
City of Grand Island

Item -1

Ordinance #8706 Approving Issuance of General Obligation Bonds

Bond Anticipation Notes(BANs)issued by the City for interim financing of the South Locust project in 1999 for \$1,420,000 and in 2000 for \$3,340,000 are due for repayment December 15, 2001 and January 15, 2002 respectively. We had intended to seek council approval at the regular meeting on December 18, 2001 to replace these BANs with long term bonds. However, due to current volatility and anticipated weakness in the bond marketplace near year-end, our bond advisers at Ameritas feel it in our best interest to accelerate our placement of these bonds. Thus, we are asking the council to go into a special session on December 11 to review this issue. Approval is recommended. See attached staff memo and draft of Bond Ordinance.



Tuesday, December 11, 2001

Special Meeting/Study Session

ORDINANCE NO. _____

AN ORDINANCE AUTHORIZING THE ISSUANCE OF VARIOUS PURPOSE BONDS OF THE CITY OF GRAND ISLAND, NEBRASKA, IN THE PRINCIPAL AMOUNT OF FOUR MILLION THREE HUNDRED SEVENTY THOUSAND DOLLARS (\$4,370,000) FOR THE PURPOSE OF PAYING THE COSTS OF IMPROVING STREETS AND INTERSECTIONS IN STREET IMPROVEMENT DISTRICT NO. 1221; DIRECTING THE APPLICATION OF THE PROCEEDS OF SAID BONDS; PRESCRIBING THE FORM OF SAID BONDS; PROVIDING FOR THE LEVY AND COLLECTION OF TAXES TO PAY THE SAME; PROVIDING FOR THE SALE OF THE BONDS; AUTHORIZING THE DELIVERY OF THE BONDS TO THE PURCHASER; AND ORDERING THE ORDINANCE PUBLISHED IN PAMPHLET FORM.

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

Section 1. The Mayor and Council hereby find and determine: that pursuant to ordinance heretofore duly enacted, Street Improvement District No. 1221 was created in said City and certain street improvements were constructed in said District; that said improvements have been completed and accepted and hereby are accepted by the City; that the cost of said improvements, as reported by the City's Engineer, is not less than \$_____, of which \$_____ is District cost and \$_____ is the cost of improving intersections and areas formed by the crossing of streets, avenues or alleys and one-half of the streets adjacent to real estate owned by the City; that additional miscellaneous costs including interest on warrants or other indebtedness and issuance costs have been or are being incurred for said improvements; that special assessments have been or shall be levied according to law on the real estate in said District specially benefited by said improvements and such special assessments are (or shall be) valid liens on the lots and tracts of land upon which they are assessed; that after applying available monies collected from the special assessments and other funds available for such purpose, there still remains due and payable from the City on the district costs not less than \$_____ and on the intersection costs not less than \$_____; that all conditions, acts and things required by law to exist or to be done precedent to the issuance of Intersection Improvement Bonds in the amount of \$_____ pursuant to Section 16-626 R.R.S. Neb. 1997, and to the issuance of Street Improvement Bonds of said District in the amount of

\$_____ pursuant to Section 16-623 R.R.S. Neb. 1997, do exist and have been done as required by law.

Section 2. The Mayor and Council of the City of Grand Island, Nebraska, further find and determine: That all conditions, acts and things required to exist or to be done precedent to the issuance of Various Purpose Bonds of the City of Grand Island, Nebraska, in the principal amount of Four Million Three Hundred Seventy Thousand Dollars (\$4,370,000) under Sections 18-1801 and 18-1802 R.R.S. Neb. 1997, as amended, to pay the costs mentioned in Section 1 hereof do exist and have been done as required by law.

Section 3. For the purpose described in Section 1, there shall be and there are hereby ordered issued, Various Purpose Bonds of the City of Grand Island, Nebraska, in the principal amount of Four Million Three Hundred Seventy Thousand Dollars (\$4,370,000) (the "Series 2002 Bonds") with said bonds bearing interest at the rates per annum (said interest to be computed on the basis of a 360-day year consisting of twelve 30-day months) and maturing on December 15 of each year in the principal amounts as follows:

<u><i>Principal Amount</i></u>	<u><i>Date of Maturity</i></u>	<u><i>Interest Rate</i></u>
\$225,000	December 15, 2003	
230,000	December 15, 2004	
235,000	December 15, 2005	
245,000	December 15, 2006	
255,000	December 15, 2007	
260,000	December 15, 2008	
270,000	December 15, 2009	
285,000	December 15, 2010	
295,000	December 15, 2011	
310,000	December 15, 2012	
320,000	December 15, 2013	
335,000	December 15, 2014	
350,000	December 15, 2015	
370,000	December 15, 2016	
385,000	December 15, 2017	

The Series 2002 Bonds shall be issued in fully registered form in the denomination of \$5,000 or any integral multiple thereof. The date of original issue for the Series 2002 Bonds shall be the date of delivery thereof. Interest on the Series 2002 Bonds, at the respective rates for each maturity, shall be payable on June 15, 2002, and semiannually thereafter on December 15 and June 15 of each year (each of said dates an "Interest Payment Date") and the Series 2002 Bonds shall bear such interest from the date of original issue or the most recent Interest Payment Date, whichever is later. The interest due on each Interest Payment Date shall be payable to the registered owners of record as of the close of business on the 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 5 hereof. The Series 2002 Bonds shall be numbered from 1 upwards in the order of their issuance. No Series 2002 Bond shall be issued originally or upon transfer or partial redemption having more than one principal maturity. The initial bond numbering and principal amounts for each of the Series 2002 Bonds issued shall be designated by the City's Treasurer as directed by the initial purchaser thereof. Payments of interest due on the Series 2002 Bonds prior to maturity or date of redemption shall be made by the Paying Agent and Registrar, as designated pursuant to Section 4 hereof, by mailing a check or draft in the amount due for such interest on each Interest Payment Date to the registered owner of each

