

**ORDINANCE
2012**

- 1951** Duties of the Mayor and Chief of Police
- 1952** Solid Waste Facility Revenue Bond – Series 2012
- 1953** Sanitary Sewer Revenue Bonds – Series 2012
- 1954** Refinancing of Bonds for golf course (Gering Leasing Corporation):
Approving fourth supplement to Lease-Purchase Agreement between
Gering Leasing Corporation, refunding of Gering Leasing Corporation's
Lease revenue refunding Bonds, and authorizing and approving of
documents related to issuance of Bonds, and publication of Notice.
- 1955** Ordinance for Gering Combined Utilities Revenue Refunding Bonds,
Series 2012
- 1956** To enact Chapter XI, Article 118, to impose an occupation tax on lodging –
4-23-12 Suspend implementation of the occupation tax Ordinance 1956
pending further investigation
5-12-12 Rescind implementation of occupation tax Ordinance 1956
suspension
- 1957** Repeal Ordinance 1956
5-29-12 Repealed Ordinance 1956 and Replaced with Ordinance 1957
- 1958** Rescind Ordinance 1954 of Gering Leasing Corp.
- 1959** Adopt Budget Statement
- 1960** Sewer Rate
- 1961** Water Rate
- 1962** Amend Fees charged for the use of the landfill
- 1963** Adjust existing electrical rates repealing 1949
- 1964** Amend Title X, Traffic, Chapter 2, Speed Restriction of the Municipal Code
of Gering to establish School Speed Zones
- 1965** Amend Title X Traffic Chapter 2, Speed Restrictions of the Municipal Code
of Gering to establish Speed Limit on 10th Street between S Street and 100
yards north of the Union Pacific Railroad tracks; to establish school speed
zones and provide for an effective date herein

ORDINANCE NO. 1951

AN ORDINANCE PROVIDING FOR DUTIES OF THE MAYOR AND CHIEF OF POLICE AND AMENDING ORDINANCES OF THE CITY OF GERING §30.11; REPEAL PREVIOUS §30.11 (DUTIES OF MAYOR) AND §32.21 (DUTIES OF THE CHIEF OF POLICE); PROVIDING FOR AN EFFECTIVE DATE HEREOF.

BE IT ORDAINED BY THE MAYOR AND COUNCIL OF THE CITY OF GERING, NEBRASKA, THAT: §30.11 WHICH PROVIDES FOR DUTIES OF THE MAYOR AND §32.32 PROVIDING FOR DUTIES OF THE CHIEF OF POLICE, BE AMENDED TO PROVIDE AS FOLLOWS:

MAYOR

§30.11 DUTIES.

- (A) The Mayor shall preside at all meetings of the city council and shall have the right to vote when his or her vote will provide the additional vote required to create a number of votes equal to a majority of the number of members elected to the council. He or she shall have the superintending control of all the officers and affairs of the city and shall take care that the ordinances of the city and the provisions of the law relating to the cities of the first class are complied with. He or she may administer oaths and shall sign the commissions and appointments of all the officers appointed in the city. Neb.Rev.Stat. §16-312
- (B) The mayor shall have the power to approve or veto any ordinance passed by the city council, and to approve or veto any order, bylaw, resolution, award or vote to enter into any contract, or the allowance of any claim; *Provided*, any ordinance, order, bylaw, resolution, award or vote to enter into any contract, or the allowance of any claim vetoed by the mayor, may be passed over his veto by a vote of two-thirds of all the members elected to the council, notwithstanding his veto. If the mayor neglects or refuses to sign any ordinance, order, bylaw, resolution, award or vote to enter into any contract, or the allowance of any claim, and returns the same with his objection in writing at the next regular meeting of the council, the same shall become a law without his signature. The mayor may veto any item of any appropriation bill, and approve the remainder thereof, and the item or items so vetoes may be passed by the council over the veto as in other cases. Neb.Rev.Stat. §16-313
- (C) The mayor shall, from time to time, communicate to the city council such information and recommend such measures as in his opinion may tend to the improvement of the finances of the city, the police, health, comfort, and general prosperity of the city, and may have such jurisdiction as may be invested in him by ordinances over all places within two miles of the corporate limits of the city, for the enforcement of health or quarantine ordinances and the regulation thereof. Neb.Rev.Stat. §16-314

(D) The mayor shall have power after conviction to remit fines and forfeitures, and to grant reprieves and pardons for all offenses arising under the ordinances of the city.
Neb.Rev.Stat. §16-316

(E) The mayor or council shall have power, when he, she, or they deem it necessary, to require any officer of the city to exhibit his or her accounts to other papers and make reports to the council, in writing, touching any subject or matter they may require pertaining to the office. Neb.Rev.Stat. §16-327

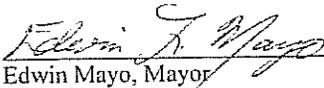
CHIEF OF POLICE

§32.21

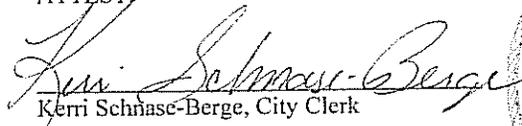
The Chief of Police shall, subject to the direction of the City Administrator, have control and management of all matters relating to the Police Department, its officers and members, and shall have the custody and control of all property and books belonging to the Department. He or she shall devote his or her whole time to the municipal affairs and interests of the city and to the preservation of peace, order, safety and cleanliness thereof, and to this end he or she shall execute and enforce all provisions of this code, and also the orders from the City Administrator. It shall be his or her duty to protect the rights of persons and property. He or she shall provide a proper police force at fires. He or she shall take notice of all nuisances, impediments, obstructions and defects in the streets, alleys, business places and/or residences of the city. The Chief of Police and all regular and special police officers shall be come thoroughly conversant with the laws of this city, shall see that the same are strictly enforced and shall make sworn complaint against any person for violation of the same.

ANY PROVISIONS OF §30.11 AND §32.21 WHICH EXISTED PRIOR TO THE ENACTION OF THIS ORDINANCE ARE HEREBY REPEALED.

PASSED AND APPROVED THIS 29th DAY OF FEBRUARY, 2012.


Edwin Mayo, Mayor

ATTEST:


Kerri Schnasc-Berge, City Clerk



ORDINANCE NO. 1952

AN ORDINANCE OF THE CITY OF GERING, NEBRASKA, AUTHORIZING THE ISSUANCE OF SOLID WASTE FACILITY REVENUE REFUNDING BONDS OF THE CITY OF GERING, NEBRASKA, IN A PRINCIPAL AMOUNT NOT TO EXCEED ONE MILLION SIX HUNDRED THOUSAND DOLLARS (\$1,600,000), FOR THE PURPOSE OF PROVIDING FOR THE PAYMENT AND REDEMPTION OF ONE MILLION FOUR HUNDRED FIFTY-FIVE THOUSAND DOLLARS (\$1,455,000) OUTSTANDING PRINCIPAL AMOUNT OF THE CITY'S SOLID WASTE FACILITY REVENUE BONDS, SERIES 2008, DATED JULY 1, 2008, ISSUED TO PAY THE COSTS OF IMPROVING THE CITY'S EXISTING SOLID WASTE FACILITY, FIXING IN PART AND PROVIDING FOR THE FIXING IN PART OF THE DETAILS OF THE BONDS; PROVIDING FOR THE SALE OF THE BONDS AND THE APPLICATION OF THE PROCEEDS OF SUCH SALE; TAKING OTHER ACTION IN CONNECTION WITH THE FOREGOING; AND RELATED MATTERS; MAKING COVENANTS AND AGREEMENTS TO PROVIDE FOR THE PAYMENT AND SECURITY THEREOF; PROVIDING FOR THE PUBLICATION OF THIS ORDINANCE IN PAMPHLET FORM; AND AUTHORIZING CERTAIN ACTIONS AND DOCUMENTS AND PRESCRIBING OTHER MATTERS RELATING THERETO

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

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

(a) The City is a city of the first class and political subdivision duly organized and existing under the laws of the State of Nebraska (the "State"), and owns and operates solid waste disposal facility (the "Facility"), which is a revenue producing facility as described in Sections 18-1803 to 18-1805, inclusive, Reissue Revised Statutes of Nebraska, as amended (the "Act"), serving the City and its inhabitants and others within its service area.

(b) Pursuant to the Act and Ordinance No. 1867, passed by the Council and approved by the Mayor on May 27, 2008 (the "2008 Ordinance"), the City has heretofore issued and has outstanding on the date hereof Solid Waste Facility Revenue Bonds, Series 2008, dated July 1, 2008 (the "Outstanding Bonds") payable solely out of the revenues derived from the operation of the Facility (the "Revenues") maturing and bearing interest as follows:

<u>Stated Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
July 1, 2012	\$100,000	3.25%
July 1, 2013	100,000	3.40
July 1, 2014	105,000	3.55
July 1, 2015	110,000	3.75
July 1, 2016	115,000	3.85
July 1, 2017	115,000	4.00
July 1, 2018	120,000	4.10
July 1, 2019	125,000	4.25
July 1, 2020	130,000	4.35
July 1, 2021	140,000	4.40

<u>Stated Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
July 1, 2022	\$145,000	4.50%
July 1, 2023	150,000	4.60

The Outstanding Bonds are subject to redemption at the option of the City at any time on or after July 1, 2013 (the “2008 Bond Redemption Date”) at a redemption price equal to 100% of the principal amount thereof plus accrued interest thereon to the date fixed for redemption.

(c) Since the issuance of the Outstanding Bonds, the rates of interest available in the markets have declined so that the City can effect a savings in interest cost by providing for the payment and redemption of the Outstanding Bonds (the “Refunded Bonds”) through the issuance of solid waste facility revenue refunding bonds of the City.

(d) All of the Refunded Bonds remain unpaid and are a legal liability against the City, provision for the payment of which may be made by the lawful issuance and sale of combined utilities revenue refunding bonds of the City pursuant to Sections 10-142, Reissue Revised Statutes of Nebraska, as amended, and the Act.

(e) Other than the Outstanding Bonds, there are presently no liens or pledges upon the Revenues of the Facilities.

(f) The City has on hand no debt service or other sinking fund money for the payment of principal and interest on the Refunded Bonds, other than legally available funds of the City, if any, which are to be used and applied in accordance with Section 21.

(g) The City has provided for calling the Refunded Bonds for redemption in accordance with Section 3(c).

(h) It is necessary, desirable, advisable and in the best interest of the City and of its inhabitants at this time to authorize the issuance and delivery of solid waste facility revenue bonds pursuant to the Act and Section 10-142, Reissue revised Statutes of Nebraska, as amended, as herein provided to provide funds for the purposes of (1) providing for the payment and redemption of all of the Refunded Bonds, and (2) paying certain costs of issuing the Bonds.

(i) All conditions, acts and things required by law to exist or to be done precedent to the issuance of solid waste facility revenue refunding bonds of the City in a principal amount not to exceed \$1,600,000 do exist and have been done and performed in regular and due time as provided 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) “Revenues” shall mean all of the rates, rentals, fees and charges, earnings and other monies, including investment income, from any source derived by the City, through its ownership and operation of the Facility.

(b) “Additional Bonds” shall mean any and all bonds hereafter issued by the City pursuant to the terms of this Ordinance which are equal in lien to the 2012 Bonds, including all such bonds issued pursuant to Section 15.

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

(e) **“Net Revenues”** shall mean the Revenues, not including any income from the sale or other disposition of any property belonging to or forming a part of the Facility, less the ordinary expenses for operating and maintaining the Facility payable from the Operation and Maintenance Account described in **Section 13** of this Ordinance. Operation and Maintenance expenses for purposes of determining “Net Revenues” shall not include depreciation, amortization of financing expenses or interest on any bonds or other indebtedness. Net Revenues for all purposes of this Ordinance shall be shown by an audit for the fiscal year in question as conducted by an independent certified public accountant or firm of such accountants.

(f) **“Registrar”** shall mean Valley Bank and Trust Company, Gering, Nebraska, as appointed to act as Registrar for the 2012 Bonds pursuant to **Section 4** hereof, or any successor thereto.

(g) **“Escrow Agent”** means Valley Bank and Trust Company, in the City of Gering, Nebraska, and any successors or assigns.

(h) **“Escrow Agreement”** means the Escrow Agreement, dated the date of issuance of the Bonds, between the City and the Escrow Agent.

(i) **“Escrowed Securities”** means the United States Government Obligations, as described in the Escrow Agreement.

(j) **“Continuing Disclosure Undertaking”** means the Continuing Disclosure Undertaking executed by the City and dated the date of issuance and delivery of the 2012 Bonds, as amended from time to time in accordance with its terms.

(k) **“Participating Underwriter”** has the meaning ascribed thereto in the Continuing Disclosure Undertaking.

Section 3. (a) To provide for the payment and redemption of the Refunded Bonds, including costs of issuance, there shall be and there are hereby ordered issued negotiable bonds of the City of Gering, Nebraska, to be designated as “Solid Waste Facility Revenue Refunding Bonds, Series 2012” (the **“2012 Bonds”**) in a principal amount not to exceed One Million Six Hundred Thousand Dollars (\$1,600,000). The 2012 Bonds shall be issued in fully registered form in denominations of \$5,000 or any integral multiple thereof, not exceeding the amount maturing in any one year, shall be numbered from R-1 upwards in the order of their issuance and shall mature on July 1 of the years determined in accordance with this Ordinance.

(b) The date of original issue of the 2012 Bonds shall be the date of delivery thereof. Interest on the 2012 Bonds, at the respective rate for each maturity, shall be payable semiannually on January 1 and July 1 of each year commencing July 1, 2012 (each an **“Interest Payment Date”**), and the 2012 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 fifteenth day immediately preceding the Interest Payment Date (the **“Record Date”**), subject to the provisions of **Section 5** hereof. No 2012 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 2012 Bonds issued shall be as directed by the initial purchaser thereof. Payments of interest due on the 2012 Bonds prior to maturity or earlier redemption shall be made by the 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 2012 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 due at maturity or at any date fixed for redemption prior to maturity together with any unpaid interest accrued thereon shall be made by the Registrar to the registered owners upon presentation and surrender of the 2012 Bonds to the Registrar. The City and the Registrar may treat the registered owner of any 2012 Bond as the absolute owner of such 2012 Bond for the purpose of making payments thereon and for all other purposes and neither the City nor the Registrar shall be affected by any notice or knowledge to the contrary whether such 2012 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 2012 Bond in accordance with the terms of this Ordinance shall be valid and effectual and shall be a discharge of the City and the Registrar, in respect of the liability upon the 2012 Bonds or claims for interest to the extent of the sum or sums so paid.

(c) The Mayor is hereby authorized and directed, in the exercise of his own independent judgment and absolute discretion, to hereafter, from time to time, specify, set, designate, determine, establish and appoint, as the case may be, and in each case in accordance with and subject to the provisions of this Ordinance, (1) the date of original issue of the 2012 Bonds, which shall not be later than December 31, 2012, (2) the aggregate principal amount of Bonds to be issued, which shall in no event exceed \$1,600,000, (3) the years in which a principal maturity of the 2012 Bonds shall occur and the principal amount of 2012 Bonds to mature July 1 of each of such years, (4) the date of final maturity of the 2012 Bonds, which shall in no event be later than July 1, 2023, (5) the date or dates upon which the 2012 Bonds shall be sold, (6) the rate or rates of interest to be carried by each maturity of the 2012 Bonds such that the yield on the 2012 Bonds (computed in conformance with the provisions of the Code) shall not exceed _____%, (7) the amount to be deposited and maintained in the 2012 Debt Service Reserve Account, (8) all of the other terms of the Bonds not otherwise determined or fixed by the provisions of this Ordinance, (9) the underwriting discount, not to exceed 1.50% and the price, not less than 98.0% of the principal amount thereof, at which the Bonds shall be sold to the original purchaser, (10) the form and contents of any preliminary and final official statements or other offering materials of the City utilized in connection with any offering or sale of the 2012 Bonds to the public, (11) which maturities of the Outstanding Bonds shall constitute the Refunded Bonds, (12) the form, content, terms and provisions of the notice of redemption to be given for any Refunded Bonds to be redeemed prior to the maturity thereof; and (13) the form, content, terms, and provisions of the Registrar Agreement (hereinafter defined), the Compliance Policy (hereinafter defined), the Escrow Agreement and any closing and other documentation executed and delivered by the City in connection with authorization, issuance, sale and delivery of the 2012 Bonds.

