In furtherance of the foregoing, but without limiting any of the other provisions of the Existing Lease Purchase Agreement as amended by this Third Addendum, the obligations to make the Payments shall be absolute and unconditional and the City shall not be entitled to any abatement, diminution, setoff, abrogation, waiver or modification of the Payments nor to any termination of the Existing Lease Purchase Agreement as amended by this Third Addendum by any reason whatsoever and regardless of any rights of setoff, recoupment or counterclaim that the City might otherwise have against the Trustee, Heartland or any owner of any of the Refunding Bonds or any other party or parties and regardless of any contingency, act of God, event or cause whatsoever and notwithstanding any circumstance or occurrence that may arise or take place, including, without limiting the generality of the foregoing, the following:

- 1) any damage to or destruction of any part or all of the Project or any other properties owned or operated by the City or Heartland;
- 2) the taking of any part or all of the Project or any other properties owned or operated by the City by any public authority or agency in the exercise of the power of eminent domain or otherwise;
- 3) any assignment, novation, merger, consolidation, transfer of assets, leasing or other similar transaction of or affecting the City or the Heartland or the Trustee;
- 4) any failure of the Heartland to perform or observe any agreement or covenant, whether express or implied, or any duty, liability or obligation, arising out of or in connection with the Existing Lease Purchase Agreement as amended by this Third Addendum, the Management Contract or the Indenture or the failure by the Trustee to perform or observe any agreement or covenant, whether express or implied, or any duty, liability or obligation, arising out of or in connection with the Existing Lease Purchase Agreement as amended by this Third Addendum;
- 5) any change or delay in the time of availability of the Project or any part thereof or delays in the construction or acquisition with respect to the Project;
- 6) the failure to complete or to maintain satisfactory progress in the acquisition, construction, installation and equipping of the Project, or any part thereof or improvement thereto for any cause or reason;
- 7) the enforcement by the Trustee or the Heartland of any remedy available under the Existing Lease Purchase Agreement as amended by this Third Addendum;
- 8) failure of consideration, failure of title or commercial frustration;

9) any change in the tax or other laws of the United States or of any state or other governmental authority; or

10) the appointment of a receiver for the City or the Heartland for all or any part of the assets of either.

Section VIII. Payment for Rebates to the United States. In addition to the additional payments provided for in paragraph 5.b. of the Original Lease Purchase Agreement, the City agrees that it will make payment, as an additional payment due under the Agreement, of all amounts due to the Rebate Fund under the Indenture in order for the Refunding Bonds to comply with the requirements of Section 148(f) of the Code.

Section IX. Confirmation of Terms of Lease Purchase Agreement. Except as specifically modified by this Third Addendum to Lease Purchase Agreement, all other terms and provision of the Existing Lease Purchase Agreement previously executed by and between the City and Heartland shall remain in full force and effect.

Section X. Agreement as to Articles and Bylaws . In accordance with the provisions of Section III of the Second Addendum, Heartland hereby agrees that it will not amend its Articles of Incorporation or Bylaws without the written consent of the City during term of the Existing Lease Purchase Agreement as Amended by this Third Addendum.

Section XI. Date of Third Addendum to Lease Purchase Agreement. This Third Addendum has been dated for convenience of reference as shown on the initial page hereof. This Third Addendum has been actually executed on the date set forth below for each of the parties.

Date for Execution by City: _____, 2011

ATTEST:

CITY OF GRAND ISLAND, NEBRASKA

RaNae Edwards, City Clerk

By: _____
Jay Vavricek, Mayor

Date for Execution by Heartland: _____, 2011

ATTEST:

FONNER PARK EXPOSITION AND EVENTS CENTER, INC.

_____, Secretary

By: _____
_____, President

STATE OF NEBRASKA)
) SS:
COUNTY OF HALL)

The foregoing instrument was acknowledged before me this ____ day of _____, 2011, by Jay Vavricek, Mayor of the City of Grand Island, Nebraska, a city of the first class of the State of Nebraska, on behalf of such city.

Witness my hand and notarial seal, this ____ day of _____, 2011.

Notary Public

STATE OF NEBRASKA)
) SS:
COUNTY OF HALL)

The foregoing instrument was acknowledged before me this ____ day of _____, 2011, by _____, President of Fonner Park Exposition and Events Center, Inc., a Nebraska nonprofit corporation, on behalf of the corporation.

Witness my hand and notarial seal, this ____ day of _____, 2011.

Notary Public

EXHIBIT “A”

Project Description

DESCRIPTION OF SITE:

The Site for Project shall be the following described real estate located in Hall County, Nebraska:

LOT ONE (1), HEARTLAND EVENT CENTER FIRST SUBDIVISION
TO THE CITY OF GRAND ISLAND, HALL COUNTY, NEBRASKA.

EXHIBIT “B”

EXHIBIT “C”

EXHIBIT “D”

DOCS/1044081.2

ADDENDUM TO ESCROW AGREEMENT

THIS ADDENDUM TO ESCROW AGREEMENT (this "Addendum") is made this ____ day of September, 2011, by and among FONNER PARK EXPOSITION AND EVENTS CENTER, INC., a Nebraska non-profit corporation hereinafter referred to as "Heartland", and the CITY OF GRAND ISLAND, NEBRASKA, a city of the first class of the State of Nebraska, hereinafter referred to as "City", and GRAND ISLAND ABSTRACT, ESCROW & TITLE COMPANY, a Nebraska corporation hereinafter referred to as "Escrow Agent".

WITNESSETH:

WHEREAS, Heartland, the City and Escrow Agent have entered into an Escrow Agreement dated as of December 28, 2004 (the "Original Escrow Agreement");

WHEREAS, Heartland is currently issuing \$5,795,000 in principal amount of its Refunding Building Bonds (Heartland Events Center Project), Series 2011, (the "Refunding Bonds") for the purposes of refinancing on behalf of the City the Building Bonds (Heartland Events Center Project), Series 2004, issued in the original principal amount of \$7,765,000 and outstanding in the amount to be refunded of \$5,950,000 (the "Building Bonds"), in connection with which the Original Escrow Agreement was executed and delivered;

WHEREAS, Heartland and the City are currently entering into a Third Addendum to Lease Purchase Agreement (the "Third Addendum") dated as of the first day of September, 2011, modifying the terms of the Agreement (as defined in the Original Escrow Agreement; herein, the "Agreement").

WHEREAS, in connection with the issuance of the Refunding Bonds to refinance the indebtedness evidenced by the Building Bonds, it is necessary to modify certain terms of the Original Escrow Agreement;

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. The term "Agreement" as used in the Original Escrow Agreement shall henceforth mean and refer to the Agreement as modified by the Third Addendum.
2. The term "Building Bonds" as used in the Original Escrow Agreement shall henceforth mean and refer to the Refunding Bonds.
3. The term "Payments" as used in the Original Escrow Agreement shall henceforth mean and refer to the "Payments" as provided for under the terms of the Agreement as modified by the Third Addendum.
4. The term "Indenture" as used in the Original Escrow Agreement shall henceforth mean and refer to that Trust Indenture and Security Agreement dated as of September 1, 2011 by and between Heartland and Wells Fargo Bank, National Association, under which the Refunding Bonds are issued and the term "Trustee" as used in the Original Escrow Agreement shall henceforth mean and refer to Wells Fargo Bank, National Association, in its capacity as trustee under said Trust Indenture and Security Agreement dated as of September 1, 2011.

5. Any payment and satisfaction of the Building Bonds from the proceeds of the Refunding Bonds or other monies provided by the City shall not result in the delivery of the Warranty Deed (as defined in the Original Escrow Agreement).

6. All other terms and conditions of the Original Escrow Agreement as modified by this Addendum are hereby confirmed and shall remain in force and effect.

IN WITNESS WHEREOF, the parties hereby execute this agreement this _____ day of September, 2011.

FONNER PARK EXPOSITION AND EVENTS CENTER,
INC.

By: _____

Its: _____

CITY OF GRAND ISLAND, NEBRASKA

By: _____

Mayor

GRAND ISLAND ABSTRACT, ESCROW & TITLE
COMPANY

By: _____

Its: _____

ADDENDUM TO MANAGEMENT CONTRACT
Heartland Events Center

THIS ADDENDUM TO MANAGEMENT CONTRACT (“Addendum to Management Contract”), dated as of September 1, 2011, between the CITY OF GRAND ISLAND, NEBRASKA, a city of the first class of the State of Nebraska (“City”) and FONNER PARK EXPOSITION AND EVENTS CENTER, INC., a Nebraska nonprofit corporation (“Heartland”).

WITNESSETH:

WHEREAS, the City and Heartland have entered into a Management Contract dated as of December 28, 2004 (the “Original Management Contract”);

WHEREAS, Heartland is currently issuing \$5,795,000 in principal amount of its Refunding Building Bonds (Heartland Events Center Project), Series 2011, (the “Refunding Bonds”) for the purposes of refinancing on behalf of the City the Building Bonds (Heartland Events Center Project), Series 2004, issued in the original principal amount of \$7,765,000 and outstanding in the amount to be refunded of \$5,950,000 (the “Building Bonds”), in connection with which the Original Management Contract was executed and delivered;

WHEREAS, Heartland and the City are currently entering into a Third Addendum to Lease Purchase Agreement (the “Third Addendum”) dated as of the first day of September, 2011, modifying the terms of the Agreement (as defined in the Original Management Contract; herein, the “Agreement”).

WHEREAS, in connection with the issuance of the Refunding Bonds to refinance the indebtedness evidenced by the Building Bonds, it is necessary to modify certain terms of the Original Management Contract;

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. The term “Agreement” as used in the Original Management Contract shall henceforth mean and refer to the Agreement as modified by the Third Addendum.

2. The term “Building Bonds” as used in the Original Management Contract shall henceforth mean and refer to the Refunding Bonds.

3. The term “Indenture” as used in the Original Management Contract shall henceforth mean and refer to that Trust Indenture and Security Agreement dated as of September 1, 2011 by and between Heartland and Wells Fargo Bank, National Association, under which the Refunding Bonds are issued and the term “Trustee” as used in the Original Management Contract shall henceforth mean and refer to Wells Fargo Bank, National Association, in its capacity as trustee under said Trust Indenture and Security Agreement dated as of September 1, 2011.

4. Under the terms of Paragraph 3 of the Original Management Contract, each contract entered into by Heartland with respect to the Project is required to contain a specified provision and the wording of such specified provision shall henceforth be amended and restated to read as follows:

“Any rights hereunder shall in all events be subject to the requirements of that Lease Purchase Agreement dated October 9, 2001 (the “Original Agreement”), by and between the City and Heartland, as amended and supplemented by that Addendum to Lease

Purchase Agreement dated August 26, 2003 (the "First Addendum") by and between said parties, as further amended and supplemented by that Second Addendum to Lease Purchase Agreement dated as of December 1, 2004 (the "Second Addendum") and as further supplemented by that Third Addendum to Lease Purchase Agreement dated as of September 1, 2011 (the "Third Addendum" and collectively with the Original Agreement, the First Addendum and the Second Addendum, the "Agreement"), including, but not limited to, requirements for cancellation under Rev. Proc. 82-26 and, specifically, the requirement that the City have the right to obtain unencumbered fee title to the Project (including additions thereto) and exclusive possession of the Project."

5. All other terms and conditions of the Original Management Contract as modified by this Addendum to Management Contract are hereby confirmed and shall remain in force and effect.

6. This Addendum to Management Contract has been dated for convenience of reference as shown on the initial page hereof. This Addendum to Management Contract has been actually executed on the date set forth below for each of the parties.

Date for Execution by City: September __, 2011

ATTEST:

CITY OF GRAND ISLAND, NEBRASKA,

_____, City Clerk

By: _____
_____, Mayor

Date for Execution by Heartland: September __, 2011

ATTEST:

FONNER PARK EXPOSITION AND EVENTS
CENTER, INC.

_____, Secretary

By: _____
_____, President

STATE OF NEBRASKA)
) SS:
COUNTY OF HALL)

The foregoing instrument was acknowledged before me this ____ day of September, 2011, by _____, Mayor of the City of Grand Island, Nebraska, a city of the first class of the State of Nebraska, on behalf of such city.

Witness my hand and notarial seal, this ____ day of September, 2011.

Notary Public

STATE OF NEBRASKA)
) SS:
COUNTY OF HALL)

The foregoing instrument was acknowledged before me this ____ day of September, 2011, by _____, President of Fonner Park Exposition and Events Center, Inc., a Nebraska nonprofit corporation, on behalf of the corporation.

Witness my hand and notarial seal, this ____ day of September, 2011.

Notary Public

PRELIMINARY OFFICIAL STATEMENT DATED AUGUST __, 2011

In the opinion of Bond Counsel, under existing laws, regulations and court decisions and subject to the qualifications set forth herein under "TAX EXEMPTION," interest on the 2011 Bonds is not includable in gross income for purposes of regular federal and Nebraska state income taxation. Interest on the 2011 Bonds is not subject to the alternative minimum tax imposed on individuals under the Internal Revenue Code of 1986, as amended (the "Code"), but is required to be included in the calculation of adjusted current earnings to be used in computing corporate alternative minimum taxable income. See the caption "TAX EXEMPTION" herein.

\$5,795,000*

FONNER PARK EXPOSITION AND EVENTS CENTER, INC.

Issued on Behalf of

CITY OF GRAND ISLAND, NEBRASKA

REFUNDING BUILDING BONDS (HEARTLAND EVENTS CENTER PROJECT)

SERIES 2011

Dated: Date of Delivery

Due: December 15 as shown below

The Refunding Building Bonds (Heartland Events Center Project), Series 2011 (the "2011 Bonds") are issuable as fully registered bonds and, when initially issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the 2011 Bonds. Purchases of the 2011 Bonds will be made in book-entry-only form, in the principal amount of \$5,000 or any integral multiple thereof, through brokers and dealers who are, or who act through, DTC participants. Beneficial owners of the 2011 Bonds will not receive physical delivery of bond certificates so long as DTC or a successor securities depository acts as the securities depository with respect to the 2011 Bonds. Interest is payable on June 15 and December 15 of each year, commencing December 15, 2011. So long as DTC or its nominee is the registered owner of the 2011 Bonds, payments of the principal or redemption price of and interest on the 2011 Bonds will be made directly to DTC. Disbursement of such payments to DTC participants is the responsibility of DTC and disbursement of such payments to the beneficial owners is the responsibility of DTC participants. See "THE 2011 BONDS - Global Book-Entry Bonds." Wells Fargo Bank, National Association, will act as Trustee and Paying Agent and Registrar for the 2011 Bonds. For terms relating to payments made to DTC or its nominee or in the event that the use of book-entry form is discontinued, see "THE 2011 BONDS."

The 2011 Bonds are subject to optional redemption prior to maturity as described herein..

MATURITY SCHEDULE

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price</u>	<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price</u>
December 15, 2011	\$70,000			December 15, 2018	\$430,000		
December 15, 2012	395,000			December 15, 2019	440,000		
December 15, 2013	400,000			December 15, 2020	450,000		
December 15, 2014	405,000			December 15, 2021	465,000		
December 15, 2015	410,000			December 15, 2022	480,000		
December 15, 2016	415,000			December 15, 2023	495,000		
December 15, 2017	425,000			December 15, 2024	515,000		

The 2011 Bonds are payable from installment purchase rentals payable by the City of Grand Island, Nebraska (the "City") under a Lease Purchase Agreement (including the Addendums thereto dated as of August 23, 2003, December 1, 2004, and September 1, 2011, collectively, the "Agreement") between the City and Fonner Park Exposition and Events Center, Inc. (the "Corporation") under the terms of which the City is leasing for purchase by installment payments an agricultural exposition and events center to serve the City and its inhabitants (the "Project"). The 2011 Bonds are being issued pursuant to the terms of a Trust Indenture and Security Agreement dated as of September 1, 2011 (the "Indenture") between the Corporation and the Trustee, for the purpose of refunding the Corporation's Building Bonds (Heartland Events Center Project), Series 2004, date of original issue - December 28, 2004. The installment purchase rentals payable by the City are a general obligation of the City which are expected to be paid out of the funds of the City raised by a limited tax levied on all taxable property within the City or by collections from an additional one-half percent sales tax. This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire official statement to obtain information essential to the making of an informed investment decision.