Series 2002 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 4 hereof. Payments of principal and accrued interest thereon due at maturity or at any date fixed for redemption prior to maturity shall be made by said Paying Agent and Registrar to the registered owners upon presentation and surrender of the Series 2002 Bonds to said Paying Agent and Registrar. The City and said Paying Agent and Registrar may treat the registered owner of any Series 2002 Bond as the absolute owner of such Series 2002 Bond for the purpose of making payments thereon and for all other purposes and neither the City nor the Paying Agent and Registrar shall be affected by any notice or knowledge to the contrary, whether such Series 2002 Bond or any installment of interest due thereon shall be overdue or not. All payments on account of interest or principal made to the registered owner of any Series 2002 Bond in accordance with the terms of this Ordinance shall be valid and effectual and shall be a discharge of the City and said Paying Agent and Registrar, in respect of the liability upon the Series 2002 Bonds or claims for interest to the extent of the sum or sums so paid.

Section 4. Cornerstone Bank, National Association, York, Nebraska, is hereby designated as Paying Agent and Registrar for the Series 2002 Bonds. Said Paying Agent and Registrar shall serve in such capacities under the terms of an agreement entitled "Paying Agent and Registrar's Agreement" between the City and said Paying Agent and Registrar, the form of which is hereby approved. The Mayor and City Clerk are hereby authorized to execute said agreement in substantially the form presented but with such changes as they shall deem appropriate or necessary. The Paying Agent and Registrar shall keep and maintain for the City books for the registration and transfer of the Series 2002 Bonds at its principal corporate trust office. The names and registered addresses of the registered owner or owners of the Series 2002 Bonds shall at all times be recorded in such books. Any Series 2002 Bond may be transferred pursuant to its provisions at the principal corporate trust office of said Paying Agent and Registrar by surrender of such Series 2002 Bond for cancellation, accompanied by a written instrument of transfer, in form satisfactory to said Paying Agent and Registrar, duly executed by

the registered owner in person or by such owner's duly authorized agent, and thereupon the Paying Agent and Registrar on behalf of the City will deliver at its office (or send by registered mail to the transferee owner or owners thereof at such transferee owner's or owners' risk and expense), registered in the name of such transferee owner or owners, a new Series 2002 Bond or Series 2002 Bonds of the same interest rate, aggregate principal amount and maturity. To the extent of the denominations authorized for the Series 2002 Bonds by this Ordinance, one such bond may be transferred for several such bonds of the same interest rate and maturity, and for a like aggregate principal amount, and several such bonds may be transferred for one or several such bonds, respectively, of the same interest rate and maturity and for a like aggregate principal amount. In every case of transfer of a Series 2002 Bond, the surrendered Series 2002 Bond or Bonds shall be canceled and destroyed. All Series 2002 Bonds issued upon transfer of the Series 2002 Bonds so surrendered shall be valid obligations of the City evidencing the same obligations as the Series 2002 Bonds surrendered and shall be entitled to all the benefits and protection of this Ordinance to the same extent as the Series 2002 Bonds upon transfer of which they were delivered. The City and said Paying Agent and Registrar shall not be required to transfer any Series 2002 Bond during any period from any Record Date until its immediately following Interest Payment Date or to transfer any Series 2002 Bond called for redemption for a period of 30 days next preceding the date fixed for redemption.

Section 5. In the event that payments of interest due on the Series 2002 Bonds on an Interest Payment Date are not timely made, such interest shall cease to be payable to the registered owners as of the Record Date for such Interest Payment Date and shall be payable to the registered owners of the Series 2002 Bonds as of a special date of record for payment of such defaulted interest as shall be designated by the Paying Agent and Registrar whenever monies for the purpose of paying such defaulted interest become available.

Section 6. If the date for payment of the principal of or interest on the Series 2002 Bonds shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the city where the principal corporate trust office of the Paying Agent and Registrar is located are

authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which such banking institutions are authorized to close, and payment on such day shall have the same force and effect as if made on the nominal date of payment.

Section 7. Series 2002 Bonds maturing December 15, 2007 and thereafter shall be subject to redemption, in whole or in part, prior to maturity at any time on or after January 15, 2007, at par plus accrued interest on the principal amount redeemed to the date fixed for redemption. The City may select the Series 2002 Bonds to be redeemed in its sole discretion but the Series 2002 Bonds shall be redeemed only in amounts of \$5,000 or integral multiples thereof. Series 2002 Bonds redeemed in part only shall be surrendered to said Paying Agent and Registrar in exchange for new Series 2002 Bonds evidencing the unredeemed principal thereof. Notice of redemption of any Series 2002 Bond called for redemption shall be given at the direction of the City by said Paying Agent and Registrar by mail not less than 30 days prior to the date fixed for redemption, first class, postage prepaid, sent to the registered owner of such Series 2002 Bond at said owner's registered address. Such notice shall designate the Series 2002 Bond or Series 2002 Bonds to be redeemed by maturity or otherwise, the date of original issue and the date fixed for redemption and shall state that such Series 2002 Bond or Series 2002 Bonds are to be presented for prepayment at the office of said Paying Agent and Registrar. In case of any Series 2002 Bond partially redeemed, such notice shall specify the portion of the principal amount of such Series 2002 Bond to be redeemed. No defect in the mailing of notice for any Series 2002 Bond shall affect the sufficiency of the proceedings of the City designating the Series 2002 Bonds called for redemption or the effectiveness of such call for Series 2002 Bonds for which notice by mail has been properly given and the City shall have the right to further direct notice of redemption for any such Series 2002 Bond for which defective notice has been given.

