

City of Seward, NE

Tuesday, January 5, 2016

Regular Session

Item G4

CONSIDERATION OF AUTHORIZING THE ISSUANCE OF BONDS OF THE CITY OF SEWARD - Bruce Smith & Paul Grieger

AN ORDINANCE AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION REFUNDING BONDS OF THE CITY OF SEWARD, NEBRASKA, IN THE PRINCIPAL AMOUNT OF NOT TO EXCEED ONE MILLION ONE HUNDRED THOUSAND DOLLARS (\$1,100,000) FOR THE PURPOSE OF REFUNDING ALL OR A PORTION OF \$1,050,000 OF GENERAL OBLIGATION REFUNDING BONDS, SERIES 2011, AND RELATED MATTERS

AN ORDINANCE OF THE CITY OF SEWARD, NEBRASKA, AUTHORIZING THE ISSUANCE OF ELECTRIC REVENUE AND REFUNDING BONDS OF THE CITY OF SEWARD, NEBRASKA, IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED FOUR MILLION NINE HUNDRED THOUSAND DOLLARS (\$4,900,000) FOR THE PURPOSE OF (A) REFUNDING ALL OR A PORTION OF \$1,595,000 OF ELECTRIC REVENUE REFUNDING BONDS, SERIES 2011 AND \$390,000 OF ELECTRIC REVENUE BONDS, SERIES 2011B, (B) PAYING THE COSTS OF IMPROVEMENTS TO AND EXPANSION OF THE CITY'S ELECTRIC SYSTEM, INCLUDING PAYING AND REDEEMING CERTAIN SHORT TERM INDEBTEDNESS ISSUED FOR SUCH PURPOSES, AND RELATED MATTERS

AN ORDINANCE AUTHORIZING THE ISSUANCE OF HIGHWAY ALLOCATION FUND PLEDGE BONDS OF THE CITY OF SEWARD, NEBRASKA, SERIES 2016, IN THE PRINCIPAL AMOUNT OF NOT TO EXCEED NINE HUNDRED FIFTY THOUSAND DOLLARS (\$950,000) FOR THE PURPOSE OF PAYING THE COSTS OF CONSTRUCTING CERTAIN STREET IMPROVEMENTS IN THE CITY, AND RELATED MATTERS

AN ORDINANCE AUTHORIZING THE ISSUANCE OF SANITARY SEWER SYSTEM REVENUE AND REFUNDING BONDS, SERIES 2016, OF THE CITY OF SEWARD, NEBRASKA, IN THE PRINCIPAL AMOUNT OF NOT TO EXCEED FOUR MILLION TWO HUNDRED THOUSAND DOLLARS (\$4,200,000), FOR THE PURPOSE OF (A) REFUNDING ALL OR A PORTION OF \$300,000 OF OUTSTANDING SANITARY SEWER SYSTEM REVENUE REFUNDING BONDS,

SERIES 2010, \$3,430,000 OF OUTSTANDING SANITARY SEWER SYSTEM REVENUE BONDS, SERIES 2011 AND \$150,000 OF OUTSTANDING SANITARY SEWER SYSTEM REVENUE BONDS, SERIES 2011B; (B) PAYING THE COSTS OF IMPROVEMENTS TO AND EXPANSION OF THE CITY'S SANITARY SEWER SYSTEM, AND RELATED MATTERS

AN ORDINANCE OF THE CITY OF SEWARD, NEBRASKA, AUTHORIZING THE ISSUANCE OF WATER SYSTEM REVENUE REFUNDING BONDS OF THE CITY OF SEWARD, NEBRASKA, IN THE PRINCIPAL AMOUNT OF NOT TO EXCEED ONE MILLION TWO HUNDRED SEVENTY-FIVE THOUSAND DOLLARS (\$1,275,000) FOR THE PURPOSE OF REFUNDING ALL OR A PORTION OF \$1,255,000 OF OUTSTANDING WATER SYSTEM REVENUE REFUNDING BONDS, SERIES 2011, AND RELATED MATTERS

Administrative Report: Highway Allocation Bond Summary

Cedar Street Improvements	\$183,540 (completed)
Jackson Ave	\$126,684 (completed)
Highway 34 Overlay	\$ 37,206 (bonds were received in the amount of \$700,060 on 8/1/13; however, the State NDOR continues to bill additional costs and has not closed out the project
Columbia Ave Paving	\$298,998 (completed)
Izaak Walton Road Project	\$ 72,947 (completed)
Orscheln/Dollar Gen Driveway	\$ 40,219 (completed)
Karol Kay (Bader to Hillcrest)	\$ 50,000 (not completed – project set to complete in 2017 – only bonding \$50,000 at this time
Total	\$ 809,594

Plum Creek Sewer Siphon	\$100,000 (not completed)
Protection	
Total	\$100,000

Electric

14th Street Sub	\$1,986,000 (anticipation notes to be permanently funded)
Roberts Street Project	\$ 625,000 (project just awarded - \$571,800 plus engineering – scheduled for completion 12-31-2016)

34.5 Underground to Water \$ 500,000 (not completed – Fall, 2016; (engineer rough est; already purchased cable at a cost of \$122,867. Dept purchased for the project when they purchased for 14th Street to save on costs)

Total **\$2,733,867**

Staff Contact:

**City of Seward, NE
Proposed 2016 Bond Issues**

Highway Allocation Fund Pledge Bonds:

Par: \$825,000

Projected Rate: 4.25%

Final Maturity: No later than 12/31/31

Purpose: Reimbursement

Refunding of 2011 General Obligation Bonds:

Par: \$1,085,000

Current Rate: 3.30%

Projected Rate: 1.89% (True Interest Cost)

Net Present Value Savings: \$44,000 (4.2% of Refunded Debt)

Final Maturity: December 15, 2022

Purpose: Refunded Series 2006 Bonds

Refunding of 2011 Water System Revenue Bonds:

Par: \$1,220,000

Current Rate: 4.03%

Projected Rate: 2.40% (True Interest Cost)

Net Present Value Savings: \$119,000 (10.1% of Refunded Debt)

Final Maturity: June 1, 2026

Purpose: Refunded Series 2006 Bonds

Refunding of 2010, 2011, 2011B Sewer Bonds and New Plum Creek Project:

Par: \$4,155,000

Current Rate: 3.59%

Projected Rate: 2.65% (True Interest Cost)

Net Present Value Savings: \$205,000 (5.7% of Refunded Debt)

Final Maturity: September 15, 2031

Purpose: Funded improvements to the Sanitary Sewer System

Refunding of Electric System 2011, 2011B Bonds and 2014 BANs and Roberts St. Project:

Par: \$4,815,000

Net Present Value Savings: \$114,000 (5.9% of Refunded Debt)

Current Rate: 3.60%

Projected Rate: 2.33% (True Interest Cost)

Final Maturity: February 15, 2026

Purpose: 1) Series 2011A Bonds refunded the Series 2005 Bonds; and
2) Series 2011B Bonds funded replacement of an underground feeder for the water substation.
3) 2014 BANs refunded the Series 2013 BANs, which funded improvements to the Electric System consisting of the 14th Street substation rebuild.

SOURCES AND USES OF FUNDS

**CITY OF SEWARD, NEBRASKA
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2016
Current Refunding of Series 2011
Non-Rated, BQ, 2022 Final Maturity, Proportional Solution
[Preliminary -- for discussion only]**

Dated Date	03/08/2016
Delivery Date	03/08/2016

Sources:

Bond Proceeds:	
Par Amount	1,085,000.00
	1,085,000.00

Uses:

Refunding Escrow Deposits:	
Cash Deposit	1,065,281.72
Delivery Date Expenses:	
Cost of Issuance	2,648.75
Underwriter's Discount	13,562.50
	16,211.25
Other Uses of Funds:	
Bond Rounding	3,507.03
	1,085,000.00

Note: Escrow cost assumes SLGS are available or represent a proxy for the cost of open market USTs.

SUMMARY OF REFUNDING RESULTS

**CITY OF SEWARD, NEBRASKA
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2016
Current Refunding of Series 2011
Non-Rated, BQ, 2022 Final Maturity, Proportional Solution
[Preliminary -- for discussion only]**

Dated Date	03/08/2016
Delivery Date	03/08/2016
Arbitrage yield	1.553037%
Escrow yield	0.000000%
Value of Negative Arbitrage	
 Bond Par Amount	 1,085,000.00
True Interest Cost	1.895529%
Net Interest Cost	1.556345%
All-In TIC	1.963139%
Average Coupon	1.556345%
Average Life	3.829
 Par amount of refunded bonds	 1,050,000.00
Average coupon of refunded bonds	3.302918%
Average life of refunded bonds	3.898
 PV of prior debt to 03/08/2016 @ 1.553037%	 1,125,874.22
Net PV Savings	44,381.25
Percentage savings of refunded bonds	4.226786%

SAVINGS

CITY OF SEWARD, NEBRASKA
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2016
Current Refunding of Series 2011
Non-Rated, BQ, 2022 Final Maturity, Proportional Solution
[Preliminary -- for discussion only]

Date	Prior Debt Service	Refunding Debt Service	Refunding Receipts	Refunding Net Cash Flow	Savings	Annual Savings	Present Value to 03/08/2016 @ 1.5530373%
03/08/2016			3,507.03	-3,507.03	3,507.03		3,507.03
06/15/2016	15,992.50	4,018.76		4,018.76	11,973.74		11,923.93
09/30/2016						15,480.77	
12/15/2016	155,992.50	157,457.50		157,457.50	-1,465.00		-1,447.66
06/15/2017	14,487.50	6,895.00		6,895.00	7,592.50		7,444.85
09/30/2017						6,127.50	
12/15/2017	149,487.50	151,895.00		151,895.00	-2,407.50		-2,342.49
06/15/2018	12,800.00	6,133.75		6,133.75	6,666.25		6,436.26
09/30/2018						4,258.75	
12/15/2018	157,800.00	161,133.75		161,133.75	-3,333.75		-3,193.93
06/15/2019	10,770.00	5,165.00		5,165.00	5,605.00		5,328.55
09/30/2019						2,271.25	
12/15/2019	160,770.00	160,165.00		160,165.00	605.00		570.73
06/15/2020	8,407.50	4,080.00		4,080.00	4,327.50		4,050.90
09/30/2020						4,932.50	
12/15/2020	163,407.50	164,080.00		164,080.00	-672.50		-624.67
06/15/2021	5,811.25	2,840.00		2,840.00	2,971.25		2,738.64
09/30/2021						2,298.75	
12/15/2021	165,811.25	162,840.00		162,840.00	2,971.25		2,717.54
06/15/2022	3,011.25	1,480.00		1,480.00	1,531.25		1,389.71
09/30/2022						4,502.50	
12/15/2022	168,011.25	161,480.00		161,480.00	6,531.25		5,881.86
09/30/2023						6,531.25	
	1,192,560.00	1,149,663.76	3,507.03	1,146,156.73	46,403.27	46,403.27	44,381.25

Savings Summary

PV of savings from cash flow	44,381.25
Net PV Savings	44,381.25

SAVINGS BY MATURITY

CITY OF SEWARD, NEBRASKA
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2016
Current Refunding of Series 2011
Non-Rated, BQ, 2022 Final Maturity, Proportional Solution
[Preliminary -- for discussion only]

Bond	Maturity Date	Interest Rate	Par Amount	Adjusted Savings	Adjusted Savings Percent
Ser 2011 GO NR Cur Ref of '06 (callable 6/7/16), 11RFG006:					
SERIAL	12/15/2016	2.150%	140,000.00	-1,404.22	-1.003%
	12/15/2017	2.500%	135,000.00	476.88	0.353%
	12/15/2018	2.800%	145,000.00	2,826.28	1.949%
	12/15/2019	3.150%	150,000.00	6,148.15	4.099%
	12/15/2020	3.350%	155,000.00	9,145.13	5.900%
	12/15/2021	3.500%	160,000.00	12,066.98	7.542%
	12/15/2022	3.650%	165,000.00	15,122.05	9.165%
			1,050,000.00	44,381.25	

Note: Calculated Using Remaining Maturities

BOND PRICING

CITY OF SEWARD, NEBRASKA
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2016
Current Refunding of Series 2011
Non-Rated, BQ, 2022 Final Maturity, Proportional Solution
[Preliminary -- for discussion only]

Bond Component	Maturity Date	Amount	Rate	Yield	Price
Serial Bond:					
	12/15/2016	150,000	0.750%	0.750%	100.000
	12/15/2017	145,000	1.050%	1.050%	100.000
	12/15/2018	155,000	1.250%	1.250%	100.000
	12/15/2019	155,000	1.400%	1.400%	100.000
	12/15/2020	160,000	1.550%	1.550%	100.000
	12/15/2021	160,000	1.700%	1.700%	100.000
	12/15/2022	160,000	1.850%	1.850%	100.000
		1,085,000			

Dated Date	03/08/2016	
Delivery Date	03/08/2016	
First Coupon	06/15/2016	
Par Amount	1,085,000.00	
Original Issue Discount		
Production	1,085,000.00	100.000000%
Underwriter's Discount	-13,562.50	-1.250000%
Purchase Price	1,071,437.50	98.750000%
Accrued Interest		
Net Proceeds	1,071,437.50	

BOND SUMMARY STATISTICS

CITY OF SEWARD, NEBRASKA
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2016
Current Refunding of Series 2011
Non-Rated, BQ, 2022 Final Maturity, Proportional Solution
[Preliminary -- for discussion only]

Dated Date	03/08/2016
Delivery Date	03/08/2016
First Coupon	06/15/2016
Last Maturity	12/15/2022
Arbitrage Yield	1.553037%
True Interest Cost (TIC)	1.895529%
Net Interest Cost (NIC)	1.556345%
All-In TIC	1.963139%
Average Coupon	1.556345%
Average Life (years)	3.829
Weighted Average Maturity (years)	3.829
Duration of Issue (years)	3.698
Par Amount	1,085,000.00
Bond Proceeds	1,085,000.00
Total Interest	64,663.76
Net Interest	78,226.26
Bond Years from Dated Date	4,154,847.22
Bond Years from Delivery Date	4,154,847.22
Total Debt Service	1,149,663.76
Maximum Annual Debt Service	166,920.00
Average Annual Debt Service	169,831.33
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	12.500000
Total Underwriter's Discount	12.500000
Bid Price	98.750000

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Serial Bond	1,085,000.00	100.000	1.556%	3.829	396.75
	1,085,000.00			3.829	396.75

	TIC	All-In TIC	Arbitrage Yield
Par Value	1,085,000.00	1,085,000.00	1,085,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount	-13,562.50	-13,562.50	
- Cost of Issuance Expense		-2,648.75	
- Other Amounts			
Target Value	1,071,437.50	1,068,788.75	1,085,000.00
Target Date	03/08/2016	03/08/2016	03/08/2016
Yield	1.895529%	1.963139%	1.553037%

BOND DEBT SERVICE

CITY OF SEWARD, NEBRASKA
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2016
Current Refunding of Series 2011
Non-Rated, BQ, 2022 Final Maturity, Proportional Solution
[Preliminary -- for discussion only]

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
06/15/2016			4,018.76	4,018.76	
09/30/2016					4,018.76
12/15/2016	150,000	0.750%	7,457.50	157,457.50	
06/15/2017			6,895.00	6,895.00	
09/30/2017					164,352.50
12/15/2017	145,000	1.050%	6,895.00	151,895.00	
06/15/2018			6,133.75	6,133.75	
09/30/2018					158,028.75
12/15/2018	155,000	1.250%	6,133.75	161,133.75	
06/15/2019			5,165.00	5,165.00	
09/30/2019					166,298.75
12/15/2019	155,000	1.400%	5,165.00	160,165.00	
06/15/2020			4,080.00	4,080.00	
09/30/2020					164,245.00
12/15/2020	160,000	1.550%	4,080.00	164,080.00	
06/15/2021			2,840.00	2,840.00	
09/30/2021					166,920.00
12/15/2021	160,000	1.700%	2,840.00	162,840.00	
06/15/2022			1,480.00	1,480.00	
09/30/2022					164,320.00
12/15/2022	160,000	1.850%	1,480.00	161,480.00	
09/30/2023					161,480.00
	1,085,000		64,663.76	1,149,663.76	1,149,663.76

SUMMARY OF BONDS REFUNDED

CITY OF SEWARD, NEBRASKA
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2016
Current Refunding of Series 2011
Non-Rated, BQ, 2022 Final Maturity, Proportional Solution
[Preliminary -- for discussion only]

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
Ser 2011 GO NR Cur Ref of '06 (callable 6/7/16):					
SERIAL	12/15/2016	2.150%	140,000.00	06/07/2016	100.000
	12/15/2017	2.500%	135,000.00	06/07/2016	100.000
	12/15/2018	2.800%	145,000.00	06/07/2016	100.000
	12/15/2019	3.150%	150,000.00	06/07/2016	100.000
	12/15/2020	3.350%	155,000.00	06/07/2016	100.000
	12/15/2021	3.500%	160,000.00	06/07/2016	100.000
	12/15/2022	3.650%	165,000.00	06/07/2016	100.000
			1,050,000.00		

ESCROW REQUIREMENTS

CITY OF SEWARD, NEBRASKA
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2016
Current Refunding of Series 2011
Non-Rated, BQ, 2022 Final Maturity, Proportional Solution
[Preliminary -- for discussion only]

Dated Date 03/08/2016
 Delivery Date 03/08/2016

Period Ending	Interest	Principal Redeemed	Total
06/07/2016	15,281.72	1,050,000.00	1,065,281.72
	15,281.72	1,050,000.00	1,065,281.72

PRIOR BOND DEBT SERVICE

CITY OF SEWARD, NEBRASKA **GENERAL OBLIGATION REFUNDING BONDS, SERIES 2016** **Current Refunding of Series 2011** **Non-Rated, BQ, 2022 Final Maturity, Proportional Solution** **[Preliminary -- for discussion only]**

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
06/15/2016			15,992.50	15,992.50	
09/30/2016					15,992.50
12/15/2016	140,000	2.150%	15,992.50	155,992.50	
06/15/2017			14,487.50	14,487.50	
09/30/2017					170,480.00
12/15/2017	135,000	2.500%	14,487.50	149,487.50	
06/15/2018			12,800.00	12,800.00	
09/30/2018					162,287.50
12/15/2018	145,000	2.800%	12,800.00	157,800.00	
06/15/2019			10,770.00	10,770.00	
09/30/2019					168,570.00
12/15/2019	150,000	3.150%	10,770.00	160,770.00	
06/15/2020			8,407.50	8,407.50	
09/30/2020					169,177.50
12/15/2020	155,000	3.350%	8,407.50	163,407.50	
06/15/2021			5,811.25	5,811.25	
09/30/2021					169,218.75
12/15/2021	160,000	3.500%	5,811.25	165,811.25	
06/15/2022			3,011.25	3,011.25	
09/30/2022					168,822.50
12/15/2022	165,000	3.650%	3,011.25	168,011.25	
09/30/2023					168,011.25
	1,050,000		142,560.00	1,192,560.00	1,192,560.00

ORDINANCE NO. _____

AN ORDINANCE AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION REFUNDING BONDS OF THE CITY OF SEWARD, NEBRASKA, IN THE PRINCIPAL AMOUNT OF NOT TO EXCEED ONE MILLION ONE HUNDRED THOUSAND DOLLARS (\$1,100,000) FOR THE PURPOSE OF REFUNDING ALL OR A PORTION OF \$1,050,000 OF GENERAL OBLIGATION REFUNDING BONDS, SERIES 2011; 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 SEWARD, NEBRASKA:

Section 1. The Mayor and City Council hereby find and determine that there have been heretofore issued and are now outstanding and unpaid valid and interest bearing bonds of the City of Seward, Nebraska, as follows:

General Obligation Refunding Bonds, Series 2011, date of original issue – June 11, 2011, in the principal amount of One Million Fifty Thousand Dollars (\$1,050,000), numbered as shown on the books of the Paying Agent becoming due and bearing interest as follows:

<u>Principal Amount</u>	<u>Maturing December 15 Of Year</u>	<u>Interest Rate</u>	<u>CUSIP No.</u>
\$140,000	2016	2.15%	81847E KR6
135,000	2017	2.50	81847E KS4
145,000	2018	2.80	81847E KT2
150,000	2019	3.15	81847E KU9
155,000	2020	3.35	81847E KV7
160,000	2021	3.50	81847E KW5
165,000	2022	3.65	81847E KX3

Said bonds are hereinafter referred to as the “2011 Bonds”. The 2011 Bonds are subject to redemption at any time on or after June 7, 2016, at the principal amount thereof plus accrued interest, and said interest is payable semiannually. The proceeds of the 2011 Bonds were issued for the purpose of refunding the City’s outstanding General Obligation Refunding Bonds, Series 2006, dated July 21, 2006, in the principal amount of \$1,440,000 maturing in the years 2011 through 2022, and to pay costs of issuance and underwriting associated with issuance of the 2011 Bonds;

that the 2011 Bonds are valid, interest bearing obligations of the City of Seward, Nebraska, and that all or a portion of the 2011 Bonds are authorized herein to be irrevocably called for redemption on such date as determined by the Authorized Officers (defined herein); that since the 2011 Bonds were issued, the rates of interest available in the market have declined such that by taking up and paying off all or a portion of the 2011 Bonds through the issuance of refunding bonds as provided herein, a savings in the amount of yearly running interest will be made to the City; for the purpose of making said redemption, it is for the best interest of the City to issue general obligation refunding bonds of the City in the principal amount of not to exceed \$1,100,000 (the “Bonds”), pursuant to Section 10-142, R.R.S. Neb. 2012, and all laws amendatory thereof or

supplementary thereto, and all conditions, acts and things required by law to exist or to be done precedent to the issuance of such refunding bonds do exist and have been done as required by law.

Section 2. To provide funds for the purpose of refinancing the Refunded Bonds as set out in Section 1 hereof, there shall be and there are hereby ordered issued the Bonds, in one or more series, in the aggregate stated principal amount of not to exceed \$1,100,000. The Bonds or any portion thereof are hereby authorized to be sold pursuant to a negotiated sale with D.A. Davidson & Co., as initial purchaser (the "Underwriter"). In connection with such sale, the Mayor, City Administrator or City Clerk-Treasurer (each, an "Authorized Officer") are hereby authorized to specify, determine, designate, establish and appoint, as the case may be, in one or more written designations which may be included in a bond purchase agreement (each, a "Designation"), (i) the aggregate purchase price of the Bonds and the underwriting discount which shall not exceed 1.25% of the aggregate stated principal amount thereof, (ii) the form and contents of any bond purchase agreement in connection with such sale, (iii) the title (including series designation), dated date (which shall not be later than December 31, 2016), aggregate principal amount (including the aggregate principal amounts of serial Bonds and term Bonds, if any), which aggregate stated principal amount shall not exceed \$1,100,000, and the final maturity date, which shall not be later than December 31, 2022, (iv) the principal amounts maturing in each year, (v) the rate or rates of interest to be borne by each principal maturity, provided that present value savings results from refunding the Refunded Bonds, (vi) the principal payment dates and interest payment dates, (vii) whether the Bonds will be subject to redemption prior to their stated maturity, and if subject to such optional redemption, the provisions governing such redemption, including a redemption price not to exceed 104% of the principal amount then being redeemed plus accrued interest to the date of redemption, (viii) the amount and due date of each sinking fund installment for any of the Bonds issued as term Bonds, (ix) the designation of the Paying Agent and Registrar and the form and content of any agreement between the City and such entity and (x) all other terms and provisions of the Bonds not otherwise specified or fixed by this Ordinance.

The Authorized Officers, or each individually, are hereby authorized to irrevocably call any or all of the 2011 Bonds (as called for redemption, the "Refunded Bonds") for redemption on such date or dates he or she determines appropriate on and after June 7, 2016, which date or dates shall be the Redemption Dates hereunder. The Authorized Officers, or each individually, are hereby authorized to designate, approve, execute and deliver, as the case may be (i) the form, content, terms and provisions of any published and/or mailed notice of redemption with respect to the payment and redemption of the Refunded Bonds, (ii) an Escrow Agent, (iii) the form, content, terms and provisions of an Escrow Agreement with the Escrow Agent for the purpose of providing for the deposit in trust with the Escrow Agent a portion of the net proceeds of the Bonds, the investment of such net proceeds pending their application, the application of such proceeds and any investment income to the payment of all of the principal of and interest on the Refunded Bonds maturing on or before the Redemption Date and the application of the balance of such proceeds and any investment income thereof to the redemption and retirement of the Refunded Bonds on the Redemption Date.

The Bonds shall be issued in fully registered form in the denomination of \$5,000 or any integral multiple thereof. The date of original issue for the Bonds shall be the date of delivery thereof. Interest on the Bonds, at the respective rates for each maturity, shall be payable as determined in the Designation, (each of said dates an "Interest Payment Date") and the Bonds shall bear such interest from the date of original issue or the most recent Interest Payment Date, whichever is later. The interest due on each Interest Payment Date shall be payable to the registered owners of record as of the close of business on the fifteenth day immediately preceding the Interest Payment Date (or such other date as may be determined in the Designation, the "Record Date"), subject to the provisions of Section 4 hereof. The Bonds shall be numbered from 1 upwards in the order of their issuance. No Bond shall be issued originally or upon transfer or partial redemption having more than one principal maturity. The initial bond numbering and principal amounts for each of the Bonds issued shall be designated by the City's Treasurer as directed by the initial purchaser thereof. Payments of interest due

on the Bonds prior to maturity or date of redemption shall be made by the Paying Agent and Registrar, as designated pursuant to Section 3 hereof, by mailing a check or draft in the amount due for such interest on each Interest Payment Date to the registered owner of each Bond, as of the Record Date for such Interest Payment Date, to such owner's registered address as shown on the books of registration as required to be maintained in Section 3 hereof. Payments of principal and accrued interest thereon due at maturity or at any date fixed for redemption prior to maturity shall be made by said Paying Agent and Registrar to the registered owners upon presentation and surrender of the Bonds to said Paying Agent and Registrar. The City and said Paying Agent and Registrar may treat the registered owner of any Bond as the absolute owner of such Bond for the purpose of making payments thereon and for all other purposes and neither the City nor the Paying Agent and Registrar shall be affected by any notice or knowledge to the contrary, whether such Bond or any installment of interest due thereon shall be overdue or not. All payments on account of interest or principal made to the registered owner of any Bond in accordance with the terms of this Ordinance shall be valid and effectual and shall be a discharge of the City and said Paying Agent and Registrar, in respect of the liability upon the Bonds or claims for interest to the extent of the sum or sums so paid.

Section 3. The Paying Agent and Registrar designated pursuant to the Designation 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, in a form approved by an Authorized Officer. The Paying Agent and Registrar shall keep and maintain for the City books for the registration and transfer of the Bonds at its principal corporate trust office. The names and registered addresses of the registered owner or owners of the Bonds shall at all times be recorded in such books. Any Bond may be transferred pursuant to its provisions at the principal corporate trust office of said Paying Agent and Registrar by surrender of such Bond for cancellation, accompanied by a written instrument of transfer, in form satisfactory to said Paying Agent and Registrar, duly executed by the registered owner in person or by such owner's duly authorized agent, and thereupon the Paying Agent and Registrar on behalf of the City will deliver at its office (or send by registered mail to the transferee owner or owners thereof at such transferee owner's or owners' risk and expense), registered in the name of such transferee owner or owners, a new Bond or Bonds of the same interest rate, aggregate principal amount and maturity. To the extent of the denominations authorized for the Bonds by this Ordinance, one 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 Bond, the surrendered Bond or Bonds shall be canceled and destroyed. All Bonds issued upon transfer of the Bonds so surrendered shall be valid obligations of the City evidencing the same obligations as the Bonds surrendered and shall be entitled to all the benefits and protection of this Ordinance to the same extent as the Bonds upon transfer of which they were delivered. The City and said Paying Agent and Registrar shall not be required to transfer any Bond during any period from any Record Date until its immediately following Interest Payment Date or to transfer any Bond called for redemption for a period of 30 days next preceding the date fixed for redemption.

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

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

and effect as if made on the nominal date of payment.

Section 6. In addition to any mandatory sinking fund redemptions as may be provided for as set out in Section 2 of this Ordinance, the Bonds shall be subject to redemption at the option of the City, in whole or in part, prior to maturity at any time on or after such date as may be provided in the Designation, at par plus accrued interest on the principal amount redeemed to the date fixed for redemption. The City may select the Bonds to be redeemed for optional redemption in its sole discretion. Bonds for mandatory redemption shall be selected by the Paying Agent and Registrar using any random method of selection determined appropriate by the Paying Agent and Registrar. Bonds redeemed pursuant to the requirements for mandatory redemption shall be redeemed at par plus accrued interest on the principal amount redeemed. The Bonds shall be redeemed only in amounts of \$5,000 or integral multiples thereof. Bonds redeemed in part only shall be surrendered to said Paying Agent and Registrar in exchange for a new Bond evidencing the unredeemed principal thereof. Notice of redemption of any Bond called for redemption shall be given, at the direction of the City in the case of optional redemption and without further direction in the case of mandatory redemption, by said Paying Agent and Registrar by mail not less than 30 days prior to the date fixed for redemption, first class, postage prepaid, sent to the registered owner of such Bond at said owner's registered address. Such notice shall designate the Bond or Bonds to be redeemed by maturity or otherwise, the date of original issue, series and the date fixed for redemption and shall state that such Bond or Bonds are to be presented for prepayment at the office of said Paying Agent and Registrar. In case of any Bond partially redeemed, such notice shall specify the portion of the principal amount of such Bond to be redeemed. No defect in the mailing of notice for any Bond shall affect the sufficiency of the proceedings of the City designating the Bonds called for redemption or the effectiveness of such call for Bonds for which notice by mail has been properly given and the City shall have the right to further direct notice of redemption for any such Bond for which defective notice has been given.

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

**UNITED STATES OF AMERICA
STATE OF NEBRASKA
COUNTY OF SEWARD**

**GENERAL OBLIGATION REFUNDING BOND OF
THE CITY OF SEWARD, NEBRASKA
SERIES 2016**

No. R-_____ \$ _____

Interest Date
%

Maturity Date
_____,

Date of Original Issue
_____, 2016

CUSIP No.

Registered Owner: Cede & Co.
13-2555119

Principal Amount:

KNOW ALL PERSONS BY THESE PRESENTS: That the City of Seward, in the County of Seward, in the State of Nebraska, hereby acknowledges itself to owe and for value received promises to pay to the registered owner specified above, or registered assigns, the principal amount specified above in lawful money of the United States of America on the date of maturity specified above with interest thereon to maturity (or earlier redemption) from the date of original issue or most recent Interest Payment Date, whichever is later, at the rate per annum specified above, payable semiannually on _____ and _____ of each year, commencing _____, 2016 (each of said dates an "Interest Payment Date"). Said interest shall be computed on the basis of a 360-day year consisting of twelve 30-day months. The principal hereof and unpaid accrued interest thereon due at maturity or upon redemption prior to maturity are payable upon presentation and surrender of this bond at the principal corporate trust office of _____, the Paying Agent and Registrar, in Seward, Nebraska. Interest on this bond due prior to maturity or earlier redemption will be paid on each Interest Payment Date by a check or draft mailed by the Paying Agent and Registrar to the registered owner of this bond, as shown on the books of record maintained by the Paying Agent and Registrar, at the close of business on the fifteenth day immediately preceding the Interest Payment Date, 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 _____ Dollars (\$ _____), 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 and redeeming the City's General Obligation Refunding Bonds, Series 2011, dated June 7, 2011, in the principal amount of \$ _____ maturing in the years _____ through _____, in strict compliance with Section 10-142, R.R.S. Neb. 2012, 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.

All Bonds of this issue are subject to redemption at the option of the City, in whole or in part, at any

time on or after _____, at par plus interest accrued on the principal amount redeemed to the date fixed for redemption.

[In addition, the Bonds maturing in the years _____, _____ and _____ shall be subject to mandatory sinking fund redemption payments (with bonds being redeemed at par plus accrued interest) as follows:

\$	<u>Principal Maturing</u>	<u> </u> , 20
\$	to be called	<u> </u> , 20
\$	to be called	<u> </u> , 20
\$	Payable	<u> </u> , 20
\$	<u>Principal Maturing</u>	<u> </u> , 20
\$	to be called	<u> </u> , 20
\$	to be called	<u> </u> , 20
\$	Payable	<u> </u> , 20
\$	<u>Principal Maturing</u>	<u> </u> 5, 20
\$	to be called	<u> </u> , 20
\$	to be called	<u> </u> , 20
\$	Payable	<u> </u> , 20]

Such mandatory redemptions shall be at a price equal to 100% of the principal amount redeemed plus interest accrued on the principal amount being redeemed to the date fixed for redemption. The Paying Agent and Registrar shall select the Term Bonds for mandatory redemption using any random method of selection deemed appropriate by the Paying Agent and Registrar.]

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 principal corporate trust 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 and in the issuance of the bonds refunded hereby 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 and the bonds refunded hereby, does not exceed any

limitation imposed by law. The City agrees that it 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 fully pay the principal and interest of this bond and the other bonds of this issue 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 Seward, 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 SEWARD, NEBRASKA

ATTEST:

Mayor

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 Seward, in the State of Nebraska, described in the foregoing bond.

_____,
Seward, 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 principal corporate trust 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.

* * * * *

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

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

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

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

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

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

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

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

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

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

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

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

If for any reason the Depository is terminated or resigns and is not replaced, the City shall immediately provide a supply of printed bond certificates for issuance upon the transfers from the Depository and subsequent transfers or in the event of partial redemption. In the event that such supply of certificates shall be insufficient to meet the requirements of the Paying Agent and Registrar for issuance of replacement certificates upon transfer or partial redemption, the City agrees to order printed an additional supply of such certificates and to direct their execution by manual or facsimile signatures of its then duly qualified and acting Mayor and City Clerk and by imprinting thereon or affixing thereto the City's seal. In case any officer whose signature or facsimile thereof shall appear on any Bond shall cease to be such officer before the delivery of such bond (including such certificates delivered to the Paying Agent and Registrar for issuance upon transfer or partial redemption), such signature or such facsimile signature shall nevertheless be valid and sufficient for all purposes the same as if such officer or officers had remained in office until the delivery of such bond. The Bonds shall not be valid and binding on the City until authenticated by the Paying Agent and Registrar. The Bonds shall be delivered to the Paying Agent and Registrar for registration and authentication. Upon execution, registration and authentication of the Bonds, they shall be delivered to the City Treasurer, who is authorized to deliver them to the Underwriter upon receipt of the total stated principal amount of the Bonds, plus accrued interest thereon to date of payment for the Bonds, less Underwriter's discount in an amount determined in the Designation. Such purchaser and its agents, representatives and counsel (including the City's bond counsel) are hereby authorized to take such actions on behalf of the City as are necessary to effectuate the closing of the issuance and sale of the Bonds, including without limitation, authorizing the release of the Bonds by the Depository at closing. Said initial purchaser shall have the right to direct the registration of the Bonds and the denominations thereof within each maturity, subject to the restrictions of this Ordinance. The City Clerk shall make and certify a transcript of the proceedings of the Mayor and Council with respect to the Bonds, a copy of which shall be delivered to the initial purchaser of the Bonds. The Authorized Officers are hereby each individually authorized to execute the Bond Purchase Agreement, in the form such Authorized Officers may deem necessary and appropriate, and are further authorized to do any and all things necessary and appropriate in connection with the issuance of the Bonds and the redemption of the Refunded Bonds.

Section 9. The net sale proceeds of the Bonds, along with any necessary funds of the City on hand, shall be applied to the payment and satisfaction of all of the principal of and the interest on the Refunded Bonds falling due prior to, and as called for redemption on, the Redemption Date. Accrued interest received from the sale of the Bonds, if any, shall be applied to pay interest first falling due on the Bonds. Expenses of issuance of the Bonds may be paid from the proceeds of the Bonds. In order to satisfy the City's obligation on the Refunded Bonds, if determined necessary and appropriate by an Authorized Officer, such proceeds of the Bonds along with funds of the City on hand shall be set aside and held and invested in a special trust account which is hereby ordered established with such bank or trust company as determined by an Authorized Officer to act as escrow agent (the "Escrow Agent"). The Escrow Agent shall have custody and safekeeping of the funds and investments which are to be set aside for the payment of the Refunded Bonds. For purposes of governing such escrow account and the holding and application of such funds and investments, the City shall enter into a contract entitled "Escrow Agreement" with the Escrow Agent. The Authorized Officers, or each individually, are hereby authorized and directed to execute and deliver on behalf of the City said Escrow Agreement, including necessary counterparts, in substantially the form and content as presented to the meeting at which this resolution is adopted, but with such changes and modifications therein as to them seem necessary, desirable, or appropriate for and on behalf of the City. Said Authorized Officers are further authorized to approve the investments provided for in said Escrow Agreement, and to make any necessary subscriptions for United States Treasury Securities, State and Local Government Series, or to contract for the purchase of securities in the open market. Said proceeds shall be invested in obligations of the United States Government, direct or guaranteed, including United States Treasury Securities, State and Local Government Series. To the extent that such proceeds are held in a bank depository account, such deposits shall be insured by insurance of the Federal Deposit Insurance Corporation or, to the extent not fully insured, fully collateralized in the same manner as is required for deposit of public funds. Any investment from the proceeds of the Bonds herein authorized shall mature not later than the Redemption Date. As provided in said Escrow Agreement, the proceeds of the Bonds herein authorized and investment earnings thereon shall be applied to the payment of the principal of and interest on the Refunded Bonds as the same become due on and prior to the Redemption Date, and as called for redemption on the Redemption Date. The City agrees that on the date of original issue of the Bonds, or as soon thereafter as practicable, it shall deposit or otherwise have on hand with the Escrow Agent, from tax levy or other available sources, funds sufficient after taking into consideration available proceeds of the Bonds and investment earnings to provide funds for all payments due on the Refunded Bonds on or before the Redemption Date, and as called for redemption on the Redemption Date.

Section 10. The holders of the Bonds shall be subrogated to all rights of the holders of the Refunded Bonds including the right to have special assessments set aside as a sinking fund for the payment of principal thereof and interest thereon, from and after their payment and redemption on each Redemption Date. The City agrees that it shall cause to be levied and collected annually a special levy of taxes on all the taxable property in this City, in addition to all other taxes, sufficient in rate and amount to fully pay the principal of and interest on the Bonds when and as such principal and interest become due.

Section 11. The City hereby covenants and agrees that it will make no use of the proceeds of the Bonds which would cause the Bonds to be arbitrage bonds within the meaning of Sections 103(b)(2) and 148 of the Internal Revenue Code of 1986, as amended (the "Code") and further covenants to comply with said Sections 103(b)(2) and 148 and all applicable regulations thereunder throughout the term of said issue, including all requirements with respect to payment and reporting of rebates, if applicable. The City hereby covenants to take all action necessary to preserve the tax-exempt status of the interest on the Bonds for federal income tax purposes under the Code with respect to taxpayers generally. The City further agrees that it will not take any actions which would cause the Bonds to constitute "private activity bonds" within the meaning of Section 141 of the Code. The City hereby designates the 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 bonds or other obligations aggregating in principal amount more than \$10,000,000 during the

calendar year or years in which the Bonds are issued (taking into consideration the exception for current refunding issues). The Mayor is hereby authorized to make, or cause to be made, any and all certifications deemed necessary in connection with the designation of the Bonds as “qualified tax-exempt obligations”, including “deemed designating” the Bonds.

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

Section 13. The Authorized Officers or any one or more of them is authorized to approve, deem final and deliver a Preliminary Official Statement and a final Official Statement with respect to the Bonds for and on behalf of the City, all in accordance with the requirements of Reg. Sec. 240.15c2-12 of the Securities and Exchange Commission.

Section 14. The City hereby (a) authorizes and directs that an Authorized Officer execute and deliver, on the date of issue of the Bonds, a continuing disclosure undertaking in accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission in such form as determined necessary and appropriate by such Authorized Officer (the “Continuing Disclosure Undertaking”) and (b) covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Undertaking. Notwithstanding any other provision of this ordinance, failure of the City to comply with the Continuing Disclosure Undertaking shall not be considered an event of default hereunder; however, any Participating Underwriter (as such term is defined in the Continuing Disclosure Undertaking) or any Beneficial Owner or any Registered Owner of a Bond (as such terms are defined in the Continuing Disclosure Undertaking) may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the City to comply with its obligations under this section, and under the Continuing Disclosure Undertaking. An Authorized Officer may appoint a Dissemination Agent for the Bonds in the Authorized Officer’s discretion.

Section 15. This Ordinance shall be in force and take effect from and after its passage and publication in pamphlet form as provided by law.

PASSED AND APPROVED this 5th day of January, 2016.

ATTEST:

Joshua Eickmeier, Mayor

Bonnie Otte
Assistant Administrator/Clerk-Treasurer/
Budget & Human Resource Director

[SEAL]

Motion for adjournment was duly made, seconded and on roll call vote was declared adopted by the Mayor.

I, Bonnie Otte, the undersigned City Clerk for the City of Seward, Nebraska, hereby certify that the foregoing is a true and correct copy of the proceedings had and done by the Mayor and Council on January 5, 2016; that all of the subjects included in the foregoing proceedings were contained in the agenda for the meeting, kept continually current and readily available for public inspection at the office of the City Clerk; that such subjects were contained in said agenda for at least twenty-four hours prior to said meeting; that a current copy of the Nebraska Open Meetings Act was available and accessible to members of the public, posted during such meeting in the room in which such meeting was held; that at least one copy of all reproducible material discussed at the meeting was available at the meeting for examination and copying by members of the public; that the said minutes from which the foregoing proceedings have been extracted were in written form and available for public inspection within ten working days and prior to the next convened meeting of said body; that all news media requesting notification concerning meetings of said body were provided advance notification of the time and place of said meeting and the subjects to be discussed at said meeting.

Bonnie Otte
Assistant Administrator/ Clerk-Treasurer/
Budget & Human Resource Director

[SEAL]

NOTICE OF PUBLICATION

ORDINANCE NO. _____

IN PAMPHLET FORM

Public Notice is hereby given that at a meeting of the Mayor and City Council of the City of Seward, Nebraska, held at _____ p.m. on Tuesday, January 5, 2016, there was passed and adopted Ordinance No. _____ entitled:

ORDINANCE NO. _____

AN ORDINANCE AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION REFUNDING BONDS OF THE CITY OF SEWARD, NEBRASKA, IN THE PRINCIPAL AMOUNT OF NOT TO EXCEED ONE MILLION ONE HUNDRED THOUSAND DOLLARS (\$1,100,000) FOR THE PURPOSE OF REFUNDING ALL OR A PORTION OF \$1,050,000 OF GENERAL OBLIGATION REFUNDING BONDS, SERIES 2011; 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.

Said Ordinance was published in pamphlet form on January ____, 2016. Copies of said Ordinance as published in pamphlet form are available for inspection and distribution at the Office of the City Clerk, in the City of Seward, Nebraska.

Bonnie Otte
Assistant Administrator/Clerk-Treasurer/
Budget & Human Resource Director

NOTE: Please publish the Ordinance in Title Form one time after passage and approval.

CERTIFICATE AS TO PUBLICATION IN PAMPHLET FORM

The undersigned City Clerk for the City of Seward, Nebraska, hereby certifies that Ordinance No. _____ as passed and approved by the Mayor and Council of the City of Seward, Nebraska, at their meeting held on January 5, 2016, was published in pamphlet form on January ____, 2016 and that a true and correct copy of such Ordinance as so passed and published is attached hereto.

Dated this _____ day of January, 2016.

