

AN ORDINANCE AUTHORIZING AND PROVIDING FOR THE ISSUANCE OF COMBINED UTILITIES REVENUE BONDS, SERIES 2003, OF THE CITY OF LEXINGTON, NEBRASKA, IN THE AGGREGATE PRINCIPAL AMOUNT OF FOUR MILLION FOUR HUNDRED FIVE THOUSAND DOLLARS (\$4,405,000) FOR THE PURPOSE OF PAYING THE COSTS OF IMPROVEMENTS AND EXTENSIONS FOR THE CITY'S SEWAGE DISPOSAL PLANT AND SANITARY SEWER SYSTEM AND ELECTRIC LIGHT AND POWER DISTRIBUTION SYSTEM; DIRECTING THE APPLICATION OF THE PROCEEDS OF SAID BONDS; PRESCRIBING THE FORM, TERMS AND DETAILS OF SAID BONDS; PLEDGING AND HYPOTHECATING THE REVENUE AND EARNINGS OF THE SEWER, WATER AND ELECTRIC SYSTEMS OWNED BY THE CITY FOR THE PAYMENT OF SAID BONDS AND INTEREST THEREON; ESTABLISHING THE TERMS UPON WHICH ADDITIONAL BONDS OF EQUAL LIEN UPON REVENUES MAY BE ISSUED; ENTERING INTO A CONTRACT ON BEHALF OF THE CITY WITH THE OWNERS OF SAID BONDS; SELLING THE BONDS AND AUTHORIZING THE DELIVERY OF THE BONDS TO THE PURCHASER; AND PROVIDING FOR PUBLICATION OF THIS ORDINANCE IN PAMPHLET FORM.

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

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

(a) The City owns and operates its own sewage disposal plant and sanitary sewer system (as now existing or hereafter extended and improved, the "Sewer System"), waterworks plant and water system (as now existing or hereafter extended and improved, the "Water System") and electric light and power distribution system (as now existing or hereafter extended and improved, the "Electric System") (the Sewer System, the Water System and the Electric System (together with any additions, extensions and improvements thereto hereafter constructed or acquired) are herein referred to as the "Combined Utilities"), all of which are hereby determined to be revenue producing facilities under the provisions of Sections 18-1803 to 18-1805, R.R.S. Neb. 1997, as amended;

(b) The City has heretofore issued and outstanding the following revenue bonds which are a lien upon and secured by a pledge of the revenue and earnings of the Combined Utilities:

Combined Utilities Revenue and Refunding Bonds, 2002 Series, of the City of Lexington, Nebraska, date of original issue - September 27, 2002, issued pursuant to Ordinance No. 2163 in the original principal amount of Four Million Six Hundred Seventy Thousand Dollars (\$4,670,000), of which \$4,130,000 remain outstanding and unpaid (the "2002 Series Bonds"). The 2002 Series Bonds represent the only indebtedness of the City for which the revenues and earnings of the Combined Utilities have been pledged.

(c) That it is necessary and advisable for the City to construct improvements to the Sewer System and Electric System for which the estimated cost (including related expenses for bond issuance) is not less than \$4,066,075, and to fund such costs it is hereby determined appropriate to issue revenue bonds payable from the revenues of the Combined Utilities in such amount.

(d) Under the terms of Section 19 of Ordinance No. 2163, the City is authorized to issue bonds which qualify as "Additional Bonds" of equal lien to the 2002 Series Bonds, provided that the "Net Revenues Test" described in Section 19(b)(1) of Ordinance No. 2163, can be satisfied. With respect to said conditions, the following determinations are hereby made:

- 1) The "Net Revenues" of the Combined Utilities as defined in Ordinance No. 2163 for fiscal year ended September 30, 2003, as evidenced by a certificate of the

City Treasurer were not less than \$1,946,236; for fiscal year ended September 30, 2002 said Net Revenues were not less than \$2,368,759.

- 2) The "Average Annual Debt Service Requirements" of the 2002 Series Bonds and the proposed 2003 Series Bonds are \$575,045.
- 3) Said "Net Revenues" exceed 1.20 times said "Average Annual Debt Service Requirements" of the 2002 Series Bonds as proposed to remain outstanding, and of the proposed 2003 Series Bonds.
- 4) All conditions required by Section 19 of Ordinance No. 2163 precedent to the issuance of the 2003 Series Bonds as "Additional Bonds" of equal priority and on a parity with the 2002 Series Bonds do exist and have happened.

(e) To satisfy the funding requirements described in this Section 1, it is necessary for the City to issue its Combined Utilities Revenue Bonds, 2003 Series, in the total principal amount of \$4,405,000 (the "2003 Series Bonds") pursuant to Sections 18-1803 to 18-1805 R.R.S. Neb. 1997, as amended. All conditions, acts and things required by law to exist or to be done precedent to the issuance of the 2003 Series Bonds as provided for in this Ordinance do exist and have been done and performed in regular and due time and form 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 "Applicable Debt Service Reserve Transfer" shall mean the amount of any required transfer from the respective sub-accounts in the Combined Utilities Bond Reserve Account for the 2002 Series Bonds, the 2003 Series Bonds or any issue of Additional Bonds. There are no required transfer amounts for the 2003 Series Bonds.

The amount of any Applicable Debt Service Reserve Transfer shall apply under the terms of Ordinance No. 2163 and this Ordinance so long as the Reserve Requirement is being maintained in the sub-account of the Combined Utilities Bond Reserve Account for the respective series of bonds for which such Applicable Debt Service Reserve Transfer has been established. In the event of any deficiency with respect to such Reserve Requirement the amount of the Applicable Debt Service Reserve Transfer next required to be made in order of time shall be reduced by the amount of such deficiency for purposes of any calculation or determination under the terms of Ordinance No. 2163 and this Ordinance. Such an amount has been established for the 2002 Series Bonds under Ordinance No. 2163.

- (b) The term "Additional Bonds" shall mean any and all bonds hereafter issued by the City pursuant to the terms of Ordinance No. 2163 and this Ordinance which are equal in lien to the 2002 Series Bonds and the 2003 Series Bonds including such bonds issued pursuant to Section 19 of said ordinances and refunding bonds issued pursuant to Section 20 of said ordinances, as and when such bonds become equal in lien to the 2002 Series Bonds and the 2003 Series Bonds, according to their terms and the terms of said Section 20.
- (c) "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 direct obligations of or obligations the principal and interest of which are unconditionally guaranteed by the United States of America, including obligations issued in book-entry form.
- (e) The term "Maximum Annual Debt Service" shall mean the maximum amount scheduled to fall due for payment of principal and interest in any fiscal year on the bonds for which such computation is required. 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.
- (f) The term "Net Revenues" shall mean the gross revenues derived by the City from the ownership or operation of the Combined Utilities, including investment income, but not including any income from sale or disposition of any property belonging to or forming a part of the Combined Utilities, less the ordinary expenses to the City of operating and maintaining the Combined Utilities payable from the Operation and Maintenance Account described in Section 13 of Ordinance No. 2163 and this Ordinance. Operation and maintenance expenses for purposes of determining "Net Revenues" shall not include depreciation, amortization or interest on any bonds or other indebtedness. Net Revenues for all purposes of Ordinance No. 2163 and this Ordinance shall be shown by an audit for the fiscal year in question as conducted by independent certified public accountants, provided, however, that in the case of issuance of Additional Bonds, for that period from the end of each fiscal year until the financial statements reported on by the City's accountants are available, Net Revenues shall either (i) be based upon the most recent fiscal year for which there are financial statements which have been reported on by such accountants so long as the unaudited financial information for the then most recently completed fiscal year as certified by the City Treasurer would not result in a contrary determination, if such unaudited financial information were deemed the completed and reported on results or (ii) based upon a report of the City's accountants that the completed and reported on results will not be less than such amount as such accountants shall confirm.
- (g) "Paying Agent and Registrar" shall mean the City Treasurer of the City of Lexington, Nebraska, as appointed to act as the combined paying agent and bond registrar for the 2003 Series Bonds pursuant to Section 4 hereof.
- (h) "Reserve Requirement" shall mean the amount required to be maintained in the respective sub-accounts in the Combined Utilities Bond Reserve Account for the 2002 Series Bonds, the 2003 Series Bonds or any issue of Additional Bonds.

Section 3. For the purposes described in Section 1 hereof, there shall be and there are hereby ordered issued the negotiable bonds of the City of Lexington, Nebraska, to be known as "Combined Utilities Revenue Bonds, 2003 Series" in the principal amount of Four Million Four Hundred Five Thousand Dollars (\$4,405,000), with such 2003 Series Bonds bearing interest at the rates per annum and maturing on December 15 of the years shown in the principal amounts as follows:

<u>Maturing on December 15 of Year</u>	<u>Amount of Principal Maturing</u>	<u>Interest Rate Per Annum</u>
2004	\$ 160,000	1.35%
2005	165,000	1.65
2006	165,000	2.05
2007	170,000	2.40
2008	175,000	2.80
2009	180,000	3.10
2010	185,000	3.40
2011	190,000	3.70
2012	195,000	3.95
2013	205,000	4.10
2014	215,000	4.20
2015	220,000	4.30
2016	230,000	4.40
2017	240,000	4.50
2018	255,000	4.60
2019	265,000	4.70
2020	275,000	4.80
2021	290,000	4.85
2022	305,000	4.95
2023	320,000	5.00

The 2003 Series 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 2003 Series Bonds shall be the date of delivery thereof.

Interest on the 2003 Series Bonds, at the respective rates for each maturity, shall be payable on June 15, 2004, and semiannually thereafter on December 15 and June 15 of each year (each of said dates an "Interest Payment Date") and the 2003 Series Bonds shall bear such interest from the date of original issue or the most recent Interest Payment Date, whichever is later. Interest shall be computed on the basis of a 360-day year consisting of twelve 30-day months. The interest due on each Interest Payment Date shall be payable to the registered owners of record as of the close of business on the last business day of the month immediately preceding the month in which the Interest Payment Date occurs (the "Record Date"), subject to the provisions of Section 5 hereof. The 2003 Series Bonds shall be numbered from 1 upwards in the order of their issuance.

