

ORDINANCE NO. 1876

CITY OF LEXINGTON, NEBRASKA

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that a meeting of the Mayor and Council of the City of Lexington, Nebraska will be held at 7:30 o'clock P.M. on the 28th day of November, 1989, at 406 East 7th Street, Lexington, Nebraska, which meeting will be open to the public. An agenda for such meeting, kept continuously current is available for public inspection at 406 East 7th Street, Lexington, Nebraska.


City Clerk

ACKNOWLEDGMENT OF RECEIPT OF NOTICE OF MEETING

The undersigned Mayor and Members of the City Council of the City of Lexington, Nebraska, hereby acknowledge receipt of advance notice of a meeting of the City Council of the City of Lexington, Nebraska, and the agenda for such meeting held at 7:30 o'clock P.M., on November 28, 1989, at 406 East 7th Street, Lexington, Nebraska.

Robert P. Howe
Mayor

J. W. Gurnea
Councilmember

John K. ...
Councilmember

John M. Weeder
Councilmember

Barbara J. ...
Councilmember

*Sent original on 12/13/89
to D. Murphy*

EXTRACT OF MINUTES

CITY OF LEXINGTON, NEBRASKA

A meeting of the Mayor and Council of the City of
Lexington, Nebraska, was convened in open and public session
at 7:30 o'clock P.M. on November 28, 1989 at the Municipal
Building, 406 E. 7th Street,
Lexington, Nebraska. Present were: Mayor Robert
Hawks; Councilmembers: John Wightman, Kenneth
VerMaas, John Weeder and Dorothy Anderson

Absent were: _____.

Notice of the meeting was given in advance thereof by
publication, the City's designated method for giving notice, a
copy of the Proof of Publication being attached to these Minutes.

Notice of this meeting was given in advance to the Mayor
and all members of the City Council and a copy of their
~~Acknowledgment of Receipt of Notice~~ and the agenda is attached to
these Minutes. Availability of the agenda was communicated in the
advance notice and in the notice to the Mayor and Council of this
meeting. All proceedings hereafter shown were taken while the
convened meeting was open to the attendance of the public.

Whereupon, Councilmember Wightman
introduced Ordinance No. 1876 entitled:

"AN ORDINANCE OF THE CITY OF LEXINGTON, NEBRASKA, AUTHORIZING THE ISSUANCE AND SALE OF COMBINED REVENUE BOND ANTICIPATION NOTES OF THE CITY OF LEXINGTON, NEBRASKA, IN THE PRINCIPAL AMOUNT OF ONE MILLION ONE HUNDRED SEVENTY THOUSAND DOLLARS (\$1,170,000), FOR THE PURPOSE OF PROVIDING INTERIM FINANCING FOR THE COST OF EXTENDING, ENLARGING AND IMPROVING THE CITY'S SEWAGE DISPOSAL PLANT AND SYSTEM, WATERWORKS PLANT AND SYSTEM AND ELECTRICAL LIGHT AND POWER PLANT AND DISTRIBUTION SYSTEM PENDING THE ISSUANCE OF PERMANENT COMBINED REVENUE BONDS; PRESCRIBING THE FORM OF SAID NOTES; AGREEING TO ISSUE THE CITY'S COMBINED REVENUE BONDS TO PAY THE NOTES AT MATURITY OR TO PAY THE NOTES FROM OTHER AVAILABLE FUNDS; ENTERING INTO A CONTRACT ON BEHALF OF THE CITY WITH THE HOLDERS OF SAID NOTES; AND PROVIDING FOR PUBLICATION OF THIS ORDINANCE IN PAMPHLET FORM."

Said Ordinance was fully and distinctly read, and by motion of Councilmember Wightman, seconded by Councilmember VerMaas, it was designated as Ordinance No. 1876 and the title thereof was approved. The roll was called on the passage of said motion and the following voted "AYE": Anderson, Weeder, VerMaas, Wightman and Hawks

The following voted "NAY": _____


Councilmember Wightman moved that the statutory rule requiring ordinances to be fully and distinctly read on three different days be suspended, seconded by Councilmember VerMaas. The roll was called and the following voted "AYE": Anderson, Weeder, VerMaas, Wightman and Hawks; "NAY": _____

_____. The motion to suspend the statutory rule having been concurred in by three-fourths of all members of the Council was declared passed and adopted.