Section 4. The Registrar is hereby designated to serve as Registrar for the 2012 Bonds. The Registrar shall serve in such capacities under the terms of an agreement entitled "Paying Agent and Registrar Agreement" between the City and the Registrar (the "**Registrar Agreement**"). The Mayor and Clerk are hereby authorized to execute and deliver the Registrar Agreement with the Registrar, in substantially the form presented in connection with the adoption of this Ordinance but with such changes as such officers shall deem appropriate or necessary on behalf of the City. The Registrar shall keep and maintain for the City books for the registration and transfer of the 2012 Bonds at its principal corporate trust office in Gering, Nebraska. The names and registered addresses of the registered owner or owners of the 2012 Bonds shall at all times be recorded in such books. Any 2012 Bond may be transferred pursuant to its provisions at the office of the Registrar by surrender of such 2012 Bond for cancellation, accompanied by a written instrument of transfer, in form satisfactory to the Registrar, duly executed by the registered owner in person or by such owner's duly authorized agent, and thereupon the Registrar, on behalf of the City, will deliver at its office (or send by registered mail to the transferee owner or owners thereof at such transferee owner's or owners' risk and expense), registered in the name of the transferee owner or owners, a new 2012 Bond or 2012 Bonds of the same series, interest rate, aggregate principal amount and maturity. To the extent of the denominations authorized for the 2012 Bonds by this Ordinance, one 2012 Bond may be transferred for several such 2012 Bonds of the same series, interest rate and maturity, and for a like aggregate principal amount, and several such 2012 Bonds may be transferred for one or several such 2012 Bonds, respectively, of the same series, interest rate and maturity and for a like aggregate principal amount.

In every case of transfer of a 2012 Bond, the surrendered 2012 Bond shall be canceled and destroyed. All 2012 Bonds issued upon transfer of the 2012 Bonds so surrendered shall be valid obligations of the City evidencing the same obligations as the 2012 Bonds surrendered and shall be entitled to all the benefits and protection of this Ordinance to the same extent as the 2012 Bonds upon transfer of which they were delivered. The City and the Registrar shall not be required to transfer any 2012 Bond during any period from any Record Date until its immediately following Interest Payment Date or to transfer any 2012 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 2012 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 2012 Bonds as of a special date of record for payment of such defaulted interest as shall be designated by the Registrar whenever monies for the purpose of paying such defaulted interest become available.

Section 6. The 2012 Bonds maturing on or after July 1, 2017, shall be subject to redemption at the option of the City, in whole or in part, prior to maturity at any time on or after the fifth anniversary of the date of original issue of the 2012 Bonds at a redemption price equal to 100% of 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 2012 Bonds for such optional redemption in its sole discretion. The 2012 Bonds shall be redeemed only in amounts of \$5,000 or integral multiples thereof. Any 2012 Bond redeemed in part only shall be surrendered to the Registrar in exchange for a new 2012 Bond evidencing the unredeemed principal thereof. Notice of redemption of any 2012 Bond called for redemption shall be given, at the direction of the City by the 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 2012 Bond at such owner's registered address. Such notice shall designate the 2012 Bond or 2012 Bonds to be redeemed by maturity or otherwise, the date of original issue and the date fixed for redemption and shall state that such 2012 Bond or 2012 Bonds are to be presented for prepayment at the principal corporate trust office of the Registrar. In case of any 2012 Bond partially redeemed, such notice shall specify the portion of the principal amount of such 2012 Bond to be redeemed. No defect in the mailing of notice for any 2012 Bond shall affect the sufficiency of the proceedings of the City designating the 2012 Bonds called for redemption or the effectiveness of such call for the 2012 Bonds for which notice by mail has been properly given and the City shall have the right to direct further notice of redemption for any such 2012 Bond for which defective notice has been given.

Section 7. If the date for payment of the principal or of interest on the 2012 Bonds shall be a Saturday, Sunday, legal holiday or a day on which the banking institutions in the City of Gering, Nebraska, are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which such banking institutions are authorized to close, and payment on such date shall have the same force and effect as if made on the nominal date of payment.

Section 8. The 2012 Bonds shall be in substantially the following form:

UNITED STATES OF AMERICA
STATE OF NEBRASKA
COUNTY OF SCOTTS BLUFF

CITY OF GERING

SOLID WASTE FACILITY REVENUE REFUNDING BOND
SERIES 2012

No. R-

\$ _____

Interest Rate
%

Maturity Date
July 1, 20__

Date of Original Issue
_____, 2012

CUSIP

REGISTERED OWNER: CEDE & CO.
13-2555119

PRINCIPAL AMOUNT:

The CITY OF GERING, NEBRASKA (the "City"), hereby acknowledges itself to owe and for value received promises to pay, but only from the special sources hereinafter described, to the Registered Owner specified above, or registered assigns, the principal amount specified above in lawful money of the United States of America on the date of maturity specified above with interest thereon to maturity (or earlier redemption) from the date of original issue or most recent Interest Payment Date, whichever is later, at the rate per annum specified above, payable semiannually on January 1 and July 1 of each year commencing July 1, 2012 (each, an "Interest Payment Date"). Such interest shall be computed on the basis of a 360-day year consisting of twelve 30-day months. The principal of this bond together with interest thereon unpaid and accrued at maturity (or earlier redemption) is payable upon presentation and surrender of this bond at the principal corporate trust office of VALLEY BANK AND TRUST COMPANY, Gering, Nebraska, as Paying Agent and Registrar (the "Registrar"). Interest on this bond due prior to maturity or earlier redemption will be paid on each Interest Payment Date by a check or draft mailed by the Registrar to the Registered Owner of this bond, as shown on the books of record maintained by the Registrar, at the close of business on the fifteenth day immediately preceding the Interest Payment Date, to such Registered Owner's address as shown on such books and records. Any interest not so timely paid shall cease to be payable to the person entitled thereto as of the record date such interest was payable, and shall be payable to the person who is the registered owner of this bond (or of one or more predecessor bonds hereto) on such special record date for payment of such defaulted interest as shall be fixed by the Registrar whenever monies for such purpose become available.

This bond is one of an issue of fully registered bonds of the total principal amount of _____ Thousand Dollars (\$ _____) of even date and like tenor, except as to the date of maturity, rate of interest and denomination (the "Series 2012 Bonds"), issued by the City for the purpose of (a) providing for the payment and redemption of \$1,455,000 outstanding principal amount of the City's Solid Waste Facility Revenue Bonds, Series 2008, dated July 1, 2008 (the "Outstanding Bonds"), issued to the costs of constructing additions and improvements to the solid waste disposal facilities owned and operated by the City, and (b) paying the costs of issuance thereof, and is issued pursuant to the terms of an ordinance (the "Ordinance") passed and approved by the Mayor and Council of the City in accordance with and under the provisions of Sections 10-140 and 18-1803 to 18-1805, inclusive, Reissue Revised Statutes of Nebraska, as amended.

The Series 2012 Bonds maturing on or after July 1, 2017, are subject to redemption at the option of the City, in whole or in part, at any time on or after the fifth anniversary of the Date of Original Issue hereof, at a redemption price equal to 100% of the principal amount thereof together with accrued interest on the principal amount redeemed to the date fixed for redemption. Such optional redemption shall be made from time to time as shall be directed by the Mayor and Council of the City. The City may select the Series 2012 Bonds for optional redemption in its sole discretion.

Notice of redemption shall be given by mail to the registered owner of any Series 2012 Bond called for redemption in the manner specified in the Ordinance authorizing the issuance of the Series 2012 Bonds. Individual bonds may be redeemed in part but only in the amount of \$5,000 or integral multiples thereof.

This bond is transferable by the Registered Owner or such owner's attorney duly authorized in writing at the office of the 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, subject to the limitations therein prescribed. The City, the Registrar and any other person may treat the person in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment due hereunder and for all other purposes and shall not be affected by any notice to the contrary, whether this bond be overdue or not.

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

The revenues and earnings of the solid waste facility of the City, including all improvements and additions thereto hereafter constructed or acquired (the "Facility"), are pledged and hypothecated by the City for the payment of this bond and the other Series 2012 Bonds for the payment of any additional bonds of equal priority issued in accordance with the terms of the Ordinance authorizing the Series 2012 Bonds. The Series 2012 Bonds are a lien only upon the Revenues and are not general obligations of the City.

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

IT IS HEREBY CERTIFIED AND WARRANTED that all conditions, acts and things required by law to exist or to be done precedent to and in the issuance of this bond and the bonds refunded hereby did exist, did happen and were done and performed in regular and due form and time as provided by law.

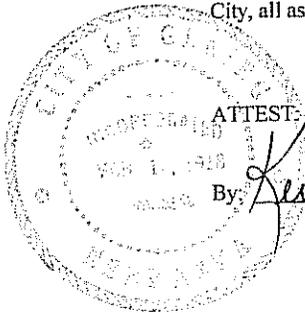
AS PROVIDED IN THE ORDINANCE REFERRED TO HEREIN, UNTIL THE TERMINATION OF THE SYSTEM OF BOOK-ENTRY-ONLY TRANSFERS THROUGH THE DEPOSITORY TRUST COMPANY, NEW YORK, NEW YORK (TOGETHER WITH ANY SUCCESSOR SECURITIES DEPOSITORY APPOINTED PURSUANT TO THE ORDINANCE, "DTC"), AND NOTWITHSTANDING ANY OTHER PROVISIONS OF THE ORDINANCE TO THE CONTRARY, A PORTION OF THE PRINCIPAL AMOUNT OF THIS BOND MAY BE PAID OR REDEEMED WITHOUT SURRENDER HEREOF TO THE REGISTRAR, DTC OR A NOMINEE, TRANSFEREE OR ASSIGNEE OF DTC OF THIS BOND MAY NOT RELY UPON THE PRINCIPAL AMOUNT INDICATED HEREON AS THE PRINCIPAL AMOUNT HEREOF OUTSTANDING AND UNPAID. THE PRINCIPAL AMOUNT

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

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED OFFICER OF DTC TO THE REGISTRAR FOR (A) REGISTRATION OF TRANSFER OR EXCHANGE OR (B) 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 Registrar.

IN WITNESS WHEREOF, the Mayor and Council of the City of Gering, Nebraska, have caused this bond to be executed on behalf of the City with the facsimile signatures of the Mayor and Clerk of the City, all as of the Date of Original Issue shown above.



ATTEST:

By: Keri Elmase-Bugn

Clerk

CITY OF GERING, NEBRASKA

By: Edwin L. Wagner

Mayor

CERTIFICATE OF AUTHENTICATION

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

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the within-mentioned Ordinance.

VALLEY BANK AND TRUST COMPANY,
Registrar

Date of Authentication:

By: _____

Authorized Officer

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

Print or Type Name, Address and Social Security Number
or other Taxpayer Identification Number of Transferee

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ agent to transfer the within Bond on the books kept by the Paying Agent for the registration thereof, with full power of substitution in the premises.

Dated: _____

NOTICE: The signature to this assignment must correspond with the name of the Registered Owner as it appears upon the face of the within Bond in every particular.

Signature Guaranteed By:

(Name of Eligible Guarantor Institution as defined by SEC Rule 17 Ad-15 (17 CFR 240.17 Ad-15))

By: _____
Title: _____

Section 9. Each of the 2012 Bonds shall be executed on behalf of the City with the manual or facsimile signatures of the Mayor and Clerk. The 2012 Bonds shall be issued initially as "book-entry-only" bonds using the services of The Depository Trust Company (the "**Depository**"), with one typewritten bond certificate per maturity being issued to the Depository. In such connection such officers are authorized to execute and deliver a letter of representations (the "**Letter of Representations**") in the form required by the Depository (which may be in the form of a blanket letter, including any blanket letter previously executed and delivered), for and on behalf of the City, which shall thereafter govern matters with respect to registration, transfer, payment and redemption of the 2012 Bonds. Upon the issuance of the 2012 Bonds as "book-entry-only" bonds, the following provisions shall apply:

(a) The City and the Registrar shall have no responsibility or obligation to any broker-dealer, bank or other financial institution for which the Depository holds 2012 Bonds as securities depository (each, a "Bond Participant") or to any person who is an actual purchaser of a 2012 Bond from a Bond Participant while the 2012 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 2012 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 2012 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 2012 Bonds. The Registrar shall make payments with respect to the 2012 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 2012 Bonds to the extent of the sum or sums so paid. No person other than the Depository shall receive an authenticated 2012 Bond, except as provided in (e) below.

(b) Upon receipt by the Registrar of written notice from the Depository to the effect that the Depository is unable or unwilling to discharge its responsibilities, the Registrar shall issue, transfer and exchange 2012 Bonds requested by the Depository in appropriate amounts. Whenever the Depository requests the Registrar to do so, the 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 2012 Bonds or (ii) to make available 2012 Bonds registered in whatever name or names the Beneficial Owners transferring or exchanging such 2012 Bonds shall designate.

(c) If the City determines that it is desirable that certificates representing the 2012 Bonds be delivered to the Bond Participants and/or Beneficial Owners of the 2012 Bonds and so notifies the Registrar in writing, the 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 2012 Bonds. In such event, the Registrar shall issue, transfer and exchange bond certificates representing the 2012 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 2012 Bond is registered in the name of the Depository or any nominee thereof, all payments with respect to such 2012 Bond and all notices with respect to such 2012 Bond shall be made and given, respectively, to the Depository as provided in the Letter of Representations.

(e) Registered ownership of the 2012 Bonds may be transferred on the books of registration maintained by the Registrar, and the 2012 Bonds may be delivered in physical form to the following:

(i) any successor securities depository or its nominee;

(ii) any person, upon (A) the resignation of the Depository from its functions as depository or (B) termination of the use of the Depository pursuant to this Section.

(f) In the event of any partial redemption of a 2012 Bond unless and until such partially redeemed 2012 Bond has been replaced in accordance with the provisions of this Ordinance, the books and records of the Registrar shall govern and establish the principal amount of such 2012 Bond as is then outstanding and all of the 2012 Bonds issued to the Depository or its nominee shall contain a legend to such effect.

If for any reason the Depository resigns and is not replaced or upon termination by the City of book-entry-only form, the City shall immediately provide a supply of bond certificates for issuance upon subsequent transfers or in the event of partial redemption. In the event that such supply of certificates shall be insufficient to meet the requirements of the Registrar for issuance of replacement bond certificates upon transfer or partial redemption, the City agrees to order printed an additional supply of bond certificates and to direct their execution by manual or facsimile signature of its then duly qualified and acting officers. In case any officer whose signature or facsimile thereof shall appear on any 2012 Bond shall cease to be such officer before the delivery of such 2012 Bond (including any bond certificates delivered to the 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 2012 Bond. The 2012 Bonds shall not be valid and binding on the City until authenticated by the Registrar. The 2012 Bonds shall be delivered to the Registrar for registration and authentication. Upon execution, registration and authentication of the 2012 Bonds, they shall be delivered to the City's Treasurer, acting on behalf of the City, who shall deliver them to D.A. Davidson & Co., as underwriter thereof (the "Underwriter"), upon receipt of the purchase price determined by the Mayor in accordance with the provisions of Section #(c) of this Ordinance. A record of information with respect to the 2012 Bonds shall also be filed with the office of the Auditor of Public Accounts as required under Section 10-140, Reissue Revised Statutes of Nebraska, as amended. The Underwriter shall have the right to direct the registration of the 2012 Bonds and the denominations thereof within each maturity, subject to the restrictions of this Ordinance. The Clerk, acting on behalf of the City, shall make and certify a transcript of the proceedings of the governing body with respect to the 2012 Bonds which shall be delivered to the Underwriter. The Underwriter and its agents, representatives and counsel (including its bond counsel) are hereby authorized to take such actions on behalf of the City as are necessary to effectuate the closing of the issuance and sale of the 2012 Bonds, including, without limitation, authorizing the release of the 2012 Bonds by the Depository at closing.

Section 10. For the payment of the 2012 Bonds, together with any Additional Bonds, both principal and interest, the City hereby pledges and hypothecates the entire revenues and earnings of the Facility of the City as a first and prior pledge and encumbrance of such revenues, in accordance with the terms of this Ordinance. The pledge and hypothecation provided for the 2012 Bonds and Additional Bonds in this Ordinance is intended to be and shall provide for a first and prior pledge or lien upon and security interest in the revenues of the Facility (now or hereafter existing) superior to any pledge, lien or security interest made or given with respect to any other indebtedness of the City as to its Facility and is intended as a full exercise of the powers of the City provided for in Sections 18-1803 to 18-1805, inclusive, Reissue Revised Statutes of Nebraska, as amended, with respect to the Facility and the revenues and earnings thereof.

Section 11. The City hereby agrees that it will impose and maintain and shall revise from time to time when necessary and shall collect such rentals, rates, fees and charges for the use and services of the

Facility which in the aggregate shall be sufficient at all times to enable the City to pay the principal and interest on the 2012 Bonds and any Additional Bonds as the same become due.