Bonnie Otte
Assistant Administrator/Clerk-Treasurer/
Budget & Human Resource Director

(SEAL)

SOURCES AND USES OF FUNDS

CITY OF SEWARD, NEBRASKA
ELECTRIC REVENUE AND REFUNDING BONDS, SERIES 2016
Advance Refunding of Ser. 2011 & Ser. 2011B
New Money Project
Pay & Cancel Refunding of Series 2014 BANs
Non-Rated, BQ, 2036 Final Maturity
[Preliminary -- for discussion only]

Dated Date 03/01/2016
 Delivery Date 03/01/2016

Sources:	Advance Refunding of Ser. 2011 & Ser. 2011B	New Money	Pay & Cancel Refunding of Ser. 2014 BAN	Total
Bond Proceeds:				
Par Amount	1,940,000.00	690,000.00	2,185,000.00	4,815,000.00
Other Sources of Funds:				
DSRF, Series 2011	39,000.00			39,000.00
DSRF, Ser. 2011B	175,000.00			175,000.00
	214,000.00			214,000.00
	2,154,000.00	690,000.00	2,185,000.00	5,029,000.00

Uses:	Advance Refunding of Ser. 2011 & Ser. 2011B	New Money	Pay & Cancel Refunding of Ser. 2014 BAN	Total
Project Fund Deposits:				
Roberts St. Project		625,000.00		625,000.00
Refunding Escrow Deposits:				
Cash Deposit	0.94		1,982,717.00	1,982,717.94
SLGS Purchases	1,969,893.00			1,969,893.00
	1,969,893.94		1,982,717.00	3,952,610.94
Other Fund Deposits:				
Debt Service Reserve Fund	151,203.57	53,778.59	170,298.86	375,281.02
Cost of Issuance:				
Paying Agent	302.18	107.48	340.34	750.00
Bond Counsel	3,395.00	1,207.50	3,823.75	8,426.25
Escrow Agent	1,000.00			1,000.00
Escrow Verification	2,000.00			2,000.00
	6,697.18	1,314.98	4,164.09	12,176.25
Delivery Date Expenses:				
Underwriter's Discount	24,250.00	8,625.00	27,312.50	60,187.50
Other Uses of Funds:				
Bond Rounding	1,955.31	1,281.43	507.55	3,744.29
	2,154,000.00	690,000.00	2,185,000.00	5,029,000.00

BOND MATURITY TABLE

CITY OF SEWARD, NEBRASKA
ELECTRIC REVENUE AND REFUNDING BONDS, SERIES 2016
Advance Refunding of Ser. 2011 & Ser. 2011B
New Money Project
Pay & Cancel Refunding of Series 2014 BANs
Non-Rated, BQ, 2036 Final Maturity
[Preliminary -- for discussion only]

Maturity Date	Advance Refunding of Ser. 2011 & Ser. 2011B	New Money	Pay & Cancel Refunding of Ser. 2014 BAN	Total
02/15/2017	150,000	30,000	90,000	270,000
02/15/2018	150,000	30,000	90,000	270,000
02/15/2019	175,000	30,000	90,000	295,000
02/15/2020	175,000	30,000	95,000	300,000
02/15/2021	180,000	30,000	95,000	305,000
02/15/2022	180,000	30,000	95,000	305,000
02/15/2023	185,000	30,000	100,000	315,000
02/15/2024	190,000	30,000	100,000	320,000
02/15/2025	235,000	30,000	100,000	365,000
02/15/2026	320,000	35,000	105,000	460,000
02/15/2027		35,000	105,000	140,000
02/15/2028		35,000	110,000	145,000
02/15/2029		35,000	115,000	150,000
02/15/2030		35,000	115,000	150,000
02/15/2031		35,000	120,000	155,000
02/15/2032		40,000	125,000	165,000
02/15/2033		40,000	130,000	170,000
02/15/2034		40,000	130,000	170,000
02/15/2035		45,000	135,000	180,000
02/15/2036		45,000	140,000	185,000
	1,940,000	690,000	2,185,000	4,815,000

BOND PRICING

CITY OF SEWARD, NEBRASKA
ELECTRIC REVENUE AND REFUNDING BONDS, SERIES 2016
Advance Refunding of Ser. 2011 & Ser. 2011B
New Money Project
Pay & Cancel Refunding of Series 2014 BANs
Non-Rated, BQ, 2036 Final Maturity
[Preliminary -- for discussion only]

Bond Component	Maturity Date	Amount	Rate	Yield	Price
Serial Bonds:					
	02/15/2017	270,000	1.050%	1.050%	100.000
	02/15/2018	270,000	1.250%	1.250%	100.000
	02/15/2019	295,000	1.400%	1.400%	100.000
	02/15/2020	300,000	1.550%	1.550%	100.000
	02/15/2021	305,000	1.700%	1.700%	100.000
	02/15/2022	305,000	1.850%	1.850%	100.000
	02/15/2023	315,000	2.050%	2.050%	100.000
	02/15/2024	320,000	2.200%	2.200%	100.000
	02/15/2025	365,000	2.350%	2.350%	100.000
	02/15/2026	460,000	2.500%	2.500%	100.000
	02/15/2027	140,000	2.600%	2.600%	100.000
	02/15/2028	145,000	2.750%	2.750%	100.000
	02/15/2029	150,000	2.850%	2.850%	100.000
	02/15/2030	150,000	2.950%	2.950%	100.000
	02/15/2031	155,000	3.050%	3.050%	100.000
	02/15/2032	165,000	3.100%	3.100%	100.000
	02/15/2033	170,000	3.200%	3.200%	100.000
	02/15/2034	170,000	3.250%	3.250%	100.000
	02/15/2035	180,000	3.300%	3.300%	100.000
	02/15/2036	185,000	3.350%	3.350%	100.000
		4,815,000			

Dated Date	03/01/2016	
Delivery Date	03/01/2016	
First Coupon	08/15/2016	
Par Amount	4,815,000.00	
Original Issue Discount		
Production	4,815,000.00	100.000000%
Underwriter's Discount	-60,187.50	-1.250000%
Purchase Price	4,754,812.50	98.750000%
Accrued Interest		
Net Proceeds	4,754,812.50	

BOND SUMMARY STATISTICS

CITY OF SEWARD, NEBRASKA
ELECTRIC REVENUE AND REFUNDING BONDS, SERIES 2016
Advance Refunding of Ser. 2011 & Ser. 2011B
New Money Project
Pay & Cancel Refunding of Series 2014 BANs
Non-Rated, BQ, 2036 Final Maturity
[Preliminary -- for discussion only]

Dated Date	03/01/2016
Delivery Date	03/01/2016
First Coupon	08/15/2016
Last Maturity	02/15/2036
Arbitrage Yield	2.366979%
True Interest Cost (TIC)	2.792954%
Net Interest Cost (NIC)	2.669980%
All-In TIC	2.825698%
Average Coupon	2.669980%
Average Life (years)	9.149
Weighted Average Maturity (years)	9.149
Duration of Issue (years)	7.945
Par Amount	4,815,000.00
Bond Proceeds	4,815,000.00
Total Interest	1,176,152.94
Net Interest	1,236,340.44
Bond Years from Dated Date	44,051,000.00
Bond Years from Delivery Date	44,051,000.00
Total Debt Service	5,991,152.94
Maximum Annual Debt Service	515,022.50
Average Annual Debt Service	300,224.81
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	12.500000
Total Underwriter's Discount	12.500000
Bid Price	98.750000

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Serial Bonds	4,815,000.00	100.000	2.670%	9.149	3,696.35
	4,815,000.00			9.149	3,696.35

	TIC	All-In TIC	Arbitrage Yield
Par Value	4,815,000.00	4,815,000.00	4,815,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount	-60,187.50	-60,187.50	
- Cost of Issuance Expense		-12,176.25	
- Other Amounts			
Target Value	4,754,812.50	4,742,636.25	4,815,000.00
Target Date	03/01/2016	03/01/2016	03/01/2016
Yield	2.792954%	2.825698%	2.366979%

BOND DEBT SERVICE BREAKDOWN

CITY OF SEWARD, NEBRASKA ELECTRIC REVENUE AND REFUNDING BONDS, SERIES 2016 Advance Refunding of Ser. 2011 & Ser. 2011B New Money Project Pay & Cancel Refunding of Series 2014 BANs Non-Rated, BQ, 2036 Final Maturity [Preliminary -- for discussion only]

Date	Advance Refunding of Ser. 2011 & Ser. 2011B	New Money	Pay & Cancel Refunding of Ser. 2014 BAN	Total	Annual Total
08/15/2016	16,626.64	7,870.86	25,005.44	49,502.94	
09/30/2016					49,502.94
02/15/2017	168,248.75	38,638.75	117,445.00	324,332.50	
08/15/2017	17,461.25	8,481.25	26,972.50	52,915.00	
09/30/2017					377,247.50
02/15/2018	167,461.25	38,481.25	116,972.50	322,915.00	
08/15/2018	16,523.75	8,293.75	26,410.00	51,227.50	
09/30/2018					374,142.50
02/15/2019	191,523.75	38,293.75	116,410.00	346,227.50	
08/15/2019	15,298.75	8,083.75	25,780.00	49,162.50	
09/30/2019					395,390.00
02/15/2020	190,298.75	38,083.75	120,780.00	349,162.50	
08/15/2020	13,942.50	7,851.25	25,043.75	46,837.50	
09/30/2020					396,000.00
02/15/2021	193,942.50	37,851.25	120,043.75	351,837.50	
08/15/2021	12,412.50	7,596.25	24,236.25	44,245.00	
09/30/2021					396,082.50
02/15/2022	192,412.50	37,596.25	119,236.25	349,245.00	
08/15/2022	10,747.50	7,318.75	23,357.50	41,423.75	
09/30/2022					390,668.75
02/15/2023	195,747.50	37,318.75	123,357.50	356,423.75	
08/15/2023	8,851.25	7,011.25	22,332.50	38,195.00	
09/30/2023					394,618.75
02/15/2024	198,851.25	37,011.25	122,332.50	358,195.00	
08/15/2024	6,761.25	6,681.25	21,232.50	34,675.00	
09/30/2024					392,870.00
02/15/2025	241,761.25	36,681.25	121,232.50	399,675.00	
08/15/2025	4,000.00	6,328.75	20,057.50	30,386.25	
09/30/2025					430,061.25
02/15/2026	324,000.00	41,328.75	125,057.50	490,386.25	
08/15/2026		5,891.25	18,745.00	24,636.25	
09/30/2026					515,022.50
02/15/2027		40,891.25	123,745.00	164,636.25	
08/15/2027		5,436.25	17,380.00	22,816.25	
09/30/2027					187,452.50
02/15/2028		40,436.25	127,380.00	167,816.25	
08/15/2028		4,955.00	15,867.50	20,822.50	
09/30/2028					188,638.75
02/15/2029		39,955.00	130,867.50	170,822.50	
08/15/2029		4,456.25	14,228.75	18,685.00	
09/30/2029					189,507.50
02/15/2030		39,456.25	129,228.75	168,685.00	
08/15/2030		3,940.00	12,532.50	16,472.50	
09/30/2030					185,157.50
02/15/2031		38,940.00	132,532.50	171,472.50	
08/15/2031		3,406.25	10,702.50	14,108.75	
09/30/2031					185,581.25
02/15/2032		43,406.25	135,702.50	179,108.75	
08/15/2032		2,786.25	8,765.00	11,551.25	
09/30/2032					190,660.00
02/15/2033		42,786.25	138,765.00	181,551.25	
08/15/2033		2,146.25	6,685.00	8,831.25	
09/30/2033					190,382.50
02/15/2034		42,146.25	136,685.00	178,831.25	
08/15/2034		1,496.25	4,572.50	6,068.75	
09/30/2034					184,900.00
02/15/2035		46,496.25	139,572.50	186,068.75	
08/15/2035		753.75	2,345.00	3,098.75	
09/30/2035					189,167.50
02/15/2036		45,753.75	142,345.00	188,098.75	
09/30/2036					188,098.75
	2,186,872.89	912,337.11	2,891,942.94	5,991,152.94	5,991,152.94

AGGREGATE DEBT SERVICE

CITY OF SEWARD, NEBRASKA

ELECTRIC REVENUE AND REFUNDING BONDS, SERIES 2016

Advance Refunding of Ser. 2011 & Ser. 2011B

New Money Project

Pay & Cancel Refunding of Series 2014 BANs

Non-Rated, BQ, 2036 Final Maturity

[Preliminary -- for discussion only]

Date	Advance Refunding of Ser. 2011 & Ser. 2011B Principal	Advance Refunding of Ser. 2011 & Ser. 2011B Interest	Advance Refunding of Ser. 2011 & Ser. 2011B Debt Service	New Money Principal	New Money Interest	New Money Debt Service	Pay & Cancel Refunding of Ser. 2014 BAN Principal	Pay & Cancel Refunding of Ser. 2014 BAN Interest	Pay & Cancel Refunding of Ser. 2014 BAN Debt Service	Aggregate Debt Service	less DSRF	Annual Total
09/30/2016		16,626.64	16,626.64		7,870.86	7,870.86		25,005.44	25,005.44	49,502.94	-341.92	49,161.02
09/30/2017	150,000	35,710.00	185,710.00	30,000	17,120.00	47,120.00	90,000	54,417.50	144,417.50	377,247.50	-750.56	376,496.94
09/30/2018	150,000	33,985.00	183,985.00	30,000	16,775.00	46,775.00	90,000	53,382.50	143,382.50	374,142.50	-750.56	373,391.94
09/30/2019	175,000	31,822.50	206,822.50	30,000	16,377.50	46,377.50	90,000	52,190.00	142,190.00	395,390.00	-750.56	394,639.44
09/30/2020	175,000	29,241.25	204,241.25	30,000	15,935.00	45,935.00	95,000	50,823.75	145,823.75	396,000.00	-750.56	395,249.44
09/30/2021	180,000	26,355.00	206,355.00	30,000	15,447.50	45,447.50	95,000	49,280.00	144,280.00	396,082.50	-750.56	395,331.94
09/30/2022	180,000	23,160.00	203,160.00	30,000	14,915.00	44,915.00	95,000	47,593.75	142,593.75	390,668.75	-750.56	389,918.19
09/30/2023	185,000	19,598.75	204,598.75	30,000	14,330.00	44,330.00	100,000	45,690.00	145,690.00	394,618.75	-750.56	393,868.19
09/30/2024	190,000	15,612.50	205,612.50	30,000	13,692.50	43,692.50	100,000	43,565.00	143,565.00	392,870.00	-750.56	392,119.44
09/30/2025	235,000	10,761.25	245,761.25	30,000	13,010.00	43,010.00	100,000	41,290.00	141,290.00	430,061.25	-750.56	429,310.69
09/30/2026	320,000	4,000.00	324,000.00	35,000	12,220.00	47,220.00	105,000	38,802.50	143,802.50	515,022.50	-750.56	514,271.94
09/30/2027				35,000	11,327.50	46,327.50	105,000	36,125.00	141,125.00	487,452.50	-750.56	486,701.94
09/30/2028				35,000	10,391.25	45,391.25	110,000	33,247.50	143,247.50	488,638.75	-750.56	487,888.19
09/30/2029				35,000	9,411.25	44,411.25	115,000	30,096.25	145,096.25	489,507.50	-750.56	488,756.94
09/30/2030				35,000	8,396.25	43,396.25	115,000	26,761.25	141,761.25	485,157.50	-750.56	484,406.94
09/30/2031				35,000	7,346.25	42,346.25	120,000	23,235.00	143,235.00	485,581.25	-750.56	484,830.69
09/30/2032				40,000	6,192.50	46,192.50	125,000	19,467.50	144,467.50	490,660.00	-750.56	489,909.44
09/30/2033				40,000	4,932.50	44,932.50	130,000	15,450.00	145,450.00	490,382.50	-750.56	489,631.94
09/30/2034				40,000	3,642.50	43,642.50	130,000	11,257.50	141,257.50	484,900.00	-750.56	484,149.44
09/30/2035				45,000	2,250.00	47,250.00	135,000	6,917.50	141,917.50	489,167.50	-750.56	488,416.94
09/30/2036				45,000	753.75	45,753.75	140,000	2,345.00	142,345.00	488,098.75	-375,656.30	-187,557.55
	1,940,000	246,872.89	2,186,872.89	690,000	222,337.11	912,337.11	2,185,000	706,942.94	2,891,942.94	5,991,152.94	-390,258.86	5,600,894.08

SOURCES AND USES OF FUNDS

CITY OF SEWARD, NEBRASKA
ELECTRIC REVENUE REFUNDING BONDS, SERIES 2016
Full Advance Refunding of Series 2011 and 2011B
Non-Rated, BQ, 2026 Final Maturity, Proportional Solution
[Preliminary -- for discussion only]

Dated Date	03/01/2016
Delivery Date	03/01/2016

Sources:

Bond Proceeds:	
Par Amount	1,940,000.00
 Other Sources of Funds:	
DSRF, Series 2011	39,000.00
DSRF, Ser. 2011B	175,000.00
	214,000.00
	2,154,000.00

Uses:

Refunding Escrow Deposits:	
Cash Deposit	0.94
SLGS Purchases	1,969,893.00
	1,969,893.94
 Other Fund Deposits:	
Debt Service Reserve Fund	151,203.57
 Cost of Issuance:	
Paying Agent	302.18
Bond Counsel	3,395.00
Escrow Agent	1,000.00
Escrow Verification	2,000.00
	6,697.18
 Delivery Date Expenses:	
Underwriter's Discount	24,250.00
 Other Uses of Funds:	
Bond Rounding	1,955.31
	2,154,000.00

Note: Escrow cost assumes SLGS are available or represent a proxy for the cost of open market USTs.

SUMMARY OF REFUNDING RESULTS

CITY OF SEWARD, NEBRASKA
ELECTRIC REVENUE REFUNDING BONDS, SERIES 2016
Full Advance Refunding of Series 2011 and 2011B
Non-Rated, BQ, 2026 Final Maturity, Proportional Solution
[Preliminary -- for discussion only]

Dated Date	03/01/2016
Delivery Date	03/01/2016
Arbitrage yield	2.366979%
Escrow yield	0.371279%
Value of Negative Arbitrage	14,287.89
Bond Par Amount	1,940,000.00
True Interest Cost	2.326807%
Net Interest Cost	2.110245%
All-In TIC	2.389887%
Average Coupon	2.110245%
Average Life	6.030
Par amount of refunded bonds	1,945,000.00
Average coupon of refunded bonds	3.605227%
Average life of refunded bonds	6.202
PV of prior debt to 03/01/2016 @ 2.043923%	2,121,202.86
Net PV Savings	114,180.02
Percentage savings of refunded bonds	5.870438%

SAVINGS

CITY OF SEWARD, NEBRASKA
ELECTRIC REVENUE REFUNDING BONDS, SERIES 2016
Full Advance Refunding of Series 2011 and 2011B
Non-Rated, BQ, 2026 Final Maturity, Proportional Solution
[Preliminary -- for discussion only]

Date	Prior Debt Service	Refunding Debt Service	Refunding Receipts	Refunding Net Cash Flow	Savings	Annual Savings	Present Value to 03/01/2016 @ 2.0439226%
03/01/2016			1,955.31	-1,955.31	1,955.31		1,955.31
08/15/2016	33,372.50	16,626.64		16,626.64	16,745.86		16,591.44
09/30/2016						18,701.17	
02/15/2017	168,372.50	168,248.75		168,248.75	123.75		121.37
08/15/2017	31,752.50	17,461.25		17,461.25	14,291.25		13,874.44
09/30/2017						14,415.00	
02/15/2018	166,752.50	167,461.25		167,461.25	-708.75		-681.12
08/15/2018	29,930.00	16,523.75		16,523.75	13,406.25		12,753.25
09/30/2018						12,697.50	
02/15/2019	194,930.00	191,523.75		191,523.75	3,406.25		3,207.56
08/15/2019	27,455.00	15,298.75		15,298.75	12,156.25		11,331.35
09/30/2019						15,562.50	
02/15/2020	197,455.00	190,298.75		190,298.75	7,156.25		6,603.16
08/15/2020	24,692.50	13,942.50		13,942.50	10,750.00		9,818.81
09/30/2020						17,906.25	
02/15/2021	204,692.50	193,942.50		193,942.50	10,750.00		9,719.48
08/15/2021	21,587.50	12,412.50		12,412.50	9,175.00		8,211.54
09/30/2021						19,925.00	
02/15/2022	201,587.50	192,412.50		192,412.50	9,175.00		8,128.47
08/15/2022	18,347.50	10,747.50		10,747.50	7,600.00		6,665.01
09/30/2022						16,775.00	
02/15/2023	208,347.50	195,747.50		195,747.50	12,600.00		10,938.10
08/15/2023	14,785.00	8,851.25		8,851.25	5,933.75		5,099.00
09/30/2023						18,533.75	
02/15/2024	209,785.00	198,851.25		198,851.25	10,933.75		9,300.56
08/15/2024	10,982.50	6,761.25		6,761.25	4,221.25		3,554.39
09/30/2024						15,155.00	
02/15/2025	260,982.50	241,761.25		241,761.25	19,221.25		16,021.01
08/15/2025	6,037.50	4,000.00		4,000.00	2,037.50		1,681.09
09/30/2025						21,258.75	
02/15/2026	351,037.50	324,000.00		324,000.00	27,037.50		22,082.24
09/30/2026						27,037.50	
	2,382,885.00	2,186,872.89	1,955.31	2,184,917.58	197,967.42	197,967.42	176,976.45

Savings Summary

PV of savings from cash flow	176,976.45
Less: Prior funds on hand	-214,000.00
Plus: Refunding funds on hand	151,203.57
Net PV Savings	114,180.02

BOND PRICING

CITY OF SEWARD, NEBRASKA
ELECTRIC REVENUE REFUNDING BONDS, SERIES 2016
Full Advance Refunding of Series 2011 and 2011B
Non-Rated, BQ, 2026 Final Maturity, Proportional Solution
[Preliminary -- for discussion only]

Bond Component	Maturity Date	Amount	Rate	Yield	Price
Serial Bonds:					
	02/15/2017	150,000	1.050%	1.050%	100.000
	02/15/2018	150,000	1.250%	1.250%	100.000
	02/15/2019	175,000	1.400%	1.400%	100.000
	02/15/2020	175,000	1.550%	1.550%	100.000
	02/15/2021	180,000	1.700%	1.700%	100.000
	02/15/2022	180,000	1.850%	1.850%	100.000
	02/15/2023	185,000	2.050%	2.050%	100.000
	02/15/2024	190,000	2.200%	2.200%	100.000
	02/15/2025	235,000	2.350%	2.350%	100.000
	02/15/2026	320,000	2.500%	2.500%	100.000
		1,940,000			

Dated Date	03/01/2016	
Delivery Date	03/01/2016	
First Coupon	08/15/2016	
Par Amount	1,940,000.00	
Original Issue Discount		
Production	1,940,000.00	100.000000%
Underwriter's Discount	-24,250.00	-1.250000%
Purchase Price	1,915,750.00	98.750000%
Accrued Interest		
Net Proceeds	1,915,750.00	

BOND SUMMARY STATISTICS

CITY OF SEWARD, NEBRASKA ELECTRIC REVENUE REFUNDING BONDS, SERIES 2016 Full Advance Refunding of Series 2011 and 2011B Non-Rated, BQ, 2026 Final Maturity, Proportional Solution [Preliminary -- for discussion only]

Dated Date	03/01/2016
Delivery Date	03/01/2016
First Coupon	08/15/2016
Last Maturity	02/15/2026
Arbitrage Yield	2.366979%
True Interest Cost (TIC)	2.326807%
Net Interest Cost (NIC)	2.110245%
All-In TIC	2.389887%
Average Coupon	2.110245%
Average Life (years)	6.030
Weighted Average Maturity (years)	6.030
Duration of Issue (years)	5.620
Par Amount	1,940,000.00
Bond Proceeds	1,940,000.00
Total Interest	246,872.89
Net Interest	271,122.89
Bond Years from Dated Date	11,698,777.78
Bond Years from Delivery Date	11,698,777.78
Total Debt Service	2,186,872.89
Maximum Annual Debt Service	324,000.00
Average Annual Debt Service	219,663.57
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	12.500000
Total Underwriter's Discount	12.500000
Bid Price	98.750000

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Serial Bonds	1,940,000.00	100.000	2.110%	6.030	1,071.35
	1,940,000.00			6.030	1,071.35

	TIC	All-In TIC	Arbitrage Yield
Par Value	1,940,000.00	1,940,000.00	1,940,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount	-24,250.00	-24,250.00	
- Cost of Issuance Expense		-6,697.18	
- Other Amounts			
Target Value	1,915,750.00	1,909,052.82	1,940,000.00
Target Date	03/01/2016	03/01/2016	03/01/2016
Yield	2.326807%	2.389887%	2.366979%

BOND DEBT SERVICE

CITY OF SEWARD, NEBRASKA
ELECTRIC REVENUE REFUNDING BONDS, SERIES 2016
Full Advance Refunding of Series 2011 and 2011B
Non-Rated, BQ, 2026 Final Maturity, Proportional Solution
[Preliminary -- for discussion only]

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
08/15/2016			16,626.64	16,626.64	
09/30/2016					16,626.64
02/15/2017	150,000	1.050%	18,248.75	168,248.75	
08/15/2017			17,461.25	17,461.25	
09/30/2017					185,710.00
02/15/2018	150,000	1.250%	17,461.25	167,461.25	
08/15/2018			16,523.75	16,523.75	
09/30/2018					183,985.00
02/15/2019	175,000	1.400%	16,523.75	191,523.75	
08/15/2019			15,298.75	15,298.75	
09/30/2019					206,822.50
02/15/2020	175,000	1.550%	15,298.75	190,298.75	
08/15/2020			13,942.50	13,942.50	
09/30/2020					204,241.25
02/15/2021	180,000	1.700%	13,942.50	193,942.50	
08/15/2021			12,412.50	12,412.50	
09/30/2021					206,355.00
02/15/2022	180,000	1.850%	12,412.50	192,412.50	
08/15/2022			10,747.50	10,747.50	
09/30/2022					203,160.00
02/15/2023	185,000	2.050%	10,747.50	195,747.50	
08/15/2023			8,851.25	8,851.25	
09/30/2023					204,598.75
02/15/2024	190,000	2.200%	8,851.25	198,851.25	
08/15/2024			6,761.25	6,761.25	
09/30/2024					205,612.50
02/15/2025	235,000	2.350%	6,761.25	241,761.25	
08/15/2025			4,000.00	4,000.00	
09/30/2025					245,761.25
02/15/2026	320,000	2.500%	4,000.00	324,000.00	
09/30/2026					324,000.00
	1,940,000		246,872.89	2,186,872.89	2,186,872.89

NET DEBT SERVICE

CITY OF SEWARD, NEBRASKA
ELECTRIC REVENUE REFUNDING BONDS, SERIES 2016
Full Advance Refunding of Series 2011 and 2011B
Non-Rated, BQ, 2026 Final Maturity, Proportional Solution
[Preliminary -- for discussion only]

Period Ending	Principal	Interest	Total Debt Service	Debt Service Reserve Fund	Net Debt Service
09/30/2016		16,626.64	16,626.64	-137.76	16,488.88
09/30/2017	150,000	35,710.00	185,710.00	-302.40	185,407.60
09/30/2018	150,000	33,985.00	183,985.00	-302.40	183,682.60
09/30/2019	175,000	31,822.50	206,822.50	-302.40	206,520.10
09/30/2020	175,000	29,241.25	204,241.25	-302.40	203,938.85
09/30/2021	180,000	26,355.00	206,355.00	-302.40	206,052.60
09/30/2022	180,000	23,160.00	203,160.00	-302.40	202,857.60
09/30/2023	185,000	19,598.75	204,598.75	-302.40	204,296.35
09/30/2024	190,000	15,612.50	205,612.50	-302.40	205,310.10
09/30/2025	235,000	10,761.25	245,761.25	-302.40	245,458.85
09/30/2026	320,000	4,000.00	324,000.00	-302.40	323,697.60
09/30/2027				-302.40	-302.40
09/30/2028				-302.40	-302.40
09/30/2029				-302.40	-302.40
09/30/2030				-302.40	-302.40
09/30/2031				-302.40	-302.40
09/30/2032				-302.40	-302.40
09/30/2033				-302.40	-302.40
09/30/2034				-302.40	-302.40
09/30/2035				-302.40	-302.40
09/30/2036				-151,354.77	-151,354.77
	1,940,000	246,872.89	2,186,872.89	-157,238.13	2,029,634.76

SUMMARY OF BONDS REFUNDED

CITY OF SEWARD, NEBRASKA ELECTRIC REVENUE REFUNDING BONDS, SERIES 2016 Full Advance Refunding of Series 2011 and 2011B Non-Rated, BQ, 2026 Final Maturity, Proportional Solution [Preliminary -- for discussion only]

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
Ser 2011B Elect, \$381,298 Proj (callable 12/8/16):					
SERIAL	02/15/2025	3.300%	45,000.00	12/08/2016	100.000
	02/15/2026	3.500%	345,000.00	12/08/2016	100.000
			390,000.00		
Ser 2011 Elec Revs NR P&C Refg of 05 (callable 6/7/16):					
SERIAL	02/15/2017	2.400%	135,000.00	06/07/2016	100.000
	02/15/2018	2.700%	135,000.00	06/07/2016	100.000
	02/15/2019	3.000%	165,000.00	06/07/2016	100.000
	02/15/2020	3.250%	170,000.00	06/07/2016	100.000
	02/15/2021	3.450%	180,000.00	06/07/2016	100.000
	02/15/2022	3.600%	180,000.00	06/07/2016	100.000
	02/15/2023	3.750%	190,000.00	06/07/2016	100.000
	02/15/2024	3.900%	195,000.00	06/07/2016	100.000
	02/15/2025	4.100%	205,000.00	06/07/2016	100.000
			1,555,000.00		
			1,945,000.00		

ESCROW REQUIREMENTS

CITY OF SEWARD, NEBRASKA
ELECTRIC REVENUE REFUNDING BONDS, SERIES 2016
Full Advance Refunding of Series 2011 and 2011B
Non-Rated, BQ, 2026 Final Maturity, Proportional Solution
[Preliminary -- for discussion only]

Dated Date 03/01/2016
 Delivery Date 03/01/2016

Period Ending	Interest	Principal Redeemed	Total
06/07/2016	16,546.44	1,555,000.00	1,571,546.44
08/15/2016	6,780.00		6,780.00
12/08/2016	4,256.33	390,000.00	394,256.33
	27,582.77	1,945,000.00	1,972,582.77

PRIOR BOND DEBT SERVICE

CITY OF SEWARD, NEBRASKA ELECTRIC REVENUE REFUNDING BONDS, SERIES 2016 Full Advance Refunding of Series 2011 and 2011B Non-Rated, BQ, 2026 Final Maturity, Proportional Solution [Preliminary -- for discussion only]

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
08/15/2016			33,372.50	33,372.50	
09/30/2016					33,372.50
02/15/2017	135,000	2.400%	33,372.50	168,372.50	
08/15/2017			31,752.50	31,752.50	
09/30/2017					200,125.00
02/15/2018	135,000	2.700%	31,752.50	166,752.50	
08/15/2018			29,930.00	29,930.00	
09/30/2018					196,682.50
02/15/2019	165,000	3.000%	29,930.00	194,930.00	
08/15/2019			27,455.00	27,455.00	
09/30/2019					222,385.00
02/15/2020	170,000	3.250%	27,455.00	197,455.00	
08/15/2020			24,692.50	24,692.50	
09/30/2020					222,147.50
02/15/2021	180,000	3.450%	24,692.50	204,692.50	
08/15/2021			21,587.50	21,587.50	
09/30/2021					226,280.00
02/15/2022	180,000	3.600%	21,587.50	201,587.50	
08/15/2022			18,347.50	18,347.50	
09/30/2022					219,935.00
02/15/2023	190,000	3.750%	18,347.50	208,347.50	
08/15/2023			14,785.00	14,785.00	
09/30/2023					223,132.50
02/15/2024	195,000	3.900%	14,785.00	209,785.00	
08/15/2024			10,982.50	10,982.50	
09/30/2024					220,767.50
02/15/2025	250,000	** %	10,982.50	260,982.50	
08/15/2025			6,037.50	6,037.50	
09/30/2025					267,020.00
02/15/2026	345,000	3.500%	6,037.50	351,037.50	
09/30/2026					351,037.50
	1,945,000		437,885.00	2,382,885.00	2,382,885.00

SOURCES AND USES OF FUNDS

**CITY OF SEWARD, NEBRASKA
ELECTRIC REVENUE BONDS, SERIES 2016
New Money Project
Non-Rated, BQ, 2036 Final Maturity, Level Debt Service
[Preliminary -- for discussion only]**

Dated Date	03/01/2016
Delivery Date	03/01/2016

Sources:

Bond Proceeds:	
Par Amount	690,000.00
	690,000.00

Uses:

Project Fund Deposits:	
Roberts St. Project	625,000.00
Other Fund Deposits:	
Debt Service Reserve Fund	53,778.59
Cost of Issuance:	
Paying Agent	107.48
Bond Counsel	1,207.50
	1,314.98
Delivery Date Expenses:	
Underwriter's Discount	8,625.00
Other Uses of Funds:	
Bond Rounding	1,281.43
	690,000.00

BOND PRICING

CITY OF SEWARD, NEBRASKA
ELECTRIC REVENUE BONDS, SERIES 2016
New Money Project
Non-Rated, BQ, 2036 Final Maturity, Level Debt Service
[Preliminary -- for discussion only]

Bond Component	Maturity Date	Amount	Rate	Yield	Price
Serial Bonds:					
	02/15/2017	30,000	1.050%	1.050%	100.000
	02/15/2018	30,000	1.250%	1.250%	100.000
	02/15/2019	30,000	1.400%	1.400%	100.000
	02/15/2020	30,000	1.550%	1.550%	100.000
	02/15/2021	30,000	1.700%	1.700%	100.000
	02/15/2022	30,000	1.850%	1.850%	100.000
	02/15/2023	30,000	2.050%	2.050%	100.000
	02/15/2024	30,000	2.200%	2.200%	100.000
	02/15/2025	30,000	2.350%	2.350%	100.000
	02/15/2026	35,000	2.500%	2.500%	100.000
	02/15/2027	35,000	2.600%	2.600%	100.000
	02/15/2028	35,000	2.750%	2.750%	100.000
	02/15/2029	35,000	2.850%	2.850%	100.000
	02/15/2030	35,000	2.950%	2.950%	100.000
	02/15/2031	35,000	3.050%	3.050%	100.000
	02/15/2032	40,000	3.100%	3.100%	100.000
	02/15/2033	40,000	3.200%	3.200%	100.000
	02/15/2034	40,000	3.250%	3.250%	100.000
	02/15/2035	45,000	3.300%	3.300%	100.000
	02/15/2036	45,000	3.350%	3.350%	100.000
		690,000			

Dated Date	03/01/2016	
Delivery Date	03/01/2016	
First Coupon	08/15/2016	
Par Amount	690,000.00	
Original Issue Discount		
Production	690,000.00	100.000000%
Underwriter's Discount	-8,625.00	-1.250000%
Purchase Price	681,375.00	98.750000%
Accrued Interest		
Net Proceeds	681,375.00	

BOND SUMMARY STATISTICS

CITY OF SEWARD, NEBRASKA
ELECTRIC REVENUE BONDS, SERIES 2016
New Money Project
Non-Rated, BQ, 2036 Final Maturity, Level Debt Service
[Preliminary -- for discussion only]

Dated Date	03/01/2016
Delivery Date	03/01/2016
First Coupon	08/15/2016
Last Maturity	02/15/2036
Arbitrage Yield	2.366979%
True Interest Cost (TIC)	2.976351%
Net Interest Cost (NIC)	2.872820%
All-In TIC	2.997254%
Average Coupon	2.872820%
Average Life (years)	11.216
Weighted Average Maturity (years)	11.216
Duration of Issue (years)	9.383
Par Amount	690,000.00
Bond Proceeds	690,000.00
Total Interest	222,337.11
Net Interest	230,962.11
Bond Years from Dated Date	7,739,333.33
Bond Years from Delivery Date	7,739,333.33
Total Debt Service	912,337.11
Maximum Annual Debt Service	47,250.00
Average Annual Debt Service	45,718.45
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	12.500000
Total Underwriter's Discount	12.500000
Bid Price	98.750000

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Serial Bonds	690,000.00	100.000	2.873%	11.216	627.75
	690,000.00			11.216	627.75

	TIC	All-In TIC	Arbitrage Yield
Par Value	690,000.00	690,000.00	690,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount	-8,625.00	-8,625.00	
- Cost of Issuance Expense		-1,314.98	
- Other Amounts			
Target Value	681,375.00	680,060.02	690,000.00
Target Date	03/01/2016	03/01/2016	03/01/2016
Yield	2.976351%	2.997254%	2.366979%

BOND DEBT SERVICE

CITY OF SEWARD, NEBRASKA ELECTRIC REVENUE BONDS, SERIES 2016 New Money Project Non-Rated, BQ, 2036 Final Maturity, Level Debt Service [Preliminary -- for discussion only]

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
08/15/2016			7,870.86	7,870.86	
09/30/2016					7,870.86
02/15/2017	30,000	1.050%	8,638.75	38,638.75	
08/15/2017			8,481.25	8,481.25	
09/30/2017					47,120.00
02/15/2018	30,000	1.250%	8,481.25	38,481.25	
08/15/2018			8,293.75	8,293.75	
09/30/2018					46,775.00
02/15/2019	30,000	1.400%	8,293.75	38,293.75	
08/15/2019			8,083.75	8,083.75	
09/30/2019					46,377.50
02/15/2020	30,000	1.550%	8,083.75	38,083.75	
08/15/2020			7,851.25	7,851.25	
09/30/2020					45,935.00
02/15/2021	30,000	1.700%	7,851.25	37,851.25	
08/15/2021			7,596.25	7,596.25	
09/30/2021					45,447.50
02/15/2022	30,000	1.850%	7,596.25	37,596.25	
08/15/2022			7,318.75	7,318.75	
09/30/2022					44,915.00
02/15/2023	30,000	2.050%	7,318.75	37,318.75	
08/15/2023			7,011.25	7,011.25	
09/30/2023					44,330.00
02/15/2024	30,000	2.200%	7,011.25	37,011.25	
08/15/2024			6,681.25	6,681.25	
09/30/2024					43,692.50
02/15/2025	30,000	2.350%	6,681.25	36,681.25	
08/15/2025			6,328.75	6,328.75	
09/30/2025					43,010.00
02/15/2026	35,000	2.500%	6,328.75	41,328.75	
08/15/2026			5,891.25	5,891.25	
09/30/2026					47,220.00
02/15/2027	35,000	2.600%	5,891.25	40,891.25	
08/15/2027			5,436.25	5,436.25	
09/30/2027					46,327.50
02/15/2028	35,000	2.750%	5,436.25	40,436.25	
08/15/2028			4,955.00	4,955.00	
09/30/2028					45,391.25
02/15/2029	35,000	2.850%	4,955.00	39,955.00	
08/15/2029			4,456.25	4,456.25	
09/30/2029					44,411.25
02/15/2030	35,000	2.950%	4,456.25	39,456.25	
08/15/2030			3,940.00	3,940.00	
09/30/2030					43,396.25
02/15/2031	35,000	3.050%	3,940.00	38,940.00	
08/15/2031			3,406.25	3,406.25	
09/30/2031					42,346.25
02/15/2032	40,000	3.100%	3,406.25	43,406.25	
08/15/2032			2,786.25	2,786.25	
09/30/2032					46,192.50
02/15/2033	40,000	3.200%	2,786.25	42,786.25	
08/15/2033			2,146.25	2,146.25	
09/30/2033					44,932.50
02/15/2034	40,000	3.250%	2,146.25	42,146.25	
08/15/2034			1,496.25	1,496.25	
09/30/2034					43,642.50
02/15/2035	45,000	3.300%	1,496.25	46,496.25	
08/15/2035			753.75	753.75	
09/30/2035					47,250.00
02/15/2036	45,000	3.350%	753.75	45,753.75	
09/30/2036					45,753.75
	690,000		222,337.11	912,337.11	912,337.11

NET DEBT SERVICE

CITY OF SEWARD, NEBRASKA
ELECTRIC REVENUE BONDS, SERIES 2016
New Money Project
Non-Rated, BQ, 2036 Final Maturity, Level Debt Service
[Preliminary -- for discussion only]

Period Ending	Principal	Interest	Total Debt Service	Debt Service Reserve Fund	Net Debt Service
09/30/2016		7,870.86	7,870.86	-49.00	7,821.86
09/30/2017	30,000	17,120.00	47,120.00	-107.56	47,012.44
09/30/2018	30,000	16,775.00	46,775.00	-107.56	46,667.44
09/30/2019	30,000	16,377.50	46,377.50	-107.56	46,269.94
09/30/2020	30,000	15,935.00	45,935.00	-107.56	45,827.44
09/30/2021	30,000	15,447.50	45,447.50	-107.56	45,339.94
09/30/2022	30,000	14,915.00	44,915.00	-107.56	44,807.44
09/30/2023	30,000	14,330.00	44,330.00	-107.56	44,222.44
09/30/2024	30,000	13,692.50	43,692.50	-107.56	43,584.94
09/30/2025	30,000	13,010.00	43,010.00	-107.56	42,902.44
09/30/2026	35,000	12,220.00	47,220.00	-107.56	47,112.44
09/30/2027	35,000	11,327.50	46,327.50	-107.56	46,219.94
09/30/2028	35,000	10,391.25	45,391.25	-107.56	45,283.69
09/30/2029	35,000	9,411.25	44,411.25	-107.56	44,303.69
09/30/2030	35,000	8,396.25	43,396.25	-107.56	43,288.69
09/30/2031	35,000	7,346.25	42,346.25	-107.56	42,238.69
09/30/2032	40,000	6,192.50	46,192.50	-107.56	46,084.94
09/30/2033	40,000	4,932.50	44,932.50	-107.56	44,824.94
09/30/2034	40,000	3,642.50	43,642.50	-107.56	43,534.94
09/30/2035	45,000	2,250.00	47,250.00	-107.56	47,142.44
09/30/2036	45,000	753.75	45,753.75	-53,832.37	-8,078.62
	690,000	222,337.11	912,337.11	-55,925.01	856,412.10

SOURCES AND USES OF FUNDS

CITY OF SEWARD, NEBRASKA
ELECTRIC REVENUE REFUNDING BONDS, SERIES 2016
Pay & Cancel Refunding of Series 2014 BANs
Non-Rated, BQ, 2036 Final Maturity, Level Debt Service
[Preliminary -- for discussion only]

Dated Date	03/01/2016
Delivery Date	03/01/2016

Sources:

Bond Proceeds:	
Par Amount	2,185,000.00
	2,185,000.00

Uses:

Refunding Escrow Deposits:	
Cash Deposit	1,982,717.00
Other Fund Deposits:	
Debt Service Reserve Fund	170,298.86
Cost of Issuance:	
Paying Agent	340.34
Bond Counsel	3,823.75
	4,164.09
Delivery Date Expenses:	
Underwriter's Discount	27,312.50
Other Uses of Funds:	
Bond Rounding	507.55
	2,185,000.00

Note: Escrow cost assumes SLGS are available or represent a proxy for the cost of open market USTs.

BOND PRICING

CITY OF SEWARD, NEBRASKA
ELECTRIC REVENUE REFUNDING BONDS, SERIES 2016
Pay & Cancel Refunding of Series 2014 BANs
Non-Rated, BQ, 2036 Final Maturity, Level Debt Service
[Preliminary -- for discussion only]

Bond Component	Maturity Date	Amount	Rate	Yield	Price
Serial Bonds:					
	02/15/2017	90,000	1.050%	1.050%	100.000
	02/15/2018	90,000	1.250%	1.250%	100.000
	02/15/2019	90,000	1.400%	1.400%	100.000
	02/15/2020	95,000	1.550%	1.550%	100.000
	02/15/2021	95,000	1.700%	1.700%	100.000
	02/15/2022	95,000	1.850%	1.850%	100.000
	02/15/2023	100,000	2.050%	2.050%	100.000
	02/15/2024	100,000	2.200%	2.200%	100.000
	02/15/2025	100,000	2.350%	2.350%	100.000
	02/15/2026	105,000	2.500%	2.500%	100.000
	02/15/2027	105,000	2.600%	2.600%	100.000
	02/15/2028	110,000	2.750%	2.750%	100.000
	02/15/2029	115,000	2.850%	2.850%	100.000
	02/15/2030	115,000	2.950%	2.950%	100.000
	02/15/2031	120,000	3.050%	3.050%	100.000
	02/15/2032	125,000	3.100%	3.100%	100.000
	02/15/2033	130,000	3.200%	3.200%	100.000
	02/15/2034	130,000	3.250%	3.250%	100.000
	02/15/2035	135,000	3.300%	3.300%	100.000
	02/15/2036	140,000	3.350%	3.350%	100.000
		2,185,000			

Dated Date	03/01/2016	
Delivery Date	03/01/2016	
First Coupon	08/15/2016	
Par Amount	2,185,000.00	
Original Issue Discount		
Production	2,185,000.00	100.000000%
Underwriter's Discount	-27,312.50	-1.250000%
Purchase Price	2,157,687.50	98.750000%
Accrued Interest		
Net Proceeds	2,157,687.50	

BOND SUMMARY STATISTICS

CITY OF SEWARD, NEBRASKA
ELECTRIC REVENUE REFUNDING BONDS, SERIES 2016
Pay & Cancel Refunding of Series 2014 BANs
Non-Rated, BQ, 2036 Final Maturity, Level Debt Service
[Preliminary -- for discussion only]

Dated Date	03/01/2016
Delivery Date	03/01/2016
First Coupon	08/15/2016
Last Maturity	02/15/2036
Arbitrage Yield	2.366979%
True Interest Cost (TIC)	2.975602%
Net Interest Cost (NIC)	2.872247%
All-In TIC	2.996411%
Average Coupon	2.872247%
Average Life (years)	11.264
Weighted Average Maturity (years)	11.264
Duration of Issue (years)	9.425
Par Amount	2,185,000.00
Bond Proceeds	2,185,000.00
Total Interest	706,942.94
Net Interest	734,255.44
Bond Years from Dated Date	24,612,888.89
Bond Years from Delivery Date	24,612,888.89
Total Debt Service	2,891,942.94
Maximum Annual Debt Service	145,823.75
Average Annual Debt Service	144,919.19
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	12.500000
Total Underwriter's Discount	12.500000
Bid Price	98.750000

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Serial Bonds	2,185,000.00	100.000	2.872%	11.264	1,997.25
	2,185,000.00			11.264	1,997.25

	TIC	All-In TIC	Arbitrage Yield
Par Value	2,185,000.00	2,185,000.00	2,185,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount	-27,312.50	-27,312.50	
- Cost of Issuance Expense		-4,164.09	
- Other Amounts			
Target Value	2,157,687.50	2,153,523.41	2,185,000.00
Target Date	03/01/2016	03/01/2016	03/01/2016
Yield	2.975602%	2.996411%	2.366979%

BOND DEBT SERVICE

CITY OF SEWARD, NEBRASKA ELECTRIC REVENUE REFUNDING BONDS, SERIES 2016 Pay & Cancel Refunding of Series 2014 BANs Non-Rated, BQ, 2036 Final Maturity, Level Debt Service [Preliminary -- for discussion only]

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
08/15/2016			25,005.44	25,005.44	
09/30/2016					25,005.44
02/15/2017	90,000	1.050%	27,445.00	117,445.00	
08/15/2017			26,972.50	26,972.50	
09/30/2017					144,417.50
02/15/2018	90,000	1.250%	26,972.50	116,972.50	
08/15/2018			26,410.00	26,410.00	
09/30/2018					143,382.50
02/15/2019	90,000	1.400%	26,410.00	116,410.00	
08/15/2019			25,780.00	25,780.00	
09/30/2019					142,190.00
02/15/2020	95,000	1.550%	25,780.00	120,780.00	
08/15/2020			25,043.75	25,043.75	
09/30/2020					145,823.75
02/15/2021	95,000	1.700%	25,043.75	120,043.75	
08/15/2021			24,236.25	24,236.25	
09/30/2021					144,280.00
02/15/2022	95,000	1.850%	24,236.25	119,236.25	
08/15/2022			23,357.50	23,357.50	
09/30/2022					142,593.75
02/15/2023	100,000	2.050%	23,357.50	123,357.50	
08/15/2023			22,332.50	22,332.50	
09/30/2023					145,690.00
02/15/2024	100,000	2.200%	22,332.50	122,332.50	
08/15/2024			21,232.50	21,232.50	
09/30/2024					143,565.00
02/15/2025	100,000	2.350%	21,232.50	121,232.50	
08/15/2025			20,057.50	20,057.50	
09/30/2025					141,290.00
02/15/2026	105,000	2.500%	20,057.50	125,057.50	
08/15/2026			18,745.00	18,745.00	
09/30/2026					143,802.50
02/15/2027	105,000	2.600%	18,745.00	123,745.00	
08/15/2027			17,380.00	17,380.00	
09/30/2027					141,125.00
02/15/2028	110,000	2.750%	17,380.00	127,380.00	
08/15/2028			15,867.50	15,867.50	
09/30/2028					143,247.50
02/15/2029	115,000	2.850%	15,867.50	130,867.50	
08/15/2029			14,228.75	14,228.75	
09/30/2029					145,096.25
02/15/2030	115,000	2.950%	14,228.75	129,228.75	
08/15/2030			12,532.50	12,532.50	
09/30/2030					141,761.25
02/15/2031	120,000	3.050%	12,532.50	132,532.50	
08/15/2031			10,702.50	10,702.50	
09/30/2031					143,235.00
02/15/2032	125,000	3.100%	10,702.50	135,702.50	
08/15/2032			8,765.00	8,765.00	
09/30/2032					144,467.50
02/15/2033	130,000	3.200%	8,765.00	138,765.00	
08/15/2033			6,685.00	6,685.00	
09/30/2033					145,450.00
02/15/2034	130,000	3.250%	6,685.00	136,685.00	
08/15/2034			4,572.50	4,572.50	
09/30/2034					141,257.50
02/15/2035	135,000	3.300%	4,572.50	139,572.50	
08/15/2035			2,345.00	2,345.00	
09/30/2035					141,917.50
02/15/2036	140,000	3.350%	2,345.00	142,345.00	
09/30/2036					142,345.00
	2,185,000		706,942.94	2,891,942.94	2,891,942.94

NET DEBT SERVICE

CITY OF SEWARD, NEBRASKA
ELECTRIC REVENUE REFUNDING BONDS, SERIES 2016
Pay & Cancel Refunding of Series 2014 BANs
Non-Rated, BQ, 2036 Final Maturity, Level Debt Service
[Preliminary -- for discussion only]

Period Ending	Principal	Interest	Total Debt Service	Debt Service Reserve Fund	Net Debt Service
09/30/2016		25,005.44	25,005.44	-155.16	24,850.28
09/30/2017	90,000	54,417.50	144,417.50	-340.60	144,076.90
09/30/2018	90,000	53,382.50	143,382.50	-340.60	143,041.90
09/30/2019	90,000	52,190.00	142,190.00	-340.60	141,849.40
09/30/2020	95,000	50,823.75	145,823.75	-340.60	145,483.15
09/30/2021	95,000	49,280.00	144,280.00	-340.60	143,939.40
09/30/2022	95,000	47,593.75	142,593.75	-340.60	142,253.15
09/30/2023	100,000	45,690.00	145,690.00	-340.60	145,349.40
09/30/2024	100,000	43,565.00	143,565.00	-340.60	143,224.40
09/30/2025	100,000	41,290.00	141,290.00	-340.60	140,949.40
09/30/2026	105,000	38,802.50	143,802.50	-340.60	143,461.90
09/30/2027	105,000	36,125.00	141,125.00	-340.60	140,784.40
09/30/2028	110,000	33,247.50	143,247.50	-340.60	142,906.90
09/30/2029	115,000	30,096.25	145,096.25	-340.60	144,755.65
09/30/2030	115,000	26,761.25	141,761.25	-340.60	141,420.65
09/30/2031	120,000	23,235.00	143,235.00	-340.60	142,894.40
09/30/2032	125,000	19,467.50	144,467.50	-340.60	144,126.90
09/30/2033	130,000	15,450.00	145,450.00	-340.60	145,109.40
09/30/2034	130,000	11,257.50	141,257.50	-340.60	140,916.90
09/30/2035	135,000	6,917.50	141,917.50	-340.60	141,576.90
09/30/2036	140,000	2,345.00	142,345.00	-170,469.16	-28,124.16
	2,185,000	706,942.94	2,891,942.94	-177,095.72	2,714,847.22

SUMMARY OF BONDS REFUNDED

CITY OF SEWARD, NEBRASKA
ELECTRIC REVENUE REFUNDING BONDS, SERIES 2016
Pay & Cancel Refunding of Series 2014 BANs
Non-Rated, BQ, 2036 Final Maturity, Level Debt Service
[Preliminary -- for discussion only]

Bond	Maturity Date	CUSIP	Interest Rate	Par Amount	Call Date	Call Price
Ser 2014 NR Elec Rev Cur Refg of '13 BANs (callable 3/15/15):						
SERIAL	06/15/2016	818483 EU9	0.650%	1,980,000.00	03/01/2016	100.000
				1,980,000.00		

ESCROW REQUIREMENTS

CITY OF SEWARD, NEBRASKA
ELECTRIC REVENUE REFUNDING BONDS, SERIES 2016
Pay & Cancel Refunding of Series 2014 BANs
Non-Rated, BQ, 2036 Final Maturity, Level Debt Service
[Preliminary -- for discussion only]

Dated Date 03/01/2016
 Delivery Date 03/01/2016

Period Ending	Interest	Principal Redeemed	Total
03/01/2016	2,717.00	1,980,000.00	1,982,717.00
	2,717.00	1,980,000.00	1,982,717.00

PRIOR BOND DEBT SERVICE

CITY OF SEWARD, NEBRASKA
ELECTRIC REVENUE REFUNDING BONDS, SERIES 2016
Pay & Cancel Refunding of Series 2014 BANS
Non-Rated, BQ, 2036 Final Maturity, Level Debt Service
[Preliminary -- for discussion only]

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
06/15/2016	1,980,000	0.650%	6,435	1,986,435	
09/30/2016					1,986,435
	1,980,000		6,435	1,986,435	1,986,435

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY OF SEWARD, NEBRASKA, AUTHORIZING THE ISSUANCE OF ELECTRIC REVENUE AND REFUNDING BONDS OF THE CITY OF SEWARD, NEBRASKA, IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED FOUR MILLION NINE HUNDRED THOUSAND DOLLARS (\$4,900,000) FOR THE PURPOSE OF (A) REFUNDING ALL OR A PORTION OF \$1,595,000 OF ELECTRIC REVENUE REFUNDING BONDS, SERIES 2011 AND \$390,000 OF ELECTRIC REVENUE BONDS, SERIES 2011B, (B) PAYING THE COSTS OF IMPROVEMENTS TO AND EXPANSION OF THE CITY'S ELECTRIC SYSTEM, INCLUDING PAYING AND REDEEMING CERTAIN SHORT TERM INDEBTEDNESS ISSUED FOR SUCH PURPOSES, (C) PROVIDING FOR NECESSARY RESERVE FUNDS AND (D) PAYING COSTS OF ISSUANCE OF SAID BONDS; PROVIDING FOR THE SALE OF SAID BONDS AND DESIGNATION OF CERTAIN TERMS; PROVIDING FOR THE REDEMPTION OF BONDS AND INDEBTEDNESS BEING REFUNDED; PRESCRIBING THE FORM, TERMS AND DETAILS OF SAID BONDS; PLEDGING AND HYPOTHECATING THE REVENUE AND EARNINGS OF THE ELECTRIC PLANT AND DISTRIBUTION SYSTEM OF SAID CITY FOR THE PAYMENT OF SAID BONDS AND INTEREST THEREON; PROVIDING FOR THE COLLECTION, SEGREGATION AND APPLICATION OF THE REVENUE OF SAID ELECTRIC SYSTEM; ENTERING INTO A CONTRACT ON BEHALF OF THE CITY WITH THE HOLDERS OF SAID BONDS; REPEALING ANY CONFLICTING ORDINANCES; PROVIDING FOR THE EFFECTIVENESS AND OPERATION OF THIS ORDINANCE AND PROVIDING FOR PUBLICATION OF THE ORDINANCE IN PAMPHLET FORM.