The 2011 Bonds are offered in book-entry-only form, when, as and if issued and received by the Underwriter and subject to the approval of legality by Baird Holm LLP, Omaha, Nebraska, Bond Counsel for the City, and certain other conditions. It is expected that the 2011 Bonds will be available for delivery through The Depository Trust Company, in New York, New York, on or about September __, 2011.

*Preliminary subject to change.

AMERITAS INVESTMENT CORP.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

No dealer, broker, salesman or other person has been authorized by the City of Grand Island or the Underwriter to give any information or to make any representations with respect to the 2011 Bonds other than the information and representations contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the 2011 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been furnished by the City and such information is not guaranteed as to accuracy or completeness, and is not to be construed as a representation, by the Underwriter. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City or with respect to the Project or the Corporation since the date hereof.

IN CONNECTION WITH THE OFFERING OF THE 2011 BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR SOLICITATION OF AN OFFER TO BUY, NOR SHALL THERE BE ANY SALE OF THE 2011 BONDS BY ANY PERSON, IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE SUCH OFFER, SOLICITATION OR SALE. THE INFORMATION AND EXPRESSIONS OF OPINION HEREIN ARE SUBJECT TO CHANGE WITHOUT NOTICE, AND NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY SALE MADE THEREAFTER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE CORPORATION OR THE CITY SINCE THE DATE HEREOF.

THE 2011 BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS ANY DOCUMENT BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATIONS OF THE TERMS OF THE OFFERING. THE 2011 BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS OFFICIAL STATEMENT.

OFFICIAL STATEMENT

RELATING TO

\$5,795,000*

REFUNDING BUILDING BONDS (HEARTLAND EVENTS CENTER PROJECT), SERIES 2011

Issued by

FONNER PARK EXPOSITION AND EVENTS CENTER, INC.

INTRODUCTION

This Official Statement, including the cover page, sets forth certain information in connection with the issuance of \$5,795,000* of Refunding Building Bonds (Heartland Events Center Project), Series 2011, issued by Fonner Park Exposition and Events Center, Inc. (the “2011 Bonds”). The 2011 Bonds are being issued by Fonner Park Exposition and Events Center, Inc. (the “Corporation”) on behalf of the City of Grand Island, Nebraska, (the “City”).

The Project

The City and the Corporation have previously provided for the construction and acquisition of an agricultural exposition and events center constructed on real estate owned by the Corporation and located within the City (the “Project”) and the Corporation has previously issued its Building Bonds (Heartland Events Center Project), Series 2004, date of original issue – December 28, 2004, presently outstanding in the principal amount of \$5,950,000 (the “2004 Bonds”), which 2004 Bonds were issued to provide financing for a portion of the costs of the Project. The Project is being acquired by the City under a Lease-Purchase Agreement dated October 9, 2001, as amended by an Addendum to Lease Purchase Agreement dated as of August 26, 2003, a Second Addendum to Lease Purchase Agreement dated as of December 1, 2004, and as further amended by a Third Addendum to Lease Purchase Agreement dated as of September 1, 2011 (collectively, the “Agreement”). The 2011 Bonds are being issued to refund the 2004 Bonds.

The Corporation

The Corporation is a nonprofit corporation organized and existing under the laws of the State of Nebraska, acting on behalf of the City. Under the Agreement the Corporation contracted for the construction and acquisition of the Project. Upon completion of the Project, the City took possession of the Project. The Corporation acts as the manager of the Project for the City under a Management Contract (the “Management Contract”) between the Corporation and the City. The 2011 Bonds are limited obligations of the Corporation payable solely from the installment purchase rentals (the “Payments”) payable by the City under the Agreement. The Corporation has been determined to be an organization exempt from taxation under Section 501(a) of the Internal Revenue Code of 1986, as amended, (the “Code”) qualified under Section 501(c)(3) of the Code. The 2011 Bonds are limited obligations of the Corporation and none of the assets of the Corporation, other than the Payments, are to be available to make the payments of principal and interest on the 2011 Bonds.

The City of Grand Island

The City of Grand Island, Nebraska (the “City”) is a city of the first class of the State of Nebraska. The City had a population of 48,520, according to the 2010 Census. Property located within the City is primarily residential and commercial. The City is the fourth largest city in Nebraska and is located in Hall County along the Platte River in central Nebraska. The City is governed by a Mayor and City Council.

* Preliminary, subject to change

The 2011 Bonds

The 2011 Bonds will be issued under the terms of a Trust Indenture and Security Agreement, dated as of September 1, 2011 (the “Indenture”) between the Corporation and Wells Fargo Bank, National Association, as Trustee (the “Trustee”). Pursuant to the Indenture, the Corporation has assigned to the Trustee its rights in and under the Agreement including its rights to the Payments to provide for payment of and security for the 2011 Bonds. Only the Payments under the Agreement are being assigned to the Trustee and there will be no real estate mortgage or other security interest in the Project securing the 2011 Bonds. The Payments will be sufficient as to amount and timing to meet the payments of principal and interest on the 2011 Bonds as such principal and interest fall due.

THE 2011 BONDS

The 2011 Bonds bear their date of delivery as the date of original issuance. Interest on the 2011 Bonds is payable on June 15 and December 15 of each year, commencing December 15, 2011 (each such payment date an “Interest Payment Date”). Interest will be paid from the date of original issue or most recent Interest Payment Date, whichever is later, until maturity. The 2011 Bonds will bear interest at the rates and become due at the times set forth on the cover page of this Official Statement. Initially, the 2011 Bonds will be issued using the services of The Depository Trust Company (“DTC”) and will be registered in the name of Cede & Co. and will be made available to beneficial owners in book-entry only form, as described below.

Interest on the 2011 Bonds will be paid by the Trustee by check or draft mailed (or by wire transfer in the case of DTC) to registered owners at their registered addresses, both as shown on the registration books of the Trustee as of the last business day of the month immediately preceding the month in which an Interest Payment Date occurs (the “Record Date”). Principal due on the 2011 Bonds shall be paid on presentation and surrender of the 2011 Bonds at the designated corporate trust office of the Trustee (initially in Des Moines, Iowa, subject to change as provided in the Indenture, the “Designated Corporate Trust Office”).

Upon surrender to the Trustee for cancellation, any 2011 Bond or Bonds may be transferred or exchanged for other 2011 Bond or Bonds of like aggregate principal amount in any authorized denomination, having the same maturity and bearing the same rate of interest as the 2011 Bond or Bonds surrendered. The Trustee is not required to transfer or exchange any 2011 Bond during the period from any Record Date until its immediately succeeding Interest Payment Date or to transfer any 2011 Bond which has been called for redemption, whether in whole or in part, for a period of 30 days next preceding the date fixed for redemption.

In the event that payments of interest due on the 2011 Bonds on any 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 as of a special date of record for payment of such defaulted interest as shall be designated by the Trustee whenever monies for the purpose of paying such defaulted interest become available.

The foregoing described provisions relating to payment and transfer shall apply to DTC while acting as securities depository, with certain exceptions provided for in a Letter of Representations, executed by the Corporation, the Trustee and DTC, and will also apply in the event that the system of book-entry holding described below ceases to apply for the 2011 Bonds.

Global Book-Entry Bonds

The 2011 Bonds will be available to the ultimate purchasers in global book-entry form only, in the principal amount of \$5,000 or integral multiples thereof. Purchasers of the 2011 Bonds will not receive certificates representing their interests in the 2011 Bonds purchased, except as described below.

The following description of the procedures and record-keeping with respect to beneficial ownership interests in the 2011 Bonds, payment of interest and other payments on the 2011 Bonds to Participants (as hereinafter

defined) or Beneficial Owners (as hereinafter defined) of the 2011 Bonds, confirmation and transfer of beneficial ownership interests in the 2011 Bonds and other related transactions by and between DTC, Participants and Beneficial Owners of the 2011 Bonds, is based solely on information furnished by DTC to the Corporation and the City for inclusion in this Official Statement. Accordingly, the Corporation and the City and the Trustee do not make any representations concerning these matters, and the Beneficial Owners of the 2011 Bonds should not rely on the following information with respect to such matters, but should instead confirm the same with the Participants from whom they purchased the 2011 Bonds.

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the 2011 Bonds. The 2011 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered 2011 Bond certificate will be issued for each separate maturity of the 2011 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participant’s accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and at www.dtc.org.

Purchases of the 2011 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2011 Bonds on DTC’s records. The ownership interest of each actual purchaser of each 2011 Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2011 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 2011 Bonds, except in the event that use of the book-entry system for the 2011 Bonds is discontinued.

To facilitate subsequent transfers, all 2011 Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2011 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such 2011 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2011 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2011 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the documents relating to the 2011 Bonds. For example, Beneficial Owners of 2011 Bonds may wish to ascertain that the nominee holding the 2011 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2011 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 2011 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Corporation (or the Trustee) as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts 2011 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, principal, and interest payments on the 2011 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Trustee, the City or the Corporation, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee (from funds provided by the City), disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2011 Bonds at any time by giving reasonable notice to the Corporation or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, certificates for the 2011 Bonds are required to be printed and delivered.

The Corporation may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, certificates for the 2011 Bonds will be printed and delivered to DTC.

The information under this subcaption concerning DTC and DTC's book-entry system has been obtained from sources that the Corporation believes to be reliable, but neither the City nor the Corporation takes responsibility for the accuracy thereof.

The City, the Corporation and the Trustee will not have any responsibility or obligation to Participants, to Indirect Participants or to any Beneficial Owner with respect to (i) the accuracy of any records maintained by DTC, any Direct Participant or any Indirect Participant; (ii) the payment by DTC or any Direct Participant or Indirect Participant of any amount with respect to the principal or redemption price of or interest on the 2011 Bonds; (iii) any notice which is permitted or required to be given to bondholders under the Indenture; (iv) the

selection by DTC or any Direct or Indirect Participant of any person to receive payment in the event of a partial redemption of the 2011 Bonds; or (v) any consent given or other action taken by DTC as Bondholder.

Notice to Bondholders

Notice of any proposed modification or amendment of the Indenture by means of a supplemental indenture that is to be effective with the consent of the registered owners of the 2011 Bonds as well as all notices of redemption will be mailed to DTC, as the registered owner of the 2011 Bonds then outstanding.

No assurance can be given by the City, the Corporation or the Trustee that DTC will distribute to the Participants, or that the Participants will distribute to the Beneficial Owners, (i) payment of debt service on the 2011 Bonds paid to DTC, or its nominee, as the registered owner, or (ii) any redemption or other notices, or that DTC or the Participants will serve and act on a timely basis or in the manner described in this Official Statement.

Optional Redemption

The 2011 Bonds are subject to redemption prior to maturity on or after the fifth anniversary of the date of original issue, in whole or in part, at the principal amount thereof plus accrued interest to the date fixed for redemption. The Corporation (at the direction of the City) may select 2011 Bonds to be redeemed in its sole discretion, including particular maturities as it deems appropriate.

If the 2011 Bonds are being held by DTC under the book-entry system and less than all of such 2011 Bonds within a maturity are being redeemed, DTC's current practice is to determine by lot the amount of the interest of each Participant in such maturity to be called for redemption, and each Participant is to then select by lot the ownership interest in such maturity to be redeemed. See "THE SERIES 2011 BONDS - Global Book-Entry Bonds" herein.

Notice of Redemption: Effect of Redemption

Notice of call for redemption, identifying the 2011 Bonds or portions thereof to be redeemed shall be given by the Trustee by mail (or other means acceptable to DTC so long as the 2011 Bonds are being held in global book entry form), sent to the registered owners of the 2011 Bonds to be redeemed (initially, Cede & Co.) at their registered addresses as shown on the registration books maintained by the Trustee, first class, postage prepaid, not less than thirty (30) days prior to the date fixed for redemption. Failure to give notice to any registered owner or any defect in the notice shall not affect the validity of the proceedings calling the 2011 Bonds or the redemption of any 2011 Bonds for which proper notice has been given. The Corporation (at the direction of the City) shall have the right to direct further notice of redemption for any 2011 Bond for which defective notice has been given.

Transfer of 2011 Bonds

The 2011 Bonds are transferable upon presentation for cancellation to the Trustee at its Designated Corporate Trust Office. To be transferred, any 2011 Bonds must be accompanied by a written instrument of transfer in form satisfactory to the Trustee and must be accompanied by such signature guaranties and other evidence as the Trustee may require. Upon surrender of any 2011 Bond in proper form, the Trustee will deliver at its office or send by registered mail to the transferee owner or owners at such transferee owner's or owners' risk and expense, a new 2011 Bond or 2011 Bonds of the same maturity, interest rate and aggregate principal amount registered in the name of the transferee owner or owners. To the extent of the denominations permitted by the Indenture, one 2011 Bond may be transferred for several 2011 Bonds of a like maturity, interest rate and aggregate principal amount and several 2011 Bonds may be transferred for one or several 2011 Bonds, respectively, of the same maturity, interest rate and aggregate principal amount. Transfer of interests by Beneficial Owners, so long as there is a securities depository serving will be governed by the procedures described under "THE 2011 BONDS - Global Book-Entry Bonds" herein.

Additional Bonds

The Indenture does not permit the issuance of additional bonds.

SECURITY FOR THE 2011 BONDS

The 2011 Bonds are issued pursuant to the Indenture. They are payable solely from the Payments to be made by the City under the Agreement. The City has entered into the Agreement by the authority of and in conformity with the provisions of the laws of the State of Nebraska, including specifically Section 19-2421, R.R.S. Neb. 2007, which permits the City to enter into contracts for the lease of real or personal property. Such leases are not restricted to a single year and may provide for the purchase of the property in installment payments. The Payments are to be made from the City's general fund tax levy as established pursuant to Section 16-702, R.R.S. Neb. 2007, as amended. Under Section 16-702, R.R.S. Neb. 2007, as amended, the City is authorized to levy up to forty-five cents on each one hundred dollars of taxable valuation (45¢ on each \$100) for purposes of its general budgetary requirements. Under the terms of the Agreement, the obligation of the City to make the Payments is not subject to cancellation for failure to make an annual appropriation and constitutes a general obligation of the City payable from its general fund levy. The City's current taxable valuation (for the 2010-11 budget year) is \$2,395,497,486 and a levy of forty-five cents upon such valuation will provide approximately \$10,779,739 of funds available for expenditure in each year. The City's 2010-11 general fund levy is 20.4855¢. In addition to the property tax levy permitted by Section 16-702 (as subject to the limitations provided for in Section 77-3442, R.R.S. Neb. 2009, as amended, described under the heading "NEBRASKA DEVELOPMENTS RELATED TO BUDGETS AND TAXATION"), the City is also authorized to levy a local option sales tax pursuant to Sections 77-27,141 through 77-27,148, R.R.S. Neb. 2009 (the "Local Option Revenue Act"). In the Agreement the City agrees to make the Payments from general taxes levied for the City's general fund, which may include both property and sales taxes.

The Payments due under the Agreement are in an amount sufficient to pay principal and interest on the 2011 Bonds as the same fall due. The Agreement and the Payments, pursuant to the Indenture, have been assigned by the Corporation to the Trustee to provide for the payments due on the 2011 Bonds. The City has agreed to make the Payments directly to the Trustee. Under the Indenture the Trustee is required to deposit all such payments in the trust account provided for in the Indenture and designated "Bond Fund." The City may elect to make the Payments on a basis earlier than scheduled and cause defeasance of the 2011 Bonds. Upon payment in full of the 2011 Bonds, the Agreement will be terminated and the Project transferred to the City, as described in the Agreement.

