

§
**CERTIFICATES OF PARTICIPATION
THE CITY OF LEXINGTON, NEBRASKA
SERIES 2017**

May 9, 2017

CERTIFICATE PURCHASE AGREEMENT

The City of Lexington, Nebraska
406 East 7th Street
Lexington, Nebraska 68850

BOKF, National Association
1248 O Street
Suite 732
Lincoln, Nebraska 68508
Attention: Corporate Trust Department

Ladies and Gentlemen:

On the basis of the representations, warranties and covenants and upon the terms and conditions contained in this Certificate Purchase Agreement, the undersigned, Ameritas Investment Corp., Lincoln, Nebraska (the “**Purchaser**”), hereby offers to purchase \$_____ principal amount of Certificates of Participation, Series 2017 (the “**Certificates**”), to be executed and delivered by BOKF, National Association, (the “**Trustee**”), at the direction of City of Lexington, Nebraska (the “**City**”), under and pursuant to a Declaration of Trust, dated as of _____, 2017 (the “**Declaration of Trust**”), executed by the Trustee.

Inasmuch as this purchase and sale represents a negotiated transaction, the City acknowledges and agrees that: (i) the transaction contemplated by this Certificate Purchase Agreement is an arm’s length, commercial transaction between the City and the Purchaser in which the Purchaser is acting solely as a principal and is not acting as a municipal advisor, financial advisor or fiduciary to the City; (ii) the Purchaser has not assumed any advisory or fiduciary responsibility to the City with respect to the transaction contemplated hereby and the discussions, s and procedures leading thereto (irrespective of whether the Purchaser has provided other services or is currently providing other services to the City on other matters); (iii) the Purchaser is acting solely in its capacity as purchaser for its own account, (iv) the only obligations the Purchaser has to the City with respect to the transaction contemplated hereby expressly are set forth in this Certificate Purchase Agreement; and (v) the City has consulted its own legal, accounting, tax, financial and other advisors, as applicable, to the extent it has deemed appropriate.

The City, as grantor, and the Trustee, as grantee, shall enter into a License and Easement, dated as of _____, 2017 (the “**License and Easement**”), pursuant to which the City will grant to the

trustee a license and easement with respect to certain real property on which certain equipment at the City's existing wastewater plant and related facilities owned and operated by the City (the "**Real Property**") is to be located. The Trustee, as lessor, and the City, as lessee, shall enter into a Lease Purchase Agreement, dated as of _____, 2017 (the "**Lease**"), pursuant to which the Trustee will lease to the City certain equipment at the City's existing wastewater plant and related facilities, all as set forth in the Lease (the "**Project**"), with an option to purchase the Trustee's interest in the Project. The execution and delivery of the License and Easement and the Lease by the City, and the delivery of the Certificates by the Trustee, was authorized by Ordinance No. _____ (the "**Ordinance**"), adopted by the Council and approved by the Mayor on May 9, 2017. *Capitalized terms used herein shall have the meanings set forth in the Declaration of Trust and in the Lease unless some other meaning is plainly indicated.*

1. Purchase of Certificates; Public Offering. Upon the terms and conditions and upon the basis of the respective representations, warranties and covenants hereinafter set forth, the Purchaser hereby agrees to purchase from the City, and the City hereby agrees to sell to the Purchaser at the Closing Time (hereinafter defined), all (but not less than all) of the Certificates at a purchase price of \$_____ (which is equal to the principal amount of the Certificates, less an underwriting discount of \$_____). The Certificates shall be executed and delivered under and secured as provided in the Declaration of Trust, and the Certificates shall have the maturities and interest rates and be subject to redemption as set forth in the Declaration of Trust and the Official Statement.

The Purchaser intends to make an initial bona fide public offering of all of the Certificates at the prices set forth in **Schedule 1** attached hereto; provided, however, that the Purchaser may subsequently change such offering price or prices. The Purchaser agrees to notify the City of such changes, if such changes occur prior to Closing, but failure to so notify shall not invalidate such changes. The Purchaser may offer and sell the Certificates to certain dealers (including dealers depositing Certificates into investment trusts) at prices lower than the public offering prices.