Whereupon Ordinance No. 1876 was read by title and there-
after Councilmember Wightman moved for final passage of
said Ordinance. Councilmember VerMaas
seconded the motion. The Mayor stated: "The question is, shall
Ordinance No. 1876 be passed and adopted?" The roll was called
and the following voted "AYE": Weeder, Anderson, VerMaas, Wightman,
and Hawks
_____. The following voted "NAY": _____
_____.

The passage and adoption of said Ordinance having been concurred
with by a majority of all members elected to the Council, was by the
Mayor declared passed and adopted, and the Mayor, in the presence of
the Council, signed and approved said Ordinance, and the Clerk
attested the passage and approval of the same and affixed the seal
of the City thereto.

A true and complete copy of said Ordinance No. 1876 is
attached hereto.



City Clerk of
Lexington, Nebraska

ORDINANCE NO. 1876

"AN ORDINANCE OF THE CITY OF LEXINGTON, NEBRASKA, AUTHORIZING THE ISSUANCE AND SALE OF COMBINED REVENUE BOND ANTICIPATION NOTES OF THE CITY OF LEXINGTON, NEBRASKA, IN THE PRINCIPAL AMOUNT OF ONE MILLION ONE HUNDRED SEVENTY THOUSAND DOLLARS (\$1,170,000), FOR THE PURPOSE OF PROVIDING INTERIM FINANCING FOR THE COST OF EXTENDING, ENLARGING AND IMPROVING THE CITY'S SEWAGE DISPOSAL PLANT AND SYSTEM, WATERWORKS PLANT AND SYSTEM AND ELECTRICAL LIGHT AND POWER PLANT AND DISTRIBUTION SYSTEM PENDING THE ISSUANCE OF PERMANENT COMBINED REVENUE BONDS; PRESCRIBING THE FORM OF SAID NOTES; AGREEING TO ISSUE THE CITY'S COMBINED REVENUE BONDS TO PAY THE NOTES AT MATURITY OR TO PAY THE NOTES FROM OTHER AVAILABLE FUNDS; ENTERING INTO A CONTRACT ON BEHALF OF THE CITY WITH THE HOLDERS OF SAID NOTES; AND PROVIDING FOR PUBLICATION OF THIS ORDINANCE IN PAMPHLET FORM."

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

Section 1. The Mayor and Council of the City of Lexington hereby find and determine: That the City of Lexington owns and operates a waterworks plant and system (the "Water System"), an electrical light and power plant and distribution system (the "Electric System") and a sewage disposal plant and system (the "Sewer System"), (which systems are hereinafter collectively referred to as the "Combined Utilities"), and that said Combined Utilities constitute a revenue-producing undertaking; that it is necessary and advisable to extend, enlarge and improve the Water System by construction of a new water tower and three new wells; that based upon the estimate furnished by the City's engineer, the cost of said proposed improvements is not less than \$875,000; that in addition, it is necessary to provide for the payment of interest to accrue on the Notes herein authorized to June 15, 1991 and to pay issuance costs of said notes; that it is necessary to

provide temporary financing for the cost of said improvements in order to ensure timely payment to contractors and for such purpose it is necessary and advisable for the City of Lexington to issue its Combined Revenue Bond Anticipation Notes in the amount of \$1,170,000 pending permanent revenue bond financing pursuant to Sections 18-1803 to 18-1805, R.R.S. Neb. 1943; that there are presently outstanding \$200,000 of Combined Revenue Bonds, 1977 Series, dated April 1, 1977, \$1,005,000 of Combined Revenue Bonds, 1978 Series, dated June 15, 1978, and \$1,465,000 Combined Revenue Bonds, 1987 Series, date of original issue - August 1, 1987, collectively hereinafter referred to as the "Outstanding Bonds". There are also outstanding \$2,555,000 of Combined Revenue Bond Anticipation Notes, 1989 Series, date of original issue - August 15, 1989, due August 15, 1992 (the "Outstanding Notes"), which are junior in lien to the Outstanding Bonds. The respective ordinances authorizing the Outstanding Bonds permit the issuance of bonds or notes which are junior in lien to the Outstanding Bonds for which the revenues of the Combined Utilities have been pledged and which constitute a prior lien upon the revenues of the Combined Utilities; that the ordinance authorizing the Outstanding Notes permits the City to issue additional combined revenue bond anticipation notes without limits; that all conditions, acts and things required by law to exist or to be done precedent to the issuance of Combined Revenue Bond Anticipation Notes in the amount of \$1,170,000 do exist and have been done as required by law.