No 2003 Series 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 2003 Series Bonds issued shall be designated by the City's Treasurer as directed by the initial purchaser thereof. Payments of interest due prior to maturity or earlier redemption on the 2003 Series Bonds shall be made by the Paying Agent and Registrar, as designated pursuant to Section 4 hereof, by mailing a check or draft in the amount

due for such interest on each Interest Payment Date to the registered owner of each 2003 Series Bond, as of the Record Date for such Interest Payment Date, to such owner's registered address as shown on the books of registration as required to be maintained in Section 4 hereof. Payments of principal and unpaid 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 2003 Series Bonds to said Paying Agent and Registrar. The City and said Paying Agent and Registrar may treat the registered owner of any 2003 Series 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 2003 Series 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 2003 Series Bonds or claims for interest to the extent of the sum or sums so paid.

Section 4. The City Treasurer is hereby designated to serve as Paying Agent and Registrar for the 2003 Series Bonds. The Paying Agent and Registrar shall keep and maintain for the City books for the registration and transfer of the 2003 Series Bonds at the City offices. The names and registered addresses of the registered owner or owners of the 2003 Series Bonds shall at all times be recorded in such books. Any 2003 Series 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 2003 Series Bond or 2003 Series Bonds of the same interest rate, aggregate principal amount and maturity. To the extent of the denominations authorized for the 2003 Series 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 2003 Series Bond, the surrendered 2003 Series Bond or Bonds shall be canceled and destroyed. All 2003 Series Bonds issued upon transfer of the 2003 Series Bonds so surrendered shall be valid obligations of the City evidencing

the same obligations as the 2003 Series Bonds surrendered and shall be entitled to all the benefits and protection of this Ordinance to the same extent as the 2003 Series Bonds upon transfer of which they were delivered. The City and said Paying Agent and Registrar shall not be required to transfer any 2003 Series Bond during any period from any Record Date until its immediately following Interest Payment Date or to transfer any 2003 Series 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 2003 Series 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 2003 Series Bonds as of a special date of record for payment of such defaulted interest as shall be designated by the Paying Agent and Registrar whenever monies for the purpose of paying such defaulted interest become available.

Section 6. If the date for payment of the principal or interest on the 2003 Series Bonds shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the City of Lexington, 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. 2003 Series Bonds maturing on or after December 15, 2009 shall be subject to redemption, in whole or in part, prior to maturity at any time on or after December 15, 2008, 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 2003 Series Bonds to be redeemed for such optional redemption in its sole discretion. The 2003 Series Bonds shall be redeemed only in amounts of \$5,000 or integral multiples thereof. Any 2003 Series Bond redeemed in part only shall be surrendered to said Paying Agent and Registrar in exchange for a new 2003 Series Bond evidencing the unredeemed principal thereof. Notice of redemption of any 2003 Series 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 2003 Series Bond at said owner's registered address. Such notice shall designate the 2003 Series Bond or Bonds to be redeemed by maturity or otherwise,

the date of original issue 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 2003 Series 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 2003 Series Bond shall affect the sufficiency of the proceedings of the City designating the 2003 Series Bonds called for redemption or the effectiveness of such call for 2003 Series 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 8. The 2003 Series Bonds shall be in substantially the following form:





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

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

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

The revenues and earnings of the City's sewage disposal plant and sanitary sewer system, waterworks plant and water system and electric light and power distribution system (which together with any additions, extensions and improvements thereto hereafter constructed are herein referred to as the "Combined Utilities"), are pledged and hypothecated for the payment of all of the 2002 Series Bonds in the outstanding principal amount of \$4,130,000 and the 2003 Series Bonds in the principal amount of \$4,405,000, equally and ratably as provided in Ordinance No. 2163 authorizing issuance of the 2002 Series Bonds (the "2002 Ordinance") and the Ordinance. The City agrees to maintain and collect rates and charges for sewer, water and electric service which shall be reasonable and adequate to produce revenues and earnings sufficient at all times to pay the interest and principal of all of said bonds as such interest and principal become due and to maintain and operate said Combined Utilities efficiently. The Ordinance which authorizes the issuance of the 2003 Series Bonds constitutes a contract between the City and the owners of said bonds and reserves the right to the City to issue additional bonds equal in lien to the 2002 Series Bonds and the 2003 Series Bonds under certain conditions and to issue junior lien bonds or notes when necessary.

The City agrees that it will maintain a special fund known as the "Combined Utilities Fund" into which it will pay all of the gross revenues collected and received from the operation of its Combined Utilities and will use the moneys in said fund only for the payment of the interest and principal of the 2002 Series Bonds, the 2003 Series Bonds and any additional bonds of equal lien to the 2002 Series Bonds and the 2003 Series Bonds issued in accordance with the terms of the 2002 Ordinance and the Ordinance, for the operation and maintenance of the Combined Utilities and for such other purposes as are permitted by said ordinances and will apply the moneys in said fund to the payment of said bonds as the principal and interest become due.

The Ordinance also designates the terms and conditions on 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 if monies or certain specified securities shall have been deposited with the a trustee.

The 2003 Series Bonds shall not be a debt of the City of Lexington within the meaning of any constitutional, statutory or charter limitation upon the creation of general obligation indebtedness of said City, and the City of Lexington shall not be liable for the payment thereof out of any moneys of said City other than from the revenues of its Combined Utilities.

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 PROVISION. 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.

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.

IN WITNESS WHEREOF, the Mayor and Council of the City of Lexington, 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 of original issue specified above.

CITY OF LEXINGTON, NEBRASKA

(facsimile signature)

Mayor

ATTEST:

(facsimile signature)

City Clerk

(SEAL)

**CERTIFICATE OF AUTHENTICATION  
AND REGISTRATION**

This bond is one of the series designated therein and has been registered to the owner named in said bond and the name of such owner has been recorded in the books of record maintained by the undersigned as Paying Agent and Registrar for said issue of bonds.

\_\_\_\_\_  
City Treasurer,  
Paying Agent and Registrar  
for the City of Lexington, Nebraska

(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 2003 Series 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 2003 Series 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 (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 2003 Series Bonds. With respect to the issuance of the 2003 Series 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 2003 Series Bonds as securities depository (each, a "Bond Participant") or to any person who is an actual purchaser of a 2003 Series Bond from a Bond Participant while the 2003 Series 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 2003 Series 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 2003 Series 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 2003 Series Bonds. The Paying Agent and Registrar shall make payments with respect to the 2003 Series 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 2003 Series 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 2003 Series 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 2003 Series Bonds or (ii) to make available 2003 Series Bonds registered in whatever name or names as the Beneficial Owners transferring or exchanging such 2003 Series Bonds shall designate.

(c) If the City determines that it is desirable that certificates representing the 2003 Series Bonds be delivered to the ultimate beneficial owners of the 2003 Series 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 2003 Series Bonds. In such event, the Paying Agent and

Registrar shall issue, transfer and exchange bond certificates representing the 2003 Series 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 2003 Series Bond is registered in the name of the Depository or any nominee thereof, all payments with respect to such 2003 Series Bond and all notices with respect to such 2003 Series Bond shall be made and given, respectively, to the Depository as provided in the Letter of Representations.

(e) Registered ownership of the 2003 Series Bonds may be transferred on the books of registration maintained by the Paying Agent and Registrar, and the 2003 Series 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.

(f) In the event of any partial redemption of a 2003 Series Bond unless and until such partially redeemed 2003 Series 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 2003 Series Bond as is then outstanding and all of the 2003 Series 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, duly executed by manual or facsimile signatures of the Mayor and City Clerk and sealed with the City's seal, 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 2003 Series 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 2003 Series Bonds shall not be valid and binding on the City until authenticated by the Paying Agent and Registrar. Thereafter the 2003 Series Bonds shall be delivered to the Paying Agent and Registrar for registration and authentication. Upon execution, registration, and authentication of the 2003 Series Bonds, they shall be delivered to the City Treasurer, who is authorized to deliver them to Ameritas Investment Corp., as initial purchaser thereof. The 2003 Series Bonds are hereby sold to said purchaser for

the sum of \$4,345,532.50, plus accrued interest, if any, thereon to date of payment and delivery. The officers of the City (or any one of them) are hereby authorized to execute and deliver the Bond Purchase Agreement for and on behalf of the City in the form presented with any changes as the executing officer shall deem appropriate, for and on behalf of the City. Said initial purchaser shall have the right to direct the registration of the 2003 Series Bonds and the denominations thereof within each maturity, subject to the restrictions of this Ordinance. The City Clerk shall make and certify duplicate transcripts of the proceedings of the Mayor and Council with respect to the 2003 Series Bonds, one of which shall be delivered to said purchaser.

Section 10. Accrued interest, if any, received from the sale of the 2003 Series Bonds shall be applied to pay interest falling due on June 15, 2004, and shall be credited to the Combined Utilities Revenue Bond Payment Account (2003 Series Bond Payment Sub-account) as described in Section 13 hereof. Expenses of issuance of the 2003 Series Bonds may be paid from the proceeds of the 2003 Series Bonds. The balance of the proceeds of the 2003 Series Bonds shall be held in a construction fund and applied to the payment of costs of improving the Combined Utilities as described in Section 1 of this Ordinance, with any excess being applied to other costs of improvements to the Combined Utilities.

Section 11. The City hereby pledges and hypothecates all revenues and earnings, now or hereafter received, or otherwise due and owing to the City, derived from the ownership and operation of the City's Combined Utilities and all extensions and enlargements thereof, including any additions and improvements hereafter made, for the payment of principal of and interest on the 2002 Series Bonds, the 2003 Series Bonds and any Additional Bonds as the same fall due. So long as said revenues and earnings are sufficient to make all required payments of principal and interest with respect to the 2002 Series Bonds, the 2003 Series Bonds and any Additional Bonds, all such required payments with respect to each such issue shall be made in full from the respective sub-accounts in the Combined Utilities Revenue Bond Payment Account for each such series. In the event that such revenues and earnings are insufficient to meet the required payments from the Combined Utilities Revenue Bond Payment Account, such revenues and earnings shall be allocated to the 2002 Series Bonds, the 2003 Series Bonds and any such Additional Bonds, pro rata in accordance with the respective unpaid principal amounts then outstanding for the 2002 Series Bonds, the 2003 Series Bonds and such Additional Bonds. The pledge and hypothecation provided for the 2002 Series Bonds and the 2003 Series Bonds, as provided for in Ordinance No. 2163 and this Ordinance, is intended to be and shall provide for a first and prior pledge of, lien upon and security interest in the revenues of the Combined Utilities, subject to the right of the City to issue Additional Bonds as provided in Ordinance No. 2163 and this

Ordinance, for the payment of principal of and interest on the 2002 Series Bonds and the 2003 Series Bonds, superior to any pledge or promise made with respect to any other indebtedness of the City as to its Combined Utilities, and is intended to be a full exercise of the powers of the City provided for in Sections 18-1803 to 18-1805, R.R.S. Neb. 1997, as amended, with respect to its Combined Utilities.