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

Section 1. The Mayor and Council of the City of Seward, Nebraska (the "City"), hereby find and determine as follows:

(a) that the City owns and operates an electric plant and distribution system (the "Electric System"), which represents a revenue-producing undertaking of the City. Reference herein to the Electric System shall include all additions and improvements thereto hereafter acquired by the City;

(b) that the City has previously issued and there are outstanding as of the date of this ordinance, the following issues of revenue bonds for which the revenues of the Electric System have been pledged:

Electric Revenue Refunding Bonds, Series 2011, date of original issue—June 7, 2011, issued pursuant to Ordinance No. 7-11 (the "2011 Ordinance") of which there remain outstanding and unpaid bonds in the principal amount of \$1,595,000 (the "2011 Bonds"); and

Electric Revenue Bonds, Series 2011B, date of original issue—December 8, 2011, issued pursuant to Ordinance No. 30-11 (the "2011B Ordinance") of which there remain outstanding and unpaid bonds in the principal amount of \$390,000 (the "2011B Bonds")

Electric Revenue Refunding Bonds, Series 2012, date of original issue—March 27, 2012, issued pursuant to Ordinance No. 3-12 (the "2012 Ordinance") of which there remain outstanding and unpaid bonds in the principal amount of \$1,250,000 (the "2012 Bonds")

The 2011 Ordinance, the 2011B Ordinance and the 2012 Ordinance are sometimes hereinafter referred to collectively as the "Prior Ordinances", the 2011 Bonds and the 2011B Bonds which are called for

redemption pursuant to Section 3 of this Ordinance are sometimes hereinafter referred to as the “Refunded Bonds” and the 2012 Bonds and that portion of the 2011 Bonds and the 2011B Bonds not called for redemption are sometimes hereinafter referred to as the “Outstanding Bonds”;

(c) that the 2011 Bonds are subject to redemption at any time on or after June 7, 2016 and the 2011B Bonds are subject to redemption at any time on or after December 8, 2016, at par plus accrued interest to the date fixed for redemption, that the Refunded Bonds are herein authorized to be irrevocably called for redemption in accordance with their call provisions on a date or dates to be determined pursuant to the Designation described herein (such date or dates referred to herein as the “Redemption Dates”); that since the 2011 Bonds and the 2011B Bonds were issued, the rates of interest available in the market have declined such that by taking up and paying off the Refunded Bonds through the issuance of refunding bonds as provided herein, a savings in the amount of yearly running interest will be made to the City.

(d) that certain improvements, enlargements and expansions of the City’s Electric System (the “Project”) are necessary in order to continue to provide the City and its residents with adequate electric service, that the costs of such improvements, enlargements and expansions are not less than \$2,670,000 and that of such costs the City has issued and outstanding \$1,980,000 of its Electric System Revenue Bond Anticipation Notes, Series 2014, date of original issue December 15, 2014, (the “Refunded Notes”) of junior lien and standing to the Refunded Bonds and the Outstanding Bonds, which notes mature on June 15, 2016, are subject to redemption any time on or after March 15, 2015 and are authorized to be called for redemption herein;

(d) that under the terms of the Prior Ordinances, bonds of equal lien with the Outstanding Bonds may be issued provided that certain revenues have been experienced by the Electric System for its most recent fiscal year; that the Authorized Officers (as defined herein) are hereby authorized to and shall certify prior to the issuance of the bonds authorized herein that said Net Revenues are not less than 1.25 times the average annual debt service requirements (as described in the Prior Ordinances) of the Outstanding Bonds and the bonds herein authorized; that said Outstanding Bonds and the Refunded Bonds represent the only outstanding indebtedness of the City for which the revenues of the Electric System have been pledged; that, upon the issuance of the bonds herein authorized, all payment requirements of said Refunded Bonds will be paid and satisfied; that all conditions required under the terms of the Prior Ordinances for the issuance of the bonds herein authorized as “additional bonds” of equal lien and standing with the Outstanding Bonds do exist and have happened; and

(e) that for the purpose of making said redemption of the Refunded Bonds on the Redemption Dates, paying the costs of the Project (including paying the Refunded Notes in full), providing for necessary reserve funds and paying costs of issuance of the 2016 Bonds, it is in the best interest of the City to issue revenue and refunding bonds of the City in the principal amount of not to exceed \$4,900,000;

(f) that all conditions, acts and things required to exist or to be done precedent to the issuance of Electric System Revenue and Refunding Bonds of the City of Seward, Nebraska, in the principal amount of not to exceed Four Million Nine Hundred Thousand Dollars (\$4,900,000) pursuant to Sections 18-1803 to 18-1805, R.R.S. Neb. 2012, do exist and have been done as required by law.

Section 2. In addition to the definitions provided in parentheses elsewhere in this Ordinance, the following definitions of terms shall apply, unless the context shall clearly indicate otherwise:

(a) the term “revenues” shall mean all of the rates, rentals, fees and charges, earnings and other monies, including investment income, from any source derived by the City of Seward, Nebraska, through its ownership and operation of the Electric System.

(b) the term “Additional Bonds” shall mean any and all bonds hereafter issued by the City pursuant to the terms of this Ordinance and the Prior Ordinances which are equal in lien to the bonds herein authorized and the Outstanding Bonds, including all such bonds issued pursuant to Section 15 and refunding bonds issued pursuant to Section 16.

(c) the term “Average Annual Debt Service Requirements” shall mean that number computed by adding all of the principal and interest due when computed to the absolute maturity of the bonds for which such computation is required and dividing by the number of years remaining that the longest bond of any issue for which such computation is required has to run to maturity. In making such computation, the principal of any bonds for which mandatory redemptions are scheduled shall be treated as maturing in accordance with such schedule of mandatory redemptions.

(d) the term “Deposit Securities” shall mean obligations of the United States of America, direct or unconditionally guaranteed, including any such obligations issued in book entry form.

(e) the term “Net Revenues” shall mean the revenues (as defined above), not including any income from the sale or other disposition of any property belonging to or forming a part of the Electric System, less the ordinary expenses for operating and maintaining the Electric System payable from the Operation and Maintenance Account described in Section 13 of this Ordinance. Operation and Maintenance expenses for purposes of determining “Net Revenues” shall not include depreciation, amortization of financing expenses or interest on any bonds or other indebtedness. Net Revenues for all purposes of this Ordinance shall be shown by an audit for the fiscal year in question as conducted by an independent certified public accountant or firm of such accountants, or if an audit is not yet available, Net Revenues may be shown by the most recent audit available so long as a certificate from the City Treasurer is delivered indicating no material adverse change has occurred to the Net Revenues of the Electric System of the City.

(f) the term “Paying Agent and Registrar” shall mean a bank or trust company, as appointed to act as paying agent and registrar for the 2016 Bonds pursuant to the Designation, or any successor thereto.

Section 3. To provide for the refunding of the Refunded Bonds and paying costs of the Project as described in Sections 1 and 2 hereof, including providing for necessary reserve funds and costs of issuance hereof, there shall be and there are hereby ordered issued Electric System Revenue and Refunding Bonds, Series 2016, of the City of Seward, Nebraska, in the principal amount of not to exceed Four Million Nine Hundred Thousand Dollars (\$4,900,000) (the “2016 Bonds”). The 2016 Bonds or any portion thereof are hereby authorized to be sold pursuant to a negotiated sale with D.A. Davidson & Co., as initial purchaser (the “Underwriter”). In connection with such sale, the Mayor, City Administrator or City Clerk-Treasurer (each, an “Authorized Officer”) are hereby authorized to specify, determine, designate, establish and appoint, as the case may be, in one or more written designations which may be included in a bond purchase agreement (each, a “Designation”), (i) the aggregate purchase price of the Bonds and the underwriting discount which shall not exceed 1.25% of the aggregate stated principal amount thereof, (ii) the form and contents of any bond purchase agreement in connection with such sale, (iii) the title (including series designation), dated date (which shall not be later than December 31, 2016), aggregate principal amount (including the aggregate principal amounts of serial Bonds and term Bonds, if any), which aggregate stated principal amount shall not exceed \$4,900,000, and the final maturity date, which shall not be later than December 31, 2036, (iv) the principal amounts maturing in each year, (v) the rate or rates of interest to be borne by each principal maturity, provided that present value savings results from refunding the Refunded Bonds and provided that the true interest cost of the 2016 Bonds shall not exceed 3.50% (vi) the principal payment dates and interest payment dates, (vii) whether the 2016 Bonds will be subject to redemption prior to their stated maturity, and if subject to such optional redemption, the provisions

governing such redemption, including a redemption price not to exceed 104% of the principal amount then being redeemed plus accrued interest to the date of redemption, (viii) the amount and due date of each sinking fund installment for any of the 2016 Bonds issued as term Bonds, (ix) the designation of the Paying Agent and Registrar and the form and content of any agreement between the City and such entity and (x) all other terms and provisions of the 2016 Bonds not otherwise specified or fixed by this Ordinance.

The Authorized Officers, or each individually, are hereby authorized to irrevocably call any or all of the 2011 Bonds and the 2011B Bonds (as called for redemption, the "Refunded Bonds") for redemption on such date or dates he or she determines appropriate, which date or dates shall be the Redemption Dates hereunder. The Authorized Officers, or each individually, are hereby authorized to designate, approve, execute and deliver, as the case may be (i) the form, content, terms and provisions of any published and/or mailed notice of redemption with respect to the payment and redemption of the Refunded Bonds, (ii) an Escrow Agent, (iii) the form, content, terms and provisions of an Escrow Agreement with the Escrow Agent for the purpose of providing for the deposit in trust with the Escrow Agent a portion of the net proceeds of the 2016 Bonds, the investment of such net proceeds pending their application, the application of such proceeds and any investment income to the payment of all of the principal of and interest on the Refunded Bonds maturing on or before the Redemption Date and the application of the balance of such proceeds and any investment income thereof to the redemption and retirement of the Refunded Bonds on the Redemption Date.

The 2016 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 2016 Bonds shall be Date of Delivery. Interest on the 2016 Bonds, at the respective rates for each maturity, shall be payable as determined in the Designation (each an "Interest Payment Date"), and the 2016 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 fifteenth day immediately preceding the Interest Payment Date (the "Record Date"), subject to the provision of Section 5 hereof. The 2016 Bonds shall be numbered from 1 upwards in the order of their issuance. No 2016 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 2016 Bonds issued shall be as directed by the Underwriter. Payments of interest due on the 2016 Bonds prior to maturity or earlier 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 such owner's registered address as shown on the books of registration as required to be maintained in Section 4 hereof. Payments of principal due at maturity or at any date fixed for redemption prior to maturity, together with any unpaid interest accrued thereon, shall be made by the Paying Agent and Registrar upon presentation and surrender of the 2016 Bonds to said Paying Agent and Registrar. The City and said Paying Agent and Registrar may treat the registered owner of any 2016 Bond as the absolute owner of such bond for the purpose of making payments thereon and for all other purposes and neither the City nor the Paying Agent and Registrar shall be affected by any notice or knowledge to the contrary, whether such bond or any installment of interest due thereon shall be overdue or not. All payments on account of interest or principal made to the registered owner of any 2016 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 2016 Bonds or claims for interest to the extent of the sum or sums so paid.

Section 4. The Paying Agent and Registrar designated pursuant to the Designation 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, in a form approved by an Authorized Officer. The Paying Agent and Registrar shall keep and maintain for the City books for the registration and transfer of the 2016 Bonds at its principal corporate trust office in Seward, Nebraska. The names and registered addresses of the registered owner or owners of the 2016 Bonds shall at all times be recorded in such books. Any 2016 Bond may be transferred pursuant to its provisions at the office of said Paying Agent and Registrar by surrender of such 2016 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 the transferee owner or owners, a new 2016 Bond or 2016 Bonds of the same series, interest rate, aggregate principal amount and maturity. To the extent of the denominations authorized for the 2016 Bonds by this Ordinance, one 2016 Bond may be transferred for several such 2016 Bonds of the same series, interest rate and maturity, and for a like aggregate principal amount, and several such 2016 Bonds may be transferred for one or several such 2016 Bonds, respectively, of the same series, interest rate and maturity and for a like aggregate principal amount. In every case of transfer of a 2016 Bond, the surrendered 2016 Bond shall be canceled and destroyed. All 2016 Bonds issued upon transfer of the 2016 Bonds so surrendered shall be valid obligations of the City evidencing the same obligations as the 2016 Bonds surrendered and shall be entitled to all the benefits and protection of this Ordinance to the same extent as the 2016 Bonds upon transfer of which they were delivered. The City and said Paying Agent and Registrar shall not be required to transfer any 2016 Bond during any period from any Record Date until its immediately following Interest Payment Date or to transfer any 2016 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 2016 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 2016 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. In addition to any mandatory sinking fund redemptions as may be provided for as set out in Section 3 of this Ordinance, the 2016 Bonds shall be subject to redemption at the option of the City, in whole or in part, prior to maturity at any time on or after such date as may be provided in the Designation, at par plus accrued interest on the principal amount redeemed to the date fixed for redemption. The City may select the 2016 Bonds for such optional redemption in its sole discretion. The 2016 Bonds shall be redeemed only in amounts of \$5,000 or integral multiples thereof. Any 2016 Bond redeemed in part only shall be surrendered to said Paying Agent and Registrar in exchange for a new 2016 Bond evidencing the unredeemed principal thereof. Notice of redemption of any 2016 Bond called for redemption shall be given, at the direction of the City in the case of optional redemption and without further direction in the case of mandatory sinking fund redemption, 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 2016 Bond at said owner's registered address. Such notice shall designate the 2016 Bond or 2016 Bonds to be redeemed by maturity or otherwise, the date of original issue and the date fixed for redemption and shall state that such 2016 Bond or 2016 Bonds are to be presented for prepayment at the principal corporate trust office of said Paying Agent and Registrar. In case of any 2016 Bond partially redeemed, such notice shall specify the portion of the principal amount of such 2016 Bond to be redeemed. No defect in the mailing of notice for any 2016 Bond shall affect the sufficiency of the proceedings of the City designating the 2016 Bonds called for redemption or the effectiveness of such call for the 2016 Bonds for which notice by mail has been properly given and the City shall have the right to direct further notice of redemption for any such 2016 Bond for which defective notice has been given.

Section 7. If the date for payment of the principal of or interest on the 2016 Bonds shall be a Saturday, Sunday, legal holiday or a day on which the banking institutions in the City of Seward, Nebraska, 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 date shall have the same force and effect as if made on the nominal date of payment.

Section 8. The 2016 Bonds shall be in substantially the following form:

UNITED STATES OF AMERICA
STATE OF NEBRASKA
COUNTY OF SEWARD

CITY OF SEWARD

ELECTRIC REVENUE AND REFUNDING BOND
SERIES 2016

No. R- _____ \$ _____

Interest Rate
%

Maturity Date
_____,

Date of Original Issue
_____, 2016

CUSIP

Registered Owner: Cede & Co.
13-2555119

Principal Amount:

KNOW ALL PERSONS BY THESE PRESENTS: That the City of Seward, in the County of Seward, in the State of Nebraska, hereby acknowledges itself to owe and for value received promises to pay, but only from the special sources hereinafter described, to the registered owner specified above, or registered assigns, the principal amount specified above in lawful money of the United States of America on the date of maturity specified above with interest thereon to maturity (or earlier redemption) from the date of original issue or most recent Interest Payment Date, whichever is later, at the rate per annum specified above, payable semiannually on _____ and _____ of each year commencing _____, 20__ (each, an "Interest Payment Date"). Such interest shall be computed on the basis of a 360-day year consisting of twelve 30-day months. The principal of this bond together with interest thereon unpaid and accrued at maturity (or earlier redemption) is payable upon presentation and surrender of this bond at the principal corporate trust office of _____, in Seward, Nebraska, as Paying Agent and Registrar. Interest on this bond due prior to maturity or earlier redemption will be paid on each Interest Payment Date by a check or draft mailed by the Paying Agent and Registrar to the registered owner of this bond, as shown on the books of record maintained by the Paying Agent and Registrar, at the close of business on the fifteenth day immediately preceding the Interest Payment Date, 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 the registered owner of this bond (or of one or more predecessor bonds hereto) on such special record date for payment of such defaulted interest as shall be fixed by the Paying Agent and Registrar whenever monies for such purpose become available.

This bond is one of an issue of fully registered bonds of the total principal amount of _____ Dollars (\$_____) of even date and like tenor, except as to the date of maturity, rate of interest and denomination (the "Series 2016 Bonds"), which were issued by the City for the purpose of refunding \$_____ of _____, Series _____, date of original issue – _____, 20__, \$_____ of _____, Series _____, date of original issue – _____, 20__, paying the costs of improvements to the Electric System of the City, and paying costs of issuance thereof, and is issued pursuant to the terms of an ordinance (the "Ordinance") passed and approved by the Mayor and Council of said City in accordance with and under the provisions of Sections 18-1803 to 18-1805, R.R.S. Neb. 2012.

[The bonds of this issue due as term bonds in the years 20__ and 20__ (the "Term Bonds") are required to be redeemed prior to their stated maturity, commencing on _____, 20__ and continuing on _____ of each year thereafter through and including payment at maturity, in part, which redemptions and payment at maturity shall be in the years and for the principal amounts set forth below:

20__ Term Bonds

<u>Year of Redemption</u>	<u>Amount Required to be Redeemed</u>
_____, 20__	\$____,000
_____, 20__	____,000
_____, 20__ (final maturity)	____,000

20__ Term Bonds

<u>Year of Redemption</u>	<u>Amount Required to be Redeemed</u>
_____, 20__	\$____,000
_____, 20__ (final maturity)	____,000

Such mandatory redemptions shall be at a price equal to 100% of the principal amount redeemed plus interest accrued on the principal amount being redeemed to the date fixed for redemption. The Paying Agent and Registrar shall select the Term Bonds for mandatory redemption using any random method of selection deemed appropriate by the Paying Agent and Registrar.]

Any or all of the bonds of said issue maturing on or after _____, 20__, are subject to redemption at the option of the City, in whole or in part, on _____ or at any time thereafter, at the principal amount thereof together with accrued interest on the principal amount redeemed to the date fixed for redemption. Such optional redemption shall be made from time to time as shall be directed by the Mayor and Council of the City. The City may select the Series 2016 Bonds for optional redemption in its sole discretion.

Notice of redemption shall be given by mail to the registered owner of any Series 2016 Bond called for redemption in the manner specified in the Ordinance authorizing said issue of bonds. Individual bonds may be redeemed in part but only in the amount of \$5,000 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 series, aggregate principal amount, interest rate and maturity will be issued to the transferee as provided in the Ordinance, subject to the limitations therein prescribed. The City, the Paying Agent and Registrar and any other person may treat the person in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment due hereunder and for all other 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 of Seward, Nebraska, 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 date shall have the same force and effect as if made on the nominal date of payment.

The revenues and earnings of the electric system of the City, including all improvements and additions thereto hereafter constructed or acquired (the "Electric System"), are pledged and hypothecated by the City for the payment of this bond and the other Series 2016 Bonds, for the payment of the City's Electric Revenue Refunding Bonds, Series 2011, date of original issue—June 7, 2011, presently outstanding in the principal amount of \$_____ (the "Series 2011 Bonds"), the City's Electric Revenue Bonds, Series 2011B, date of original issue—December 8, 2011, presently outstanding in the principal amount of \$_____ (the "Series 2011B Bonds"), the City's Electric Revenue Bonds, Series 2012, date of original issue—March 27, 2012, presently outstanding in the principal amount of \$_____ (the "Series 2012 Bonds") and for the payment of any additional bonds of equal priority issued in accordance with the terms

of the Ordinance authorizing the 2016 Bonds. The Series 2016 Bonds are a lien only upon said revenues and earnings and are not general obligations of the City of Seward, Nebraska.

The Ordinance authorizing the Series 2016 Bonds sets forth the covenants and obligations of the City with respect to the Electric System and the applications of the revenues and earnings thereof, which revenues and earnings under the terms of the Ordinance are required to be deposited to the "Seward Electric Fund" as established under the Ordinance and disbursed to pay costs of operation and maintenance of the Electric System, make payments of principal and interest on the Series 2016 Bonds, the Series 2011 Bonds, the Series 2011B Bonds, the Series 2012 Bonds and any additional bonds of equal priority with said Series 2016 Bonds, Series 2011 Bonds and Series 2011B Bonds, the Series 2012 Bonds and other payments as specified in the Ordinance authorizing the Series 2016 Bonds. The Ordinance authorizing the Series 2016 Bonds also designates the terms and conditions under which additional bonds of equal priority with the Series 2016 Bonds, Series 2011 Bonds, the Series 2011B Bonds and the Series 2012 Bonds may be issued. The Ordinance also designates the terms and conditions upon which this bond shall cease to be entitled to any lien, benefit or security under the Ordinance and all covenants, agreements and obligations of the City under the Ordinance may be discharged and satisfied at or prior to the maturity or redemption of this bond or bonds of equal lien if monies or certain specified securities shall have been deposited with a trustee bank. In the Ordinance authorizing the Series 2016 Bonds, the City also reserves the right to issue bonds or notes junior in lien to the Series 2016 Bonds, the Series 2011 Bonds, the Series 2011B Bonds, the Series 2012 Bonds and any additional bonds of equal priority, the principal and interest of which shall be payable from monies in the "Surplus Account" of the Seward Electric Fund as described in the Ordinance authorizing the Series 2016 Bonds.

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 provided by law.

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 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 REGISTRAR FOR REGISTRATION OF TRANSFER OR EXCHANGE OR (B) TO THE REGISTRAR FOR PAYMENT OF PRINCIPAL, AND ANY BOND ISSUED IN REPLACEMENT HEREOF OR SUBSTITUTION HEREFOR 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 PERSON 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 Seward, Nebraska, have caused this bond to be executed on behalf of the City with the facsimile signatures of the Mayor and City Clerk of the City, all as of the Date of Original Issue shown above.

CITY OF SEWARD, NEBRASKA

ATTEST:

(facsimile signature)
Mayor

(facsimile signature)
City Clerk

CERTIFICATE OF AUTHENTICATION

This bond is one of the bonds authorized by Ordinance passed and approved by the Mayor and Council of the City of Seward, Nebraska, as described in said bond.

Seward, Nebraska
as Paying Agent and Registrar

Authorized Signature

(FORM OF ASSIGNMENT)

For value received _____ hereby sells, assigns, and transfers unto _____ 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.

Date: _____

Registered Owner

Signature Guaranteed

By: _____

Authorized Officer

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.

Section 9. Each of the 2016 Bonds shall be executed on behalf of the City with the manual or facsimile signatures of the Mayor and City Clerk of the City. The 2016 Bonds shall be issued initially as “book-entry-only” bonds using the services of The Depository Trust Company (the “Depository”), with one typewritten bond certificate 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 blanket 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 2016 Bonds. Upon the issuance of the 2016 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 2016 Bonds as securities depository (each, a “Bond Participant”) or to any person who is an actual purchaser of a 2016 Bond from a Bond Participant while the 2016 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 2016 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 2016 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 2016 Bonds. The Paying Agent and Registrar shall make payments with respect to the 2016 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 2016 Bonds to the extent of the sum or sums so paid. No person other than the Depository shall receive an authenticated 2016 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 2016 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 2016 Bonds or (ii) to make available 2016 Bonds registered in whatever name or names the Beneficial Owners transferring or exchanging such 2016 Bonds shall designate.

(c) If the City determines that it is desirable that certificates representing the 2016 Bonds be delivered to the Bond Participants and/or Beneficial Owners of the 2016 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 2016 Bonds. In such event, the Paying Agent and Registrar shall issue, transfer and exchange bond certificates representing the 2016 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 2016 Bond is registered in the name of the Depository or any nominee thereof, all payments with respect to such 2016 Bond and all notices with respect to such 2016 Bond shall be made and given, respectively, to the Depository as provided in the Letter of Representations.

(e) Registered ownership of the 2016 Bonds may be transferred on the books of registration maintained by the Paying Agent and Registrar, and the 2016 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.

(f) In the event of any partial redemption of a 2016 Bond unless and until such partially redeemed 2016 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 2016 Bond as is then outstanding and all of the 2016 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 or upon termination by the City of book-entry-only form, the City shall immediately provide a supply of bond certificates for issuance upon 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 bond certificates upon transfer or partial redemption, the City agrees to order printed an additional supply of bond certificates and to direct their execution by manual or facsimile signature of its then duly qualified and acting officers. In case any officer whose signature or facsimile thereof shall appear on any 2016 Bond shall cease to be such officer before the delivery of such 2016 Bond (including any bond 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 2016 Bond. The 2016 Bonds shall not be valid and binding on the City until authenticated by the Paying Agent and Registrar. The 2016 Bonds shall be delivered to the Paying Agent and Registrar for registration and authentication. Upon execution, registration and authentication of the 2016 Bonds, they shall be delivered to the City's Treasurer, acting on behalf of the City, who is authorized to deliver them to the Underwriter upon receipt of the total stated principal amount of the 2016 Bonds, plus accrued interest thereon to date of payment for the 2016 Bonds, less Underwriter's discount in an amount determined in the Designation. A record of information with respect to the 2016 Bonds shall also be filed with the office of the Auditor of Public Accounts as required under Section 10-140, R.R.S. Neb. 2012, as amended. The Underwriter shall have the right to direct the registration of the 2016 Bonds and the denominations thereof for each series and for each maturity, subject to the restrictions of this Ordinance. The City Clerk, acting on behalf of the City, shall make and certify a transcript of the proceedings of the governing body with respect to the 2016 Bonds, a copy of which shall be delivered to the Underwriter. The Underwriter and its agents, representatives and counsel (including the City's bond counsel) are hereby authorized to take such actions on behalf of the City as are necessary to effectuate the closing of the issuance and sale of the 2016 Bonds, including, without limitation, authorizing the release of the 2016 Bonds by the Depository at closing. The Authorized Officers are hereby each individually authorized to execute the Bond Purchase Agreement, in the form such Authorized Officers may deem necessary and appropriate, and are further authorized to do any and all things necessary and appropriate in connection with the issuance of the 2016 Bonds and the redemption of the Refunded Bonds.

Section 10. For the payment of the 2016 Bonds and the Outstanding Bonds both principal and interest, together with any Additional Bonds, both principal and interest, the City hereby pledges and

hypothecates the entire revenues and earnings of the Electric System of the City as a first and prior pledge and encumbrance of such revenues, in accordance with the terms of this Ordinance. The pledge and hypothecation provided for the 2016 Bonds, the Outstanding Bonds and Additional Bonds in this Ordinance is intended to be and shall provide for a first and prior pledge or lien upon and security interest in the revenues of the Electric System (now or hereafter existing) superior to any pledge, lien or security interest made or given with respect to any other indebtedness of the City as to its Electric System and is intended as a full exercise of the powers of the City provided for in Sections 18-1803 to 18-1805, R.R.S. Neb. 2012, as now or hereafter amended, with respect to the City's Electric System and the revenues and earnings thereof.

Section 11. The City hereby agrees that it will impose and maintain and shall revise from time to time when necessary and shall collect such rentals, rates, fees and charges for the use and services of the Electric System which in the aggregate shall be sufficient at all times to enable the City to pay the principal and interest on the 2016 Bonds, the Outstanding Bonds and any Additional Bonds as the same become due.

Section 12. The City will maintain and collect rates and charges for all services furnished from its Electric System adequate to produce revenues and earnings sufficient at all times:

(a) to provide for the payment of interest on and principal of the 2016 Bonds, the Outstanding Bonds and any Additional Bonds as such interest and principal become due;

(b) to pay all reasonable costs of operation and maintenance of the Electric System, including adequate insurance as provided by this Ordinance and to pay for the necessary and reasonable repairs, replacements and extensions of said Electric System; and

(c) to establish and maintain the 2016 Debt Service Reserve Account as hereinafter set forth, the debt service reserve accounts required for the Outstanding Bonds under the terms of the Prior Ordinances and any debt service reserve account hereafter required for Additional Bonds.

Section 13. In connection with the pledge of the revenues and earnings of the Electric System for the payment of the 2016 Bonds, the Outstanding Bonds and any Additional Bonds as authorized by this Ordinance and interest on such 2016 Bonds, Outstanding Bonds and Additional Bonds, as set forth in Section 10 of this Ordinance, the City does hereby agree with the holders of said 2016 Bonds, Outstanding Bonds as follows:

(a) **SEWARD ELECTRIC FUND** - The entire gross revenues and income derived from the operation of the Electric System shall be set aside as collected and deposited in a separate fund which has been previously ordered established (and which is hereby confirmed) designated as the "Seward Electric Fund." For purposes of allocating the monies in the Seward Electric Fund, the City shall maintain the following accounts (as previously established and by the terms of this Ordinance directed to be established: (1) Operation and Maintenance Account; (2) Bond Payment Account; (3) reserve accounts established under the Prior Ordinances and the 2016 Debt Service Reserve Account; and (4) Surplus Account.

(b) **OPERATION AND MAINTENANCE ACCOUNT** - Out of the Seward Electric Fund there shall be monthly credited into the Operation and Maintenance Account such amounts as the City shall from time to time determine to be necessary to pay the reasonable and necessary expenses of operating and maintaining the Electric System, and the City may withdraw funds credited to the Operation and Maintenance Account as necessary from time to time to pay such expenses.

(c) **BOND PAYMENT ACCOUNT** - Out of the Seward Electric Fund there shall be deposited monthly on or before the first day of each month, as described below, to the Bond Payment Account the following amounts (or such other amounts on such other dates as may be determined in the Designation):

(1) Beginning on the first day of the month immediately following the month in which the 2016 Bonds are issued and continuing the first day of each month thereafter so long as any of the 2016 Bonds herein authorized remain outstanding and unpaid, an amount not less than the amount which, if the same amount were deposited each month, would be sufficient to pay the interest becoming due on the 2016 Bonds on the next succeeding Interest Payment Date.

(2) Beginning on the first day of the month twelve months preceding the month in which the first principal payment is due and continuing the first day of each month thereafter so long as any of the 2016 Bonds herein authorized remain outstanding and unpaid, an amount equal to 1/12th of the next maturing principal payment for the 2016 Bonds.

(3) During the periods and in the amounts specified for the Outstanding Bonds in the Prior Ordinances.

The City Treasurer is hereby authorized and directed, without further authorization, to withdraw monies credited to the Bond Payment Account, or if the monies in such Account are insufficient, then from the 2016 Debt Service Reserve Account (or reserve accounts established under the Prior Ordinances for the appropriate series of Outstanding Bonds, or the appropriate debt service reserve account in the case of each issue of Additional Bonds) and next from the Surplus Account, in an amount sufficient to pay, when due, the principal of and interest on the 2016 Bonds, the Outstanding Bonds or any Additional Bonds and to transfer such amounts due to the Paying Agent and Registrar (or other paying agent for the Outstanding Bonds or Additional Bonds) at least five (5) business days before each principal and interest payment date. Upon the issuance of any Additional Bonds pursuant to this Ordinance appropriate additional credits to the Bond Payment Account shall be provided sufficient to pay principal and interest on said Additional Bonds.

(d) **2016 DEBT SERVICE RESERVE ACCOUNT** - The City has previously established debt service reserve accounts for the Outstanding Bonds under the terms of the Prior Ordinances and shall continue to maintain such accounts so long as the Outstanding Bonds remain outstanding in accordance with the terms of the Prior Ordinances. Concurrently with the issuance of the 2016 Bonds (or in such other manner as may be determined in the Designation), the City agrees that it shall deposit to the 2016 Reserve Account from funds on hand or proceeds of the 2016 Bonds a sum (which may be \$0.00) not greater than the least of (a) 10 percent of the stated principal amount of the original principal amount of the 2016 Bonds; (b) 125% of the average annual principal and interest requirements of the 2016 Bonds; or (c) the maximum annual principal and interest requirements of the 2016 Bonds, (the "Required Balance"). Such Required Balance shall be the amount required to be maintained as the required balance in said account, so long as the 2016 Bonds remain outstanding. Monies credited to the 2016 Debt Service Reserve Account may be withdrawn, as needed to provide funds to pay, when due, the principal and interest on the 2016 Bonds issued pursuant to this Ordinance, if the Bond Payment Account contains insufficient funds for that purpose, and the City Treasurer is hereby authorized and directed to make such withdrawal if and when needed. In the event

of a withdrawal from the 2016 Debt Service Reserve Account, there shall be credited to the 2016 Debt Service Reserve Account in the month following such withdrawal all monies in the Seward Electric Fund remaining after making the payments required to be made in such month to the Operation and Maintenance Account and Bond Payment Account and each month thereafter all such remaining monies shall be credited to the 2016 Debt Service Reserve Account until such account has been restored to the Required Balance. In the event of withdrawal from or deficiency in the 2016 Debt Service Reserve Account and/or reserve accounts created pursuant to the Prior Ordinances, monies available to be credited to restore such reserves shall be allocated between such reserve accounts pro rata in accordance with the respective outstanding principal amounts of the Outstanding Bonds and the 2016 Bonds. Upon the issuance of any Additional Bonds a separate debt service reserve account shall be established (in such amount as the Mayor and Council shall determine appropriate, including no such reserve, if deemed appropriate) and any such separate debt service reserve account shall have the right to share, in the event of drawings upon the 2016 Debt Service Reserve Account and/or reserve accounts set up for the Outstanding Bonds pursuant to the Prior Ordinances and such reserve account for Additional Bonds, in revenues available in the Seward Electric Fund upon a pro rata basis in accordance with the respective outstanding principal amounts for each such issue. Anything in this Subsection 13(d) to the contrary notwithstanding, the amount required to be maintained in the 2016 Debt Service Reserve Account with respect to the 2016 Bonds, in the reserve accounts created for the Outstanding Bonds pursuant to the Prior Ordinances or in any debt service reserve account for any issue of Additional Bonds shall not be required to exceed at any time the maximum amount permitted to be invested without yield restriction under Section 103(b) and 148 of the Internal Revenue Code of 1986, as amended, and applicable regulations of the United States Treasury Department.

(e) **SURPLUS ACCOUNT** - Monies from the Seward Electric Fund remaining after the credits required in the foregoing Subsections 13(b), 13(c) and 13(d) shall be credited to the Surplus Account. Monies in the Surplus Account may be used to make up any deficiencies in the preceding accounts, to retire any of the 2016 Bonds, the Outstanding Bonds or any Additional Bonds prior to their maturity, to pay principal of and interest on any junior lien indebtedness incurred with respect to the Electric System, to provide for replacements or improvements for the Electric System or to provide for any other lawful purpose of the City determined upon by the Mayor and Council.

The provisions of this Section shall require the City to maintain a set of books and records in accordance with such accounting methods and procedures as are generally applicable to a municipal utility enterprise, which books and records shall show credits to and expenditures from the several accounts required by this Section. Monies credited to the Seward Electric Fund or any of the accounts therein as established by this Ordinance shall be deposited or invested separate and apart from other City funds. Except as specified below for the 2016 Debt Service Reserve Account, the reserve accounts created for the Outstanding Bonds pursuant to the Prior Ordinances and any reserve account for Additional Bonds, the City shall not be required to establish separate bank or investment accounts for the accounts described in Subsection 13(b), 13(c), 13(d) and 13(e). Monies credited to the 2016 Debt Service Reserve Account, the reserve accounts created pursuant to the Prior Ordinances or any reserve account for Additional Bonds (unless otherwise directed in their authorizing ordinance) shall, if maintained in a demand or time deposit account, be kept in a separate account and not commingled with other Electric System funds or accounts. If invested, monies credited to the 2016 Debt Service Reserve Account, the reserve accounts created pursuant to the Prior Ordinances or any reserve account established for Additional Bonds may be commingled with other Electric System funds or accounts so long as the City maintains books and records clearly identifying the specific investments, or portions thereof, which belong to the 2016 Debt Service Reserve Account, the reserve accounts created pursuant to the Prior Ordinances or reserve account for Additional Bonds.

Section 14. So long as any 2016 Bonds, the Outstanding Bonds or Additional Bonds are outstanding, the City hereby covenants and agrees as follows:

(a) The City will maintain the Electric System in good condition and will continuously operate the same in a reasonable and efficient manner, and the City will punctually perform all duties with reference to said system required by the Constitution and statutes of the State of Nebraska, but this covenant shall not prevent the City from discontinuing the use and operation of all or any portion of the Electric System so long as the revenue derived from the City's ownership of the properties constituting the Electric System shall be sufficient to fulfill the City's obligations under Sections 11, 12 and 13 of this Ordinance and the obligations provided for in the similar provisions of the Prior Ordinances.

(b) The City will not grant any franchise or right to any person, firm or corporation to own or operate an electric system in competition with the Electric System.

(c) The City will maintain insurance on the property constituting the Electric System (other than such portions of the system as are not normally insured) against risks customarily carried by similar utilities, but including fire and extended coverage insurance in an amount which would enable the City to repair, restore or replace the property damaged to the extent necessary to make the Electric System operable in an efficient and proper manner to carry out the City's obligations under this Ordinance. The Mayor and Council shall annually examine the amount of insurance carried with respect to the Electric System and shall evidence approval of such insurance by resolution. The proceeds of any such insurance received by the City shall be used to repair, replace or restore the property damaged or destroyed to the extent necessary to make the Electric System operable in an efficient and proper manner, and any amount of insurance proceeds not so used shall be credited to the Surplus Account. In the event of any such insured casualty loss, the City may advance funds to make temporary repairs or provide for an advance on costs of the permanent repair, restoration or replacement from the Operation and Maintenance Account and any such advances shall be repaid from insurance proceeds received.

(d) The City will keep proper books, records and account separate from all other records and accounts in which complete and correct entries will be made of all transactions relating to the Electric System. The City will have its operating and financial statements related to the Electric System audited annually by a certified public accountant or firm of certified public accountants. The City will furnish to the Underwriter and the original purchasers of the 2016 Bonds, the Outstanding Bonds and and to the original purchaser or purchasers of each series of Additional Bonds issued hereunder, within four months after the end of each fiscal year of the Electric System, a copy of the financial statements of the Electric System and the report thereon of the certified public accountants.

(e) The City shall cause each person handling any of the monies in the Seward Electric Fund to be bonded by an insurance company licensed to do business in Nebraska in an amount or amounts deemed sufficient by the Mayor and Council to cover the amount of money belonging to said system reasonably expected to be in the possession or control of any such person. The amount of such bond or bonds shall be fixed by the Mayor and Council and the costs thereof shall be paid as an operating and maintenance expense from the Operation and Maintenance Account.

Section 15. To provide funds for any purpose related to the Electric System, the City may issue Additional Bonds (other than Additional Bonds issued for refunding purposes which are governed by Section 16 of this Ordinance) payable from the revenues of the Electric System having equal priority

and on a parity with the 2016 Bonds, the Outstanding Bonds and any Additional Bonds then outstanding, only upon compliance with the following conditions:

(a) Such Additional Bonds shall be issued only pursuant to an ordinance which shall provide for an increase in the monthly credits into the Bond Payment Account in amounts sufficient to pay, when due, the principal of and interest on the 2016 Bonds, the Outstanding Bonds and any Additional Bonds then outstanding and the proposed Additional Bonds and for any monthly credits to the debt service reserve accounts as may be required to be established with respect to any then-outstanding bonds and such Additional Bonds.

(b) The City shall have complied with one or the other of the two following requirements:

1) The Net Revenues derived by the City from its Electric System for the fiscal year next preceding the issuance of the Additional Bonds shall have been at least equal to 1.25 times the Average Annual Debt Service Requirements of the 2016 Bonds, the Outstanding Bonds and any Additional Bonds, all as then outstanding, and of the proposed Additional Bonds; or

2) The City shall have received a projection made by a consulting engineer or firm of consulting engineers, recognized as having experience and expertise in municipal utility systems, projecting that the Net Revenues of the Electric System in each of the three full fiscal years after the issuance of such Additional Bonds will be at least equal to 1.25 times the Average Annual Debt Service Requirements of the 2016 Bonds, the Outstanding Bonds and any Additional Bonds, all as then outstanding, and of the proposed Additional Bonds. In making such projection, the consulting engineer shall use as a basis the Net Revenues of the Electric System during the last fiscal year for which an independent audit has been prepared and shall adjust such Net Revenues as follows: (A) to reflect changes in rates which have gone into effect since the beginning of the fiscal year for which the audit was made, (B) to reflect such engineer's estimate of the net increase over or net decrease under the Net Revenues of the Electric System for the fiscal year for which the audit was made by reason of: (i) changes of amounts payable under existing contracts for services; (ii) additional general income from sales to customers under existing rate schedules for various classes of customers or as such schedules may be revised under a program of changes which has been adopted by the Mayor and Council of the City; (iii) projected revisions in costs for labor, wages, salaries, machinery, equipment, supplies and other operational items; (iv) revisions in the amount of service to be supplied and any related administrative or other costs associated with such increases due to increased supply from the acquisition of any new facility; and (v) such other factors affecting the projections of revenues and expenses as the consulting engineer deems reasonable and proper. Annual debt service on any proposed Additional Bonds to be issued may be estimated by the consulting engineer in projecting Average Annual Debt Service Requirements, but no Additional Bonds shall be issued requiring any annual debt service payment in excess of the amount so estimated by the consulting engineer.