Section 8. The Series 2002 Bonds shall be in substantially the following form:

**UNITED STATES OF AMERICA
STATE OF NEBRASKA
COUNTY OF HALL
VARIOUS PURPOSE BOND OF
THE CITY OF GRAND ISLAND, NEBRASKA
SERIES 2002**

No. \$

<u>Interest Rate</u>	<u>Maturity Date</u> December 15, _____	<u>Date of Original Issue</u>	<u>Cusip No.</u>
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Registered Owner:

Principal Amount: Dollars (\$ _____)

KNOW ALL PERSONS BY THESE PRESENTS: That the City of Grand Island, in the County of Hall, in the State of Nebraska, hereby acknowledges itself to owe and for value received promises to pay to the registered owner specified above, or registered assigns, the principal amount specified above in lawful money of the United States of America on the date of maturity specified above with interest thereon to maturity (or earlier redemption) from the date of original issue or most recent Interest Payment Date, whichever is later, at the rate per annum specified above, payable on June 15 and December 15 of each year commencing June 15, 2002 (each of said dates an "Interest Payment Date"). Said interest shall be computed on the basis of a 360-day year consisting of twelve 30-day months. The principal hereof and unpaid accrued interest hereon due at maturity or upon earlier redemption are payable upon presentation and surrender of this bond at the principal corporate trust office of Cornerstone Bank, National Association, the Paying Agent and Registrar, in York, Nebraska. Interest on this bond due prior to maturity or earlier redemption will be paid on each Interest Payment Date by a check or draft mailed by the Paying Agent and Registrar to the registered owner of this bond, as shown on the books of record maintained by the Paying Agent and Registrar, at the close of business on the last business day of the month immediately preceding the month in which the Interest Payment Date occurs, to such owner's registered address as shown on such books and records. Any interest not so timely paid shall cease to be payable to the person entitled thereto as of the record date such interest was payable, and shall be payable to the person who is the registered owner of this bond (or of one or more predecessor bonds hereto) on such special record date for payment of such defaulted interest as shall be fixed by the Paying Agent and Registrar whenever monies for such purpose become available. For the prompt payment of this bond, principal and interest, as the same become due, the full faith, credit and resources of said City are hereby irrevocably pledged.

This bond is one of an issue of fully registered bonds of the total principal amount of Four Million Three Hundred Seventy Thousand Dollars (\$4,370,000), of even date and like tenor except as to date of maturity, rate of interest and denomination which were issued by the City for the purpose of paying the costs of improving streets and alleys, intersections and areas formed by the crossing of streets, avenues or alleys and streets adjacent to real estate owned by the City in Street Improvement District No. 1221, all in strict compliance with Sections 16-623, 16-626, 18-

1801 and 18-1802, R.R.S. Neb. 1997, as amended. The issuance of said bonds has been authorized by proceedings duly had and an ordinance legally passed, approved and published by the Mayor and Council of said City.

Bonds of this issue maturing December 15, 2007 and thereafter are subject to redemption at the option of the City, in whole or in part, at any time on or after January 15, 2007, at par plus interest accrued on the principal amount redeemed to the date fixed for redemption. Notice of redemption shall be given by mail to the registered owner of any bond to be redeemed at said registered owner's address in the manner specified in the ordinance authorizing said issue of bonds. Individual bonds may be redeemed in part but only in \$5,000 amounts or integral multiples thereof.

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

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

IT IS HEREBY CERTIFIED AND WARRANTED that all conditions, acts and things required by law to exist or to be done precedent to and in the issuance of this bond did exist, did happen and were done and performed in regular and due form and time as required by law and that the indebtedness of said City, including this bond, does not exceed any limitation imposed by law. The special assessments levied upon real estate specially benefited by the improvements in said district are valid liens on the lots and tracts of land upon which they have been levied and when collected shall be set aside and constitute a sinking fund for the payment of the principal and interest of this bond and the bonds of this issue; the City agrees that it will collect said special assessments and, in addition thereto, will cause to be levied and collected annually a tax by valuation on all the taxable property in the City, in addition to all other taxes, sufficient in rate and amount to make up the deficiency between the amounts collected on said special assessments and the amount required to fully pay the principal and interest of said bonds as the same become due.

AS PROVIDED IN THE ORDINANCE REFERRED TO HEREIN, UNTIL THE TERMINATION OF THE SYSTEM OF BOOK-ENTRY-ONLY TRANSFERS THROUGH THE DEPOSITORY TRUST COMPANY, NEW YORK, NEW YORK (TOGETHER WITH

ANY SUCCESSOR SECURITIES DEPOSITORY APPOINTED PURSUANT TO THE ORDINANCE, "DTC"), AND NOTWITHSTANDING ANY OTHER PROVISIONS OF THE ORDINANCE TO THE CONTRARY, A PORTION OF THE PRINCIPAL AMOUNT OF THIS BOND MAY BE PAID OR REDEEMED WITHOUT SURRENDER HEREOF TO THE PAYING AGENT AND REGISTRAR. DTC OR A NOMINEE, TRANSFEREE OR ASSIGNEE OF DTC OF THIS BOND MAY NOT RELY UPON THE PRINCIPAL AMOUNT INDICATED HEREON AS THE PRINCIPAL AMOUNT HEREOF OUTSTANDING AND UNPAID. THE PRINCIPAL AMOUNT HEREOF OUTSTANDING AND UNPAID SHALL FOR ALL PURPOSES BE THE AMOUNT DETERMINED IN THE MANNER PROVIDED IN THE ORDINANCE.