Section 12. So long as any of the 2002 Series Bonds, the 2003 Series 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, charges and rentals for the sewer, water and electric service furnished from the Combined Utilities adequate to produce revenues and earnings sufficient at all times:

(a) To provide for the payment of the interest and principal of the 2002 Series Bonds, the 2003 Series Bonds and any Additional Bonds as the same fall due.

(b) To pay all proper and necessary costs of operation and maintenance of the Combined Utilities and to pay for the necessary and proper repairs, replacements, enlargements, extensions and improvements to the Combined Utilities.

(c) To provide funds sufficient to make the deposits into the accounts required by Section 13 of Ordinance No. 2163 and Section 13 of this Ordinance and any parallel or similar section of any ordinance authorizing the issuance of Additional Bonds.

(d) To maintain Net Revenues in each fiscal year adopted by the City for the Combined Utilities in an amount not less than 1.20 times the total amount of principal paid or payable (exclusive of any principal redeemed prior to maturity other than principal redeemed pursuant to a schedule of mandatory redemptions) and interest falling due during such fiscal year for the 2002 Series Bonds, the 2003 Series Bonds and any Additional Bonds, excluding from principal paid the amount of any Applicable Debt Service Reserve Transfer for such fiscal year, if any.

Section 13. All revenues and earnings derived from the operation of the Combined Utilities of said City shall be set aside as collected and deposited into a separate fund previously established and designated (and referred to in this Ordinance) as the "Combined Utilities Fund". Any uninvested moneys in the Combined Utilities Fund shall be deposited in a separate bank account properly earmarked and deposit shall be made in a bank or banks designated by the Council and be secured as provided by law for public deposits. The City shall set up and maintain as long as any of the 2002 Series Bonds, the 2003 Series Bonds or Additional Bonds are outstanding the accounts described in this Section 13 for the administration of said fund. Within the Combined Utilities Fund there were previously established and maintained and are hereby confirmed the following accounts for allocation of the monies in said fund under the terms of Ordinance No. 2163 and this Ordinance: (a) Combined Utilities Revenue Bond Payment Account; (b) Operation and

Maintenance Account; (c) Combined Utilities Bond Reserve Account; and (d) Surplus Account. Within each such account further sub-accounts have been, shall now, or may hereafter, be established as provided in Ordinance No. 2163 and this Ordinance. Deposits shall be made to said accounts on a monthly basis, to the accounts in the order of priority as follows:

I. COMBINED UTILITIES REVENUE BOND PAYMENT ACCOUNT; Within the Combined Utilities Revenue Bond Payment Account there is hereby ordered established the 2003 Series Bond Payment Sub-account. Out of the Combined Utilities Fund the City shall transfer into the Combined Utilities Revenue Bond Payment Account on or before the tenth day of each calendar month the amounts required to be deposited to the 2003 Series Bond Payment Sub-account in accordance with the following requirements for such sub-account:

2003 Series Bond Payment Sub-account. From the monies deposited to the Combined Utilities Revenue Bond Payment Account from the Combined Utilities Fund, there shall be deposited monthly to the 2003 Series Bond Payment Sub-account the following amounts for the periods indicated:

(1) during the period beginning with and including January 10, 2004, until the 2003 Series Bonds have been paid in full, an amount equal to one-sixth (1/6th) of the amount falling due for interest on the 2003 Series Bonds on the next Interest Payment Date.

(2) during the period beginning with and including January 10, 2004 until the 2003 Series Bonds have been paid in full, an amount equal to one-twelfth (1/12th) of the amount of principal next maturing for the 2003 Series Bonds, taking into consideration for any period of twelve consecutive months the amount of any Applicable Debt Service Reserve Transfer.

2002 Series Bond Payment Sub-account. From the monies deposited to the Combined Utilities Revenue Bond Payment Account from the Combined Utilities Fund, there shall be deposited to the 2002 Series Bond Payment Sub-account such amounts deposited at such times as shall be required to comply with the requirements of Ordinance No. 2163.

All such deposits to the 2003 Series Bond Payment Sub-account and the 2002 Series Bond Payment Sub-account shall be made in such amounts and at such times that there will be sufficient sums in each such sub-account to meet the payments required to be made by the City with respect to the 2003 Series Bonds and the 2002 Series Bonds as the same fall due, including any and all transfers required to be made to the Paying Agent and Registrar for the 2003 Series Bonds and any and all transfers required to be made to the Paying Agent and Registrar for the 2002 Series Bonds. All such deposits are required to be made without preference or priority as between such sub-account and any similar sub-account established for the 2002 Series Bonds or any issue of Additional Bonds and if amounts available are insufficient to make all deposits as required, the available funds shall be allocated on a pro rata basis in accordance with the terms of Section 11 of this Ordinance. In the event of the issuance of any Additional Bonds, the City shall in the ordinance authorizing their issuance provide for a related sub-account in the Combined Utilities Revenue Bond Payment Account and for deposits into such sub-account sufficient to make payments upon such Additional Bonds as the same fall due.

Such sub-account and the deposits required to be made thereto shall have equal rank and standing with the 2002 Series Bond Payment Sub-account, the 2003 Series Bond Payment Sub-account and the payments required to be made to each thereof. Each sub-account in the Combined Utilities Revenue Bond Payment Account shall constitute a separate fund held in trust by the City for the separate special benefit of the issue or series of bonds for which it is established.



II. OPERATION AND MAINTENANCE ACCOUNT: After making all deposits required to the Combined Utilities Revenue Bond Payment Account in each month, the City shall set aside in the Operation and Maintenance Account each month an amount sufficient for the operation and maintenance of its Combined Utilities during the next period of one month (from deposit date to the next expected monthly deposit date for such account) and the expenses of maintenance and operation of said utilities shall be paid out of the Operation and Maintenance Account. Expenses for operation and maintenance shall include all ordinary and necessary costs for operating and maintaining the Combined Utilities and shall include, without limitation, wages, salaries, supplies, professional services, materials, insurance premiums, costs for purchased power and franchise fees charged by the City, if any, and shall also include any items necessary to maintain the properties of the Combined Utilities to achieve the capacity and performance for which such properties were designed and constructed, including the costs of installing equipment, accessories or appurtenances which are necessary during the life of such properties to maintain the capacity and performance for which such properties were designed and constructed. Within the Operation and Maintenance Account, the City shall maintain the Sewer System Maintenance and Replacement Sub-account created under Ordinance No. 1994 (as and to the extent applicable and required), and shall deposit thereto and withdraw and apply therefrom such amounts as shall from time to time be required by the policies and regulations of either the United States Environmental Protection Agency or the Nebraska Department of Environmental Control for purposes of maintaining and replacing the Sewer System's sewage treatment works. The City hereby covenants and agrees that in the event of any default in payment on the 2002 Series Bonds, the 2003 Series Bonds or any Additional Bonds, no franchise fees shall be payable from the Operation and Maintenance Account until all such payment defaults have been cured in full.

III. COMBINED UTILITIES BOND RESERVE ACCOUNT: Within the Combined Utilities Bond Reserve Account as established there is hereby ordered established a separate sub-account designated as the 2003 Series Bond Reserve Sub-account. From the proceeds of the 2003 Series Bonds, there shall be deposited to the 2003 Series Bond Reserve Sub-account the sum of \$337,547.50 (which amount shall be the "Reserve Requirement" for such sub-account) to be held as a debt service reserve securing the payment of the 2003 Series Bonds on a first and prior basis. In the event that at any time the monies in the 2003 Series Bond Payment Sub-account of the Combined Utilities Revenue Bond Payment Account are insufficient to pay either the interest on or the principal of the 2003 Series Bonds as the same fall due, the City shall apply the monies in the 2003 Series Bond Reserve Sub-account to pay such principal and interest and to prevent any default in payment with respect to the 2003 Series Bonds. If the City shall use any of the monies in the 2003 Series Bond Reserve Sub-account for such purpose and such use shall reduce the balance in said sub-account below the Reserve Requirement therefor, the City shall transfer funds next available in each month from the monies in the Combined Utilities Fund, after making all required deposits in each such month to the Combined Utilities Revenue Bond Payment Account and the Operation and Maintenance Account, until the Reserve Requirement for the 2003 Series Bond Reserve Sub-account has been restored. In any ordinance authorizing Additional Bonds, the City may make provision for the creation of an additional separate sub-account in the Combined Utilities Bond Reserve Account for each such issue of Additional Bonds provided that the required balance to be set for any such issue shall not exceed 1.25 times the Average Annual Debt Service Requirements for any such issue of Additional Bonds. The balance for any such sub-account may be established from monies of the Combined Utilities otherwise available, from periodic deposits made to such sub-account or from bond proceeds. Any such additional sub-account in the Combined Utilities Bond Reserve Account shall be of equal priority with the 2002 Bond Reserve Sub-account, and the 2003 Bond Reserve Sub-account and available monies from the Combined Utilities Fund required to be deposited to each such sub-account at any time shall be allocated on a pro rata basis in accordance to the terms of Section 11 of this Ordinance. Each sub-account in the Combined Utilities Bond Reserve Account shall constitute a separate fund held in trust by the City for the separate special benefit of the issue or series of bonds for which it is established. The City shall make each Applicable Debt Service Reserve Transfer when and as required under the terms of the definition for such term.