2. Offering Circular. The City hereby agrees to deliver to the Purchaser, within seven business days after the date hereof, the Offering Circular, dated the date hereof, relating to the Certificates (which, together with the cover page, and all exhibits, appendices, maps, pictures, diagrams, reports and statements included therein or attached thereto and any amendments and supplements that may be authorized for use with respect to the Certificates are herein called the "**Offering Circular**") in such quantity that the Purchaser may request to enable the Purchaser to provide the Offering Circular to potential customers and to comply with any rules of the Municipal Securities Rulemaking Board and the Securities and Exchange Commission. The City hereby deems the information contained in the Preliminary Offering Circular dated _____, 2017 (the "**Preliminary Offering Circular**") regarding the City, to be "final" as of its date, except for the omission of such information as is permitted by Rule 15c2-12(b)(1) of the Securities and Exchange Commission, such as offering prices, interest rates, selling compensation, aggregate principal amount, principal per maturity, delivery dates, ratings and other terms of the Certificates depending on such matters.

The City consents to the use by the Purchaser of the Preliminary Offering Circular (subject to the right of the City to withdraw such consent for cause by written notice to the Purchaser) prior to the date upon which the Offering Circular is executed and available for distribution, in connection with the proposed offering of the Certificates.

3. City's Representations and Warranties. The City hereby represents and warrants to the Purchaser and the Trustee that:

(a) The City is and will be at Closing a city of the first class and political subdivision, created and existing under the laws of the State of Nebraska. The City is authorized pursuant to laws of the State of Nebraska to lease the Real Property to the Trustee pursuant to the License and Easement and to lease the Project from the Trustee pursuant to the Lease.

(b) The City has full power and authority to enter into the transactions contemplated by this Certificate Purchase Agreement and any and all other agreements relating thereto.

(c) The information contained in the Offering Circular with respect to the City and its use of the proceeds of the Certificates is and, as of the date of Closing, will be correct in all material respects and does not, and at the Closing, will not omit to state any material fact required to be stated therein or necessary to make any statement made therein, in light of the circumstances under which it was made, not misleading.

(d) The City has duly authorized by all necessary action to be taken by the City (1) the passage and approval of the Ordinance; (2) the execution, delivery and performance of this Certificate Purchase Agreement; (3) the execution, delivery and performance of the License and Easement, the Lease, and a Federal Tax Agreement (the “**Tax Agreement**”) dated as of the date of delivery of the Certificates (collectively, the “**City Documents**”); (4) the approval of the Declaration of Trust and the Offering Circular; (5) the execution and performance of any and all such other agreements and documents as may be required to be executed, delivered and performed by the City in order to carry out, give effect to and consummate the transactions contemplated by the Ordinance, the City Documents and this Certificate Purchase Agreement; and (6) the carrying out, giving effect to and consummation of the transactions contemplated by the Ordinance, the City Documents and this Certificate Purchase Agreement.

(e) The City Documents and this Certificate Purchase Agreement, when executed and delivered by the City, will be the legal, valid and binding obligations of the City enforceable in accordance with their terms, except to the extent that enforcement thereof may be limited by any applicable bankruptcy, reorganization, insolvency, moratorium or other law or laws affecting the enforcement of creditors' rights generally or against entities such as the City and further subject to the availability of equitable remedies.

(f) Except as may be set forth in the Offering Circular, there is no action, suit, proceeding, inquiry or investigation at law or in equity or before or by any court, public board or body, pending or, to the knowledge of the City, threatened against the City wherein an unfavorable decision, ruling or finding would materially adversely affect (i) the transactions contemplated hereby or by the Offering Circular, (ii) the validity or enforceability in accordance with their respective terms of the City Documents or any agreement or instrument to which the City is a party, used or contemplated for use in the consummation of the transactions contemplated hereby or by the Offering Circular, (iii) the tax-exempt status of the Interest Component of the Basic Rent Payments to be distributed to Certificate owners, or (iv) the existence or powers of the City.

(g) The execution and delivery by the City of the City Documents and the other documents contemplated hereby and by the Offering Circular to be executed and delivered by the City, and compliance with the provisions thereof, and the approval of the use of the Offering Circular do not conflict with or constitute on the part of the City a breach of or a default under any existing law, court or administrative regulation, decree, order, agreement, indenture, mortgage, lease, note or other obligation or instrument to which the City is subject, or by which it may be bound.

(h) The financial statements of the City for the fiscal year ended September 30, 2016, audited by Contryman Associates, P.C., Lexington, Nebraska, except as noted therein, present fairly and accurately the financial condition of the City as of the date indicated and the results of its operations for the period specified, and such financial statements are prepared in accordance with the accounting principles described in the notes to the financial statements consistently applied in all material respects for the period involved.