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

- (a) to provide for the payment of interest on and principal of the 2012 Bonds and any Additional Bonds as such interest and principal become due;
- (b) to pay all reasonable costs of operation and maintenance of the Facility, including adequate insurance as provided by this Ordinance and to pay for the necessary and reasonable repairs, replacements and extensions of the Facility; and
- (c) to establish and maintain the 2012 Debt Service Reserve Account as hereinafter set forth, the debt service reserve accounts required for the Outstanding Bonds and any debt service reserve account hereafter required for Additional Bonds.

Section 13. In connection with the pledge of the revenues and earnings of the Facility for the payment of the 2012 Bonds and any Additional Bonds as authorized by this Ordinance and interest on such 2012 Bonds and Additional Bonds, as set forth in **Section 10** of this Ordinance, the City does hereby agree with the holders of the 2012 Bonds as follows:

(a) **GERING SOLID WASTE FACILITY FUND** - The entire gross revenues and income derived from the operation of the Facility shall be set aside as collected and deposited in a separate fund which has been previously ordered established (and which is hereby confirmed) designated as the "Gering Solid Waste Facility Fund." For purposes of allocating the monies in the Gering Solid Waste Facility Fund, the City shall maintain the following accounts (as previously established and by the terms of this Ordinance directed to be established: (1) Operation and Maintenance Account; (2) Bond Payment Account; (3) 2012 Debt Service Reserve Account; and (4) Surplus Account.

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

(c) **BOND PAYMENT ACCOUNT** - Out of the Gering Solid Waste Facility Fund there shall be credited monthly on or before the first day of each month to the Bond Payment Account, starting with the month of April 2012, the following amounts:

(1) For the period from the date of original issue of the 2012 Bonds to and including July 1, 2012, an amount such that if the same amount is deposited on the first day of each month, there will be accumulated in the Bond Payment Account an amount sufficient to pay the interest accruing and falling due on the 2012 Bonds on July 1, 2012, and thereafter, until the 2012 Bonds have been paid in full, an amount equal to 1/6th of the next maturing semiannual interest payment on the 2012 Bonds;

(2) For the period from the date of original issue of the 2012 Bonds to and including July 1, 2012, an amount such that if the same amount is deposited on the first day of each month, there will be accumulated in the Bond Payment Account an amount sufficient to pay the principal due on the 2012 Bonds on July 1, 2012, and thereafter, until the 2012 Bonds have been paid in full, an amount equal to 1/12th of the next maturing principal payment for the 2012 Bonds.

The City Treasurer is hereby authorized and directed, without further authorization, to withdraw monies credited to the Bond Payment Account, or if the monies in such Account are insufficient, then from the 2012 Debt Service Reserve Account and next from the Surplus Account, in an amount sufficient to pay, when due, the principal of and interest on the 2012 Bonds or any Additional Bonds and to transfer such amounts due to the Registrar (or other paying agent for the 2012 Bonds or Additional Bonds) at least five (5) business days before each principal and interest payment date. Upon the issuance of any Additional Bonds pursuant to this Ordinance appropriate additional credits to the Bond Payment Account shall be provided sufficient to pay principal and interest on such Additional Bonds.

(d) **2012 DEBT SERVICE RESERVE ACCOUNT** - The City agrees that it shall deposit from monies on hand the amount determined by the Mayor in accordance with the provisions of Section 3(c) as the amount required to be maintained as a debt service reserve attributable to the 2012 Bonds. Monies credited to the 2012 Debt Service Reserve Account may be withdrawn, as needed to provide funds to pay, when due, the principal and interest on the 2012 Bonds issued pursuant to this Ordinance, if the Bond Payment Account contains insufficient funds for that purpose, and the City Treasurer is hereby authorized and directed to make such withdrawal if and when needed. In the event of a withdrawal from the 2012 Debt Service Reserve Account, there shall be credited to the 2012 Debt Service Reserve Account in the month following such withdrawal all monies in the Gering Solid Waste Facility Fund remaining after making the payments required to be made in such month to the Operation and Maintenance Account and Bond Payment Account and each month thereafter all such remaining monies shall be credited to the 2012 Debt Service Reserve Account until such account has been restored to the then required balance. In the event of withdrawal from or deficiency in the 2012 Debt Service Reserve Account, monies available to be credited to restore such reserves shall be allocated between such reserve accounts pro rata in accordance with the respective outstanding principal amounts of the 2012 Bonds. Upon the issuance of any Additional Bonds a separate debt service reserve account shall be established (in such amount as the Mayor and Council shall determine appropriate, including no such reserve, if deemed appropriate) and any such separate debt service reserve account shall have the right to share, in the event of drawings upon the 2012 Debt Service Reserve Account and such reserve account for Additional Bonds, in revenues available in the Gering Solid Waste Facility Fund upon a pro rata basis in accordance with the respective outstanding principal amounts for each such issue. Anything in this Section 13(d) to the contrary notwithstanding, the amount required to be maintained in the 2012 Debt Service Reserve Account with respect to the 2012 Bonds, or in any debt service reserve account for any issue of Additional Bonds shall not be required to exceed at any time the maximum amount permitted to be invested without yield restriction under Section 103(b) and 148 of the Internal Revenue Code of 1986, as amended, and applicable regulations of the United States Treasury Department.

(e) **SURPLUS ACCOUNT** - Monies from the Gering Solid Waste Facility Fund remaining after the credits required in the foregoing Sections 13(b), 13(c) and 13(d) shall be credited to the Surplus Account. Monies in the Surplus Account may be used to make up any deficiencies in the preceding accounts, to retire any of the 2012 Bonds or any Additional Bonds prior to their maturity, to pay principal of and interest on any junior lien indebtedness incurred with respect to the Facility, to provide for replacements or improvements for the Facility or to provide for any other lawful purpose of the City determined upon by the Mayor and Council.

The provisions of this Section shall require the City to maintain a set of books and records in accordance with such accounting methods and procedures as are generally applicable to a municipal utility enterprise, which books and records shall show credits to and expenditures from the several accounts required by this Section. Monies credited to the Gering Solid Waste Facility Fund or any of the accounts therein as established by this Ordinance shall be deposited or invested separate and apart from other City funds. Except as specified below for the 2012 Debt Service Reserve Account and any reserve account for Additional Bonds, the City shall not be required to establish separate bank or investment accounts for the

accounts described in Sections 13(b), 13(c), 13(d) and 13(e). Monies credited to the 2012 Debt Service Reserve Account or any reserve account for Additional Bonds (unless otherwise directed in their authorizing ordinance) shall, if maintained in a demand or time deposit account, be kept in a separate account and not commingled with other Facility funds or accounts. If invested, monies credited to the 2012 Debt Service Reserve Account or any reserve account established for Additional Bonds may be commingled with other Facility funds or accounts so long as the City maintains books and records clearly identifying the specific investments, or portions thereof, which belong to the 2012 Debt Service Reserve Account or reserve account for Additional Bonds.

Section 14. So long as any 2012 Bonds or Additional Bonds are outstanding, the City hereby covenants and agrees as follows:

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

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

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

(d) The City will keep proper books, records and account separate from all other records and accounts in which complete and correct entries will be made of all transactions relating to the Facility. The City will have its operating and financial statements related to the Facility audited annually by a certified public accountant or firm of certified public accountants. The City will furnish to the original purchaser of the 2012 Bonds and to the original purchaser or purchasers of each series of Additional Bonds issued hereunder, within four months after the end of each fiscal year of the Facility, a copy of the financial statements of the Facility and the report thereon of the certified public accountants.

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

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

parity with the 2012 Bonds and any Additional Bonds then outstanding, only upon compliance with the following conditions:

(a) Such Additional Bonds shall be issued only pursuant to an ordinance which shall provide for an increase in the monthly credits into the Bond Payment Account in amounts sufficient to pay, when due, the principal of and interest on the 2012 Bonds, the Outstanding Bonds and any Additional Bonds then outstanding and the proposed Additional Bonds and for any monthly credits to the debt service reserve account as may be required to be established with respect to such Additional Bonds.

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

(1) The Net Revenues derived by the City from its Facility for the fiscal year next preceding the issuance of the Additional Bonds shall have been at least equal to 1.25 times the Average Annual Debt Service Requirements of the 2012 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 Facility in each of the three full fiscal years after the issuance of such Additional Bonds will be at least equal to 1.25 times the Average Annual Debt Service Requirements of the 2012 Bonds, the Outstanding Bonds and any Additional Bonds, all as then outstanding, and of the proposed Additional Bonds. In making such projection, the consulting engineer shall use as a basis the Net Revenues of the Facility 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 Facility for the fiscal year for which the audit was made by reason of: (i) changes of amounts payable under existing contracts for services; (ii) additional general income from sales to customers under existing rate schedules for various classes of customers or as such schedules may be revised under a program of changes which has been adopted by the Mayor and Council of the City; (iii) projected revisions in costs for labor, wages, salaries, machinery, equipment, supplies and other operational items; (iv) revisions in the amount of service to be supplied and any related administrative or other costs associated with such increases due to increased supply from the acquisition of any new facility; and (v) such other factors affecting the projections of revenues and expenses as the consulting engineer deems reasonable and proper. Annual debt service on any proposed Additional Bonds to be issued may be estimated by the consulting engineer in projecting Average Annual Debt Service Requirements, but no Additional Bonds shall be issued requiring any annual debt service payment in excess of the amount so estimated by the consulting engineer.

The City hereby covenants and agrees that so long as any of the 2012 Bonds and any Additional Bonds are outstanding, it will not issue any bonds or notes payable from the revenues of the Facility 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 2012 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 **Section 13(e)** of this Ordinance.

Section 16. The City may issue refunding bonds which shall qualify as Additional Bonds of equal lien to refund any 2012 Bonds or Additional Bonds then outstanding, provided, that if any such 2012 Bonds or Additional Bonds are to remain outstanding after the issuance of such refunding bonds, the principal payments due in any calendar year in which those bonds which are to remain outstanding

mature, or in any calendar year prior thereto, shall not be increased over the amount of such principal payments due in such calendar years immediately prior to such refunding. Refunding Bonds issued in accordance with this paragraph of this Section 16 may be issued as Additional Bonds of equal lien without compliance with the conditions set forth in Section 15(b) of this Ordinance.

The City may also issue refunding bonds which shall qualify as Additional Bonds of equal lien to refund any 2012 Bonds or Additional Bonds then outstanding provided, that, if any such 2012 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 Section 15(b)(1) of this Ordinance and, if the proceeds of such refunding bonds are not to be applied immediately to the satisfaction of the bonds which are to be refunded, then such refunding bonds must provide by their terms that they shall be junior in lien to all 2012 Bonds and any Additional Bonds outstanding at the time of issuance of such refunding bonds until the time of application of their proceeds to the satisfaction of the bonds which are to be refunded. In computing Average Annual Debt Service Requirements to show compliance with such 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 Facility, such as proceeds of refunding bonds and earnings on the investment of the proceeds of such refunding bonds, or from monies in the Surplus Account, and all payments of principal and interest due on the bonds which are to be refunded from and after the time of such application shall also be excluded. For purposes of this paragraph of this Section 16, the time of application of the proceeds of the refunding bonds to the satisfaction of the bonds which are to be refunded shall be the time of deposit with the paying agent for such bonds which are to be refunded pursuant to Section 10-126, Reissue Revised Statutes of Nebraska, as amended (or any successor statutory provision thereto) or the time when such bonds which are to be refunded under the terms of their authorizing ordinance or ordinances are no longer deemed to be outstanding, whichever occurs sooner.

Section 17. The City's obligations under this Ordinance and the liens, pledges, dedications, covenants and agreements of the City herein made or provided for shall be fully discharged and satisfied as to any of the 2012 Bonds issued hereunder, and the 2012 Bonds shall no longer be deemed outstanding hereunder if such 2012 Bonds shall have been purchased and canceled by the City or, as to any of the 2012 Bonds not theretofore purchased and canceled by the City, when payment of the principal of and any applicable redemption premium, if any, on such 2012 Bonds plus interest thereon to the respective dates of maturity or redemption (a) shall have been made or caused to be made in accordance with the terms thereof; or (b) shall have been provided for by depositing with a state or national bank having trust powers or trust company in trust solely for such payment (i) sufficient moneys to make such payment and/or (ii) Deposit Securities in such amount and bearing interest payable and maturing or redeemable at stated fixed prices at the option of the holder as to principal at such times as will ensure the availability of sufficient moneys to make such payment and such 2012 Bonds shall cease to draw interest from the date fixed for their redemption or maturity and, except for the purposes of such payment, shall no longer be entitled to the benefits of this Ordinance; provided that, with respect to any such 2012 Bonds called or to be called for redemption, the City shall have duly given notice of redemption or made irrevocable provision for such notice. Any such moneys so deposited with the specified state or national bank or trust company as provided in this section may be invested and reinvested in Deposit Securities at the direction of the City and all interest and income from all such Deposit Securities in the hands of the such trustee bank or trust company which are not required to pay principal and interest on the 2012 Bonds for which such deposit has been made shall be paid to the City as and when realized and collected.

Section 18. The Mayor is hereby authorized to approve the form and content of the Preliminary Official Statement with respect to the 2012 Bonds and the information therein contained, and the Mayor and City Administrator or either of them is authorized to approve and deliver a final Official Statement for and on behalf of the City, and such final Official Statement shall be delivered in accordance with the requirements of Reg. Sec. 240.15c2-12 of the Securities and Exchange Commission.

Section 19. The City hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Undertaking. Notwithstanding any other provision of this Ordinance, the failure of the City to comply with the Continuing Disclosure Undertaking shall not be considered an Event of Default; however, any Participating Underwriter or any Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the City to comply with its obligations under this **Section 19**. For purposes of this **Section 19**, “Beneficial Owner” means any registered owner or any person that (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, the 2012 Bonds (including persons holding such 2012 Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of a 2012 Bond for federal income tax purposes.

Section 20. (a) The City covenants that (1) it will comply with all applicable provisions of the Code, including Sections 103 and 141 through 150, necessary to maintain the exclusion from federal gross income of the interest on the 2012 Bonds, and (2) it will not use or permit the use of any proceeds of 2012 Bonds or any other funds of the City, nor take or permit any other action, or fail to take any action, which would adversely affect the exclusion from federal gross income of the interest on the 2012 Bonds. The City will also adopt such other ordinances or resolutions and take such other actions as may be necessary to comply with the Code and with other applicable future law, in order to ensure that the interest on the 2012 Bonds will remain excluded from federal gross income, to the extent any such actions can be taken by the City.

(b) The City covenants that (1) it will use the proceeds of the 2012 Bonds as soon as practicable for the purposes for which the 2012 Bonds are issued, and (2) it will not invest or directly or indirectly use or permit the use of any proceeds of the 2012 Bonds or any other funds of the City in any manner, or take or omit to take any action, that would cause the 2012 Bonds to be “arbitrage bonds” within the meaning of Section 148(a) of the Code.

(c) The City covenants that it will pay or provide for the payment from time to time of all arbitrage rebate to the United States of America pursuant to Section 148(f) of the Code and the Tax Certificate. This covenant shall survive payment in full or defeasance of the Bonds. The Tax Certificate may be amended or replaced if, in the opinion of Bond Counsel, such amendment or replacement will not adversely affect the exclusion from federal gross income of the interest on the 2012 Bonds.

(d) The City covenants that it will not use any portion of the proceeds of the 2012 Bonds, including any investment income earned on such proceeds, directly or indirectly, (1) in a manner that would cause any 2012 Bond to be a “private activity bond” within the meaning of Section 141(a) of the Code, or (2) to make or finance a loan to any person or entity.

(e) The City hereby designates the 2012 Bonds as “qualified tax-exempt obligations” as defined in Section 265(b)(3) of the Code. In addition, the City hereby represents that:

(1) the aggregate face amount of all tax-exempt obligations (other than private activity bonds which are not “qualified 501(c)(3) bonds”) which will be issued by the City (and all subordinate entities thereof) during the calendar year in which the 2012 Bonds are issued is not reasonably expected to exceed \$10,000,000; and

(2) the City (including all subordinate entities thereof) will not issue an aggregate principal amount of obligations designated by the City to be “qualified tax-exempt obligations” during the calendar year in which the 2012 Bonds are issued, including the 2012 Bonds, in excess of \$10,000,000, without first obtaining an opinion of Bond Counsel that the designation of the 2012 Bonds as “qualified tax-exempt obligations” will not be adversely affected.

The Mayor is hereby authorized to take such other action as may be necessary to make effective the designation in this **Section 20(e)**.

(f) The foregoing covenants shall remain in full force and effect notwithstanding the defeasance of the Bonds pursuant to **Section 17** of this Ordinance or any other provision of this Ordinance, until the final maturity of all 2012 Bonds outstanding.