Until the 2011 Bonds and interest thereon are fully paid or payment is provided for by the Trustee having funds to pay all 2011 Bonds and interest thereon to the date that the 2011 Bonds shall become due, the City covenants and agrees to make and continue to make its levies (on both sales and property) sufficient to provide for the Payments and any additional payments due under the Agreement. The City further covenants and agrees that throughout the term of the Agreement, it will observe all budget and spending limitations now or hereafter imposed by law in such a manner that a sufficient portion of its tax levy monies shall be available to make all of the Payments as the same fall due.

The 2011 Bonds and the interest thereon are payable solely from the Payments. Neither the faith and credit of the State of Nebraska nor any political subdivision thereof, other than that of the City with respect to its obligations under the Agreement, is pledged to the payment of the principal or interest on the 2011 Bonds.

Neither the Agreement nor the Indenture provides for any security interest in the Project for the benefit of the owners of the 2011 Bonds. Neither the Payments nor the principal and interest on the 2011 Bonds are subject to acceleration. The Indenture provides that the 2011 Bonds are limited obligations of the Corporation payable solely from the Payments.

THE CORPORATION

The Corporation is a nonprofit corporation existing under the laws of the State of Nebraska. It was incorporated on November 25, 1998. Section 21-1903, R.R.S. Neb. 2007, authorizes the formation of nonprofit corporations for the purpose of erecting and leasing buildings for the use and benefit of governmental bodies such as the City. The Corporation has entered into the Management Contract which permits it to retain all revenues from the operation of the Project. Neither the Corporation nor the City expect that the Project will produce significant net revenues to be accumulated by the Corporation. Any such revenues, if and when realized, are expected to be applied to the repair, maintenance or improvement of the Project. The Project provides and is expected to provide facilities for sporting events (including professional teams, if possible), cultural events, agricultural expositions, trade shows and conventions.

The Corporation is to be operated exclusively for charitable, educational, civic, social, cultural, athletic, scientific, agricultural or horticultural purposes and for the purposes of lessening the burdens of government. It has received a determination letter from the Internal Revenue Service recognizing it as an organization exempt from taxation under Section 501(a) of the Code qualified under Section 501(c)(3) of the Code. No part of the net earnings or other assets of the Corporation shall inure to the benefit of any director, officer, member, contributor or other private individual or entity having directly or indirectly any personal or private interests in the activities of the Corporation. The officers and directors of the Corporation serve without compensation and shall not be liable personally by reason of the issuance of the 2011 Bonds or execution of any documents in connection therewith.

The Corporation has the general corporate powers of a nonprofit corporation, including the power to acquire, own, hold, sell or otherwise dispose of and to mortgage or grant a security interest in or otherwise encumber real and personal properties of all kinds and to make all contracts and to incur all necessary liabilities which are appropriate to enable the Corporation to accomplish its purposes.

The officers and members of the Board of Directors of the Corporation consist of the following individuals, all of whom are residents of the City or Hall County:

[provide update, if needed]

<u>Name of Director/Officer</u>	<u>Positions Held</u>
Brian Hamilton	President/Director
George Wanitschke	Vice President/Director
Vince Dowding	Vice President/Director
Jim Cannon	Vice President/Director
John R. Brownell	Vice President/Director
Hugh Miner, Jr.	Secretary/Treasurer

The Corporation's sole member is Hall County Livestock Improvement Association ("Fonner Park"), a Nebraska nonprofit corporation and an organization exempt from taxation under Section 501(a) of the Code qualified under Section 501(c)(4) of the Code. Under the Bylaws of the Corporation, the Mayor of the City has the right to nominate one of the Directors of the Corporation. The other Directors are to be named by Fonner Park. All Directors must be approved by the Mayor and Council of the City and each Director may be removed by the City for cause, with the City having the right to designate a replacement Director in such case.

The 2011 Bonds are limited obligations of the Corporation, payable solely from the Payments due under the Agreement and not from any other assets or resources of the Corporation.

Fonner Park owns and operates a facility for agricultural exposition, including an annual horse racing meet. Fonner Park has no legal liability with respect to the 2011 Bonds. The Nebraska State Fair has moved to Grand Island and is currently held on premises owned by Fonner Park. Certain State Fair events take place in

the Project. Fonner Park may share certain personnel and other resources with the Corporation in connection with the Corporation’s management of the Project under the Management Contract.

THE PROJECT

Proceeds of the 2011 Bonds will be applied to redeem the 2004 Bonds and to pay costs of issuance. Proceeds of the 2004 Bonds paid certain costs of constructing an agricultural exposition and events center (as previously described, the “Project”). The Project consists of an events and convention center, including a building containing 165,000 square feet of usable space. The Project is located on a tract of approximately 3.767 acres deeded by Fonner Park to the Corporation which is located on the grounds of Fonner Park’s facility. Fonner Park has entered into a Parking Rights and Access Agreement with the Corporation and the City assuring both access and parking rights for the operation of the Project.

Certain equipment paid for by the Corporation from resources not related to the 2004 Bonds do not constitute a part of the Project and are and are to be the separate property of the Corporation. Additional equipment and improvements purchased or paid for by the Corporation from revenues of the Project shall not constitute a part of the Project and shall also be the separate property of the Corporation. The City has agreed to contribute amounts from an occupation tax on lodging to pay a portion of the operating expenses of the Project. Such tax is expected to produce approximately \$180,000 per year. The Project is not expected to generate significant revenues in excess of expenses.

SOURCES AND APPLICATIONS OF FUNDS

Following are the estimated sources and applications of funds:

- Sources of Funds
- Proceeds of 2011 Bonds
- Contribution from City debt service funds
- Total Sources of Funds

- Applications of Funds
- Redemption of 2004 Bonds
- Issuance Expenses (including Underwriter’s discount)
- Total Applications of Funds

DEBT SERVICE ON 2011 BONDS

The following table shows the debt service on the 2011 Bonds. It is based upon the maturity schedule and interest rates shown on the cover page of this Official Statement.

Fiscal Year Ending <u>September 30</u>	<u>Principal</u> *	<u>Interest</u>	<u>Total Payment</u>
2012	\$70,000		
2013	395,000		
2014	400,000		
2015	405,000		
2016	410,000		
2017	415,000		
2018	425,000		
2019	430,000		
2020	440,000		
2021	450,000		
2022	465,000		
2023	480,000		
2024	495,000		
2025	<u>515,000</u>		
Totals	<u>\$5,795,000</u>		

FINANCIAL STATEMENT (January 1, 2011) [Ameritas to update]

City of Grand Island, Nebraska

Taxable Valuation (2010)	\$2,395,497,486
General Obligation Debt ⁽¹⁾	4,055,000
Public Safety Tax Anticipation Refunding Bonds, Series 2011 ⁽²⁾	5,535,000
Lease Purchase Debt	
Grand Island Fac Corp Refunding Building Bonds (Library Project)	3,795,000
Fonner Park Exposition and Events Center Refunding Bldg. Bonds (Heartland Events Center Project) (this issue)	5,795,000
Lease Purchase Agreement dated as of July 1, 2009 (State Fair Project)	4,238,298
Ratio of Direct Debt to Taxable Valuation ⁽¹⁾	0.98%
Direct, Overlapping and Underlying G.O. Debt ⁽¹⁾	\$79,501,359
Ratio of Direct, Overlapping and Underlying Debt to Taxable Valuation ⁽¹⁾	3.31%
Population (2010 Census)	46,861

Revenue Debt⁽³⁾

Electric System Revenue Bonds, Series 2001	\$ 29,915,000
Water Revenue Refunding Bonds, Series 1999	1,430,000
Sewer System Revenue and Refunding Bonds, Series 2003	6,215,000
Solid Waste Agency Revenue Refunding Bonds, Series 2004 ⁽⁴⁾	685,000

⁽¹⁾ Includes Solid Waste Agency Bonds.

⁽²⁾ Limited to 5 cents per \$100 of taxable valuation.

⁽³⁾ Not included are \$7,000,000 Solid Waste Disposal Facilities Revenue Bonds (Microgy Grand Island, LLC Project), Series 2008 (AMA) [??????]

* Preliminary, subject to change

⁽⁴⁾ Bonds are payable from user fees, but the City may be required to levy taxes for up to 100% of the debt service due.

In addition, the City has outstanding certain industrial development revenue bonds for which it has no pecuniary liability.

Overlapping Debt

Hall County

Taxable Valuation (2010)	\$3,743,458,683
General Obligation Bonds (Correctional Facilities)	20,530,000
(63.99% applicable to City)	13,137,147
Population (2010 Census)	58,607

Hall County Airport Authority

Taxable Valuation (2010)	\$3,743,458,683
Bonded Indebtedness	3,620,000
(63.99% applicable to City)	2,316,438

Hall County School District 0002

Taxable Valuation (2010)	\$2,486,056,518
General Obligation Bonds	33,140,000
Limited Tax Bonds	620,000
Build America Bonds	5,500,000
Certificates of Participation	<u>2,650,000</u>
Total	\$41,910,000
(96.36% applicable to City)	40,384,476

The City has annexed several areas which are responsible for a portion of certain school indebtedness. Such indebtedness includes \$3,480,000 General Obligation Bonds for Hall County School District 0082 and \$90,000 Refunding Bonds for the former Hall County School District 0003. Data concerning the valuation of property within the City which is responsible for this indebtedness is not readily available.

Total General Obligation Debt Service

The following table shows the debt service due on the City's outstanding general obligation and lease purchase bonded indebtedness. It does not include any payments for this issue nor any payments due under a City Service Agreement with the Grand Island Area Solid Waste Agency which relate to \$685,000 of revenue bonds outstanding issued by such agency. Such bonds are expected to be paid from user fees but the City may be required to levy taxes for up to 100% of debt service due, which is approximately \$360,000 in each year through 2012.

[Ameritas, please verify this table. Does it include debt service on the 2004 Bonds for Heartland?]

<u>Fiscal Year</u> <u>Ending Sept. 30,</u>	<u>Total</u> <u>Debt Service</u>	<u>Fiscal Year</u> <u>Ending Sept. 30,</u>	<u>Total</u> <u>Debt Service</u>
2011	\$ 2,512,678.25	2019	\$ 565,193.75
2012	2,867,712.50	2020	566,706.25
2013	2,866,198.75	2021	562,475.00
2014	2,857,832.50	2022	561,900.00
2015	2,851,720.00	2023	564,737.50
2016	2,583,478.75	2024	561,562.50
2017	1,755,362.50	2025	562,375.00
2018	1,767,213.75		

Future Borrowing Plans

The City expects to incur costs within the next two years for street and other capital improvements of approximately \$5,000,000, some of which may be financed through the issuance of the City's general obligation various purpose bonds or other bonds. The City also expects to create sewer and water improvement districts over the next several years which are currently expected to result in the issuance of an additional total of approximately \$1,000,000 annually of general obligation various purpose bonds. Initial consideration has been given by the City to increasing the Waste Water Treatment Plant's capacity to handle certain industrial waste. It is possible that additional sewer revenue bonds in an amount of approximately \$35,000,000 will be issued for such purposes in the next four years. The City is considering the installation of a uranium treatment system to address uranium levels in the water system and the estimated cost of \$3,000,000 will possibly be financed through bonds. The City is also considering refunding its Electric System Revenue Bonds, Series 2001, sometime in 2011. Potential regulatory impacts on the electric utility may result in the City issuing bonds beginning in 2012. The initial issuance may be approximately \$20,000,000.

Debt Limitations

Under Nebraska law, there is no general limitation on general obligation or revenue indebtedness.

Authority to Levy Property Taxes

The City's authority to levy and collect property taxes is limited to not more than 45¢ per \$100 of taxable valuation plus an additional 5¢ per \$100 to provide financing for the City's share of revenue required under interlocal agreements. (See "NEBRASKA DEVELOPMENTS RELATED TO BUDGETS AND TAXATION".) The City's 2010/11 general fund tax levy for municipal purposes as described above is \$0.204855 on each \$100 of taxable value on all the taxable property within the City. Such levy limitations do not apply to the City's levy for bonded indebtedness approved according to law and secured by a levy on property.

City Budget Limitations

The Nebraska Legislature has enacted budget limitations applicable to certain prior, the current and following budget years. (See "NEBRASKA DEVELOPMENTS RELATED TO BUDGETS AND TAXATION".)

THE CITY OF GRAND ISLAND GENERAL INFORMATION

Following is a description of the City of Grand Island and Hall County. An extract from the City's audited general purpose financial statements for the fiscal year ended September 30, 2010, is included in Appendix A to this Official Statement.

Location and Population

The City of Grand Island is the county seat of Hall County and is located along the Platte River in central Nebraska, 150 miles west of Omaha. Grand Island is the fourth largest city in Nebraska. It covers an area of approximately 21.9 square miles and had a 2010 population of 48,520. The boundaries of the City have expanded in recent years through annexation as fringe areas have been developed and been supplied with essential services. Set forth below are historical population statistics for Grand Island and Hall County:

<u>Year</u>	Grand Island		Hall County⁽¹⁾	
	<u>Population</u> ⁽²⁾⁽³⁾	<u>%Growth</u> ⁽³⁾	<u>Population</u> ⁽²⁾⁽³⁾	<u>% Growth</u> ⁽³⁾
1940	19,130	6.0	27,523	1.5
1950	22,682	18.6	32,186	16.9
1960	25,742	13.5	35,757	11.1
1970	32,358	25.7	42,851	19.8
1980	37,781	16.7	47,690	11.3
1990	39,487	4.3	48,925	2.6
2000	42,940	9.0	53,534	9.4
2010	48,520	13.0	58,607	9.5

⁽¹⁾Includes Grand Island.
⁽²⁾1940-2010 as reported by U.S. Census Bureau.
⁽³⁾Includes population added through annexation.

Government

The City of Grand Island is a municipal corporation and a city of the first class under Nebraska law. Effective December 11, 1978 its government was reorganized under the Mayor-Council plan. Under the Mayor-Council plan, the Mayor is elected from the City at large and two members of the City Council are elected from each of the City’s five wards for terms of four years. A professional City Administrator is appointed by the Mayor and City Council to serve as the official responsible for general administration and departmental supervision.

Under the Mayor-Council plan, the Mayor has superintending control of all of the officers and affairs of the City. The Mayor does not have the right to vote at meetings of the City Council, except in the case of a tie vote, but does have the power to veto any ordinance passed by the City Council. An ordinance vetoed by the Mayor may be passed over his or her veto by a two-thirds vote of the City Council. To provide advice and operational support, the City Council employs a professional staff and a number of advisory boards and committees. In addition, the City shares responsibility for several functions, such as public health, emergency management and regional planning, with Hall County.

City Officials[Please update.]

Jay Vavricek Mayor
 Bob Niemann Council Member
 Scott Dugan Council Member
 Linna Dee Donaldson Council Member
 Larry Carney Council Member
 John Gericke Council Member
 Randy Gard..... Council Member
 Peg Gilbert..... Council Member
 Kirk Ramsey..... Council Member
 Mitch Nickerson Council Member
 Chuck Haase Council Member
 Mary Lou Brown Interim City Adm/ Finance Director
 RaNae Edwards..... City Clerk
 Garry Mader..... Interim Public Works/Utilities Director
 Terry Brown..... Interim Public Works Engineer
 Robert SivickCity Attorney

City Employees

The City has 511 full-time employees and approximately 267 part-time seasonal employees. The payroll and related costs for the 2010 Fiscal Year was approximately \$35.5 million. The City’s employees are represented by four unions covering general employees, police, fire and electrical workers. Approximately 378 employees are covered by collective bargaining agreements. The City is currently operating under negotiated collective bargaining agreements with all four of the unions.

City employees for the last several years total as follows:

<u>Year</u>	<u>Total Full Time</u>	<u>General Government</u>	<u>Electric, Water and Sewer Departments</u>
2010	511	347	164
2009	502	337	165
2008	500	337	163
2007	497	334	163
2006	497	335	162

The City Library has 11 part-time year-round positions not included above. All other part-time employee positions are seasonal, and related to parks and recreational activities.

Pension Liability

The City’s responsibilities under certain defined benefit plans, defined contribution plans, nonqualified benefit plans and qualified deferred compensation plans are described in Note D to the City’s Financial Statement shown in Appendix A to this Official Statement.