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

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

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

CITY OF GRAND ISLAND, NEBRASKA

Mayor

ATTEST:

City Clerk

(SEAL)

CERTIFICATE OF AUTHENTICATION

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

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

By: _____
Authorized Signature

(Form of Assignment)

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

Dated:
Registered Owner(s)

Signature Guaranteed

By

Authorized Officer(s)

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

STATEMENT OF INSURANCE

MBIA Insurance Corporation (the "Insurer") has issued a policy containing the following provisions, such policy being on file at Cornerstone Bank, National Association, York, Nebraska.

The Insurer, in consideration of the payment of the premium and subject to the terms of this policy, hereby unconditionally and irrevocably guarantees to any owner, as hereinafter defined, of the following described obligations, the full and complete payment required to be made by or on behalf of the Issuer to Cornerstone Bank, National Association, York, Nebraska or its successor (the "Paying Agent") of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity

pursuant to a mandatory sinking fund payment) and interest on, the Obligations (as that term is defined below) as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed hereby shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence shall be referred to herein collectively as the "Insured Amounts." "Obligations" shall mean:

\$4,370,000
CITY OF GRAND ISLAND, NEBRASKA
VARIOUS PURPOSE BONDS, SERIES 2002

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Paying Agent or any owner of an Obligation the payment of an Insured Amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with State Street Bank and Trust Company, N.A., in New York, New York, or its successor, sufficient for the payment of any such Insured Amounts which are then due. Upon presentment and surrender of such Obligations or presentment of such other proof of ownership of the Obligations, together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Obligations in any legal proceeding related to payment of Insured Amounts on the Obligations, such instruments being in a form satisfactory to State Street Bank and Trust Company, N.A., State Street Bank and Trust Company, N.A. shall disburse to such owners or the Paying Agent payment of the Insured Amounts due on such Obligations, less any amount held by the Paying Agent for the payment of such Insured Amounts and legally available therefor. This policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligation.

As used herein, the term "owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the Paying Agent, the Issuer, or any designee of the Issuer for such purpose. The term owner shall not include the Issuer or any party whose agreement with the Issuer constitutes the underlying security for the Obligations.

Any service of process on the Insurer may be made to the Insurer at its offices located at 113 King Street, Armonk, New York 10504 and such service of process shall be valid and binding.

This policy is non-cancellable for any reason. The premium on this policy is not refundable for any reason including the payment prior to maturity of the Obligations.

MBIA INSURANCE CORPORATION

STD-R-1

Section 9. Each of the Series 2002 Bonds shall be executed on behalf of the City with the facsimile signatures of the Mayor and the City Clerk and shall have imprinted thereon the City's seal. The Series 2002 Bonds shall be issued initially as "book-entry-only" bonds under the services of The Depository Trust Company (the "Depository"), with one typewritten bond per maturity being issued to the Depository. In such connection said officers are authorized to execute and deliver a Letter of Representations (the "Letter of Representations") in the form required by the Depository (which may be in the form of a blanket letter, including any such letter previously executed and delivered), for and on behalf of the City, which shall thereafter govern matters with respect to registration, transfer, payment and redemption of the Series 2002 Bonds. With respect to the issuance of the Series 2002 Bonds as "book-entry-only" bonds, the following provisions shall apply:

(a) The City and the Paying Agent and Registrar shall have no responsibility or obligation to any broker-dealer, bank or other financial institution for which the Depository holds Series 2002 Bonds as securities depository (each, a "Bond Participant") or to any person who is an actual purchaser of a Series 2002 Bond from a Bond Participant while the Series 2002 Bonds are in book-entry form (each, a "Beneficial Owner") with respect to the following:

(i) the accuracy of the records of the Depository, any nominees of the Depository or any Bond Participant with respect to any ownership interest in the Series 2002 Bonds,

(ii) the delivery to any Bond Participant, any Beneficial Owner or any other person, other than the Depository, of any notice with respect to the Series 2002 Bonds, including any notice of redemption, or

(iii) the payment to any Bond Participant, any Beneficial Owner or any other person, other than the Depository, of any amount with respect to the Series 2002 Bonds. The Paying Agent and Registrar shall make payments with respect to the Series 2002 Bonds only to or upon the order of the Depository or its nominee, and all such payments shall be valid and effective fully to satisfy and discharge the obligations with respect to such Series 2002 Bonds to the extent of the sum or sums so paid. No person other than the Depository shall receive an authenticated Bond, except as provided in (e) below.

(b) Upon receipt by the Paying Agent and Registrar of written notice from the Depository to the effect that the Depository is unable or unwilling to discharge its responsibilities, the Paying Agent and Registrar shall issue, transfer and exchange Series 2002 Bonds requested by the Depository in appropriate amounts. Whenever the Depository requests the Paying Agent and Registrar to do so, the Paying Agent and Registrar will cooperate with the Depository in taking appropriate action after reasonable notice (i) to arrange, with the prior written consent of the City, for a substitute depository willing and able upon reasonable and customary terms to maintain custody of the Series 2002 Bonds or (ii) to make available Series 2002 Bonds registered in whatever name or names as the Beneficial Owners transferring or exchanging such Series 2002 Bonds shall designate.