(g) The City hereby approves and adopts the Tax-Exempt Financing Compliance Policy and Procedure (the "**Compliance Policy**") in substantially the form approved by the Mayor in accordance with the provisions of **Section 3(c)** (a copy of which shall be filed in the records of the City). The Mayor is authorized to execute the Compliance Policy, with such changes therein as the Mayor deems appropriate, for and on behalf of the City, the Mayor's signature thereon being conclusive evidence of his and the City's approval thereof.

Section 21. The net proceeds received from the sale of the 2012 Bonds and certain other money of the City, shall be deposited simultaneously with the delivery of the 2012 Bonds, as follows:

(a) The accrued interest on the 2012 Bonds shall be deposited in the Bond Payment Account and applied in accordance with **Section 13(c)**.

(b) The amount established by the Mayor in accordance with the provisions of **Section 3(c)(7)** shall be deposited in the 2012 Debt Service Reserve Account.

(c) Such amount from the proceeds of the 2012 Bonds, together with any other available money of the City, as shall be necessary to make the deposit specified in the Escrow Agreement shall be transferred to the Escrow Agent to be held, invested and applied as provided by the Escrow Agreement.

(d) The remaining balance of the proceeds of the 2012 Bonds shall be used to pay the costs of issuance in accordance with **Section 22**.

Section 22. Money used to pay the costs of issuing the 2012 Bonds, including the fees of attorneys, financial consultants, accountants, rating agencies, printers and others employed to render professional services and other costs, fees and expenses incurred in connection with the issuance of the 2012 Bonds, shall be disbursed by the City Treasurer on orders of the Mayor and Council. If any such amounts remain on deposit with the City six months after the date of issuance of the 2012 Bonds, such amounts shall be transferred to the Bond Payment Account and used to pay the interest accruing and falling due on the 2012 Bonds.

Section 23. Under the Escrow Agreement, the Escrow Agent will apply moneys held thereunder to purchase the Escrowed Securities and to establish an initial cash balance in accordance with the Escrow Agreement. The cash and Escrowed Securities held under the Escrow Agreement will be applied by the Escrow Agent solely to the payment of the principal of, redemption premium, if any, and interest on the Refunded Bonds. All money deposited with the Escrow Agent shall be deemed to be deposited in accordance with and subject to all of the provisions contained in 2008 Ordinance and the Escrow Agreement.

Section 24. 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 25. 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 26. This Ordinance shall be published in pamphlet form and shall be in force and effect from and after its passage as provided by law.

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PASSED AND APPROVED: February 29, 2012.

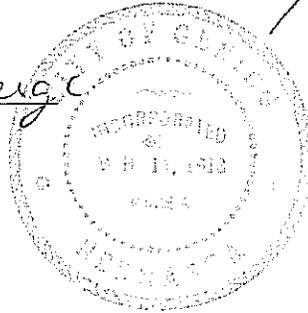
CITY OF GERING, NEBRASKA

(SEAL)

By: Edwin F. Mayo
Mayor

ATTEST:

Keri Selman-Berge
Clerk



CITY OF GERING, NEBRASKA

ORDINANCE NO. 1953

PASSED FEBRUARY 29, 2012

AUTHORIZING

NOT TO EXCEED
\$2,200,000

SANITARY SEWER REVENUE REFUNDING BONDS

SERIES 2012

ORDINANCE NO. _____

INDEX

PAGE

Title	1
Recitals	1

ARTICLE I

DEFINITIONS

Section 101. Definitions of Words and Terms	2
---	---

ARTICLE II

AUTHORIZATION OF BONDS

Section 201. Authorization of Bonds	8
Section 202. Description of Bonds	8
Section 203. Designation of Paying Agent	8
Section 204. Method and Place of Payment of Bonds	9
Section 205. Registration, Transfer and Exchange of Bonds	9
Section 206. Execution, Authentication and Delivery of Bonds	10
Section 207. Mutilated, Destroyed, Lost and Stolen Bonds	10
Section 208. Cancellation and Destruction of Bonds Upon Payment	11
Section 209. Book-Entry Bonds; Securities Depository	11
Section 210. Preliminary and Final Official Statement	12
Section 211. Sale of Bonds	13
Section 212. Authorization of Officers	13

ARTICLE III

REDEMPTION OF BONDS

Section 301. Redemption of Bonds	13
Section 302. Selection of Bonds to Be Redeemed	13
Section 303. Notice and Effect of Call for Redemption	14

ARTICLE IV

SECURITY FOR BONDS

Section 401. Security for Bonds	15
---------------------------------------	----

ARTICLE V

FUNDS; DEPOSIT AND APPLICATION OF
BOND PROCEEDS AND OTHER MONEY

Section 501.	Establishment of Funds.....	16
Section 502.	Deposit of Bond Proceeds and Other Money.....	16
Section 503.	Application of Money in the Costs of Issuance Fund.....	17

ARTICLE VI

APPLICATION OF REVENUES

Section 601.	Revenue Fund.....	17
Section 602.	Application of Money in Funds.....	17
Section 603.	Transfer of Funds to Paying Agent.....	19
Section 604.	Payments Due on Saturdays, Sundays and Holidays.....	23
Section 605.	Nonpresentation of Bonds.....	23

ARTICLE VII

DEPOSIT AND INVESTMENT OF MONEY

Section 701.	Deposit and Investment of Money.....	20
--------------	--------------------------------------	----

ARTICLE VIII

GENERAL COVENANTS AND PROVISIONS

Section 801.	Efficient and Economical Operation.....	21
Section 802.	Rate Covenant.....	21
Section 803.	Reasonable Charges for all Services.....	21
Section 804.	Restrictions on Mortgage or Sale of System.....	21
Section 805.	Insurance.....	22
Section 806.	Books, Records and Accounts.....	23
Section 807.	Annual Budget.....	23
Section 808.	Annual Audit.....	23
Section 809.	Right of Inspection.....	24
Section 810.	Administrative Personnel.....	24
Section 811.	Performance of Duties and Covenants.....	24
Section 812.	Tax Covenants.....	24
Section 813.	Continuing Disclosure.....	25

ARTICLE IX

ADDITIONAL BONDS AND OBLIGATIONS

Section 901.	Senior Lien Bonds.....	25
Section 902.	Parity Lien Bonds.....	25
Section 903.	Junior Lien Bonds and Other Obligations.....	26
Section 904.	Refunding Bonds	27

ARTICLE X

DEFAULT AND REMEDIES

Section 1001.	Acceleration of Maturity Upon Default	27
Section 1002.	Other Remedies.....	28
Section 1003.	Limitation on Rights of Registered Owners	28
Section 1004.	Remedies Cumulative	28
Section 1005.	No Obligation to Levy Taxes	28

ARTICLE XI

DEFEASANCE

Section 1101.	Defeasance	28
----------------------	------------------	----

ARTICLE XII

MISCELLANEOUS PROVISIONS

Section 1201.	Amendments	29
Section 1202.	Notices, Consents and Other Instruments by Registered Owners	30
Section 1203.	Further Authority	31
Section 1204.	Severability	31
Section 1205.	Governing Law	31
Section 1206.	Effective Date	31
	Passage and Approval	32
	Signatures and Seal.....	32

Exhibit A - Form of Bonds

CITY OF GERING, NEBRASKA

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY OF GERING, NEBRASKA AUTHORIZING AND PROVIDING FOR THE ISSUANCE OF NOT TO EXCEED \$2,200,000 PRINCIPAL AMOUNT OF SANITARY SEWER REVENUE REFUNDING BONDS, SERIES 2012, OF THE CITY FOR THE PURPOSE OF PROVIDING FUNDS FOR THE PAYMENT AND REDEMPTION OF THE CITY'S PROMISSORY NOTE, DATED SEPTEMBER 13, 2004, PAYABLE TO THE NEBRASKA DEPARTMENT OF ENVIRONMENTAL QUALITY; FIXING IN PART AND PROVIDING FOR THE FIXING IN PART OF THE DETAILS OF THE BONDS; PROVIDING FOR THE SALE OF THE BONDS AND THE APPLICATION OF THE PROCEEDS OF SUCH SALE; TAKING OTHER ACTION IN CONNECTION WITH THE FOREGOING; AND RELATED MATTERS; MAKING COVENANTS AND AGREEMENTS TO PROVIDE FOR THE PAYMENT AND SECURITY THEREOF; PROVIDING FOR THE PUBLICATION OF THIS ORDINANCE IN PAMPHLET FORM; AND AUTHORIZING CERTAIN ACTIONS AND DOCUMENTS AND PRESCRIBING OTHER MATTERS RELATING THERETO.

BE IT ORDAINED BY THE MAYOR AND COUNCIL OF THE CITY OF GERING, NEBRASKA, AS FOLLOWS:

FINDINGS AND DETERMINATIONS

The Mayor and Council (the "Council") of the City of Gering, Nebraska (the "City"), hereby find and determine as follows:

1. The City is a city of the first class and political subdivision duly organized and existing under the laws of the State of Nebraska (the "State"), and, pursuant to Chapter 16, Reissue Revised Statutes of Nebraska, as amended, owns and operates a wastewater treatment plant and facilities and sanitary sewer system (the "System," as hereinafter more fully defined), which is a revenue producing facility as described in Sections 18-1803 to 18-1805, inclusive, Reissue Revised Statutes of Nebraska, as amended (the "Act"), serving the City and its inhabitants and others within its service area.

2. Pursuant to the Act and Resolution No. 8-04-9, passed by the Council and approved by the Mayor on August 23, 2004 (the "Resolution"), the City has heretofore issued and has outstanding on the date hereof its Promissory Note, dated September 13, 2004 (the "Note"), issued to the Nebraska Department of Environmental Quality ("NDEQ") payable solely out of the revenues derived from the operation of the System (the "Revenues") payable in semiannual installments on June 15, and December 15 of each year, with the final installment to be paid on June 15, 2021. The Note is subject to prepayment at any time upon 60 days written notice to NDEQ.

3. Since the execution and delivery of the Note, the rates of interest available in the markets have declined so that the City can effect a savings in interest cost by providing for the payment and redemption of the Note through the issuance of sanitary sewer revenue refunding bonds of the City.

4. The Note remains unpaid and is a legal liability against the City, provision for the payment of which may be made by the lawful issuance and sale of Sanitary Sewer Revenue refunding bonds of the City pursuant to Sections 10-142, Reissue Revised Statutes of Nebraska, as amended, and the Act.

5. Other than the Note, there are presently no liens or pledges upon the Revenues of the System.

6. The City has on hand no debt service or other sinking fund money for the payment of principal and interest on the Refunded Bonds, other than legally available funds of the City, if any, which are to be used and applied in accordance with **Section 602**.

7. The City has provided for prepaying the Note in accordance with **Section 212**.

8. It is necessary, desirable, advisable and in the best interest of the City and of its inhabitants at this time to authorize the issuance and delivery of sanitary sewer revenue bonds pursuant to the Act as herein provided to provide funds for the purposes of (a) providing for the prepayment of the Note, and (b) paying certain costs of issuing the Bonds.

9. All conditions, acts and things required by law to exist or to be done precedent to the issuance of sanitary sewer revenue refunding bonds of the City in a principal amount not to exceed \$2,200,000 do exist and have been done and performed in regular and due time as provided by law.

ARTICLE I

DEFINITIONS

Section 101. Definitions of Words and Terms. In addition to the words and terms defined elsewhere herein, the following capitalized words and terms as used in this Ordinance shall have the following meanings:

“**Act**” means Sections 18-1803 to 18-1805, inclusive, Reissue Revised Statutes of Nebraska, as amended.

“**Average Annual Debt Service**” means the number determined by adding all of the principal and interest which will become due when computed to the absolute maturity of the Bonds and Parity Bonds, if any, then outstanding and all of the principal and interest of the Sanitary Sewer Revenue Bonds to be issued, and dividing such total by the number of years remaining that the longest bond of any such Sanitary Sewer Revenue Bonds (including the Sanitary Sewer Revenue Bonds to be issued) has to run to maturity.

“**Bond Counsel**” means Gilmore & Bell, P.C., or other attorney or firm of attorneys with a nationally recognized standing in the field of municipal bond financing selected by the City.

“**Bond Payment Date**” means any date on which principal of or interest on any Bond is payable at the Maturity thereof or on any Interest Payment Date.

“Bond Register” means the books for the registration, transfer and exchange of Bonds kept at the office of the Paying Agent.

“Bonds” means the Sanitary Sewer Revenue Refunding Bonds, Series 2012, in the original principal amount of not to exceed \$2,200,000 authorized and issued pursuant to this Ordinance.

“Business Day” means a day other than a Saturday, Sunday or holiday on which the Paying Agent is scheduled in the normal course of its operations to be open to the public for the conduct of its banking operations.

“Cede & Co.” means Cede & Co., as nominee name of The Depository Trust Company, New York, New York.

“City” means the City of Gering, Nebraska, and any successors or assigns.

“Code” means the Internal Revenue Code of 1986, as amended, and the applicable regulations of the Treasury Department proposed or promulgated thereunder.

“Consultant” means an independent engineer or engineering firm having a favorable reputation for skill and experience in the construction, financing and operation of public utilities and the preparation of management studies and financial feasibility studies in connection therewith, selected by the City for the purpose of carrying out the duties imposed on the Consultant by this Ordinance.

“Continuing Disclosure Undertaking” means the Continuing Disclosure Undertaking executed by the City and dated the date of issuance and delivery of the Bonds, as amended from time to time in accordance with its terms.

“Costs of Issuance Fund” means the fund by that name created by Section 501 hereof.

“Debt Service Fund” means the fund by that name created by Section 501 hereof.

“Debt Service Requirements” means the aggregate principal payments (whether at maturity or pursuant to scheduled mandatory sinking fund redemption requirements) and interest payments on all Sanitary Sewer Revenue Bonds for the period of time for which calculated; provided, however, that for purposes of calculating such amount, principal and interest shall be excluded from the determination of Debt Service Requirements to the extent that such principal or interest is payable from amounts deposited in trust, escrowed or otherwise set aside for the payment thereof with the Paying Agent or other commercial bank or trust company having full trust powers.

“Debt Service Reserve Fund” means the fund by that name created by Section 501 hereof.

“Debt Service Reserve Requirement” means the amount on the date of original issuance and delivery of the Bonds, the amount determined by the Mayor in accordance with the provisions of Section 212, not to exceed the least of (a) 10% of the stated principal amount of the Bonds, (b) the maximum Debt Service Requirements for the Bonds during any fiscal year, or (c) 125% of the average annual Debt Service Requirements for the Bonds over the term of the Bonds, and the manner in which such deposit shall be made. If the aggregate initial offering price of the Bonds to the public is less than 98% or more than 102% of par, such offering price shall be used in clause (a) in lieu of the stated principal amount.

“Defaulted Interest” means interest on any Bond which is payable but not paid on any Interest Payment Date.

“Defeasance Obligations” means any of the following obligations:

(a) United States Government Obligations that are not subject to redemption in advance of their maturity dates; or

(b) obligations of any state or political subdivision of any state, the interest on which is excluded from gross income for federal income tax purposes and which meet the following conditions:

(1) the obligations are (A) not subject to redemption prior to maturity or (B) the trustee for such obligations has been given irrevocable instructions concerning their calling and redemption and the issuer of such obligations has covenanted not to redeem such obligations other than as set forth in such instructions;

(2) the obligations are secured by cash or United States Government Obligations that may be applied only to principal or redemption price of and interest payments on such obligations;

(3) such cash and the principal of and interest on such United States Government Obligations serving as security for the obligations, plus any cash in the escrow fund, are sufficient to meet the liabilities of the obligations;

(4) such cash and United States Government Obligations serving as security for the obligations are held in an escrow fund by an escrow agent or a trustee irrevocably in trust;

(5) such cash and United States Government Obligations serving as security for the obligations are not available to satisfy any other claims, including those against the trustee or escrow agent; and

(6) the obligations are rated in the highest rating category by Moody’s Investors Service, Inc. (presently “Aaa”) or Standard & Poor’s Ratings Group (presently “AAA”).

“Expenses” means all reasonable and necessary expenses of operation, maintenance and repair of the System and keeping the System in good repair and working order (other than interest paid on Sanitary Sewer Revenue Bonds and depreciation and amortization charges during the period of determination), determined in accordance with generally accepted accounting principles, including, without limiting the generality of the foregoing, current maintenance charges, expenses of reasonable upkeep and repairs, salaries, wages, costs of materials and supplies, Paying Agent fees and expenses, annual audits, periodic Consultant’s reports, properly allocated share of charges for insurance, the cost of purchased water, gas and power, if any, obligations (other than for borrowed money or for rents payable under capital leases) incurred in the ordinary course of business, liabilities incurred by endorsement for collection or deposit of checks or drafts received in the ordinary course of business, short-term obligations incurred and payable within a particular fiscal year, other obligations or indebtedness incurred for the purpose of leasing (pursuant to a true or operating lease) equipment, fixtures, inventory or other personal property, and all other expenses incident to the operation of the System, but shall exclude all general administrative expenses of the City not related to the operation of the System.