(i) The City has not, since September 30, 2016, incurred any material liabilities and there has been no material adverse change in the condition of the City, financial or otherwise, other than as set forth in the Offering Circular.

(j) Any certificate signed by an authorized official of the City and delivered to the Purchaser shall be deemed a representation and warranty by the City to the Purchaser as to the statements made therein.

(k) The City agrees to reasonably cooperate with the Purchaser in any endeavor to qualify the Certificates for offering and sale under the securities or "Blue Sky" laws of such jurisdictions of the United States as the Purchaser may request; provided, however, that the City shall not be required with respect to the offer or sale of the Certificates, or otherwise, to file written consent to suit or to file written consent to service of process in any jurisdiction. The City consents to the use of drafts of the Preliminary Offering Circular, the Preliminary Offering Circular and drafts of the Offering Circular prior to the availability of the Offering Circular, by the Purchaser in obtaining such qualifications, subject to the right of the City to withdraw such consent for cause by written notice to the Purchaser. The Purchaser shall pay all expenses and costs (including registration and filing fees) incurred in connection therewith.

4. Closing. Prior to or at 12:00 noon, Omaha, Nebraska time, on _____, 2017, or at such other time or such other date as shall have been mutually agreed upon by the City and the Purchaser (the "**Closing Time**"), the City will deliver, or cause to be delivered, to the Purchaser, the Certificates, in definitive form duly executed and authenticated by the Trustee, together with the other documents hereinafter mentioned; and the Purchaser will accept such delivery and pay the purchase price of the Certificates by electronic transfer of the Purchase Price in immediately available funds to the Trustee, for the benefit of the City, or such other mutually agreeable arrangement. Such payment and delivery is herein called the "**Closing**." The Certificates will be delivered in denominations as set forth in the Declaration of Trust as definitive Certificates in fully registered form, and in such amounts as the Purchaser may request not less than two business days prior to the Closing, and will be made available for checking and packaging by the Purchaser at such place as the Purchaser and the Trustee shall agree not less than 24 hours prior to the Closing.

It is anticipated that CUSIP identification numbers will be printed on the Certificates, but neither the failure to print such numbers on any Certificate nor any error in the printing of such numbers shall constitute cause for a failure or refusal by the Purchaser to accept delivery of and pay for any Certificates.

5. Events Permitting Purchaser To Terminate. The Purchaser shall have the right to cancel its obligations to purchase the Certificates if between the date hereof and the date of the Closing, (a)(i) legislation shall be enacted or be actively considered for enactment by the Congress, or recommended to the Congress for passage by the President of the United States, or favorably reported for passage to either House of the Congress by any committee of such House to which such legislation has been referred for consideration, or (ii) a decision by a Federal court of the United States or the United States Tax Court shall be rendered, or a ruling or regulation by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency shall be made with respect to the Federal tax status of the Certificates, or (iii) other action or events shall have occurred or

transpired, any of the foregoing of which has the purpose or effect, directly or indirectly, of adversely affecting the Federal income tax consequences of any of the transactions contemplated in connection herewith, or materially adversely affects the market for the Certificates or the ability of the Purchaser to enforce contracts for the sale of the Certificates at the contemplated offering price, or (b) there shall exist any fact or any event shall have occurred which either (i) makes untrue or incorrect any statement of a material fact or material information contained in the Offering Circular as then amended or supplemented or (ii) is not reflected in the Offering Circular as then amended or supplemented but should be reflected therein in order to make the statements and information contained therein not misleading in any material respect or (c) there shall have occurred any outbreak or escalation of hostilities or any national or international calamity or crisis, including a financial crisis, the effect of which on the financial markets of the United States being such as would materially adversely affect the market for the Certificates or the ability of the Purchaser to enforce contracts for the sale of the Certificates at the contemplated offering prices, or (d) there shall be in force a general suspension of trading on the New York Stock Exchange or a general banking moratorium shall have been declared by Federal, Nebraska or New York authorities, the effect of which on the financial markets of the United States is such as would materially adversely affect the market for the Certificates or the ability of the Purchaser to enforce contracts for the sale of the Certificates at the contemplated offering prices, or (e) there shall have occurred since September 30, 2016, any material adverse change in the affairs of the City from that reflected in the financial statements or other information concerning the City contained in the Offering Circular not otherwise disclosed in the Offering Circular, or (f) legislation shall be enacted, or actively considered for enactment by the Congress, with an effective date on or prior to the date of Closing, or a decision by a court of the United States shall be rendered, or a ruling or regulation by the Securities and Exchange Commission or other governmental agency having jurisdiction of the subject matter shall be made, the effect of which is that the Certificates are not exempt from the registration, qualification or other requirements of the Securities Act of 1933, as amended, and as then in effect, or the Securities Exchange Act of 1934, as amended, and as then in effect, or (g) a stop order, ruling or regulation by the Securities and Exchange Commission shall be issued or made, the effect of which is that the issuance, offering or sale of the Certificates, as contemplated herein or in the Preliminary Offering Circular or the Offering Circular, is in violation of any provision of the Securities Act of 1933, as amended, and as then in effect, the Securities Exchange Act of 1934, as amended, and as then in effect, or the Trust Indenture Act of 1939, as amended, and as then in effect, or (h) the Offering Circular is approved and delivered in accordance with **Section 2** above.