Section 2. For the purpose of providing interim financing for the costs of the improvements set out in Section 1, pending the issuance of permanent Combined Revenue Bonds by the City of Lexington, there shall be and there are hereby ordered issued notes of the City of Lexington, Nebraska to be known as Combined Revenue Bond Anticipation Notes, 1989 Series B, (the "1989 Series B Notes") of the aggregate principal amount of One Million One Hundred Seventy Thousand Dollars (\$1,170,000), with said notes bearing interest at the rate of 6.15% per annum (said interest to be computed on the basis of a 360-day year consisting of twelve 30-day months) and to become due on December 15, 1992. The 1989 Series B Notes 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 1989 Series B Notes shall be December 29, 1989. Interest on the 1989 Series B Notes shall be payable on December 15, 1990 and semiannually thereafter on June 15 and December 15 of each year (each an "Interest Payment Date"). The 1989 Series B Notes shall bear such interest from the date of original issue or the most recent Interest Payment Date, whichever is later. The interest due on each Interest Payment Date shall be payable to the registered owners of record as of the close of business on the last business day of the month immediately preceding the month in which the Interest Payment Date occurs (the "Record Date"). The 1989 Series B Notes shall be numbered from 1 upwards in the order of their issuance. The initial numbering and principal amounts for each of the 1989 Series B Notes shall be designated by the City Treasurer as

directed by the initial purchaser thereof, subject to the limitations of this ordinance. Payments of interest due on the 1989 Series B Notes prior to maturity or redemption shall be made by the Paying Agent and Registrar as designated in Section 3 by mailing a check in the amount due for such interest on each Interest Payment Date to the registered owner of each 1989 Series B Note, as of the Record Date for such Interest Payment Date, to such owner's registered address as shown on the books of registration maintained by said Paying Agent and Registrar. Payments of principal due at maturity or upon call for redemption prior to maturity, together with accrued interest then due, shall be made by said Paying Agent and Registrar to the registered owners upon presentation and surrender of each 1989 Series B Note to said Paying Agent and Registrar. The City and said Paying Agent and Registrar may treat the registered owner of any 1989 Series B Note as the absolute owner of such 1989 Series B Note for the purposes 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 1989 Series B Note 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 1989 Series B Note 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 such 1989 Series B Note or claims for interest to the extent of the sum or sums so paid.

Section 3. The Farmers State Bank & Trust Company, in Lexington, Nebraska, is hereby designated to serve as Paying Agent and Registrar for the 1989 Series B Notes. Said Paying Agent and Registrar shall serve in such capacities under the terms of an agreement entitled "Paying Agent and Registrar's Agreement" between the City and said Paying Agent and Registrar, the form of which is hereby approved. The Mayor and Clerk are hereby authorized to execute said agreement in substantially the form presented but with such changes as they shall deem appropriate or necessary. The Paying Agent and Registrar shall keep and maintain for the City books for the registration and transfer of the 1989 Series B Notes at its principal office. The names and registered addresses of the registered owner or owners of the 1989 Series B Notes shall at all times be recorded in such books. Any 1989 Series B Note may be transferred pursuant to its provisions at the office of said Paying Agent and Registrar by surrender of such 1989 Series B Note 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 his 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 1989 Series B Note or 1989 Series B Notes of the same aggregate principal amount. To the extent of the denominations authorized for the 1989 Series B Notes by this

Ordinance, one 1989 Series B Note may be transferred for several such 1989 Series B Notes for a like aggregate principal amount and several such 1989 Series B Notes may be transferred for one or several such 1989 Series B Notes respectively of the same aggregate principal amount. In every case of transfer of a 1989 Series B Note, the surrendered 1989 Series B Note shall be cancelled and destroyed. All 1989 Series B Notes issued upon transfer of 1989 Series B Notes so surrendered shall be valid obligations of the City evidencing the same obligations as the 1989 Series B Notes surrendered and shall be entitled to all the benefits and protection of this Ordinance to the same extent as the 1989 Series B Notes upon transfer of which they were delivered. The City and its Paying Agent and Registrar shall not be required to transfer any 1989 Series B Note during any period from any Record Date until its immediately following Interest Payment Date or to transfer any 1989 Series B Note called for redemption for a period of 15 days next preceding the date fixed for redemption.