“Insurance Consultant” means an individual or firm selected by the City qualified to survey risks and to recommend insurance coverage for entities engaged in operations similar to those of the System and having a favorable reputation for skill and experience in making such surveys and recommendations.

“Interest Payment Date” means the Stated Maturity of an installment of interest on any Bond.

“Maturity” when used with respect to any Bond means the date on which the principal of such Bond becomes due and payable as therein and herein provided, whether at the Stated Maturity thereof or call for optional or mandatory redemption or otherwise.

“Net Revenues Available for Debt Service” means, for the period of determination, all Revenues less all Expenses as determined in accordance with generally accepted accounting principles.

“Original Purchaser” means D.A. Davidson & Co., Omaha, Nebraska.

“Outstanding” means, when used with reference to Bonds, as of any particular date, all Bonds theretofore issued and delivered hereunder, except the following Bonds:

- (a) Bonds theretofore cancelled by the Paying Agent or delivered to the Paying Agent for cancellation;
- (b) Bonds deemed to be paid in accordance with the provisions of **Section 1101** hereof; and
- (c) Bonds in exchange for or in lieu of which other Bonds have been registered and delivered hereunder.

“Parity Bonds” means the Bonds together with any additional parity bonds or other long-term obligations payable out of the net income and revenues of the System hereafter issued or incurred in accordance with the provisions of this Ordinance and standing on a parity and equality with the Bonds with respect to the payment of principal and interest out of the net income and Revenues of the System, so long as any such bonds remain outstanding and unpaid or until provision is made for the payment and defeasance of such bonds.

“Parity Ordinances” means any other Ordinance under which any additional Parity Bonds are hereafter issued.

“Participants” means those financial institutions for whom the Securities Depository effects book-entry transfers and pledges of securities deposited with the Securities Depository, as such listing of Participants exists at the time of such reference.

“Participating Underwriter” has the meaning ascribed thereto in the Continuing Disclosure Undertaking.

“Paying Agent” means Valley Bank and Trust Company, Gering, Nebraska, and any successors and assigns.

“Permitted Investments” means any of the following securities and obligations, if and to the extent the same are at the time legal for investment of the City’s money held in the funds referred to in **Section 501** hereof:

(a) United States Government Obligations;

(b) bonds, notes or other obligations of any political subdivision of the State, that at the time of their purchase are rated in either of the two highest rating categories by a nationally recognized rating service;

(c) repurchase agreements with any bank, bank holding company, savings and loan association, trust company, or other financial institution organized under the laws of the United States of America or any state, that are continuously and fully secured by any one or more of the securities described in clause (a) or (b) above and have a market value, exclusive of accrued interest, at all times at least equal to the principal amount of such repurchase agreement and are held in a custodial or trust account for the benefit of the City;

(d) obligations of the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Financing Bank, the Federal Intermediate Credit Corporation, Federal Banks for Cooperatives, Federal Land Banks, Federal Home Loan Banks, Farmers Home Administration and Federal Home Loan Mortgage Corporation;

(e) certificates of deposit or time deposits, whether negotiable or nonnegotiable, issued by any bank or trust company organized under the laws of the United States of America or any state, provided that such certificates of deposit or time deposits shall be either (1) continuously and fully insured by the Federal Deposit Insurance Corporation, or (2) continuously and fully secured by such securities as are described above in clauses (a) through (c) above, inclusive, which shall have a market value, exclusive of accrued interest, at all times at least equal to the principal amount of such certificates of deposit or time deposits; and

(f) any other securities or investments that are lawful for the investment of money held in such funds or accounts under the laws of the State.

“**Person**” means any natural person, corporation, partnership, firm, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof or other public body.

“**Rebate Fund**” means the fund by that name referred to in **Section 501** hereof.

“**Record Date**” for the interest payable on any Interest Payment Date means the **15th** day (whether or not a Business Day) next preceding such Interest Payment Date.

“**Redemption Date**” when used with respect to any Bond to be redeemed means the date fixed for such redemption pursuant to the terms of this Ordinance.

“**Redemption Price**” when used with respect to any Bond to be redeemed means the price at which such Bond is to be redeemed pursuant to the terms of this Ordinance, including the applicable redemption premium, if any, but excluding installments of interest whose Stated Maturity is on or before the Redemption Date.

“**Replacement Bonds**” means Bonds issued to the beneficial owners of the Bonds in accordance with **Section 207** hereof.

“Revenue Fund” means the fund by that name created by **Section 501** hereof.

“Revenues” means all income and revenues derived from the operation of the System, including investment and rental income, net proceeds from business interruption insurance, and any amounts deposited in escrow in connection with the acquisition, construction, remodeling, renovation and equipping of facilities to be applied during the period of determination to pay interest on Sanitary Sewer Revenue Bonds, but excluding any profits or losses on the early extinguishment of debt or on the sale or other disposition, not in the ordinary course of business, of investments or fixed or capital assets.

“Sanitary Sewer Revenue Bonds” means collectively the Bonds, the Parity Bonds and all other revenue bonds which are payable out of, or secured by an interest in, the income and Revenues derived from the operation of the System.

“Securities Depository” means, initially, The Depository Trust Company, New York, New York, and its successors and assigns.

“Special Record Date” means the date fixed by the Paying Agent pursuant to **Section 204** hereof for the payment of Defaulted Interest.

“State” means the State of Nebraska.

“Stated Maturity” when used with respect to any Bond or any installment of interest thereon means the date specified in such Bond and this Ordinance as the fixed date on which the principal of such Bond or such installment of interest is due and payable.

“Surplus Fund” means the fund by that name created by **Section 501** hereof.

“System” means the entire wastewater treatment plant and facilities and sanitary sewer system owned and operated by the City for the collection, treatment and disposal of sewage, to serve the needs of the City and its inhabitants and others, including all appurtenances and facilities connected therewith or relating thereto, together with all extensions, improvements, additions and enlargements thereto hereafter made or acquired by the City.

“Tax Certificate” means the Federal Tax Certificate executed and delivered by the City in connection with the issuance of the Bonds, as the same may be amended or supplemented in accordance with the provisions thereof.

“United States Government Obligations” means bonds, notes, certificates of indebtedness, treasury bills or other securities constituting direct obligations of, or obligations the principal of and interest on which are fully and unconditionally guaranteed as to full and timely payment by, the United States of America, including evidences of a direct ownership interest in future interest or principal payments on obligations issued or guaranteed by the United States of America (including the interest component of obligations of the Resolution Funding Corporation), or securities which represent an undivided interest in such obligations, which obligations are rated in the highest rating category by a nationally recognized rating service, and such obligations are held in a custodial or trust account for the benefit of the City.

ARTICLE II

AUTHORIZATION OF BONDS

Section 201. Authorization of Bonds. The City is authorized and directed to issue a series of bonds of the City, designated "Sanitary Sewer Revenue Refunding Bonds, Series 2012," in a principal amount not to exceed \$2,200,000 (the "Bonds"), for the purpose of (a) providing for the prepayment of the Note and (b) paying certain costs of issuing the Bonds, as provided in this Ordinance.

Section 202. Description of Bonds. (a) The Bonds shall consist of fully registered bonds without coupons, numbered from R-1 upward, in denominations of \$5,000 or any integral multiple thereof. The Bonds, as originally issued or issued upon transfer, exchange or substitution, shall be substantially in the form set forth in Exhibit A attached hereto. The Bonds shall be dated the date of delivery thereof, shall be due and payable serially on June 15 and December of such years and in the amounts (subject to optional redemption as provided in Article III hereof), and shall bear interest at the rates per annum determined by the Mayor in accordance with the provisions of Section 212.

(b) The Bonds shall bear interest (computed on the basis of a 360-day year consisting of twelve 30-day months) at the rates determined by the Mayor in accordance with the provisions of Section 212 from the date thereof or from the most recent Interest Payment Date to which interest has been paid or duly provided for, payable on June 15 and December 15 in each year, beginning on June 15, 2012.

Section 203. Designation of Paying Agent. Valley Bank and Trust Company is hereby designated as the City's (a) paying agent for the payment of principal of and interest on the Bonds and (b) bond registrar with respect to the registration, transfer and exchange of Bonds (the "Paying Agent"). The City is authorized to enter into the Bond Registrar and Paying Agent Agreement (the "Registrar Agreement") dated the date of its execution and delivery between the City and the Paying Agent in substantially the form determined by the Mayor in accordance with the provisions of Section 212 (a copy of which shall be filed in the records of the City). The Mayor is authorized to execute the Registrar Agreement with such changes therein as such official deems appropriate, for and on behalf of and as the act and deed of the City.

The City will at all times maintain a Paying Agent meeting the qualifications herein described for the performance of the duties hereunder. The City reserves the right to appoint a successor Paying Agent by (1) filing with the bank or trust company then performing such function a certified copy of the proceedings giving notice of the termination of such bank or trust company and appointing a successor, and (2) causing notice to be given by first class mail to each registered owner. No resignation or removal of the Paying Agent shall become effective until a successor has been appointed and has accepted the duties of the Paying Agent.

Each Paying Agent appointed hereunder shall at all times be a commercial banking association or corporation or trust company organized and in good standing and doing business under the laws of the United States of America or of the State, authorized under such laws to exercise trust powers and subject to supervision or examination by federal or state regulatory authority.

The Paying Agent shall be paid the usual fees and expenses for its services in connection therewith, which fees and expenses shall be paid as other Expenses are paid.

Section 204. Method and Place of Payment of Bonds. The principal or Redemption Price of and interest on the Bonds shall be payable in any coin or currency of the United States of America that, on the respective dates of payment thereof, is legal tender for the payment of public and private debts.

The principal or Redemption Price of each Bond shall be paid at Maturity by check or draft to the Person in whose name such Bond is registered on the Bond Register at the Maturity thereof, upon presentation and surrender of such Bond at the principal corporate trust office of the Paying Agent.

The interest payable on each Bond on any Interest Payment Date shall be paid to the registered owner of such Bond as shown on the Bond Register at the close of business on the Record Date for such interest by check or draft mailed by the Paying Agent to such registered owner at the address shown on the Bond Register.

Notwithstanding the foregoing provisions of this **Section 204**, any Defaulted Interest with respect to any Bond shall cease to be payable to the registered owner of such Bond on the relevant Record Date and shall be payable to the registered owner in whose name such Bond is registered at the close of business on the Special Record Date for the payment of such Defaulted Interest, which Special Record Date shall be fixed as hereinafter specified in this paragraph. The City shall notify the Paying Agent in writing of the amount of Defaulted Interest proposed to be paid on each Bond and the date of the proposed payment (which date shall be at least 30 days after receipt of such notice by the Paying Agent) and shall deposit with the Paying Agent at the time of such notice an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Paying Agent for such deposit prior to the date of the proposed payment. Following receipt of such funds, the Paying Agent shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 nor less than 10 days prior to the date of the proposed payment. The Paying Agent shall promptly notify the City of such Special Record Date and, in the name and at the expense of the City, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed by first class mail, postage prepaid, to each registered owner of a Bond entitled to such notice at the address of such registered owner as it appears on the Bond Register not less than 10 days prior to such Special Record Date.

The Paying Agent shall keep a record of payment of principal and Redemption Price of and interest on all Bonds and shall at least annually forward a copy or summary of such records to the City.

Section 205. Registration, Transfer and Exchange of Bonds. The City covenants that, as long as any of the Bonds remain Outstanding, it will cause the Bond Register to be kept at the office of the Paying Agent for the registration, transfer and exchange of Bonds as herein provided. Each Bond when issued shall be registered in the name of the Owner thereof on the Bond Register.

Bonds may be transferred and exchanged only on the Bond Register as provided in this **Section 205**. Upon surrender of any Bond at the principal corporate trust office of the Paying Agent, the Paying Agent shall transfer or exchange such Bond for a new Bond or Bonds in any authorized denomination of the same Stated Maturity and in the same aggregate principal amount as the Bond that was presented for transfer or exchange. Bonds presented for transfer or exchange shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in a form and with guarantee of signature satisfactory to the Paying Agent, duly executed by the registered owner thereof or by the registered owner's duly authorized agent.

In all cases in which the privilege of transferring or exchanging Bonds is exercised, the Paying Agent shall authenticate and deliver Bonds in accordance with the provisions of this Ordinance. The City

shall pay the fees and expenses of the Paying Agent for the registration, transfer and exchange of Bonds provided for by this Ordinance and the cost of printing a reasonable supply of registered bond blanks. Any additional costs or fees that might be incurred in the secondary market, other than fees of the Paying Agent, are the responsibility of the registered owners of the Bonds. In the event any registered owner fails to provide a correct taxpayer identification number to the Paying Agent, the Paying Agent may make a charge against such registered owner sufficient to pay any governmental charge required to be paid as a result of such failure. In compliance with Section 3406 of the Code, such amount may be deducted by the Paying Agent from amounts otherwise payable to such registered owner hereunder or under the Bonds.

The City and the Paying Agent shall not be required (a) to register the transfer or exchange of any Bond after notice calling such Bond or portion thereof for redemption has been given or during the period of 15 days next preceding the first mailing of such notice of redemption, or (b) to register the transfer or exchange of any Bond during a period beginning at the opening of business on the day after receiving written notice from the City of its intent to pay Defaulted Interest and ending at the close of business on the date fixed for the payment of Defaulted Interest pursuant to **Section 204** hereof.

The City and the Paying Agent may deem and treat the Person in whose name any Bond is registered on the Bond Register as the absolute owner of such Bond, whether such Bond is overdue or not, for the purpose of receiving payment of, or on account of, the principal or Redemption Price of and interest on such Bond and for all other purposes. All payments so made to any such registered owner or upon the registered owner's order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the City nor the Paying Agent shall be affected by any notice to the contrary.

Section 206. Execution, Authentication and Delivery of Bonds. The Mayor and Clerk are hereby authorized and directed to prepare and execute the Bonds as herein specified, and when duly executed, to deliver the Bonds to the Paying Agent for authentication.

Each of the Bonds, including any Bonds issued in exchange or as substitution for the Bonds initially delivered, shall be signed by the manual or facsimile signature of the Mayor, attested by the manual or facsimile signature of the Clerk, and shall have the official seal of the City affixed thereto or imprinted thereon. In case any officer whose signature appears on any Bonds ceases to be such officer before the delivery of such Bonds, such signature shall nevertheless be valid and sufficient for all purposes, as if such person had remained in office until delivery. Any Bond may be signed by such persons who at the actual time of the execution of such Bond are the proper officers to sign such Bond although at the date of such Bond such persons may not have been such officers.

The Bonds shall have endorsed thereon a certificate of authentication substantially in the form set forth in **Exhibit A** attached hereto, which shall be manually executed by an authorized officer or employee of the Paying Agent, but it shall not be necessary that the same officer or employee sign the certificate of authentication on all of the Bonds that may be issued hereunder at any one time. No Bond shall be entitled to any security or benefit under this Ordinance or be valid or obligatory for any purpose unless and until such certificate of authentication has been duly executed by the Paying Agent. Such executed certificate of authentication upon any Bond shall be conclusive evidence that such Bond has been duly authenticated and delivered under this Ordinance. Upon authentication, the Paying Agent shall deliver the Bonds to the Original Purchaser, upon payment of the purchase price of the Bonds plus accrued interest thereon to the date of their delivery.

Section 207. Mutilated, Destroyed, Lost and Stolen Bonds. If (a) any mutilated Bond is surrendered to the Paying Agent, or the City and the Paying Agent receive evidence to its satisfaction of

the destruction, loss or theft of any Bond, and (b) there is delivered to the Paying Agent such security or indemnity as may be required by the Paying Agent, then, in the absence of notice to the Paying Agent that such Bond has been acquired by a bona fide purchaser, the City shall execute and, upon the City's request, the Paying Agent shall authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Bond, a new Bond of the same Stated Maturity and of like tenor and principal amount.

If any such mutilated, destroyed, lost or stolen Bond has become or is about to become due and payable, the City in its discretion may pay such Bond instead of issuing a new Bond.

Upon the issuance of any new Bond under this **Section 207**, the City may require the payment by the registered owner of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Paying Agent) connected therewith.

Every new Bond issued pursuant to this **Section 207** shall constitute a replacement of the prior obligation of the City, and shall be entitled to all the benefits of this Ordinance equally and ratably with all other Outstanding Bonds.