The City shall have the right to terminate this Certificate Purchase Agreement if the Certificates are not purchased by the Purchaser for any reason on or prior to the Closing Time.

6. Conditions to Closing. The obligations hereunder of each party hereto shall be subject (a) to the performance by the other party of its obligations to be performed hereunder at and prior to the Closing Time, (b) to the accuracy in all material respects of the representations and warranties herein of the other party as of the date hereof and as of the Closing Time, and (c) to the following conditions, including the delivery by the appropriate party or parties hereto or other entities of such documents as are enumerated herein:

(i) At the Closing Time,

(A) The Certificates and the Offering Circular shall have been duly authorized, executed and delivered in the form heretofore approved by the Purchaser with only such changes therein as shall be mutually agreed upon by the City, the Purchaser and the Trustee;

(B) The proceeds of the sale of the Certificates shall have been deposited and applied as described in the Declaration of Trust;

(C) The City shall have duly adopted and there shall be in full force and effect such Ordinances as, in the opinion of Special Tax Counsel, shall be necessary in connection with the transactions contemplated hereby; and

(D) The Project description and scope shall be as described in the Offering Circular.

(ii) At the Closing Time, the Purchaser and the City shall receive:

(A) The approving opinion of Special Tax Counsel, dated the date of Closing, addressed to the City, the Trustee and the Purchaser, in form and substance satisfactory to the Purchaser.

(B) A certified copy of the Ordinance authorizing or approving, as appropriate, the execution and delivery of the Offering Circular, this Certificate Purchase Agreement, the City Documents, and the Certificates, together with certificates dated the Closing Date to the effect that such Ordinance has not been modified, amended or repealed.

(C) A certificate of the City, dated the date of Closing, signed by an official of the City, in form and substance satisfactory to the Purchaser.

(D) Evidence satisfactory to the Purchaser that an IRS Form 8038-G (Information Return for Tax-Exempt Governmental Obligations) will be completed and timely filed with the IRS.

(E) Such additional certificates and other documents as the Purchaser or Special Tax Counsel may reasonably request to evidence performance or compliance with the provisions hereof and the transactions contemplated hereby and by the Declaration of Trust, the Lease and the Offering Circular, all such certificates and other documents to be satisfactory in form and substance to the Purchaser and Special Tax Counsel.

Unless performance is waived by the party or parties for whose benefit a condition or obligation is intended, if any person shall be unable to satisfy the above conditions to the obligations of any party to this Certificate Purchase Agreement, or if the obligations hereunder of any party shall be terminated for any reason permitted by this Certificate Purchase Agreement and unless otherwise waived, this Certificate Purchase Agreement shall terminate and neither the Purchaser nor the City shall be under further obligation hereunder; except that the Purchaser's obligations to pay expenses, as provided in **Section 9** hereof, shall continue in full force and effect.

7. Conditions To City's Obligations. The obligations of the City hereunder are subject to the performance by the Purchaser of its obligations hereunder.

8. Survival of Representations, Warranties and Agreements. All representations, warranties and agreements of the City and the Purchaser, respectively, shall remain operative and in full force and effect, regardless of any investigations made by or on behalf of any other party and shall survive the Closing.