Section 4. If the date for payment of the principal of or interest on the 1989 Series B Notes shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the city where the principal 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 5. The 1989 Series B Notes of this issue are subject to redemption, in whole or in part, prior to maturity at the option of the City at any time on or after February 15, 1991, at par plus accrued interest on the principal amount redeemed to the date fixed for redemption. The City may select the 1989 Series B Notes to be redeemed in its sole discretion, but 1989 Series B Notes shall be redeemed only in amounts of \$5,000 or integral multiples thereof. Any 1989 Series B Note redeemed in part only shall be surrendered to the Paying Agent and Registrar in exchange for a new 1989 Series B Note evidencing the unredeemed principal thereof. Notice of redemption of any 1989 Series B Note called for redemption shall be given at the direction of the City by the Paying Agent and Registrar by mail not less than fifteen days prior to the date fixed for redemption, first class, postage prepaid, sent to the registered owner of such 1989 Series B Note at such owner's registered address. Such notice shall designate the 1989 Series B Note or 1989 Series B Notes to be redeemed by number, the date of original issue and the date fixed for redemption and shall state that such 1989 Series B Note or 1989 Series B Notes are to be presented for prepayment at the office of the Paying Agent and Registrar. In case of any 1989 Series B Note partially redeemed, such notice shall specify the portion of the principal amount of such 1989 Series B Note to be redeemed. No defect in the mailing of notice for any 1989 Series B Note shall affect the sufficiency of the proceedings of the City designating the 1989 Series B Notes called for redemption or the effectiveness of such call for 1989 Series B Notes

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 1989 Series B Note for which defective notice has been given.

Section 6. The 1989 Series B Notes shall be in substantially the following form:

UNITED STATES OF AMERICA
STATE OF NEBRASKA
COUNTY OF DAWSON

COMBINED REVENUE BOND ANTICIPATION NOTE
OF THE CITY OF LEXINGTON, NEBRASKA
1989 SERIES B

No. _____

\$ _____

Interest Rate Maturity Date Date of Original Issue Cusip Number

December 15, 1992 December 29, 1989

Registered Owner:

Principal Amount:

Dollars (\$ _____)

KNOW ALL MEN BY THESE PRESENTS: That the City of Lexington, in the County of Dawson, 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 maturity date 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 December 15, 1990 and semiannually thereafter on June 15 and December 15 of each year (each 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 and accrued interest payable at maturity or upon call for redemption prior to maturity are payable upon presentation and surrender of this Note at the principal office of The Farmers State Bank & Trust Company, Paying Agent and Registrar, in Lexington, Nebraska. Interest on this Note, due prior to maturity or redemption, shall 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 Note as shown on the books of record maintained by the Paying Agent and Registrar, at the close of business on the last business day of the month immediately preceding the month in which the Interest Payment Date occurs, to such owner's address as shown on such books and records.

All Notes of this issue are subject to redemption prior to maturity on February 15, 1991, or at any time thereafter at par plus accrued interest on the principal amount to be redeemed to the date set for redemption. Notice of redemption shall be given by mail to the registered owner of any Note to be redeemed, not less than fifteen days prior to the date set for redemption, in the manner specified in the ordinance authorizing the issuance of said Notes. Individual Notes may be redeemed in part but only in the amount of \$5,000 or integral multiples thereof.

This Note is one of an issue of fully registered Notes of the total principal amount of \$1,170,000, of even date and like tenor herewith, except as to denomination, which were issued by the City for the purpose of providing interim financing for the cost of extending, enlarging and improving the City's sewage disposal plant and system, waterworks plant and system and electrical light and power plant and distribution system pending the issuance of Combined Revenue Bonds. The issuance of this Note and the other Notes of this issue has been lawfully authorized by an ordinance duly passed, approved and published by the Mayor and Council of the City of Lexington in strict compliance with Sections 18-1803 to 18-1805, Reissue Revised Statutes of Nebraska, 1943, as amended.