(c) If the City determines that it is desirable that certificates representing the Series 2002 Bonds be delivered to the ultimate beneficial owners of the Series 2002 Bonds and so notifies the Paying Agent and Registrar in writing, the Paying Agent and Registrar shall so notify the Depository, whereupon the Depository will notify the Bond Participants of the availability through the Depository of bond certificates representing the Series 2002 Bonds. In such event, the Paying Agent and Registrar shall issue, transfer and exchange bond certificates representing the Series 2002 Bonds as requested by the Depository in appropriate amounts and in authorized denominations.

(d) Notwithstanding any other provision of this Ordinance to the contrary, so long as any Series 2002 Bond is registered in the name of the Depository or any nominee thereof, all payments with respect to such Series 2002 Bond and all notices with respect to such Series 2002 Bond shall be made and given, respectively, to the Depository as provided in the Letter of Representations.

(e) Registered ownership of the Series 2002 Bonds may be transferred on the books of registration maintained by the Paying Agent and Registrar, and the Series 2002 Bonds may be delivered in physical form to the following:

(i) any successor securities depository or its nominee;

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

(f) In the event of any partial redemption of a Series 2002 Bond unless and until such partially redeemed bond has been replaced in accordance with the provisions of this Ordinance, the books and records of the Paying Agent and Registrar shall govern and establish the principal amount of such bond as is then outstanding and all of the Series 2002 Bonds issued to the Depository or its nominee shall contain a legend to such effect.

If for any reason the Depository resigns and is not replaced, the City shall immediately provide a supply of printed bond certificates for issuance upon the transfers from the Depository

and subsequent transfers or in the event of partial redemption. In the event that such supply of certificates shall be insufficient to meet the requirements of the Paying Agent and Registrar for issuance of replacement certificates upon transfer or partial redemption, the City agrees to order printed an additional supply of such certificates and to direct their execution by manual or facsimile signatures of its then duly qualified and acting Mayor and City Clerk and by imprinting thereon or affixing thereto the City's seal. In case any officer whose signature or facsimile thereof shall appear on any Series 2002 Bond shall cease to be such officer before the delivery of such bond (including such certificates delivered to the Paying Agent and Registrar for issuance upon transfer or partial redemption), such signature or such facsimile signature shall nevertheless be valid and sufficient for all purposes the same as if such officer or officers had remained in office until the delivery of such bond. The Series 2002 Bonds shall not be valid and binding on the City until authenticated by the Paying Agent and Registrar. Thereafter the Series 2002 Bonds shall be delivered to the Paying Agent and Registrar for registration and authentication. Upon execution, registration and authentication of the Series 2002 Bonds, they shall be delivered to the City Treasurer, who is authorized to deliver them to Ameritas Investment Corp., as initial purchaser thereof, upon receipt of _____% of the principal amount of the Series 2002 Bonds plus accrued interest thereon to date of payment for the Series 2002 Bonds. The officers of the City (or any one of them) are hereby authorized to execute and deliver the Bond Purchase Agreement for and on behalf of the City. Said initial purchaser shall have the right to direct the registration of the Series 2002 Bonds and the denominations thereof within each maturity, subject to the restrictions of this Ordinance. The City Clerk shall make and certify a transcript of the proceedings of the Mayor and Council with respect to the Series 2002 Bonds which shall be delivered to said purchaser.

Section 10. The proceeds of the Series 2002 Bonds shall be applied to the payment of costs as described in Section 1 hereof, including the payment if any of warrant or other indebtedness incurred for the payment of certain of said costs and reimbursement to the City for costs advanced and to pay issuance costs. Accrued interest, if any, received from the sale of the

Series 2002 Bonds shall be applied to pay interest falling due on said Series 2002 Bonds on June 15, 2002. Expenses of issuance of the Series 2002 Bonds may be paid from the proceeds of the Series 2002 Bonds.

Section 11. The special assessments levied as described in Section 1 of this Ordinance and the interest on said assessments shall constitute a sinking fund for the payment of the principal and interest of the Series 2002 Bonds. The City agrees that it will collect said special assessments and, in addition thereto, shall cause to be levied and collected annually a special levy of taxes on all the taxable property in the City, in addition to all other taxes, sufficient in rate and amount to make up the deficiency between the amounts collected on said special assessments and the amount required to fully pay the principal and interest of the Series 2002 Bonds when and as such principal and interest become due.

Section 12. The City hereby covenants to the purchasers and holders of the Series 2002 Bonds hereby authorized that it will make no use of the proceeds of said bond issue, including monies held in any sinking fund for the Series 2002 Bonds, which would cause the Series 2002 Bonds to be arbitrage bonds within the meaning of Sections 103(b) and 148 of the Internal Revenue Code of 1986, as amended (the "Code"), and further covenants to comply with said Sections 103(b) and 148 and all applicable regulations thereunder throughout the term of said bond issue. The City hereby covenants and agrees to take all actions necessary under the Code to maintain the tax exempt status (as to taxpayers generally) of interest payable on the Series 2002 Bonds. The City hereby designates the Series 2002 Bonds as its "qualified tax-exempt obligations" pursuant to Section 265(b)(3)(B)(i)(III) of the Code and covenants and warrants that it does not reasonably expect to issue tax-exempt bonds or other tax-exempt obligations aggregating in principal amount more than \$10,000,000 during calendar 2002. The officers of the City or any one of them are hereby authorized to make allocations of bonds and proceeds to the various purposes of the Series 2002 Bonds under applicable regulations of the United States Treasury.