The City hereby covenants and agrees that so long as any of the 2016 Bonds, the Outstanding Bonds and any Additional Bonds are outstanding, it will not issue any bonds or notes payable from the revenues of the Electric System except in accordance with the provisions of this Ordinance and the Prior Ordinances so long as the appropriate Outstanding Bonds remain outstanding, provided, however, the City reserves the right to issue bonds or notes which are junior in lien to the 2016 Bonds, the Outstanding Bonds and

any such Additional Bonds with the principal and interest of such bonds or notes to be payable from monies credited to the Surplus Account as provided in Subsection 13(e) of this Ordinance.

Section 16. The City may issue refunding bonds which shall qualify as Additional Bonds of equal lien to refund any 2016 Bonds, Outstanding Bonds or Additional Bonds then outstanding, provided, that if any such 2016 Bonds, Outstanding Bonds or Additional Bonds are to remain outstanding after the issuance of such refunding bonds, the principal payments due in any calendar year in which those bonds which are to remain outstanding mature, or in any calendar year prior thereto, shall not be increased over the amount of such principal payments due in such calendar years immediately prior to such refunding. Refunding Bonds issued in accordance with this paragraph of this Section 16 may be issued as Additional Bonds of equal lien without compliance with the conditions set forth in Subsection 15(b) of this Ordinance.

The City may also issue refunding bonds which shall qualify as Additional Bonds of equal lien to refund any 2016 Bonds, Outstanding Bonds or Additional Bonds then outstanding provided, that, if any such 2016 Bonds, Outstanding Bonds or Additional Bonds are to remain outstanding after the application of the proceeds of the refunding bonds to the payment of the bonds which are to be refunded, such issuance must comply with the Net Revenues test set forth in Subsection 15(b)(1) of this Ordinance and, if the proceeds of such refunding bonds are not to be applied immediately to the satisfaction of the bonds which are to be refunded, then such refunding bonds must provide by their terms that they shall be junior in lien to all 2016 Bonds, Outstanding Bonds and any Additional Bonds outstanding at the time of issuance of such refunding bonds until the time of application of their proceeds to the satisfaction of the bonds which are to be refunded. In computing Average Annual Debt Service Requirements to show compliance with said Net Revenues test for such refunding bonds, all payments of principal and interest due on such refunding bonds from the time of their issuance to the time of application of the proceeds of such refunding bonds to the satisfaction of the bonds which are to be refunded shall be excluded from such computation to the extent that such principal and interest are payable from sources other than the revenues of the Electric System, such as proceeds of refunding bonds and earnings on the investment of the proceeds of said refunding bonds, or from monies in the Surplus Account, and all payments of principal and interest due on the bonds which are to be refunded from and after the time of such application shall also be excluded. For purposes of this paragraph of this Section 16, the time of application of the proceeds of the refunding bonds to the satisfaction of the bonds which are to be refunded shall be the time of deposit with the paying agent for such bonds which are to be refunded pursuant to Section 10-126 R.R.S. Neb. 2012 (or any successor statutory provision thereto) or the time when such bonds which are to be refunded under the terms of their authorizing ordinance or ordinances are no longer deemed to be outstanding, whichever occurs sooner.

Section 17. The City's obligations under this Ordinance and the liens, pledges, dedications, covenants and agreements of the City herein made or provided for shall be fully discharged and satisfied as to any of the 2016 Bonds issued hereunder, and said bonds shall no longer be deemed outstanding hereunder if such bonds shall have been purchased and canceled by the City or, as to any of said bonds not theretofore purchased and canceled by the City, when payment of the principal of and any applicable redemption premium, if any, on such bonds plus interest thereon to the respective dates 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 a state or national bank having trust powers or trust company in trust solely for such payment (i) sufficient moneys to make such payment and/or (ii) Deposit Securities 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 times as will ensure the availability of sufficient moneys to make such payment and such bonds shall cease to draw interest from the date fixed for their redemption or maturity and, except for the purposes of such payment, shall no longer be entitled to the benefits of this Ordinance; provided that, with respect to any such bonds called or to be called for redemption, the City shall have duly given notice of redemption or made irrevocable provision for such notice. Any such moneys so deposited with the aforesaid state or national bank or trust company as provided in this section may be invested and reinvested in Deposit Securities at the direction of the City and all interest and income from all such Deposit Securities in the

hands of the aforesaid trustee bank or trust company which are not required to pay principal and interest on the 2016 Bonds for which such deposit has been made shall be paid to the City as and when realized and collected.

Section 18. If any section, paragraph, clause or provision of this Ordinance shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the other provisions of this Ordinance.

Section 19. All ordinances, resolutions or orders or parts thereof in conflict with the provisions of this Ordinance are to the extent of such conflict hereby repealed.

Section 20. The Authorized Officers or any one or more of them is authorized to approve, deem final and deliver a Preliminary Official Statement and a final Official Statement with respect to the 2016 Bonds for and on behalf of the City, all in accordance with the requirements of Reg. Sec. 240.15c2-12 of the Securities and Exchange Commission.

Section 21. The City hereby (a) authorizes and directs that an Authorized Officer execute and deliver, on the date of issue of the 2016 Bonds, a continuing disclosure undertaking in accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission in such form as determined necessary and appropriate by such Authorized Officer (the "Continuing Disclosure Undertaking") and (b) covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Undertaking. Notwithstanding any other provision of this resolution, failure of the City to comply with the Continuing Disclosure Undertaking shall not be considered an event of default hereunder; however, any Participating Underwriter (as such term is defined in the Continuing Disclosure Undertaking) or any Beneficial Owner or any Registered Owner of a Bond (as such terms are defined in the Continuing Disclosure Undertaking) may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the City to comply with its obligations under this section, and under the Continuing Disclosure Undertaking. An Authorized Officer may appoint a Dissemination Agent for the 2016 Bonds in the Authorized Officer's discretion.

Section 22. The City hereby covenants and agrees that it will make no use of the proceeds of the 2016 Bonds which would cause the 2016 Bonds to be arbitrage bonds within the meaning of Sections 103(b)(2) and 148 of the Internal Revenue Code of 1986, as amended (the "Code") and further covenants to comply with said Sections 103(b)(2) and 148 and all applicable regulations thereunder throughout the term of said issue, including all requirements with respect to payment and reporting of rebates, if applicable. The City hereby covenants to take all action necessary to preserve the tax-exempt status of the interest on the 2016 Bonds for federal income tax purposes under the Code with respect to taxpayers generally. The City further agrees that it will not take any actions which would cause the 2016 Bonds to constitute "private activity bonds" within the meaning of Section 141 of the Code. The City hereby designates the 2016 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 bonds or other obligations aggregating in principal amount more than \$10,000,000 during the calendar year or years in which the 2016 Bonds are issued (taking into consideration the exception for current refunding issues). The Mayor is hereby authorized to make, or cause to be made, any and all certifications deemed necessary in connection with the designation of the 2016 Bonds as "qualified tax-exempt obligations", including "deemed designating" the 2016 Bonds.

Section 23. The net sale proceeds of the 2016 Bonds required to redeem the Refunded Bonds and the Refunded Notes (the "Redemption Proceeds"), along with any necessary funds of the City on hand, shall be applied to the payment and satisfaction of all of the principal of and the interest on the Refunded Bonds and the Refunded Notes falling due prior to, and as called for redemption on, each respective Redemption Date. The remaining net principal proceeds of the 2016 Bonds shall be applied on order of the Mayor and Council to the payment of costs of improvements to the Electric System. Accrued interest received from the sale of the 2016 Bonds, if any, shall be applied to pay interest first falling due

on the 2016 Bonds. Expenses of issuance of the 2016 Bonds may be paid from the proceeds of the 2016 Bonds. In order to satisfy the City's obligation on the Refunded Bonds and the Refunded Notes, if determined necessary and appropriate by an Authorized Officer, such Redemption Proceeds, along with funds of the City on hand shall be set aside and held and invested in a special trust account which is hereby ordered established with such bank or trust company as determined by an Authorized Officer to act as escrow agent (the "Escrow Agent"). The Escrow Agent shall have custody and safekeeping of the funds and investments which are to be set aside for the payment of the Refunded Bonds and the Refunded Notes. For purposes of governing such escrow account and the holding and application of such funds and investments, the City shall enter into a contract entitled "Escrow Agreement" with the Escrow Agent. The Authorized Officers, or each individually, are hereby authorized and directed to execute and deliver on behalf of the City said Escrow Agreement, including necessary counterparts, in substantially the form and content as presented to the meeting at which this resolution is adopted, but with such changes and modifications therein as to them seem necessary, desirable, or appropriate for and on behalf of the City. Said Authorized Officers are further authorized to approve the investments provided for in said Escrow Agreement, and to make any necessary subscriptions for United States Treasury Securities, State and Local Government Series, or to contract for the purchase of securities in the open market. Said proceeds shall be invested in obligations of the United States Government, direct or guaranteed, including United States Treasury Securities, State and Local Government Series. To the extent that such proceeds are held in a bank depository account, such deposits shall be insured by insurance of the Federal Deposit Insurance Corporation or, to the extent not fully insured, fully collateralized in the same manner as is required for deposit of public funds. Any investment from the proceeds of the 2016 Bonds herein authorized shall mature not later than each respective Redemption Date. As provided in said Escrow Agreement, the proceeds of the 2016 Bonds herein authorized and investment earnings thereon shall be applied to the payment of the principal of and interest on the Refunded Bonds and the Refunded Notes as the same become due on and prior to each respective Redemption Date, and as called for redemption on each respective Redemption Date. The City agrees that on the date of original issue of the 2016 Bonds, or as soon thereafter as practicable, it shall deposit or otherwise have on hand with the Escrow Agent, from other available sources, funds sufficient after taking into consideration available proceeds of the 2016 Bonds and investment earnings to provide funds for all payments due on the Refunded Bonds and the Refunded Notes on or before each respective Redemption Date, and as called for redemption on each Redemption Date.

Section 24. This Ordinance shall be in force and take effect from and after its passage and approval according to law. This Ordinance shall be published in pamphlet form.

PASSED AND APPROVED this 5th day of January, 2016.

ATTEST:

Joshua Eickmeier, Mayor

Bonnie Otte
Assistant Administrator/Clerk-Treasurer/
Budget & Human Resource Director

[SEAL]

Motion for adjournment was duly made, seconded and on roll call vote was declared adopted by the Mayor.

I, the undersigned City Clerk for the City of Seward, Nebraska, hereby certify that the foregoing is a true and correct copy of the proceedings had and done by the Mayor and Council on January 5, 2016; that all of the subjects included in the foregoing proceedings were contained in the agenda for the meeting, kept continually current and readily available for public inspection at the office of the City Clerk; that such subjects were contained in said agenda for at least twenty-four hours prior to said meeting; that a current copy of the Nebraska Open Meetings Act was available and accessible to members of the public, announced and posted during such meeting in the room in which such meeting was held; that at least one copy of all reproducible material discussed at the meeting was available at the meeting for examination and copying by members of the public; that the said minutes from which the foregoing proceedings have been extracted were in written form and available for public inspection within ten working days and prior to the next convened meeting of said body; that all news media requesting notification concerning meetings of said body were provided advance notification of the time and place of said meeting and the subjects to be discussed at said meeting.

Bonnie Otte
Assistant Administrator/Clerk-Treasurer/
Budget & Human Resource Director

[SEAL]

NOTICE OF PUBLICATION

ORDINANCE NO. _____

IN PAMPHLET FORM

Public Notice is hereby given that at a meeting of the Mayor and City Council of the City of Seward, Nebraska, held at 7:00 p.m. on Tuesday, January 5, 2016, there was passed and adopted Ordinance No. _____ entitled:

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY OF SEWARD, NEBRASKA, AUTHORIZING THE ISSUANCE OF ELECTRIC REVENUE AND REFUNDING BONDS OF THE CITY OF SEWARD, NEBRASKA, IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED FOUR MILLION NINE HUNDRED THOUSAND DOLLARS (\$4,900,000) FOR THE PURPOSE OF (A) REFUNDING ALL OR A PORTION OF \$1,595,000 OF ELECTRIC REVENUE REFUNDING BONDS, SERIES 2011 AND \$390,000 OF ELECTRIC REVENUE BONDS, SERIES 2011B, (B) PAYING THE COSTS OF IMPROVEMENTS TO AND EXPANSION OF THE CITY'S ELECTRIC SYSTEM, INCLUDING PAYING AND REDEEMING CERTAIN SHORT TERM INDEBTEDNESS ISSUED FOR SUCH PURPOSES, (C) PROVIDING FOR NECESSARY RESERVE FUNDS AND (D) PAYING COSTS OF ISSUANCE OF SAID BONDS; PROVIDING FOR THE SALE OF SAID BONDS AND DESIGNATION OF CERTAIN TERMS; PROVIDING FOR THE REDEMPTION OF BONDS AND INDEBTEDNESS BEING REFUNDED; PRESCRIBING THE FORM, TERMS AND DETAILS OF SAID BONDS; PLEDGING AND HYPOTHECATING THE REVENUE AND EARNINGS OF THE ELECTRIC PLANT AND DISTRIBUTION SYSTEM OF SAID CITY FOR THE PAYMENT OF SAID BONDS AND INTEREST THEREON; PROVIDING FOR THE COLLECTION, SEGREGATION AND APPLICATION OF THE REVENUE OF SAID ELECTRIC SYSTEM; ENTERING INTO A CONTRACT ON BEHALF OF THE CITY WITH THE HOLDERS OF SAID BONDS; REPEALING ANY CONFLICTING ORDINANCES; PROVIDING FOR THE EFFECTIVENESS AND OPERATION OF THIS ORDINANCE AND PROVIDING FOR PUBLICATION OF THE ORDINANCE IN PAMPHLET FORM.

Said Ordinance was published in pamphlet form on January __, 2016. Copies of said Ordinance as published in pamphlet form are available for inspection and distribution at the Office of the City Clerk, in the City of Seward, Nebraska.

Bonnie Otte
Assistant Administrator/Clerk-Treasurer/
Budget & Human Resource Director

NOTE: Please publish the Ordinance in Title Form one time after passage and approval.

CERTIFICATE AS TO PUBLICATION IN PAMPHLET FORM

The undersigned City Clerk for the City of Seward, Nebraska, hereby certifies that Ordinance No. _____ as passed and approved by the Mayor and Council of the City of Seward, Nebraska, at their meeting held on January 5, 2016, was published in pamphlet form on January __, 2016 and that a true and correct copy of such Ordinance as so passed and published is attached hereto.

Dated this _____ day of January, 2016.

Bonnie Otte
Assistant Administrator/Clerk-Treasurer/
Budget & Human Resource Director

(SEAL)

SOURCES AND USES OF FUNDS

**CITY OF SEWARD, NEBRASKA
TAXABLE HIGHWAY ALLOCATION FUND PLEDGE BONDS, SERIES 2016
Non-Rated, 2031 Final Maturity
[Preliminary -- for discussion only]**

Dated Date	03/01/2016
Delivery Date	03/01/2016

Sources:

Bond Proceeds:	
Par Amount	825,000.00
Original Issue Discount	-3,568.00
	821,432.00

Uses:

Project Fund Deposits:	
Reimbursement Amount	809,594.00
Delivery Date Expenses:	
Cost of Issuance	1,237.50
Underwriter's Discount	10,312.50
	11,550.00
Other Uses of Funds:	
Bond Rounding	288.00
	821,432.00

BOND PRICING

CITY OF SEWARD, NEBRASKA TAXABLE HIGHWAY ALLOCATION FUND PLEDGE BONDS, SERIES 2016 Non-Rated, 2031 Final Maturity [Preliminary -- for discussion only]

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Premium (-Discount)
Term Bond due 2019:						
	10/01/2016	35,000	2.650%	2.650%	100.000	
	10/01/2017	40,000	2.650%	2.650%	100.000	
	10/01/2018	40,000	2.650%	2.650%	100.000	
	10/01/2019	45,000	2.650%	2.650%	100.000	
		<u>160,000</u>				
Term Bond due 2022:						
	10/01/2020	45,000	3.400%	3.400%	100.000	
	10/01/2021	45,000	3.400%	3.400%	100.000	
	10/01/2022	45,000	3.400%	3.400%	100.000	
		<u>135,000</u>				
Term Bond due 2024:						
	10/01/2023	50,000	3.800%	3.800%	100.000	
	10/01/2024	50,000	3.800%	3.800%	100.000	
		<u>100,000</u>				
Term Bond due 2026:						
	10/01/2025	55,000	4.150%	4.150%	100.000	
	10/01/2026	55,000	4.150%	4.150%	100.000	
		<u>110,000</u>				
Term Bond due 2031:						
	10/01/2027	60,000	4.400%	4.500%	98.885	-669.00
	10/01/2028	60,000	4.400%	4.500%	98.885	-669.00
	10/01/2029	65,000	4.400%	4.500%	98.885	-724.75
	10/01/2030	65,000	4.400%	4.500%	98.885	-724.75
	10/01/2031	70,000	4.400%	4.500%	98.885	-780.50
		<u>320,000</u>				<u>-3,568.00</u>
		825,000				-3,568.00

Dated Date	03/01/2016	
Delivery Date	03/01/2016	
First Coupon	10/01/2016	
Par Amount	825,000.00	
Original Issue Discount	-3,568.00	
Production	821,432.00	99.567515%
Underwriter's Discount	-10,312.50	-1.250000%
Purchase Price	811,119.50	98.317515%
Accrued Interest		
Net Proceeds	811,119.50	

CALL PROVISIONS

CITY OF SEWARD, NEBRASKA
TAXABLE HIGHWAY ALLOCATION FUND PLEDGE BONDS, SERIES 2016
Non-Rated, 2031 Final Maturity
[Preliminary -- for discussion only]

Call Table: CALL

Call Date	Call Price
03/01/2021	100.00

BOND SUMMARY STATISTICS

CITY OF SEWARD, NEBRASKA
TAXABLE HIGHWAY ALLOCATION FUND PLEDGE BONDS, SERIES 2016
Non-Rated, 2031 Final Maturity
[Preliminary -- for discussion only]

Dated Date	03/01/2016
Delivery Date	03/01/2016
First Coupon	10/01/2016
Last Maturity	10/01/2031
Arbitrage Yield	4.142116%
True Interest Cost (TIC)	4.318498%
Net Interest Cost (NIC)	4.160687%
All-In TIC	4.339882%
Average Coupon	4.112413%
Average Life (years)	8.959
Weighted Average Maturity (years)	8.939
Duration of Issue (years)	7.297
Par Amount	825,000.00
Bond Proceeds	821,432.00
Total Interest	303,958.75
Net Interest	317,839.25
Bond Years from Dated Date	7,391,250.00
Bond Years from Delivery Date	7,391,250.00
Total Debt Service	1,128,958.75
Maximum Annual Debt Service	72,760.00
Average Annual Debt Service	72,446.55
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	12.500000
Total Underwriter's Discount	12.500000
Bid Price	98.317515

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Term Bond due 2019	160,000.00	100.000	2.650%	2.177	54.40
Term Bond due 2022	135,000.00	100.000	3.400%	5.583	79.65
Term Bond due 2024	100,000.00	100.000	3.800%	8.083	73.00
Term Bond due 2026	110,000.00	100.000	4.150%	10.083	93.50
Term Bond due 2031	320,000.00	98.885	4.400%	13.661	355.20
	825,000.00			8.959	655.75

	TIC	All-In TIC	Arbitrage Yield
Par Value	825,000.00	825,000.00	825,000.00
+ Accrued Interest			
+ Premium (Discount)	-3,568.00	-3,568.00	-3,568.00
- Underwriter's Discount	-10,312.50	-10,312.50	
- Cost of Issuance Expense		-1,237.50	
- Other Amounts			
Target Value	811,119.50	809,882.00	821,432.00
Target Date	03/01/2016	03/01/2016	03/01/2016
Yield	4.318498%	4.339882%	4.142116%

BOND DEBT SERVICE

CITY OF SEWARD, NEBRASKA TAXABLE HIGHWAY ALLOCATION FUND PLEDGE BONDS, SERIES 2016 Non-Rated, 2031 Final Maturity [Preliminary -- for discussion only]

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
10/01/2016	35,000	2.650%	18,243.75	53,243.75	
04/01/2017			15,173.75	15,173.75	
09/30/2017					68,417.50
10/01/2017	40,000	2.650%	15,173.75	55,173.75	
04/01/2018			14,643.75	14,643.75	
09/30/2018					69,817.50
10/01/2018	40,000	2.650%	14,643.75	54,643.75	
04/01/2019			14,113.75	14,113.75	
09/30/2019					68,757.50
10/01/2019	45,000	2.650%	14,113.75	59,113.75	
04/01/2020			13,517.50	13,517.50	
09/30/2020					72,631.25
10/01/2020	45,000	3.400%	13,517.50	58,517.50	
04/01/2021			12,752.50	12,752.50	
09/30/2021					71,270.00
10/01/2021	45,000	3.400%	12,752.50	57,752.50	
04/01/2022			11,987.50	11,987.50	
09/30/2022					69,740.00
10/01/2022	45,000	3.400%	11,987.50	56,987.50	
04/01/2023			11,222.50	11,222.50	
09/30/2023					68,210.00
10/01/2023	50,000	3.800%	11,222.50	61,222.50	
04/01/2024			10,272.50	10,272.50	
09/30/2024					71,495.00
10/01/2024	50,000	3.800%	10,272.50	60,272.50	
04/01/2025			9,322.50	9,322.50	
09/30/2025					69,595.00
10/01/2025	55,000	4.150%	9,322.50	64,322.50	
04/01/2026			8,181.25	8,181.25	
09/30/2026					72,503.75
10/01/2026	55,000	4.150%	8,181.25	63,181.25	
04/01/2027			7,040.00	7,040.00	
09/30/2027					70,221.25
10/01/2027	60,000	4.400%	7,040.00	67,040.00	
04/01/2028			5,720.00	5,720.00	
09/30/2028					72,760.00
10/01/2028	60,000	4.400%	5,720.00	65,720.00	
04/01/2029			4,400.00	4,400.00	
09/30/2029					70,120.00
10/01/2029	65,000	4.400%	4,400.00	69,400.00	
04/01/2030			2,970.00	2,970.00	
09/30/2030					72,370.00
10/01/2030	65,000	4.400%	2,970.00	67,970.00	
04/01/2031			1,540.00	1,540.00	
09/30/2031					69,510.00
10/01/2031	70,000	4.400%	1,540.00	71,540.00	
09/30/2032					71,540.00
	825,000		303,958.75	1,128,958.75	1,128,958.75

ORDINANCE NO. _____

AN ORDINANCE AUTHORIZING THE ISSUANCE OF HIGHWAY ALLOCATION FUND PLEDGE BONDS OF THE CITY OF SEWARD, NEBRASKA, SERIES 2016, IN THE PRINCIPAL AMOUNT OF NOT TO EXCEED NINE HUNDRED FIFTY THOUSAND DOLLARS (\$950,000) FOR THE PURPOSE OF PAYING THE COSTS OF CONSTRUCTING CERTAIN STREET IMPROVEMENTS IN THE CITY; PRESCRIBING THE FORM OF SAID BONDS; PLEDGING FUNDS TO BE RECEIVED BY THE CITY FROM THE STATE OF NEBRASKA HIGHWAY ALLOCATION FUND FOR THE PAYMENT OF SAID BONDS; PROVIDING FOR THE LEVY AND COLLECTION OF TAXES TO PAY THE SAME IF NECESSARY; PROVIDING FOR THE SALE OF THE BONDS; AUTHORIZING THE DELIVERY OF THE BONDS TO THE PURCHASER; PROVIDING FOR THE DISPOSITION OF BOND PROCEEDS; AND ORDERING THE ORDINANCE PUBLISHED IN PAMPHLET FORM.

BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF SEWARD, NEBRASKA:

Section 1. The Mayor and City Council hereby find and determine: that the City of Seward, Nebraska (the "City") has constructed certain streets and other appurtenant related improvements within the City; specifically including improvements to certain portions of Cedar Street, Jackson Avenue, Columbia Avenue, Izaak Walton Road, City right of way on or adjacent to 6th Street south of Ash Street, Karol Kay Blvd and the City's portion of the Highway 34 overlay, together with other necessary street improvements all as set out in the project scope of improvements as prepared by the special engineers for the City; that the City's Engineers heretofore prepared plans, specifications and estimates of cost for the said improvements; that bids have been taken and the Council has awarded contracts for the construction of the aforesaid street improvements and that the improvements have been completed; that the City expended funds the pay costs of construction of such improvements and planned to reimburse such funds from proceeds of a bond issue; that the City has the authority to fund the project costs through issuance of highway allocation fund pledge bonds and reimburse funds previously expended by the City for such improvements; that funds are required by the City with respect to said improvements, including issuance costs, in an amount not less than \$950,000; and, that it is necessary and advisable for the City to provide financing for such street improvements and related improvements and appurtenances by the issuance of its bonds and it is necessary and advisable to borrow the sum of not to exceed \$950,000 through the issuance of its Highway Allocation Fund Pledge Bonds, Series 2016 (the "2016 Bonds" or "Bonds"); that the City's receipts from the Nebraska Highway Allocation Fund for the audited fiscal year ended September 30, 2015 totaled \$649,027.64; that the City has \$910,000 principal amount in bonds outstanding (the "Outstanding Bonds") issued pursuant to Section 66-4,101, R.R.S. Neb. 2009 (or any predecessor statute thereto); that based upon the City's current receipts from the Nebraska Highway Allocation Fund, the City anticipates that future receipts will be sufficient to pay debt service on the Bonds and the Outstanding Bonds as and when the same fall due; that all conditions, acts and things required by law to exist or to be done precedent to the issuance of Highway Allocation Fund Pledge Bonds, Series 2016 in the principal amount of not to exceed \$950,000 pursuant to Section 66-4,101, R.R.S. Neb. 2009, do exist and have been done as required by law.

Section 2. To provide funds for the purpose of financing the costs of the street improvements as set out in Section 1 hereof, there shall be and there are hereby ordered issued the Bonds, in one or more series, in the aggregate stated principal amount of not to exceed Nine Hundred Fifty Thousand Dollars (\$950,000). The Bonds or any portion thereof are hereby authorized to be sold (a) through a private placement to a bank or (b) pursuant to a negotiated sale with D.A. Davidson & Co., as initial purchaser (the "Underwriter"). In connection with such sale, the Mayor, City Administrator or City Clerk-Treasurer (each, an "Authorized Officer") are hereby authorized to specify, determine, designate, establish and appoint, as

the case may be, in one or more written designations which may be included in a bond purchase agreement (each, a "Designation"), (i) whether the Bonds will be sold through a private placement to a bank or through a negotiated sale with the Underwriter, (ii) the aggregate purchase price of the Bonds and, if applicable, the placement agent fee or underwriting discount which shall not exceed 1.25% of the aggregate stated principal amount thereof, (iii) the form and contents of any bond purchase agreement in connection with such sale, (iv) the title (including series designation), dated date (which shall not be later than December 31, 2016), aggregate principal amount (including the aggregate principal amounts of serial Bonds and term Bonds, if any), which aggregate stated principal amount shall not exceed \$950,000, and the final maturity date, which shall not be later than December 31, 2031, (v) the principal amounts maturing in each year, (vi) the rate or rates of interest to be borne by each principal maturity, provided that the true interest cost of the Bonds shall not exceed 5.00%, (vii) the principal payment dates and interest payment dates, (viii) whether the Bonds will be subject to redemption prior to their stated maturity, and if subject to such optional redemption, the provisions governing such redemption, including a redemption price not to exceed 104% of the principal amount then being redeemed plus accrued interest to the date of redemption, (ix) the amount and due date of each sinking fund installment for any of the Bonds issued as term Bonds, (x) the designation of the Paying Agent and Registrar and the form and content of any agreement between the City and such entity, as necessary, and (xi) all other terms and provisions of the Bonds not otherwise specified or fixed by this Ordinance.

The Bonds shall be issued in fully registered form in the denomination of \$1,000 or any integral multiple thereof. The date of original issue for the Bonds shall be date of original delivery. Interest on the Bonds, at the respective rates for each maturity, shall be payable as determined in the Designation (each an "Interest Payment Date"), and the Bonds shall bear 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 fifteenth day immediately preceding the Interest Payment Date (or such other date as may be determined in the Designation, the "Record Date"), subject to the provisions of Section 4 hereof. The Bonds shall be numbered from 1 upwards in the order of their issuance. No Bond shall be issued originally or upon transfer or partial redemption having more than one principal maturity. The initial bond numbering and principal amounts for each of the Bonds issued shall be as directed by the initial purchaser thereof. Payments of interest due on the Bonds prior to maturity or earlier redemption shall be made by the Paying Agent and Registrar, as designated pursuant to Section 3 hereof, by mailing a check or draft in the amount due for such interest on each Interest Payment Date to the registered owner of each Bond, as of the Record Date for such Interest Payment Date, to such owner's registered address as shown on the books of registration as required to be maintained in Section 3 hereof. Payments of principal due at maturity or at any date fixed for redemption prior to maturity, together with unpaid accrued interest thereon, shall be made by said Paying Agent and Registrar to the registered owners upon presentation and surrender of the Bonds to said Paying Agent and Registrar. The City and said Paying Agent and Registrar may treat the registered owner of any Bond as the absolute owner of such Bond for the purpose of making payments thereon and for all other purposes and neither the City nor the Paying Agent and Registrar shall be affected by any notice or knowledge to the contrary, whether such Bond or any installment of interest due thereon shall be overdue or not. All payments on account of interest or principal made to the registered owner of any Bond in accordance with the terms of this Ordinance shall be valid and effectual and shall be a discharge of the City and said Paying Agent and Registrar, in respect of the liability upon the Bonds or claims for interest to the extent of the sum or sums so paid.

Section 3. The Paying Agent and Registrar designated pursuant to the Designation shall, if such Paying Agent and Registrar is a bank or trust company, 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 in a form determined by an Authorized Officer. The Paying Agent and Registrar shall keep and maintain for the City books for the registration and transfer of the 2016 Bonds at its office.

The names and registered addresses of registered owner or owners of the 2016 Bonds shall at all times be recorded in such books. Any 2016 Bond may be transferred pursuant to its provisions at the office of said Paying Agent and Registrar by surrender of such bond for cancellation, accompanied by a written instrument of transfer, in form satisfactory to said Paying Agent and Registrar, duly executed by the registered owner in person or by such owner's duly authorized agent, and thereupon the Paying Agent and Registrar on behalf of the City will deliver at its office (or send by registered mail to the transferee owner or owners thereof at such transferee owner's or owners' risk and expense), registered in the name of such transferee owner or owners, a new 2016 Bond or 2016 Bonds of the same interest rate, aggregate principal amount and maturity. To the extent of the denominations authorized for the 2016 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 2016 Bond, the surrendered 2016 Bond shall be canceled and destroyed. All Bonds issued upon transfer of the 2016 Bonds so surrendered shall be valid obligations of the City evidencing the same obligation as the 2016 Bonds surrendered and shall be entitled to all the benefits and protection of this ordinance to the same extent as the 2016 Bonds upon transfer of which they were delivered. The City as said Paying Agent and Registrar shall not be required to transfer any 2016 Bond during any period from any Record Date until its immediately following Interest Payment Date or to transfer any 2016 Bond called for redemption for a period of 30 days next preceding the date fixed for redemption.

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

Section 5. In addition to any mandatory sinking fund redemptions as may be provided for as set out in Section 2 of this Ordinance, Bonds shall be subject to redemption at the option of the City, in whole or in part, prior to maturity at any time on or after such date as may be provided in the Designation, at par plus accrued interest on the principal amount redeemed to the date fixed for redemption. The City may select the Bonds to be redeemed for optional redemption in its sole discretion. Bonds for mandatory redemption shall be selected by the Paying Agent and Registrar using any random method of selection determined appropriate by the Paying Agent and Registrar. Bonds redeemed pursuant to the requirements for mandatory redemption shall be redeemed at par plus accrued interest on the principal amount redeemed. The Bonds shall be redeemed only in amounts of \$1,000 or integral multiples thereof. Bonds redeemed in part only shall be surrendered to said Paying Agent and Registrar in exchange for a new Bond evidencing the unredeemed principal thereof. Notice of redemption of any Bond called for redemption shall be given, at the direction of the City in the case of optional redemption and without further direction in the case of mandatory redemption, by said Paying Agent and Registrar by mail not less than 30 days prior to the date fixed for redemption, first class, postage prepaid, sent to the registered owner of such Bond at said owner's registered address. Such notice shall designate the Bond or Bonds to be redeemed by maturity or otherwise, the date of original issue, series and the date fixed for redemption and shall state that such Bond or Bonds are to be presented for prepayment at the office of said Paying Agent and Registrar. In case of any Bond partially redeemed, such notice shall specify the portion of the principal amount of such Bond to be redeemed. No defect in the mailing of notice for any Bond shall affect the sufficiency of the proceedings of the City designating the Bonds called for redemption or the effectiveness of such call for Bonds for which notice by mail has been properly given and the City shall have the right to further direct notice of redemption for any such Bond for which defective notice has been given.

Section 6. If the date for payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in Seward, Nebraska, 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. The Bonds shall be in substantially the following form:

UNITED STATES OF AMERICA
STATE OF NEBRASKA
COUNTY OF SEWARD

HIGHWAY ALLOCATION FUND PLEDGE BOND OF
THE CITY OF SEWARD, NEBRASKA
SERIES 2016

No. R-__

Interest Rate
%

Maturity Date
,

Date of Original Issue
_____, 2016

CUSIP

Registered Owner:

Principal Amount:

KNOW ALL PERSONS BY THESE PRESENTS: That the City of Seward, 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 _____, 20____, and semiannually thereafter on _____ and _____ of each year (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 of this bond is payable upon presentation and surrender of the bond at the office of _____, the Paying Agent and Registrar, in Seward, Nebraska. Interest on this bond due prior to maturity or earlier redemption will be paid on each Interest Payment Date by a check or draft mailed by the Paying Agent and Registrar to the registered owner of this bond, as shown on the books of record maintained by the Paying Agent and Registrar, at the close of business on the fifteenth day immediately preceding the Interest Payment Date, 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 purposes become available.

This bond is one of an issue of fully registered bonds of the total principal amount of _____ Dollars (\$_____), 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 constructing streets and other related and appurtenant improvement in said City, in strict compliance with Section 66-4,101, Reissue Revised Statutes of Nebraska. The issuance of said bonds has been authorized by proceedings duly had and an ordinance legally passed and approved by the Mayor and City Council of said City (the "Ordinance").

All Bonds of this issue are subject to redemption at the option of the City, in whole or in part, at any time on or after five years after the date of delivery, at par plus interest accrued on the principal amount redeemed to the date fixed for redemption.

In addition, the Bonds maturing _____, 20__ shall be subject to mandatory sinking fund redemption payments (with bonds being redeemed at par plus accrued interest) as follows:

\$ Principal Maturing , 20
 \$ to be called _____, 20
 \$ to be called _____, 20
 \$ Payable _____, 20

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 \$1,000 amounts or integral multiples thereof.

This bond is transferable by the registered owner or such owner's attorney duly authorizing 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 of Seward, Nebraska, 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.

For the prompt payment of the principal and interest on this bond and the other bonds of the same issue, the City of Seward, Nebraska, has pledged funds received and to be received from the Highway Allocation Fund of the State of Nebraska with receipts from such fund to be allocated by the City to payment of principal and interest as the same fall due. In addition, the City hereby covenants and agrees that it shall levy ad valorem taxes upon all the taxable property in the City of Seward, Nebraska, at such rate or rates, as will provide funds which together with receipts from the Highway Allocation Fund, as pledged to the payment of such principal and interest and any other money made available and used for such purpose, will be sufficient to make payment of the principal of and interest on this bond and the other bonds of the same issue as the same fall 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 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 REGISTRAR FOR REGISTRATION OF TRANSFER OR EXCHANGE OR (B) TO THE REGISTRAR FOR PAYMENT OF PRINCIPAL, AND ANY BOND ISSUED IN REPLACEMENT HEREOF OR

SUBSTITUTION HEREFOR 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 PERSON IS WRONGFUL BECAUSE ONLY THE REGISTERED OWNER HEREOF, DTC OR ITS NOMINEE, HAS AN INTEREST HEREIN.]

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.

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 City Council of the City of Seward, Nebraska, have caused this bond to be executed on behalf of the City with the manual or facsimile signatures of the Mayor and the City Clerk and by causing the official seal of the City to be impressed or imprinted hereon, all as of the date of original issue specified above.

THE CITY OF SEWARD, NEBRASKA

(facsimile signature)
Mayor

ATTEST:

(facsimile signature) (SEAL)
City Clerk

CERTIFICATE OF AUTHENTICATION

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

Seward, 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.

Section 8. Each of the 2016 Bonds shall be executed on behalf of the City with the manual or facsimile signatures of the Mayor and City Clerk of the City. If the 2016 Bonds are sold through a private placement with a bank, the following provisions involving The Depository Trust Company shall not apply to the Bonds. If the 2016 Bonds are sold through a negotiated sale with the Underwriter, the 2016 Bonds shall be issued initially 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 said officers are authorized to execute and deliver a letter of representations (the “Letter of Representations”) in the form required by the Depository, for and on behalf of the City, which shall thereafter govern matters with respect to registration, transfer, payment and redemption of the Bonds. Upon the issuance of the Bonds as “book-entry-only” bonds, the following provisions shall apply:

(a) The City and the Paying Agent and Registrar shall have no responsibility or obligation to any broker-dealer, bank or other financial institution for which the Depository holds 2016 Bonds as securities depository (each, a “Bond Participant”) or to any person who is an actual purchaser of a 2016 Bond from a Bond Participant while the 2016 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 2016 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 2016 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 2016 Bonds.

The Paying Agent and Registrar shall make payments with respect to the 2016 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 2016 Bonds to the extent of the sum or sums so paid. No person other than the Depository shall receive an authenticated 2016 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 2016 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 2016 Bonds or (ii) to make available 2016 Bonds registered in whatever name or names the Beneficial Owners transferring or exchanging such 2016 Bonds shall designate.

(c) If the City determines that it is desirable that certificates representing the 2016 Bonds be delivered to the Bond Participants and/or Beneficial Owners of the 2016 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 2016 Bonds. In such event, the Paying Agent and Registrar shall issue, transfer and exchange bond certificates representing the 2016 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 2016 Bond is registered in the name of the Depository or any nominee thereof, all payments with respect to such 2016 Bond and all notices with respect to such 2016 Bond shall be made and given, respectively, to the Depository as provided in the Letter of Representations.

(e) Registered ownership of the 2016 Bonds may be transferred on the books of registration maintained by the Paying Agent and Registrar, and the 2016 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.

(f) In the event of any partial redemption of a 2016 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 2016 Bond as is then outstanding and all of the 2016 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 or upon termination by the City of book-entry-only form, the City shall immediately provide a supply of bond certificates for issuance upon 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 bond certificates upon transfer or partial redemption, the City agrees to order printed an additional supply of bond certificates and to direct their execution by manual or facsimile signature of its then duly qualified and acting officers. In case any officer whose signature or facsimile thereof shall appear on any Bond shall cease to be such officer before the delivery of such Bond (including any bond 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.

Section 9. After being executed by the Mayor and City Clerk, said Bonds shall be delivered to the Treasurer of the City who shall be responsible therefor under his/her official bond and such Treasurer shall maintain a record of information with respect to said Bonds in accordance with the requirements of Section 10-140, R.R.S. Neb, 2012, as amended, and shall cause the same to be filed with the Auditor of Public Accounts of the State of Nebraska. The Bonds shall not be valid and binding on the City until authenticated by the Paying Agent and Registrar. The Bonds shall be delivered to the Paying Agent and Registrar for registration and authentication. Upon execution, registration and authentication of the Bonds, they shall be delivered to the City Treasurer, who is authorized to deliver them to the purchaser in the case of a private placement to a bank, or to the Underwriter, as initial purchaser, in the case of a negotiated sale, upon receipt of the total stated principal amount of the Bonds, plus accrued interest thereon to date of payment for the Bonds, less any applicable Underwriter's discount or placement agent fee in an amount

determined in the Designation. In the case of a negotiated sale, such initial purchaser shall have the right to direct the registration of the Bonds and the denominations thereof within each maturity, subject to the restrictions of this Ordinance. The Underwriter or placement agent and its agents, representatives and counsel (including the City's bond counsel) are hereby authorized to take such actions on behalf of the City as are necessary to effectuate the closing of the issuance and sale of the Bonds, including, without limitation, authorizing the release of the Bonds by the Depository at closing, if necessary. The Authorized Officers, or any one or more of them are hereby further authorized to take any and all actions and enter into any and all agreements and execute any documents deemed necessary or appropriate in connection with the issuance and sale of the Bonds either through a negotiated sale with the Underwriter or through a private placement to a bank, and any such actions previously taken are hereby ratified and confirmed.

Section 10. The City Clerk is directed to make and certify a transcript or transcripts of the proceedings of the Mayor and City Council precedent to the issuance of said Bonds, a copy of which shall be delivered to the initial purchaser of said Bonds.

Section 11. The proceeds of the Bonds shall be applied to the costs of construction of the improvements described in Section 1 hereof, including reimbursement of expenditures previously made and payment of any related warrant or note indebtedness and issuance expenses for the Bonds. Pending such application the City Treasurer shall hold such proceeds.

Section 12. For the prompt payment of the Bonds and the Outstanding Bonds, both principal and interest as the same fall due, the City hereby pledges all receipts now or hereafter received by the City from the State of Nebraska Highway Allocation Fund, as described and referred to in Section 66-4,101, Reissue Revised Statutes of Nebraska. The pledge provided for in this Section 12 for the Bonds and the Outstanding Bonds provides, however, that such pledge shall not prevent the City from applying receipts from said fund in any year so long as sufficient receipts from such fund have been set aside for the payment of principal and interest falling due in such year on the Bonds or the Outstanding Bonds. In addition, the City further reserves the right to issue additional highway allocation fund pledge bonds payable on par with the Bonds and the Outstanding Bonds and equally and ratably secured by a pledge of receipts from the Highway Allocation Fund. The City hereby further agrees that it shall levy ad valorem taxes upon all the taxable property in the City at such rate or rates within any applicable statutory and constitutional limitations as will provide funds which, together with receipts from the Highway Allocation Fund, as pledged to the payment of the Bonds and the Outstanding Bonds, and any other monies made available and used for such purpose, will be sufficient to pay the principal of and interest on the Bonds and the Outstanding Bonds as the same fall due (including mandatory sinking fund redemptions).

Section 13. The Authorized Officers or any one or more of them is authorized to approve, deem final and deliver a Preliminary Official Statement and a final Official Statement with respect to the 2016 Bonds for and on behalf of the City, all in accordance with the requirements of Reg. Sec. 240.15c2-12 of the Securities and Exchange Commission.

Section 14. The City hereby authorizes the Authorized Officers, or any one or more of them, to covenant and agree, if determined appropriate by such Authorized Officer(s), that the City will make no use of the proceeds of the 2016 Bonds which would cause the 2016 Bonds to be arbitrage bonds within the meaning of Sections 103(b)(2) and 148 of the Internal Revenue Code of 1986, as amended (the "Code") and further covenant that the City will comply with said Sections 103(b)(2) and 148 and all applicable regulations thereunder throughout the term of said issue, including all requirements with respect to payment and reporting of rebates, if applicable. The City hereby authorizes the Authorized Officers, or any one or more of them, if determined appropriate by such Authorized Officer(s), to covenant that the City shall take

all action necessary to preserve the tax-exempt status of the interest on the Bonds for federal income tax purposes under the Code with respect to taxpayers generally. The City further authorizes the Authorized Officers, or any one or more of them, to agree that the City will not take any actions which would cause the 2016 Bonds to constitute "private activity bonds" within the meaning of Section 141 of the Code. The City hereby authorizes the 2016 Bonds to be designated as its "qualified tax-exempt obligations" pursuant to Section 265(b)(3)(B)(i)(III) of the Code and, if the Bonds are designated as such, covenants and warrants that it does not reasonably expect to issue bonds or other obligations aggregating in principal amount more than \$10,000,000 during calendar 2016 (taking into consideration the exception for current refunding issues).

Section 15. The City's obligations under this Ordinance with respect to any or all of the Bonds herein authorized shall be fully discharged and satisfied as to any or all of such Bonds and any such Bond shall no longer be deemed to be outstanding hereunder if such Bond has been purchased by the City and canceled or when the payment of 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, (b) shall have been provided for by depositing 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 payments; provided, however, that with respect to any Bond to be paid prior to maturity, the City shall have duly called such Bond for redemption and given notice of such redemption as provided by law or made irrevocable provision for the giving of such notice. Any money so deposited with such bank or trust company in excess of the amount required to pay principal of and interest on the Bonds for which such monies or U.S. Government Obligations were deposited shall be paid over to the City as and when collected.

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

ADOPTED this 5th day of January, 2016.

ATTEST:

Joshua Eickmeier, Mayor

Bonnie Otte
Assistant Administrator/Clerk-Treasurer/
Budget & Human Resource Director

[SEAL]

Motion for adjournment was duly made, seconded and on roll call vote was declared adopted by the Mayor.

I, the undersigned City Clerk for the City of Seward, Nebraska, hereby certify that the foregoing is a true and correct copy of the proceedings had and done by the Mayor and Council on January 5, 2016; that all of the subjects included in the foregoing proceedings were contained in the agenda for the meeting, kept continually current and readily available for public inspection at the office of the City Clerk; kept continually current, was available for public inspection at the office of that such subjects were contained in said agenda for at least 24 hours prior to said meeting; that a current copy of the Nebraska Open Meetings Act was available and accessible to members of the public, posted during such meeting in the room in which such meeting was held; that at least one copy of all ordinances or other reproducible materials discussed at the meeting was available at the meeting for examination and copying by members of the public; that the said minutes from which the foregoing proceedings have been extracted were in written form and available for public inspection within ten working days and prior to the next convened meeting of said body; that all news media requesting notification concerning meetings of said body were provided advance notification of the time and place of said meeting and the subjects to be discussed at said meeting.