Education

The School District of Grand Island (Hall County School District 0002) operates the primary and secondary educational system. The School District has over recent years continually improved and modernized the facilities through the use of a building fund authorized by state statutes. Current enrollment is approximately 8,500 P-K/12th grade, exclusive of adult education and specialized programs. The School District, in conjunction with the Chamber of Commerce and Central Community College, are developing plans for a new Career Tech High School. There are two parochial schools within the City. Post-secondary educational opportunities are provided by Central Community College, a two-year college with an emphasis in vocational and technical education as well as programs for students who plan to transfer to a four year institution, Bellevue University, which offers accelerated programs for undergraduate degrees, and Doane College, housed at College Park, which offers undergraduate and graduate level degree courses.

Health Care

St. Francis Medical Center with 163 licensed beds (not including 36 beds in a nursing home-type unit) provides modern facilities serving the community and surrounding area. Saint Francis sees nearly 8,000 inpatients each year. A nine-story patient tower was completed in 2007 at a cost of \$60 million. A medical office complex located adjacent to the hospital has approximately 150 doctors, dentists and other medical specialists available to meet health manpower needs. Grand Island is also home to the VA Nebraska-Western Iowa Health Care System and the Grand Island Veterans Home (state nursing home). The City provides ambulance service with advanced life systems and fully qualified paramedics. Emergency responders are able to respond in an average of five minutes anywhere in the city.

Communications

The Grand Island Daily Independent offers daily newspaper service. A weekly advertising newspaper serves a regional area. There are five television stations and thirteen radio stations within a forty-mile radius of the City. Cable television service is offered within the City.

Recreational Facilities

The public park system consists of eighteen regional parks and twelve neighborhood parks each offering a variety of facilities throughout the 700 acres they encompass. A seven-acre water park comprised of a wave pool, four 150 to 170-foot water slides and numerous water-based play features are the flagship of the City's aquatics facilities. The City also provides one traditional swimming pool. Other recreational facilities include the Community field house that offers indoor soccer, basketball, volleyball, flag football, baseball/softball training, batting cages and a children's playground. For the shooting enthusiast trap, skeet and sporting clay ranges, 50 yard through 600 yard rifle/pistol ranges and an 11 pad campground have been developed at the former Cornhusker Army Ammunition Plant site on land owned by the City. Additionally, an eighteen hole, par seventy-two championship golf course is provided for the public to enjoy. The recreation division offers a full slate of activities including basketball, volleyball, soccer, tennis and flag football leagues, a summer playground program, swimming lessons, children's theater and many other recreational activities that are offered throughout the year. Fonner Park provides pari-mutuel horse racing, the County Fair, livestock shows and special events. The Project described herein is adjacent to the racetrack. Husker Harvest Days, a major agricultural exposition, is located on a permanent site west of the City. The YMCA-YWCA Complex has a variety of recreational programs, and the adjacent Grand Generation Center is the focal point of Grand Island's senior citizen programs. Under the terms of LB 1116 enacted in 2008, the Nebraska State Fair was transferred from Lincoln, Nebraska, to a \$40 million home in Fonner Park in Grand Island. Under LB 1116, a contribution to the costs in the amount of \$8,500,000 was required to be made by or on behalf of the City. Of that

contribution, \$5,062,500 in original principal amount was provided by lease purchase financing (see “FINANCIAL STATEMENT” above).

Cultural Facilities

The Grand Island Public Library, operating out of the Edith Abbott Memorial Library, located at 211 North Washington, provides access to services and resources to meet the informational, recreational and educational needs of the community. The library serves as a community meeting place and houses a variety of cultural exhibits, including a month-long Sheldon Memorial Art Gallery statewide touring exhibition. The Stuhr Museum of the Prairie Pioneer is a publicly owned museum located on a 267-acre complex south of the City, and offers a year-round exhibition of the area’s cultural heritage. The City of Grand Island operates a well attended summer concert series. One professional and one volunteer group offer access to theater productions. There are 42 churches representing 31 denominations available to the residents of the City.

ECONOMIC ACTIVITY

Business and Industry

There are approximately 75 manufacturing plants in Grand Island and Hall County, producing a variety of products on various scales of operation. The City’s industry is principally related to agri-business, irrigation and agricultural equipment.

The following are the principal employers in the area:

[Update, if appropriate.]

<u>Firm</u>	<u>Principal Products</u>	<u>Employees</u>
Swift & Co.	Cattle Slaughter and Boxed Beef	3,300
Chief Industries	Metal Buildings/Diversified Products	1,641
St. Francis Med Center	Hospital	1,300
Case IH	Agricultural Machinery	1,100
Grand Island Schools	Education	1,050
Principal Financial Group	Insurance and Financial Services	650
Cabela’s Call Center	Retail	550
McCain Foods, USA	Food Processor	546
City of Grand Island	Government	511
Skagway Dept. Stores	Retailer (with Grocery and Clothing)	449

Source: Grand Island Economic Development Corporation

Agricultural Activity

The City’s strong agri-business orientation is due to its location in the center of a leading area in agricultural production. Much of the farm acreage in the Grand Island area is irrigated. In Hall County alone, as of 2007, there were approximately 608 farms, with over 328,000 acres. The average size of farm was 540 acres in 2007 compared to 531 acres in 2002.

Source: USDA, National Agricultural Statistics Service, 2007 Census of Agriculture - County Data.

Commercial Activity

Grand Island is the third largest retail center in Nebraska and continues to grow in serving as a regional trade center. The Chamber of Commerce estimates the retail service area for Grand Island serves a primary trade area of approximately 84,000 people and a secondary trade area of approximately 184,000 people. Set forth below are retail sales statistics (not including motor vehicle) for Hall County and Grand Island in recent years:

<u>Year</u>	<u>Hall County Net Taxable Sales</u>	<u>Grand Island Net Taxable Sales</u>
1999	\$649,203,719	\$626,373,006
2000	683,125,343	658,581,800
2001	692,261,539	669,713,884
2002	716,350,394	692,018,388
2003	754,750,744	728,386,394
2004	808,032,540	774,432,460
2005	831,862,115	796,486,442
2006	860,630,760	827,001,188
2007	917,314,709	878,265,159
2008	923,152,185	891,470,251
2009	885,019,667	854,208,792
2010	935,382,645	884,652,896

Source: Nebraska Department of Revenue

With the relocation of the Nebraska State Fair to Grand Island in 2010 and the resulting development of 360,000 square feet in exhibit buildings plus a 60,000 square foot, air-conditioned arena, Grand Island has over 875,000 square feet of meeting, exhibit and trade show space. Over 309,000 people attended the inaugural Nebraska State Fair in Grand Island in August 2010.

Financial Institutions

There are seventeen banks, credit unions and savings and loan offices in Grand Island.

Transportation

Grand Island’s transportation facilities are a contributing factor in the continued growth of the City. Grand Island is a thoroughfare for Union Pacific and Burlington Northern-Santa Fe railroads, with daily freight service to commercial and industrial locations. Highway access to the city is from Interstate 80, one of the country’s main east/west arteries, as well as U.S. Highways 2, 30, 34, and 281. Central Nebraska Regional Airport provides daily inbound and outbound flights to Denver and scheduled nonstop service to Phoenix/Mesa, Arizona and Las Vegas, Nevada. The airport also has facilities for air freight and private aircraft services. A taxi firm provides 24-hour service, seven days a week. The 124th Air Cavalry Squadron’s Chinook Helicopter Base is located just east of the airport and serves over 225 cavalry and aviation maintenance National Guard soldiers.

Personal Income

Set forth below are personal income statistics for Hall County in recent years as reported by the Nebraska Department of Economic Development:

<u>Year</u>	<u>Personal Income</u> (000s)	<u>Per Capita</u>
2002	\$1,560,188	\$29,115
2003	1,639,962	30,457
2004	1,656,292	30,575
2005	1,712,659	31,577
2006	1,819,573	33,177
2007	1,968,288	35,538
2008	2,064,814	36,617
2009	2,061,992	35,869

Source: Dept. of Economic Development, Nebraska Databook

Employment

The State of Nebraska Department of Labor, reports the following labor force data for Hall County for selected years:

<u>Year</u>	<u>Labor Force</u>	<u>Employment</u>	<u>Unemployment Rate</u>
2004	30,177	28,711	4.9%
2005	30,134	28,962	3.9
2006	30,471	29,528	3.1
2007	31,047	30,195	2.7
2008	31,864	30,877	3.1
2009	31,735	30,374	4.3
2010	31,851	30,435	4.4

Source: U.S. Dept. of Labor

Housing and Construction

The records of the City Building Inspector indicate the value of permits issued within the city limits as follows:

<u>Year</u>	<u>Value of Permits</u>
2000	\$ 51,634,831
2001	30,459,985
2002	53,887,117
2003	61,446,610
2004	83,105,505
2005	127,003,533
2006	103,464,757
2007	81,966,767
2008	54,450,637
2009	98,809,758
2010	62,612,423

TAX BASE DATA

Tax Valuation

The value of property subject to tax levy for recent years is set forth below for Grand Island and Hall County:

<u>Year</u>	<u>Grand Island Tax Valuation</u>	<u>Hall County Tax Valuation</u>
2006	2,187,011,870	3,241,291,404
2007	2,215,765,896	3,295,049,182
2008	2,284,748,540	3,400,769,712
2009	2,351,143,887	3,586,849,309
2010	2,395,497,486	3,743,458,683

Tax Levy History

The following is the amount levied against City of Grand Island valuation for recent past years in dollars per hundred of taxable valuation:

<u>Fiscal Year</u>	<u>City of Grand Island</u>	<u>School District</u>	<u>Hall County</u>	<u>Other Units⁽¹⁾</u>	<u>Total All Units</u>
2004	\$0.3475	\$1.2033	\$0.3861	\$0.1545	\$2.0914
2005	0.3050	1.2309	0.3844	0.1533	2.0736
2006	0.2895	1.2103	0.4233	0.1544	2.0775
2007	0.2843	1.2102	0.4229	0.1806	2.0980
2008	0.2905	1.1977	0.4209	0.1935	2.1026
2009	0.3085	1.1977	0.4303	0.1891	2.1256
2010	0.3092	1.2013	0.4310	0.2008	2.1423

⁽¹⁾ Other units levying property tax include Hall County Airport Authority, Central Community College, Central Platte Natural Resources District, Educational Service Unit #10 and Hall County Agricultural Society.

Tax Collection History

The fiscal year of the City begins October 1 and ends September 30. Taxes are levied in September based upon a valuation as of the preceding January 1. First installments of real estate taxes are due the following May 1, second installment due September 1; personal property taxes are due May 1 and September 1. Delinquent taxes bear 14% interest. The figures below include interest and penalties. Property taxes collected on the City levy for the most recent years are as follows:

<u>Fiscal Year</u>	<u>Tax Revenues Budgeted/Levied</u>	<u>Tax Revenues Received</u>	<u>% Received</u>
2010/11	\$ 6,527,730	n/a	n/a
2009/10	6,406,867	\$ 6,049,940	94.4
2008/09	5,711,871	5,509,992	96.4
2007/08	5,280,591	5,283,668	100.1
2006/07	5,212,064	5,533,200	106.2

Source: The City

Sales Tax

The City is currently levying a one and one-half percent (1 ½%) sales tax under the Local Option Revenue Act. Such tax is expected to produce approximately \$12,800,000 in revenue per year. Such tax

in the amount of 1 percent was approved by the voters of the City in 1990. An additional sales tax of one-half percent (½%) was approved by voters of the City on May 11, 2004, and became effective October 1, 2004. Receipts from such additional 1/2% sales tax are to be used to pay for the fire station, the fire training center and the library as well as property tax relief. To the extent that amounts are applied from such additional sales tax to property tax relief, the City's requirements for its general fund levy will be reduced. Both the original approved levy and the additional levy are not limited as to their duration.

The following table shows receipts from sales taxes by the City for the past five years.

<u>Fiscal Year Ended September 30,</u>	<u>Amount Received</u>
2010	\$13,164,277
2009	13,463,354
2008	13,455,339
2007	13,010,633
2006	12,743,184

Special Assessments

Collection data for special assessments, including interest, for the five-year period are shown below. Special assessments have been levied to pay a portion of the cost of certain sidewalk, sewer, water and street improvement projects.

<u>Year</u>	<u>Amount Collected Through Sept. 30</u>	<u>Principal Amount Outstanding Sept. 30</u>
2010	\$ 1,574,191	\$ 2,061,094
2009	2,060,408	2,540,815
2008	3,079,908	2,891,141
2007	1,212,643	3,578,919
2006	1,499,255	3,926,287

Largest Taxpayers

Listed below are the largest taxpayers in the City of Grand Island as reported by the County Assessor.

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2010 Taxable Valuation</u>	<u>% of Total</u>
Wal-Mart Real Estate	Retail Store	\$ 25,435,848	1.06%
New Holland	Agricultural Machinery	23,868,532	1.00
Conestoga Mall	Shopping Center	22,962,348	0.96
Markets/Cellco Ptnrshp	Communications	21,269,698*	0.89
Union Pacific	Railroad	18,163,039*	0.76
ConAgra Beef	Cattle Slaughter/Boxed Beef	16,153,913	0.67
CNH America LLC	Agricultural Equipment	14,262,672**	0.60
Individual Taxpayer	n/a	8,997,022	0.38
HV Grand Island Portfolio	Hy-Vee	8,423,873	0.35
MidCountry Trading LLC	Strip Mall	8,143,968	0.34

*Real Estate and Personal Property

**Personal property only

Note: New Holland and CNH America are the same company; one real estate and one personal property.

General Fund Expenditure by Function

Set forth below are data concerning general fund expenditures for the City for its last five fiscal years:

<u>Fiscal Year</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>Health & Welfare⁽¹⁾</u>	<u>Culture-Recreations</u>	<u>Totals</u>
2010	3,514,789	17,885,245	5,919,755	2,342,320	9,719,904	39,382,013
2009	3,490,203	15,988,725	6,160,083	2,349,595	5,098,787	33,087,394
2008	3,392,738	15,972,574	5,453,641	2,511,088	5,250,795	32,580,836
2007	3,187,848	14,642,988	4,822,962	2,135,968	5,101,265	29,891,031
2006	3,475,479	14,479,681	5,900,489	2,020,382	4,213,749	30,089,780

⁽¹⁾Include, Cemetery and Library.

General Fund Revenues by Source

Set forth below are data concerning general fund revenues for the City for its last five fiscal years:

<u>Fiscal Year</u>	<u>Taxes</u>	<u>Licenses & Permits</u>	<u>Intergovt. Revenues</u>	<u>Charges For Services</u>	<u>Misc.</u>	<u>Totals</u>
2010	21,969,056	527,800	3,071,114	4,020,997	1,125,553	30,714,520
2009	21,365,609	703,648	3,053,826	3,861,954	6,590,843	35,575,880
2008	19,960,964	465,437	2,962,713	3,624,033	1,892,107	28,905,254
2007	19,135,128	530,409	2,468,669	3,392,030	2,403,636	27,929,872
2006	19,347,513	571,901	2,528,984	3,426,967	1,764,082	27,639,447

Utilities

The City owns and operates the electric, water and sanitary sewer systems. A 100 MW coal-fired electric plant was completed in 1982, with an additional 107 MW available from oil and gas fired plants. The acquisition of two 40-megawatt combustion turbines, financed from the proceeds of \$51.5 million of Series 2001 Electric Revenue Bonds added 80 MW of system capacity. Major improvements to each of the city-owned utility systems are made on a regular annual basis through commitment of a portion of revenue to a planned capital program. Northwestern Public Service Company provides natural gas service and Qwest Communications and Verizon operate communication systems.