#### IV. SURPLUS ACCOUNT:

After making the payments hereinabove required to be made into the Combined Utilities Revenue Bond Account, the Operation and Maintenance Account and the Combined Utilities Bond Reserve Account, all remaining funds shall be transferred into a Surplus Account. Moneys in the Surplus Account may be used as follows:

- (a) To fill any deficiency in the foregoing accounts.
- (b) In lieu of tax payments or additional City franchise tax payments. So long as no deficiency exists in required monthly payments in the accounts established by Section 13 of Ordinance No. 2163 and this Ordinance, payment may be made to the City annually, semiannually or quarterly as an in lieu of tax payment or additional franchise fee which can be used by the City for any purpose authorized by law.
- (c) Any lawful purpose connected with the Combined Utilities, including improvements, extensions and enlargements of the Combined Utilities and paying principal and interest on general obligation bonds of the City or junior lien indebtedness authorized to pay the cost of constructing improvements to any one of the utilities systems included in the Combined Utilities.
- (d) Retiring the 2002 Series Bonds, the 2003 Series Bonds or Additional Bonds prior to their maturity under their option provisions or by purchase on the open market.

Moneys on deposit in the Combined Utilities Fund or any account therein may to the extent practicable and reasonable be invested in direct general obligations of or obligations the principal and interest of which are unconditionally guaranteed by the United States of America, or in any other lawful investments for cities of the class to which the City of Lexington belongs. Investments for the Combined Utilities Revenue Bond Payment Account shall mature at such times and in such amounts as shall be required to provide moneys to make the payments to be made from said Account. Moneys credited to the Combined Utilities Bond Reserve Account shall be invested in direct obligations of or obligations the principal and interest of which are unconditionally guaranteed by the United States of America, in obligations of any agency of the United States of America (whether or not guaranteed by the United States) so long as the obligations of such agency are rated in one of the other of the two highest rating categories (not taking into consideration subcategories, if any) of any recognized rating agency or in certificates of deposit which are fully insured by insurance of the Federal Deposit Insurance Corporation or (as to any uninsured amounts) secured by collateral securities as required by law, any of which securities or certificates of deposit shall mature or be redeemable at stated fixed prices at the option of the holder by not more than eight years from the date of such investment. All moneys and income from investments made from moneys credited to the Combined Utilities Revenue Bond Payment Account and the Combined Utilities Bond Reserve Account shall, when realized and collected, be

credited to the respective Account from which such investments were made, unless there shall then be credited thereto the respective full amounts then required by paragraphs I and III of this section, in which event such interest and income may be credited to the Surplus Account. All investments held for the credit of any Fund or Account may be sold when required to make the payments to be made from such Fund or Account. Any moneys credited to the Combined Utilities Fund or any Account or Sub-account therein which are not invested shall be secured in the manner provided by law for the security of funds of cities of the class of which Lexington is one.

It is understood that the revenues of the Combined Utilities are to be credited to the various accounts hereinabove established in the order in which said accounts have been listed, and if within any period the revenues are insufficient to credit the required amounts in any of the said accounts, the deficiencies shall be made up the following period or periods after payment into all accounts enjoying a prior claim on the revenues have been made in full.

Section 14. The City will make deposits on or prior to the date each payment of interest or principal becomes due on the 2003 Series Bonds with the Paying Agent and Registrar. All such payments shall be made out of the Combined Utilities Revenue Bond Payment Account or from other funds of the Combined Utilities available for such purpose, in accordance with the terms of this Ordinance.

Section 15. The City of Lexington shall keep proper books of records and account, separate and apart from all other records and accounts, showing complete and correct entries of all transactions relating to the Combined Utilities and the registered owners of any 2002 Series Bonds, 2003 Series Bonds or of any Additional Bonds or any duly authorized agent or agents of such registered owners (or by any Beneficial Owner establishing such ownership to the satisfaction of the Paying Agent and Registrar) shall have the right at all reasonable times to inspect all records, accounts and data relating thereto and to inspect said systems and all properties comprising the same. Within one hundred twenty days following the close of each fiscal year the City shall cause an audit of such books and accounts to be made by an independent firm of certified public accountants, showing the receipts and disbursements for account of the system, and such audit will be available for inspection by the registered owners (or by any Beneficial Owner establishing such ownership to the satisfaction of the Paying Agent and Registrar) of any of the 2003 Series Bonds. Each such audit, in addition to whatever matters may be thought proper by the accountant to be included therein, shall include the following:

- (a) A statement in detail of the income and expenditures of each component of the Combined Utilities for such fiscal year.
- (b) A balance sheet as of the end of such fiscal year.
- (c) The accountant's comments (if any) regarding the manner in which the City has carried out the requirements of this Ordinance, and the accountant's recommendation for any changes or improvements in the operation of the Combined Utilities or the components thereof.

All expenses incurred in the making of the audits required by this section shall be regarded and paid as a maintenance and operation expense. The City of Lexington shall furnish a copy of each such audit to the original purchaser of the 2003 Series Bonds and of any series of Additional Bonds, and to the holder or registered owner (or by any Beneficial Owner establishing such ownership to the satisfaction of the Paying Agent and Registrar) of at least twenty-five percent (25%) of any such issues of combined revenue bonds outstanding, upon request, after the close of each fiscal year, and said purchaser or purchasers or any such holder or registered owner (or by any Beneficial Owner establishing such ownership to the satisfaction of the Paying Agent and Registrar) shall have the right to discuss with the accountant making the audit the contents of the audit and to ask for such additional information as each may require.

Section 16. The City Treasurer shall be bonded, in addition to such Treasurer's official bond, by an insurance company licensed to do business in Nebraska, in amounts sufficient to cover at all times all the revenues and earnings of the Combined Utilities placed in such official's hands as determined appropriate from time to time by the Mayor and Council, based upon the advice of such experts or consultants as they shall deem appropriate. Any other person employed by the City in the collection or handling of moneys derived from the operation of said properties shall also be bonded in an amount sufficient to cover all moneys which may at any time be placed in such person's hands. The amount of such bonds shall be fixed by the Council, and the cost thereof shall be paid from the earnings of said Combined Utilities and they shall secure the faithful accounting of all moneys.

Section 17. The City will carry adequate insurance on the Combined Utilities in such amounts as are normally carried by private or public utilities engaged in similar operations, including, without limiting the generality of the foregoing, fire and windstorm insurance and public liability insurance. The cost of all such insurance shall be regarded and paid as an operation and maintenance expense.

All insurance moneys, except public liability, shall be deposited in a separate special fund held by the City Treasurer as part of the Combined Utilities Fund and subject to the pledge of this Ordinance and shall be used in making good the loss or damage in respect of which they were paid either by repairing the property

damaged or replacing the property destroyed, and expenditures from said moneys shall be made only upon a certificate issued by a consulting engineer and filed with the City Clerk stating that the proceeds, together with any other moneys available for such purposes, are sufficient for the repair or replacement of any such properties; and when the City shall have been furnished with a certificate of a consulting engineer stating that the property damaged or destroyed has been fully repaired or replaced and such repairs or replacements have been fully paid for, the residue, if any, of such insurance moneys shall be held in a separate special fund and be applied upon order of the Mayor and Council to paying the costs of further improvements to the Combined Utilities.

If the proceeds of any insurance shall be insufficient to repair or replace the property damaged or destroyed, the City may use and shall pay out for such purpose, to the extent of such deficiency, any money then held in the Surplus Account. If in the opinion of a consulting engineer the proceeds of any insurance, together with any amount then available for such purpose in the Surplus Account shall be insufficient to fully complete and pay for such repairs or replacements and if the City shall fail to supply such deficiency from other sources within a period of six months after receipt by the City of such insurance moneys, or if in the opinion of a consulting engineer it is to the best interest of the City not to repair or replace all or any part of the damaged properties and that failure to repair or replace the damaged properties shall not affect the sufficiency of the income and revenue from the remaining properties to properly maintain and operate the same, provide funds for the Combined Utilities Revenue Bond Payment Account and Combined Utilities Bond Reserve Account, as herein provided for, then such insurance moneys to the extent not applied to repair or replace the damaged properties shall remain in such separate special fund and be applied upon order of the Mayor and Council to paying the costs of further improvements to the Combined Utilities.

The proceeds of any and all policies for public liability shall be applied in paying the claims on account of which they were received.

Section 18. The City will maintain the Combined Utilities in good condition and operate the same in an efficient manner and at a reasonable cost. The City agrees with the registered owners from time to time of the 2003 Series Bonds and any Additional Bonds that the City will continue to own, free from all liens and encumbrances, and will adequately maintain and efficiently operate said Combined Utilities; provided, however, the City may dispose of property which is recommended for disposal by the manager or superintendent of the utilities, or an independent consulting engineer and which is determined as a matter of

record by the Mayor and Council to have become obsolete, non-productive or otherwise unusable to the advantage of the City.

Section 19. To provide funds for any purpose or purposes related to the Combined Utilities, the City may issue Additional Bonds (other than Additional Bonds issued for refunding purposes which are governed by Section 20 of Ordinance No. 2163 and Section 20 of this Ordinance) payable from the revenues of the Combined Utilities having equal priority and on a parity with the 2002 Series Bonds, the 2003 Series 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 Combined Utilities Revenue Bond Payment Account in amounts sufficient to pay, when due, the principal of and interest on the 2002 Series Bonds, the 2003 Series Bonds, any Additional Bonds then outstanding and the proposed 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 Combined Utilities for the fiscal year next preceding the issuance of the Additional Bonds (determined in accordance with the definition of such term set forth in Section 2(f), including, if applicable, a determination made for any period when financial statements have not yet been completed and reported on) shall have been at least equal to 1.20 times the Maximum Annual Debt Service Requirements (taking into consideration and excluding from debt service any Applicable Debt Service Reserve Transfer for any series of bonds) of the 2002 Series Bonds, the 2003 Series 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 Combined Utilities in each of the three full fiscal years after the issuance of such Additional Bonds will be at least equal to 1.35 times the Maximum Annual Debt Service Requirements (taking into consideration and excluding from debt service any Applicable Debt Service Reserve Transfer for any series of bonds) of the 2002 Series Bonds, the 2003 Series 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 Combined Utilities 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 Combined Utilities 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 or increased demand related to new customers; (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 Maximum Annual Debt Service Requirements, but no Additional Bonds shall be issued requiring any annual debt service payments in excess of the amounts so estimated by the consulting engineer.