The interest and principal of this Note are payable from monies in the "1989 Series B Combined Revenue Bond Anticipation Note Payment Fund" as described in the ordinance authorizing the issuance of said series of Notes. Reference is hereby made to said ordinance for a full description of the covenants of the City with respect to said series of Notes. In said ordinance, the City has agreed, among other things, to issue and sell its Combined Revenue Bonds in an amount sufficient to enable it to take up and pay off said series of Notes at or prior to maturity.

This Note shall not be a debt of the City of Lexington, Nebraska, within the meaning of any constitutional, statutory or charter limitation upon the creation of general obligation indebtedness of said City and said City shall not be liable for the payment thereof out of any money of the City other than from the proceeds of Combined Revenue Bonds to be issued and from moneys in the 1989 Series B Combined Revenue Bond Anticipation Note Payment Fund. The City reserves the right to issue additional Combined Revenue Bond Anticipation Notes for the purpose of refunding the Notes of this issue at or prior to maturity and for the purpose of paying for additional improvements for its combined utilities. The ordinance under which these Notes are issued constitutes an irrevocable contract between the City and the holders of all of said Notes and said contract cannot be changed or altered without the written consent of the holders of seventy-five per centum (75%) in principal amount of the Notes then outstanding.

This Note is transferable by the registered owner or his attorney duly authorized in writing at the principal office of The Farmers State Bank & Trust Company, in Lexington, Nebraska, as Paying Agent and Registrar, upon surrender and cancellation of this Note and thereupon a new Note or Notes of the same aggregate principal amount will be issued to the transferee as provided in the ordinance authorizing said issue of Notes, 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 Note 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 Note be overdue or not.

If the date for payment of the principal of or interest on this Note shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the city where the principal 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.

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

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 Note 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 the City, including this Note, does not exceed any limitation imposed by law.

IN WITNESS WHEREOF, the Mayor and Council of the City of Lexington, Nebraska, have caused this Note to be executed on behalf of the City with the signatures of its Mayor and City Clerk, both of which signatures may be facsimile signatures, and by having affixed hereto or imprinted hereon the City's seal, all as of the date of original issue shown above.

THE CITY OF LEXINGTON, NEBRASKA

(SEAL)

By: _____
Mayor

ATTEST:

City Clerk

Certificate of Authentication

This Note is one of the Notes authorized by ordinance of the Mayor and Council of the City of Lexington, in the County of Dawson, in the State of Nebraska, described in the foregoing Note.

The Farmers State Bank & Trust Company
Lexington, 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 Note 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

Signature Guaranteed

By _____

Authorized Officer

Note: The signature(s) of this assignment MUST CORRESPOND with the name(s) as written on the face of the within Note 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 7. Each of the 1989 Series B Notes herein authorized shall be executed on behalf of the City by the signatures of the Mayor and City Clerk, both of which signatures are hereby authorized to be facsimile signatures, and by having affixed thereto or imprinted thereon the City's seal. Forms for 1989 Series B Notes to be issued upon subsequent transfer or partial redemption shall be executed in the same manner and supplied to the Paying Agent and Registrar. In case any officer whose signature or facsimile thereof shall appear on any 1989 Series B Note shall cease to be such officer before the delivery of such 1989 Series B Note (including any forms for 1989 Series B Notes to be issued 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 1989 Series B Note. The 1989 Series B Notes shall not be valid and binding on the City until authenticated by the Paying Agent and Registrar. After execution of the 1989 Series B Notes they shall be delivered to the Paying Agent and Registrar for registration and authentication. Upon execution, registration and authentication of the 1989 Series B Notes, they shall be delivered to the City Treasurer who is authorized to deliver them to Shearson Lehman Hutton Inc., Chiles Heider Division, as initial purchaser thereof upon receipt of 98.915% of the principal amount of the 1989 Series B Notes plus accrued interest thereon to date of payment for the 1989 Series B Notes. Said initial purchaser shall have the right to direct the registration of the 1989 Series B Notes and the denominations, subject to the restrictions of this ordinance.