The Electric System

The City of Grand Island, Nebraska, Electric Department is owned by the City of Grand Island, Nebraska. The City Council has the authority to determine, fix, and alter rates charged by the Electric System and to authorize expenditures. The City’s Electric System now serves an area approximately 82 square miles composed of nearly 26 square miles of the City and certain areas adjacent to the City within Hall County and a small portion of Merrick County. The Department currently has generation capacity of approximately 273 MW from coal-fired and gas/oil-fired electric generating stations. The peak load during the current fiscal year of the Department, was approximately 166.1 MW in August of 2010. The Department is party to an agreement with the Department of Energy (DOE) pursuant to which the Department may purchase up to 9,153 KW of power to be transmitted through DOE and Nebraska Public Power District (NPPD) facilities. Such power is sold to the Department at standard DOE wholesale firm power service rates. The agreement expires in 2020. The City has entered into a participation power purchase agreement with Omaha Public Power District for the supply of 33 MW from a new coal-fired plant built in Nebraska City, Nebraska. This plant was completed in 2009. Additionally, Grand Island and four other regional public electric utilities are members, under a Nebraska Interlocal Agreement, of the Public Power Generation Agency. The purpose of this group is to construct a 220 MW coal-fired

steam generating facility near Hastings, Nebraska, known as Whelan Energy Center Unit #2. Grand Island has committed to a 15 MW participation level from this plant with an anticipated operational date of 2011. Power purchase terms for both of these arrangements will require payments from the City's electric system revenues for capital costs related to the purchased power. OPPD issued \$112,000,000 of separate system bonds in 2005, \$125,000,000 in 2006 and \$21,000,000 in 2008. PPGA issued revenue bonds totaling approximately \$718,000,000. Of this amount, approximately \$505,000,000 was issued in 2007 and \$213,000,000 in 2009.

The Sewer System

The City issued sewer system revenue bonds in April 1994, proceeds of which were used to pay costs of a waste water treatment plant expansion. The plant additions were constructed to enable the City to treat projected flow requirements through the year 2005 and to meet new regulations on effluent and sludge. The improvements increased capacity from 11.3 million gallons per day to 18.1 million gallons per day of peak month flow and from 18,150 pounds per day to 30,850 pounds per day biochemical oxygen demand. The cost of said improvements totaled approximately \$14.7 million.

Subsequent improvements included the construction of a major interceptor line needed to serve a large area identified in the Comprehensive Plan as the West Basin. This line provides service to a rapidly growing area in the northwest portion of Grand Island.

Improvements funded from proceeds of the City's Sewer System Revenue and Refunding Bonds, Series 2003, as to their portion received as new borrowing rather than refinancing, were applied to improvements to the sewer plant, certain sewer lines, engineering costs, fees of consultants and other extensions and improvements to the sewer system at a cost of approximately \$3.15 million.

The City provides sewer service to most of the area within its corporate limits and a small number of customers outside the City limits. The Sewer System currently services 15,371 residential, commercial, interdepartmental and industrial customers. Large industrial customers include JBS, McCain Foods and Case New Holland, all of which are served subject to the City's discharge permit conditions and requirements in accordance with Chapter 30 of the Grand Island City Code. The number of customers served by the Sewer System is approximately 98% of the total customers served by the City's water system.

Wastewater Collection and Transmission

The City's wastewater collection system consists of approximately 200 miles of sewer lines, including 195 miles of gravity sewer and 5 miles of force mains. The collection system also includes fifteen lift stations. Wastewater is conveyed to the Wastewater Treatment Plant ("WWTP") for treatment.

In 1988, the Department of Public Works began a program to survey all the sewer lines with closed-circuit television over a twenty-year period to evaluate the condition of the wastewater collection system. At the same time, a collection system repair program was started to repair structural defects. In 2009 a sewer condition assessment was performed by the engineering firm CH2M Hill. This inspection was aided by the city's wastewater camera crew which televised and recorded a total of 42,000 feet (approximately 8 miles) of pipe. This pipe ranges from 27-inches to 36-inches in diameter and has been in service for 40 to 44 years. A rating system was set up using a lettering system from A-F; with "A" being excellent condition and "F" grade representing emanate failure. The north interceptor piping corridor was found to be 100% grade "F" condition. Therefore this has become a priority for the City of Grand Island. Although the collection system maintenance is regularly performed, the determining factors were the age, and materials of pipe construction in the decline of this infrastructure.

Sewer lines fifteen inches and less in diameter are routinely flushed on an annual basis. Maintenance activities are tracked by a Wastewater Collection Management System computer program. The program compiles flushing history, backup history and TV inspection history and generates work orders. During 2010 a prioritization program to determine where the problem areas that needed greater attention was finalized: these areas were identified and put on a more aggressive schedule.

The fifteen collection system lift stations are connected to a display panel in the WWTP control room. The display gives high-level and loss-of-power alarms. The lift stations are visited and checked twice each week to ensure proper operation and personnel are on call twenty-four hours per day for both collection system and lift station failures.

Wastewater Treatment Plant

All wastewater in the City's service area, including that received from large users, is treated at the Grand Island Wastewater Treatment Plant. The WWTP is located approximately two miles east of the City of Grand Island. The WWTP was originally constructed in 1964 and was upgraded in 1977. The upgraded plant has a peak-month design capacity of 10.0 mgd of raw wastewater, plus 1.3 mgd of wastewater from JBS. The plant was upgraded again in 1995 to a peak-month design capacity of 18.1 mgd.

Prior to the 1994-1995 expansion project, the WWTP was at or near its treatment capacity. A comprehensive wastewater management plan, based on a twenty-year planning period, was completed by the City in November 1992 (the "Facilities Plan"). The recommendations in the Facilities Plan called for expansion of the existing WWTP to provide adequate treatment for the increasing flows and loadings entering the plant and to provide the necessary level of treatment to meet new regulations for effluent limitations and new sludge regulations. This expansion was completed December 31, 1995.

In 2010, the primary clarifier mechanism replacement project was completed. This project consisted of replacing the mechanisms, bridge, and concrete repair work on both the clarifiers and the grit chambers. Paint and coatings were also applied to areas that are contacted by water.

The Water System

The City's Water System depends on multiple sources of supply: the Platte River well field located two miles south of the City, high pressure wells located within the City limits and 10 wells dedicated to serve the power plants. The system consists of such wells and a system of transmission lines and storage reservoirs. The Platte River well field is composed of 21 concrete or steel cased wells. The field covers 1,323.95 acres. The anticipated capacity for the Platte River well field is 36 wells, each with a pumping capacity of 1,500 gallons per minute. Wells at the well field discharge to a collection system terminating at a 225,000 gallon capacity collection basin. Pumps at the Platte River pumping station forward water through two 30-inch diameter transmission lines to 3 storage reservoirs located within the City. The Platte River well field can also supply cooling water for use by the City's electric power plants. The Platte River well field, the wells inside the City and the power plant wells draw on an aquifer which is approximately 100 to 200 feet deep. The water obtained is treated for corrosiveness reduction and is chlorinated. The Burdick reservoir has a 3 million gallon capacity and is a ground level reservoir. The Pine Street Pumping Station reservoir has a total capacity of 3.5 million gallons. The Rogers Reservoirs and Pump Station have a storage capacity of 6 million gallons. There are presently 5 high pressure wells. These wells take water from the aquifer and pump it directly into the distribution system, at system pressure.

In recent years, the nitrate levels in certain areas of the in-city wells have increased and various volatile organic compounds have been detected at unacceptable levels. The City has discontinued the use of several wells since 1971. It is expected that in-city wells may continue to experience deterioration related

to water quality because of nitrates and other contaminants. Over the past few years, however, nitrate levels in remaining wells appear to have stabilized or are trending downward. Levels of uranium, a naturally occurring element, have been approaching the Maximum Containment Level established by the Environmental Protection Agency. Detailed investigations are being undertaken to determine uranium removal methods and evaluate those best suited for the Grand Island system.

The combined total capacity for all of the City's wells is approximately 56 million gallons per day. The City has experienced a peak demand of 44.04 million gallons per day. The City's average pumpage is approximately 12.9 million gallons per day.

The existing distribution network is comprised of water mains ranging in size from 4 inches through 24 inches in diameter. The large mains interconnect the three high service pump stations and extend throughout the distribution network. Networks of intermediate size mains are connected to these transmission mains with grids of 4, 6, 8, 10, 12, 14 and 16 inch diameter mains within such networks.

The Water System presently serves 15,635 metered customers as of December 31, 2010.

Solid Waste Disposal Services

The City's solid waste disposal system serves approximately 17,500 residential and commercial customers. Under City ordinance both residential and commercial generators of waste must utilize the City's waste disposal services. Rates for hauling within the City are set by the respective independent haulers. Current residential rates are \$16.34 per month for once a week pick up. Commercial service charges are negotiated by customer and hauler and vary depending upon size of container and number of weekly pickups required. The City, as manager for the Grand Island Area Solid Waste Agency, currently charges tipping fees of \$29.85 per ton for waste. The Grand Island Area Solid Waste Agency owns and operates the facility used for solid waste disposal. The City has entered into a service agreement with the Agency which requires the City to make payments to retire the Agency's outstanding bonds to the extent not paid from revenues. Such bonds are currently expected to be retired from revenues without any payment for such purposes being required to be made by the City.

ENVIRONMENTAL MATTERS

The City and its utilities are subject to extensive and evolving environmental laws and regulations enacted in response to growing public concern over environmental issues. These laws and regulations are, in general, administered and enforced by the United States Environmental Protection Agency ("EPA"), the Nebraska Department of Environmental Quality ("NDEQ"), the Nebraska Department of Health and Human Services ("DHHS"), and other agencies discussed below .

The primary legislative measures impacting the City's Water System are the federal and Nebraska Safe Drinking Water Acts. Under these laws municipal water supply systems are required to conduct periodic testing of source water and tap water to determine compliance with national drinking water standards for contaminants that may have an adverse effect on the health of persons. Regulations adopted under these laws also establish standards for the design, construction and operation of municipal water systems.

Grand Island disinfects and adds a corrosion reducing agent but does not filter or treat municipal water prior to distribution. The City's Platte River Well Field provides over 95% of the municipal water supply, while the remainder is produced by older standby supply wells distributed throughout the City. The municipal water is believed to meet current EPA and DHHS regulatory standards. Variable concentrations of naturally occurring uranium have been detected in well water at the Platte River Well Field. During periods of peak usage, the uranium concentration levels at certain wells are approaching the more stringent regulatory limitations for uranium recently established by the EPA. In order to

maintain a margin of safety, the City's engineers have proposed, and City staff has recommended a phased response. The initial step entails construction of a treatment facility designed to remove all uranium from the water produced by three of the Platte River wells showing the highest uranium concentrations. This treated water would then be blended with untreated water from the remaining eighteen Platte River wells to lower overall levels of uranium. Capital construction costs for this initial phase are estimated to exceed \$3 million with annual operating costs estimated to exceed \$1 million. If uranium treatment is implemented for all water produced at the Platte River Well Field, total capital construction costs are estimated to exceed \$18 million, and annual operating costs are estimated to be in excess of \$2 million. Substantial water rate increases will be necessary to fund such treatment costs and any bond issue necessary to fund capital construction costs.

The federal Clean Water Act ("CWA") is the primary legislation impacting Grand Island's wastewater and storm water systems. The EPA has delegated responsibility to the NDEQ for issuance of National Pollutant Discharge Elimination System ("NPDES") permits that are required for the operation of the City's Wastewater Treatment Plant ("WWTP") and the discharge of water. The NPDES permit for the WWTP was renewed in 2008 with heightened restrictions and conditions on the effluent. The City undertook an engineering study to determine WWTP upgrades necessary to continue to comply with the NPDES permit. This study was impacted by the recent implementation of an enhanced wastewater pretreatment system at a local meat processing facility, the largest customer of the WWTP. If the meat processor's pretreatment system proves effective, it will reduce the load on the WWTP while also reducing revenues received from the meat processor. The need for and nature of modifications to the WWTP must be determined in light of the pretreatment system operation. No reliable estimates of costs for WWTP modifications or upgrades can be made at this time. Any modifications or improvements will be financed, at least in part, from funds on hand and, if necessary, from an anticipated bond issue to be paid from user fees.

The City also operates storm sewers and discharges storm water at numerous locations involving several watercourses. NDEQ issued the City an NPDES storm water permit in 2006. The costs of implementing the City's storm water permit requirements during the initial five-year term are estimated to be in excess of \$100,000 per year. Substantial increases in the annual cost of compliance are anticipated upon renewal of this NPDES permit, including possible requirements for retention or treatment of storm water.

The primary environmental legislative measure impacting the City's Electric System is the federal Clean Air Act ("CAA"). The legislation and implementing regulations impose monitoring requirements as well as permitting requirements with limitations on airborne emissions. Continuous emission monitoring equipment has been installed and updated at the Platte Generating Station (coal fired) and at the Burdick Station Unit No. 3 (natural gas/fuel oil fired). The required NDEQ Title V CAA air emission permits for Platte and Burdick Stations are in effect, and operations are believed to comply with all current permit and regulatory requirements. Annual Title V emission fees paid to NDEQ exceed \$50,000.

In response to pending EPA CAA regulatory actions to limit mercury emissions from power plants, the City engaged the Black and Veatch engineering firm to design improvements to Platte River Generating Station. This work has been placed on hold to await EPA's final rule adoption, now scheduled for late 2011. The total cost of this project is estimated to exceed \$34 million and will be financed through a bond issue to be paid from Electric System revenues.

The Electric system is also impacted by recently adopted and currently pending EPA and NDEQ regulations governing "greenhouse" gas emissions, including carbon dioxide. Additional monitoring equipment has been installed and procedures have been implemented at the Platte and Burdick Stations to comply with new "greenhouse" emissions reporting requirements. Depending on the results of emissions monitoring and on whether or when any CAA permit modifications are needed, as well as the

outcome of the regulatory process, the City may be required to implement “best achievable control technology” for the reduction of “greenhouse” gas emissions by the Electric System. Such technology could involve significant capital expenditures, increased operating costs, and reduced production capabilities. Due to regulatory uncertainty, neither cost estimates nor compliance timeframes are available at this time.

The City has entered into power purchase agreements with Omaha Public Power District with respect to its Nebraska City Unit 2 and with Public Power Generation Agency (an interlocal cooperation agency) with respect to its Whelan Energy Center Unit 2 (located near Hastings, Nebraska), both of which use coal to generate electrical power and may be similarly impacted by CAA requirements related to “greenhouse” gases. To the extent that these requirements or other regulatory measures impose significant additional costs, it is likely that such expenses will be passed on to the City and its customer base.

The federal CWA and the NPDES regulations also impact the Electric System. The City holds an NPDES permit for the discharge of condenser cooling water from Burdick Station Units #1 and #2. This permit requires testing the temperature, pH, flow and chlorine. A second NPDES permit is held for discharge of waters from the cooling tower associated with Burdick Station Unit #3. It requires monitoring for temperature, pH, chromium, zinc, flow and chlorine. The City holds three NPDES permits for the Platte Generating Station. Process waters from this plant are collected in an on-site retention pond prior to discharge from the plant site. The NPDES permit for this discharge requires testing for temperature, pH, suspended solids, oil and grease, chromium, copper, zinc, chlorine and flow. A second permit is held for storm water run-off that requires testing for biological oxygen demand (BOD). A third permit is held for the fly ash storage area that requires testing for pH, suspended solids, oil and grease, copper, iron and flow. All testing required by these permits is conducted by utility staff at the laboratories at the power plants. Periodic reports are made, as required by the permits, to NDEQ. The Electric System has not experienced any material difficulties in meeting the conditions of these permits.

Coal ash produced at the Platte Generating Station is either disposed in an on-site licensed landfill or sold for use in production of materials such as concrete and asphalt. This ash is regularly analyzed for heavy metals in accordance with the procedures established by the EPA Toxicity test and has not indicated significant concentration levels. The area of the on-site landfill is approximately 49 acres and was constructed with a two foot liner of clay and bentonite. The permit for the coal ash landfill was renewed by NDEQ. Routine inspections by NDEQ have confirmed the operation to be within established guide lines and have found no major violations. The permit renewal required the construction and regular testing of monitoring wells to assess any impact on groundwater. Such installation has been completed.