The City hereby covenants and agrees that so long as any of the 2002 Series Bonds, the 2003 Series Bonds and any Additional Bonds are outstanding, it will not issue any bonds or notes payable from the revenues of the Combined Utilities 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 2002 Series Bonds, the 2003 Series 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(IV).

Section 20. The City may issue refunding bonds which shall qualify as Additional Bonds of equal lien to refund any 2002 Series Bonds, 2003 Series Bonds or Additional Bonds then outstanding, provided, that if any such 2002 Series Bonds, 2003 Series 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 20 may be issued as Additional Bonds of equal lien without compliance with the conditions set forth in Subsection 19(b) of this Ordinance.

The City may also issue refunding bonds which shall qualify as Additional Bonds of equal lien to refund any 2002 Series bonds, 2003 Series Bonds or Additional Bonds then outstanding provided, that, if any such 2002 Series Bonds, 2003 Series 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 19(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 2002 Series Bonds, 2003 Series 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 Maximum 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 Combined Utilities, such as bond proceeds or investment earnings on such proceeds while held in escrow, and/or from monies of the Combined Utilities but only those 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 20, 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. 1997 (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 21. The City will not hereafter grant any franchise or right to any person, firm or corporation to own or operate a sewer, water or electrical plant or system in competition with that owned by the City.

Section 22. While any of the 2002 Series Bonds, 2003 Series Bonds or Additional Bonds are outstanding, the City will render bills to all customers for sewer, water and electrical services. If bills are not paid within sixty days after due, such utility service will be discontinued. The City agrees that it will order water service shut off on all properties served by water or sewer where there are delinquent water or sewer use charges and will order electric service shut off on all property served by electricity where there are delinquent electric charges, and will make appropriate charge for use of all properties of the City connected to the sewer, water and electrical systems. The City's obligations under this Section shall be subject, however, to any state or federal law governing the City's right to discontinue utility service.

Section 23. Except for amendments which are required for the correction of language to cure any ambiguity or defective or inconsistent provisions, omission or mistake or manifest error contained herein, no changes, additions or alterations of any kind shall be made by the City in the provisions of this Ordinance in any manner; provided, however, that from time to time the holders or owners of two-thirds (2/3rds) in principal amount of the 2002 Series Bonds, the 2003 Series Bonds and of Additional Bonds outstanding authorized hereunder, as to each such series or issue (not including any of said bonds credited to any of the Accounts described in Section 13 of this Ordinance or any other of said bonds owned or controlled directly or indirectly by the City), by an instrument or instruments in writing signed by such holders or owners and



filed with the City Clerk shall have power to assent to and authorize any modification of the rights and obligations of the City and of the registered owners of the 2002 Series Bonds, the 2003 Series Bonds and of Additional Bonds and interest pertaining thereto and the provisions of this Ordinance that shall be proposed by the City, and any action authorized to be taken with the assent and authority given as aforesaid of the holders or owners of two-thirds (2/3rds) in principal amount of said bonds (as to each such issue at the time of consent or approval) shall be binding upon all holders or owners of said 2002 Series Bonds, 2003 Series Bonds and Additional Bonds at the time outstanding hereunder and upon the City as fully as though such action were specifically and expressly authorized by the terms of this Ordinance; provided, always, that no such modification shall be made which will (a) extend the time of payment of the principal of or interest on any of said bonds or reduce the principal amount thereof or the rate of interest thereon; or (b) give to any of said bonds secured by this Ordinance any preference over any other of said bond or bonds; or (c) authorize the creation of any lien prior to the pledge of the revenues afforded by Ordinance No. 2163 and this Ordinance for the 2002 Series Bonds, 2003 Series Bonds and any Additional Bonds or (d) reduce the percentage in principal amount of said outstanding bonds required to assent to or authorize any such modification. Any modification of the provisions of this Ordinance made as aforesaid shall be set forth in a supplemental ordinance to be adopted by the Mayor and Council of said City. Anything in this Section 23 notwithstanding, the City may in any ordinance authorizing Additional Bonds add additional agreements or covenants providing for the further securing of the 2002 Series Bonds, the 2003 Series Bonds and any Additional Bonds and may also provide for appropriate sub-accounts in the Combined Utilities Revenue Bond Payment Account and Combined Utilities Bond Reserve Account, the funds in which shall be held on a priority basis for each such issue of Additional Bonds under the terms and limitations provided for in this Ordinance.

Section 24. So long as any of the 2002 Series Bonds, 2003 Series Bonds or any Additional Bonds of equal lien are outstanding, each of the obligations, duties, limitations and restraints imposed upon the City by this Ordinance shall be deemed to be a covenant between the City and every holder or owner of said bonds, and this Ordinance and every provision and covenant hereof shall constitute a contract of the City with every registered owner from time to time of said bonds. Any registered owner of a 2002 Series Bond, 2003 Series Bond or of an Additional Bond or Bonds may by mandamus or other appropriate action or proceeding at law or in equity in any court of competent jurisdiction enforce and compel performance of this Ordinance and every provision and covenant thereof, including without limiting the generality of the foregoing,

requesting the appointment of a receiver for the Combined Utilities and the enforcement of the performance of all duties required by the City by this Ordinance and the applicable laws of the State of Nebraska, including in such duties the making and collecting of sufficient rates, rentals, fees or charges for the use and service of the Combined Utilities, the segregation of the revenues of said systems and the application thereof to the respective Fund and Accounts and sub-accounts referred to and described in Section 13 of Ordinance No. 2163 and Section 13 of this Ordinance.

Section 25. 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 2003 Series 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 a 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 such bond to be paid prior to maturity, the City shall have duly given notice of redemption of such bond as required by this Ordinance or given irrevocable instructions for the giving of such notice.

Any such money so deposited with a bank or trust company 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 or trust company 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 25, any Deposit Securities shall be non-callable or callable only at the option of the holder.

Section 26. The Mayor and City Clerk 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 2003 Series B Bonds as contemplated by this Ordinance.

Section 27. The City hereby covenants to the purchasers and holders of the 2003 Series Bonds hereby authorized that it will make no use of the proceeds of said bond issue, including monies held in any sinking fund for the 2003 Series Bonds, which would cause the 2003 Series Bonds to be "arbitrage bonds" within the meaning of Sections 103(b) and 148 of the Internal Revenue Code of 1986, as amended (the

"Code"), and further covenants to comply with said Sections 103(b) and 148 and all applicable regulations thereunder throughout the term of said bond issue, including payment and reporting of rebate, if any and as and to the extent determined applicable, due to the United States pursuant to Section 148(f) of the Code. 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 2003 Series Bonds. The City hereby designates the 2003 Series Bonds as its "qualified tax-exempt obligations" pursuant to Section 265(b)(3)(B)(i)(III) of the Code and covenants and warrants that it does not reasonably expect to issue tax-exempt bonds or other tax-exempt obligations aggregating in principal amount more than \$10,000,000 during calendar 2003. The Mayor or the City Treasurer are each hereby authorized to make any and all allocations and/or elections deemed appropriate in connection with certifying and establishing matters with respect to the tax-exempt status of interest on the 2003 Series Bonds.

Section 28. In accordance with the requirements of Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission, the City hereby agrees that it will provide the following continuing disclosure information:

(a) to each nationally recognized municipal securities information repository (a "NRMSIR") and to the initial purchaser of the 2003 Series Bonds, the City shall provide annual financial and operating information generally consistent with the information set forth under the heading "FINANCIAL STATEMENT" in the Official Statement for said bonds, information concerning the rates and number of users for the Combined Utilities and the City's audited financial statements; such information is expected to be available not later than seven months after the end of each fiscal year for the City; audited financial information shall be provided for the primary governmental, fiduciary and proprietary fund types based on generally accepted accounting principles applied to government units and in accordance with the standards set by the Governmental Accounting Standards Board;

(b) in a timely manner to each NRMSIR or to the Municipal Securities Rulemaking Board ("MSRB"), notice of the occurrence of any of the following events with respect to the 2003 Series Bonds, if in the judgment of the City, such event is material:

- (1) principal and interest payment delinquencies,
- (2) non-payment related defaults,
- (3) unscheduled draws on debt service reserves reflecting financial difficulties,
- (4) unscheduled draws on credit enhancements reflecting financial difficulties (there is no credit enhancement on the 2003 Series Bonds);
- (5) substitution of credit or liquidity providers, or their failure to perform (not applicable to the 2003 Series Bonds);
- (6) adverse tax opinions or events affecting the tax-exempt status of the 2003 Series Bonds,

- (7) modifications to rights of the bondholders,
- (8) bond calls,
- (9) defeasances,
- (10) release, substitution or sale of property securing repayment of the 2003 Series Bonds, and
- (11) rating changes (the 2003 Series Bonds are not rated and no rating for the 2003 Series Bonds is expected to be requested).

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

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

The City reserves the right to modify from time to time the specific types of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the City, consistent with the Rule. The City hereby agrees that such covenants are for the benefit of the registered owners of the 2003 Series Bonds (including Beneficial Owners) and that such covenants may be enforced by any registered owner or Beneficial Owner, provided that any such right to enforcement shall be limited to specific enforcement of such undertaking and any failure shall not constitute a default or an event of default under this Ordinance. The continuing disclosure obligations of the City under the Ordinance, as described above, shall cease when none of the 2003 Series Bonds remain outstanding.

Section 29. 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 30. 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 31. The Preliminary Official Statement dated October 31, 2003 is hereby approved and the Mayor and City Clerk are hereby authorized to approve on behalf of the City a final Official Statement with any changes deemed appropriate by them.

Section 32. 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 10th day of November, 2003.