Section 8. The City Clerk is hereby directed to make and certify transcripts of the proceedings of the City precedent to the issuance of said 1989 Series B Notes, one of which transcripts shall be delivered to the purchaser of said 1989 Series B Notes.

Section 9. The City hereby covenants and agrees to issue and sell its combined revenue bonds, payable from the revenues of the Combined Utilities, in a sufficient amount and at such times as will enable it to take up and pay off the 1989 Series B Notes, both principal and interest, at or prior to maturity. There is hereby ordered established a special fund to be known as the "1989 Series B Combined Revenue Bond Anticipation Note Payment Fund", which shall be kept as a separate fund apart from all other funds of the City. The proceeds of the combined revenue bonds of the City to be issued shall be deposited into said fund and disbursed from said fund only for the purposes of taking up and paying off the 1989 Series B Notes. Interest on said notes shall also be payable from said fund. In order to assure the payment of said interest as it falls due, there shall be deposited in said fund from the proceeds of said 1989 Series B Notes an amount equal to the interest to be payable on the 1989 Series B Notes to and including June 15, 1991. Said proceeds as so deposited shall be used solely for the payment of interest on the 1989 Series B Notes herein authorized as the same fall due. The City further agrees that if, for any reason, the interest due on said notes is not fully provided for from said deposit, the payment of such interest shall be provided for out of the revenues of the City's Combined Utilities, to the extent

permitted, or from the issuance of other Combined Revenue Bond Anticipation Notes or combined revenue bonds. The City further agrees that it will establish, maintain and collect rates and charges for its Combined Utilities throughout the life of said 1989 Series B Notes sufficient to enable the City to issue and sell its combined revenue bonds in an amount sufficient to pay the principal and interest thereon of the 1989 Series B Notes at or prior to maturity and agrees to use the proceeds of such sale of combined revenue bonds for taking up and paying off said 1989 Series B Notes at or prior to maturity. The City further agrees that said rates and charges shall also be sufficient to provide for all costs associated with the ownership, operation, maintenance, renewal and replacement of the City's Combined Utilities, including compliance with this ordinance and the ordinance authorizing the Outstanding Notes. The 1989 Series B Notes shall not be a debt of the City within the meaning of any constitutional, statutory or charter limitation upon the creation of general obligation indebtedness of the City, and the City shall not be liable for the payment thereof out of any money of the City other than from monies received by the issuance and sale of permanent combined revenue bonds, as described herein, and from monies in the 1989 Series B Combined Revenue Bond Anticipation Note Payment Fund, as required to be maintained by this ordinance. The holders of said 1989 Series B Notes shall have a lien on the revenue and earnings of the City's Combined Utilities, subject in all respects to the prior lien and pledge in favor of the Outstanding Bonds and on a parity with any lien in favor of the

Outstanding Notes. The lien provided for in this ordinance in favor of the holders of the 1989 Series B Notes shall not prevent the City from applying the revenues of the Combined Utilities to any purpose permitted by law including the payment of the costs of further improvements to the Combined Utilities and payments on general obligation indebtedness incurred for improvements to the Combined Utilities, so long as there is no default in the payment of principal or interest due on the 1989 Series B Notes.

Section 10. Moneys in the 1989 Series B Combined Revenue Bond Anticipation Note Payment Fund which are not immediately required for paying principal or interest as the same falls due on the 1989 Series B Notes shall be invested in any investments which are permissible for funds of a city of the first class. Such investments shall mature or be redeemable at the option of the holder at such time or times as shall make funds available when needed for the purposes of paying said principal and interest. Any earnings on such investments when realized and collected shall be transferred to the Construction Fund, if then still open, and held and applied in the same manner as other moneys therein, or, after closing of the Construction Fund be retained to pay interest on the 1989 Series B Notes. The City Treasurer is hereby directed to disburse moneys in the 1989 Series B Combined Revenue Bond Anticipation Note Payment Fund to pay principal and interest on the 1989 Series B Notes herein authorized as the same fall due, without further authorization.