The Platte Generating Station utilizes coolant water pumped from three on-site wells, each of which is capable of meeting the Station’s needs. In addition a supply of cooling water can be obtained from the City’s Platte River Well Field which connects to the Platte Generating Station through a 30-inch transmission line. At Burdick Station, ten wells located on the plant site are capable of providing approximately 50% of the cooling water requirements for full load. The remaining water is supplied from the City’s Platte River Well Field. The substantial water-pumping requirement for Burdick Station is due to the two older units that utilize once-through condenser cooling. These units were completed in 1956 and 1963, respectively, and represent 38.5 MW (18.6%) of the Electric System’s generation capacity. The 54 MW Burdick #3 unit, utilizes a more water efficient cooling tower. The combustion turbine utilizes a closed system for cooling.

The City’s Electric and Water System operations are also impacted by LB 962, legislation adopted and approved in 2004 and amended by LB 1226 in 2006 by LB 483 in 2011. In areas designated as fully

appropriated or over-appropriated, LB 962 requires the local natural resources district ("NRD"), in cooperation with the Department of Natural Resources ("DNR") to develop and implement an Integrated Ground Water Management Plan ("Management Plan") to conserve and protect ground water supplies and to resolve conflicts between ground water users and surface water appropriators arising from water shortages. Management Plan controls may include allocations of the amount of ground water that may be withdrawn by ground water users, prohibitions on the construction of new wells, and prohibitions on the withdrawal and transport of ground water for use on property other than where the well is located. The City and its well field are located in an area that has been determined to be fully appropriated. In response, the NRD has adopted rules and regulations prohibiting new wells and expanded uses of ground water. LB 1226 establishes a minimum ground water allocation for the City's governmental, domestic, commercial and industrial uses (including power generation) plus a per capita allowance which is believed to be adequate for the City's needs.

The City has owned and closed sanitary landfills and continues and expects to continue using a landfill. The primary legislative measures affecting landfills are the federal Resource Conservation and Recovery Act ("RCRA") and the Nebraska Integrated Solid Waste Management Act. To comply with these laws and the implementing regulations adopted by the EPA and the NDEQ, the City closed an existing landfill and commenced disposal at a newly constructed and licensed landfill on adjacent property. Construction of an earthen cover was completed at the former landfill. No groundwater monitoring is required at the former landfill site, and no groundwater contamination has been detected in the monitoring wells at the current landfill. The City's NDEQ landfill permit is currently pending renewal. All operations are believed to be in compliance with the provisions of the existing permit as well as the terms of the proposed renewal RCRA landfill permit. Consultants have determined that the landfill does not exceed current thresholds triggering "greenhouse" gas monitoring requirements, but the impact of pending CAA regulations on the landfill cannot be determined at this time. Operations and expansion are expected to be financed through cash flow for the foreseeable future. The City is not currently aware of any post closure expenditure that will be required for any previously closed landfill.

Under the Nebraska Petroleum Release Remedial Action Act, owners of underground petroleum storage tanks and underground piping for storage tanks which have leaked are responsible for remediation. With respect to the Burdick Station, the City discovered a significant leakage from underground piping for a fuel oil storage tank. The City has undertaken investigation and has installed a force phase petroleum removal system that has been operational since 1992. The City received financial assistance from NDEQ towards a portion of the investigation and remediation costs for this site, and the City does not anticipate significant additional cleanup expenditures. The City conducted an evaluation and redesign study of the piping system and installed a replacement piping system. The Electric System currently owns no underground storage tanks. The underground storage tanks previously operated by the Electric System were removed under a two-year program that was completed in 1990. The City currently owns five underground storage tanks for fuel and oil storage in connection with general municipal operations. For such tanks the City is currently testing, measuring and reporting in accordance with regulatory requirements. Replacement or upgrade of these tanks has been completed to meet regulatory requirements, including monitoring.

The City has experienced certain problems in connection with polychlorinated biphenyls ("PCB"). Such substance has been declared hazardous by the United States Environmental Protection Agency. PCB's were widely used in transformers and capacitors as insulating material. Although restricted use is still permitted, Grand Island has eliminated use of PCB in connection with the Electric System. The Electric System's power plant transformers, substation transformers, padmounted transformers, distribution capacitors, overhead transformers and other electrical devices have been tested, and all known PCB materials have been removed from the system. Removal, storage and disposal of PCB materials are documented in accordance with EPA regulations. The City accepted a settlement in August of 1999

relating to a Superfund site operated by Rose Chemicals of Holden, Missouri, and believes that such matter is resolved for practical purposes although the agreement contains certain contingent provisions.

BONDHOLDERS' RISKS

The 2011 Bonds are to be paid from the Payments which constitute amounts payable by the City from ad valorem taxes levied against all the property in the City. The 2011 Bonds are not in any event payable from revenues attributable to the Project and no mortgage or other security interest in the Project is being provided. The following items, among others, should be considered by potential investors:

1. Results of a Termination of the Agreement

In the Agreement, the parties have stated that it is their intention that the Agreement shall be a fully executed contract for the purchase of the Project by the City. Upon any default by the City in payment, the Trustee shall have the right to sue for any such rentals past due but shall not have any right to accelerate payments from the City or to terminate the Agreement. Neither the Corporation as lessor nor the Trustee as the absolute assignee of the Payments shall have the right to terminate the Agreement provided that the Corporation may re-enter and take possession of the Project, without terminating the Agreement and thereafter shall use reasonable diligence to receive and apply the revenues of the Project, or parts thereof, to its corporate purposes, with the right to make alterations and repairs to the Project.

2. Enforceability of Remedies, Bankruptcy Code

The realization of any rights upon a default by the City will depend upon the exercise of the limited remedies of suit for past due rent and, under appropriate circumstances, injunction relating to observing of certain covenants set forth in the Agreement. Such remedies may require judicial action which is often subject to discretion and delay. Under existing law, certain of the remedies specified in the Indenture or the Agreement may not be readily available or may be limited. A court may decide not to order the specific performance of the covenants contained in such documents. The rights and remedies of the Trustee and bondholders are also subject to the limitations provided for in the United States Bankruptcy Code, which among other things, limits rights of set-off and in certain circumstances allows a debtor to obtain the use of cash collateral held by secured creditors, such as the Trustee. The opinion of Bond Counsel with respect to the 2011 Bonds will state that the Agreement is a valid and binding agreement of the City except to the extent that the enforceability thereof may be limited by bankruptcy and insolvency laws, including the Federal Bankruptcy Code. While the Agreement is intended as a credit arrangement, a Bankruptcy court might determine it to be a true lease or an executory contract. If under the provisions of the Bankruptcy Code the Agreement were to be determined to be either a true lease or an executory contract, the Agreement could be rejected by the City subject to court approval. Such rejection would entitle the Corporation to retake possession of the Project and for the Trustee to have a claim against the City for damages in a limited amount. If under the provisions of the Bankruptcy Code the Agreement were to be treated as a credit arrangement and an executed contract, the special provisions relating to leases and executory contracts in the Bankruptcy Code would not apply.

3. Nebraska Developments Related to Budgets and Taxation.

The Nebraska Legislature has recently taken actions designed to limit increases in spending and to reduce the reliance of local governmental units on property taxation. For a discussion of such changes, see “NEBRASKA DEVELOPMENTS RELATED TO BUDGETS AND TAXATION”.

4. Economic Downturn/Decreased Nebraska State Tax Revenues.

The State of Nebraska, like many other states, has recently experienced decreased collections of revenues relating to general economic conditions as they impact enterprises in Nebraska. Such decreased

collections have resulted in lower forecasts of revenues for budgeting purposes for the State. In response to this change in revenue receipts certain changes were made in a special session called by the Governor in 2009. In the current legislative session, the Legislature passed and the Governor signed LB 383 which eliminates certain state aid to local governmental units. Elimination of such state aid in accordance with LB 383 is expected to reduce the City's revenues by approximately \$350,000. The Legislature also passed and the Governor signed LB 235, which may reduce state aid to school districts over the next two years. Further reductions in state expenditures affecting political subdivisions such as the City are likely to be considered from time to time as the current economic downturn continues. Legislation affecting the taxing powers of political subdivisions, particularly with respect to occupation taxes, is also under consideration. The economic downturn also impacts sales tax receipts and may have a delayed impact on determinations of valuations for local property taxes.

NEBRASKA DEVELOPMENTS RELATED TO BUDGETS AND TAXATION

The Nebraska Legislature has endeavored to reduce the level of property taxation and political subdivision expenditures in the State. The Legislature has, for such purposes, enacted legislation to provide for budget limitations and legislation requiring reductions in the rate of taxation for general property taxes. Budget limitations relating to cities, villages, counties and other political subdivisions (Sections 13-518 to 13-522, R.R.S. Neb. 2007, as amended, and related sections, the "Budget Limitations") limit the growth in amounts which may be budgeted with respect to certain restricted funds. Restricted funds include (a) property taxes, (b) payments in lieu of property taxes, (c) local option sales taxes, (d) motor vehicle taxes, (e) state aid, (f) transfers of surpluses from user and other fees if the transfer funds a service or function not directly related to the fee or charge and (g) unexpended funds from the prior year budgeted for capital expenditures which are not expected to be spent for capital improvements. The limitation imposed does not apply to (a) restricted funds budgeted for capital improvements, (b) restricted funds expended from a qualified sinking fund for acquisition or replacement of tangible personal property, (c) restricted funds pledged to retire bonded indebtedness or used to pay other financial instruments that are approved and agreed to before July 1, 1999 (d) restricted funds budgeted in support of a service which is the subject of an interlocal cooperation agreement, (e) restricted funds budgeted for repairs to infrastructure in the case of a declared disaster emergency and (f) restricted funds budgeted to pay for certain judgments. The Budget Limitations currently provide for a base limitation of 2.5% upon increases. Such base limitation is subject to review by the Nebraska Legislature from year to year. The base limitation may be exceeded by an additional 1% upon an affirmative vote of at least 75% of the governing body. These limitations are to be enforced through the office of the Auditor of Public Accounts of the State of Nebraska and state aid may be withheld from governmental units which fail to comply. The Payments due under the Agreement (as existing prior to the refunding of the 2004 Bonds and the issuance of the 2011 Bonds) could be determined to be subject, in whole or in part, to the Budget Limitations. In such case, the City would be required to take such payments into consideration under the applicable limit.

Tax levy limitations (Section 77-3442, R.R.S. Neb. 2009, as amended, and related sections, the "Levy Limitations") provide for overall limitations on the property tax levies of political subdivisions, including cities. The Levy Limitations provide for an express exclusion from the limitations for property tax levies for bonded indebtedness. The Payments are being made under a lease purchase agreement as permitted under Section 19-2421, R.R.S. Neb. 2007 and do not qualify as bonded indebtedness. They are subject to the Levy Limitations and the City has in the Agreement agreed to observe the Levy Limitations in making its annual levy during the term of the Agreement.

Under the Levy Limitations the rates for levying property taxes have been reduced for each type of governmental unit in the State of Nebraska. The rate for cities is set at 45¢ per \$100 of taxable valuation with an additional 5¢ available for payments under interlocal cooperation agreements.

The future methods for providing for financing cities, schools and other local units may be altered depending upon future actions to be taken by the Nebraska Legislature, further decisions of the Nebraska Supreme Court and federal courts and future initiative petitions proposed by voters.

SUMMARY OF BOND DOCUMENTS

Brief Descriptions of Agreement and the Indenture are included in this Official Statement. Such descriptions do not purport to be comprehensive or definitive. All references to the Agreement and the Indenture are qualified in their entirety by reference to each of such documents and all references to the 2011 Bonds in this Official Statement are qualified in their entirety by reference to the definitive form of such bonds and other information relating to the 2011 Bonds included in the Indenture.

THE AGREEMENT

The Agreement consists of four separate but related instruments, an original Lease Purchase Agreement entered into in 2001, an Addendum entered into in 2003, a Second Addendum entered into in 2004 and the Third Addendum which is being entered into in connection with the issuance of the 2011 Bonds. The following is summary of certain provisions of the Agreement.

Term, Premises

The term of the Agreement commenced in 2001 and will terminate on December 31, 2024, or upon the City's earlier making the Payments in such manner to cause all of the 2011 Bonds outstanding under the Indenture to be no longer outstanding. The premises which are the subject of the Agreement consist of the Project.

Payments and Additional Payments

The Payments shall be made by the City during the term of the Agreement in amounts sufficient to pay principal and interest on the 2011 Bonds as the same fall due. Under the Indenture the Corporation has made an absolute assignment of the Payments to the Trustee to provide for the principal and interest due on the 2011 Bonds. The Payments constitute a general obligation of the City, payable out of the funds of the City, which are to be raised by taxes levied on all taxable property in the City, subject to the City's statutory levy limitations. Amounts from general sales taxes may also be applied to make the Payments. Under the terms of the Agreement and the Indenture, the City is required to make the Payments directly to the Trustee, on the payment dates and in the amounts specified in the Agreement. The Agreement also requires the City to make certain additional payments. Any such additional payments are to be made by the City on a timely basis by remitting the same directly to the respective payees for the account of the Corporation. Additional payments include the Trustee's fees and expenses, any taxes, charges or other impositions upon the Project and any amounts required to pay costs of the Project not provided for from amounts available in the Construction Fund.

Title to the Project

Title to the Project and any and all additions, modifications or replacements of any portion of the Project will be held in the name of the Corporation, subject to the terms of the Agreement. Under such terms a warranty deed has been delivered into escrow for delivery to the City upon payment in full of the Payments or earlier satisfaction and defeasance or payment in full of the 2011 Bonds under the terms of the Indenture.

Management of Project

Under the Agreement the City has taken possession upon the completion of construction. The Corporation is to serve as Manager of the Project for the City under the terms of the Management Contract. So long as the

Management Contract remains in effect, the Corporation as Manager shall be responsible to keep and maintain the Project, including all appurtenances thereto and any personal property therein or thereon, in good repair and good operating condition. The Corporation as Manager will have responsibility for operating the Project as an agricultural exposition and events center, including contracting for sporting events, conventions, expositions and related services for the Project, including concessions and maintenance. The Corporation has the right, as Manager, to contract with Fonner for operational and maintenance services for the Project. Contracts relating to the Project entered into by the Manager presently include and are required to include clauses permitting cancellation in the event that the City takes title to the Project under the terms of the Agreement. Under the Management Contract, the Corporation has the right to purchase equipment and other property for use in connection with the Project which is to remain the separate property of the Corporation and shall not become a part of the Project.

Additions to Project

The City shall have the right, at its own expense, to make additions, alterations and changes in or to the Project and to construct any improvements related to the Project. All alterations, additions and improvements shall be deemed a part of the Project subject to the Agreement, and, upon termination of the Agreement, shall be surrendered to the Corporation, subject to the provisions described in the Agreement requiring conveyance to the City.

Continuing Disclosure Undertaking

The City has covenanted for the benefit of the Beneficial Owners of the 2011 Bonds to provide certain financial information and operating data relating to the City by not later than May 1 of each year (the “**Annual Report**”), commencing May 1, 2012, and to provide notices of the occurrence of certain enumerated events, if material, using the Electronic Municipal Market Access System (“**EMMA**”) established by the Municipal Securities Rulemaking Board (the “**MSRB**”). The Annual Report, together with notices of material events, will be filed by the City with the MSRB using EMMA. The proposed form of the Continuing Disclosure Undertaking to be made by the City in the Agreement in connection with the issuance of the 2011 Bonds is attached to this Official Statement as “**APPENDIX B – FORM OF CONTINUING DISCLOSURE UNDERTAKING.**” These covenants have been made in order to assist the Underwriter in complying with SEC Rule 15c2-12(b)(5) (the “**Rule**”).

A failure by the City to comply with the Continuing Disclosure Undertaking will not constitute a default under the Agreement, although Beneficial Owners are to have an available remedy to require performance. Any such failure must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the 2011 Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the 2011 Bonds and their market price.