*John H. Fyfe*

\_\_\_\_\_  
Mayor

ATTEST:

*[Signature]*  
\_\_\_\_\_  
City Clerk



**NOTICE OF PASSAGE AND  
PUBLICATION OF ORDINANCE**

Public notice is hereby given that the Mayor and Council of the City of Lexington, Nebraska, at their meeting on November 10, 2003, have passed and approved Ordinance No. 2176 the title of which reads as follows:

**ORDINANCE NO. 2176**

AN ORDINANCE AUTHORIZING AND PROVIDING FOR THE ISSUANCE OF COMBINED UTILITIES REVENUE BONDS, SERIES 2003, OF THE CITY OF LEXINGTON, NEBRASKA, IN THE AGGREGATE PRINCIPAL AMOUNT OF FOUR MILLION FOUR HUNDRED FIVE THOUSAND DOLLARS (\$4,405,000) FOR THE PURPOSE OF PAYING THE COSTS OF IMPROVEMENTS AND EXTENSIONS FOR THE CITY'S SEWAGE DISPOSAL PLANT AND SANITARY SEWER SYSTEM AND ELECTRIC LIGHT AND POWER DISTRIBUTION SYSTEM; DIRECTING THE APPLICATION OF THE PROCEEDS OF SAID BONDS; PRESCRIBING THE FORM, TERMS AND DETAILS OF SAID BONDS; PLEDGING AND HYPOTHECATING THE REVENUE AND EARNINGS OF THE SEWER, WATER AND ELECTRIC SYSTEMS OWNED BY THE CITY FOR THE PAYMENT OF SAID BONDS AND INTEREST THEREON; ESTABLISHING THE TERMS UPON WHICH ADDITIONAL BONDS OF EQUAL LIEN UPON REVENUES MAY BE ISSUED; ENTERING INTO A CONTRACT ON BEHALF OF THE CITY WITH THE OWNERS OF SAID BONDS; SELLING THE BONDS AND AUTHORIZING THE DELIVERY OF THE BONDS TO THE PURCHASER; AND PROVIDING FOR PUBLICATION OF THIS ORDINANCE IN PAMPHLET FORM.

Said Ordinance has been published in pamphlet form. Copies of the Ordinance as so published are available at the office of the City Clerk at 406 East 7th Street in Lexington, Nebraska.



Joe Pappertzel  
City Clerk

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 10, 2003 at City Hall in Lexington, Nebraska.

Present were: Mayor John Fagot; Councilmembers: Ted Cook, Rick Klamm, John Salem and Steve Tomasek. Absent were: None.

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 are 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.

Councilmember Rick Klamm introduced an Ordinance entitled:

AN ORDINANCE AUTHORIZING AND PROVIDING FOR THE ISSUANCE OF COMBINED UTILITIES REVENUE BONDS, SERIES 2003, OF THE CITY OF LEXINGTON, NEBRASKA, IN THE AGGREGATE PRINCIPAL AMOUNT OF FOUR MILLION FOUR HUNDRED FIVE THOUSAND DOLLARS (\$4,405,000) FOR THE PURPOSE OF PAYING THE COSTS OF IMPROVEMENTS AND EXTENSIONS FOR THE CITY'S SEWAGE DISPOSAL PLANT AND SANITARY SEWER SYSTEM AND ELECTRIC LIGHT AND POWER DISTRIBUTION SYSTEM; DIRECTING THE APPLICATION OF THE PROCEEDS OF SAID BONDS; PRESCRIBING THE FORM, TERMS AND DETAILS OF SAID BONDS; PLEDGING AND HYPOTHECATING THE REVENUE AND EARNINGS OF THE SEWER, WATER AND ELECTRIC SYSTEMS OWNED BY THE CITY FOR THE PAYMENT OF SAID BONDS AND INTEREST THEREON; ESTABLISHING THE TERMS UPON WHICH ADDITIONAL BONDS OF EQUAL LIEN UPON REVENUES MAY BE ISSUED; ENTERING INTO A CONTRACT ON BEHALF OF THE CITY WITH THE OWNERS OF SAID BONDS; SELLING THE BONDS AND AUTHORIZING THE DELIVERY OF THE BONDS TO THE PURCHASER; AND PROVIDING FOR PUBLICATION OF THIS ORDINANCE IN PAMPHLET FORM.

Said Ordinance was fully and distinctly read, and by motion of Councilmember Rick Klamm, seconded by Councilmember John Salem, it was designated as Ordinance No. 2176 and the title thereof was approved. The roll was called on the passage of said motion and the following voted "AYE": Tomasek, Cook, Salem, Klamm, Fagot

\_\_\_\_\_ The following voted "NAY": None.

Councilmember Rick Klamm moved that the statutory rule requiring ordinances to be fully and distinctly read on three different days be suspended, seconded by Councilmember John Salem. The roll was called and the following voted "AYE": Tomasek, Cook, Salem, Klamm, Fagot


\_\_\_\_\_. The following voted "NAY": None. 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. 2176 was read by title and thereafter Councilmember Rick Klamm moved for final passage of said Ordinance. Councilmember John Salem seconded the motion. The Mayor stated: "The question is, shall Ordinance No. 2176 be passed and adopted?" The roll was called and the following voted "AYE": Tomasek, Cook, Salem, Klamm, Fagot. The following voted "NAY": None.

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. 2176 is attached hereto.




  
\_\_\_\_\_  
City Clerk  
Lexington, Nebraska



**CERTIFICATE AS TO PUBLICATION  
IN PAMPHLET FORM**

The undersigned City Clerk of the City of Lexington, Nebraska hereby certifies that the attached is a true and correct copy of Ordinance No. 2176 as passed by the Mayor and Council on \_\_\_\_\_  
November 10, 2003, and as published in pamphlet form on November 19, 2003.

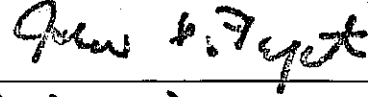


  
\_\_\_\_\_  
City Clerk


**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 10, 2003, at City Hall.

Mayor



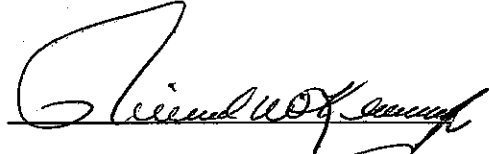
Council member



Council member



Council member



Council member



**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 10th day of November, 2003, at City Hall, which meeting will be open to the public. An agenda for such meeting, kept continuously current is available for public inspection at City Hall.



*J. Deppe*  
City Clerk

**\$4,405,000**  
**CITY OF LEXINGTON, NEBRASKA**  
**COMBINED UTILITIES REVENUE BONDS**  
**2003 SERIES**

**BOND PURCHASE AGREEMENT**

November 10, 2003

Mayor and City Council  
City of Lexington, Nebraska

Dear Mayor and Council Members:

On the basis of the representations and covenants and upon the terms and conditions contained in this Bond Purchase Agreement (this "Agreement"), the undersigned, Ameritas Investment Corp., (the "Underwriter"), hereby offers to purchase the \$4,405,000 aggregate principal amount of Combined Utilities Revenue Bonds, 2003 Series (the "Bonds") of the City of Lexington, Nebraska (the "City").

This offer is made subject to the acceptance by the City of this Agreement, which acceptance shall be evidenced by the execution of this Agreement prior to 10:00 p.m., Central Standard Time, on November 10, 2003, by the undersigned Mayor or such other officer or representative duly authorized for such purpose by the City Council of the City (the "City Council"). All capitalized, undefined terms used herein shall have the meanings ascribed to them in the Bond Ordinance and the Official Statement, hereinafter-defined.

**SECTION 1. REPRESENTATIONS AND AGREEMENTS.**

By the City's acceptance of this Agreement, the City hereby represents and agrees with the Underwriter that:

(a) The City is a political subdivision duly organized and existing under the laws of the State of Nebraska (the "State") and is authorized and empowered pursuant to the provisions of the constitutional and statutory authority (the "Authorizing Legislation") cited in the Ordinance authorizing the issuance and delivery of the Bonds to be adopted by the City Council on November 10, 2003, (the "Bond Ordinance"), to issue and sell the Bonds on behalf of the City for the purposes specified therein and to pledge the revenues of the City as provided in the Bond Ordinance for the payment of the principal of, premium, if any, and interest on the Bonds.

(b) The City has complied with all provisions of the Authorizing Legislation and the Constitution and laws of the State and has full power and authority to consummate all transactions contemplated by this Agreement, the Bonds and the Bond Ordinance and all authorizations, approvals, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction over the subject matter have been duly obtained timely as required (except for any approvals, consents and orders as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the Bonds).

(c) The Bond Ordinance, as adopted and when certified and delivered on behalf of the City Council, will be in the form approved by the City on the date hereof, with only such changes therein or modifications thereof as to which the Underwriter, the City and Bond Counsel shall mutually agree. If any changes in or modifications to the Bond Ordinance are not acceptable to the Underwriter, the Underwriter shall have the right to cancel its obligations to purchase the Bonds hereunder. This Agreement and the Bond Ordinance, when executed and delivered or as adopted and delivered, will constitute valid and binding obligations of the City, enforceable in accordance with their respective terms. The Bonds, when issued, delivered and paid for as herein provided, will have been duly executed, authenticated, issued and delivered and will constitute valid and binding obligations of the City payable as to principal, premium, if any, and interest and being secured as provided in the Bond Ordinance, enforceable in accordance with their terms and entitled to the benefits and security of the Bond Ordinance.

(d) The City will apply the proceeds from the sale of the Bonds as specified in the Bond Ordinance and in the Official Statement, hereinafter defined.

(e) The Preliminary Official Statement, dated October 31, 2003, (the "Preliminary Official Statement"), has been duly authorized and delivered by the City and the City has consented to the use of the Preliminary Official Statement and the City has delivered a certificate to the Underwriter to evidence compliance with the Rule, hereinbelow defined, to the date hereof, a copy of which is attached as Exhibit A hereto.

(f) The City agrees to deliver to the Underwriter, at such addresses as the Underwriter shall specify, as many copies of the Official Statement dated the date of this Agreement, relating to the Bonds as the Underwriter shall reasonably request as necessary to comply with paragraph (b)(3) of Rule 15c2-12 of the Securities and Exchange Commission under the Securities Exchange Act of 1934 (the "Rule") and with Rule G-32 and all other applicable rules of the Municipal Securities Rulemaking Board. The City agrees to deliver such copies of the Official Statement (which shall be a final official statement, as such term is defined in the Rule, as of its date) within seven business days after the execution of this Agreement. The City hereby consents to the filing by the Underwriter of the Official Statement with at least one of the nationally recognized municipal securities information repositories designated by the Securities and Exchange Commission.