9. Expenses. Whether or not the Certificates are sold by the City to the Purchaser (unless such sale be prevented at the Closing Time by the Purchaser's default), the Purchaser shall be under no obligation to pay any expenses incident to the performance of the obligations of the City hereunder. If the Certificates are sold by the City to the Purchaser, all expenses and costs to effect the authorization, preparation, issuance, delivery and sale of the Certificates (including, without limitation, the fees and

disbursements of Gilmore & Bell, P.C., Special Tax Counsel and the expenses and costs for the preparation, printing, photocopying, execution and delivery of the Certificates) shall be paid by the City out of the proceeds of the Certificates or from other available funds; if the Certificates are not sold by the City to the Purchaser (unless such sale be prevented at the Closing Time by the Purchaser's default), all such expenses and costs shall be paid by the City. The Purchaser shall pay from its underwriting fee all closing and registration fees (e.g. DTC), the costs of printing the preliminary Offering Circular and the final Offering Circular, and all of the Purchaser's out-of-pocket expenses.

10. Amendments to Offering Circular. If, after the date of this Certificate Purchase Agreement and until the earlier of (a) ninety (90) days after the "end of the underwriting period" (as defined in Rule 15c2-12) or (b) the time when the Offering Circular is available to any person from the Municipal Securities Rulemaking Board, but in no case less than twenty-five (25) days following the end of the underwriting period, an event relating to or affecting the City shall occur as a result of which it is necessary, in the opinion of Special Tax Counsel or the Purchaser, to amend or supplement the Offering Circular in order to make the Offering Circular not misleading in the light of the circumstances then existing, the City will forthwith prepare and furnish to the Purchaser a reasonable number of copies of an amendment of or supplement to the Offering Circular (in form and substance satisfactory to the Purchaser) which will amend or supplement the Offering Circular so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements not misleading. The expenses of preparing such amendment or supplement shall be borne by the City. Thereafter, all references to and representations regarding the Offering Circular contained herein shall refer to or regard the Offering Circular as so amended or supplemented. For the purpose of this Section the City will furnish to the Purchaser such information with respect to the City as the Purchaser may from time to time reasonably request.

11. Third Party Beneficiary. The City agrees that the Purchaser is and shall be a third party beneficiary of any and all representations and warranties made by the City in the City Documents, to the same effect as if the City had made such representations and warranties to the Purchaser in this Certificate Purchase Agreement.

12. Notices. Any notice or other communication to be given to the City under this Certificate Purchase Agreement may be given by delivering the same in writing at its address set forth above, and any notice or other communications to be given to the Purchaser under this Certificate Purchase Agreement may be given by delivering the same in writing to the Purchaser at the following addresses:

Ameritas Investment Corp.
390 N. Cotner Blvd.
Lincoln, Nebraska 68505
Attention: Marc Munford

13. Successors. This Certificate Purchase Agreement is made for the benefit of the City, the Trustee and the Purchaser (including the successors or assigns of the Trustee and the Purchaser) and no other person including any purchaser of the Certificates shall acquire or have any rights hereunder or by virtue hereof.

14. Governing Law. This Certificate Purchase Agreement shall be governed by and construed in accordance with the laws of the State of Nebraska.

15. Effectiveness. This Certificate Purchase Agreement shall become effective upon your acceptance hereof.

16. Counterparts. This Certificate Purchase Agreement may be executed in any number of counterparts, each of which so executed and delivered shall constitute an original and all together shall constitute but one and the same instrument.

17. Captions. The captions or headings in this Certificate Purchase Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or section of this Certificate Purchase Agreement.

[The remainder of this page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have executed this Certificate Purchase Agreement, all as of the day and year first above mentioned.

Very truly yours,

AMERITAS INVESTMENT CORP.

By: _____
Vice President

Accepted and agreed to as of
the date first above written.

CITY OF LEXINGTON, NEBRASKA

By: _____
Mayor

By: _____
City Manager

BOKF, National Association, Trustee

By: _____
Vice President

SCHEDULE 1

\$ _____

**CITY OF LEXINGTON, NEBRASKA
CERTIFICATES OF PARTICIPATION
SERIES 2017**

MATURITY & PRICING SCHEDULE

<u>Principal Amount</u>	<u>Maturing December 15,</u>	<u>Interest Rate</u>	<u>Price</u>
\$	2017	%	%
	2018		
	2019		
	2020		
	2021		

Interest Payment Date:

Interest is payable semiannually on June 15 and December 15 of each year commencing December 15, 2017.

Purchase Price:

The Certificates shall be delivered to the Purchaser, as initial purchaser, upon receipt of \$_____, (equal to the par amount of the Certificates, less underwriter's discount of \$_____) plus accrued interest thereon to the date of delivery of the Certificates.

Dated Date:

The Certificates shall be dated _____, 2017.

Optional Redemption:

[The Certificates are not subject to optional redemption prior to maturity.]