Bonnie Otte
Assistant Administrator/Clerk-Treasurer/
Budget & Human Resource Director

[SEAL]

NOTICE OF PUBLICATION

OF ORDINANCE NO. ____

IN PAMPHLET FORM

Public Notice is hereby given that at a meeting of the Mayor and City Council of the City of Seward, Nebraska, held at 7:00 p.m. on January 5, 2016, there was passed and adopted Ordinance No. ____ entitled:

AN ORDINANCE AUTHORIZING THE ISSUANCE OF HIGHWAY ALLOCATION FUND PLEDGE BONDS OF THE CITY OF SEWARD, NEBRASKA, SERIES 2016, IN THE PRINCIPAL AMOUNT OF NOT TO EXCEED NINE HUNDRED FIFTY THOUSAND DOLLARS (\$950,000) FOR THE PURPOSE OF PAYING THE COSTS OF CONSTRUCTING CERTAIN STREET IMPROVEMENTS IN THE CITY; PRESCRIBING THE FORM OF SAID BONDS; PLEDGING FUNDS TO BE RECEIVED BY THE CITY FROM THE STATE OF NEBRASKA HIGHWAY ALLOCATION FUND FOR THE PAYMENT OF SAID BONDS; PROVIDING FOR THE LEVY AND COLLECTION OF TAXES TO PAY THE SAME IF NECESSARY; PROVIDING FOR THE SALE OF THE BONDS; AUTHORIZING THE DELIVERY OF THE BONDS TO THE PURCHASER; PROVIDING FOR THE DISPOSITION OF BOND PROCEEDS; AND ORDERING THE ORDINANCE PUBLISHED IN PAMPHLET FORM.

Said Ordinance was published in pamphlet form on January ____, 2016. Copies of said Ordinance as published in pamphlet form are available for inspection and distribution at the Office of the City Clerk, in the City of Seward, Nebraska.

Bonnie Otte
Assistant Administrator/Clerk-Treasurer/
Budget & Human Resource Director

NOTE: Publish one time in title form.

CERTIFICATE AS TO PUBLICATION IN PAMPHLET FORM

The undersigned City Clerk for the City of Seward, Nebraska, hereby certifies that Ordinance No. _____ as passed and approved by the Mayor and Council of the City of Seward, Nebraska, at their meeting held on January 5, 2016, was published in pamphlet form on January ____, 2016, and that a true and correct copy of such Ordinance as so passed and published is attached hereto.

Dated this _____ day of January, 2016.

Bonnie Otte
Assistant Administrator/Clerk-Treasurer/
Budget & Human Resource Director

(SEAL)

SOURCES AND USES OF FUNDS

CITY OF SEWARD, NEBRASKA
SEWER REVENUE AND REFUNDING BONDS, SERIES 2016
Pay & Cancel Refunding of Series 2010
Advance Refunding of Ser. 2011s (9/15/2011 & 11/10/11)
New Money Project
Non-Rated, BQ, 2031 Final Maturity
[Preliminary -- for discussion only]

Dated Date 03/01/2016
 Delivery Date 03/01/2016

Sources:	Pay & Cancel Refunding of Ser. 2010	Advance Refunding of Two Ser. 2011	New Money	Total
Bond Proceeds:				
Par Amount	335,000.00	3,710,000.00	110,000.00	4,155,000.00
Other Sources of Funds:				
Debt Service Reserve Fund (11/10/11)		15,818.40		15,818.40
Debt Service Reserve Fund (9/15/11)		311,175.00		311,175.00
		326,993.40		326,993.40
	335,000.00	4,036,993.40	110,000.00	4,481,993.40

Uses:	Pay & Cancel Refunding of Ser. 2010	Advance Refunding of Two Ser. 2011	New Money	Total
Project Fund Deposits:				
Plum Creek Sewer Siphon Project			100,000.00	100,000.00
Refunding Escrow Deposits:				
Cash Deposit	300,687.50	58,805.10		359,492.60
SLGS Purchases		3,628,900.00		3,628,900.00
	300,687.50	3,687,705.10		3,988,392.60
Other Fund Deposits:				
Debt Service Reserve Fund	26,610.53	294,701.68	8,737.79	330,050.00
Cost of Issuance:				
Paying Agent	60.47	669.68	19.85	750.00
Bond Counsel	586.25	6,492.50	192.50	7,271.25
Escrow Agent		1,000.00		1,000.00
Escrow Verification		2,000.00		2,000.00
	646.72	10,162.18	212.35	11,021.25
Delivery Date Expenses:				
Underwriter's Discount	4,187.50	46,375.00	1,375.00	51,937.50
Other Uses of Funds:				
Bond Rounding	2,867.75	-1,950.56	-325.14	592.05
	335,000.00	4,036,993.40	110,000.00	4,481,993.40

BOND MATURITY TABLE

CITY OF SEWARD, NEBRASKA
SEWER REVENUE AND REFUNDING BONDS, SERIES 2016
Pay & Cancel Refunding of Series 2010
Advance Refunding of Ser. 2011s (9/15/2011 & 11/10/11)
New Money Project
Non-Rated, BQ, 2031 Final Maturity
[Preliminary -- for discussion only]

Maturity Date	Pay & Cancel Refunding of Ser. 2010	Advance Refunding of Two Ser. 2011	New Money	Total
08/01/2016	110,000			110,000
09/15/2016		155,000	5,000	160,000
08/01/2017	115,000			115,000
09/15/2017		125,000	5,000	130,000
08/01/2018	110,000			110,000
09/15/2018		130,000	5,000	135,000
09/15/2019		225,000	5,000	230,000
09/15/2020		230,000	5,000	235,000
09/15/2021		230,000	5,000	235,000
09/15/2022		235,000	5,000	240,000
09/15/2023		240,000	5,000	245,000
09/15/2024		245,000	5,000	250,000
09/15/2025		250,000	5,000	255,000
09/15/2026		255,000	10,000	265,000
09/15/2027		265,000	10,000	275,000
09/15/2028		270,000	10,000	280,000
09/15/2029		275,000	10,000	285,000
09/15/2030		285,000	10,000	295,000
09/15/2031		295,000	10,000	305,000
	335,000	3,710,000	110,000	4,155,000

BOND PRICING

CITY OF SEWARD, NEBRASKA
SEWER REVENUE AND REFUNDING BONDS, SERIES 2016
Pay & Cancel Refunding of Series 2010
Advance Refunding of Ser. 2011s (9/15/2011 & 11/10/11)
New Money Project
Non-Rated, BQ, 2031 Final Maturity
[Preliminary -- for discussion only]

Bond Component	Maturity Date	Amount	Rate	Yield	Price
Serial Bond:					
	08/01/2016	110,000	0.750%	0.750%	100.000
	09/15/2016	160,000	0.750%	0.750%	100.000
	08/01/2017	115,000	1.050%	1.050%	100.000
	09/15/2017	130,000	1.050%	1.050%	100.000
	08/01/2018	110,000	1.250%	1.250%	100.000
	09/15/2018	135,000	1.250%	1.250%	100.000
	09/15/2019	230,000	1.400%	1.400%	100.000
	09/15/2020	235,000	1.550%	1.550%	100.000
	09/15/2021	235,000	1.700%	1.700%	100.000
	09/15/2022	240,000	1.850%	1.850%	100.000
	09/15/2023	245,000	2.050%	2.050%	100.000
	09/15/2024	250,000	2.200%	2.200%	100.000
	09/15/2025	255,000	2.350%	2.350%	100.000
	09/15/2026	265,000	2.500%	2.500%	100.000
	09/15/2027	275,000	2.600%	2.600%	100.000
	09/15/2028	280,000	2.750%	2.750%	100.000
	09/15/2029	285,000	2.850%	2.850%	100.000
	09/15/2030	295,000	2.950%	2.950%	100.000
	09/15/2031	305,000	3.050%	3.050%	100.000
		4,155,000			

Dated Date	03/01/2016	
Delivery Date	03/01/2016	
Par Amount	4,155,000.00	
Original Issue Discount		
Production	4,155,000.00	100.000000%
Underwriter's Discount	-51,937.50	-1.250000%
Purchase Price	4,103,062.50	98.750000%
Accrued Interest		
Net Proceeds	4,103,062.50	

BOND SUMMARY STATISTICS

CITY OF SEWARD, NEBRASKA
SEWER REVENUE AND REFUNDING BONDS, SERIES 2016
Pay & Cancel Refunding of Series 2010
Advance Refunding of Ser. 2011s (9/15/2011 & 11/10/11)
New Money Project
Non-Rated, BQ, 2031 Final Maturity
[Preliminary -- for discussion only]

Dated Date	03/01/2016
Delivery Date	03/01/2016
First Coupon	08/01/2016
Last Maturity	09/15/2031
Arbitrage Yield	2.261023%
True Interest Cost (TIC)	2.642052%
Net Interest Cost (NIC)	2.493002%
All-In TIC	2.678957%
Average Coupon	2.493002%
Average Life (years)	8.335
Weighted Average Maturity (years)	8.335
Duration of Issue (years)	7.389
Par Amount	4,155,000.00
Bond Proceeds	4,155,000.00
Total Interest	863,404.78
Net Interest	915,342.28
Bond Years from Dated Date	34,633,138.89
Bond Years from Delivery Date	34,633,138.89
Total Debt Service	5,018,404.78
Maximum Annual Debt Service	330,050.00
Average Annual Debt Service	322,957.76
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	12.500000
Total Underwriter's Discount	12.500000
Bid Price	98.750000

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Serial Bond	4,155,000.00	100.000	2.493%	8.335	2,989.60
	4,155,000.00			8.335	2,989.60

	TIC	All-In TIC	Arbitrage Yield
Par Value	4,155,000.00	4,155,000.00	4,155,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount	-51,937.50	-51,937.50	
- Cost of Issuance Expense		-11,021.25	
- Other Amounts			
Target Value	4,103,062.50	4,092,041.25	4,155,000.00
Target Date	03/01/2016	03/01/2016	03/01/2016
Yield	2.642052%	2.678957%	2.261023%

BOND DEBT SERVICE BREAKDOWN

CITY OF SEWARD, NEBRASKA
SEWER REVENUE AND REFUNDING BONDS, SERIES 2016
Pay & Cancel Refunding of Series 2010
Advance Refunding of Ser. 2011s (9/15/2011 & 11/10/11)
New Money Project
Non-Rated, BQ, 2031 Final Maturity
[Preliminary -- for discussion only]

Date	Pay & Cancel Refunding of Ser. 2010	Advance Refunding of Two Ser. 2011	New Money	Total	Annual Total
08/01/2016	111,419.79			111,419.79	
09/15/2016		198,752.39	6,335.10	205,087.49	
09/30/2016					316,507.28
02/01/2017	1,291.25			1,291.25	
03/15/2017		40,013.75	1,220.00	41,233.75	
08/01/2017	116,291.25			116,291.25	
09/15/2017		165,013.75	6,220.00	171,233.75	
09/30/2017					330,050.00
02/01/2018	687.50			687.50	
03/15/2018		39,357.50	1,193.75	40,551.25	
08/01/2018	110,687.50			110,687.50	
09/15/2018		169,357.50	6,193.75	175,551.25	
09/30/2018					327,477.50
03/15/2019		38,545.00	1,162.50	39,707.50	
09/15/2019		263,545.00	6,162.50	269,707.50	
09/30/2019					309,415.00
03/15/2020		36,970.00	1,127.50	38,097.50	
09/15/2020		266,970.00	6,127.50	273,097.50	
09/30/2020					311,195.00
03/15/2021		35,187.50	1,088.75	36,276.25	
09/15/2021		265,187.50	6,088.75	271,276.25	
09/30/2021					307,552.50
03/15/2022		33,232.50	1,046.25	34,278.75	
09/15/2022		268,232.50	6,046.25	274,278.75	
09/30/2022					308,557.50
03/15/2023		31,058.75	1,000.00	32,058.75	
09/15/2023		271,058.75	6,000.00	277,058.75	
09/30/2023					309,117.50
03/15/2024		28,598.75	948.75	29,547.50	
09/15/2024		273,598.75	5,948.75	279,547.50	
09/30/2024					309,095.00
03/15/2025		25,903.75	893.75	26,797.50	
09/15/2025		275,903.75	5,893.75	281,797.50	
09/30/2025					308,595.00
03/15/2026		22,966.25	835.00	23,801.25	
09/15/2026		277,966.25	10,835.00	288,801.25	
09/30/2026					312,602.50
03/15/2027		19,778.75	710.00	20,488.75	
09/15/2027		284,778.75	10,710.00	295,488.75	
09/30/2027					315,977.50
03/15/2028		16,333.75	580.00	16,913.75	
09/15/2028		286,333.75	10,580.00	296,913.75	
09/30/2028					313,827.50
03/15/2029		12,621.25	442.50	13,063.75	
09/15/2029		287,621.25	10,442.50	298,063.75	
09/30/2029					311,127.50
03/15/2030		8,702.50	300.00	9,002.50	
09/15/2030		293,702.50	10,300.00	304,002.50	
09/30/2030					313,005.00
03/15/2031		4,498.75	152.50	4,651.25	
09/15/2031		299,498.75	10,152.50	309,651.25	
09/30/2031					314,302.50
	340,377.29	4,541,289.89	136,737.60	5,018,404.78	5,018,404.78

AGGREGATE DEBT SERVICE

CITY OF SEWARD, NEBRASKA

SEWER REVENUE AND REFUNDING BONDS, SERIES 2016

Pay & Cancel Refunding of Series 2010

Advance Refunding of Ser. 2011s (9/15/2011 & 11/10/11)

New Money Project

Non-Rated, BQ, 2031 Final Maturity

[Preliminary -- for discussion only]

Date	Pay & Cancel Refunding of Ser. 2010 Principal	Pay & Cancel Refunding of Ser. 2010 Interest	Pay & Cancel Refunding of Ser. 2010 Debt Service	Advance Refunding of Two Ser. 2011 Principal	Advance Refunding of Two Ser. 2011 Interest	Advance Refunding of Two Ser. 2011 Debt Service	New Money Principal	New Money Interest	New Money Debt Service	Aggregate Debt Service	less DSRF	Annual Total
09/30/2016	110,000	1,419.79	111,419.79	155,000	43,752.39	198,752.39	5,000	1,335.10	6,335.10	316,507.28	-355.72	316,151.56
09/30/2017	115,000	2,582.50	117,582.50	125,000	80,027.50	205,027.50	5,000	2,440.00	7,440.00	330,050.00	-660.10	329,389.90
09/30/2018	110,000	1,375.00	111,375.00	130,000	78,715.00	208,715.00	5,000	2,387.50	7,387.50	327,477.50	-660.10	326,817.40
09/30/2019				225,000	77,090.00	302,090.00	5,000	2,325.00	7,325.00	309,415.00	-660.10	308,754.90
09/30/2020				230,000	73,940.00	303,940.00	5,000	2,255.00	7,255.00	311,195.00	-660.10	310,534.90
09/30/2021				230,000	70,375.00	300,375.00	5,000	2,177.50	7,177.50	307,552.50	-660.10	306,892.40
09/30/2022				235,000	66,465.00	301,465.00	5,000	2,092.50	7,092.50	308,557.50	-660.10	307,897.40
09/30/2023				240,000	62,117.50	302,117.50	5,000	2,000.00	7,000.00	309,117.50	-660.10	308,457.40
09/30/2024				245,000	57,197.50	302,197.50	5,000	1,897.50	6,897.50	309,095.00	-660.10	308,434.90
09/30/2025				250,000	51,807.50	301,807.50	5,000	1,787.50	6,787.50	308,595.00	-660.10	307,934.90
09/30/2026				255,000	45,932.50	300,932.50	10,000	1,670.00	11,670.00	312,602.50	-660.10	311,942.40
09/30/2027				265,000	39,557.50	304,557.50	10,000	1,420.00	11,420.00	315,977.50	-660.10	315,317.40
09/30/2028				270,000	32,667.50	302,667.50	10,000	1,160.00	11,160.00	313,827.50	-660.10	313,167.40
09/30/2029				275,000	25,242.50	300,242.50	10,000	885.00	10,885.00	311,127.50	-660.10	310,467.40
09/30/2030				285,000	17,405.00	302,405.00	10,000	600.00	10,600.00	313,005.00	-660.10	312,344.90
09/30/2031				295,000	8,997.50	303,997.50	10,000	305.00	10,305.00	314,302.50	-330,710.10	-16,407.60
	335,000	5,377.29	340,377.29	3,710,000	831,289.89	4,541,289.89	110,000	26,737.60	136,737.60	5,018,404.78	-340,307.22	4,678,097.56

SOURCES AND USES OF FUNDS

CITY OF SEWARD, NEBRASKA
SEWER REVENUE REFUNDING BONDS, SERIES 2015
Pay & Cancel Refunding of Series 2010
Non-Rated, BQ, 2018 Final Maturity, Proportional Solution
[Preliminary -- for discussion only]

Dated Date	03/01/2016
Delivery Date	03/01/2016

Sources:

Bond Proceeds:	
Par Amount	335,000.00
	335,000.00

Uses:

Refunding Escrow Deposits:	
Cash Deposit	300,687.50
Other Fund Deposits:	
Debt Service Reserve Fund	26,610.53
Cost of Issuance:	
Paying Agent	60.47
Bond Counsel	586.25
	646.72
Delivery Date Expenses:	
Underwriter's Discount	4,187.50
Other Uses of Funds:	
Bond Rounding	2,867.75
	335,000.00

SUMMARY OF REFUNDING RESULTS

**CITY OF SEWARD, NEBRASKA
SEWER REVENUE REFUNDING BONDS, SERIES 2015
Pay & Cancel Refunding of Series 2010
Non-Rated, BQ, 2018 Final Maturity, Proportional Solution
[Preliminary -- for discussion only]**

Dated Date	03/01/2016
Delivery Date	03/01/2016
Arbitrage yield	2.261023%
Escrow yield	0.545544%
Value of Negative Arbitrage	
 Bond Par Amount	 335,000.00
True Interest Cost	2.036082%
Net Interest Cost	1.133055%
All-In TIC	2.177337%
Average Coupon	1.133055%
Average Life	1.417
 Par amount of refunded bonds	 300,000.00
Average coupon of refunded bonds	2.879412%
Average life of refunded bonds	1.417
 PV of prior debt to 03/01/2016 @ 1.132619%	 308,007.92
Net PV Savings	2,486.20
Percentage savings of refunded bonds	0.828733%

SAVINGS

CITY OF SEWARD, NEBRASKA
SEWER REVENUE REFUNDING BONDS, SERIES 2015
Pay & Cancel Refunding of Series 2010
Non-Rated, BQ, 2018 Final Maturity, Proportional Solution
[Preliminary -- for discussion only]

Date	Prior Debt Service	Refunding Debt Service	Refunding Receipts	Refunding Net Cash Flow	Savings	Annual Savings	Present Value to 03/01/2016 @ 1.1326189%
03/01/2016			2,867.75	-2,867.75	2,867.75		2,867.75
08/01/2016	104,125.00	111,419.79		111,419.79	-7,294.79		-7,260.54
09/30/2016						-4,427.04	
02/01/2017	2,900.00	1,291.25		1,291.25	1,608.75		1,592.18
08/01/2017	102,900.00	116,291.25		116,291.25	-13,391.25		-13,178.69
09/30/2017						-11,782.50	
02/01/2018	1,500.00	687.50		687.50	812.50		795.10
08/01/2018	101,500.00	110,687.50		110,687.50	-9,187.50		-8,940.12
09/30/2018						-8,375.00	
	312,925.00	340,377.29	2,867.75	337,509.54	-24,584.54	-24,584.54	-24,124.33

Savings Summary

PV of savings from cash flow	-24,124.33
Plus: Refunding funds on hand	26,610.53
Net PV Savings	2,486.20

BOND PRICING

CITY OF SEWARD, NEBRASKA
SEWER REVENUE REFUNDING BONDS, SERIES 2015
Pay & Cancel Refunding of Series 2010
Non-Rated, BQ, 2018 Final Maturity, Proportional Solution
[Preliminary -- for discussion only]

Bond Component	Maturity Date	Amount	Rate	Yield	Price
Serial Bond:					
	08/01/2016	110,000	0.750%	0.750%	100.000
	08/01/2017	115,000	1.050%	1.050%	100.000
	08/01/2018	110,000	1.250%	1.250%	100.000
		335,000			

Dated Date	03/01/2016	
Delivery Date	03/01/2016	
First Coupon	08/01/2016	
Par Amount	335,000.00	
Original Issue Discount		
Production	335,000.00	100.000000%
Underwriter's Discount	-4,187.50	-1.250000%
Purchase Price	330,812.50	98.750000%
Accrued Interest		
Net Proceeds	330,812.50	

BOND SUMMARY STATISTICS

CITY OF SEWARD, NEBRASKA
SEWER REVENUE REFUNDING BONDS, SERIES 2015
Pay & Cancel Refunding of Series 2010
Non-Rated, BQ, 2018 Final Maturity, Proportional Solution
[Preliminary -- for discussion only]

Dated Date	03/01/2016
Delivery Date	03/01/2016
First Coupon	08/01/2016
Last Maturity	08/01/2018
Arbitrage Yield	2.261023%
True Interest Cost (TIC)	2.036082%
Net Interest Cost (NIC)	1.133055%
All-In TIC	2.177337%
Average Coupon	1.133055%
Average Life (years)	1.417
Weighted Average Maturity (years)	1.417
Duration of Issue (years)	1.400
Par Amount	335,000.00
Bond Proceeds	335,000.00
Total Interest	5,377.29
Net Interest	9,564.79
Bond Years from Dated Date	474,583.33
Bond Years from Delivery Date	474,583.33
Total Debt Service	340,377.29
Maximum Annual Debt Service	117,582.50
Average Annual Debt Service	140,845.78
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	12.500000
Total Underwriter's Discount	12.500000
Bid Price	98.750000

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Serial Bond	335,000.00	100.000	1.133%	1.417	46.90
	335,000.00			1.417	46.90

	TIC	All-In TIC	Arbitrage Yield
Par Value	335,000.00	335,000.00	335,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount	-4,187.50	-4,187.50	
- Cost of Issuance Expense		-646.72	
- Other Amounts			
Target Value	330,812.50	330,165.78	335,000.00
Target Date	03/01/2016	03/01/2016	03/01/2016
Yield	2.036082%	2.177337%	2.261023%

BOND DEBT SERVICE

CITY OF SEWARD, NEBRASKA
SEWER REVENUE REFUNDING BONDS, SERIES 2015
Pay & Cancel Refunding of Series 2010
Non-Rated, BQ, 2018 Final Maturity, Proportional Solution
[Preliminary -- for discussion only]

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
08/01/2016	110,000	0.750%	1,419.79	111,419.79	
09/30/2016					111,419.79
02/01/2017			1,291.25	1,291.25	
08/01/2017	115,000	1.050%	1,291.25	116,291.25	
09/30/2017					117,582.50
02/01/2018			687.50	687.50	
08/01/2018	110,000	1.250%	687.50	110,687.50	
09/30/2018					111,375.00
	335,000		5,377.29	340,377.29	340,377.29

NET DEBT SERVICE

CITY OF SEWARD, NEBRASKA
SEWER REVENUE REFUNDING BONDS, SERIES 2015
Pay & Cancel Refunding of Series 2010
Non-Rated, BQ, 2018 Final Maturity, Proportional Solution
[Preliminary -- for discussion only]

Period Ending	Principal	Interest	Total Debt Service	General Fund	Debt Service Reserve Fund	Net Debt Service
09/30/2016	110,000	1,419.79	111,419.79	28.68	-28.68	111,419.79
09/30/2017	115,000	2,582.50	117,582.50	-2.07	-53.22	117,527.21
09/30/2018	110,000	1,375.00	111,375.00		-53.22	111,321.78
09/30/2019				53.22	-53.22	
09/30/2020				53.22	-53.22	
09/30/2021				53.22	-53.22	
09/30/2022				53.22	-53.22	
09/30/2023				53.22	-53.22	
09/30/2024				53.22	-53.22	
09/30/2025				53.22	-53.22	
09/30/2026				53.22	-53.22	
09/30/2027				53.22	-53.22	
09/30/2028				53.22	-53.22	
09/30/2029				53.22	-53.22	
09/30/2030				53.22	-53.22	
09/30/2031				-665.25	-26,663.75	-27,329.00
	335,000	5,377.29	340,377.29	0.00	-27,437.51	312,939.78

SUMMARY OF BONDS REFUNDED

CITY OF SEWARD, NEBRASKA
SEWER REVENUE REFUNDING BONDS, SERIES 2015
Pay & Cancel Refunding of Series 2010
Non-Rated, BQ, 2018 Final Maturity, Proportional Solution
[Preliminary -- for discussion only]

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
Ser 2010 Sewer NR P&C Refg of all Sewer Sys Revs (callable 8/20/15, mat. 8/1/18):					
SERIAL	08/01/2016	2.450%	100,000.00	03/01/2016	100.000
	08/01/2017	2.800%	100,000.00	03/01/2016	100.000
	08/01/2018	3.000%	100,000.00	03/01/2016	100.000
			300,000.00		

ESCROW REQUIREMENTS

**CITY OF SEWARD, NEBRASKA
SEWER REVENUE REFUNDING BONDS, SERIES 2015
Pay & Cancel Refunding of Series 2010
Non-Rated, BQ, 2018 Final Maturity, Proportional Solution
[Preliminary -- for discussion only]**

Dated Date 03/01/2016
Delivery Date 03/01/2016

Period Ending	Interest	Principal Redeemed	Total
03/01/2016	687.50	300,000.00	300,687.50
	687.50	300,000.00	300,687.50

PRIOR BOND DEBT SERVICE

CITY OF SEWARD, NEBRASKA **SEWER REVENUE REFUNDING BONDS, SERIES 2015** **Pay & Cancel Refunding of Series 2010** **Non-Rated, BQ, 2018 Final Maturity, Proportional Solution** **[Preliminary -- for discussion only]**

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
08/01/2016	100,000	2.450%	4,125	104,125	104,125
09/30/2016					
02/01/2017			2,900	2,900	105,800
08/01/2017	100,000	2.800%	2,900	102,900	
09/30/2017					103,000
02/01/2018			1,500	1,500	
08/01/2018	100,000	3.000%	1,500	101,500	103,000
09/30/2018					
	300,000		12,925	312,925	312,925

SOURCES AND USES OF FUNDS

CITY OF SEWARD, NEBRASKA
SEWER REVENUE REFUNDING BONDS, SERIES 2016
Advance Refunding of Ser. 2011s (9/15/2011 & 11/10/11)
Non-Rated, BQ, 2031 Final Maturity, Proportional Solution
[Preliminary -- for discussion only]

Dated Date	03/01/2016
Delivery Date	03/01/2016

Sources:

Bond Proceeds:	
Par Amount	3,710,000.00
 Other Sources of Funds:	
Debt Service Reserve Fund (11/10/11)	15,818.40
Debt Service Reserve Fund (9/15/11)	311,175.00
	326,993.40
	4,036,993.40

Uses:

Refunding Escrow Deposits:	
Cash Deposit	58,805.10
SLGS Purchases	3,628,900.00
	3,687,705.10
 Other Fund Deposits:	
Debt Service Reserve Fund	294,701.68
 Cost of Issuance:	
Paying Agent	669.68
Bond Counsel	6,492.50
Escrow Agent	1,000.00
Escrow Verification	2,000.00
	10,162.18
 Delivery Date Expenses:	
Underwriter's Discount	46,375.00
 Other Uses of Funds:	
Bond Rounding	-1,950.56
	4,036,993.40

Note: Escrow cost assumes SLGS are available or represent a proxy for the cost of open market USTs.

SUMMARY OF REFUNDING RESULTS

**CITY OF SEWARD, NEBRASKA
SEWER REVENUE REFUNDING BONDS, SERIES 2016
Advance Refunding of Ser. 2011s (9/15/2011 & 11/10/11)
Non-Rated, BQ, 2031 Final Maturity, Proportional Solution
[Preliminary -- for discussion only]**

Dated Date	03/01/2016
Delivery Date	03/01/2016
Arbitrage yield	2.261023%
Escrow yield	0.545544%
Value of Negative Arbitrage	33,535.80
Bond Par Amount	3,710,000.00
True Interest Cost	2.649293%
Net Interest Cost	2.509609%
All-In TIC	2.684944%
Average Coupon	2.509609%
Average Life	8.928
Par amount of refunded bonds	3,580,000.00
Average coupon of refunded bonds	3.587213%
Average life of refunded bonds	9.286
PV of prior debt to 03/01/2016 @ 2.287679%	4,008,137.03
Net PV Savings	204,954.87
Percentage savings of refunded bonds	5.724996%

SAVINGS

CITY OF SEWARD, NEBRASKA
SEWER REVENUE REFUNDING BONDS, SERIES 2016
Advance Refunding of Ser. 2011s (9/15/2011 & 11/10/11)
Non-Rated, BQ, 2031 Final Maturity, Proportional Solution
[Preliminary -- for discussion only]

Date	Prior Debt Service	Refunding Debt Service	Refunding Receipts	Refunding Net Cash Flow	Savings	Annual Savings	Present Value to 03/01/2016 @ 2.2876785%
03/01/2016			-1,950.56	1,950.56	-1,950.56		-1,950.56
03/15/2016	58,805.00				58,805.00		58,753.00
09/15/2016	153,805.00	198,752.39		198,752.39	-44,947.39		-44,399.78
09/30/2016						11,907.05	
03/15/2017	58,120.00	40,013.75		40,013.75	18,106.25		17,683.39
09/15/2017	158,120.00	165,013.75		165,013.75	-6,893.75		-6,656.61
09/30/2017						11,212.50	
03/15/2018	57,212.50	39,357.50		39,357.50	17,855.00		17,045.82
09/15/2018	162,212.50	169,357.50		169,357.50	-7,145.00		-6,744.05
09/30/2018						10,710.00	
03/15/2019	56,038.75	38,545.00		38,545.00	17,493.75		16,325.34
09/15/2019	266,038.75	263,545.00		263,545.00	2,493.75		2,300.87
09/30/2019						19,987.50	
03/15/2020	53,488.75	36,970.00		36,970.00	16,518.75		15,068.76
09/15/2020	268,488.75	266,970.00		266,970.00	1,518.75		1,369.77
09/30/2020						18,037.50	
03/15/2021	50,675.00	35,187.50		35,187.50	15,487.50		13,810.29
09/15/2021	270,675.00	265,187.50		265,187.50	5,487.50		4,837.90
09/30/2021						20,975.00	
03/15/2022	47,587.50	33,232.50		33,232.50	14,355.00		12,512.55
09/15/2022	272,587.50	268,232.50		268,232.50	4,355.00		3,753.11
09/30/2022						18,710.00	
03/15/2023	44,297.50	31,058.75		31,058.75	13,238.75		11,280.04
09/15/2023	279,297.50	271,058.75		271,058.75	8,238.75		6,940.42
09/30/2023						21,477.50	
03/15/2024	40,610.00	28,598.75		28,598.75	12,011.25		10,003.99
09/15/2024	280,610.00	273,598.75		273,598.75	7,011.25		5,773.52
09/30/2024						19,022.50	
03/15/2025	36,672.50	25,903.75		25,903.75	10,768.75		8,767.41
09/15/2025	286,672.50	275,903.75		275,903.75	10,768.75		8,668.26
09/30/2025						21,537.50	
03/15/2026	32,452.50	22,966.25		22,966.25	9,486.25		7,549.56
09/15/2026	287,452.50	277,966.25		277,966.25	9,486.25		7,464.18
09/30/2026						18,972.50	
03/15/2027	28,026.25	19,778.75		19,778.75	8,247.50		6,416.09
09/15/2027	293,026.25	284,778.75		284,778.75	8,247.50		6,343.53
09/30/2027						16,495.00	
03/15/2028	23,300.00	16,333.75		16,333.75	6,966.25		5,297.47
09/15/2028	298,300.00	286,333.75		286,333.75	11,966.25		8,996.80
09/30/2028						18,932.50	
03/15/2029	17,800.00	12,621.25		12,621.25	5,178.75		3,849.60
09/15/2029	302,800.00	287,621.25		287,621.25	15,178.75		11,155.45
09/30/2029						20,357.50	
03/15/2030	12,100.00	8,702.50		8,702.50	3,397.50		2,468.72
09/15/2030	307,100.00	293,702.50		293,702.50	13,397.50		9,624.89
09/30/2030						16,795.00	
03/15/2031	6,200.00	4,498.75		4,498.75	1,701.25		1,208.37
09/15/2031	316,200.00	299,498.75		299,498.75	16,701.25		11,728.50
09/30/2031						18,402.50	
	4,826,772.50	4,541,289.89	-1,950.56	4,543,240.45	283,532.05	283,532.05	237,246.59

Savings Summary

PV of savings from cash flow	237,246.59
Less: Prior funds on hand	-326,993.40
Plus: Refunding funds on hand	294,701.68
Net PV Savings	204,954.87

BOND PRICING

CITY OF SEWARD, NEBRASKA
SEWER REVENUE REFUNDING BONDS, SERIES 2016
Advance Refunding of Ser. 2011s (9/15/2011 & 11/10/11)
Non-Rated, BQ, 2031 Final Maturity, Proportional Solution
[Preliminary -- for discussion only]

Bond Component	Maturity Date	Amount	Rate	Yield	Price
Serial Bonds:					
	09/15/2016	155,000	0.750%	0.750%	100.000
	09/15/2017	125,000	1.050%	1.050%	100.000
	09/15/2018	130,000	1.250%	1.250%	100.000
	09/15/2019	225,000	1.400%	1.400%	100.000
	09/15/2020	230,000	1.550%	1.550%	100.000
	09/15/2021	230,000	1.700%	1.700%	100.000
	09/15/2022	235,000	1.850%	1.850%	100.000
	09/15/2023	240,000	2.050%	2.050%	100.000
	09/15/2024	245,000	2.200%	2.200%	100.000
	09/15/2025	250,000	2.350%	2.350%	100.000
	09/15/2026	255,000	2.500%	2.500%	100.000
	09/15/2027	265,000	2.600%	2.600%	100.000
	09/15/2028	270,000	2.750%	2.750%	100.000
	09/15/2029	275,000	2.850%	2.850%	100.000
	09/15/2030	285,000	2.950%	2.950%	100.000
	09/15/2031	295,000	3.050%	3.050%	100.000
		3,710,000			

Dated Date	03/01/2016	
Delivery Date	03/01/2016	
First Coupon	09/15/2016	
Par Amount	3,710,000.00	
Original Issue Discount		
Production	3,710,000.00	100.000000%
Underwriter's Discount	-46,375.00	-1.250000%
Purchase Price	3,663,625.00	98.750000%
Accrued Interest		
Net Proceeds	3,663,625.00	

BOND SUMMARY STATISTICS

CITY OF SEWARD, NEBRASKA
SEWER REVENUE REFUNDING BONDS, SERIES 2016
Advance Refunding of Ser. 2011s (9/15/2011 & 11/10/11)
Non-Rated, BQ, 2031 Final Maturity, Proportional Solution
[Preliminary -- for discussion only]

Dated Date	03/01/2016
Delivery Date	03/01/2016
First Coupon	09/15/2016
Last Maturity	09/15/2031
Arbitrage Yield	2.261023%
True Interest Cost (TIC)	2.649293%
Net Interest Cost (NIC)	2.509609%
All-In TIC	2.684944%
Average Coupon	2.509609%
Average Life (years)	8.928
Weighted Average Maturity (years)	8.928
Duration of Issue (years)	7.899
Par Amount	3,710,000.00
Bond Proceeds	3,710,000.00
Total Interest	831,289.89
Net Interest	877,664.89
Bond Years from Dated Date	33,124,277.78
Bond Years from Delivery Date	33,124,277.78
Total Debt Service	4,541,289.89
Maximum Annual Debt Service	304,557.50
Average Annual Debt Service	292,253.19
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	12.500000
Total Underwriter's Discount	12.500000
Bid Price	98.750000

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Serial Bonds	3,710,000.00	100.000	2.510%	8.928	2,854.40
	3,710,000.00			8.928	2,854.40

	TIC	All-In TIC	Arbitrage Yield
Par Value	3,710,000.00	3,710,000.00	3,710,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount	-46,375.00	-46,375.00	
- Cost of Issuance Expense		-10,162.18	
- Other Amounts			
Target Value	3,663,625.00	3,653,462.82	3,710,000.00
Target Date	03/01/2016	03/01/2016	03/01/2016
Yield	2.649293%	2.684944%	2.261023%

BOND DEBT SERVICE

CITY OF SEWARD, NEBRASKA
SEWER REVENUE REFUNDING BONDS, SERIES 2016
Advance Refunding of Ser. 2011s (9/15/2011 & 11/10/11)
Non-Rated, BQ, 2031 Final Maturity, Proportional Solution
[Preliminary -- for discussion only]

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
09/15/2016	155,000	0.750%	43,752.39	198,752.39	
09/30/2016					198,752.39
03/15/2017			40,013.75	40,013.75	
09/15/2017	125,000	1.050%	40,013.75	165,013.75	
09/30/2017					205,027.50
03/15/2018			39,357.50	39,357.50	
09/15/2018	130,000	1.250%	39,357.50	169,357.50	
09/30/2018					208,715.00
03/15/2019			38,545.00	38,545.00	
09/15/2019	225,000	1.400%	38,545.00	263,545.00	
09/30/2019					302,090.00
03/15/2020			36,970.00	36,970.00	
09/15/2020	230,000	1.550%	36,970.00	266,970.00	
09/30/2020					303,940.00
03/15/2021			35,187.50	35,187.50	
09/15/2021	230,000	1.700%	35,187.50	265,187.50	
09/30/2021					300,375.00
03/15/2022			33,232.50	33,232.50	
09/15/2022	235,000	1.850%	33,232.50	268,232.50	
09/30/2022					301,465.00
03/15/2023			31,058.75	31,058.75	
09/15/2023	240,000	2.050%	31,058.75	271,058.75	
09/30/2023					302,117.50
03/15/2024			28,598.75	28,598.75	
09/15/2024	245,000	2.200%	28,598.75	273,598.75	
09/30/2024					302,197.50
03/15/2025			25,903.75	25,903.75	
09/15/2025	250,000	2.350%	25,903.75	275,903.75	
09/30/2025					301,807.50
03/15/2026			22,966.25	22,966.25	
09/15/2026	255,000	2.500%	22,966.25	277,966.25	
09/30/2026					300,932.50
03/15/2027			19,778.75	19,778.75	
09/15/2027	265,000	2.600%	19,778.75	284,778.75	
09/30/2027					304,557.50
03/15/2028			16,333.75	16,333.75	
09/15/2028	270,000	2.750%	16,333.75	286,333.75	
09/30/2028					302,667.50
03/15/2029			12,621.25	12,621.25	
09/15/2029	275,000	2.850%	12,621.25	287,621.25	
09/30/2029					300,242.50
03/15/2030			8,702.50	8,702.50	
09/15/2030	285,000	2.950%	8,702.50	293,702.50	
09/30/2030					302,405.00
03/15/2031			4,498.75	4,498.75	
09/15/2031	295,000	3.050%	4,498.75	299,498.75	
09/30/2031					303,997.50
	3,710,000		831,289.89	4,541,289.89	4,541,289.89

NET DEBT SERVICE

CITY OF SEWARD, NEBRASKA
SEWER REVENUE REFUNDING BONDS, SERIES 2016
Advance Refunding of Ser. 2011s (9/15/2011 & 11/10/11)
Non-Rated, BQ, 2031 Final Maturity, Proportional Solution
[Preliminary -- for discussion only]

Period Ending	Principal	Interest	Total Debt Service	Debt Service Reserve Fund	Net Debt Service
09/30/2016	155,000	43,752.39	198,752.39	-317.62	198,434.77
09/30/2017	125,000	80,027.50	205,027.50	-589.40	204,438.10
09/30/2018	130,000	78,715.00	208,715.00	-589.40	208,125.60
09/30/2019	225,000	77,090.00	302,090.00	-589.40	301,500.60
09/30/2020	230,000	73,940.00	303,940.00	-589.40	303,350.60
09/30/2021	230,000	70,375.00	300,375.00	-589.40	299,785.60
09/30/2022	235,000	66,465.00	301,465.00	-589.40	300,875.60
09/30/2023	240,000	62,117.50	302,117.50	-589.40	301,528.10
09/30/2024	245,000	57,197.50	302,197.50	-589.40	301,608.10
09/30/2025	250,000	51,807.50	301,807.50	-589.40	301,218.10
09/30/2026	255,000	45,932.50	300,932.50	-589.40	300,343.10
09/30/2027	265,000	39,557.50	304,557.50	-589.40	303,968.10
09/30/2028	270,000	32,667.50	302,667.50	-589.40	302,078.10
09/30/2029	275,000	25,242.50	300,242.50	-589.40	299,653.10
09/30/2030	285,000	17,405.00	302,405.00	-589.40	301,815.60
09/30/2031	295,000	8,997.50	303,997.50	-295,291.08	8,706.42
	3,710,000	831,289.89	4,541,289.89	-303,860.30	4,237,429.59

SUMMARY OF BONDS REFUNDED

CITY OF SEWARD, NEBRASKA
SEWER REVENUE REFUNDING BONDS, SERIES 2016
Advance Refunding of Ser. 2011s (9/15/2011 & 11/10/11)
Non-Rated, BQ, 2031 Final Maturity, Proportional Solution
[Preliminary -- for discussion only]

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
Ser 2011 Sewer, \$170K Par, 2031 mat (callable 11/10/16):					
TERM31	09/15/2016	4.000%	5,000.00		
	09/15/2017	4.000%	5,000.00	11/10/2016	100.000
	09/15/2018	4.000%	10,000.00	11/10/2016	100.000
	09/15/2019	4.000%	10,000.00	11/10/2016	100.000
	09/15/2020	4.000%	10,000.00	11/10/2016	100.000
	09/15/2021	4.000%	10,000.00	11/10/2016	100.000
	09/15/2022	4.000%	5,000.00	11/10/2016	100.000
	09/15/2023	4.000%	10,000.00	11/10/2016	100.000
	09/15/2024	4.000%	10,000.00	11/10/2016	100.000
	09/15/2025	4.000%	10,000.00	11/10/2016	100.000
	09/15/2026	4.000%	10,000.00	11/10/2016	100.000
	09/15/2027	4.000%	10,000.00	11/10/2016	100.000
	09/15/2028	4.000%	10,000.00	11/10/2016	100.000
	09/15/2029	4.000%	10,000.00	11/10/2016	100.000
	09/15/2030	4.000%	10,000.00	11/10/2016	100.000
	09/15/2031	4.000%	15,000.00	11/10/2016	100.000
			150,000.00		
Ser 2011 Sewer P&C Refg of '10 BAN+new money (callable 9/15/16):					
SERIAL	09/15/2016	1.300%	90,000.00		
	09/15/2017	1.700%	95,000.00	09/15/2016	100.000
	09/15/2018	2.050%	95,000.00	09/15/2016	100.000
	09/15/2019	2.350%	200,000.00	09/15/2016	100.000
	09/15/2020	2.550%	205,000.00	09/15/2016	100.000
	09/15/2021	2.750%	210,000.00	09/15/2016	100.000
	09/15/2022	2.900%	220,000.00	09/15/2016	100.000
	09/15/2023	3.100%	225,000.00	09/15/2016	100.000
	09/15/2024	3.250%	230,000.00	09/15/2016	100.000
	09/15/2025	3.350%	240,000.00	09/15/2016	100.000
	09/15/2026	3.450%	245,000.00	09/15/2016	100.000
	09/15/2027	3.550%	255,000.00	09/15/2016	100.000
TERM31	09/15/2028	4.000%	265,000.00	09/15/2016	100.000
	09/15/2029	4.000%	275,000.00	09/15/2016	100.000
	09/15/2030	4.000%	285,000.00	09/15/2016	100.000
	09/15/2031	4.000%	295,000.00	09/15/2016	100.000
			3,430,000.00		
			3,580,000.00		

ESCROW REQUIREMENTS

**CITY OF SEWARD, NEBRASKA
SEWER REVENUE REFUNDING BONDS, SERIES 2016
Advance Refunding of Ser. 2011s (9/15/2011 & 11/10/11)
Non-Rated, BQ, 2031 Final Maturity, Proportional Solution
[Preliminary -- for discussion only]**

Dated Date 03/01/2016
Delivery Date 03/01/2016

Period Ending	Principal	Interest	Principal Redeemed	Total
03/15/2016		58,805.00		58,805.00
09/15/2016	95,000.00	58,805.00	3,340,000.00	3,493,805.00
11/10/2016		886.11	145,000.00	145,886.11
	95,000.00	118,496.11	3,485,000.00	3,698,496.11

PRIOR BOND DEBT SERVICE

CITY OF SEWARD, NEBRASKA SEWER REVENUE REFUNDING BONDS, SERIES 2016 Advance Refunding of Ser. 2011s (9/15/2011 & 11/10/11) Non-Rated, BQ, 2031 Final Maturity, Proportional Solution [Preliminary -- for discussion only]

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
03/15/2016			58,805.00	58,805.00	
09/15/2016	95,000	** %	58,805.00	153,805.00	
09/30/2016					212,610.00
03/15/2017			58,120.00	58,120.00	
09/15/2017	100,000	** %	58,120.00	158,120.00	
09/30/2017					216,240.00
03/15/2018			57,212.50	57,212.50	
09/15/2018	105,000	** %	57,212.50	162,212.50	
09/30/2018					219,425.00
03/15/2019			56,038.75	56,038.75	
09/15/2019	210,000	** %	56,038.75	266,038.75	
09/30/2019					322,077.50
03/15/2020			53,488.75	53,488.75	
09/15/2020	215,000	** %	53,488.75	268,488.75	
09/30/2020					321,977.50
03/15/2021			50,675.00	50,675.00	
09/15/2021	220,000	** %	50,675.00	270,675.00	
09/30/2021					321,350.00
03/15/2022			47,587.50	47,587.50	
09/15/2022	225,000	** %	47,587.50	272,587.50	
09/30/2022					320,175.00
03/15/2023			44,297.50	44,297.50	
09/15/2023	235,000	** %	44,297.50	279,297.50	
09/30/2023					323,595.00
03/15/2024			40,610.00	40,610.00	
09/15/2024	240,000	** %	40,610.00	280,610.00	
09/30/2024					321,220.00
03/15/2025			36,672.50	36,672.50	
09/15/2025	250,000	** %	36,672.50	286,672.50	
09/30/2025					323,345.00
03/15/2026			32,452.50	32,452.50	
09/15/2026	255,000	** %	32,452.50	287,452.50	
09/30/2026					319,905.00
03/15/2027			28,026.25	28,026.25	
09/15/2027	265,000	** %	28,026.25	293,026.25	
09/30/2027					321,052.50
03/15/2028			23,300.00	23,300.00	
09/15/2028	275,000	4.000%	23,300.00	298,300.00	
09/30/2028					321,600.00
03/15/2029			17,800.00	17,800.00	
09/15/2029	285,000	4.000%	17,800.00	302,800.00	
09/30/2029					320,600.00
03/15/2030			12,100.00	12,100.00	
09/15/2030	295,000	4.000%	12,100.00	307,100.00	
09/30/2030					319,200.00
03/15/2031			6,200.00	6,200.00	
09/15/2031	310,000	4.000%	6,200.00	316,200.00	
09/30/2031					322,400.00
	3,580,000		1,246,772.50	4,826,772.50	4,826,772.50