Section 208. Cancellation and Destruction of Bonds Upon Payment. All Bonds that have been paid or redeemed or that otherwise have been surrendered to the Paying Agent, either at or before maturity, shall be cancelled by the Paying Agent immediately upon the payment, redemption and surrender thereof to the Paying Agent and subsequently destroyed in accordance with the customary practices of the Paying Agent and applicable record retention laws. The Paying Agent shall execute a certificate in duplicate describing the Bonds so cancelled and destroyed and shall file an executed counterpart of such certificate with the City.

Section 209. Book-Entry Bonds; Securities Depository.

(a) The Bonds shall initially be registered to Cede & Co., the nominee for the Securities Depository, and no beneficial owner will receive certificates representing their respective interests in the Bonds, except in the event the Paying Agent issues Replacement Bonds as provided in **Section 209(b)** hereof. It is anticipated that during the term of the Bonds, the Securities Depository will make book-entry transfers among its Participants and receive and transmit payment of principal or Redemption Price of and interest on, the Bonds to the Participants until and unless the Paying Agent authenticates and delivers Replacement Bonds to the beneficial owners as described in **Section 209(b)** hereof.

(b) Subject to any operational requirements of the Securities Depository, (1) if the City determines (A) that the Securities Depository is unable to properly discharge its responsibilities, or (B) that the Securities Depository is no longer qualified to act as a securities depository and registered clearing agency under the Securities and Exchange Act of 1934, as amended, or (C) that the continuation of a book-entry system to the exclusion of any Bonds being issued to any registered owner other than Cede & Co. is no longer in the best interests of the beneficial owners of the Bonds, or (2) if the Paying Agent receives written notice from Participants having interests in not less than 50% of the Bonds Outstanding, as shown on the records of the Securities Depository (and certified to such effect by the Securities Depository), that the continuation of a book-entry system to the exclusion of any Bonds being issued to any registered owner other than Cede & Co. is no longer in the best interests of the beneficial owners of the Bonds, then the Paying Agent shall notify the registered owners of such determination or such notice and of the availability of certificates to Owners requesting the same, and the Paying Agent shall register in the name of and authenticate and deliver Replacement Bonds to the beneficial owners or their nominees in principal amounts representing the interest of each, making such adjustments as it may find necessary or

appropriate as to accrued interest and previous calls for redemption; provided, that in the case of a determination under Sections 209(b)(1)(A) or (b)(1)(B) hereof, the City, with the consent of the Paying Agent, may select a successor securities depository in accordance with this Section 209(c) to effect book-entry transfers. In such event, all references to the Securities Depository herein shall relate to the period of time when the Securities Depository has possession of at least one Bond. Upon the issuance of Replacement Bonds, all references herein to obligations imposed upon or to be performed by the Securities Depository shall be deemed to be imposed upon and performed by the Paying Agent, to the extent applicable with respect to such Replacement Bonds. If the Securities Depository resigns and the City, the Paying Agent or registered owners are unable to locate a qualified successor of the Securities Depository in accordance with this Section 209(c), then the Paying Agent shall authenticate and cause delivery of Replacement Bonds to registered owners, as provided herein. The Paying Agent may rely on information from the Securities Depository and its Participants as to the names of the beneficial owners of the Bonds. The cost of printing Replacement Bonds shall be paid for by the City.

(c) In the event the Securities Depository resigns, is unable to properly discharge its responsibilities, or is no longer qualified to act as a securities depository and registered clearing agency under the Securities Exchange Act of 1934, as amended, the City may appoint a successor Securities Depository provided the Paying Agent receives written evidence satisfactory to the Paying Agent with respect to the ability of the successor Securities Depository to discharge its responsibilities. Any such successor Securities Depository shall be a securities depository which is a registered clearing agency under the Securities Exchange Act of 1934, as amended, or other applicable statute or regulation that operates a securities depository upon reasonable and customary terms. The Paying Agent upon its receipt of a Bond or Bonds for cancellation shall cause the delivery of Bonds to the successor Securities Depository in appropriate denominations and form as provided herein.

Section 210. Preliminary and Final Official Statement. The Preliminary Official Statement, in the form approved by the Mayor in accordance with the provisions of Section 212, and filed in the records of the City, is hereby ratified and approved, and the final Official Statement is hereby authorized and approved by supplementing, amending and completing the Preliminary Official Statement, with such changes and additions thereto as are necessary to conform to and describe the transaction. The Mayor is hereby authorized to execute the final Official Statement as so supplemented, amended and completed, and the use and public distribution of the Official Statement by the Original Purchaser in connection with the reoffering of the Bonds is hereby authorized. The proper officials of the City are hereby authorized to execute and deliver a certificate pertaining to such Official Statement as prescribed therein, dated as of the date of payment for and delivery of the Bonds.

For the purpose of enabling the Original Purchaser to comply with the requirements of Rule 15c2-12(b)(1) of the Securities and Exchange Commission, the City hereby deems the information regarding the City contained in the Preliminary Official Statement to be "final" as of its date, except for the omission of such information as is permitted by Rule 15c2-12(b)(1), and the appropriate officers of the City are hereby authorized, if requested, to provide the Original Purchaser a letter or certification to such effect and to take such other actions or execute such other documents as such officers in their reasonable judgment deem necessary to enable the Original Purchaser to comply with the requirement of such Rule.

The City agrees to provide to the Original Purchaser within seven business days of the date of the sale of Bonds sufficient copies of the final Official Statement to enable the Original Purchaser to comply with the requirements of Rule 15c2-12(b)(4) of the Securities and Exchange Commission and with the requirements of Rule G-32 of the Municipal Securities Rulemaking Board.

Section 211. Sale of Bonds. The Bonds shall be sold to the Original Purchaser at a purchase price of 98.5% of the principal amount of the Bonds, plus accrued interest to the date of delivery. Delivery of the Bonds shall be made to the Original Purchasers as soon as practicable after the passage and approval of this Ordinance, upon payment therefor in accordance with the terms of sale.

Section 212. Authorization of Officers. The Mayor is hereby authorized and directed, in the exercise of his own independent judgment and absolute discretion, to hereafter, from time to time, specify, set, designate, determine, establish and appoint, as the case may be, and in each case in accordance with and subject to the provisions of this Ordinance, (a) the date of original issue of the Bonds which shall not be later than July 15, 2012, (b) the aggregate principal amount of Bonds to be issued, which shall in no event exceed \$2,200,000, (c) the principal amount of Bonds to mature on June 15 and December 15 of each year, (d) the date of final maturity of the Bonds, which shall in no event be later than June 15, 2021, (e) the date or dates upon which the Bonds shall be sold, (f) the rate or rates of interest to be carried by each maturity of the Bonds such that the true interest cost on the Bonds shall not exceed 2.25%, (g) whether or not the Bonds shall be subject to redemption prior to their stated maturity and, if subject to such prior redemption, the provisions governing such prior redemption, the nature of any notice to be given in the event of any such prior redemption, the redemption price or prices payable upon such redemption (not to exceed 104%) and the respective periods in which each redemption price shall be payable, (h) the amount and due date of each sinking fund installment for Bonds which are term Bonds, (i) all of the other terms of the Bonds not otherwise determined or fixed by the provisions of this Ordinance, (j) the amount of the Debt Service Reserve Requirement with respect to the Bonds, the source or sources from which such amount shall be deposited into the Debt Service Reserve Fund and the manner and time of such deposit, (k) the form, content, terms, and provisions of the Registrar Agreement, the Compliance Policy (hereinafter defined) and any closing and other documentation executed and delivered by the City in connection with authorization, issuance, sale and delivery of the Bonds.

ARTICLE III

REDEMPTION OF BONDS

Section 301. Redemption of Bonds. At the option of the City, Bonds or portions thereof may be called for redemption and payment prior to the Stated Maturity thereof during such periods and at such redemption prices as shall be determined by determined by the Mayor in accordance with the provisions of **Section 212**.

Section 302. Selection of Bonds to Be Redeemed.

(a) The Paying Agent shall call Bonds for redemption and payment and shall give notice of such redemption as herein provided upon receipt by the Paying Agent at least 45 days prior to the Redemption Date of written instructions of the City specifying the principal amount, Stated Maturities, Redemption Date and Redemption Prices of the Bonds to be called for redemption. The Paying Agent may in its discretion waive such notice period so long as the notice requirements set forth in **Section 303** hereof are met. The foregoing provisions of this **Section 302(a)** shall not apply in the case of any mandatory redemption of Bonds hereunder, and Bonds shall be called by the Paying Agent for redemption pursuant to such mandatory redemption requirements without the necessity of any action by the City and whether or not the Paying Agent holds money available and sufficient to effect the required redemption.

(b) Bonds shall be redeemed only in the principal amount of \$5,000 or any integral multiple thereof. When less than all of the Outstanding Bonds are to be redeemed, such Bonds shall be redeemed

in such principal amount and from the Stated Maturities selected by the City, and Bonds of less than a full Stated Maturity shall be selected by the Paying Agent in \$5,000 units of principal amount in such equitable manner as the Paying Agent may determine.

(c) In the case of a partial redemption of Bonds when Bonds of denominations greater than \$5,000 are then Outstanding, then for all purposes in connection with such redemption each \$5,000 of face value shall be treated as though it were a separate Bond of the denomination of \$5,000. If it is determined that one or more, but not all, of the \$5,000 units of face value represented by any Bond are selected for redemption, then upon notice of intention to redeem such \$5,000 unit or units, the registered owner of such Bond or the registered owner's duly authorized agent shall present and surrender such Bond to the Paying Agent (1) for payment of the Redemption Price and interest to the Redemption Date of such \$5,000 unit or units of face value called for redemption, and (2) for exchange, without charge to the registered owner thereof, for a new Bond or Bonds of the aggregate principal amount of the unredeemed portion of the principal amount of such Bond. If the registered owner of any such Bond fails to present such Bond to the Paying Agent for payment and exchange as provided, such Bond shall, nevertheless, become due and payable on the Redemption Date to the extent of the \$5,000 unit or units of face value called for redemption (and to that extent only).

Section 303. Notice and Effect of Call for Redemption. Unless waived by any registered owner of Bonds to be redeemed, official notice of any redemption shall be given by the Paying Agent on behalf of the City by mailing a copy of an official redemption notice by first class mail at least 30 days prior to the Redemption Date, to the Original Purchaser of the Bonds and each registered owner of the Bonds to be redeemed at the address shown on the Bond Register.

All official notices of redemption shall be dated and shall contain the following information:

- (a) the Redemption Date;
- (b) the Redemption Price;
- (c) if less than all Outstanding Bonds are to be redeemed the identification (and, in the case of partial redemption of any Bonds, the respective principal amounts) of the Bonds to be redeemed;
- (d) a statement that on the Redemption Date the Redemption Price will become due and payable upon each Bond or portion thereof called for redemption and that interest thereon shall cease to accrue from and after the Redemption Date; and
- (e) the place where such Bonds are to be surrendered for payment of the Redemption Price, which shall be the principal corporate trust office of the Paying Agent.

The failure of any registered owner to receive notice given as heretofore provided or an immaterial defect therein shall not invalidate any redemption.

Prior to any Redemption Date, the City shall deposit with the Paying Agent an amount of money sufficient to pay the Redemption Price of all the Bonds or portions of Bonds that are to be redeemed on that date.

Official notice of redemption having been given as provided, the Bonds or portions of Bonds to be redeemed shall become due and payable on the Redemption Date, at the Redemption Price therein

specified, and from and after the Redemption Date (unless the City defaults in the payment of the Redemption Price) such Bonds or portion of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with such notice, the Redemption Price of such Bonds shall be paid by the Paying Agent. Installments of interest due on or prior to the Redemption Date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Bond, there shall be prepared for the registered owner a new Bond or Bonds of the same Stated Maturity in the amount of the unpaid principal as provided herein. All Bonds that have been redeemed shall be cancelled and destroyed by the Paying Agent as provided herein and shall not be reissued.

The Paying Agent is also directed to comply with any mandatory or voluntary standards established by the Securities and Exchange Commission then in effect for processing redemptions of municipal securities. Failure to comply with such standards shall not affect or invalidate the redemption of any Bond.

So long as the Securities Depository is effecting book-entry transfers of the Bonds, the City or the Paying Agent shall provide the notices specified in this **Section 303** to the Securities Depository. It is expected that the Securities Depository shall, in turn, notify its Participants and that the Participants, in turn, will notify or cause to be notified the beneficial owners. Any failure on the part of the Securities Depository or a Participant, or failure on the part of a nominee of a beneficial owner of a Bond (having been mailed notice from the Paying Agent, a Participant or otherwise) to notify the beneficial owner of the Bond so affected, shall not affect the validity of the redemption of such Bond.

ARTICLE IV

SECURITY FOR BONDS

Section 401. Security for Bonds. The Bonds are special obligations of the City payable solely from, and secured as to the payment of principal or Redemption Price of and interest by a pledge of, the net income and revenues derived from the operation of the System, after providing for the costs of operation and maintenance thereof, including operating income, investment income, gifts, bequests, contributions, grants and other money made available to the City with respect to the System from sources other than funds raised by taxation. The City hereby pledges such net income and revenues to the payment of the principal or Redemption Price of and interest on the Bonds. The Bonds shall not be or constitute a general obligation of the City, nor shall they constitute an indebtedness of the City within the meaning of any constitutional, statutory or charter provision, limitation or restriction, and the taxing power of the City is not pledged to the payment of the Bonds, either as to principal, Redemption Price or interest.

The covenants and agreements of the City contained in this Ordinance and in the Bonds shall be for the equal benefit, protection and security of the registered owners of any or all of the Bonds, all of which Bonds shall be of equal rank and without preference or priority of one Bond over any other Bond in the application of the funds herein pledged to the payment of the principal or Redemption Price of and the interest on the Bonds, or otherwise, except as to rate of interest, date of maturity and right of prior redemption as provided in this Ordinance. The Bonds shall stand on a parity and be equally and ratably secured with respect to the payment of principal or Redemption Price and interest from the net income and revenues derived from the operation of the System and in all other respects with any Parity Bonds. The Bonds shall not have any priority with respect to the payment of principal, Redemption Price or interest from such net income and revenues or otherwise over the Parity Bonds and the Parity Bonds shall not have any priority with respect to the payment of principal or interest from such net income and revenues or otherwise over the Bonds.

The Bonds shall not have any priority with respect to the payment of principal, Redemption Price or interest from such net income and revenues or otherwise over any Parity Bonds hereafter issued in accordance with the provisions of this Ordinance, nor shall any Parity Bonds hereafter issued have any priority with respect to the payment of principal, Redemption Price or interest from such net income and revenues or otherwise over the Bonds.

ARTICLE V

FUNDS; DEPOSIT AND APPLICATION OF BOND PROCEEDS AND OTHER MONEY

Section 501. Establishment of Funds. There are hereby created or ratified and ordered to be established and maintained in the treasury of the City the following separate funds to be known respectively as follows:

- (a) Sanitary Sewer Costs of Issuance Fund (the “**Costs of Issuance Fund**”).
- (b) Sanitary Sewer Revenue Fund (the “**Revenue Fund**”).
- (c) Debt Service Fund for Sanitary Sewer Revenue Refunding Bonds, Series 2012 (the “**Debt Service Fund**”).
- (d) Debt Service Reserve Fund for Sanitary Sewer Revenue Refunding Bonds, Series 2012 (the “**Debt Service Reserve Fund**”).
- (e) Sanitary Sewer Surplus Fund (the “**Surplus Fund**”).
- (f) Rebate Fund for Sanitary Sewer Revenue Refunding Bonds, Series 2012 (the “**Rebate Fund**”).

The funds referred to in Sections 501(a) through (f), inclusive, hereof shall be maintained and administered by the City solely for the purposes and in the manner as provided in this Ordinance so long as any of the Bonds remain Outstanding within the meaning of this Ordinance.

Section 502. Deposit of Bond Proceeds and Other Money. The net proceeds received from the sale of the Bonds and certain other money of the City, shall be deposited simultaneously with the delivery of the Bonds, as follows:

- (a) The accrued interest on the Bonds and premium, if any, shall be deposited in the Debt Service Fund and applied in accordance with Section 602(b) hereof.
- (b) [An amount equal to the Debt Service Reserve Requirement shall be deposited in the Debt Service Reserve Fund at such time, in such manner, and from such sources as shall be determined by the Mayor in accordance with the provisions of Section 212.
- (c) Such amount from the proceeds of the Bonds, together with any other available money of the City, as shall be necessary to prepay the Note shall used and applied to the prepayment of the Note.

(d) The remaining balance of the proceeds of the Bonds shall be deposited in the Costs of Issuance Fund and applied in accordance with Section 503 hereof.