Compliance with Existing Continuing Disclosure Undertakings

The City believes it has substantially complied with its continuing disclosure undertakings pursuant to the Rule with respect to each of the five most recently completed fiscal years by reason of the following: the City believes it (a) is in substantial compliance with its obligation to file annual financial information with the MSRB from and after July 1, 2009, (b) has filed its Comprehensive Annual Financial Report with each of the nationally recognized municipal information repositories (or with the Texas Municipal Advisory Council as provided at <http://www.disclosureusa.org>) for each of the past five completed fiscal years, and (c) has experienced no events determined to be material and requiring a material event notice. Any failure to comply with the Undertaking must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Series 2011 Bonds in the secondary market.

Property Insurance to be Maintained

Throughout the term of the Agreement, the City is to keep the Project insured at its expense against loss by fire and extended coverage perils in an amount not less than the full replacement value. In the event of damage to the Project, proceeds of such insurance are to be applied to repair and reconstruct the Project. Insufficiency of any insurance proceeds for restoring the Project shall not relieve the City from making the Payments.

Liability Insurance to be Maintained

The Agreement requires the Corporation, so long as the Management Contract remains in effect, to maintain, at the Corporation's expense, comprehensive general liability insurance on the Project in amounts not less than \$1,000,000 for bodily injury and property damage for each occurrence, with an annual aggregate limitation of not less than \$2,000,000. In addition, the Corporation is to maintain, so long as the Management Contract remains in effect umbrella liability insurance covering the Project in amounts not less than \$1,000,000 for bodily injury and property insurance for each occurrence and with annual aggregate limitation of not less than \$2,000,000.

Indemnification

Under the Agreement, the City agrees, to the extent permitted by law, to save the Corporation and the Trustee harmless against claims arising from the City's acquisition and leasing of the Project, including any breach of default on the part of the City in the performance of any of its duties and responsibilities under the Agreement.

Under the Agreement, the Corporation agrees to indemnify the City against claims arising from the Corporation's construction, acquisition and management of the Project related to the following:

- (a) any breach or default on the part of the Corporation in the performance of its obligations under the Agreement and any related document;
- (b) any act, failure to act or negligence of the Corporation or of its officers, directors, employees, agents, contractors or licensees; and
- (c) any accident, injury or death of any person or damage to any property occurring in or as a result of any condition of Project, occurring prior to the termination of the Agreement or of the Management Contract, whichever occurs earlier.

Damage and Destruction

If the Project is destroyed (in whole or in part) or damaged by fire or other casualty, insurance proceeds shall be used to repair, replace or reconstruct the Project, as may be determined by the City. If the proceeds of property insurance are insufficient fully to restore the Project, such insufficiency shall not constitute a default on the part of the Corporation and the Corporation shall have no responsibility to restore the Project beyond application of the funds available from insurance. Such insufficiency shall not relieve the City from responsibility for making the Payments.

Condemnation

If during the term of the Agreement, any part of the Project is taken by exercise of the right of eminent domain and if in the mutual opinion of the City and the Corporation the utilization of the Project is not

impaired by such taking, no duties or responsibilities of the parties shall be reduced or affected. The net award of any taking shall be paid to and belong to the City. The proceeds of any such award shall be applied by the City to the construction of a replacement facility comparable to the Project. The taking of all or any portion of the Project by the right of eminent domain by any governmental body shall not affect or reduce the City's obligation to make the Payments as provided in the Agreement.

Conveyance of the Project to the City

A deed to the Project from the Corporation has been placed in escrow and such deed is to be delivered to the City (a) if the City shall have made all Payments as required under the terms of the Agreement and all then current additional payments; or, (b) if all bonds issued by the Corporation, including interest due and to become due to date of payment and all other obligations of the Corporation, other than obligations to the City, are fully paid or payment provided for as permitted in the Agreement and the Indenture.

Net Revenues of Project

Neither the City nor the Corporation expects that the Project will be operated on a basis more favorable than breaking even, after taking into consideration amounts made available from a City occupation tax agreed to by the City to cover a portion of operating expenses. Any net revenue from the operation of the Project is to belong to the Corporation as its separate property.

Assignment by the City

The City may not assign its rights under the Agreement so long as any 2011 Bonds remain outstanding under the Indenture

Assignment by the Corporation

Under the Indenture, the Payments have been assigned absolutely to provide for payment of principal and interest on the 2011 Bonds. The Corporation may assign any of its other rights under the Agreement and any related documents to another nonprofit corporation exempt from federal income taxation under Sections 501(a) and 501(c)(3) of the Code with the approval of the City and the Trustee.

Subleases

In accordance with the terms of the Management Contract, the Project is to be made available for use by exhibitors, licensees, concessionaires in the ordinary course of operation of the Project as an agricultural exposition and events center. No other subleasing of the Project by the City is permitted without the consent of the Corporation and the Trustee.

Default and Remedies

Any default in making the Payments is to be enforceable against the City only by direct proceedings by the Trustee for such collection and without any right of acceleration. The Corporation may enforce its rights against the City only by proceedings for injunction or other equitable relief so long as any of the 2011 Bonds remain outstanding.

Amendment and Modifications

The City consents and agrees for the benefit of the Trustee and the owners of the 2011 Bonds, that until payment of all the 2011 Bonds outstanding under the Indenture and interest thereon or until funds sufficient for such payment have been duly provided, the Agreement may not be effectively amended, changed or

modified except as permitted by the Indenture, and that the Trustee has and may exercise all rights and remedies of the Corporation provided for in the Agreement with respect to enforcing the obligation of the City to make the Payments, either in its own name or in the name of the Corporation.

THE MANAGEMENT CONTRACT

The Corporation and the City entered into the Management Contract dated as of December 1, 2004, and the Addendum to Management Contract dated as of September 1, 2011 (together, the “Management Contract”). The Corporation has been acting and will act as manager of the Project under the Management Contract. The Management Contract is to run for successive one year terms renewable at the option of the Corporation and may also be cancelled by the Corporation on 120 days’ notice at any time. The Corporation at its expense may provide equipment or other property for the Project. Such equipment is to be the separate property of the Corporation. All revenues of the Project are to be retained by the Corporation and applied to its corporate purposes as an organization qualified under Section 501(c)(3) of the Code. The Corporation is authorized to make such contracts as it determines appropriate with respect to the operation of the Project. Any such contracts are to be subject to cancellation in the event that the City elects to prepay the 2011 Bonds and take title to the Project or takes title to the Project in accordance with the terms of the Indenture and the Agreement. Under the Management Contract the Corporation is required to maintain insurance for general liability with respect to the Project as described in the Agreement.

THE INDENTURE

The following is a summary of certain provisions of the Indenture.

Payment of 2011 Bonds

Pursuant to the Indenture, the Corporation has assigned its rights to the Agreement, including the right to receive the Payments under the Agreement to the Trustee, for the benefit of the registered owners of the 2011 Bonds. The principal of and interest on the 2011 Bonds are payable from the Payments and amounts, if any, which might be realized from the enforcement of the rights of the Corporation and the Trustee (including the Trustee’s security rights under the Indenture) under the Agreement and the Indenture.

Funds and Accounts

The Indenture provides for the establishment of various funds which are described in this paragraph. Except as otherwise provided in the Indenture, the Trustee will hold all funds as trustee for the owners of the 2011 Bonds. Any income from the investment of the funds will be applied as provided in the Indenture. The funds established are:

1. **Bond Fund**. The Bond Fund shall be used solely for the payment of the interest on the 2011 Bonds and for the retirement of the 2011 Bonds at or prior to maturity.

2. **Rebate Fund**. Any amounts deposited and held in the Rebate Fund are to be held by the Trustee under the Indenture for the benefit of the United States Treasury in accordance with the terms of Section 148 of the Code.

Amounts Remaining in Funds

After payment in full of the 2011 Bonds, interest thereon, the fees, charges and expenses of the Trustee and all other amounts required to be paid under the Agreement or the Indenture, any amounts remaining in the Bond Fund, held by the Trustee pursuant to the Indenture, are to be paid to the Corporation.

Redemption of 2004 Bonds

The 2004 Bonds have been called for redemption on September __, 2011. Net proceeds of the 2011 Bonds (after payment of issuance expenses), together with certain current debt service funds of the City shall be applied on such redemption date to the redemption of the 2004 Bonds. The City has agreed to provide all amounts (in addition to the net proceeds of the 2011 Bonds) required to effect the full redemption of the 2004 Bonds.

Investment of Monies

Any monies held as part of any fund or account created under the Indenture will be invested or deposited by the Trustee, in investments which are permitted under the terms of the Indenture. The Trustee is not liable or responsible for any loss resulting from the investment of monies. The Corporation and the City have each covenanted for the benefit of the owners of the 2011 Bonds that so long as any of the 2011 Bonds remain outstanding, monies on deposit in any fund in connection with the 2011 Bonds, will not be used in a manner which will cause the 2011 Bonds to be classified as "arbitrage bonds" within the meaning of Sections 103(b) and 148 of the Code. Permitted investments include United States government obligations, obligations of certain United States government agencies (whether or not supported by the full faith and credit of the United States), bank savings accounts or certificates of deposit issued by banks, including the Trustee itself or affiliates of the Trustee, to the extent that such savings accounts or certificates of deposit are fully insured by the Federal Deposit Insurance Corporation, or in common trust funds or mutual funds or securities of investment companies which invest substantially all of their assets in United States government obligations, including such securities as covered by repurchase agreements

Events of Default and Remedies

Any of the following will be "events of default" under the Indenture:

- (a) default in the due and punctual payment of the principal of or the interest on any 2011 Bond secured under the Indenture outstanding;
- (b) default in the due and punctual payment of monies required to be paid to the Trustee for deposit to the Bond Fund under the provisions of the Indenture and the continuance thereof for a period of five (5) days; or
- (c) default in the performance or observance of any other of the covenants, agreements or conditions on the Corporation's part contained in the Indenture or the 2011 Bonds and the continuance thereof for a period of thirty (30) days after written notice thereof to the Corporation by the Trustee, or by the owners of not less than fifty-one percent (51%) in aggregate principal amount of Bonds outstanding.

Rights and Remedies of Bondholders and Waivers of Events of Default

Upon the occurrence and continuation of an event of default, the Trustee may on its own initiative, and shall upon the written request of the owners of not less than fifty-one percent (51%) in principal amount of the 2011 Bonds then outstanding, and upon being indemnified to its reasonable satisfaction against any and all

costs, expenses, outlays, counsel fees and other reasonable disbursements and against all liability, proceed to take steps needful for the protection and enforcement of its rights and the rights of the owners of the 2011 Bonds as shall be provided by law, including a suit, action, or special proceeding in equity or at law. The Indenture does not provide for any acceleration of the maturity of the 2011 Bonds upon the occurrence or continuation of an event of default and the most likely remedies available are expected to be an action for collection of past due Payments or for injunctive or other equitable relief requiring the City to perform its obligations under the Agreement.

No owner of any of the 2011 Bonds shall have any right to institute any suit, action or proceeding in equity or at law or for any other remedy unless such owner previously shall have given to the Trustee written notice of any event of default as provided and unless the owners of not less than fifty-one percent (51%) in principal amount of the 2011 Bonds then outstanding shall have made written request of the Trustee, after the right to exercise such powers or rights of action, as the case may be, shall have accrued, either to proceed to exercise the powers granted in the Indenture or to institute such action, suit or proceeding in the name of the Trustee and the Trustee shall have refused or neglected to comply with such request within a reasonable time and after being afforded a reasonable opportunity to do so and after having been offered security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby. All actions to enforce any provision of this Indenture shall be instituted and maintained for the equal benefit of all owners of the 2011 Bonds, except that nothing contained in the Indenture shall impair the right of any owner of any 2011 Bond at or after the maturity thereof to reduce the same to judgment.

All rights of action under the Indenture or under any of the 2011 Bonds secured by the Indenture enforceable by the Trustee may be enforced without the possession of any of the 2011 Bonds or the production thereof at the trial or other proceedings, and any such suit or proceeding instituted by the Trustee shall be brought for the ratable benefit of the owners of the 2011 Bonds, subject to the provisions of the Indenture.

Obligations and Liabilities of Trustee

The duties and obligations of the Trustee shall be determined solely by the express provisions of the Indenture and the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in the Indenture. The Trustee shall be protected when acting in good faith upon the advice of its counsel. The Trustee may require of the Corporation full information and advice as to the performance of all covenants, conditions and agreements of the Corporation contained in the Indenture or any supplement thereto, but the Trustee shall not be required to ascertain or inquire as to the correctness of any information, statements, conclusions or opinions expressed in any certificate, resolution, report, opinion or other document furnished to it pursuant to any provision of the Indenture.

During the term of the Agreement, the City is required to cause the Trustee to be paid for its services and to reimburse the Trustee for its reasonable expenses incurred in the performance of its duties under the Agreement and the Indenture.

Supplemental Indentures and Amendments of Agreement

The Corporation and the Trustee may, without consent of or notice to the Bondholders, enter into supplemental indentures or agreements for any one or more or all of the following purposes:

- (a) to cure any ambiguity or formal defect or omission in the Indenture or in any such supplemental indenture; or
- (b) to grant to or confer upon the Trustee for the benefit of the owners of 2011 Bonds any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the owners of 2011 Bonds or the Trustee.

Except for the supplemental indentures described in the preceding paragraph, the Indenture requires that notice be given and that the consent of the registered owners of all 2011 Bonds outstanding under the Indenture be received.

The Agreement may be amended with the consent of the Corporation and the Trustee in order to cure any ambiguity, formal defect or omission or to make any other change which, in the judgment of the Trustee, is not to the prejudice of the bondholders. Except for amendments described in the preceding sentence, no amendments shall be made to the Agreement without the consent of the registered owners of all of the 2011 Bonds outstanding under the Indenture.

Defeasance of Bonds

2011 Bonds for the payment of which there shall have been deposited with the Trustee monies or obligations of or guaranteed by the United States Government which bear interest and mature in such amounts and at such times as to provide the monies required for payment in full of principal and interest shall be deemed to be satisfied under the terms of the Indenture.

LITIGATION

No litigation is pending or, to the knowledge of the City, threatened in any court to restrain or enjoin the issuance or delivery of any of the 2011 Bonds or the collection of revenues pledged or to be pledged to pay the principal of and interest on the 2011 Bonds, or in any way contesting or affecting the validity of the 2011 Bonds, the Indenture or the Agreement or the power of the Corporation to assign the Agreement and the Payments to the Trustee to provide for the payment of the 2011 Bonds or contesting the powers or authority of the City to enter into the Agreement and approve the issuance of the 2011 Bonds on its behalf. There is no litigation pending or, to the knowledge of the City, threatened in any court to restrain the City from entering into the Agreement.

UNDERWRITING

The Underwriter has agreed, subject to certain conditions, to purchase the 2011 Bonds from the City at a discount of \$_____ from the initial offering prices set forth on the cover page of this Official Statement, plus accrued interest. The Underwriter will be obligated to purchase all such 2011 Bonds if any such 2011 Bonds are purchased. The 2011 Bonds may be offered and sold to certain dealers at prices lower than such public offering prices, and such public offering prices may be changed, from time to time, by the Underwriter.

While the Underwriter expects, insofar as possible, to maintain a secondary market for the 2011 Bonds, no assurance can be given concerning the future maintenance of such a market by the Underwriter or others, and prospective purchasers of the 2011 Bonds should therefore be prepared to hold their 2011 Bonds to their maturity.

TAX EXEMPTION

Under the Internal Revenue Code of 1986, as amended (the “Code”) interest on the 2011 Bonds will be excludable from gross income for purposes of determining federal income taxes. Certain features of the Code with respect to interest on the 2011 Bonds are described in the following paragraphs.