(g) The City covenants and agrees to enter into a written agreement or contract, constituting an undertaking (the "Undertaking") to provide ongoing disclosure about the City, for the benefit of

the Bondholders on or before the date of delivery of the Bonds as required by Section (b)(5)(i) of the Rule, which Undertaking shall be a part of the Bond Ordinance, for the benefit of the Bondholders, and in the form as summarized in the Preliminary Official Statement, with such changes as may be agreed to in writing by the Underwriter.

(h) The information contained in the Preliminary Official Statement and the final Official Statement, in substantially the form of the Preliminary Official Statement, and in any amendment or supplement that may be authorized for use by the City with respect to the Bonds (hereinafter collectively referred to as the "Official Statement") did not, does not and, as of the Closing Time (hereinafter defined), will not contain any untrue statement of a material fact and did not, does not and will not omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

(i) The City has duly authorized all necessary action to be taken for: (1) the issuance and sale of the Bonds upon the terms set forth herein and in the Bond Ordinance and Official Statement; (2) the approval of the Preliminary Official Statement and the approval and execution of the Official Statement; (3) the execution, delivery, receipt and due performance of this Agreement, the Bonds, the Bond Ordinance, and any and all such other agreements and documents as may be required to be executed, delivered and received in order to carry out, give effect to and consummate the transactions contemplated hereby and by the Official Statement; and (4) the carrying out, giving effect to and consummation of the transactions contemplated hereby and by the Official Statement.

(j) To the best of the City's knowledge, 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 threatened in writing against or affecting the City (1) affecting or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Bonds or the collection of revenues pledged to pay the debt service with respect to the Bonds, or (2) wherein an unfavorable decision, ruling or finding would materially adversely affect the transactions contemplated hereby or by the Official Statement or the validity of the Bonds, this Agreement, the Bond Ordinance, or any agreement or instrument to which the City is a party and which is used or contemplated for use in the consummation of the transactions contemplated hereby or by the Official Statement.

(k) To the best of the City's knowledge, the execution and delivery of the Official Statement, this Agreement, the Bonds, the Bond Ordinance, and the other agreements contemplated hereby and by the Official Statement, and compliance with the provisions thereof, will 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 or order or any resolution, agreement, indenture or other instrument to which the City is subject or by which it is or may be bound nor will such execution and delivery or performance and compliance with the terms thereof result in the creation or imposition of any lien, charge or other encumbrance of any nature whatsoever upon any of its property or assets except as provided in the Bonds and the Bond Ordinance. The City is not at present in default and has never been in default with respect to the payment of any principal of or interest on any bond or other evidence of indebtedness for borrowed money.

(l) The City has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that it is a bond issuer whose arbitrage certifications may not be relied upon.

(m) Any certificate signed by the Mayor or any of the duly authorized officials and representatives of the City and delivered to the Underwriter shall be deemed a representation made by the City to the Underwriter as to the statements made therein.

(n) The City will not amend or supplement the Official Statement without prior notice to and the consent of the Underwriter and will advise the Underwriter promptly in the event the City learns of the institution of any proceedings before or by any court, public board or body or otherwise affecting the use of the Official Statement in connection with the offer and sale of the Bonds.

(o) If at any time when a copy of the Official Statement should be delivered in connection with offers and sales of the Bonds, any event occurs as a result of which the Official Statement, as then amended or supplemented, would include any untrue statement of a material fact, or omit to state any material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading, the City will cooperate with the Underwriter in the prompt preparation of the amendment or supplement which will correct such statement or omission.

(p) If applicable, the City will cooperate with the Underwriter in qualifying the Bonds for offer and sale under the securities or Blue Sky laws of such jurisdictions of the United States as the Underwriter may request; provided, however, that the City is not required to consent to suit or to service of process in any jurisdictions or otherwise to waive any defenses that the City might have under the laws of the State or of the United States of America. The City consents to the use by the Underwriter in the course of the Underwriter's compliance with the securities or Blue Sky laws of the various jurisdictions of the documents relating to the Bonds, subject to the right of the City to withdraw such consent for cause by written notice to the Underwriter. Prior to the earlier of (i) receipt of written notice from the Underwriter that Official Statements are no longer required under the Rule or (ii) 90 days after the "end of the underwriting period" (as such term is defined in the Rule) or (iii) if a copy of the Official Statement is available to any person from a nationally recognized municipal securities information repository, 25 days after the "end of the underwriting period," the City shall provide the Underwriter with such information regarding the current financial condition and ongoing operations of the City as the City shall deem material and such other information concerning the City as the Underwriter may reasonably request. The Underwriter shall give notice to the City on the date after which no "participating underwriter," as such term is defined in the Rule, remains obligated to deliver copies of the Official Statement pursuant to paragraph (b)(4) of the Rule.

## SECTION 2. PURCHASE, SALE AND DELIVERY OF THE BONDS.

On the basis of the representations and covenants contained herein and in the other agreements referred to herein, and subject to the terms and conditions herein set forth, at the Closing

Time the Underwriter agrees to purchase from the City and the City agrees to sell to the Underwriter all (but not less than all) of the Bonds at an aggregate purchase price of \$4,345,532.50, plus accrued interest, if any, thereon to date of payment and delivery.

The Bonds shall be issued under and secured as described in the Bond Ordinance and the Official Statement. The Bonds shall be subject to redemption prior to maturity pursuant to the terms and provisions of the Bond Ordinance.

The Bonds shall bear interest at the rates per annum and mature in the principal amounts as set forth on Exhibit B attached hereto.

The Underwriter agrees to make a bona fide public offering of the Bonds at the initial offering price or prices which do not exceed (or at public offering yields which are not less than) those set forth in the Official Statement; provided, however, that the Underwriter reserves the right to make concessions to dealers (including dealers depositing the Bonds into investment trusts) and to change such initial offering price or prices (or yields) as the Underwriter shall deem necessary in connection with the offering of the Bonds.

Delivery of the Bonds shall be made in New York, New York, at the Closing Time, to the Underwriter through the facilities of The Depository Trust Company in New York, New York, or at such other address as the Underwriter shall direct. Except for purposes of delivery of the Bonds to the Underwriter, the Closing shall take place at the offices of Ameritas Investment Corp., Omaha, Nebraska. Payment for the Bonds shall be made by the Underwriter in same-day federal funds payable to the City Treasurer (for deposit as designated in the Bond Ordinance) at 9:00 A.M., Central Standard Time, on or about December 16, 2003, or at such other place, time and date as shall be mutually agreed upon by the City and the Underwriter. The delivery of and payment for the Bonds is herein called the "Closing." The date of such delivery and payment is herein called the "Closing Date," and the hour and date of such delivery and payment is herein called the "Closing Time." The delivery of the Bonds shall be made in definitive form, bearing CUSIP numbers (provided neither the printing of a wrong number on any Bond nor the failure to print a number thereon shall constitute cause to refuse delivery of any Bonds) and issued in fully registered form as directed by the Underwriter on behalf of the Underwriter. The Bonds shall be available for examination and packaging by the Underwriter at least twenty-four (24) hours prior to the Closing Time.

### SECTION 3. CONDITIONS TO THE UNDERWRITER'S OBLIGATIONS.

The Underwriter's obligations hereunder shall be subject to the due performance by the City of the obligations and agreements to be performed hereunder at or prior to the Closing Time and to the accuracy of and compliance with the representations contained herein, as of the date hereof and as of the Closing Time, and are also subject to the following conditions being satisfied as of the Closing Time:



(a) The Bonds shall have been duly authorized, executed and delivered in substantially the form provided for by the Bond Ordinance with only such changes therein as shall be mutually agreed upon by the City and the Underwriter.

(b) At the Closing Time, the Underwriter shall receive:

(1) The approving opinion of Baird, Holm, McEachen, Pedersen, Hamann & Strasheim LLP, Bond Counsel, dated the Closing Date and addressed to, or accompanied by a "reliance letter" addressed to, the Underwriter.

(2) A certificate of the City signed by the Mayor or other duly authorized officer or representative, dated as of the Closing Date and in form and substance satisfactory to the Underwriter, to the effect that: (i) the City has duly performed all of its obligations to be performed at or prior to the Closing Time and that each of its representations contained herein is true as of the Closing Time; (ii) the City has authorized, by all necessary action: the execution, delivery, receipt and due performance of the terms and provisions of the Bonds, the Bond Ordinance, this Agreement, and any and all such other agreements and documents as may be required to be executed, delivered and received by the City to carry out, give effect to and consummate the transactions contemplated hereby and by the Official Statement; (iii) to the best of the City's knowledge, no litigation is pending or threatened as described or contemplated by Section 1(j) of this Agreement; and (iv) to the best of the City's knowledge, the execution, delivery, receipt and due performance of the Bonds, the Bond Ordinance, this Agreement, and the other agreements contemplated hereby and by the Official Statement under the circumstances contemplated hereby and thereby and compliance with the provisions thereof will not conflict with or constitute a breach of or a default under any existing law, court or administrative regulation, decree or order or any resolution, agreement, indenture or other instrument to which the City is subject or by which it is or may be bound;

(3) An executed copy of the Bond Ordinance;

(4) A certificate of the City signed by the Mayor, Treasurer or other authorized officer setting forth the reasonable expectations of the City deemed necessary and appropriate by Bond Counsel to support the conclusion that the Bonds will not be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code;

(5) A certificate, satisfactory to the Underwriter, of the City signed by the Mayor or other authorized officer, dated the Closing Date, to the effect that the City will fully comply with the Undertaking entered into by it under the Bond Ordinance pursuant to the Rule; and

(6) Such additional certificates and other documents as the Underwriter and Bond Counsel may reasonably request to evidence performance of or compliance with the provisions hereof and the transactions contemplated hereby and by the Official Statement, all such certificates and other documents to be satisfactory in form and substance to the Underwriter.

All the opinions, letters, certificates, instruments and other documents mentioned in this Agreement shall be deemed to be in compliance with this Agreement if, but only if, they are in form and substance satisfactory to Bond Counsel and the Underwriter.