Section 503. Application of Money in the Costs of Issuance Fund. Money in the Costs of Issuance Fund shall be used solely for the purpose of paying the costs and expenses incident to the issuance of the Bonds. Withdrawals from the Costs of Issuance Fund to pay the costs and expenses of issuing the Bonds, including the fees of attorneys, financial consultants, accountants, rating agencies, printers and others employed to render professional services and other costs, fees and expenses incurred in connection with the issuance of the Bonds, shall be disbursed by the City Treasurer on orders of the Mayor and Council. Nothing in this Ordinance shall prevent the payment out of the Project Fund of all costs and expenses incident to the issuance of the Bonds.

ARTICLE VI

APPLICATION OF REVENUES

Section 601. Revenue Fund. The City covenants and agrees that from and after the delivery of the Bonds, and continuing as long as any of the Bonds remain Outstanding hereunder, all of the revenues derived and collected from the operation of the System shall as and when received be paid and deposited into the Revenue Fund. Such revenues shall be segregated and kept separate and apart from all other money, revenues, funds and accounts of the City and shall not be commingled with any other money, revenues, funds and accounts of the City. The Revenue Fund shall be administered and applied solely for the purposes and in the manner provided in this Ordinance.

Section 602. Application of Money in Funds. The City covenants and agrees that from and after the delivery of the Bonds and continuing so long as any of the Bonds shall remain Outstanding, it will on the first day of each month administer and allocate all of the money then held in the Revenue Fund as follows:

(a) **Operation and Maintenance.** There shall first be paid and credited from month to month as a first charge against the Revenue Fund the Expenses of the System as the same become due and payable.

(b) **Debt Service Fund.** There shall next be paid and credited monthly to the Debt Service Fund, to the extent necessary to meet on each Bond Payment Date the payment of all interest on and principal of the Bonds, the following sums:

(1) Beginning with the first of such monthly deposits and continuing on the first day of each month thereafter to and including June 1, 2012, an equal pro rata portion of the amount of interest becoming due on the Bonds on June 15, 2012; and thereafter, beginning on July 1, 2012, and continuing on the first day of each month thereafter so long as any of the Bonds remain Outstanding and unpaid, an amount not less than 1/6 of the amount of interest that will become due on the Bonds on the next succeeding Interest Payment Date; and

(2) Beginning with the first of such monthly deposits and continuing on the first day of each month thereafter to and including December 1, 2012, an equal pro rata portion of the amount of principal becoming due on the Bonds on December 15, 2012;

and thereafter, beginning on January 1, 2013, and continuing on the first day of each month thereafter so long as any of the Bonds remain Outstanding and unpaid, an amount not less than 1/6 of the amount of principal that will become due on the Bonds on the next succeeding Maturity date.

The amounts required to be paid and credited to the Debt Service Fund pursuant to this **Section 602(b)** shall be made at the same time and on a parity with the amounts at the time required to be paid and credited to the debt service funds established for the payment of principal and interest on Parity Bonds under the provisions of the Parity Ordinances.

Any amounts deposited in the Debt Service Fund as accrued interest or as capitalized interest in accordance with **Section 502(a)** hereof shall be credited against the City's payment obligations as set forth in this **Section 602(b)(1)**.

All amounts paid and credited to the Debt Service Fund shall be expended and used by the City for the sole purpose of paying the interest on and principal of the Bonds as and when the same become due at Maturity and on each Interest Payment Date.

If at any time the money in the Revenue Fund are insufficient to make in full the payments and credits at the time required to be made to the Debt Service Fund and on any Parity Bonds, the available money in the Revenue Fund shall be divided among such debt service funds in proportion to the respective principal amounts of such series of bonds at the time outstanding which are payable from the money in such debt service funds.

(c) *Debt Service Reserve Fund.* Except as hereinafter provided in this **Section 602(c)**, all amounts paid and credited to the Debt Service Reserve Fund shall be expended and used by the City solely to prevent any default in the payment of interest on or principal of the Bonds on any Maturity date or Interest Payment Date if the money in the Debt Service Fund are insufficient to pay the interest on or principal of such Bonds as they become due. So long as the Debt Service Reserve Fund aggregates the Debt Service Reserve Requirement, no payments into such Fund shall be required, but if the City is ever required to expend and use a part of the money in such Fund for the purpose herein authorized and such expenditure reduces the amount of such Fund below the Debt Service Reserve Requirement, the City shall make monthly payments into such Fund after all payments and credits required at the time to be made under the provisions of **Sections 602(a)** and **(b)** have been made until such Fund shall again aggregate the Debt Service Reserve Requirement.

The amounts required to be paid and credited to the Debt Service Reserve Fund pursuant to this **Section 602(c)** shall be made at the same time and on a parity with the amounts at the time required to be paid and credited to the debt service reserve funds established for the Parity Bonds under the provisions of the Parity Ordinances.

Money in the Debt Service Reserve Fund may be used to call the Bonds for redemption and payment prior to their Stated Maturity, provided all of the Bonds at the time Outstanding are called for payment and funds are available to pay the same according to their terms. Money in the Debt Service Reserve Fund shall be used to pay and retire the last Outstanding Bonds unless such Bonds and all interest thereon are otherwise paid. Any amounts in the Debt Service Reserve Fund in excess of the Debt Service Reserve Requirement on any valuation date shall be transferred to the Debt Service Fund.

If at any time the money in the Revenue Fund are insufficient to make in full the payments and credits at the time required to be made to the Debt Service Reserve Fund and any Parity Bonds, the available money in the Revenue Fund shall be divided among such debt service reserve funds in proportion to the respective principal amounts of such series of bonds at the time outstanding which are payable from the money in such debt service reserve funds.

(d) **Surplus Fund.** After all payments and credits required at the time to be made under the provisions of Sections 602(a), (b) and (c) hereof have been made, all money remaining in the Revenue Fund shall be paid and credited to the Surplus Fund. Money in the Surplus Fund may be expended and used for the following purposes as determined by the governing body of the City:

(1) Paying the cost of the operation, maintenance and repair of the System to the extent that may be necessary after the application of the money held in the Operation and Maintenance Fund under the provisions of Section 602(a) hereof;

(2) Paying the cost of extending, enlarging or improving the System;

(3) Preventing default in, anticipating payments into or increasing the amounts in the Debt Service Fund or the Debt Service Reserve Fund referred to in Sections 602(b) and (c) hereof, or any one of them, or establishing or increasing the amount of any debt service fund or debt service reserve fund created by the City for the payment of any Parity Bonds;

(4) Calling, redeeming and paying prior to Stated Maturity, or, at the option of the City, purchasing in the open market at the best price obtainable not exceeding the redemption price (if any Bonds are callable), the Bonds or any Parity Bonds, including principal or redemption price and interest; or

(5) Any other lawful purpose in connection with the operation of the System and benefiting the System.

(e) **Deficiency of Payments into Funds.** If at any time the revenues derived from the operation of the System are insufficient to make any payment on the date or dates hereinbefore specified, the City will make good the amount of such deficiency by making additional payments or credits out of the first available revenues thereafter received from the operation of the System, such payments and credits being made and applied in the order hereinbefore specified in this Section 602.

Section 603. Transfer of Funds to Paying Agent. The Treasurer is hereby authorized and directed to withdraw from the Debt Service Fund, and, to the extent necessary to prevent a default in the payment of the principal of or interest on the Bonds, from the Debt Service Reserve Fund and the Surplus Fund as provided in Section 602 hereof, sums sufficient to pay the principal of and interest on the Bonds as and when the same become due on any Bond Payment Date, and to forward such sums to the Paying Agent in a manner which ensures the Paying Agent will have available funds in such amounts on or before the Business Day immediately preceding each Bond Payment Date. If, through lapse of time, or otherwise, the registered owners of Bonds are no longer entitled to enforce payment of their obligations, it shall be the duty of the Paying Agent forthwith to return such funds to the City. All money deposited with the Paying Agent shall be deemed to be deposited in accordance with and subject to all of the provisions contained in this Ordinance.

Section 604. Payments Due on Saturdays, Sundays and Holidays. In any case where a Bond Payment Date is not a Business Day, then payment of principal, Redemption Price or interest need not be made on such Bond Payment Date but may be made on the next succeeding Business Day with the same force and effect as if made on such Bond Payment Date, and no interest shall accrue for the period after such Bond Payment Date.

Section 605. Nonpresentment of Bonds. If any Bond is not presented for payment when the principal thereof becomes due at Maturity, if funds sufficient to pay such Bond have been made available to the Paying Agent all liability of the City to the registered owner thereof for the payment of such Bond shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Paying Agent to hold such funds, without liability for interest thereon, for the benefit of the registered owner of such Bond, who shall thereafter be restricted exclusively to such funds for any claim of whatever nature on his part under this Ordinance or on, or with respect to, such Bond. If any Bond is not presented for payment within four years following the date when such Bond becomes due at Maturity, the Paying Agent shall repay to the City the funds theretofore held by it for payment of such Bond, and such Bond shall, subject to the defense of any applicable statute of limitations, thereafter be an unsecured obligation of the City, and the registered owner thereof shall be entitled to look only to the City for payment, and then only to the extent of the amount so repaid to it by the Paying Agent, and the City shall not be liable for any interest thereon and shall not be regarded as a trustee of such money.

ARTICLE VII

DEPOSIT AND INVESTMENT OF MONEY

Section 701. Deposit and Investment of Money.

(a) Money in each of the funds and accounts created by and referred to in this Ordinance shall be deposited in a bank or banks located in the State that are members of the Federal Deposit Insurance Corporation. All such deposits shall be continuously and adequately secured by the banks holding such deposits as provided by the laws of the State.

(b) Money held in any fund or account referred to in this Ordinance (other than the Debt Service Reserve Fund) may be invested in Permitted Investments; provided, however, that no such investment shall be made for a period extending longer than the date when the money invested may be needed for the purpose for which such fund or account was created. Money held in the Debt Service Reserve Fund may be invested only in United States Government Obligations. All earnings on any investments held in any fund or account shall accrue to and become a part of such fund or account, provided that, during the period of construction of the extensions and improvements to the System, all earnings on the investment of such funds shall be credited to the Project Fund. All earnings on investments held in the Debt Service Reserve Fund shall accrue to and become a part of such Fund until the amount on deposit in such Fund shall aggregate the Debt Service Reserve Requirement; thereafter, all such earnings shall be credited to the Debt Service Fund. In determining the amount held in any fund or account under any of the provisions of this Ordinance, obligations shall be valued at the lower of the cost or the market value thereof; provided, however, that investments held in the Debt Service Reserve Fund shall be valued at market value only. If and when the amount held in any fund or account shall be in excess of the amount required by the provisions of this Ordinance, the City shall direct that such excess be paid and credited to the Debt Service Fund, provided that, during the period of construction of the extensions and improvements to the System, such excess shall be paid and credited to the Project Fund.

(c) So long as any of the Parity Bonds remain outstanding and unpaid, any investments made pursuant to this Section 701 shall be subject to any restrictions in the Parity Ordinance with respect to the funds and accounts created by and referred to in the Parity Ordinance.

ARTICLE VIII

GENERAL COVENANTS AND PROVISIONS

The City covenants and agrees with each of the registered owners of any of the Bonds that so long as any of the Bonds remain Outstanding and unpaid it will comply with each of the following covenants:

Section 801. Efficient and Economical Operation. The City will continuously own and will operate the System as revenue producing facilities in an efficient and economical manner and will keep and maintain the same in good repair and working order. The City will establish and maintain such rules and regulations for the use of the System as may be necessary to assure maximum utilization and most efficient operation of the System.

Section 802. Rate Covenant. The City in accordance with and subject to applicable legal requirements will fix, establish, maintain and collect such rates and charges for the use and services furnished by or through the System as will produce revenues sufficient to (a) pay the costs of the operation and maintenance of the System; (b) pay the principal of and interest on the Bonds as and when the same become due at the Maturity thereof or on any Interest Payment Date; (c) enable the City to have in each fiscal year Net Revenues Available for Debt Service not less than 125% of the Debt Service Requirements for such fiscal year; and (d) provide reasonable and adequate reserves for the payment of the Bonds and the interest thereon and for the protection and benefit of the System as provided in this Ordinance. The City will require the prompt payment of accounts for service rendered by or through the System and will promptly take whatever action is legally permissible to enforce and collect delinquent charges. The City will, from time to time as often as necessary, in accordance with and subject to applicable legal requirements, revise the rates and charges aforesaid in such manner as may be necessary or proper so that the Net Revenues Available for Debt Service will be sufficient to cover the obligations under this Section 802 and otherwise under the provisions of this Ordinance. If in any fiscal year Net Revenues Available for Debt Service are an amount less than as hereinbefore provided, the City will immediately employ a Consultant to make recommendations with respect to such rates and charges. A copy of the Consultant's report and recommendations shall be filed with the Clerk and the Original Purchaser of the Bonds and shall be furnished to any registered owner of the Bonds requesting a copy of the same, at the cost of such registered owner. The City shall, to the extent feasible, follow the recommendations of the Consultant.

Section 803. Reasonable Charges for all Services. None of the facilities or services provided by the System will be furnished to any user without a reasonable charge being made therefor.

Section 804. Restrictions on Mortgage or Sale of System. The City will not mortgage, pledge or otherwise encumber the System or any part thereof, nor will it sell, lease or otherwise dispose of the System or any material part thereof; provided, however, the City may:

- (a) sell at fair market value any portion of the System which has been replaced by other similar property of at least equal value, or which ceases to be necessary for the efficient operation of the System, and in the event of sale, the City will apply the proceeds to either (1) redemption of Outstanding Bonds in accordance with the provisions governing repayment of

Bonds in advance of Stated Maturity, or (2) replacement of the property so disposed of by other property the revenues of which shall be incorporated into the System as hereinbefore provided;

(b) cease to operate, abandon or otherwise dispose of any property which has become obsolete, nonproductive or otherwise unusable to the advantage of the City;

(c) lease, (1) as lessor, any real or personal property which is unused or unimproved, or which has become obsolete, nonproductive or otherwise unusable to the advantage of the City, or which is being acquired as a part of a lease/purchase financing for the acquisition and/or improvement of such property; and/or (2) as lessee, with an option of the City to purchase, any real or personal property for the extension and improvement of the System. Property being leased as lessor and/or lessee pursuant to this subsection (c) shall not be treated as part of the System for purposes of this Section 804 and may be mortgaged, pledged or otherwise encumbered;

(d) grant a security interest in equipment to be purchased with the proceeds of any loan, lease or other obligation undertaken in accordance with Article IX hereof; or

(e) sell, lease or convey all or substantially all of the System to another entity or enter into a management contract with another entity if:

(1) The transferee entity is a political subdivision organized and existing under the laws of the State, or instrumentality thereof, or an organization described in Section 501(c)(3) of the Code, and expressly assumes in writing the due and punctual payment of the principal or redemption price of and interest on all outstanding Sanitary Sewer Revenue Bonds according to their tenor, and the due and punctual performance and observance of all of the covenants and conditions of this Ordinance;

(2) If there remains unpaid any Sanitary Sewer Revenue Bond which bears interest that is not includable in gross income under the Code, the City receives an opinion of Bond Counsel, in form and substance satisfactory to the City, to the effect that under then existing law the consummation of such sale, lease or conveyance, whether or not contemplated on any date of the delivery of such Sanitary Sewer Revenue Bond, would not cause the interest payable on such Sanitary Sewer Revenue Bond to become includable in gross income under the Code;

(3) The City receives a certificate of the Consultant which demonstrates and certifies that immediately upon such sale or conveyance the transferee entity will not, as a result thereof, be in default in the performance or observance of any covenant or agreement to be performed or observed by it under this Ordinance;

(4) Such transferee entity possesses such licenses to operate the System as may be required if it is to operate the System; and

(5) The City receives an opinion of Bond Counsel, in form and substance satisfactory to the City, as conclusive evidence that any such sale, lease or conveyance, and any such assumption, is permitted by law and complies with the provisions of this Section 804.