SOURCES AND USES OF FUNDS

**CITY OF SEWARD, NEBRASKA
SEWER REVENUE BONDS, SERIES 2016
New Money Project
Non-Rated, BQ, 2031 Final Maturity, Level Debt Service
[Preliminary -- for discussion only]**

Dated Date	03/01/2016
Delivery Date	03/01/2016

Sources:

Bond Proceeds:	
Par Amount	110,000.00
	110,000.00

Uses:

Project Fund Deposits:	
Plum Creek Sewer Siphon Project	100,000.00
Other Fund Deposits:	
Debt Service Reserve Fund	8,737.79
Cost of Issuance:	
Paying Agent	19.85
Bond Counsel	192.50
	212.35
Delivery Date Expenses:	
Underwriter's Discount	1,375.00
Other Uses of Funds:	
Bond Rounding	-325.14
	110,000.00

BOND PRICING

CITY OF SEWARD, NEBRASKA
SEWER REVENUE BONDS, SERIES 2016
New Money Project
Non-Rated, BQ, 2031 Final Maturity, Level Debt Service
[Preliminary -- for discussion only]

Bond Component	Maturity Date	Amount	Rate	Yield	Price
Serial Bonds:					
	09/15/2016	5,000	0.750%	0.750%	100.000
	09/15/2017	5,000	1.050%	1.050%	100.000
	09/15/2018	5,000	1.250%	1.250%	100.000
	09/15/2019	5,000	1.400%	1.400%	100.000
	09/15/2020	5,000	1.550%	1.550%	100.000
	09/15/2021	5,000	1.700%	1.700%	100.000
	09/15/2022	5,000	1.850%	1.850%	100.000
	09/15/2023	5,000	2.050%	2.050%	100.000
	09/15/2024	5,000	2.200%	2.200%	100.000
	09/15/2025	5,000	2.350%	2.350%	100.000
	09/15/2026	10,000	2.500%	2.500%	100.000
	09/15/2027	10,000	2.600%	2.600%	100.000
	09/15/2028	10,000	2.750%	2.750%	100.000
	09/15/2029	10,000	2.850%	2.850%	100.000
	09/15/2030	10,000	2.950%	2.950%	100.000
	09/15/2031	10,000	3.050%	3.050%	100.000
		110,000			

Dated Date	03/01/2016	
Delivery Date	03/01/2016	
First Coupon	09/15/2016	
Par Amount	110,000.00	
Original Issue Discount		
Production	110,000.00	100.000000%
Underwriter's Discount	-1,375.00	-1.250000%
Purchase Price	108,625.00	98.750000%
Accrued Interest		
Net Proceeds	108,625.00	

BOND SUMMARY STATISTICS

CITY OF SEWARD, NEBRASKA
SEWER REVENUE BONDS, SERIES 2016
New Money Project
Non-Rated, BQ, 2031 Final Maturity, Level Debt Service
[Preliminary -- for discussion only]

Dated Date	03/01/2016
Delivery Date	03/01/2016
First Coupon	09/15/2016
Last Maturity	09/15/2031
Arbitrage Yield	2.261023%
True Interest Cost (TIC)	2.720061%
Net Interest Cost (NIC)	2.585147%
All-In TIC	2.744188%
Average Coupon	2.585147%
Average Life (years)	9.403
Weighted Average Maturity (years)	9.403
Duration of Issue (years)	8.224
Par Amount	110,000.00
Bond Proceeds	110,000.00
Total Interest	26,737.60
Net Interest	28,112.60
Bond Years from Dated Date	1,034,277.78
Bond Years from Delivery Date	1,034,277.78
Total Debt Service	136,737.60
Maximum Annual Debt Service	11,670.00
Average Annual Debt Service	8,799.70
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	12.500000
Total Underwriter's Discount	12.500000
Bid Price	98.750000

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Serial Bonds	110,000.00	100.000	2.585%	9.403	88.30
	110,000.00			9.403	88.30

	TIC	All-In TIC	Arbitrage Yield
Par Value	110,000.00	110,000.00	110,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount	-1,375.00	-1,375.00	
- Cost of Issuance Expense		-212.35	
- Other Amounts			
Target Value	108,625.00	108,412.65	110,000.00
Target Date	03/01/2016	03/01/2016	03/01/2016
Yield	2.720061%	2.744188%	2.261023%

BOND DEBT SERVICE

CITY OF SEWARD, NEBRASKA SEWER REVENUE BONDS, SERIES 2016 New Money Project Non-Rated, BQ, 2031 Final Maturity, Level Debt Service [Preliminary -- for discussion only]

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
09/15/2016	5,000	0.750%	1,335.10	6,335.10	
09/30/2016					6,335.10
03/15/2017			1,220.00	1,220.00	
09/15/2017	5,000	1.050%	1,220.00	6,220.00	
09/30/2017					7,440.00
03/15/2018			1,193.75	1,193.75	
09/15/2018	5,000	1.250%	1,193.75	6,193.75	
09/30/2018					7,387.50
03/15/2019			1,162.50	1,162.50	
09/15/2019	5,000	1.400%	1,162.50	6,162.50	
09/30/2019					7,325.00
03/15/2020			1,127.50	1,127.50	
09/15/2020	5,000	1.550%	1,127.50	6,127.50	
09/30/2020					7,255.00
03/15/2021			1,088.75	1,088.75	
09/15/2021	5,000	1.700%	1,088.75	6,088.75	
09/30/2021					7,177.50
03/15/2022			1,046.25	1,046.25	
09/15/2022	5,000	1.850%	1,046.25	6,046.25	
09/30/2022					7,092.50
03/15/2023			1,000.00	1,000.00	
09/15/2023	5,000	2.050%	1,000.00	6,000.00	
09/30/2023					7,000.00
03/15/2024			948.75	948.75	
09/15/2024	5,000	2.200%	948.75	5,948.75	
09/30/2024					6,897.50
03/15/2025			893.75	893.75	
09/15/2025	5,000	2.350%	893.75	5,893.75	
09/30/2025					6,787.50
03/15/2026			835.00	835.00	
09/15/2026	10,000	2.500%	835.00	10,835.00	
09/30/2026					11,670.00
03/15/2027			710.00	710.00	
09/15/2027	10,000	2.600%	710.00	10,710.00	
09/30/2027					11,420.00
03/15/2028			580.00	580.00	
09/15/2028	10,000	2.750%	580.00	10,580.00	
09/30/2028					11,160.00
03/15/2029			442.50	442.50	
09/15/2029	10,000	2.850%	442.50	10,442.50	
09/30/2029					10,885.00
03/15/2030			300.00	300.00	
09/15/2030	10,000	2.950%	300.00	10,300.00	
09/30/2030					10,600.00
03/15/2031			152.50	152.50	
09/15/2031	10,000	3.050%	152.50	10,152.50	
09/30/2031					10,305.00
	110,000		26,737.60	136,737.60	136,737.60

NET DEBT SERVICE

CITY OF SEWARD, NEBRASKA
SEWER REVENUE BONDS, SERIES 2016
New Money Project
Non-Rated, BQ, 2031 Final Maturity, Level Debt Service
[Preliminary -- for discussion only]

Period Ending	Principal	Interest	Total Debt Service	Debt Service Reserve Fund	Net Debt Service
09/30/2016	5,000	1,335.10	6,335.10	-9.42	6,325.68
09/30/2017	5,000	2,440.00	7,440.00	-17.48	7,422.52
09/30/2018	5,000	2,387.50	7,387.50	-17.48	7,370.02
09/30/2019	5,000	2,325.00	7,325.00	-17.48	7,307.52
09/30/2020	5,000	2,255.00	7,255.00	-17.48	7,237.52
09/30/2021	5,000	2,177.50	7,177.50	-17.48	7,160.02
09/30/2022	5,000	2,092.50	7,092.50	-17.48	7,075.02
09/30/2023	5,000	2,000.00	7,000.00	-17.48	6,982.52
09/30/2024	5,000	1,897.50	6,897.50	-17.48	6,880.02
09/30/2025	5,000	1,787.50	6,787.50	-17.48	6,770.02
09/30/2026	10,000	1,670.00	11,670.00	-17.48	11,652.52
09/30/2027	10,000	1,420.00	11,420.00	-17.48	11,402.52
09/30/2028	10,000	1,160.00	11,160.00	-17.48	11,142.52
09/30/2029	10,000	885.00	10,885.00	-17.48	10,867.52
09/30/2030	10,000	600.00	10,600.00	-17.48	10,582.52
09/30/2031	10,000	305.00	10,305.00	-8,755.27	1,549.73
	110,000	26,737.60	136,737.60	-9,009.41	127,728.19

ORDINANCE NO. _____

AN ORDINANCE AUTHORIZING THE ISSUANCE OF SANITARY SEWER SYSTEM REVENUE AND REFUNDING BONDS, SERIES 2016, OF THE CITY OF SEWARD, NEBRASKA, IN THE PRINCIPAL AMOUNT OF NOT TO EXCEED FOUR MILLION TWO HUNDRED THOUSAND DOLLARS (\$4,200,000), FOR THE PURPOSE OF (A) REFUNDING ALL OR A PORTION OF \$300,000 OF OUTSTANDING SANITARY SEWER SYSTEM REVENUE REFUNDING BONDS, SERIES 2010, \$3,430,000 OF OUTSTANDING SANITARY SEWER SYSTEM REVENUE BONDS, SERIES 2011 AND \$150,000 OF OUTSTANDING SANITARY SEWER SYSTEM REVENUE BONDS, SERIES 2011B; (B) PAYING THE COSTS OF IMPROVEMENTS TO AND EXPANSION OF THE CITY'S SANITARY SEWER SYSTEM; (C) PROVIDING FOR NECESSARY RESERVE FUNDS AND (D) PAYING COSTS OF ISSUANCE OF SAID BONDS; PRESCRIBING THE FORM OF SAID BONDS; ENTERING INTO A CONTRACT WITH THE REGISTERED OWNERS OF SAID BONDS; PROVIDING FOR THE SALE OF SAID BONDS AND DESIGNATION OF CERTAIN TERMS; PROVIDING FOR THE REDEMPTION OF BONDS AND INDEBTEDNESS BEING REFUNDED; PROVIDING FOR THE APPLICATION OF THE PROCEEDS OF SAID BONDS; AUTHORIZING THE DELIVERY OF SAID BONDS TO THE PURCHASER AND PROVIDING FOR THE PUBLICATION OF THE ORDINANCE IN PAMPHLET FORM.

BE IT ORDAINED by the Mayor and Council of the City of Seward, Nebraska (the "City") as follows:

Section 1. The Mayor and Council of the City hereby find and determine that:

- (a) the City owns and operates a sanitary sewer system which constitutes a revenue producing facility and undertaking within the meaning of such term as set forth in Sections 18-1803 to 18-1805 R.R.S. Neb, 2012, as amended; that said sanitary sewer system, taken together with all additions and improvements thereto hereafter acquired or constructed are herein referred to as the "Sanitary Sewer System";
- (b) that the City has previously issued and there are now outstanding the following issues of revenue bonds for which the revenues of the Sanitary Sewer System have been pledged:

Sanitary Sewer System Revenue Refunding Bonds, Series 2010, date of original issue—August 20, 2010, in the original principal amount of \$765,000, of which there remain outstanding and unpaid bonds in the amount of \$300,000 (the "2010 Bonds"), all of which were authorized to be issued under the terms of Ordinance No. 16-10 as passed and approved by the Mayor and Council of the City on July 6, 2010 (the "2010 Ordinance");

Sanitary Sewer System Revenue Bonds, Series 2011, date of original issue – September 15, 2011, in the principal amount of \$3,790,000 of which there remain outstanding and unpaid bonds in the amount of \$3,430,000 (the "2011 Bonds"), all of which were authorized to be issued under the terms of Ordinance No. 13-11 as passed and approved by the Mayor and Council of the City on August 2, 2011 (the "2011 Ordinance"); and

Sanitary Sewer System Revenue Bonds, Series 2011B, date of original issue – November 10, 2011, in the principal amount of \$170,000, of which there remain outstanding and unpaid bonds in the amount of \$150,000 (the "2011B Bonds"), all of

which were authorized to be issued under the terms of Ordinance No. 27-11 as passed and approved by the Mayor and Council of the City on October 4, 2011 (the “2011B Ordinance”);

Sanitary Sewer System Revenue Bonds, Series 2013, date of original issue – March 22, 2013, in the principal amount of \$50,000, all of which remain outstanding and unpaid (the “2013 Bonds”), all of which were authorized to be issued under the terms of Ordinance No. 2-13 as passed and approved by the Mayor and Council of the City on February 19, 2013 (the “2013 Ordinance”);

The 2010 Ordinance, the 2011 Ordinance, the 2011B Ordinance and the 2013 Ordinance are sometimes hereinafter referred to collectively as the “Prior Ordinances”, the 2010 Bonds, the 2011 Bonds and the 2011B Bonds which are called for redemption pursuant to Section 3 of this Ordinance are sometimes hereinafter referred to as the “Refunded Bonds” and the 2013 Bonds and that portion of the 2010 Bonds, the 2011 Bonds and the 2011B Bonds not called for redemption are sometimes hereinafter referred to as the “Prior Bonds”;

- (a) that the 2010 Bonds are subject to redemption at any time on or after August 20, 2015, that the 2011 Bonds are subject to redemption at any time on or after September 15, 2016, and that the 2011B Bonds are subject to redemption at any time on or after November 10, 2016 at par plus accrued interest to the date fixed for redemption and are herein authorized to be irrevocably called for redemption in accordance with their call provisions on a date or dates to be determined (such date or dates referred to herein as the “Redemption Dates”); that since the 2010 Bonds, the 2011 Bonds and the 2011B Bonds were issued, the rates of interest available in the market have declined such that by taking up and paying off the Refunded Bonds through the issuance of refunding bonds as provided herein, a savings in the amount of yearly running interest will be made to the City;
- (b) that certain improvements, enlargements and expansions of the City’s Sanitary Sewer System (the “Project”) are necessary in order to continue to provide the City and its residents with adequate sanitary sewer service, that the costs of such improvements, enlargements and expansions are not less than \$107,000; and that it is necessary and advisable for the City to provide for the costs of such improvements to the Sanitary Sewer System by issuing the 2016 Bonds;
- (c) that under the terms of the Prior Ordinances, bonds of equal lien with the Prior Bonds may be issued provided that certain revenues have been experienced by the Sanitary Sewer System for its most recent fiscal year; that the Authorized Officers (as defined herein) are hereby authorized to and shall certify prior to the issuance of the bonds authorized herein that said Net Revenues are not less than 1.25 times the average annual debt service requirements (as described in the Prior Ordinances) of the Prior Bonds and the bonds herein authorized; that said Prior Bonds and the Refunded Bonds represent the only outstanding indebtedness of the City for which the revenues of the Sanitary Sewer System have been pledged; that, upon the issuance of the bonds herein authorized, all payment requirements of said Refunded Bonds will be paid and satisfied; that all conditions required under the terms of the Prior Ordinances for the issuance of the bonds herein authorized as “additional bonds” of equal lien and standing with the Prior Bonds do exist and have happened; and
- (d) that for the purpose of making said redemption of the Refunded Bonds on the Redemption Dates, paying the costs of the Project, providing for necessary reserve funds and paying costs

of issuance of the 2016 Bonds, it is in the best interest of the City to issue revenue refunding bonds of the City in the principal amount of not to exceed \$4,200,000;

- (e) that all conditions, acts and things required to exist or to be done precedent to the issuance of Sanitary Sewer System Revenue and Refunding Bonds of the City of Seward, Nebraska, in the principal amount of not to exceed Four Million Two Hundred Thousand Dollars (\$4,200,000) pursuant to Sections 18-1803 to 18-1805, R.R.S. Neb. 2012, do exist and have been done as required by law.

Section 2. In addition to the definitions provided in parentheses elsewhere in this Ordinance, the following definitions of terms shall apply, unless the context shall clearly indicate otherwise:

- (a) the term “revenues” shall mean all of the rates, rentals, fees and charges, earnings and other monies, including investment income, from any source derived by the City through its ownership and operation of the Sanitary Sewer System.

- (b) the term “Additional Bonds” shall mean any and all bonds hereafter issued by the City pursuant to the terms of this Ordinance which are equal in lien to the Prior Bonds, including all such bonds issued pursuant to Section 12 and refunding bonds issued pursuant to Section 13.

- (c) the term “Average Annual Debt Service Requirements” shall mean that number computed by adding all of the principal and interest due when computed to the absolute maturity of the bonds for which such computation is required and dividing by the number of years remaining that the longest bond of any issue for which such computation is required had to run to maturity. In making such computation, the principal of any bonds for which mandatory redemptions are scheduled shall be treated as maturing in accordance with such schedule of mandatory redemptions.

- (d) the term “Deposit Securities” shall mean obligations of the United States of America, direct or unconditionally guaranteed, including any such obligations issued in book entry form.

- (e) the term “Net Revenues” shall mean the revenues derived by the City from the ownership or operation of the Sanitary Sewer System, including investment income, but not including any income from the sale or other disposition of any property belonging to or forming a part of the Sanitary Sewer System, less the ordinary expenses for operating and maintaining the Sanitary Sewer System payable from the Operation and Maintenance Account described in Section 10 of this Ordinance. Operation and Maintenance expenses for purposes of determining the “Net Revenues” shall not include depreciation, amortization of financing expenses or interest on any bonds or other indebtedness. Net Revenues for all purposes of this Ordinance shall be shown by an audit for the fiscal year in question as conducted by an independent certified public accountant or firm of such accountants.

- (f) the term “Paying Agent and Registrar” shall mean a bank or trust company, as appointed to act as paying agent and registrar for the Series 2016 Bonds pursuant to the Designation, or any successor thereto.

Section 3. To provide for the refunding of the Refunded Bonds and pay costs of the Project as described in Sections 1 and 2 hereof, including providing for necessary reserve funds and costs of issuance hereof, there shall be and there are hereby ordered issued Sanitary Sewer System Revenue and Refunding Bonds, Series 2016, of the City of Seward, Nebraska, in the principal amount of not to exceed Four Million Two Hundred Thousand Dollars (\$4,200,000) (the "2016 Bonds"). The 2016 Bonds or any portion thereof are hereby authorized to be sold pursuant to a negotiated sale with D.A. Davidson & Co., as initial purchaser (the "Underwriter"). In connection with such sale, the Mayor, City Administrator or City Clerk-Treasurer (each, an "Authorized Officer") are hereby authorized to specify, determine, designate, establish and appoint, as the case may be, in one or more written designations which may be included in a bond purchase agreement (each, a "Designation"), (i) the aggregate purchase price of the Bonds and the underwriting discount which shall not exceed 1.25% of the aggregate stated principal amount thereof, (ii) the form and contents of any bond purchase agreement in connection with such sale, (iii) the title (including series designation), dated date (which shall not be later than December 31, 2016), aggregate principal amount (including the aggregate principal amounts of serial Bonds and term Bonds, if any), which aggregate stated principal amount shall not exceed \$4,200,000, and the final maturity date, which shall not be later than December 31, 2031, (iv) the principal amounts maturing in each year, (v) the rate or rates of interest to be borne by each principal maturity, provided that present value savings results from refunding the Refunded Bonds and provided that the true interest cost of the Bonds shall not exceed 3.50%, (vi) the principal payment dates and interest payment dates, (vii) whether the Bonds will be subject to redemption prior to their stated maturity, and if subject to such optional redemption, the provisions governing such redemption, including a redemption price not to exceed 104% of the principal amount then being redeemed plus accrued interest to the date of redemption, (viii) the amount and due date of each sinking fund installment for any of the Bonds issued as term Bonds, (ix) the designation of the Paying Agent and Registrar and the form and content of any agreement between the City and such entity and (x) all other terms and provisions of the Bonds not otherwise specified or fixed by this Ordinance.

The Authorized Officers, or each individually, are hereby authorized to irrevocably call any or all of the 2010 Bonds, the 2011 Bonds and the 2011B Bonds (as called for redemption, the "Refunded Bonds") for redemption on such date or dates he or she determines appropriate, which date or dates shall be the Redemption Dates hereunder. The Authorized Officers, or each individually, are hereby authorized to designate, approve, execute and deliver, as the case may be (i) the form, content, terms and provisions of any published and/or mailed notice of redemption with respect to the payment and redemption of the Refunded Bonds, (ii) an Escrow Agent, (iii) the form, content, terms and provisions of an Escrow Agreement with the Escrow Agent for the purpose of providing for the deposit in trust with the Escrow Agent a portion of the net proceeds of the Bonds, the investment of such net proceeds pending their application, the application of such proceeds and any investment income to the payment of all of the principal of and interest on the Refunded Bonds maturing on or before the Redemption Date and the application of the balance of such proceeds and any investment income thereof to the redemption and retirement of the Refunded Bonds on the Redemption Dates.

The 2016 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 2016 Bonds shall be Date of Delivery. Interest on the 2016 Bonds, at the respective rates for each maturity, shall be payable as determined in the Designation (each an "Interest Payment Date"), and the 2016 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 fifteenth day immediately preceding the Interest Payment Date (the "Record Date"), subject to the provision of Section 5 hereof. The 2016 Bonds shall be numbered from 1 upwards in the order of their issuance. No 2016 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 2016 Bonds issued shall be as

directed by the Underwriter. Payments of interest due on the 2016 Bonds prior to maturity or earlier 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 such owner's registered address as shown on the books of registration as required to be maintained in Section 4 hereof. Payments of principal due at maturity or at any date fixed for redemption prior to maturity, together with any unpaid interest accrued thereon, shall be made by the Paying Agent and Registrar upon presentation and surrender of the 2016 Bonds to said Paying Agent and Registrar. The City and said Paying Agent and Registrar may treat the registered owner of any 2016 Bond as the absolute owner of such bond for the purpose of making payments thereon and for all other purposes and neither the City nor the Paying Agent and Registrar shall be affected by any notice or knowledge to the contrary, whether such bond or any installment of interest due thereon shall be overdue or not. All payments on account of interest or principal made to the registered owner of any 2016 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 2016 Bonds or claims for interest to the extent of the sum or sums so paid.

Section 4. The Paying Agent and Registrar designated pursuant to the Designation 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, in a form approved by an Authorized Officer. The Paying Agent and Registrar shall keep and maintain for the City books for the registration and transfer of the 2016 Bonds at its office. The names and registered addresses of registered owner or owners of the 2016 Bonds shall at all times be recorded in such books. Any 2016 Bond may be transferred pursuant to its provisions at the office of said Paying Agent and Registrar by surrender of such bond for cancellation, accompanied by a written instrument of transfer, in form satisfactory to said Paying Agent and Registrar, duly executed by the registered owner in person or by such owner's duly authorized agent, and thereupon the Paying Agent and Registrar on behalf of the City will deliver at its office (or send by registered mail to the transferee owner or owners thereof at such transferee owner's or owners' risk and expense), registered in the name of such transferee owner or owners, a new 2016 Bond or 2016 Bonds of the same interest rate, aggregate principal amount and maturity. To the extent of the denominations authorized for the 2016 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 2016 Bond, the surrendered 2016 Bond shall be canceled and destroyed. All Bonds issued upon transfer of the 2016 Bonds so surrendered shall be valid obligations of the City evidencing the same obligation as the 2016 Bonds surrendered and shall be entitled to all the benefits and protection of this ordinance to the same extent as the 2016 Bonds upon transfer of which they were delivered. The City as said Paying Agent and Registrar shall not be required to transfer any 2016 Bond during any period from any Record Date until its immediately following Interest Payment Date or to transfer any 2016 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 2016 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 2016 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. In addition to any mandatory sinking fund redemptions as may be provided for as set out in Section 3 of this Ordinance, the 2016 Bonds shall be subject to redemption at the option of the City, in whole or in part, prior to maturity at any time on or after such date as may be provided in the

Designation, at par plus accrued interest on the principal amount redeemed to the date fixed for redemption. The City may select the 2016 Bonds to be redeemed in its sole discretion but the 2016 Bonds shall be redeemed only in the amounts of \$5,000 or integral multiples thereof. 2016 Bonds redeemed in part only shall be surrendered to said Paying Agent and Registrar in exchange for a new 2016 Bond or 2016 Bonds evidencing the unredeemed principal thereof. Notice of redemption of any 2016 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 2016 Bond at said owner's registered address. Such notice shall designate the 2016 Bond or 2016 Bonds to be redeemed by maturity or otherwise, the date of original issue and the date fixed for redemption and shall state that such 2016 Bond or 2016 Bonds are to be presented for prepayment at the office of said Paying Agent and Registrar. In case of any 2016 Bond being partially redeemed, such notice shall specify the portion of the principal amount of such 2016 Bond to be redeemed. No defect in the mailing of notice for any 2016 Bond shall affect the sufficiency of the proceedings of the City designating the 2016 Bonds called for redemption or the effectiveness of such call for 2016 Bonds of which notice by mail has been properly given and the City shall have the right to further direct notice of redemption for any such bond for which defective notice has been given.

Section 7. If the date for payment of the principal or interest on the 2016 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 8. The 2016 Bonds shall be in substantially the following form:

**UNITED STATES OF AMERICA
STATE OF NEBRASKA
COUNTY OF SEWARD**

**SANITARY SEWER SYSTEM REVENUE AND REFUNDING BOND, SERIES 2016
OF THE CITY OF SEWARD, NEBRASKA**

No. R-_____ \$_____

Interest Rate %	Maturity Date _____	Date of Original Issue _____, 2016	CUSIP _____
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Registered Owner: Cede & Co.
13-2555119

Principal Amount:

KNOW ALL PERSONS BY THESE PRESENTS: That the City of Seward, in the County of Seward, in the State of Nebraska, hereby acknowledges itself to owe and for value received promises to pay, but only from the special sources herein described, 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 issuer most recent Interest Payment Date, whichever is later, at the rate per annum specified above, payable semi-annually on _____ and _____ of each year (each an "Interest Payment Date"), commencing _____, 20__. Said interest shall be computed on the basis of a 360-day year consisting of twelve 30-day months. The principal of this bond is payable upon presentation and surrender of the bond at the office of _____, the Paying Agent and Registrar, in _____, _____. Interest on this bond 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, on the fifteenth day immediately preceding the Interest Payment Date, 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, as shall be payable to the person who is the registered owner of this bond (or of one or more predecessor bonds hereto) on such special record date for payment of such defaulted interest as shall be fixed by the Paying Agent and Registrar whenever monies for such purpose become available.

This bond is one of an issue of fully registered bonds of the total principal amount of _____ Thousand Dollars (\$_____) 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 constructing additions and improvements to the Sanitary Sewer System, in strict compliance with Sections 18-1803 to 18-1805, R.R.S. Neb., 2012, as amended, and has been duly authorized by ordinance legally passed, approved and published and by proceedings duly had by the Mayor and Council of said City.

Any or all of the bonds of said issue maturing on or after _____, 20__, are subject to redemption at the option of the City, in whole or in part, at any time on or after _____, 20__, at par plus interest accrued thereon to the date fixed for redemption. Notice of redemption shall be given by mail to the registered owner of any bond to be redeemed in the manner specified in the ordinance authorizing said issue of bonds. Individual bonds may be redeemed in part but only in the amount of \$5,000 or integral multiples thereof.

This bond is transferable by the registered owner or such owner's attorney duly authorized in writing at the principal corporate trust 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 or 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 thereunder and for all other purposes and shall not be affected by any notice to the contrary, whether this bond be overdue or not.

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

The revenue and earnings of the sanitary sewer system of the City, including all improvements and additions thereto hereafter constructed or acquired (the "Sanitary Sewer System"), have been pledged and hypothecated for the payment of this bond and the other bonds of this issue, for the payment of the City's outstanding Sanitary Sewer System Revenue Bonds, Series 2013, presently outstanding in the principal amount of \$50,000 (the "2013 Bonds"), for the payment of the City's outstanding _____, Series 20____, presently outstanding in the principal amount of \$_____ (the "_____"), for the payment of the City's outstanding _____, Series 20____, presently outstanding in the principal amount of \$_____ (the "_____"), and for the payment of any additional bonds of equal priority issued in accordance with the ordinance authorizing the bonds of this issue. The bonds of this issue are a lien only upon said revenues and earnings and are not general obligations of the City of Seward, Nebraska.

The ordinance authorizing the issuance of this bond and the other bonds of this issue sets forth the covenants and obligations of the City with respect to the Sanitary Sewer System and the application of the revenues to be derived therefrom, which revenues are by the terms of said ordinance to be deposited in the "Seward Sanitary Sewer Fund" and disbursed to pay costs of operation and maintenance, make payments of principal and interest on the bonds of the issue, the ____ Bonds, the ____ Bonds, the ____ Bonds and the ____ Bonds and make other payments as specified in said ordinance. Said ordinance designates the terms and condition on which additional bonds of equal lien to the bonds of this issue, the ____ Bonds, the ____ Bonds, the ____ Bonds and the ____ Bonds may be issued. Said ordinance also designates the terms and conditions on which this bond shall cease to be entitled to any lien, benefit or security under such ordinance and all covenants, agreements and obligations of the City under such ordinance may be discharged and satisfied at or prior to the maturity or redemption of this bond if moneys or certain specified securities shall have been deposited with the Paying Agent and Registrar or a designated trustee. The City also reserves the right to issue bonds junior in lien to the bonds of this issue the principal and interest of which shall be payable from monies in the "Surplus Account" of the Seward Sanitary Sewer Fund as designated in said ordinance.

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 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 AND THE PRINCIPAL AMOUNT HEREOF OUTSTANDING AND UNPAID SHALL FOR ALL PURPOSES BE THE AMOUNT DETERMINED IN THE MANNER PROVIDED IN THE ORDINANCE.

UNLESS THS BOND IS PRESENTED BY AN AUTHORIZED OFFICE OF DTC (A) TO THE REGISTRAR FOR REGISTRATION OF TRANSFER OR EXCHANGE OR (B) TO THE 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 HERE OF, DTC OR ITS NOMINEE, HAS AN INTEREST HEREIN.

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 and the indebtedness refunded hereby, does not now and did not at the time of the incurring of said indebtedness, exceed any limitation imposed by law.

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 Seward, 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, all as of the date or original issue specified above.

CITY OF SEWARD, NEBRASKA

Mayor

ATTEST:

_____ [SEAL]
City Clerk

CERTIFICATE OF AUTHENTICATION

This bond is one of the bonds authorized by ordinance passed and approved by the Mayor and Council of the City of Seward, Nebraska as described in said bond.

_____, _____,

By: _____
Authorized Officer

(FORM OF ASSIGNMENT)

For value received _____
hereby sells, assigns and transfers unto _____
_____ 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.

DATE: _____

Registered Owner

Registered Owner

Witness: _____

Note: The signature of this assignment must correspond with the name as written on the face of
the within bond in every particular, without alteration, enlargement, or any change whatsoever.

Section 9. Each of the 2016 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 2016 Bonds shall be issued initially as "book-entry-only" bonds using the services of The Depository Trust Company ("DTC"), with one typewritten bond certificate per maturity being issued to DTC. In such connection said officers are authorized to execute and deliver a Letter of Representations (including any blanket letter previously executed and delivered by the City) in the form required by DTC, for and on behalf of the City, which shall thereafter govern matters with respect to registration, transfer, payment and redemption of the 2016 Bonds. Upon the issuance of the 2016 Bonds as "book-entry-only" bonds, the following provisions shall apply:

(a) The City and the Paying Agent and Registrar shall have nor responsibility or obligation to any broker-dealer, bank or other financial institution for which the Depository holds 2016 Bonds as securities depository (each, a "Bond Participant") or to any person who is an actual purchaser of a 2016 Bond from a Bond Participant while the 2016 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 2016 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 2016 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, or any amount with respect to the 2016 Bonds. The Paying Agent and Registrar shall make payments with respect to the 2016 Bonds only to or upon the order of the Depository or its nominee, and all such payments shall be valid and effective fully to satisfy and discharge the obligations with respect to such bonds to the extent of the sum or sums so paid. No person other than the Depository shall receive an authenticated 2016 Bond.

(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 2016 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 2016 Bonds or (ii) to make available 2016 Bonds registered in whatever name or names the Beneficial Owners transferring or exchanging such 2016 Bonds shall designate.

(c) If the City determines that it is desirable that certificates representing the 2016 Bonds be delivered to the Bond Participants and/or Beneficial Owners of the 2016 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 2016 Bonds. In such event, the Paying Agent and Registrar shall issue, transfer and

exchange bond certificates representing the 2016 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 2016 Bond is registered in the name of the Depository or any nominee thereof, all payments with respect to such 2016 Bond and all notices with respect to such 2016 Bond shall be made a given, respectively, to the Depository as provided in the Letter of Representations.

(e) Registered ownership of the 2016 Bonds may be transferred on the books of registration maintained by the Paying Agent and Registrar, and the 2016 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.

(f) In the event of any partial redemption of a 2016 Bond unless and until such partially redeemed 2016 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 2016 Bond as is then outstanding and all of the 2016 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 2016 Bonds upon transfer or partial redemption, the City agrees to order printed an additional supply of certificates and to direct their execution by manual or facsimile signature of its then duly qualified and acting Mayor and City Clerk of such City. In case any officer whose signature or facsimile thereof shall appear on any 2016 Bond shall cease to be such officer before the delivery of such 2016 Bond (including any bond 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 2016 Bond. The 2016 Bonds shall not be valid and binding on the City until authenticated by the Paying Agent and Registrar. The 2016 Bonds shall be delivered to the Paying Agent and Registrar for registration and authentication. Upon execution, registration and authentication of the 2016 Bonds, they shall be delivered to the City Treasurer, who is authorized to deliver them to the Underwriter upon receipt of the total stated principal amount of the 2016 Bonds, plus accrued interest thereon to date of payment for the 2016 Bonds, less Underwriter's discount in an amount determined in the Designation. The Underwriter shall have the right to direct the registration of the 2016 Bonds and the denominations thereof within each maturity, subject to the restrictions of this Ordinance. The City Clerk, acting on behalf of the City, shall make and certify a transcript of the proceedings of the governing body with respect to the 2016 Bonds, a copy of which shall be delivered to the Underwriter. The Underwriter and its agents, representatives and counsel (including the City's bond counsel) are hereby authorized to take such actions on behalf of the City as are necessary to effectuate the closing of the issuance and sale of the 2016 Bonds, including, without limitation, authorizing the release of the 2016 Bonds by the Depository at closing. The Authorized Officers, or each individually, are hereby authorized to execute and deliver the Bond Purchase Agreement, in the form deemed appropriate by such Authorized Officers, for and on behalf of the City and are further authorized

to do any and all things necessary and appropriate in connection with the issuance of the 2016 Bonds and the redemption of the Refunded Bonds.

Section 10. The revenues and earnings of the Sanitary Sewer System are hereby pledged and hypothecated for the payment of the Prior Bonds, the 2016 Bonds and any Additional Bonds as authorized by this Ordinance and interest on such Prior Bonds, the 2016 Bonds and any such Additional Bonds, and the City does hereby agree with the holders of said Prior Bonds, the 2016 Bonds and Additional Bonds as follows:

(a) SEWARD SANITARY SEWER FUND - The entire gross revenues and income derived from the operation of the Sanitary Sewer System shall be set aside as collected and deposited in a separate fund which has been previously ordered established (and which is hereby confirmed) designated as the "Seward Sanitary Sewer Fund." For purposes of allocating the monies in the Seward Sanitary Sewer Fund, the City shall maintain the following accounts (as previously established and by the terms of this ordinance hereby confirmed or directed to be established): (1) Operation and Maintenance Account; (2) Bond Payment Account; (3) reserve accounts established under the Prior Ordinances and the 2016 Debt Service Reserve Account and (4) Surplus Account.

(b) OPERATION AND MAINTENANCE ACCOUNT – Out of the Seward Sanitary Sewer Fund there shall be monthly credited into the Operation and Maintenance Account such amounts as the City shall from time to time determine to be necessary to pay the reasonable and necessary expenses of operating and maintaining the Sanitary Sewer System, and the City may withdraw funds credited to the Operation and Maintenance Account as necessary from time to time to pay such expenses.

(c) BOND PAYMENT ACCOUNT - Out of the Seward Sanitary Sewer Fund there shall be deposited monthly on or before the first day of each month, as described below, to the Bond Payment Account the following amounts (or such other amounts on such other dates as may be determined in the Designation):

(1) Beginning on the first day of the month immediately following the month in which the 2016 Bonds are issued and continuing the first day of each month thereafter so long as any of the 2016 Bonds herein authorized remain outstanding and unpaid, an amount not less than the amount which, if the same amount were deposited each month, would be sufficient to pay the interest becoming due on the 2016 Bonds on the next succeeding Interest Payment Date.

(2) Beginning on the first day of the month twelve months preceding the month in which the first principal payment is due and continuing the first day of each month thereafter so long as any of the 2016 Bonds herein authorized remain outstanding and unpaid, an amount equal to 1/12th of the next maturing principal payment for the 2016 Bonds.

(3) During the periods and in the amounts specified for the Prior Bonds in the Prior Ordinances.

The City Treasurer is hereby authorized and directed, without further authorization, to withdraw monies credited to the Bond Payment Account, or if the monies in such Account are insufficient, then from the 2016 Debt Service Reserve Account for the 2016 Bonds (or reserve accounts established under the Prior Ordinances for the appropriate series of Prior Bonds, or the appropriate debt service reserve account in the case of each issue of Additional Bonds) and next from the Surplus Account, an amount sufficient to pay, when due, the principal of and interest on the 2016 Bonds, the Prior Bonds and any Additional Bonds and to transfer such amounts to the Paying Agent and Registrar (or other paying agent for the Prior Bonds or Additional Bonds) at least five (5) days before each principal and interest payment date. Upon the issuance of any Additional Bonds pursuant to this ordinance appropriate additional credits to the Bond Payment Account shall be provided for sufficient to pay principal and interest on said Additional Bonds.

(d) 2016 DEBT SERVICE RESERVE ACCOUNT – The City has previously established debt service reserve accounts for the Prior Bonds under the terms of the Prior Ordinances and shall continue to maintain such accounts so long as the Prior Bonds remain outstanding in accordance with the terms of the Prior Ordinances. Concurrently with the issuance of the 2016 Bonds (or in such other manner as may be determined in the Designation), the City agrees that it shall deposit to the 2016 Reserve Account from funds on hand or proceeds of the 2016 Bonds a sum (which may be \$0.00) not greater than the least of (a) 10 percent of the stated principal amount of the original principal amount of the 2016 Bonds; (b) 125% of the average annual principal and interest requirements of the 2016 Bonds; or (c) the maximum annual principal and interest requirements of the 2016 Bonds, (the “Required Balance”). Such Required Balance shall be the amount required to be maintained as the required balance in said account, so long as the 2016 Bonds remain outstanding. Monies credited to the 2016 Debt Service Reserve Account may be withdrawn, as needed to provide funds to pay, when due, the principal and interest on the 2016 Bonds issued pursuant to this Ordinance, if the Bond Payment Account contains insufficient funds for that purpose, and the City Treasurer is hereby authorized and directed to make such withdrawal if and when needed. In the event of withdrawal from or deficiency in the 2016 Debt Service Reserve Account and/or reserve accounts created pursuant to the Prior Ordinances, monies available to be credited to restore such reserves shall be allocated between such reserve accounts pro rata in accordance with the respective outstanding principal amounts of the Outstanding Bonds and the 2016 Bonds. Upon the issuance of any Additional Bonds a separate debt service reserve account shall be established (in such amount as the Mayor and Council shall determine appropriate, including no such reserve, if deemed appropriate) and any such separate debt service reserve account shall have the right to share, in the event of drawings upon the 2016 Debt Service Reserve Account and/or reserve accounts set up for the Prior Bonds pursuant to the Prior Ordinances and such reserve account for Additional Bonds, in revenues available in the Seward Sanitary Sewer Fund upon a pro rata basis in accordance with the respective outstanding principal amounts or each such issue. Anything in this Subsection 10(d) to the contrary notwithstanding, the amount required to be maintained in the 2016 Debt Service Reserve Account with respect to the 2016 Bonds, in the reserve accounts created for the Prior Bonds pursuant to the Prior Ordinances or in any debt service reserve account for any issue of Additional Bonds shall not be required to exceed at any time the maximum amount permitted to be invested without yield restriction under Section 103(b) and 148 of the Internal Revenue Code of 1986, as amended, and applicable regulations of the United States Treasury Department.

(e) SURPLUS ACCOUNT - Monies in the Seward Sanitary Sewer Fund remaining after the credits required in the foregoing Subsections 10(b), 10(c), and 10(d) shall be credited to the Surplus Account. Monies in the Surplus Account may be used to make up any deficiencies in the preceding Accounts, to retire any of the Prior Bonds, the 2016 Bonds or any Additional Bonds prior to their maturity, to pay principal of and interest on any junior lien indebtedness incurred with respect to the Sanitary Sewer System, to provide for replacements or improvements for the Sanitary Sewer System or to provide for any other lawful purposes of the City as determined upon by the Mayor and City Council.

The provisions of this section shall require the City to maintain a set of books and records in accordance with such accounting methods and procedures as are generally applicable to municipal utility enterprises, which books and records shall show credits to and expenditures from the several accounts required by this Section. Monies credited to the Seward Sanitary Sewer Fund or any of the Accounts therein as established by this Ordinance and the Prior Ordinances shall be deposited or invested separate and apart from other City funds. Except as specified below for the 2016 Debt Service Reserve Account, the reserve accounts created for the Prior Bonds pursuant to the Prior Ordinances and any reserve account for Additional Bonds, the City shall not be required to establish separate bank or investment accounts for the Accounts described in Subsections 10(b), 10(c), 10(d) and 10(e). Monies credited to the 2016 Debt Service Reserve Account or any reserve account for Additional Bonds (unless otherwise directed in their authorizing ordinance) shall, if maintained in a demand or time deposit account, be kept in a separate account and not commingled with other Sanitary Sewer System funds or accounts. If invested, monies credited to the 2016 Debt Service Reserve Account or any reserve account established for Additional Bonds may be commingled with other Sanitary Sewer System funds or accounts so long as the City maintains books and records clearly identifying the specific investments, or portions thereof, which belong to the 2016 Debt Service Reserve Account or reserve account for Additional Bonds. The terms of the Prior Ordinances shall continue to govern the investment of amounts in the debt service reserve accounts for the Prior Bonds.

Monies in any of the accounts except the 2016 Debt Service Reserve Account may be invested in investments permissible for a city of the first class. Monies in the 2016 Debt Service Reserve Account shall be invested in Deposit Securities. Monies invested from the 2016 Debt Service Reserve account shall be invested to mature in not more than five years. Investments held for the 2016 Debt Service Reserve Account will be valued at cost for purposed of determining compliance with the requirements of this Ordinance as to the amount required to be maintained in the 2016 Debt Service Reserve Account. Investment limitations and procedures for any debt service reserve account for Additional Bonds shall be established in the ordinance authorizing their issuance. Income from or profit realized from investments for any Account shall be credited to such Account until such Account contains any amount then required to be therein, and thereafter such income or profit shall be transferred to the Seward Sanitary Sewer Fund and treated as other revenues from the operation of the Sanitary Sewer System.

The pledge and hypothecation provided for the Prior Bonds, the 2016 Bonds and any Additional Bonds in this ordinance is intended to and shall provide for a first and prior pledge or lien upon and security interest in the revenues of the Sanitary Sewer System superior to any pledge, lien or security interest made or given with respect to any other indebtedness of the City as to its Sanitary Sewer System and is intended as a full exercise of the powers of the City provided for in Sections 18-1803 to 18-1805, R.R.S. Neb. 2012, as now or hereafter amended, with respect to the City's Sanitary Sewer System and the revenues and earnings thereof.

Section 11. So long as any of the Prior Bonds, the 2016 Bonds and any Additional Bonds issued pursuant to this ordinance shall remain outstanding and unpaid, the City covenants and agrees to establish, revise from time to time as necessary and collect such rates and charges for the sewer service furnished from the Sanitary Sewer System adequate to produce revenues and earnings sufficient at all times:

- (a) to provide funds to pay, when due, the principal of and interest on the Prior Bonds, the 2016 Bonds and any Additional Bonds issued pursuant to the provisions of this Ordinance;
- (b) to pay all proper and necessary costs of operation and maintenance of the Sanitary Sewer System and to pay for the necessary and proper repairs, replacements, enlargements, extensions, and improvements to the Sanitary Sewer System;
- (c) to provide funds sufficient to make the credits into the accounts and at the times and in the amounts required by Section 10 of this ordinance and under the terms of the Prior Ordinances; and
- (d) to maintain Net Revenues in each fiscal year adopted by the City for the Sanitary Sewer System in an amount not less than 1.25 times the total amount of principal paid or payable (exclusive of any principal redeemed prior to maturity other than principal redeemed in accordance with any scheduled of mandatory redemption) and interest falling due during such fiscal year on the Prior Bonds, the 2016 Bonds and any Additional Bonds.

Section 12. To provide funds for any purpose related to the Sanitary Sewer System, the City may issue Additional Bonds, except for Additional Bonds issued for refunding purposes which are governed by Section 13 of this Ordinance, payable from the revenues of the Sanitary Sewer System having equal priority and on a parity with the Prior Bonds, the 2016 Bonds and any Additional Bonds then outstanding, only upon compliance with the following conditions:

- (a) Such Additional Bonds shall be issued only pursuant to an ordinance which shall provide for an increase in the monthly deposits into the Bond Payment Account in amounts sufficient to pay, when due, the principal of and interest on the Prior Bonds, the 2016 Bonds, any Additional Bonds then outstanding and such Additional Bonds and for any monthly credits to the debt service reserve accounts as may be required to be established with respect to any then-outstanding bonds and such Additional Bonds.
- (b) The City shall have complied with one or the other of the two following requirements:
 - (1) The Net Revenues derived by the City from its Sanitary Sewer System for the fiscal year next preceding the issuance of the additional bond shall have been at least equal to 1.25 times the Average Annual Debt Service Requirements of the Prior Bonds, the 2016 Bonds and any Additional Bonds previously issued, all as then outstanding, and on the proposed Additional Bonds; or
 - (2) The City shall have received a projection made by a consulting engineer or firm of consulting engineers, recognized as having experience and expertise in municipal utility systems, projecting that the

Net Revenues of the Sanitary Sewer System in each of the three full fiscal years after the issuance of such Additional Bonds will be at least equal to 1.25 times the Average Annual Debt Service Requirements of the Prior Bonds, the 2016 Bonds and any Additional Bonds previously issued, all as then outstanding, and the proposed Additional Bonds. In making such projection, the consulting engineer shall use as a basis the Net Revenues of the Sanitary Sewer System during the last year for which an independent audit has been prepared and shall adjust such Net Revenues as follows: (A) to reflect changes in rates which have gone into effect since the beginning of the year for which the audit was made, (B) to reflect such engineer's estimate of the net increase over or net decrease under the Net Revenues of the Sanitary Sewer System for the year for which the audit was made by reason if: (i) changes of amounts payable under existing contracts for services, (ii) additional general income from sales to customers under existing rate schedules for various classes of customers or as such schedules may be revised under a program of changes which has been adopted by the Mayor and Council of the City, (iii) projected revisions in costs for labor, wages, salaries, machinery, equipment, supplies and other operational items, (iv) revisions in amount of service to be supplied and any related administrative or other costs associated with such increases due to increased supply from the acquisition of any new facility and (v) such other projections of revenues and expenses as the consulting engineer deems reasonable and proper. Annual debt service on any proposed Additional Bonds to be issued may be estimated by the consulting engineer, but no Additional Bonds shall be issued requiring any annual debt service payment in excess of the amount so estimated by the consulting engineer.