Section 13. The City's obligations under this Ordinance with respect to any or all of the Series 2002 Bonds herein authorized shall be fully discharged and satisfied as to any or all of such Series 2002 Bonds and any such Series 2002 Bond shall no longer be deemed to be outstanding hereunder if such Series 2002 Bond has been purchased by the City and canceled or when the payment of the principal of and interest thereon to the respective date of maturity or redemption (a) shall have been made or caused to be made in accordance with the terms thereof or (b) shall have been provided for by depositing with the Paying Agent and Registrar for the Series 2002 Bonds or with a national or state bank having trust powers, or trust company, in trust, solely for such payment (i) sufficient money to make such payment and/or (ii) direct general obligations (including obligations issued or held in book entry form on the books of the Department of Treasury of the United States of America) of or obligations the principal and interest of which are unconditionally guaranteed by the United States of America (herein referred to as "U.S. Government Obligations") in such amount and bearing interest payable and maturing or redeemable at stated fixed prices at the option of the holder as to principal, at such time or times, as will ensure the availability of sufficient money to make such payment; provided, however, that with respect to any Series 2002 Bond to be paid prior to maturity, the City shall have duly called such bond for redemption and given notice of such redemption as provided by law or made irrevocable provision for the giving of such notice. Any money so deposited with such bank or trust company or with the Paying Agent and Registrar may be invested or reinvested in U.S. Government Obligations at the direction of the City, and all interest and income from U.S. Government Obligations in the hands of such bank or trust company or Paying Agent and Registrar in excess of the amount required to pay principal of and interest on the Series 2002 Bonds for which such monies or U.S. Government Obligations were deposited shall be paid over to the City as and when collected.

Section 14. In accordance with the requirements of Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission, the City hereby agrees that it will provide the following continuing disclosure information:

(a) to each nationally recognized municipal securities information repository (a “NRMSIR”) and to the Underwriter, the City shall provide annual financial and operating information generally consistent with the information set forth under the heading “FINANCIAL STATEMENT” in the Official Statement for said bonds and its audited financial statements; such information is expected to be available not later than seven months after the end of each fiscal year for the City. Audited financial information shall be provided for governmental and fiduciary fund types based on the modified accrued basis and as to proprietary fund types on an accrual basis in accordance with generally accepted accounting principles;

(b) in a timely manner to each NRMSIR or to the Municipal Securities Rule Making Board (“MSRB”), notice of the occurrence of any of the following events with respect to the Series 2002 Bonds, if in the judgment of the City, such event is material:

- (1) principal and interest payment delinquencies,
- (2) non-payment related defaults,
- (3) unscheduled draws on debt service reserves reflecting financial difficulties (there are no debt service reserves established for the Series 2002 Bonds under the terms of the Ordinance),
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions or events affecting the tax-exempt status of the Series 2002 Bonds,
- (7) modifications to rights of the Bondholders,
- (8) bond calls,
- (9) defeasances,
- (10) release, substitution, or sale of property securing repayment of the Series 2002 Bonds, and
- (11) rating changes.

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

(c) in a timely manner to each NRMSIR or to the Municipal Securities Rule Making Board (“MSRB”) notice of any failure on the part of the City to provide required annual financial information not later than seven months from the close of the City’s fiscal year.

The City reserves the right to modify from time to time the specific types of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the City, consistent with the Rule. The City hereby agrees that such covenants are for the benefit of the registered owners of the Series 2002 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 Ordinance. The continuing disclosure obligations of the City under the Ordinance, as described above, shall cease when none of the Series 2002 Bonds remain outstanding.

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

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

Passed and approved this _____ day of _____, 2001.

Attest:

Mayor

City Clerk

(SEAL)

PAYMENTS UNDER THE POLICY

A. In the event that, on the second Business Day, and again on the Business Day, prior to the payment date on the Obligations, the Paying Agent has not received sufficient moneys to pay all principal of and interest on the Obligations due on the second following or following, as the case may be, Business Day, the Paying Agent shall immediately notify the Insurer or its designee on the same Business Day by telephone or telegraph, confirmed in writing by registered or certified mail, of the amount of the deficiency.

B. If the deficiency is made up in whole or in part prior to or on the payment date, the Paying Agent shall so notify the Insurer or its designee.

C. In addition, if the Paying Agent has notice that any Bondholder has been required to disgorge payments of principal or interest on the Obligation to a trustee in Bankruptcy or creditors or others pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such Bondholder within the meaning of any applicable bankruptcy laws, then the Paying Agent shall notify the Insurer or its designee of such fact by telephone or telegraphic notice, confirmed in writing by registered or certified mail.