Section 11. There is hereby established with the City Treasurer of the City of Lexington, Nebraska, a special fund to be known as the "City of Lexington, 1989 Series B Combined Revenue Bond Anticipation Note Construction Fund", herein referred to as the "Series B Construction Fund". Into the Series B Construction Fund there shall be deposited the balance of proceeds from the sale of the 1989 Series B Notes herein authorized after providing for the deposit to the 1989 Series B Combined Revenue Bond Anticipation Note Payment Fund required by Section 9 hereof and after payment of issuance expenses. Said Series B Construction Fund shall be kept separate and apart from all other funds of the City. Moneys in the Series B Construction Fund shall be used and applied to pay the costs of the improvements described in Section 1 as directed by the Mayor and Council of the City of Lexington, and moneys in the Series B Construction Fund not required to pay for improvements may be applied to the redemption of said 1989 Series B Notes at or prior to maturity. Moneys in the Series B Construction Fund which are not immediately required for paying the costs of the improvements shall be invested in any investments which are permissible for funds of a city of the first class. Such investments shall mature or be redeemable at the option of the holder at such time or times as shall make funds available when needed for purposes of paying the costs of the improvements to the Combined Utilities. Any earnings on such investments shall be used for paying the costs of the improvements in the same manner as other moneys in the Series B Construction Fund. Upon completion of said improvements the Series B Construction Fund shall be closed out.

Section 12. The City hereby reserves the right to issue additional Combined Revenue Bond Anticipation Notes for the purpose of refunding the 1989 Series B Notes at or prior to maturity or paying interest thereon and for the purpose of paying additional costs of extending, enlarging and improving the City's Combined Utilities. This ordinance shall constitute an irrevocable contract between the City and the registered owners of all of said 1989 Series B Notes and said contract cannot be changed or altered without the written consent of the registered owners of 75% in principal amount of 1989 Series B Notes then outstanding.

Section 13. The City Treasurer shall be bonded, including coverage under his official bond, in an amount sufficient to cover at all times all moneys which may be placed in his hands pursuant to the provisions of this ordinance. Any other person employed by the City in the collection or handling of moneys derived from or related to the City's Combined Utilities and derived from and related to the funds provided for in this Ordinance shall also be bonded in amounts sufficient to cover all moneys which may at any time be placed in his hands. The amount of such bonds shall be fixed by the Mayor and Council and such bonds shall have as surety thereon a reputable insurance company authorized to do business in the State of Nebraska.

Section 14. The City will maintain as long as any of said 1989 Series B Notes are outstanding with reputable insurance companies insurance on the City's Combined Utilities, including the improvements described in Section 1, of the kind and in the amounts as would commonly be carried by private utilities engaged in and

operating the same or similar utilities. Such insurance shall include, but not necessarily be limited to, workmen's compensation, public liability, fire, windstorm and comprehensive coverage. In the event of any loss or damage to any part of the Combined Utilities, the proceeds of such insurance, which may be collected or paid on any policy or policies covering the same, shall be used by the City to rehabilitate said Combined Utilities.

Section 15. The City hereby covenants to the purchasers and holders of the 1989 Series B Notes hereby authorized that it will make no use of the proceeds of said note issue which would cause the 1989 Series B Notes to be arbitrage bonds within the meaning of Sections 103(b) and 148 of the Internal Revenue Code of 1986, as amended (the "Code"), and further covenants to comply with said Sections 103(b) and 148 and all applicable regulations thereunder throughout the term of said note issue. The City hereby covenants and agrees to take all actions necessary under the Code to maintain the tax exempt status (as to taxpayers generally) of interest payable on the 1989 Series B Notes. The City hereby designates the 1989 Series B Notes 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 calendar 1989.

Section 16. 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 17. All ordinances, resolutions or orders, or parts thereof, in conflict with the provisions of this ordinance are to the extent of said conflict hereby repealed.

Section 18. The use of a Preliminary Official Statement is hereby approved and the Mayor and City Clerk/Treasurer are hereby authorized to review and approve on behalf of the City a Final Official Statement providing information with respect to the 1989 Series B Notes.

Section 19. This ordinance shall be published in pamphlet form and shall be in full force and effect from and after its passage as provided by law.

PASSED AND APPROVED this 28th day of November, 1989.



City Clerk



Mayor

(SEAL)