The City hereby covenants and agrees that so long as any of the Prior Bonds, the 2016 Bonds or any Additional Bonds are outstanding, it will not issue any bonds or notes payable from the revenues of the Sanitary Sewer System except in accordance with the provisions of this ordinance and the Prior Ordinances so long as the applicable Prior Bonds remain outstanding, provided, however, the City reserves the right to issue bonds or notes which are junior in lien to the Prior Bonds, the 2016 Bonds and any such Additional Bonds, with the principal and interest of such bonds or notes to be payable from monies deposited to the Surplus Account as provided in Subsection 10(e).

Section 13. The City may issue refunding bonds, which shall qualify as Additional Bonds of equal lien to refund any of the Prior Bonds, the 2016 Bonds or Additional Bonds then outstanding, provided that, if any such Prior Bonds, the 2016 Bonds or Additional Bonds are to remain outstanding after the issuance of such refunding bonds, the principal payments due in any calendar year in which those bonds which are to remain outstanding mature, or in any calendar year prior thereto, shall not be increased over the amount of such principal payments due in such calendar years immediately prior to such refunding. Refunding bonds issued in accordance with this paragraph of this Section 13 may be issued as Additional Bonds of equal lien without compliance with the conditions set forth in Subsection 12(b) of this ordinance.

The City may also issue refunding bonds which shall qualify as Additional Bonds of equal lien to refund any of the Prior Bonds, the 2016 Bonds or Additional Bonds then outstanding provided that if any Prior Bonds 2016 Bonds or Additional Bonds then outstanding are to remain outstanding after the application of the proceeds of the refunding bonds to the payment of the bonds which are to be refunded,

such issuance must comply with the Net Revenues test set forth in Subsection 12(b)(1) of this ordinance and, if the proceeds of such refunding bonds are not to be applied immediately to the satisfaction of the bonds which are to be refunded, then such refunding bonds must provide by their terms that they shall be junior in lien to all Prior Bonds, the 2016 Bonds and Additional Bonds outstanding at the time of issuance of such refunding bonds until the time of application of their proceeds to the satisfaction of the bonds which are to be refunded. In computing Average Annual Debt Service Requirements to show compliance with said Net Revenues test for such refunding bonds, all payments of principal and interest due on such refunding bonds from the time of their issuance to the time of application of the proceeds of such refunding bonds to the satisfaction of the bonds which are to be refunded shall be excluded from such computation to the extent that such principal and interest are payable from sources other than the revenues of the Sanitary Sewer System (such as investment earnings on bond proceeds or bond proceeds themselves) or from monies in the Surplus Account and all payments of principal and interest due on the bonds which are to be refunded from and after the time of such application shall also be excluded. For purposes of this paragraph of this Section 13, the time of application of the proceeds of the refunding bonds to the satisfaction of the bonds which are to be refunded shall be the time of deposit with the paying agent for such bonds which are to be refunded pursuant to Section 10-126, R.R.S. Neb. 2012 (or any successor statutory provision thereto) or the time when such bonds which are to be refunded under the terms of their authorizing ordinance or ordinances are no longer deemed to be outstanding, whichever comes sooner.

Section 14. So long as any 2016 Bonds remain outstanding, the City hereby covenants and agrees as follows:

(a) The City will maintain the Sanitary Sewer System in good condition and will continuously operate the same in a reasonable and efficient manner, and the City will punctually perform all the duties with reference to said system required by the Constitution and statutes of the State of Nebraska, but this covenant shall not prevent the City from discontinuing the use and operation of all or any portion of the Sanitary Sewer System so long as the revenue derived from the City's ownership of the properties constituting the Sanitary Sewer System shall be sufficient to fulfill the City's obligations under Section 11 of this ordinance.

(b) The City will not grant any franchise or right to any person, firm or corporation to own or operate a utilities system or systems in competition with the Sanitary Sewer System.

(c) The City will maintain insurance on the property constituting the Sanitary Sewer System (other than such portions of said system as are not normally insured) against risks customarily carried by similar utilities, but including fire and extended coverage insurance in an amount which would enable the City to repair, restore or replace the property damaged to the extent necessary to make the Sanitary Sewer System operable in an efficient and proper manner to carry out the City's obligations under this ordinance. The Mayor and Council shall annually examine the amount of insurance carried with respect to the Sanitary Sewer System and shall evidence approval of such insurance by resolution. The proceeds of any such insurance received by the City shall be used to repair, replace or restore the property damaged or destroyed to the extent necessary to make the Sanitary Sewer System operable in an efficient and proper manner, and any amount of insurance proceeds not so used shall be credited to the Surplus Account. In the event of any such insured casualty loss, the City may advance funds to make temporary repairs or provide for an advance on costs of the permanent repair, restoration or replacement from the Operation and Maintenance Account and any such advances shall be repaid from insurance proceeds received.

(d) The City will keep proper books, records, and accounts separate from all other records and accounts in which complete and correct entries will be made of all transactions relating to the Sanitary Sewer System. This City will have its operating and financial statements relating to the Sanitary Sewer System audited annually by a certified public account or firm of certified public accountants. The City will furnish to the original purchaser of the 2016 Bonds and to the original purchaser or purchasers of each series of Additional Bonds issued hereunder, within four months after the end of each fiscal year of the Sanitary Sewer System, a copy of the financial statements of the Sanitary Sewer System and the report thereon of the certified public accountants.

(e) The City shall cause each person handling any of the monies in the Seward Sanitary Sewer Fund to be bonded by an insurance company licensed to do business in Nebraska in an amount or amounts deemed sufficient by the Mayor and Council to cover the amount of money belonging to said system reasonably expected to be in the possession or control of any such person. The amount of such bond or bonds shall be fixed by the Mayor and Council and the costs thereof shall be paid as an operating and maintenance expense from the Operation and Maintenance Account.

Section 15. The City's obligations under this ordinance and the liens, pledges, covenants, and agreements of the City herein made or provided for, shall be fully discharged and satisfied as to the 2016 Bonds and any such bonds shall no longer be deemed outstanding hereunder if such bonds shall have been purchased and canceled by the City, or when payment of the principal of and interest thereon to the respective date of maturity or redemption (a) shall have been made or caused to be made in accordance with the terms thereof; or (b) shall have been provided for by depositing with the Paying Agent and Registrar or with another 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) Deposit Securities in such amount and bearing interest at such rates and payable at such time or times 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 2016 Bonds to be paid prior to maturity, the City shall have duly given notice of redemption of such bonds as provided by law or made irrevocable provision for the giving of such notice. Any such money so deposited with a bank, trust company or the Paying Agent and Registrar, may be invested and reinvested in Deposit Securities at the direction of the City, and all interest and income from such Deposit Securities in the hands of such bank, trust company or Paying Agent and Registrar in excess of the amount required to pay principal of and interest on the bonds for which such monies were deposited, shall be paid over to the City as and when collected.

Section 16. The terms and provisions of this Ordinance do and shall constitute a contract between the City and the holder or holders of the 2016 Bonds and no changes, variations or alterations of any kind, except for changes necessary to cure any ambiguity, formal defect or omission, shall be made to this ordinance without the written consent of the holders of two-thirds (2/3rds) in principal amount of the 2016 Bonds then outstanding, provided, however, that neither the principal and interest to be paid upon any 2016 Bond nor the maturity date of any 2016 Bond shall be changed without the written consent of all holders of the 2016 Bonds then outstanding affected thereby. The holder of any 2016 Bond or 2016 Bonds may, either in law or in equity, by suit, action, mandamus or other proceeding, enforce or compel performance of any and all of the acts and duties required by this ordinance, and any court of competent jurisdiction may, after default in compliance with the terms of this ordinance on application of any such holder, appoint a receiver to take charge of the Sanitary Sewer System and operate the same and apply the earnings thereof to the payment of the principal of an interest on the Prior Bonds, the 2016 Bonds and any Additional Bonds then outstanding in accordance with the provisions of this Ordinance, the Prior

Ordinances and any ordinance or ordinances authorizing Additional Bonds. Any and all actions brought by any registered owner or owners of the Prior Bonds, the 2016 Bonds or Additional Bonds shall be maintained for the equal and ratable benefit of all registered owners of the Prior Bonds, the 2016 Bonds and Additional Bonds outstanding and no registered owners of any of the Prior Bonds, the 2016 Bonds or Additional Bonds shall have any right in any manner whatsoever by any action or proceedings to affect, disturb or prejudice the pledge created by this Ordinance and the Prior Ordinances.

Section 17. The Mayor, City Clerk and Treasurer of the City are hereby authorized to do all things and execute all such documents as may by them be deemed necessary and proper to complete the issuance and sale of the 2016 Bonds as contemplated by this ordinance. The Preliminary Official Statement in the form presented is hereby approved and deemed final as of its date under the terms of Reg. Sec. 240.15c2-12 of the Rules of the Securities and Exchange Commission and such officers or any one of them are further authorized to approve a final Official Statement on behalf of the City.

Section 18. The net sale proceeds of the 2016 Bonds required to redeem the Refunded Bonds (the "Redemption Proceeds"), along with any necessary funds of the City on hand, shall be applied to the payment and satisfaction of all of the principal of and the interest on the Refunded Bonds falling due prior to, and as called for redemption on, each respective Redemption Date. The remaining net principal proceeds of the 2016 Bonds shall be applied on order of the Mayor and Council to the payment of costs of improvements to the Sanitary Sewer System. Accrued interest received from the sale of the 2016 Bonds, if any, shall be applied to pay interest first falling due on the 2016 Bonds. Expenses of issuance of the 2016 Bonds may be paid from the proceeds of the 2016 Bonds. In order to satisfy the City's obligation on the Refunded Bonds, if determined necessary and appropriate by an Authorized Officer, such Redemption Proceeds, along with funds of the City on hand shall be set aside and held and invested in a special trust account which is hereby ordered established with such bank or trust company as determined by an Authorized Officer to act as escrow agent (the "Escrow Agent"). The Escrow Agent shall have custody and safekeeping of the funds and investments which are to be set aside for the payment of the Refunded Bonds. For purposes of governing such escrow account and the holding and application of such funds and investments, the City shall enter into a contract entitled "Escrow Agreement" with the Escrow Agent. The Authorized Officers, or each individually, are hereby authorized and directed to execute and deliver on behalf of the City said Escrow Agreement, including necessary counterparts, in substantially the form and content as presented to the meeting at which this resolution is adopted, but with such changes and modifications therein as to them seem necessary, desirable, or appropriate for and on behalf of the City. Said Authorized Officers are further authorized to approve the investments provided for in said Escrow Agreement, and to make any necessary subscriptions for United States Treasury Securities, State and Local Government Series, or to contract for the purchase of securities in the open market. Said proceeds shall be invested in obligations of the United States Government, direct or guaranteed, including United States Treasury Securities, State and Local Government Series. To the extent that such proceeds are held in a bank depository account, such deposits shall be insured by insurance of the Federal Deposit Insurance Corporation or, to the extent not fully insured, fully collateralized in the same manner as is required for deposit of public funds. Any investment from the proceeds of the 2016 Bonds herein authorized shall mature not later than each Redemption Date. As provided in said Escrow Agreement, the proceeds of the 2016 Bonds herein authorized and investment earnings thereon shall be applied to the payment of the principal of and interest on the Refunded Bonds as the same become due on and prior to each respective Redemption Date, and as called for redemption on each respective Redemption Date. The City agrees that on the date of original issue of the 2016 Bonds, or as soon thereafter as practicable, it shall deposit or otherwise have on hand with the Escrow Agent, from other available sources, funds sufficient after taking into consideration available proceeds of the 2016 Bonds and investment earnings to provide funds for all payments due on the Refunded Bonds on or before each respective Redemption Date, and as called for redemption on each Redemption Date.

Section 19. If any section, paragraph, clause or provision of this ordinance shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the other provisions of this ordinance. All ordinances, resolutions or orders or parts thereof in conflict with the provisions of this Ordinance are to the extent of such conflict hereby repealed.

Section 20. The City hereby covenants and agrees that it will make no use of the proceeds of the 2016 Bonds which would cause the 2016 Bonds to be arbitrage bonds within the meaning of Sections 103(b)(2) and 148 of the Internal Revenue Code of 1986, as amended (the "Code") and further covenants to comply with said Sections 103(b)(2) and 148 and all applicable regulations thereunder throughout the term of said issue, including all requirements with respect to payment and reporting of rebates, if applicable. The City hereby covenants to take all action necessary to preserve the tax-exempt status of the interest on the 2016 Bonds for federal income tax purposes under the Code with respect to taxpayers generally. The City further agrees that it will not take any actions which would cause the 2016 Bonds to constitute "private activity bonds" within the meaning of Section 141 of the Code. The City hereby designates the 2016 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 bonds or other obligations aggregating in principal amount more than \$10,000,000 during the calendar year or years in which the 2016 Bonds are issued (taking into consideration the exception for current refunding issues). The Mayor is hereby authorized to make, or cause to be made, any and all certifications deemed necessary in connection with the designation of the 2016 Bonds as "qualified tax-exempt obligations", including "deemed designating" the 2016 Bonds.

Section 21. The City hereby (a) authorizes and directs that an Authorized Officer execute and deliver, on the date of issue of the 2016 Bonds, a continuing disclosure undertaking in accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission in such form as determined necessary and appropriate by such Authorized Officer (the "Continuing Disclosure Undertaking") and (b) covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Undertaking. Notwithstanding any other provision of this resolution, failure of the City to comply with the Continuing Disclosure Undertaking shall not be considered an event of default hereunder; however, any Participating Underwriter (as such term is defined in the Continuing Disclosure Undertaking) or any Beneficial Owner or any Registered Owner of a Bond (as such terms are defined in the Continuing Disclosure Undertaking) may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the City to comply with its obligations under this section, and under the Continuing Disclosure Undertaking. An Authorized Officer may appoint a Dissemination Agent for the 2016 Bonds in the Authorized Officer's discretion.

Section 22. This ordinance shall be in force and take effect from and after its passage and approval according to law. This ordinance shall be published in pamphlet form.

PASSED AND APPROVED this 5th day of January, 2016.

ATTEST:

Joshua Eickmeier, Mayor

Bonnie Otte
Assistant Administrator/Clerk-Treasurer/
Budget & Human Resource Director

[SEAL]

Motion for adjournment was duly made, seconded and on roll call vote was declared adopted by the Mayor.

I the undersigned City Clerk for the City of Seward, Nebraska, hereby certify that the foregoing is a true and correct copy of the proceedings had and done by the Mayor and Council of said City on January 5, 2016; that all of the subjects included in the foregoing proceedings were contained in the agenda for the meeting, kept continually current and readily available for public inspection at the office of the City Clerk; that such subjects were contained in said agenda for at least twenty-four hours prior to said meeting; that at least one copy of all reproducible material discussed at the meeting was available at the meeting for examination and copying by members of the public; that said minutes from which the foregoing proceedings have been extracted were in written form and available for public inspection within ten working days . the next convened meeting of said body; that a current copy of the Nebraska Open Meetings Act was available and accessible to members of the public, posted during the meeting or meetings reflected in the transcript described below in the room in which such meeting or meetings were held and that all in attendance at such meeting or meetings were informed that such copy of the Nebraska Open Meetings Act was available for review and were informed of the location of such copy in the room in which such meeting was being held; that all news media requesting notification concerning meetings of said body were provided advance notification of the time and place of said meeting and the subjects to be discussed at said meeting.

Bonnie Otte
Assistant Administrator/Clerk-Treasurer/
Budget & Human Resource Director

[SEAL]

NOTICE OF PUBLICATION

OF ORDINANCE NO. _____

IN PAMPHLET FORM

Public Notice is hereby given that at a meeting of the Mayor and City Council of the City of Seward, Nebraska, held at 7:00 p.m. on Tuesday, January 5, 2016, there was passed and adopted Ordinance No. _____ entitled:

ORDINANCE NO. _____

AN ORDINANCE AUTHORIZING THE ISSUANCE OF SANITARY SEWER SYSTEM REVENUE AND REFUNDING BONDS, SERIES 2016, OF THE CITY OF SEWARD, NEBRASKA, IN THE PRINCIPAL AMOUNT OF NOT TO EXCEED FOUR MILLION TWO HUNDRED THOUSAND DOLLARS (\$4,200,000), FOR THE PURPOSE OF (A) REFUNDING ALL OR A PORTION OF \$300,000 OF OUTSTANDING SANITARY SEWER SYSTEM REVENUE REFUNDING BONDS, SERIES 2010, \$3,430,000 OF OUTSTANDING SANITARY SEWER SYSTEM REVENUE BONDS, SERIES 2011 AND \$150,000 OF OUTSTANDING SANITARY SEWER SYSTEM REVENUE BONDS, SERIES 2011B; (B) PAYING THE COSTS OF IMPROVEMENTS TO AND EXPANSION OF THE CITY'S SEWER SYSTEM; (C) PROVIDING FOR NECESSARY RESERVE FUNDS AND (D) PAYING COSTS OF ISSUANCE OF SAID BONDS; PRESCRIBING THE FORM OF SAID BONDS; ENTERING INTO A CONTRACT WITH THE REGISTERED OWNERS OF SAID BONDS; PROVIDING FOR THE SALE OF SAID BONDS AND DESIGNATION OF CERTAIN TERMS; PROVIDING FOR THE REDEMPTION OF BONDS AND INDEBTEDNESS BEING REFUNDED; PROVIDING FOR THE APPLICATION OF THE PROCEEDS OF SAID BONDS; AUTHORIZING THE DELIVERY OF SAID BONDS TO THE PURCHASER AND PROVIDING FOR THE PUBLICATION OF THE ORDINANCE IN PAMPHLET FORM.

Said Ordinance was published in pamphlet form on January __, 2016. Copies of said Ordinance as published in pamphlet form are available for inspection and distribution at the Office of the City Clerk, in the City of Seward, Nebraska.

Bonnie Otte
Assistant Administrator/Clerk-Treasurer/
Budget & Human Resource Director

NOTE TO PUBLISHER: Publish one time in title form.

CERTIFICATE AS TO PUBLICATION IN PAMPHLET FORM

The undersigned City Clerk for the City of Seward, Nebraska, hereby certifies that Ordinance No. _____ as passed and approved by the Mayor and Council of the City of Seward, Nebraska, at their meeting held on January 5, 2016, was published in pamphlet form on January __, 2016 and that a true and correct copy of such Ordinance as so passed and published is attached hereto.

Dated this _____ day of January, 2016.

Bonnie Otte
Assistant Administrator/Clerk-Treasurer/
Budget & Human Resource Director

(SEAL)

SOURCES AND USES OF FUNDS

CITY OF SEWARD, NEBRASKA
WATER SYSTEM REVENUE REFUNDING BONDS, SERIES 2016
Partial Current Refunding of Series 2011
Non-Rated, BQ, 2026 Final Maturity, Proportional Solution
[Preliminary -- for discussion only]

Dated Date	03/08/2016
Delivery Date	03/08/2016

Sources:

Bond Proceeds:	
Par Amount	1,220,000.00
	1,220,000.00

Uses:

Refunding Escrow Deposits:	
Cash Deposit	1,198,522.54
Delivery Date Expenses:	
Cost of Issuance	2,885.00
Underwriter's Discount	15,250.00
	18,135.00
Other Uses of Funds:	
Bond Rounding	3,342.46
	1,220,000.00

Note: Escrow cost assumes SLGS are available or represent a proxy for the cost of open market USTs.

SUMMARY OF REFUNDING RESULTS

CITY OF SEWARD, NEBRASKA
WATER SYSTEM REVENUE REFUNDING BONDS, SERIES 2016
Partial Current Refunding of Series 2011
Non-Rated, BQ, 2026 Final Maturity, Proportional Solution
[Preliminary -- for discussion only]

Dated Date	03/08/2016
Delivery Date	03/08/2016
Arbitrage yield	2.211623%
Escrow yield	0.000000%
Value of Negative Arbitrage	
Bond Par Amount	1,220,000.00
True Interest Cost	2.401103%
Net Interest Cost	2.218442%
All-In TIC	2.437294%
Average Coupon	2.218442%
Average Life	7.300
Par amount of refunded bonds	1,175,000.00
Average coupon of refunded bonds	4.028119%
Average life of refunded bonds	7.682
PV of prior debt to 03/08/2016 @ 2.211623%	1,335,376.91
Net PV Savings	118,719.37
Percentage savings of refunded bonds	10.103776%

SAVINGS

CITY OF SEWARD, NEBRASKA
WATER SYSTEM REVENUE REFUNDING BONDS, SERIES 2016
Partial Current Refunding of Series 2011
Non-Rated, BQ, 2026 Final Maturity, Proportional Solution
[Preliminary -- for discussion only]

Date	Prior Debt Service	Refunding Debt Service	Refunding Receipts	Refunding Net Cash Flow	Savings	Annual Savings	Present Value to 03/08/2016 @ 2.2116231%
03/08/2016			3,342.46	-3,342.46	3,342.46		3,342.46
06/01/2016	22,763.75	20,735.65		20,735.65	2,028.10		2,017.84
09/30/2016						5,370.56	
12/01/2016	22,763.75	12,382.50		12,382.50	10,381.25		10,215.77
06/01/2017	67,763.75	72,382.50		72,382.50	-4,618.75		-4,495.42
09/30/2017						5,762.50	
12/01/2017	22,212.50	12,067.50		12,067.50	10,145.00		9,766.10
06/01/2018	72,212.50	72,067.50		72,067.50	145.00		138.06
09/30/2018						10,290.00	
12/01/2018	21,450.00	11,692.50		11,692.50	9,757.50		9,188.73
06/01/2019	76,450.00	76,692.50		76,692.50	-242.50		-225.87
09/30/2019						9,515.00	
12/01/2019	20,611.25	11,237.50		11,237.50	9,373.75		8,635.32
06/01/2020	75,611.25	76,237.50		76,237.50	-626.25		-570.61
09/30/2020						8,747.50	
12/01/2020	19,662.50	10,733.75		10,733.75	8,928.75		8,046.43
06/01/2021	79,662.50	80,733.75		80,733.75	-1,071.25		-954.83
09/30/2021						7,857.50	
12/01/2021	18,627.50	10,138.75		10,138.75	8,488.75		7,483.49
06/01/2022	73,627.50	75,138.75		75,138.75	-1,511.25		-1,317.71
09/30/2022						6,977.50	
12/01/2022	17,582.50	9,537.50		9,537.50	8,045.00		6,938.00
06/01/2023	77,582.50	79,537.50		79,537.50	-1,955.00		-1,667.55
09/30/2023						6,090.00	
12/01/2023	16,442.50	8,820.00		8,820.00	7,622.50		6,430.63
06/01/2024	271,442.50	253,820.00		253,820.00	17,622.50		14,704.40
09/30/2024						25,245.00	
12/01/2024	11,342.50	6,125.00		6,125.00	5,217.50		4,305.92
06/01/2025	276,342.50	256,125.00		256,125.00	20,217.50		16,502.70
09/30/2025						25,435.00	
12/01/2025	5,843.75	3,187.50		3,187.50	2,656.25		2,144.47
06/01/2026	280,843.75	258,187.50		258,187.50	22,656.25		18,091.03
09/30/2026						25,312.50	
	1,550,841.25	1,417,580.65	3,342.46	1,414,238.19	136,603.06	136,603.06	118,719.37

Savings Summary

PV of savings from cash flow	118,719.37
Net PV Savings	118,719.37

SAVINGS BY MATURITY

CITY OF SEWARD, NEBRASKA
WATER SYSTEM REVENUE REFUNDING BONDS, SERIES 2016
Partial Current Refunding of Series 2011
Non-Rated, BQ, 2026 Final Maturity, Proportional Solution
[Preliminary -- for discussion only]

Bond	Maturity Date	Interest Rate	Par Amount	Adjusted Savings	Adjusted Savings Percent
Ser 2011 Water NR Cur Ref of '06 (callable 6/7/16), 11RFT06:					
SERIAL	06/01/2024	4.000%	255,000.00	28,401.86	11.138%
	06/01/2025	4.150%	265,000.00	33,565.80	12.666%
	06/01/2026	4.250%	275,000.00	37,758.90	13.731%
TERM17	06/01/2017	2.450%	45,000.00	-179.35	-0.399%
TERM19	06/01/2018	3.050%	50,000.00	795.46	1.591%
	06/01/2019	3.050%	55,000.00	1,510.31	2.746%
TERM21	06/01/2020	3.450%	55,000.00	2,832.53	5.150%
	06/01/2021	3.450%	60,000.00	3,683.97	6.140%
TERM23	06/01/2022	3.800%	55,000.00	4,824.95	8.773%
	06/01/2023	3.800%	60,000.00	5,524.92	9.208%
			1,175,000.00	118,719.37	

Note: Calculated Using Remaining Maturities

BOND PRICING

CITY OF SEWARD, NEBRASKA
WATER SYSTEM REVENUE REFUNDING BONDS, SERIES 2016
Partial Current Refunding of Series 2011
Non-Rated, BQ, 2026 Final Maturity, Proportional Solution
[Preliminary -- for discussion only]

Bond Component	Maturity Date	Amount	Rate	Yield	Price
Serial Bonds:					
	06/01/2016	15,000	0.750%	0.750%	100.000
	06/01/2017	60,000	1.050%	1.050%	100.000
	06/01/2018	60,000	1.250%	1.250%	100.000
	06/01/2019	65,000	1.400%	1.400%	100.000
	06/01/2020	65,000	1.550%	1.550%	100.000
	06/01/2021	70,000	1.700%	1.700%	100.000
	06/01/2022	65,000	1.850%	1.850%	100.000
	06/01/2023	70,000	2.050%	2.050%	100.000
	06/01/2024	245,000	2.200%	2.200%	100.000
	06/01/2025	250,000	2.350%	2.350%	100.000
	06/01/2026	255,000	2.500%	2.500%	100.000
		1,220,000			

Dated Date	03/08/2016	
Delivery Date	03/08/2016	
First Coupon	06/01/2016	
Par Amount	1,220,000.00	
Original Issue Discount		
Production	1,220,000.00	100.000000%
Underwriter's Discount	-15,250.00	-1.250000%
Purchase Price	1,204,750.00	98.750000%
Accrued Interest		
Net Proceeds	1,204,750.00	

BOND SUMMARY STATISTICS

CITY OF SEWARD, NEBRASKA
WATER SYSTEM REVENUE REFUNDING BONDS, SERIES 2016
Partial Current Refunding of Series 2011
Non-Rated, BQ, 2026 Final Maturity, Proportional Solution
[Preliminary -- for discussion only]

Dated Date	03/08/2016
Delivery Date	03/08/2016
First Coupon	06/01/2016
Last Maturity	06/01/2026
Arbitrage Yield	2.211623%
True Interest Cost (TIC)	2.401103%
Net Interest Cost (NIC)	2.218442%
All-In TIC	2.437294%
Average Coupon	2.218442%
Average Life (years)	7.300
Weighted Average Maturity (years)	7.300
Duration of Issue (years)	6.706
Par Amount	1,220,000.00
Bond Proceeds	1,220,000.00
Total Interest	197,580.65
Net Interest	212,830.65
Bond Years from Dated Date	8,906,277.78
Bond Years from Delivery Date	8,906,277.78
Total Debt Service	1,417,580.65
Maximum Annual Debt Service	262,640.00
Average Annual Debt Service	138,563.41
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	12.500000
Total Underwriter's Discount	12.500000
Bid Price	98.750000

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Serial Bonds	1,220,000.00	100.000	2.218%	7.300	808.50
	1,220,000.00			7.300	808.50

	TIC	All-In TIC	Arbitrage Yield
Par Value	1,220,000.00	1,220,000.00	1,220,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount	-15,250.00	-15,250.00	
- Cost of Issuance Expense		-2,885.00	
- Other Amounts			
Target Value	1,204,750.00	1,201,865.00	1,220,000.00
Target Date	03/08/2016	03/08/2016	03/08/2016
Yield	2.401103%	2.437294%	2.211623%

BOND DEBT SERVICE

CITY OF SEWARD, NEBRASKA WATER SYSTEM REVENUE REFUNDING BONDS, SERIES 2016 Partial Current Refunding of Series 2011 Non-Rated, BQ, 2026 Final Maturity, Proportional Solution [Preliminary -- for discussion only]

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
06/01/2016	15,000	0.750%	5,735.65	20,735.65	
09/30/2016					20,735.65
12/01/2016			12,382.50	12,382.50	
06/01/2017	60,000	1.050%	12,382.50	72,382.50	
09/30/2017					84,765.00
12/01/2017			12,067.50	12,067.50	
06/01/2018	60,000	1.250%	12,067.50	72,067.50	
09/30/2018					84,135.00
12/01/2018			11,692.50	11,692.50	
06/01/2019	65,000	1.400%	11,692.50	76,692.50	
09/30/2019					88,385.00
12/01/2019			11,237.50	11,237.50	
06/01/2020	65,000	1.550%	11,237.50	76,237.50	
09/30/2020					87,475.00
12/01/2020			10,733.75	10,733.75	
06/01/2021	70,000	1.700%	10,733.75	80,733.75	
09/30/2021					91,467.50
12/01/2021			10,138.75	10,138.75	
06/01/2022	65,000	1.850%	10,138.75	75,138.75	
09/30/2022					85,277.50
12/01/2022			9,537.50	9,537.50	
06/01/2023	70,000	2.050%	9,537.50	79,537.50	
09/30/2023					89,075.00
12/01/2023			8,820.00	8,820.00	
06/01/2024	245,000	2.200%	8,820.00	253,820.00	
09/30/2024					262,640.00
12/01/2024			6,125.00	6,125.00	
06/01/2025	250,000	2.350%	6,125.00	256,125.00	
09/30/2025					262,250.00
12/01/2025			3,187.50	3,187.50	
06/01/2026	255,000	2.500%	3,187.50	258,187.50	
09/30/2026					261,375.00
	1,220,000		197,580.65	1,417,580.65	1,417,580.65

AGGREGATE NET REFUNDING DEBT SERVICE

CITY OF SEWARD, NEBRASKA WATER SYSTEM REVENUE REFUNDING BONDS, SERIES 2016 Partial Current Refunding of Series 2011 Non-Rated, BQ, 2026 Final Maturity, Proportional Solution [Preliminary -- for discussion only]

Debt Service of Proposed and Unrefunded Bonds

Date	Proposed Debt Service (net of Accrued)	Unrefunded Debt Service*	Total	Annual Total
06/01/2016	20,735.65	50,612.50	71,348.15	
09/30/2016				71,348.15
12/01/2016	12,382.50		12,382.50	
06/01/2017	72,382.50		72,382.50	
09/30/2017				84,765.00
12/01/2017	12,067.50		12,067.50	
06/01/2018	72,067.50		72,067.50	
09/30/2018				84,135.00
12/01/2018	11,692.50		11,692.50	
06/01/2019	76,692.50		76,692.50	
09/30/2019				88,385.00
12/01/2019	11,237.50		11,237.50	
06/01/2020	76,237.50		76,237.50	
09/30/2020				87,475.00
12/01/2020	10,733.75		10,733.75	
06/01/2021	80,733.75		80,733.75	
09/30/2021				91,467.50
12/01/2021	10,138.75		10,138.75	
06/01/2022	75,138.75		75,138.75	
09/30/2022				85,277.50
12/01/2022	9,537.50		9,537.50	
06/01/2023	79,537.50		79,537.50	
09/30/2023				89,075.00
12/01/2023	8,820.00		8,820.00	
06/01/2024	253,820.00		253,820.00	
09/30/2024				262,640.00
12/01/2024	6,125.00		6,125.00	
06/01/2025	256,125.00		256,125.00	
09/30/2025				262,250.00
12/01/2025	3,187.50		3,187.50	
06/01/2026	258,187.50		258,187.50	
09/30/2026				261,375.00
	1,417,580.65	50,612.50	1,468,193.15	1,468,193.15

SUMMARY OF BONDS REFUNDED

CITY OF SEWARD, NEBRASKA
WATER SYSTEM REVENUE REFUNDING BONDS, SERIES 2016
Partial Current Refunding of Series 2011
Non-Rated, BQ, 2026 Final Maturity, Proportional Solution
[Preliminary -- for discussion only]

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
Ser 2011 Water NR Cur Ref of '06 (callable 6/7/16):					
TERM17	06/01/2017	2.450%	45,000.00	06/07/2016	100.000
TERM19	06/01/2018	3.050%	50,000.00	06/07/2016	100.000
	06/01/2019	3.050%	55,000.00	06/07/2016	100.000
TERM21	06/01/2020	3.450%	55,000.00	06/07/2016	100.000
	06/01/2021	3.450%	60,000.00	06/07/2016	100.000
TERM23	06/01/2022	3.800%	55,000.00	06/07/2016	100.000
	06/01/2023	3.800%	60,000.00	06/07/2016	100.000
SERIAL	06/01/2024	4.000%	255,000.00	06/07/2016	100.000
	06/01/2025	4.150%	265,000.00	06/07/2016	100.000
	06/01/2026	4.250%	275,000.00	06/07/2016	100.000
			1,175,000.00		

ESCROW REQUIREMENTS

CITY OF SEWARD, NEBRASKA
WATER SYSTEM REVENUE REFUNDING BONDS, SERIES 2016
Partial Current Refunding of Series 2011
Non-Rated, BQ, 2026 Final Maturity, Proportional Solution
[Preliminary -- for discussion only]

Dated Date 03/08/2016
 Delivery Date 03/08/2016

Period Ending	Interest	Principal Redeemed	Total
06/01/2016	22,763.75		22,763.75
06/07/2016	758.79	1,175,000.00	1,175,758.79
	23,522.54	1,175,000.00	1,198,522.54

PRIOR BOND DEBT SERVICE

CITY OF SEWARD, NEBRASKA **WATER SYSTEM REVENUE REFUNDING BONDS, SERIES 2016** **Partial Current Refunding of Series 2011** **Non-Rated, BQ, 2026 Final Maturity, Proportional Solution** **[Preliminary -- for discussion only]**

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
06/01/2016			22,763.75	22,763.75	
09/30/2016					22,763.75
12/01/2016			22,763.75	22,763.75	
06/01/2017	45,000	2.450%	22,763.75	67,763.75	
09/30/2017					90,527.50
12/01/2017			22,212.50	22,212.50	
06/01/2018	50,000	3.050%	22,212.50	72,212.50	
09/30/2018					94,425.00
12/01/2018			21,450.00	21,450.00	
06/01/2019	55,000	3.050%	21,450.00	76,450.00	
09/30/2019					97,900.00
12/01/2019			20,611.25	20,611.25	
06/01/2020	55,000	3.450%	20,611.25	75,611.25	
09/30/2020					96,222.50
12/01/2020			19,662.50	19,662.50	
06/01/2021	60,000	3.450%	19,662.50	79,662.50	
09/30/2021					99,325.00
12/01/2021			18,627.50	18,627.50	
06/01/2022	55,000	3.800%	18,627.50	73,627.50	
09/30/2022					92,255.00
12/01/2022			17,582.50	17,582.50	
06/01/2023	60,000	3.800%	17,582.50	77,582.50	
09/30/2023					95,165.00
12/01/2023			16,442.50	16,442.50	
06/01/2024	255,000	4.000%	16,442.50	271,442.50	
09/30/2024					287,885.00
12/01/2024			11,342.50	11,342.50	
06/01/2025	265,000	4.150%	11,342.50	276,342.50	
09/30/2025					287,685.00
12/01/2025			5,843.75	5,843.75	
06/01/2026	275,000	4.250%	5,843.75	280,843.75	
09/30/2026					286,687.50
	1,175,000		375,841.25	1,550,841.25	1,550,841.25

SUMMARY OF UNREFUNDED BONDS

CITY OF SEWARD, NEBRASKA
WATER SYSTEM REVENUE REFUNDING BONDS, SERIES 2016
Partial Current Refunding of Series 2011
Non-Rated, BQ, 2026 Final Maturity, Proportional Solution
[Preliminary -- for discussion only]

Bond	Maturity Date	Interest Rate	Par Amount
Ser 2011 Water NR Cur Ref of '06 (callable 6/7/16):			
TERM17	06/01/2016	2.450%	50,000.00
			50,000.00

UNREFUNDED BOND DEBT SERVICE

CITY OF SEWARD, NEBRASKA
WATER SYSTEM REVENUE REFUNDING BONDS, SERIES 2016
Partial Current Refunding of Series 2011
Non-Rated, BQ, 2026 Final Maturity, Proportional Solution
[Preliminary -- for discussion only]

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
06/01/2016	50,000	2.450%	612.50	50,612.50	
09/30/2016					50,612.50
	50,000		612.50	50,612.50	50,612.50

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY OF SEWARD, NEBRASKA, AUTHORIZING THE ISSUANCE OF WATER SYSTEM REVENUE REFUNDING BONDS OF THE CITY OF SEWARD, NEBRASKA, IN THE PRINCIPAL AMOUNT OF NOT TO EXCEED ONE MILLION TWO HUNDRED SEVENTY-FIVE THOUSAND DOLLARS (\$1,275,000) FOR THE PURPOSE OF REFUNDING ALL OR A PORTION OF \$1,255,000 OF OUTSTANDING WATER SYSTEM REVENUE REFUNDING BONDS, SERIES 2011; PROVIDING FOR NECESSARY RESERVE FUNDS AND PAYING COSTS OF ISSUANCE OF SAID BONDS; PRESCRIBING THE FORM, TERMS AND DETAILS OF SAID BONDS; PLEDGING AND HYPOTHECATING THE REVENUE AND EARNINGS OF THE WATERWORKS PLANT AND WATER SYSTEM OF SAID CITY FOR THE PAYMENT OF SAID BONDS AND INTEREST THEREON; PROVIDING FOR THE COLLECTION, SEGREGATION AND APPLICATION OF THE REVENUE OF SAID WATERWORKS PLANT AND WATER SYSTEM; ENTERING INTO A CONTRACT ON BEHALF OF THE CITY WITH THE HOLDERS OF SAID BONDS; REPEALING ANY CONFLICTING ORDINANCES AND PROVIDING FOR PUBLICATION OF THE ORDINANCE IN PAMPHLET FORM.

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

Section 1. The Mayor and Council of the City of Seward, Nebraska (the "City"), hereby find and determine as follows:

- (a) that the City owns and operates a waterworks plant and water system (the "Water System"), which represents a revenue-producing undertaking of the City. Reference herein to the Water System shall include all additions and improvements thereto hereafter acquired by the City;
- (b) that the City has previously issued and there are now outstanding the following issues of revenue bonds for which the revenues of the Water System have been pledged:

Water System Revenue Refunding Bonds, Series 2011, date of original issue—June 7, 2011, issued pursuant to Ordinance No. 8-11 (the "2011 Ordinance") of which there remain outstanding and unpaid bonds in the principal amount of \$1,255,000 (the "2011 Bonds");

Water System Revenue Bonds, Series 2013, date of original issue—March 22, 2013, issued pursuant to Ordinance No. 1-13 (the "2013 Ordinance") of which there remain outstanding and unpaid bonds in the principal amount of \$90,000 (the "2013 Bonds"); and

Water System Revenue Bonds, Series 2013B, date of original issue—December 13, 2013, issued pursuant to Ordinance No. 15-13 (the "2013B Ordinance") of which there remain outstanding and unpaid bonds in the principal amount of \$1,455,000 (the "2013B Bonds")

Water System Revenue Refunding Bonds, Series 2015, date of original issue—April 15, 2015, issued pursuant to Ordinance No. 2015-02 (the "2015 Ordinance") of which there remain outstanding and unpaid bonds in the principal amount of \$1,165,000 (the "2015 Bonds")

The 2011 Bonds which are called for redemption pursuant to Section 3 of this Ordinance are referred to herein as the “Refunded Bonds, 2013 Bonds, the 2013B Bonds, the 2015 Bonds and that portion of the 2011 Bonds not called for redemption are sometimes hereinafter referred to as the “Outstanding Bonds”, the 2011 Ordinance, the 2013 Ordinance, the 2013B Ordinance and the 2015 Ordinance are sometimes hereinafter referred to collectively as the “Prior Ordinances”;

- (c) that the 2011 Bonds are subject to redemption at any time on or after June 7, 2016, at par plus accrued interest to the date fixed for redemption and are herein authorized to be irrevocably called for redemption in accordance with their call provisions on a date to be determined (the “Redemption Date”); that since the 2011 Bonds were issued, the rates of interest available in the market have declined such that by taking up and paying off the all or a portion of the 2011 Bonds through the issuance of refunding bonds as provided herein, a savings in the amount of yearly running interest will be made to the City;
- (d) that under the terms of the Prior Ordinances, bonds of equal lien with the Outstanding Bonds may be issued provided that certain revenues have been experienced by the Water System for its most recent fiscal year; that the Authorized Officers (as defined herein) are hereby authorized to and shall certify prior to the issuance of the bonds authorized herein that said Net Revenues are not less than 1.25 times the average annual debt service requirements (as described in the Prior Ordinances) of the Outstanding Bonds and the bonds herein authorized; that said Outstanding Bonds and the Refunded Bonds represent the only outstanding indebtedness of the City for which the revenues of the Water System have been pledged; that, upon the issuance of the bonds herein authorized, all payment requirements of said Refunded Bonds will be paid and satisfied; that all conditions required under the terms of the Prior Ordinances for the issuance of the bonds herein authorized as “additional bonds” of equal lien and standing with the Outstanding Bonds do exist and have happened; and
- (e) that for the purpose of making said redemption of the Refunded Bonds on the Redemption Date, it is in the best interest of the City to issue revenue refunding bonds of the City in the principal amount of not to exceed \$1,275,000;
- (f) that all conditions, acts and things required to exist or to be done precedent to the issuance of Water System Revenue Refunding Bonds of the City of Seward, Nebraska, in the principal amount of not to exceed One Million Two Hundred Seventy-Five Thousand Dollars (\$1,275,000) pursuant to Sections 18-1803 to 18-1805, R.R.S. Neb. 2012, do exist and have been done as required by law.

Section 2. The Mayor and City Council further find and determine in order to provide for the refunding as described in Section 1 hereof, the City is authorized to issue Water System Revenue Refunding Bonds of the City of Seward, Nebraska, pursuant to the Prior Ordinances and Sections 18-1803 to 18-1805, R.R.S. Neb, 2012, as amended, in the aggregate principal amount of not to exceed \$1,275,000; that all conditions, acts and things required to exist or to be done precedent to the issuance of such Water System Revenue Refunding Bonds do exist and have been done as required by law and there shall be and there are hereby ordered issued Water System Revenue Refunding Bonds of the City of Seward, Nebraska, as aforesaid.

Section 3. To provide for the refunding of the Refunded Bonds as described in Sections 1 and 2 hereof, including costs of issuance hereof, there shall be and there are hereby ordered issued Water

System Revenue Refunding Bonds, Series 2016, of the City of Seward, Nebraska, in the principal amount of not to exceed One Million Two Hundred Seventy-Five Thousand Dollars (\$1,275,000) (the "2016 Bonds"). The 2016 Bonds or any portion thereof are hereby authorized to be sold pursuant to a negotiated sale with D.A. Davidson & Co., as initial purchaser (the "Underwriter"). In connection with such sale, the Mayor, City Administrator or City Clerk-Treasurer (each, an "Authorized Officer") are hereby authorized to specify, determine, designate, establish and appoint, as the case may be, in one or more written designations which may be included in a bond purchase agreement (each, a "Designation"), (i) the aggregate purchase price of the 2016 Bonds and the underwriting discount which shall not exceed 1.25% of the aggregate stated principal amount thereof, (ii) the form and contents of any bond purchase agreement in connection with such sale, (iii) the title (including series designation), dated date (which shall not be later than December 31, 2016), aggregate principal amount (including the aggregate principal amounts of serial Bonds and term Bonds, if any), which aggregate stated principal amount shall not exceed \$1,275,000, and the final maturity date, which shall not be later than December 31, 2026, (iv) the principal amounts maturing in each year, (v) the rate or rates of interest to be borne by each principal maturity, provided that present value savings results from refunding the Refunded Bonds, (vi) the principal payment dates and interest payment dates, (vii) whether the 2016 Bonds will be subject to redemption prior to their stated maturity, and if subject to such optional redemption, the provisions governing such redemption, including a redemption price not to exceed 104% of the principal amount then being redeemed plus accrued interest to the date of redemption, (viii) the amount and due date of each sinking fund installment for any of the 2016 Bonds issued as term Bonds, (ix) the designation of the Paying Agent and Registrar and the form and content of any agreement between the City and such entity and (x) all other terms and provisions of the 2016 Bonds not otherwise specified or fixed by this Ordinance.

The Authorized Officers, or each individually, are hereby authorized to irrevocably call any or all of the 2011 Bonds (as called for redemption, the "Refunded Bonds") for redemption on such date or dates he or she determines appropriate on and after June 7, 2016, which date or dates shall be the Redemption Dates hereunder. The Authorized Officers, or each individually, are hereby authorized to designate, approve, execute and deliver, as the case may be (i) the form, content, terms and provisions of any published and/or mailed notice of redemption with respect to the payment and redemption of the Refunded Bonds, (ii) an Escrow Agent, (iii) the form, content, terms and provisions of an Escrow Agreement with the Escrow Agent for the purpose of providing for the deposit in trust with the Escrow Agent a portion of the net proceeds of the 2016 Bonds, the investment of such net proceeds pending their application, the application of such proceeds and any investment income to the payment of all of the principal of and interest on the Refunded Bonds maturing on or before the Redemption Date and the application of the balance of such proceeds and any investment income thereof to the redemption and retirement of the Refunded Bonds on the Redemption Date.