D. The Paying Agent is hereby irrevocably designated, appointed, directed and authorized to act as attorney-in-fact for Holders of the Obligations as follows:

1. If and to the extent there is a deficiency in amounts required to pay interest on the Obligations, the Paying Agent shall (a) execute and deliver to State Street Bank and Trust Company, N.A., or its successors under the Policy (the "Insurance Paying Agent"), in form satisfactory to the Insurance Paying Agent, an instrument appointing the Insurer as agent for such Holders in any legal proceeding related to the payment of such interest and an assignment to the Insurer of the claims for interest to which such deficiency relates and which are paid by the Insurer, (b) receive as designee of the respective Holders (and not as Paying Agent) in accordance with the tenor of the Policy payment from the Insurance Paying Agent with respect to the claims for interest so assigned, and (c) disburse the same to such respective Holders; and

2. If and to the extent of a deficiency in amounts required to pay principal of the Obligations, the Paying Agent shall (a) execute and deliver to the Insurance Paying Agent in form satisfactory to the Insurance Paying Agent an instrument appointing the Insurer as agent for such Holder in any legal proceeding relating to the payment of such principal and an assignment to the Insurer of any of the Obligation surrendered to the Insurance Paying agent of so much of the principal amount thereof as has not previously been paid or for which moneys are not held by the Paying Agent and available for such payment (but such assignment shall be delivered only if payment from the Insurance Paying Agent is received), (b) receive as designee of the respective Holders (and not as Paying Agent) in accordance with the tenor of the Policy payment therefor from the Insurance Paying Agent, and (c) disburse the same to such Holders.

E. Payments with respect to claims for interest on and principal of Obligations disbursed by the Paying Agent from proceeds of the Policy shall not be considered to discharge the obligation of the Issuer with respect to such Obligations, and the Insurer shall become the owner of such unpaid Obligation and claims for the interest in accordance with the tenor of the assignment made to it under the provisions of this subsection or otherwise.

F. Irrespective of whether any such assignment is executed and delivered, the Issuer and the Paying Agent hereby agree for the benefit of the Insurer that:

1. They recognize that to the extent the Insurer makes payments, directly or indirectly (as by paying through the Paying Agent), on account of principal of or interest on the Obligations, the Insurer will be subrogated to the rights of such Holders to receive the amount of such principal and interest from the Issuer, with interest thereon as provided and solely from the sources stated in this Indenture and the Obligations; and

2. They will accordingly pay to the Insurer the amount of such principal and interest (including principal and interest recovered under subparagraph (ii) of the first paragraph of the Policy, which principal and interest shall be deemed past due and not to have been paid), with interest thereon as provided in this Indenture and the Obligation, but only from the sources and in the manner provided herein for the payment of principal of and interest on the Obligations to Holders, and will otherwise treat the Insurer as the owner of such rights to the amount of such principal and interest.

G. In connection with the issuance of additional Obligations, the Issuer shall deliver to the Insurer a copy of the disclosure document, if any, circulated with respect to such additional Obligations.

H. Copies of any amendments made to the documents executed in connection with the issuance of the Obligations which are consented to by the Insurer shall be sent to Standard & Poor's Corporation.

I. The Insurer shall receive notice of the resignation or removal of the Paying Agent and the appointment of a successor thereto.

J. The Insurer shall receive copies of all notices required to be delivered to Bondholders and, on an annual basis, copies of the Issuer's audited financial statements and Annual Budget.

Notices: Any notice that is required to be given to a holder of the Obligation or to the Paying Agent pursuant to the Indenture shall also be provided to the Insurer. All notices required to be given to the Insurer under the Indenture shall be in writing and shall be sent by registered or certified mail addressed to MBIA Insurance Corporation, 113 King Street, Armonk, New York 10504 Attention: Surveillance.

PAYING AGENT AND REGISTRAR'S AGREEMENT

This Agreement made and entered into as of the _____ day of January, 2002, by and between the City of Grand Island, Nebraska (the "City") and Cornerstone Bank, National Association, York, Nebraska (the "Registrar").

WITNESSETH:

WHEREAS, the City has authorized the issuance of \$4,370,000 of its Various Purpose Bonds, Series 2002, date of original issue - _____, (the "Bonds") by Ordinance No. _____ (the "Ordinance") and requires the services of a paying agent and registrar for said issue: and

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

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

1. The Registrar agrees that it shall maintain on behalf of the City books of record in which the registered owners of the Bonds and their registered addresses shall be duly recorded.
2. The Registrar agrees that it shall serve as paying agent for the City in making the payments of principal and interest falling due on the Bonds. The City shall, not later than each interest and principal payment date on the Bonds, deposit with the Registrar an amount sufficient to make such payment and the Registrar shall apply such deposit by mailing a check or draft to each of the registered owners of the Bonds as shown on the books of record maintained pursuant to paragraph 1 hereof for the appropriate amounts of interest due on each respective Bond, and pay principal and interest upon presentation of each respective Bond in accordance with the terms of the Ordinance.
3. Registrar hereby accepts and agrees to perform all duties directed by the Ordinance to be performed by the "Paying Agent and Registrar" as described in the Ordinance and the terms of the Ordinance are hereby incorporated by reference. Registrar acknowledges receipt of a copy of the Ordinance. Registrar acknowledges that the City may make deposits of money or securities as provided in the Ordinance. In the event of any such deposit, the compensation provided for under this Agreement shall not be altered or abated.
4. The City shall furnish to the Registrar a sufficient supply of forms in blank of the Bonds to be issued upon transfer, signed by the facsimile signatures of the Mayor and City Clerk and sealed with the City seal and shall renew such supply pursuant to the Ordinance upon request by the Registrar.
5. The Registrar shall make the initial registration of the Bonds upon written directions from the original purchaser thereof as designated in the Ordinance.