If the City shall be unable to satisfy the conditions to the obligations of the Underwriter contained in this Agreement, or if the obligations of the Underwriter shall be terminated for any reason permitted by this Agreement, this Agreement shall terminate and neither the Underwriter nor the City shall have any further obligations hereunder, except as provided in Section 7. However, the Underwriter may in its discretion waive one or more of the conditions imposed by this Agreement for the protection of the Underwriter and proceed with the Closing.

#### SECTION 4. THE UNDERWRITER'S RIGHT TO CANCEL.

The Underwriter shall have the right to cancel its obligations to purchase the Bonds by notifying the City of its election to do so, if between the date hereof and the Closing (i) legislation shall have been introduced in or enacted by the Congress of the United States, or shall have been favorably reported out of committee, or a decision shall have been rendered by a court of the United States or the Tax Court of the United States, or a ruling shall have been made or proposed by the Treasury Department of the United States or the Internal Revenue Service, with respect to Federal Taxation upon revenues or other income of the general character to be derived by the City as described in the Official Statement or upon interest received on obligations of the general character of the Bonds, or (ii) there shall exist an event which, in the Underwriter's reasonable judgment, materially adversely affects the market for the Bonds, which, in the Underwriter's reasonable judgment, either (A) makes untrue or incorrect in any material respect, as of such time, any statement or information contained in the Official Statement or adversely affects the exemption of the interest on the Bonds from Nebraska income taxes or (B) is not reflected in the Official Statement but should be reflected therein in order to make the statements and information contained therein not misleading in any material respect or (iii) there shall have occurred any outbreak of hostilities or other local, national or international calamity or crisis on the financial markets of the United States being such as, in the Underwriter's reasonable judgment, would make it impracticable for the Underwriter to market the Bonds or enforce contracts for the sale of the Bonds, or (iv) there shall be in force a general suspension of trading on the New York Stock Exchange or minimum or maximum prices for trading shall have been fixed and be in force, or maximum ranges for prices for securities shall have been required and be in full force on the New York Stock Exchange, whether by virtue of a determination by that Stock Exchange or by order of the Securities and Exchange Commission or any other governmental authority having jurisdiction, or (v) a general banking moratorium shall have been declared by either Federal or New York authorities having jurisdiction and be in force, or (vi) a stop order, ruling, regulation, proposed regulation or statement by or on behalf of the Securities and Exchange Commission shall be issued or made to the effect that the issuance, offering, sale or distribution of obligations of the general character of the Bonds is in violation of any provisions of the Securities Act of 1933 or of the Trust Indenture Act of 1939, or (vii) in the Congress of the United States legislation shall be enacted or a bill shall be favorably reported out of committee of either the House of Representatives or the Senate, or a decision by a court of the United States shall

be rendered, or a ruling, regulation, proposed regulation or statement by or on behalf of the Securities and Exchange Commission or any other agency of the Federal government having jurisdiction of the subject matter shall be made, to the effect that securities of the City, or of any similar public body are not exempt from the registration, qualification or other requirements of the Securities Act of 1933 or the Trust Indenture Act of 1939.

#### SECTION 5. CONDITIONS OF THE CITY'S OBLIGATIONS.

If the City is unable to satisfy the conditions to the obligations of the Underwriter contained in this Agreement, or if the obligations of the Underwriter are terminated for any reason permitted by this Agreement, this Agreement shall terminate and neither the Underwriter nor the City shall be under further obligation hereunder except their respective obligations with respect to payment of expenses as provided in Section 7.

#### SECTION 6. REPRESENTATIONS AND AGREEMENTS TO SURVIVE DELIVERY.

All of the City's representations and agreements shall remain operative and in full force and effect, regardless of any investigations made by the Underwriter or on their behalf, and shall survive delivery of the Bonds to the Underwriter.

#### SECTION 7. PAYMENT OF EXPENSES.

Ameritas Investment Corp. agrees to pay all costs incident to the underwriting and sale of the Bonds including the cost of printing of the preliminary and final official statements, CUSIP and DTC charges. The City will pay the fees of Bond Counsel, publication costs, the fees and costs of the City Attorney, if any, and any other costs incurred by the City.

#### SECTION 8. MISCELLANEOUS AND NOTICE.

(a). This Agreement shall inure to the benefit of the Underwriter and the City and their respective successors and assigns. Nothing in this Agreement is intended or shall be construed to give any other person, firm or corporation any legal or equitable right, remedy or claim under or in respect of this Agreement or any provision herein contained. The terms "successor" and "assigns" as used in this Agreement shall not include any purchaser, acting in such capacity, of any of the Bonds from the Underwriter.

(b). Any notice or other communication to be given to the City under this Agreement may be given by mailing or delivering the same in writing to Joe Peplitsch, City Manager; any notice or other communication to be given to the Underwriter under this Agreement may be given by mailing or delivering the same in writing to the Underwriter as follows: Ameritas Investment Corp., 440 Regency Parkway Drive, Suite 222, Omaha, Nebraska 68114-3742, Attention: Jim Fox.

(c) No officer, agent or any employee of the City shall be charged personally by the Underwriter with any liability, or held personally accountable to the Underwriter, under any term or provision of this Agreement, or because of its execution or attempted execution, or because of any breach, or attempted or alleged breach, of this Agreement.

SECTION 9. APPLICABLE LAW; NONASSIGNABILITY.

This Agreement shall be governed by the laws of the State of Nebraska. This Agreement shall not be assigned by the City.

SECTION 10. EXECUTION OF COUNTERPARTS; EFFECTIVE UPON ACCEPTANCE.

This Agreement may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same document. This Agreement shall supersede all previous agreements relating to the same subject matter between the parties and shall become effective upon acceptance by the City as evidenced by the execution hereof by the Mayor of the City as set forth below.

Very truly yours,

AMERITAS INVESTMENT CORP.

By: *James H. Fox*  
Senior Vice President

Accepted as of the date first above written, subject to, and in accordance with the Bond Ordinance.

The City of Lexington

By: *James H. Fyfe*  
Mayor



EXHIBIT A - THE BOND PURCHASE AGREEMENT

RULE 15c2-12 CERTIFICATE

The undersigned hereby certifies and represents to Ameritas Investment Corp. (the "Underwriter"), that the undersigned is the duly authorized officer of the City of Lexington, (the "City"), and is authorized to execute and deliver this Certificate and further certifies on behalf of the City to the Underwriter as follows:

(1) This Certificate is delivered to enable the Underwriter to comply with Rule 15c2-12, as amended, under the Securities Exchange Act of 1934 (the "Rule") in connection with the issuance and sale by the City of its \$4,405,000 aggregate principal amount of Combined Utilities Revenue Bonds, 2003 Series (the "Bonds").

(2) In connection with the offering and sale of the Bonds, there has been prepared a Preliminary Official Statement, dated October 31, 2003, setting forth information concerning the Bonds and the City (the "Preliminary Official Statement").

(3) As used herein, "Permitted Omissions" shall mean the offering price(s), interest rate(s), selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, ratings and other terms of the Bonds and any underlying obligations depending on such matters and the identity of the Underwriter, all with respect to the Bonds and any underlying obligations.

(4) The information with respect to the City included in the Preliminary Official Statement is final within the meaning of the Rule except for Permitted Omissions and is accurate and complete in all material respects except for Permitted Omissions as of this date.

(5) If, at any time prior to the execution of the Bond Purchase Agreement for the purchase of the Bonds by the Underwriter, any event occurs as a result of which the Preliminary Official Statement might include an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the City shall promptly notify the Underwriter thereof.

(6) The section of the Preliminary Official Statement entitled "CONTINUING DISCLOSURE UNDERTAKING" describes the agreement the City expects to make for the benefit of the Bondholders in the Bond Ordinance, as defined by the Preliminary Official Statement, by which the City will undertake to provide ongoing disclosure in accordance with paragraph (b)(5)(i) of the Rule.

IN WITNESS WHEREOF, I have hereunto set my hand this 10th day of November, 2003.



THE CITY OF LEXINGTON

By: *Joseph P. ...*  
Title: *City Manager*

**EXHIBIT B TO THE BOND PURCHASE AGREEMENT**

**\$4,405,000  
CITY OF LEXINGTON, NEBRASKA  
COMBINED UTILITIES REVENUE BONDS  
2003 SERIES**

<u>Principal Amount</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Price</u>
\$ 160,000	December 15, 2004	1.35%	100.00%
165,000	December 15, 2005	1.65	100.00
165,000	December 15, 2006	2.05	100.00
170,000	December 15, 2007	2.40	100.00
175,000	December 15, 2008	2.80	100.00
180,000	December 15, 2009	3.10	100.00
185,000	December 15, 2010	3.40	100.00
190,000	December 15, 2011	3.70	100.00
195,000	December 15, 2012	3.95	100.00
205,000	December 15, 2013	4.10	100.00
215,000	December 15, 2014	4.20	100.00
220,000	December 15, 2015	4.30	100.00
230,000	December 15, 2016	4.40	100.00
240,000	December 15, 2017	4.50	100.00
255,000	December 15, 2018	4.60	100.00
265,000	December 15, 2019	4.70	100.00
275,000	December 15, 2020	4.80	100.00
290,000	December 15, 2021	4.85	100.00
305,000	December 15, 2022	4.95	100.00
320,000	December 15, 2023	5.00	100.00

FACSIMILE SIGNATURES FOR BOND PRINTING




ISSUE: City of Lexington, Nebraska  
Combined Utilities Revenue Bonds  
Series 2003

DATE: December 16, 2003

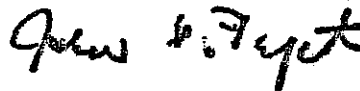
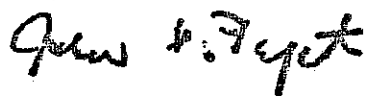
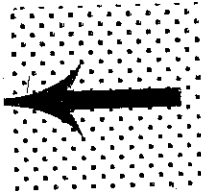
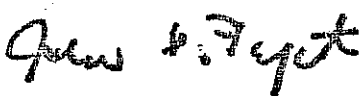
AMOUNT: \$4,405,000

SIGNATURES REQUIRED

\_\_\_\_\_  
City Clerk

1. 
2. 
3. 

\_\_\_\_\_  
Mayor

1. 
2.  
3. 

(Please sign 3 times)

SEAL



SEAL



SEAL