The 2016 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 2016 Bonds shall be Date of Delivery. Interest on the 2016 Bonds, at the respective rates for each maturity, shall be payable as determined in the Designation (each an "Interest Payment Date"), and the 2016 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 fifteenth day immediately preceding the Interest Payment Date (the "Record Date"), subject to the provision of Section 5 hereof. The 2016 Bonds shall be numbered from 1 upwards in the order of their issuance. No 2016 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 2016 Bonds issued shall be as directed by the Underwriter. Payments of interest due on the 2016 Bonds prior to maturity or earlier 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 such owner's registered address as shown on the books of registration as required to be maintained in Section

4 hereof. Payments of principal due at maturity or at any date fixed for redemption prior to maturity, together with any unpaid interest accrued thereon, shall be made by the Paying Agent and Registrar upon presentation and surrender of the 2016 Bonds to said Paying Agent and Registrar. The City and said Paying Agent and Registrar may treat the registered owner of any 2016 Bond as the absolute owner of such bond for the purpose of making payments thereon and for all other purposes and neither the City nor the Paying Agent and Registrar shall be affected by any notice or knowledge to the contrary, whether such bond or any installment of interest due thereon shall be overdue or not. All payments on account of interest or principal made to the registered owner of any 2016 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 2016 Bonds or claims for interest to the extent of the sum or sums so paid.

Section 4. The Paying Agent and Registrar designated pursuant to the Designation 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, in a form approved by an Authorized Officer. The Paying Agent and Registrar shall keep and maintain for the City books for the registration and transfer of the 2016 Bonds at its principal corporate trust office. The names and registered addresses of registered owner or owners of the 2016 Bonds shall at all times be recorded in such books. Any 2016 Bond may be transferred pursuant to its provisions at the office of said Paying Agent and Registrar by surrender of such bond for cancellation, accompanied by a written instrument of transfer, in form satisfactory to said Paying Agent and Registrar, duly executed by the registered owner in person or by such owner's duly authorized agent, and thereupon the Paying Agent and Registrar on behalf of the City will deliver at its office (or send by registered mail to the transferee owner or owners thereof at such transferee owner's or owners' risk and expense), registered in the name of such transferee owner or owners, a new 2016 Bond or 2016 Bonds of the same interest rate, aggregate principal amount and maturity. To the extent of the denominations authorized for the 2016 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 2016 Bond, the surrendered 2016 Bond shall be canceled and destroyed. All 2016 Bonds issued upon transfer of the 2016 Bonds so surrendered shall be valid obligations of the City evidencing the same obligation as the 2016 Bonds surrendered and shall be entitled to all the benefits and protection of this Ordinance to the same extent as the 2016 Bonds upon transfer of which they were delivered. The City and said Paying Agent and Registrar shall not be required to transfer any 2016 Bond during any period from any Record Date until its immediately following Interest Payment Date or to transfer any 2016 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 2016 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 2016 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. In addition to any mandatory sinking fund redemptions as may be provided for as set out in Section 3 of this Ordinance, the 2016 Bonds shall be subject to redemption at the option of the City, in whole or in part, prior to maturity at any time on or after such date as may be provided in the Designation, at par plus accrued interest on the principal amount redeemed to the date fixed for redemption. The City may select the 2016 Bonds to be redeemed for such optional redemption in its sole discretion. The 2016 Bonds shall be redeemed only in the amounts of \$5,000 or integral multiples

thereof. 2016 Bonds redeemed in part only shall be surrendered to said Paying Agent and Registrar in exchange for a new 2016 Bond or 2016 Bonds evidencing the unredeemed principal thereof. Notice of Redemption of any 2016 Bond called for redemption shall be given, at the direction of the City in the case of optional redemption and without further direction in the case of mandatory redemption, 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 2016 Bond at said owner's registered address. Such notice shall designate the 2016 Bond or 2016 Bonds to be redeemed by maturity or otherwise, the date of original issue and the date fixed for redemption and shall state that such 2016 Bond or 2016 Bonds are to be presented for prepayment at the office of said Paying Agent and Registrar. In case of any 2016 Bond being partially redeemed, such notice shall specify the portion of the principal amount of such 2016 Bond to be redeemed. No defect in the mailing of notice for any 2016 Bond shall affect the sufficiency of the proceedings of the City designating the 2016 Bonds called for redemption or the effectiveness of such call for 2016 Bonds of which notice by mail has been properly given and the City shall have the right to further direct notice of redemption for any such bond for which defective notice has been given.

Section 7. If the date for payment of the principal or interest on the 2016 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 8. The 2016 Bonds shall be in substantially the following form:

UNITED STATES OF AMERICA

STATE OF NEBRASKA
COUNTY OF SEWARD

WATER SYSTEM REVENUE REFUNDING BOND, SERIES 2016
OF THE CITY OF SEWARD, NEBRASKA

No. R-___

Interest
Rate
%

Maturity
Date
_____, 20__

Date of
Original Issue
_____, 2016

CUSIP No.

Registered Owner: Cede & Co. 13-2555119

Principal Amount:

KNOW ALL PERSONS BY THESE PRESENTS: That the City of Seward, in the County of Seward, in the State of Nebraska, hereby acknowledges itself to owe and for value received promises to pay, but only from the special sources herein described, 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 issuer most recent Interest Payment Date, whichever is later, at the rate per annum specified above, payable semi-annually on _____ and _____ of each year (each an "Interest Payment Date"), commencing _____, 2016. Said interest shall be computed on the basis of a 360-day year consisting of twelve 30-day months. The principal of this bond, together with any unpaid interest accrued thereon, is payable upon presentation and surrender of the bond at the office of _____, the Paying Agent and Registrar, in Seward, 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, on the fifteenth day immediately preceding the Interest Payment Date, 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, as 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.

The revenue and earnings of the waterworks plant and water system (the "Water System") of the City of Seward, Nebraska, have been pledged and hypothecated for the payment of this bond and the other bonds of this issue and for the payment of the City's outstanding Water System Revenue Bonds, Series 2013, presently outstanding in the principal amount of \$90,000 (the "Series 2013 Bonds"), and for the payment of the City's outstanding Water System Revenue Bonds, Series 2013B, presently outstanding in the principal amount of \$1,455,000 (the "Series 2013B Bonds") and for the payment of the City's outstanding Water System Revenue Refunding Bonds, Series 2015, presently outstanding in the principal amount of \$1,165,000 (the "Series 2015 Bonds", and together with the Series 2013 Bonds and the Series 2013B Bonds, the "Outstanding Bonds") and for the payment of any additional bonds of equal priority issued in accordance with the ordinance authorizing the bonds of this issue. The bonds of this issue are payable from and a lien only upon said revenue and earnings, equal in standing and on a parity with the Outstanding Bonds, and are not general obligations of the City of Seward, Nebraska.

The ordinance authorizing the issuance of this bond and the other bonds of this issue sets forth the covenants and obligations of the City with respect to the Water System and the application of the revenues to be derived therefrom, which revenues are by the terms of said ordinance to be deposited in the "Seward Water Department Fund" and disbursed to pay costs of operation and maintenance, make payments of principal and interest on the bonds of the issue and make other payments as specified in said ordinance. Said ordinance designates the terms and conditions on which additional bonds of equal lien to the bonds of this issue may be issued. Said ordinance also designates the terms and conditions on which this bond shall cease to be entitled to any lien, benefit or security under such ordinance and all covenants, agreements and obligations of the City under such ordinance may be discharged and satisfied at or prior to the maturity or redemption of this bond if moneys or certain specified securities shall have been deposited with the Paying Agent and Registrar or a designated trustee. The City also reserves the right to issue bonds junior in lien to the bonds of this issue the principal and interest of which shall be payable from monies in the "Surplus Account" of the Seward Water Department Fund as designated in said ordinance.

This bond is one of an issue of fully registered bonds of the total principal amount of _____ Dollars (\$_____) of even date and like tenor except as to date of maturity, rate of interest and denomination which were issued by the City for the purpose of refunding the City's outstanding Water System Revenue Refunding Bonds, Series 2011, date of original issue – June 7, 2011, in the principal amount of \$_____, in strict compliance with Sections 18-1803 to 18-1805, R.R.S. Neb., 2012, as amended, and has been duly authorized by ordinance legally passed, approved and published and by proceedings duly had by the Mayor and Council of said City.

[The bonds of this issue due as term bonds in the years ____ and ____ (the "Term Bonds") are required to be redeemed prior to their stated maturity, commencing on _____, 20__ and continuing on _____ of each year thereafter through and including payment at maturity, in part, which redemptions and payment at maturity shall be in the years and for the principal amounts set forth below:

20__ Term Bond	
<u>Year of Redemption</u>	<u>Amount Required to be Redeemed</u>
_____, 20__	\$____,000
_____, 20__	____,000
_____, 20__	____,000
_____, 20__ (Maturity)	____,000

20__ Term Bond	
<u>Year of Redemption</u>	<u>Amount Required to be Redeemed</u>
_____, 20__	\$____,000
_____, 20__ (Maturity)	____,000

Such mandatory redemptions shall be at a price equal to 100% of the principal amount redeemed plus interest accrued on the principal amount being redeemed to the date fixed for redemption. The Paying Agent and Registrar shall select the Term Bonds for mandatory redemption using any random method of selection deemed appropriate by the Paying Agent and Registrar.]

Any or all of the bonds of said issue maturing on or after _____, 20__ are subject to redemption at the option of the City, in whole or in part, at any time on or after _____, 20__ at par plus interest accrued thereon to the date fixed for redemption.

Notice of redemption shall be given by mail to the registered owner of any bond to be redeemed in the manner specified in the ordinance authorizing said issue of bonds. Individual bonds may be redeemed in part but only in the amount of \$5,000 or integral multiples thereof.

This bond is transferable by the registered owner or such owner's attorney duly authorized in writing at the principal corporate trust 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 or 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 other 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 date shall have the same force and effect as if made on the nominal date of payment.

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 REGISTRAR. DTC OR NOMINEE, TRANSFEREE OR ASSIGNEE OF DTC OF THIS BOND MAY NOT RELY UPON THE PRINCIPAL AMOUNT INDICATED HEREON AS THE PRINCIPAL AMOUNT HEREOF AND 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 REGISTRAR FOR REGISTRATION OF TRANSFER OR EXCHANGE OR (B) TO THE 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 HERE OF, DTC OR ITS NOMINEE, HAS AN INTEREST HEREIN.

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 and the indebtedness refunded hereby, does not now and did not at the time of the incurring of said indebtedness, exceed any limitation imposed by law.

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 Seward, 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, all as of the date or original issue specified above.

CITY OF SEWARD, NEBRASKA

Mayor

ATTEST:

City Clerk

[SEAL]

CERTIFICATE OF AUTHENTICATION

This bond is one of the bonds authorized by ordinance passed and approved by the Mayor and Council of the City of Seward, Nebraska, as described in said bond.

_____,
SEWARD, NEBRASKA

By: _____
Authorized Officer

(FORM OF ASSIGNMENT)

For value received _____
hereby sells, assigns and transfers unto
_____ 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.

DATE: _____

Registered Owner

Registered Owner

Witness: _____

Note: The signature of this assignment must correspond with the name as written on the face of the within bond in every particular, without alteration, enlargement, or any change whatsoever.

Section 9. Each of the 2016 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 2016 Bonds shall be issued initially as "book-entry-only" bonds using the services of The Depository Trust Company (DTC), with one typewritten bond per maturity being issued to DTC. In such connection said officers are authorized to execute and deliver a Letter of Representations (including any blanket letter previously executed and delivered by the City) in the form required by DTC, for and on behalf of the City, which shall thereafter govern matters with respect to registration, transfer, payment and redemption of the 2016 Bonds. Upon the issuance of the 2016 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 2016 Bonds as securities depository (each, a "Bond Participant") or to any person who is an actual purchaser of a 2016 Bond from a Bond Participant while the 2016 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 2016 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 2016 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, or any amount with respect to the 2016 Bonds. The Paying Agent and Registrar shall make payments with respect to the 2016 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 2016 Bonds to the extent of the sum or sums so paid. No person other than the Depository shall receive an authenticated 2016 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 2016 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 2016 Bonds or (ii) to make available 2016 Bonds registered in whatever name or names the Beneficial Owners transferring or exchanging such 2016 Bonds shall designate.

(c) If the City determines that it is desirable that certificates representing the 2016 Bonds be delivered to the Bond Participants and/or Beneficial Owners of the 2016 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 2016 Bonds. In such event, the Paying Agent and Registrar shall issue, transfer and exchange bond certificates representing the 2016 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 2016 Bond is registered in the name of the Depository or any nominee thereof, all payments with respect to such 2016 Bond and all notices with respect to such 2016 Bond shall be made a given, respectively, to the Depository as provided in the Letter of Representations.

(e) Registered ownership of the 2016 Bonds may be transferred on the books of registration maintained by the Paying Agent and Registrar, and the 2016 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.

(f) In the event of any partial redemption of a 2016 Bond unless and until such partially redeemed 2016 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 2016 Bond as is then outstanding and all of the 2016 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 even that such supply of certificates shall be insufficient to meet the requirements of the Paying Agent and Registrar for issuance of replacement 2016 Bonds upon transfer or partial redemption, the City agrees to order printed an additional supply of certificates and to direct their execution by manual or facsimile signature of its then duly qualified and acting Mayor and City Clerk of such City. In case any officer whose signature or facsimile thereof shall appear on any 2016 Bond shall cease to be such officer before the delivery of such 2016 Bond (including any bond 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 2016 Bond. The 2016 Bonds shall not be valid and binding on the City until authenticated by the Paying Agent and Registrar. The 2016 Bonds shall be delivered to the Paying Agent and Registrar for registration and authentication. Upon execution, registration and authentication of the 2016 Bonds, they shall be delivered to the City Treasurer, who is authorized to deliver them to the Underwriter upon receipt of the total stated principal amount of the 2016 Bonds, plus accrued interest thereon to date of payment for the 2016 Bonds, less Underwriter's discount in an amount determined in the Designation. The Underwriter shall have the right to direct the registration of the 2016 Bonds and the denominations thereof within each maturity, subject to the restrictions of this Ordinance. The Underwriter and its agents, representatives and counsel (including the City's bond counsel) are hereby authorized to take such actions on behalf of the City as are necessary to effectuate the closing of the issuance and sale of the 2016 Bonds, including, without limitation, authorizing the release of the 2016 Bonds by the Depository at closing. The Authorized Officers are hereby each individually authorized to execute the Bond Purchase Agreement, in the form such Authorized Officers may deem necessary and appropriate, and are further authorized to do any and all

things deemed necessary and appropriate in connection with the issuance of the 2016 Bonds and the redemption of the Refunded Bonds.

Section 10. The City Clerk shall make and certify a transcript of the proceedings of the Mayor and Council with respect to the 2016 Bonds, a copy of which shall be delivered to the initial purchaser of the 2016 Bonds.

Section 11. The net sale proceeds of the 2016 Bonds, along with any necessary funds of the City on hand, shall be applied to the payment and satisfaction of all of the principal of and the interest on the Refunded Bonds falling due prior to, and as called for redemption on, the Redemption Date. Accrued interest received from the sale of the 2016 Bonds, if any, shall be applied to pay interest first falling due on the 2016 Bonds. Expenses of issuance of the 2016 Bonds may be paid from the proceeds of the 2016 Bonds. In order to satisfy the City's obligation on the Refunded Bonds, if determined necessary and appropriate by an Authorized Officer, such proceeds of the 2016 Bonds along with funds of the City on hand shall be set aside and held and invested in a special trust account which is hereby ordered established with such bank or trust company as determined by an Authorized Officer to act as escrow agent (the "Escrow Agent"). The Escrow Agent shall have custody and safekeeping of the funds and investments which are to be set aside for the payment of the Refunded Bonds. For purposes of governing such escrow account and the holding and application of such funds and investments, the City shall enter into a contract entitled "Escrow Agreement" with the Escrow Agent. The Authorized Officers, or each individually, are hereby authorized and directed to execute and deliver on behalf of the City said Escrow Agreement, including necessary counterparts, in substantially the form and content as presented to the meeting at which this resolution is adopted, but with such changes and modifications therein as to them seem necessary, desirable, or appropriate for and on behalf of the City. Said Authorized Officers are further authorized to approve the investments provided for in said Escrow Agreement, and to make any necessary subscriptions for United States Treasury Securities, State and Local Government Series, or to contract for the purchase of securities in the open market. Said proceeds shall be invested in obligations of the United States Government, direct or guaranteed, including United States Treasury Securities, State and Local Government Series. To the extent that such proceeds are held in a bank depository account, such deposits shall be insured by insurance of the Federal Deposit Insurance Corporation or, to the extent not fully insured, fully collateralized in the same manner as is required for deposit of public funds. Any investment from the proceeds of the 2016 Bonds herein authorized shall mature not later than the Redemption Date. As provided in said Escrow Agreement, the proceeds of the 2016 Bonds herein authorized and investment earnings thereon shall be applied to the payment of the principal of and interest on the Refunded Bonds as the same become due on and prior to the Redemption Date, and as called for redemption on the Redemption Date. The City agrees that on the date of original issue of the 2016 Bonds, or as soon thereafter as practicable, it shall deposit or otherwise have on hand with the Escrow Agent, from available sources, funds sufficient after taking into consideration available proceeds of the 2016 Bonds and investment earnings to provide funds for all payments due on the Refunded Bonds on or before the Redemption Date, and as called for redemption on the Redemption Date.

Section 12. The revenues and earnings of the Water System are hereby pledged and hypothecated for the payment of the 2016 Bonds, the Outstanding Bonds and any additional bonds of equal lien issued as authorized by this Ordinance and interest on such 2016 Bonds, the Outstanding Bonds and any such additional bonds, and the City does hereby agree with the holders of said 2016 Bonds, the Outstanding Bonds and additional bonds as follows:

- (a) WATER DEPARTMENT FUND - The entire gross revenues and income derived from the operation of the Water System shall be set aside as collected and deposited in a separate fund which has been previously created and has been confirmed under the Prior Ordinances and shall continue to be designated as the "Seward Water

Department Fund.” For purposes of allocating the monies in the Seward Water Department Fund, the City shall continue to maintain (in accordance with the provisions of the Prior Ordinances and this Ordinance) the following accounts: (1) Bond Payment Account; (2) Operation and Maintenance Account; (3) Debt Service Reserve Account; and (4) Surplus Account.

(b) BOND PAYMENT ACCOUNT - Out of the Seward Water Department Fund there shall be deposited monthly on or before the first day of each month, as described below, to the Bond Payment Account the following amounts (or such other amounts on such other dates as may be determined in the Designation):

(1) Beginning on the first day of the month immediately following the month in which the 2016 Bonds are issued and continuing the first day of each month thereafter so long as any of the 2016 Bonds herein authorized remain outstanding and unpaid, an amount not less than the amount which, if the same amount were deposited each month, would be sufficient to pay the interest becoming due on the 2016 Bonds on the next succeeding Interest Payment Date.

(2) Beginning on the first day of the month twelve months preceding the month in which the first principal payment is due and continuing the first day of each month thereafter so long as any of the 2016 Bonds herein authorized remain outstanding and unpaid, an amount equal to 1/12th of the next maturing principal payment for the 2016 Bonds.

(3) During the periods and in the amounts specified for the Outstanding Bonds in the Prior Ordinances.

The City Treasurer is hereby authorized and directed, without further authorization, to withdraw monies deposited to the Bond Payment Account, or if the monies in such Account are insufficient, then from the Debt Service Reserve Account and next from the Surplus Account, an amount sufficient to pay, when due, the principal of and interest on the 2016 Bonds, the Outstanding Bonds and any additional bonds and to transfer such amounts to the Paying Agent and Registrar, in Seward, Nebraska, (or the designated paying agent for the Outstanding Bonds and any additional bonds) at least five (5) days before each principal and interest payment date. Upon the issuance of any additional bonds pursuant to this Ordinance appropriate additional deposits to the Bond Payment Account shall be provided for sufficient to pay principal and interest on said additional bonds.

(c) OPERATION AND MAINTENANCE ACCOUNT - Out of the Seward Water Department Fund, after making the deposits required by Subsection 10(b), there shall be monthly deposited into the Operation and Maintenance account such amounts as the City shall, from time to time, determine to be necessary to pay the reasonable and necessary expenses of operating and maintaining the Water System.

(d) DEBT SERVICE RESERVE ACCOUNT - The City has previously established under the terms of the Prior Ordinances provisions governing separate reserve sub-accounts for the Outstanding Bonds, which provisions shall continue in effect so long as the Outstanding Bonds remain outstanding. There is hereby established within the Debt

Service Reserve Account the 2016 Sub-account (the "2016 Reserve Account"). Concurrently with the issuance of the 2016 Bonds (or in such other manner as may be determined in the Designation), the City agrees that it shall deposit to the 2016 Reserve Account from funds on hand or proceeds of the 2016 Bonds a sum (which may be \$0.00) not greater than the least of (a) 10 percent of the stated principal amount of the original principal amount of the 2016 Bonds; (b) 125% of the average annual principal and interest requirements of the 2016 Bonds; or (c) the maximum annual principal and interest requirements of the 2016 Bonds, (the "Required Balance"). Such Required Balance shall be the amount required to be maintained as the required balance in said account, so long as the 2016 Bonds remain outstanding. Monies deposited to the 2016 Reserve Account may be withdrawn, as needed, to provide funds to pay, when due, the principal of and interest on the 2016 Bonds issued pursuant to this Ordinance, if the Bond Payment Account contains insufficient funds for that purpose, and the City Treasurer is hereby authorized and directed to make such withdrawal if and when needed. In the event of a withdrawal from the 2016 Reserve Account, there shall be deposited to the 2016 Reserve Account in the month following such withdrawal all monies in the Seward Water Department Fund remaining after making the payments required to be made in such month to the Bond Payment Account and Operation and Maintenance Account and each month thereafter all remaining monies shall be deposited to the 2016 Reserve Account and used to restore the 2016 Reserve Account until the Required Balance has been restored, provided that any such credits shall be made on a pro rata basis (in accordance with the respective amounts of outstanding principal) with any credits required for the reserve sub-accounts for the Outstanding Bonds or any Additional Bonds, all as then outstanding. Upon the issuance of any Additional Bonds pursuant to this Ordinance, there shall be established a sub-account in the Debt Service Reserve Account for such Additional Bonds, and the method of funding or accumulations of the same shall be determined pursuant to the ordinance authorizing each such series of Additional Bonds. Anything in this Subsection 10(d) to the contrary notwithstanding, the amount required to be maintained in the Debt Service Reserve Account or the 2016 Reserve Account under the terms of this Ordinance shall not exceed the maximum amount allowable for a "reasonably required reserve fund" under Section 148 of the Code and the current rules and regulations thereunder (as in effect from time to time), which results in no yield restrictions in the investment of such Account.

(e) SURPLUS ACCOUNT - Monies in the Seward Water Department Fund remaining after the deposits required in the foregoing Subsections 12(b), 12(c), and 12(d) shall be deposited to the Surplus Account. Monies in the Surplus Account may be used to make up any deficiencies in the preceding accounts, to retire any of the 2016 Bonds, the Outstanding Bonds or any additional bonds prior to their maturity, to pay principal of and interest on any junior lien indebtedness incurred with respect to the Water System or for any other lawful purposes of the City as directed by the Mayor and City Council.

The provisions of this section shall require the City to maintain a set of books and records in accordance with such accounting methods and procedures as are generally applicable to municipal utility enterprises, which books and records shall show deposits to and expenditures from the several accounts required by this section. Monies deposited to the Debt Service Reserve Account shall, if maintained in a demand or time deposit account, be kept in a separate account and not commingled with other City or Water System funds. If invested, monies credited to the Debt Service Reserve Account may be commingled with other City funds, including Water System funds, so long as the City maintains books

and records clearly identifying the specific investments, or portions thereof, which belong to the Debt Service Reserve Account.

Monies in any of the accounts except the Debt Service Reserve Account may be invested in securities eligible for investment of other City funds. Monies in the Debt Service Reserve Account may be invested in Deposit Securities, as defined in Section 17 hereof, or in certificates of deposit, savings accounts or other interest bearing accounts in banks which are members of the Federal Deposit Insurance Corporation, (FDIC) except that whenever the amount so deposited exceeds the amount of the FDIC insurance available thereon, the excess shall be secured in the manner required by Section 16-716, R.R.S. Neb. 2012. Investments made from or attributable, in whole or in part, to the Debt Service Reserve Account shall mature or be redeemable at the option of the holder, without penalty, in not more than ten years. Income from or profit realized from investment for any account shall be deposited to such account until such account contains any amount then required to be therein, and thereafter such income or profit shall be transferred to the Seward Water Department Fund and treated as other revenues from the operation of the Water System.

The pledge and hypothecation provided for the 2016 Bonds and the Outstanding Bonds in this Ordinance is intended to and shall provide for a first and prior pledge or lien upon and security interest in the revenues of the Water System superior to any pledge, lien or security interest made or given with respect to any other indebtedness of the City as to its Water System and is intended as a full exercise of the powers of the City provided for in Sections 18-1803 to 18-1805, R.R.S. Neb. 2012, as now or hereafter amended, with respect to the City's Water System and the revenues and earnings thereof.

Section 13. So long as any of the 2016 Bonds, the Outstanding Bonds and any additional bonds issued pursuant to this Ordinance shall remain outstanding and unpaid, the City covenants and agrees to establish, revise from time to time as necessary and collect such rates and charges for the water service furnished from the Water System adequate to produce revenues and earnings sufficient at all times:

- (a) To provide funds to pay, when due, the principal of and interest on the 2016 Bonds, the Outstanding Bonds and any additional bonds issued pursuant to the provisions of this Ordinance;
- (b) To pay all proper and necessary costs of operation and maintenance of the Water System and to pay for the necessary and proper repairs, replacements, enlargements, extensions, and improvements to the Water System;
- (c) To provide funds sufficient to make the credits into the accounts and at the times and in the amounts required by Section 12 of this Ordinance and by the similar sections of the Prior Ordinances.

Section 14. To provide funds for any purpose related to the Water System (or any additional utility permitted by this Section 14 to be combined therewith in the event that the revenues of such additional utilities are to be pledged to the payment of the 2016 Bonds, the Outstanding Bonds, any additional bonds then outstanding and the proposed additional bonds), the City may issue additional bonds payable from the revenues of the Water System having equal priority and on a parity with the 2016 Bonds and the Outstanding Bonds (and any additional bonds then outstanding) only upon compliance with the following conditions:

- (a) Such additional bonds shall be issued only pursuant to an ordinance which shall provide for an increase in the monthly deposits into the Bond Payment Account in

amounts sufficient to pay, when due, the principal of and interest on the 2016 Bonds, the Outstanding Bonds, any additional bonds then outstanding and such additional bonds and for any monthly deposits to the Debt Service Reserve Account as are required under Subsection 12(d).

(b) The City shall have complied with one or the other of the two following requirements:

(1) The Net Revenues derived by the City from its Water System for the fiscal year next preceding the issuance of the additional bonds shall have been at least equal to 1.25 times the average annual debt service requirements of the 2016 Bonds, the Outstanding Bonds and any additional bonds previously issued, as then outstanding, and on the proposed additional bonds. For purposes of such determination "Net Revenues" shall mean the gross revenues derived from the ownership and operation of the Water System, including investment income, but not including any income from sale or disposition of the property of said system, less ordinary expenses of operating and maintaining the Water System payable from the Operation and Maintenance Account. Operation and maintenance expenses for such purpose shall not include depreciation, amortization or interest on any bonds or other indebtedness. Such Net Revenues shall be shown by an audit for such fiscal year for the City's Water System as conducted by independent certified public accountants. Also for purposes of such determination, "average annual debt service requirements" shall be determined by adding all of the principal and interest due (taking into consideration any provisions for mandatory redemptions of term bonds) when computed to the absolute maturity of the 2016 Bonds, the Outstanding Bonds and any additional bonds previously issued, as then outstanding, and on the proposed additional bonds and dividing such total by the number of years remaining that the longest bond of any such issue of bonds (including the proposed additional bonds) has to run to maturity; or

(2) The City shall have received a projection made by a consulting engineer or firm of consulting engineers, recognized as having experience and expertise in municipal utility systems, projecting that the Net Revenues of the Water System in each of the three full fiscal years after the issuance of such additional bonds will be at least equal to 1.25 times the average annual debt service requirements of the 2016 Bonds, the Outstanding Bonds and any additional bonds previously issued, as then outstanding, and the proposed additional bonds. For purposes of such projection "Net Revenues" shall have the same meaning as provided in Subsection 12(b)(1) above, and average annual debt service requirements shall be computed in the same manner as specified in said Subsection 12(b)(1). In making such projection, the consulting engineer shall use as a basis the Net Revenues of the Water System during the last year for which an independent audit has been prepared and shall adjust such Net Revenues as follows: (A) to reflect changes in rates which have gone into effect since the beginning of the year for which the audit was made, (B) to reflect such engineer's

estimate of the net increase over or net decrease under the Net Revenues of the Water System for the year for which the audit was made by reason of: (i) changes of amounts payable under existing contracts for services, (ii) additional general income from sales to customers under existing rate schedules for various classes of customers or as such schedules may be revised under a program of changes which has been adopted by the Mayor and Council of the City, (iii) projected revisions in costs for labor, wages, salaries, machinery, equipment, supplies and other operational items, (iv) revisions in amount of service to be supplied and any related administrative or other costs associated with such increases due to increased supply from the acquisition of any new facility and (v) such other projections of revenues and expenses as the consulting engineer deems reasonable and proper. Annual debt service on any proposed additional bonds to be issued may be estimated by the consulting engineer, but no additional bonds shall be issued requiring any annual debt service payment in excess of the amount so estimated by the consulting engineer.

If the City shall find it desirable it shall also have the right when issuing additional bonds to combine with the Water System any other utilities of the City authorized to be combined under Sections 18-1803 through 18-1805, R.R.S. Neb. 2012, and to cause all of the revenues of such combined utilities systems to be paid into the Seward Water Department Fund (which fund may be appropriately redesignated) and to provide that all of the 2016 Bonds, the Outstanding Bonds and any additional bonds previously issued and as then outstanding, and the proposed issue of additional bonds shall be payable from the revenues of such combined utilities and shall stand on a parity and in equality as to security and payment, provided, however, no utility shall be combined with the Water System as contemplated in this paragraph of this Section 14 unless the City is current with all the payments required to be made into the accounts described in Section 12 and the Net Revenues of such combined utilities systems shall satisfy one or the other of the requirements provided for in Subsection 14(b) above. In the event of such combination of an additional utility and for purposes of meeting such test, the definition of Net Revenues shall be altered to include the gross revenues of the additional utility or utilities and the ordinary expenses of operating and maintaining the additional utility or utilities and for such purposes any engineer furnishing projections may take into consideration the factors described in (A) and (B) of Subsection 14(b)(2) with respect to such additional utility or utilities. Net Revenues of the additional utility or utilities shall be based upon the report or reports of independent certified public accounts in the same manner as is required under Subsection 14(b)(1) or 14(b)(2) above.

The City hereby covenants and agrees that so long as any of the 2016 Bonds, the Outstanding Bonds and any additional bonds are outstanding, it will not issue any bonds or notes payable from the revenues of the Water System except in accordance with the provisions of this Ordinance, provided, however, the City reserves the right to issue bonds or notes which are junior in lien to the 2016 Bonds, the Outstanding Bonds and any such additional bonds, with the principal and interest of such bonds or notes to be payable from monies deposited to the Surplus Account as provided in Subsection 12(e). The term "additional bonds" as used in this Ordinance refers only to such bonds as are payable from the revenues of the Water System on a parity with the 2016 Bonds, the Outstanding Bonds and are issued in accordance with the terms of this Section 14 or refunding bonds which are issued in accordance with the terms of Section 15 of this Ordinance if and when such refunding bonds under the terms of said Section 15 become payable on a parity with the 2016 Bonds, the Outstanding Bonds and any additional bonds then outstanding. Anything in this Section 14 or in Section 15 to the contrary notwithstanding, additional bonds for refunding purposes may be issued under the conditions set forth in this Section 14 as an alternative if such conditions can be met for their issuance.

Section 15. The City may issue refunding bonds, which shall qualify as additional bonds of equal lien to refund any of the 2016 Bonds, the Outstanding Bonds or additional bonds then outstanding, provided that, if any such 2016 Bonds, the Outstanding Bonds or additional bonds are to remain outstanding after the issuance of such refunding bonds, the principal payments due in any calendar year in which those bonds which are to remain outstanding mature, or in any calendar year prior thereto, shall not be increased over the amount of such principal payments due in such calendar years immediately prior to such refunding. Refunding bonds issued in accordance with this paragraph of this Section 15 may be issued as additional bonds of equal lien without compliance with the conditions set forth in Subsection 14(b) of this Ordinance.

The City may also issue refunding bonds which shall qualify as additional bonds of equal lien to refund any of the 2016 Bonds, the Outstanding Bonds or additional bonds then outstanding provided that if any 2016 Bonds, the Outstanding Bonds or additional bonds then outstanding are to remain outstanding after the application of the proceeds of the refunding bonds to the payment of the bonds which are to be refunded, such issuance must comply with the Net Revenues test set forth in Subsection 14(b)(1) of this Ordinance and, if the proceeds of such refunding bonds are not to be applied immediately to the satisfaction of the bonds which are to be refunded, then such refunding bonds must provide by their terms that they shall be junior in lien to all 2016 Bonds, the Outstanding Bonds and additional bonds outstanding at the time of issuance of such refunding bonds until the time of application of their proceeds to the satisfaction of the bonds which are to be refunded. In computing average annual debt service requirements to show compliance with said Net Revenues test for such refunding bonds, all payments of principal and interest due on such refunding bonds from the time of their issuance to the time of application of the proceeds of such refunding bonds to the satisfaction of the bonds which are to be refunded shall be excluded from such computation to the extent that such principal and interest are payable from sources other than the revenues of the Water System (such as investment earnings on bond proceeds or bond proceeds themselves) or from monies in the Surplus Account and all payments of principal and interest due on the bonds which are to be refunded from and after the time of such application shall also be excluded. For purposes of this paragraph of this Section 15, the time of application of the proceeds of the refunding bonds to the satisfaction of the bonds which are to be refunded shall be the time of deposit with the paying agent for such bonds which are to be refunded pursuant to Section 10-126, R.R.S. Neb. 2012 (or any successor statutory provision thereto) or the time when such bonds which are to be refunded under the terms of their authorizing ordinance or ordinances are no longer deemed to be outstanding, whichever comes sooner.

Section 16. So long as any 2016 Bonds remain outstanding, the City hereby covenants and agrees as follows:

(a) The City will maintain the Water System in good condition and will continuously operate the same in a reasonable and efficient manner, and the City will punctually perform all the duties with reference to said system required by the Constitution and statutes of the State of Nebraska, but this covenant shall not prevent the City from discontinuing the use and operation of all or any portion of the Water System so long as the revenue derived from the City's ownership of the properties constituting the Water System shall be sufficient to fulfill the City's obligations under Sections 14 and 15 of this Ordinance.

(b) The City will not grant any franchise or right to any person, firm or corporation to own or operate a utilities system or systems in competition with the Water System.

(c) The City will maintain insurance on the property constituting the Water System (other than such portions of said system as are not normally insured) against risks customarily carried by similar utilities, but including fire and extended coverage insurance in an amount which would enable the City to repair, restore or replace the property damaged to the extent necessary to make the Water System operable in an efficient and proper manner to carry out the City's obligations under this Ordinance. The Mayor and Council shall annually examine the amount of insurance carried with respect to the Water System and shall evidence approval of such insurance by resolution. The proceeds of any such insurance received by the City shall be used to repair, replace or restore the property damaged or destroyed to the extent necessary to make the Water System operable in an efficient and proper manner, and any amount of insurance proceeds not so used shall be credited to the Surplus Account. In the event of any such insured casualty loss, the City may advance funds to make temporary repairs or provide for an advance on costs of the permanent repair, restoration or replacement from the Operation and Maintenance Account and any such advances shall be repaid from insurance proceeds received.

(d) The City will keep proper books, records, and accounts separate from all other records and accounts in which complete and correct entries will be made of all transactions relating to the Water System. This City will have its operating and financial statements relating to the Water System audited annually by a certified public account or firm of certified public accountants. The City will furnish to the original purchaser of the 2016 Bonds and to the original purchaser or purchasers of each series of additional bonds issued hereunder, within four months after the end of each fiscal year of the Water System, a copy of the financial statements of the Water System and the report thereon of the certified public accountants.

(e) The City shall cause each person handling any of the monies in the Seward Water Department Fund to be bonded by an insurance company licensed to do business in Nebraska in an amount or amounts deemed sufficient by the Mayor and Council to cover the amount of money belonging to said system reasonably expected to be in the possession or control of any such person. The amount of such bond or bonds shall be fixed by the Mayor and Council and the costs thereof shall be paid as an operating and maintenance expense from the Operation and Maintenance Account.

Section 17. The City's obligations under this Ordinance and the liens, pledges, covenants, and agreements of the City herein made or provided for, shall be fully discharged and satisfied as to the 2016 Bonds and any such bonds shall no longer be deemed outstanding hereunder if such bonds shall have been purchased and canceled by the City, or when payment of the principal of and interest thereon to the respective date of maturity or redemption (a) shall have been made or caused to be made in accordance with the terms thereof; or (b) shall have been provided for by depositing with the Paying Agent and Registrar or with another national or state bank having trust powers or trust company, in trust solely for such payment (1) sufficient money to make such payment and/or (2) Deposit Securities in such amount and bearing interest at such rates and payable at such time or times 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 2016 Bonds to be paid prior to maturity, the City shall have duly given notice of redemption of such bonds as provided by law or made irrevocable provision for the giving of such notice. Any such money so deposited with a bank, trust company or the Paying Agent and Registrar, may be invested and reinvested in Deposit Securities at the direction of the City, and all interest and income from such Deposit Securities in the hands of such bank, trust company or Paying Agent and Registrar in excess of the amount required

to pay principal of and interest on the bonds for which such monies were deposited, shall be paid over to the City as and when collected. For purposes of this Section 17, Deposit Securities shall mean (a) direct obligations of or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America, and (b) bonds, debentures, notes, participation certificates, or other evidences of indebtedness issued by any of the Federal Home Loan Bank system, the Export Import Bank of the United States or the Government National Mortgage Association or any combination of any of the foregoing. For purposes of this Section 17, such Deposit Securities shall be non-callable or callable only at the option of the holder.

Section 18. The terms and provisions of this Ordinance do and shall constitute a contract between the City of Seward and the holder or holders of the 2016 Bonds and no changes, variations or alterations of any kind, except for changes necessary to cure any ambiguity, formal defect or omission, shall be made to this Ordinance without the written consent of the holders of two-thirds (2/3rds) in principal amount of the 2016 Bonds then outstanding, provided, however, that neither the principal and interest to be paid upon any 2016 Bond nor the maturity date of any 2016 Bond shall be changed without the written consent of all holders of the 2016 Bonds then outstanding affected thereby. The holder of any 2016 Bond or 2016 Bonds may, either in law or in equity, by suit, action, mandamus or other proceeding, enforce or compel performance of any and all of the acts and duties required by this Ordinance, and any court of competent jurisdiction may, after default in compliance with the terms of this Ordinance on application of any such holder, appoint a receiver to take charge of the Water System and operate the same and apply the earnings thereof to the payment of the principal of an interest on the 2016 Bonds, the Outstanding Bonds and any additional bonds then outstanding in accordance with the provisions of this Ordinance, the Prior Ordinances and any ordinance or ordinances authorizing additional bonds.

Section 19. The Mayor, City Clerk and Treasurer of the City are hereby authorized to do all things and execute all such documents as may by them be deemed necessary and proper to complete the issuance and sale of the 2016 Bonds as contemplated by this Ordinance, including but not limited to the calling and redemption of the Refunded Bonds. Said officers or any one of them are further authorized to make any allocations or elections deemed necessary or appropriate related to the provisions of the Code and regulations thereunder.

Section 20. The City hereby covenants and agrees that it will make no use of the proceeds of the 2016 Bonds which would cause the 2016 Bonds to be arbitrage bonds within the meaning of Sections 103(b)(2) and 148 of the Internal Revenue Code of 1986, as amended (the "Code") and further covenants to comply with said Sections 103(b)(2) and 148 and all applicable regulations thereunder throughout the term of said issue, including all requirements with respect to payment and reporting of rebates, if applicable. The City hereby covenants to take all action necessary to preserve the tax-exempt status of the interest on the 2016 Bonds for federal income tax purposes under the Code with respect to taxpayers generally. The City further agrees that it will not take any actions which would cause the 2016 Bonds to constitute "private activity bonds" within the meaning of Section 141 of the Code. The City hereby designates the 2016 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 bonds or other obligations aggregating in principal amount more than \$10,000,000 during the calendar year or years in which the 2016 Bonds are issued (taking into consideration the exception for current refunding issues). The Mayor is hereby authorized to make, or cause to be made, any and all certifications deemed necessary in connection with the designation of the 2016 Bonds as "qualified tax-exempt obligations", including "deemed designating" the 2016 Bonds.

Section 21. The Authorized Officers or any one or more of them is authorized to approve, deem final and deliver a Preliminary Official Statement and a final Official Statement with respect to the

2016 Bonds for and on behalf of the City, all in accordance with the requirements of Reg. Sec. 240.15c2-12 of the Securities and Exchange Commission.

Section 22. The City hereby (a) authorizes and directs that an Authorized Officer execute and deliver, on the date of issue of the 2016 Bonds, a continuing disclosure undertaking in accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission in such form as determined necessary and appropriate by such Authorized Officer (the “Continuing Disclosure Undertaking”) and (b) covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Undertaking. Notwithstanding any other provision of this resolution, failure of the City to comply with the Continuing Disclosure Undertaking shall not be considered an event of default hereunder; however, any Participating Underwriter (as such term is defined in the Continuing Disclosure Undertaking) or any Beneficial Owner or any Registered Owner of a Bond (as such terms are defined in the Continuing Disclosure Undertaking) may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the City to comply with its obligations under this section, and under the Continuing Disclosure Undertaking. An Authorized Officer may appoint a Dissemination Agent for the 2016 Bonds in the Authorized Officer’s discretion.

Section 23. If any section, paragraph, clause or provision of this Ordinance shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the other provisions of this Ordinance.

Section 24. All ordinances or resolutions of the Mayor and Council which are in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed.

Section 25. This Ordinance is hereby determined to be a measure necessary to carry out the City's contractual obligations with respect to the 2016 Bonds. This Ordinance shall be in force and take effect from and after its passage and approval according to law. This Ordinance shall be published in pamphlet form.

PASSED AND APPROVED this 5th day of January, 2016.

ATTEST:

Joshua Eickmeier, Mayor

Bonnie Otte
Assistant Administrator/Clerk-Treasurer/
Budget & Human Resource Director

[SEAL]

Motion for adjournment was duly made, seconded and on roll call vote was declared adopted by the Mayor.

I the undersigned City Clerk for the City of Seward, Nebraska, hereby certify that the foregoing is a true and correct copy of the proceedings had and done by the Mayor and Council of said City on January 5, 2016; that all of the subjects included in the foregoing proceedings were contained in the agenda for the meeting, kept continually current and readily available for public inspection at the office of the City Clerk; that such subjects were contained in said agenda for at least twenty-four hours prior to said meeting; that at least one copy of all reproducible material discussed at the meeting was available at the meeting for examination and copying by members of the public; that said minutes from which the foregoing proceedings have been extracted were in written form and available for public inspection within ten working days . the next convened meeting of said body; that a current copy of the Nebraska Open Meetings Act was available and accessible to members of the public, posted during the meeting or meetings reflected in the transcript described below in the room in which such meeting or meetings were held and that all in attendance at such meeting or meetings were informed that such copy of the Nebraska Open Meetings Act was available for review and were informed of the location of such copy in the room in which such meeting was being held; that all news media requesting notification concerning meetings of said body were provided advance notification of the time and place of said meeting and the subjects to be discussed at said meeting.

[SEAL]

Bonnie Otte
Assistant Administrator/Clerk-Treasurer/
Budget & Human Resource Director

NOTICE OF PUBLICATION

OF ORDINANCE NO. _____

IN PAMPHLET FORM

Public Notice is hereby given that at a meeting of the Mayor and City Council of the City of Seward, Nebraska, held at 7:00 p.m. on Tuesday, January 5, 2016, there was passed and adopted Ordinance No. _____ entitled:

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY OF SEWARD, NEBRASKA, AUTHORIZING THE ISSUANCE OF WATER SYSTEM REVENUE REFUNDING BONDS OF THE CITY OF SEWARD, NEBRASKA, IN THE PRINCIPAL AMOUNT OF NOT TO EXCEED ONE MILLION TWO HUNDRED SEVENTY-FIVE THOUSAND DOLLARS (\$1,275,000) FOR THE PURPOSE OF REFUNDING ALL OR A PORTION OF \$1,255,000 OF OUTSTANDING WATER SYSTEM REVENUE REFUNDING BONDS, SERIES 2011; PROVIDING FOR NECESSARY RESERVE FUNDS AND PAYING COSTS OF ISSUANCE OF SAID BONDS; PRESCRIBING THE FORM, TERMS AND DETAILS OF SAID BONDS; PLEDGING AND HYPOTHECATING THE REVENUE AND EARNINGS OF THE WATERWORKS PLANT AND WATER SYSTEM OF SAID CITY FOR THE PAYMENT OF SAID BONDS AND INTEREST THEREON; PROVIDING FOR THE COLLECTION, SEGREGATION AND APPLICATION OF THE REVENUE OF SAID WATERWORKS PLANT AND WATER SYSTEM; ENTERING INTO A CONTRACT ON BEHALF OF THE CITY WITH THE HOLDERS OF SAID BONDS; REPEALING ANY CONFLICTING ORDINANCES AND PROVIDING FOR PUBLICATION OF THE ORDINANCE IN PAMPHLET FORM.

Said Ordinance was published in pamphlet form on January __, 2016. Copies of said Ordinance as published in pamphlet form are available for inspection and distribution at the Office of the City Clerk, in the City of Seward, Nebraska.

Bonnie Otte
Assistant Administrator/Clerk-Treasurer/
Budget & Human Resource Director

NOTE: Publish in title form one time.

CERTIFICATE AS TO PUBLICATION IN PAMPHLET FORM

The undersigned City Clerk for the City of Seward, Nebraska, hereby certifies that Ordinance No. _____ as passed and approved by the Mayor and Council of the City of Seward, Nebraska, at their meeting held on January 5, 2016, was published in pamphlet form on January ____, 2016 and that a true and correct copy of such Ordinance as so passed and published is attached hereto.

Dated this _____ day of January, 2016.

Bonnie Otte
Assistant Administrator/Clerk-Treasurer/
Budget & Human Resource Director

(SEAL)