6. Transfer of the Bonds shall be registered and new Bonds issued in replacement thereof, pursuant to the limitations prescribed in the Ordinance, upon surrender to the Registrar of any outstanding Bond in form deemed by the Registrar properly endorsed for transfer with all necessary signatures guaranteed in such manner and form as the Registrar may require by a signature guarantor reasonably believed by Registrar to be responsible, accompanied by such assurances as the Registrar shall deem necessary or appropriate to evidence the genuineness and effectiveness of each necessary signature and, if deemed appropriate by the Registrar, satisfactory evidence of compliance with all applicable laws relating to the collection of taxes. In registering transfer of the Bonds, the Registrar may rely upon the Uniform Commercial Code or any other statutes which in the opinion of counsel protect the Registrar and the City in not requiring complete documentation, in registering Bonds without inquiry into adverse claims, in delaying registration for purposes of such inquiry or in refusing registration where in Registrar's judgment an adverse claim requires such refusal.

7. Replacement Bonds for any of the Bonds damaged, lost or stolen shall be issued by the Registrar upon a duly certified resolution or resolutions in compliance with the requirements of Sections 10-127 to 10-130, R.R.S. Neb. 1997, as now existing or as hereafter amended.

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

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

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

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

See Attachment

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

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

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

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

The Registrar and the City may treat the Depository (or its nominee) as the sole and exclusive owner of the Bonds registered in its name for the purposes of payment of the principal of or interest on the Bonds, selecting the Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to bondholders under the Ordinance, registering the transfer of Bonds, obtaining any consent or other action to be taken by bondholders and for all other purposes whatsoever, and neither the Registrar nor the City shall be affected by any notice to the contrary. Neither the Registrar nor the City shall have any responsibility or obligation to any participant of the Depository ("Participant"), any person claiming a beneficial ownership interest in the Bonds under or through the Depository or any Participant, or any other person which is not shown on the registration books of the Registrar as being a bondholder, with respect to the accuracy of any records maintained by the Depository or any Participant; the payment by the Depository or any Participant of any amount in respect of the principal of or interest on the Bonds; any notice which is permitted or required to be given to bondholders under the

Ordinance; the selection by the Depository or any Participant of any person to receive payment in the event of a partial redemption of the Bonds; or any consent given or other action taken by the Depository as bondholder. The Registrar shall pay all principal of and interest on the Bonds only to the Depository, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to the principal of and interest on the Bonds to the extent of the sum or sums so paid. Except under the conditions directed below, no person other than the Depository shall receive an authenticated Bond for each separate stated maturity evidencing the obligation of the City to make payments of principal of and interest pursuant to the Ordinance. Upon delivery by the Depository to the Registrar of written notice to the effect that the Depository has determined to substitute a new nominee in the place of Cede & Co., and subject to the provisions in the Ordinance with respect to Record Dates, the term "Cede & Co." in this Agreement shall refer to such new nominee of the Depository. If the Depository gives notice to the City or the Registrar pursuant to the Letter of Representations that it will discontinue providing its services as securities depository with respect to the Bonds, the City shall either appoint a successor securities depository or terminate the book-entry system for the Bonds under the following conditions:

(i) Any successor securities depository must be a clearing agency registered with the Securities and Exchange Commission pursuant to Section 17A of the Securities Exchange Act of 1934 and must enter into an agreement with the City and the Registrar agreeing to act as the depository and clearing agency for all the Bonds. After such agreement has become effective, the Depository shall present the Bonds for registration of transfer in accordance with Section 4 of the Ordinance and the Registrar shall register them in the name of the successor securities depository or its nominee. If a successor securities depository has not accepted such position prior to the effective date of the Depository's termination of its services, the book-entry system shall automatically terminate.

(ii) If the City elects to terminate the book-entry system for the Bonds, it shall so notify the Registrar in writing. Thereafter, upon presentation of the Bonds, or any of them, by the Depository or its nominee to the Registrar for registration of transfer in accordance with Section 4 of the Ordinance, the Registrar shall register the transfer in accordance with such Section 4 of the Ordinance and all provisions of this paragraph 15 shall immediately cease to be in effect.

The City may elect to terminate the book-entry system for the Bonds at any time by giving written notice to the Depository and the Registrar. On the effective date of such termination, the provisions of this paragraph 15 shall cease to be in effect, except that the Registrar shall continue to comply with applicable provisions of the Letter of Representations with respect to Bonds as to which the Depository remains the registered owner. After such termination, the Registrar shall, upon presentation of Bonds by the Depository or its nominee for registration of transfer or exchange in accordance with Section 4 of the Ordinance make such transfer or exchange in accordance with said Section 4. Upon the appointment of a successor securities depository or termination of the book-entry system, the Registrar shall give notice of such event to the registered owners of Bonds (through the Depository) and (1) of the name and address of the successor securities depository or (2) that Bonds may now be obtained by the beneficial owners of the Bonds, or their nominees, upon proper instructions being given to the Depository by the relevant Participant and compliance by the Depository with the provisions of the Ordinance regarding registration of transfers. Notwithstanding any other provision of this

Agreement to the contrary, so long as any Bond is registered in the name of Cede & Co., as nominee of the Depository (or any successor nominee), all payments with respect to the principal and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, to the Depository as provided in the Letter of Representations. In connection with any notice or other communication to be provided to bondholders pursuant to the Ordinance by the City or the Registrar with respect to any consent or other action to be taken by bondholders, the City or the Registrar, as the case may be, shall establish a record date for such consent or other action and give the Depository notice of such record date not less than 15 calendar days in advance of such record date to the extent possible.

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

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

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

THE CITY OF GRAND ISLAND, NEBRASKA

(SEAL)

By: _____
Mayor

ATTEST

City Clerk

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

By: _____
Its: _____