1. The 2011 Bonds are not Private Activity Bonds. The 2011 Bonds are being issued for essential governmental purposes of the City and will not be “private activity bonds” as described in the Code. In connection with the issuance of the 2011 Bonds, the City and the Corporation will certify that

all payments with respect to the 2011 Bonds will be made by the City from general taxes and that the 2011 Bonds will not be secured by any interest in property used or to be used for any private business use or from payments in respect of such property nor shall payment of principal and interest on the 2011 Bonds be derived from payments in respect of property or borrowed money used or to be used for a private business use. No mortgage or other security interest with respect to the Project is to be provided. The City and the Corporation will also certify that none of the proceeds of the 2011 Bonds will be used to make or finance loans to any persons. Because the 2011 Bonds will not be “private activity bonds,” as described in the Code, they will not be subject to the alternative minimum tax for individuals or corporations. For corporations, however, the 2011 Bonds, like all other tax-exempt bonds, will be subject to the additional minimum tax on “adjusted current earnings,” which is referred to below.

2. The 2011 Bonds will not be Arbitrage Bonds under the Terms of the Code. In connection with the issuance of the 2011 Bonds, the City and the Corporation will certify certain of their expectations and anticipations with respect to the 2011 Bonds. The 2011 Bonds are expected to be subject to the rebate requirements as described in the Code. Under certain circumstances, failure to pay rebates on a timely basis can result in a retroactive loss of tax-exempt status for municipal obligations. Although the Code provides that the determination of whether or not a bond is an arbitrage bond is to be based upon reasonable expectations at the time of issuance, it also contains language which indicates that a bond is to be treated as an arbitrage bond “if the issuer intentionally uses any portion of the proceeds of the issue” to acquire higher yielding investments or replace funds which were used directly or indirectly to acquire such higher yielding investments. The Indenture will include a covenant on the part of the Corporation to take all actions necessary to preserve the tax-exempt status of interest on the 2011 Bonds under the Code. The Agreement and the Ordinance of the City approving the Agreement and the Indenture will include a covenant on the part of the City to take all actions necessary to preserve the tax-exempt status of interest on the 2011 Bonds under the Code, including reporting and payment of rebates to the extent required by the Code.

3. Tax Consequences for Tax-exempt Interest Income Under Certain Other Provisions of Federal Tax Laws. Under the Code while interest on the 2011 Bonds is exempt as to taxpayers generally, such income may be taken into consideration for purposes of computing certain other taxes imposed. Investors with social security or railroad retirement income may have a tax imposed upon such social security or railroad retirement income depending upon whether or not they have received tax-exempt income such as interest on the 2011 Bonds. Casualty and insurance companies will be required to take into consideration tax-exempt interest income in determining losses for certain purposes. Foreign corporations may be required to take into account interest on the 2011 Bonds in computing the branch profits tax under Section 884 of the Code. Certain S Corporations may also be required to take interest on the 2011 Bonds into consideration for certain federal income tax purposes. Corporations subject to the additional minimum tax on “adjusted current earnings” will be required to pay taxes on a portion of the interest income which is attributable to tax-exempt bonds in accordance with Section 56 of the Code. Taxpayers with social security and railroad retirement income, casualty and insurance companies, foreign corporations, S Corporations and corporations subject to the alternative minimum tax on “adjusted current earnings” should consult with their own tax advisors concerning the consequences of investment in the 2011 Bonds.

4. Financial Institutions--Deductibility of Attributable Interest. Under the Code financial institutions are not allowed to deduct any portion of the interest expense allocable to the acquisition or carrying of certain tax-exempt bonds acquired after August 7, 1986, unless such bonds have been designated as “qualified tax-exempt obligations” under the provisions of Section 265 of the Code. Financial institutions considering a purchase of the 2011 Bonds are advised that the ordinance of the City authorizing the issuance of the 2011 Bonds contains a provision which designates the 2011 Bonds as “qualified tax-exempt obligations” under Section 265(b)(3)(B)(i)(III) of the Code, provided, however, that such designation shall not apply as and to the extent that any of the 2011 Bonds are to be treated as “deemed designated” under the provisions of Section 265(b)(3)(D)(ii) of the Code. The City does not anticipate

issuance directly by it or on its behalf of tax-exempt bonds or other tax-exempt interest bearing obligations in an amount exceeding \$10,000,000 in calendar year 2011, taking into consideration the exception for current refundings. All or a substantial portion of the 2011 Bonds are expected to be determined by the City as “deemed designated”.

5. Changes in Federal and State Tax Law. From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to above or adversely affect the market value of the 2011 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the 2011 Bonds or the market value thereof would be impacted thereby. Purchasers of the 2011 Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the 2011 Bonds and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

Baird Holm LLP will render its opinion concerning the tax-exempt status of interest payable on the 2011 Bonds. Under existing laws interest on the 2011 Bonds is not subject to the Nebraska state income tax, except to the extent that it may be subject to federal income taxes.

TAX OPINION--STATE INCOME TAX

Baird Holm LLP, as the City’s bond counsel, will render their opinion concerning the tax-exempt status of interest payable on the 2011 Bonds. Under existing laws, interest on the 2011 Bonds is not subject to the Nebraska state income tax except to the extent that such interest is subject to federal income taxes.

APPROVAL OF LEGAL PROCEEDINGS

Legal matters incident to the authorization and issuance of the 2011 Bonds are subject to the unqualified approving opinion of Baird Holm LLP, Bond Counsel. Such firm is currently acting and has acted in the past as special counsel to the City.

MISCELLANEOUS

This Official Statement was duly approved by the City Council of the City of Grand Island on August __, 2011, and its execution and delivery were authorized by the City Council on the same date.

CITY OF GRAND ISLAND

By: _____
Mayor

APPENDIX A

CITY OF GRAND ISLAND, NEBRASKA

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2010

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APPENDIX B

FORM OF CONTINUING DISCLOSURE UNDERTAKING

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 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 seventh 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 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 2011 Bonds under the terms of the Indenture);

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

(5) substitution of credit or liquidity providers, or their failure to perform (not applicable to the 2011 Bonds);

(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 2011 Bonds, or other material events affecting the tax status of the 2011 Bonds;

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

(8) bond calls, if material, and tender offers;

(9) defeasances;

(10) release, substitution, or sale of property securing repayment of the 2011 Bonds, if material;

(11) rating changes (the 2011 Bonds are not rated and no rating for the 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 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 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 Indenture or the Agreement. The continuing disclosure obligations of the City, as described above, shall cease when none of the 2011 Bonds remain outstanding.

An extra section break has been inserted above this paragraph. Do not delete this section break if you plan to add text after the Table of Contents/Authorities. Deleting this break will cause Table of Contents/Authorities headers and footers to appear on any pages following the Table of Contents/Authorities.

DOCS/1051836.2

Ordinance No. 9311

AN ORDINANCE PROVIDING FOR THE PURCHASE AND LEASING OF AN AGRICULTURAL EXPOSITION AND EVENTS CENTER FOR THE CITY OF GRAND ISLAND; AUTHORIZING EXECUTION AND DELIVERY OF A THIRD ADDENDUM TO LEASE PURCHASE AGREEMENT WITH FONNER PARK EXPOSITION AND EVENTS CENTER, INC., AMENDING AND CONFIRMING THE TERMS OF A LEASE PURCHASE AGREEMENT PREVIOUSLY ENTERED INTO, RELATING TO THE CONSTRUCTION AND ACQUISITION OF SAID EVENTS CENTER FOR USE BY THE CITY OF GRAND ISLAND, NEBRASKA; APPROVING THE EXECUTION OF DOCUMENTS WITH RESPECT TO SAID THIRD ADDENDUM; PROVIDING FOR CONFIRMATION OF THE ACCEPTANCE OF TITLE; APPROVING THE TERMS OF A TRUST INDENTURE AND SECURITY AGREEMENT; MAKING CERTAIN DETERMINATIONS WITH RESPECT TO REFUNDING BONDS TO BE ISSUED UNDER SUCH INDENTURE; APPROVING THE TERMS OF A BOND PURCHASE AGREEMENT; PROVIDING FOR THE CALLING AND REDEMPTION OF BUILDING BONDS PREVIOUSLY ISSUED; PROVIDING FOR CERTAIN MATTERS WITH RESPECT TO THE EXEMPTION OF INTEREST ON THE REFUNDING BONDS AND PROVIDING FOR THE PUBLISHING OF THIS ORDINANCE.

BE IT ORDAINED BY THE MAYOR AND COUNCIL OF THE CITY OF GRAND ISLAND, NEBRASKA (the "City") as follows:

Section 1. The Mayor and Council hereby find and determine: that the City has previously approved the execution and delivery of that Lease Purchase Agreement dated as of October 9, 2001 (the "Original Lease Purchase Agreement") by and between the City and Fonner Park Exposition and Events Center, Inc., ("Heartland"), a Nebraska nonprofit corporation, which agreement has been supplemented and amended by that Addendum to Lease Purchase Agreement dated August 26, 2003 (the "First Addendum") and further supplemented and amended by that Second Addendum to Lease Purchase Agreement dated December 1, 2004 (the "Second Addendum" and together with the Original Lease Purchase Agreement and the First Addendum, the "Existing Agreement"); that pursuant to the Second Addendum, Heartland issued Building Bonds (Heartland Events Center Project), Series 2004, (the "Building Bonds"), which Building Bonds were issued to pay the costs of the acquisition of a new agricultural exposition and events center to serve the City and its inhabitants (the "Project") and which Building Bonds remain outstanding and unpaid in the principal amount of \$5,950,000; that since the Building Bonds were issued, the rates of interest available in the market have so declined that by Heartland issuing its refunding bonds to provide for the payment and redemption of the Building Bonds, a substantial savings in the amount of yearly running interest will be made, thereby reducing the amount of payments required of the City under the Existing Agreement; that Heartland has been formed under the Nebraska nonprofit corporation laws exclusively for purposes permitted by Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"); that it is necessary and advisable to further supplement and amend the terms of the Existing Agreement in order to provide for the refunding of the Building Bonds and a reduction in the payments required of the City under the Existing Agreement, as allowed by the

Approved as to Form	☐ _____
August 4, 2011	☐ City Attorney

ORDINANCE 9311 (Cont.)

terms of the Existing Agreement; that the documents necessary for such purposes have been prepared and said documents should be approved and their execution authorized.

Section 2. The City of Grand Island shall enter into the Third Addendum to Lease Purchase Agreement to be dated as of September 1, 2011, with Heartland, modifying the terms of the Existing Agreement (the “Third Addendum” and together with the Existing Agreement, the “Agreement”) and whereby Heartland has constructed and acquired the Project in accordance with specifications approved by the City and with a set schedule of payments relating to the acquisition of the Project and that the Third Addendum in the form presented at this meeting, providing for the resetting of the amount of installment purchased payments is hereby approved.

Section 3. The Mayor (or in the Mayor’s absence, the President of the Council) and City Clerk of the City be and they are hereby authorized and directed to execute and deliver on behalf of the City the Third Addendum, including any necessary counterparts, in substantially the form and content as presented to this meeting, but with such changes or modifications therein (specifically including the determination of the final amounts of the installment purchase payments) as to them seem necessary, desirable or appropriate on behalf of the City; and said Mayor and City Clerk are further authorized and directed to execute and deliver any other documents or certificates and to do all other things necessary or appropriate in connection with the Agreement.

Section 4. The Mayor and Council hereby confirm the approval by the City of the formation of Heartland, including the Articles of Incorporation and Bylaws thereof and the five currently serving directors thereof; and further approve the Trust Indenture and Security Agreement, dated as of September 1, 2011, (the “Indenture”) from Heartland in favor of Wells Fargo Bank, National Association, under which Refunding Building Bonds (Heartland Events Center Project), Series 2011, in the aggregate principal amount of not to exceed \$5,900,000 (the “Refunding Bonds”) are to be issued, and the City hereby approves the issuance of the Refunding Bonds, in such principal amount (or any lesser principal amount) and bearing interest at rates as shall be set forth in the Indenture resulting in a net present value savings to the City of not less than \$300,000 and the sale of said bonds to Ameritas Investment Corp. (the “Underwriter”) in accordance with the terms of a Bond Purchase Agreement in the form presented (the “Bond Purchase Agreement”), at an underwriter’s discount (not including any original issue discount) from the stated principal amounts not to exceed 1.3% is hereby approved. The Mayor is hereby further authorized to sign the approval form on the Bond Purchase Agreement on behalf of the City and to approve at the time of closing of the purchase of the Refunding Bonds the final form of the Indenture.

Section 5. In connection with the execution and delivery of the Third Addendum and the issuance by Heartland of the Refunding Bonds, the following determinations and approvals are hereby made by the Mayor and Council:

- (a) The City hereby declares, as provided in the Agreement, that it will take title to the Project (including additions) when the Refunding Bonds are discharged.

ORDINANCE 9311 (Cont.)

(b) The City hereby approves the Direction to Give Notice of Redemption of the Building Bonds in the form presented herewith and authorizes and directs Heartland to execute and deliver such Direction for Call, with any changes deemed necessary and appropriate by Heartland, to the Trustee. The City further authorizes the Mayor, City Clerk and City Treasurer (Finance Director) to take any and all actions necessary and appropriate to effect the redemption of the Building Bonds.

(c) The Addendum to Escrow Agreement and the Addendum to Management Contract, each relating to original documents delivered in connection with the issuance of the Building Bonds and each in the form presented, are hereby approved and the Mayor (or in the Mayor's absence, the President of the Council) is hereby authorized to execute and deliver such documents on behalf of the City in substantially the form and content as presented to this meeting, but with such changes or modifications therein as to such executing officers may seem necessary, desirable or appropriate on behalf of the City.

Section 6. The Mayor and Council hereby state that it is the intention of the City that interest on the Refunding Bonds issued by Heartland shall be excludable from gross income under the federal income tax by virtue of Section 103 of the Code and Revenue Ruling 63-20 and Revenue Procedure 82-26 of the Internal Revenue Service and the Mayor and Council hereby authorize the Mayor, the City Clerk and the City Treasurer (Finance Director) (or any one of more of them) to take all actions necessary or appropriate to carry out said intention and for obtaining such interest exclusion. The City hereby covenants with Heartland for the benefit of the purchasers and holders of the Refunding Bonds that it will make no use of the proceeds of said issue, including monies held in any sinking fund for the payments set forth in the Agreement or principal and interest on the Refunding Bonds, which would cause the Refunding Bonds to be arbitrage bonds within the meaning of Section 103 and 148 and other related sections of the Code and further covenants to comply with said Sections 103 and 148 and related sections and all applicable regulations thereunder throughout the term of said issue, including all requirements with respect to reporting and payment of rebates, if applicable. The City hereby designates the Refunding Bonds (as issued on behalf of the City) as the City's "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 or have issued on its behalf tax-exempt bonds or other tax-exempt interest bearing obligations aggregating in principal amount more than \$10,000,000 during calendar year 2011 (taking into consideration the exception for current refunding issues), provided that the amount of the Refunding Bonds hereby designated shall be reduced as and to the extent that all or a portion of the Refunding Bonds may be determined to be "deemed designated" in accordance with the provisions of Section 265(b)(3)(D) of the Code. The officers of the City (or any one of them) are hereby authorized to make allocations of the Refunding Bonds (as to principal maturities) and of the proceeds of the Refunding Bonds and debt service funds (related to payments due under the Agreement) of the City as may be deemed appropriate under the federal tax laws and regulations, specifically including any allocations relating to the determination of all or a portion of the Refunding Bonds as "deemed designated". Any such allocations made and

ORDINANCE 9311 (Cont.)

determinations set forth in a certificate by an officer of the City (which may be in cooperation with any certification provided by the Corporation) shall be and constitute authorized determinations made on behalf of the City with the same force and effect as if set forth in this Ordinance.

Section . The Mayor and Council hereby approve the Preliminary Official Statement in the draft form presented with respect to the Refunding Bonds and hereby authorize the Mayor to approve and deem final on behalf of the City the final form of the Preliminary Official Statement and to approve the final Official Statement for the Refunding Bonds with appropriate changes to reflect the final terms for the Refunding Bonds as sold pursuant to the Bond Purchase Agreement.

Section 8. This Ordinance shall be in force and take effect from and after its publication as provided by law.

Passed and approved this 9th day of August, 2011.

Mayor

City Clerk