Section 805. Insurance. The City will carry and maintain insurance with respect to the System and its operations against such casualties, contingencies and risks (including but not limited to property

and casualty, fire and extended coverage insurance upon all of the properties forming a part of the System insofar as the same are of an insurable nature, public liability, business interruption or use and occupancy insurance, worker's compensation and employee dishonesty insurance), such insurance to be of the character and coverage and in such amounts as would normally be carried by other enterprises engaged in similar activities of comparable size and similarly situated. In the event of loss or damage, the City, with reasonable dispatch, will use the proceeds of such insurance in reconstructing and replacing the property damaged or destroyed, or in paying the claims on account of which such proceeds were received, or if such reconstruction or replacement is unnecessary or impracticable, then the City will pay and deposit the proceeds of such insurance into the Revenue Fund. The City will annually review the insurance it maintains with respect to the System to determine that it is customary and adequate to protect its property and operations. The City may elect to be self-insured for all or any part of the foregoing requirements if (a) the City annually obtains a written evaluation with respect to such self-insurance program from an Insurance Consultant, (b) the evaluation is to the effect that the self-insurance program is actuarially sound, (c) unless the evaluation states that such reserves are not necessary, the City deposits and maintains adequate reserves for the self-insurance program with a corporate trustee, who may be the Paying Agent, and (d) in the case of workers' compensation, adequate reserves created by the City for such self-insurance program are deposited and maintained in such amount and manner as are acceptable to the State. The City shall pay any fees and expenses of such Insurance Consultant in connection therewith. The cost of all insurance obtained pursuant to the requirements of this Section 805 shall be paid as an Expense out of the Revenues of the System.

Section 806. Books, Records and Accounts. The City will install and maintain proper books, records and accounts (entirely separate from all other records and accounts of the City) in which complete and correct entries will be made of all dealings and transactions of or in relation to the System. Such accounts shall show the amount of Revenues received from the System, the application of such Revenues, and all financial transactions in connection therewith. Such books shall be kept by the City according to standard accounting practices as applicable to the operation of facilities comparable to the System.

Section 807. Annual Budget. Prior to the commencement of each fiscal year, the City will cause to be prepared and filed with the Clerk a budget setting forth the estimated receipts and expenditures of the System for the next succeeding fiscal year. Such annual budget shall be prepared in accordance with the requirements of the laws of the State and shall contain all information that is required by such laws.

Section 808. Annual Audit. Annually, promptly after the end of the fiscal year, the City will cause an audit to be made of the System for the preceding fiscal year by a certified public accountant or firm of certified public accountants to be employed for that purpose and paid from the revenues of the System. Such annual audit shall cover in reasonable detail the operation of the System during such fiscal year.

Within 30 days after the completion of each such audit, a copy thereof shall be filed in the office of the Clerk, and a duplicate copy of the audit shall be mailed to the Original Purchaser of the Bonds. Such audits shall at all times during the usual business hours be open to the examination and inspection by any taxpayer, any user of the services of the System, any registered owner of any of the Bonds, or by anyone acting for or on behalf of such taxpayer, user or registered owner.

As soon as possible after the completion of the annual audit, the governing body of the City shall review such audit, and if the audit discloses that proper provision has not been made for all of the requirements of this Ordinance, the City will promptly cure such deficiency and will promptly proceed to increase the rates and charges to be charged for the use and services furnished by the System as may be necessary to adequately provide for such requirements.

Section 809. Right of Inspection. The Original Purchaser of the Bonds and any registered owner or owners of 10% of the principal amount of the Bonds then Outstanding shall have the right at all reasonable times to inspect the System and all records, accounts and data relating thereto, and shall be furnished all such information concerning the System and the operation thereof which the Original Purchaser or such registered owner or owners may reasonably request.

Section 810. Administrative Personnel. The City shall use its best efforts to employ at all times administrative personnel experienced and well qualified to operate the System. The City further agrees that such administrative personnel shall be employed in sufficient numbers to ensure that the System will be operated in a prudent and efficient manner, following procedures generally accepted within the utility industry in the United States of America.

Section 811. Performance of Duties and Covenants. The City will faithfully and punctually perform all duties, covenants and obligations with respect to the operation of the System now or hereafter imposed upon the City by the Constitution and laws of the State and by the provisions of this Ordinance.

Section 812. Tax Covenants.

(a) The City covenants that (1) it will comply with all applicable provisions of the Code, including Sections 103 and 141 through 150, necessary to maintain the exclusion from federal gross income of the interest on the Bonds, and (2) it will not use or permit the use of any proceeds of Bonds or any other funds of the City, nor take or permit any other action, or fail to take any action, which would adversely affect the exclusion from federal gross income of the interest on the Bonds. The City will also adopt such other ordinances or resolutions and take such other actions as may be necessary to comply with the Code and with other applicable future law, in order to ensure that the interest on the Bonds will remain excluded from federal gross income, to the extent any such actions can be taken by the City.

(b) The City covenants that (1) it will use the proceeds of the Bonds as soon as practicable for the purposes for which the Bonds are issued, and (2) it will not invest or directly or indirectly use or permit the use of any proceeds of the Bonds or any other funds of the City in any manner, or take or omit to take any action, that would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148(a) of the Code.

(c) The City covenants that it will pay or provide for the payment from time to time of all arbitrage rebate to the United States of America pursuant to Section 148(f) of the Code and the Tax Certificate. This covenant shall survive payment in full or defeasance of the Bonds. The Tax Certificate may be amended or replaced if, in the opinion of Bond Counsel, such amendment or replacement will not adversely affect the exclusion from federal gross income of the interest on the Bonds.

(d) The City covenants that it will not use any portion of the proceeds of the Bonds, including any investment income earned on such proceeds, directly or indirectly, (1) in a manner that would cause any Bond to be a "private activity bond" within the meaning of Section 141(a) of the Code, or (2) to make or finance a loan to any Person.

(e) The City hereby designates the Bonds as "qualified tax-exempt obligations" as defined in Section 265(b)(3) of the Code. In addition, the City hereby represents that:

(1) the aggregate face amount of all tax-exempt obligations (other than private activity bonds which are not "qualified 501(c)(3) bonds") which will be issued by the City (and all

subordinate entities thereof) during the calendar year in which the Bonds are issued is not reasonably expected to exceed \$10,000,000; and

(2) the City (including all subordinate entities thereof) will not issue an aggregate principal amount of obligations designated by the City to be “qualified tax-exempt obligations” during the calendar year in which the Bonds are issued, including the Bonds, in excess of \$10,000,000, without first obtaining an opinion of Bond Counsel that the designation of the Bonds as “qualified tax-exempt obligations” will not be adversely affected.

The Mayor is hereby authorized to take such other action as may be necessary to make effective the designation in this **Section 812(e)**.

(f) The foregoing covenants shall remain in full force and effect notwithstanding the defeasance of the Bonds pursuant to **Article XI** of this Ordinance or any other provision of this Ordinance, until the final Maturity of all Bonds Outstanding.

(g) The City hereby approves and adopts the Tax-Exempt Financing Compliance Policy and Procedure (the “**Compliance Policy**”) in substantially the form approved by the Mayor in accordance with the provisions of **Section 212** (a copy of which shall be filed in the records of the City). The Mayor is authorized to execute the Compliance Policy, with such changes therein as the Mayor deems appropriate, for and on behalf of the City, the Mayor’s signature thereon being conclusive evidence of his and the City’s approval thereof.

Section 813. Continuing Disclosure. The City hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Undertaking. Notwithstanding any other provision of this Ordinance, the failure of the City to comply with the Continuing Disclosure Undertaking shall not be considered an Event of Default; however, any Participating Underwriter or any Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the City to comply with its obligations under this **Section 813**. For purposes of this **Section 813**, “**Beneficial Owner**” means any registered owner or any person that (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, the Bonds (including persons holding such Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of a Bond for federal income tax purposes.

ARTICLE IX

ADDITIONAL BONDS AND OBLIGATIONS

Section 901. Senior Lien Bonds. The City covenants and agrees that so long as any of the Bonds remain Outstanding, the City will not issue any additional bonds or incur or assume any other debt obligations appearing as liabilities on the balance sheet of the City for the payment of money determined in accordance with generally accepted accounting principles including capital leases as defined by generally accepted accounting principles, payable out of the net income and revenues of the System or any part thereof which are superior to the Bonds.

Section 902. Parity Lien Bonds. The City covenants and agrees that so long as any of the Bonds remain Outstanding, it will not issue any additional Parity Bonds payable out of the net income and revenues of the System or any part thereof which stand on a parity or equality with the Bonds (“**Parity Bonds**”) unless the following conditions are met:

(a) The City shall not be in default in the payment of principal of or interest on any Bonds or any Parity Bonds at the time outstanding or in making any payment at the time required to be made into the respective funds and accounts created by and referred to in this Ordinance or any Parity Ordinance (unless such additional revenue bonds or obligations are being issued to provide funds to cure such default); and

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

(1) The Net Revenues Available for Debt Service for the fiscal year next preceding the issuance of the Parity Bonds shall have been at least equal to 1.25 times the Average Annual Debt Service Requirements of the Bonds and any Parity Bonds, all as then outstanding, and of the proposed Parity Bonds; or

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

Additional revenue bonds of the City issued under the conditions set forth in this Section 902 shall stand on a parity with the Bonds and shall enjoy complete equality or lien on and claim against the net revenues of the System with the Bonds, and the City may make equal provision for paying such bonds and the interest thereon out of the Revenue Fund and may likewise provide for the creation of reasonable debt service funds and debt service reserve funds for the payment of such additional bonds and the interest thereon out of money in the Revenue Fund.

Section 903. Junior Lien Bonds and Other Obligations. Nothing in this Section 903 contained shall prohibit or restrict the right of the City to issue additional revenue bonds or other revenue obligations for any lawful purpose in connection with the operation of the facility and benefiting the System and to

provide that the principal of and interest on such revenue bonds or obligations shall be payable out of the revenues of the System, provided at the time of the issuance of such additional revenue bonds or obligations the City is not in default in the performance of any covenant or agreement contained in this Ordinance (unless such additional revenue bonds or obligations are being issued to provide funds to cure such default), and provided further that such additional revenue bonds or obligations shall be junior and subordinate to the Bonds so that if at any time the City shall be in default in paying either interest on or principal of the Bonds, or if the City is in default in making any payments required to be made by it under the provisions of Sections 602(a), (b) and (c) hereof, the City shall make no payments of either principal of or interest on such junior and subordinate revenue bonds or obligations until such default or defaults be cured. In the event of the issuance of any such junior and subordinate revenue bonds or obligations, the City, subject to the specified provisions, may make provision for paying the principal of and interest on such revenue bonds or obligations out of money in the Revenue Fund.

Section 904. Refunding Bonds. The City shall have the right, without complying with the provisions of Section 902 hereof, to refund any of the Bonds under the provisions of any law then available, and the refunding bonds so issued shall enjoy complete equality of pledge with any of the Bonds which are not refunded, if any, upon the revenues of the System; provided, however, that if only a portion of the Bonds are refunded and if such Bonds are refunded in such manner that the refunding bonds bear a higher average rate of interest or become due on a date earlier than that of the Bonds which are refunded, then such Bonds may be refunded without complying with the provisions of Section 902 hereof only by and with the written consent of the registered owners of a majority in principal amount of the Bonds not refunded.

ARTICLE X

DEFAULT AND REMEDIES

Section 1001. Acceleration of Maturity Upon Default. The City covenants and agrees that if it defaults in the payment of the principal of or interest on any of the Bonds as the same become due on any Bond Payment Date, or if the City or its governing body or any of the officers, agents or employees thereof fail or refuse to comply with any of the provisions of this Ordinance or of the constitution or statutes of the State, and such default continues for a period of 60 days after written notice specifying such default has been given to the City by the registered owner of any Bond then Outstanding, then, at any time thereafter and while such default continues, the registered owners of 25% in aggregate principal amount of the Bonds then Outstanding may, by written notice to the City filed in the office of the Clerk or delivered in person to the Clerk, declare the principal of all Bonds then Outstanding to be due and payable immediately, and upon any such declaration given as provided, all of such Bonds shall become and be immediately due and payable, anything in this Ordinance or in the Bonds contained to the contrary notwithstanding. This provision, however, is subject to the condition that if at any time after the principal of such Outstanding Bonds has been so declared to be due and payable, all arrears of interest upon all of such Bonds, except interest accrued but not yet due on such Bonds, and all arrears of principal upon all of such Bonds has been paid in full and all other defaults, if any, by the City under the provisions of this Ordinance and under the provisions of the statutes of the State have been cured, then and in every such case the registered owners of a majority in principal amount of the Bonds then Outstanding, by written notice to the City given as hereinbefore specified, may rescind and annul such declaration and its consequences, but no such rescission or annulment shall extend to or affect any subsequent default or impair any rights consequent thereon.

Section 1002. Other Remedies. The provisions of this Ordinance, including the covenants and agreements herein contained, shall constitute a contract between the City and the registered owners of the Bonds, and the registered owner or owners of not less than 10% in aggregate principal amount of the Bonds at the time Outstanding shall have the right for the equal benefit and protection of all registered owners of Bonds similarly situated:

(a) by mandamus or other suit, action or proceedings at law or in equity to enforce the rights of such registered owner or owners against the City and its officers, agents and employees, and to require and compel duties and obligations required by the provisions of this Ordinance or by the Constitution and laws of the State;

(b) by suit, action or other proceedings in equity or at law to require the City, its officers, agents and employees to account as if they were the trustees of an express trust; and

(c) by suit, action or other proceedings in equity or at law to enjoin any acts or things which may be unlawful or in violation of the rights of the registered owners of the Bonds.

Section 1003. Limitation on Rights of Registered Owners. No one or more registered owners secured hereby shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security granted and provided for herein, or to enforce any right hereunder, except in the manner herein provided, and all proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all registered owners of such Outstanding Bonds.

Section 1004. Remedies Cumulative. No remedy conferred herein upon the registered owners is intended to be exclusive of any other remedy, but each such remedy shall be cumulative and in addition to every other remedy and may be exercised without exhausting and without regard to any other remedy conferred herein. No waiver of any default or breach of duty or contract by the registered owner of any Bond shall extend to or affect any subsequent default or breach of duty or contract or shall impair any rights or remedies consequent thereon. No delay or omission of any registered owner to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein. Every substantive right and every remedy conferred upon the registered owners of the Bonds by this Ordinance may be enforced and exercised from time to time and as often as may be deemed expedient. If any suit, action or proceedings taken by any registered owner on account of any default or to enforce any right or exercise any remedy has been discontinued or abandoned for any reason, or has been determined adversely to such registered owner, then, and in every such case, the City and the registered owners of the Bonds shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies, powers and duties of the registered owners shall continue as if no such suit, action or other proceedings had been brought or taken.

Section 1005. No Obligation to Levy Taxes. Nothing contained in this Ordinance shall be construed as imposing on the City any duty or obligation to levy any taxes either to meet any obligation incurred herein or to pay the principal of or interest on the Bonds.

ARTICLE XI

DEFEASANCE

Section 1101. Defeasance. When any or all of the Bonds or the interest payments thereon have been paid and discharged, then the requirements contained in this Ordinance and the pledge of revenues

made hereunder and all other rights granted hereby shall terminate with respect to the Bonds so paid and discharged. Bonds or the interest payments thereon shall be deemed to have been paid and discharged within the meaning of this Ordinance if there has been deposited with the Paying Agent, or other commercial bank or trust company located in the State and having full trust powers, at or prior to the Stated Maturity or Redemption Date of such Bonds, in trust for and irrevocably appropriated thereto, money and/or Defeasance Obligations which, together with the interest to be earned thereon, will be sufficient for the payment of the principal or Redemption Price of such Bonds, and/or interest to accrue on such Bonds to the Stated Maturity or Redemption Date, as the case may be, or if default in such payment shall have occurred on such date, then to the date of the tender of such payments; provided, however, that if any such Bonds shall be redeemed prior to the Stated Maturity thereof, (a) the City shall have elected to redeem such Bonds, and (b) either notice of such redemption shall have been given, or the City shall have given irrevocable instructions, or shall have provided for an escrow agent to give irrevocable instructions, to the Paying Agent to redeem such Bonds in compliance with **Section 302(a)** hereof. Any money and Defeasance Obligations that at any time shall be deposited with the Paying Agent or other commercial bank or trust company by or on behalf of the City, for the purpose of paying and discharging any of the Bonds or the interest payments thereon, shall be and are hereby assigned, transferred and set over to the Paying Agent or other bank or trust company in trust for the respective registered owners of the Bonds, and such money shall be and are hereby irrevocably appropriated to the payment and discharge thereof. All money and Defeasance Obligations deposited with the Paying Agent or other bank or trust company shall be deemed to be deposited in accordance with and subject to all of the provisions contained in this Ordinance.

ARTICLE XII

MISCELLANEOUS PROVISIONS

Section 1201. Amendments. The rights and duties of the City and the registered owners, and the terms and provisions of the Bonds or of this Ordinance, may be amended or modified at any time in any respect by Ordinance of the City with the written consent of the registered owners of not less than a majority in principal amount of the Bonds then Outstanding, such consent to be evidenced by an instrument or instruments executed by such registered owners and duly acknowledged or proved in the manner of a deed to be recorded, and such instrument or instruments shall be filed with the Clerk, but no such modification or alteration shall:

- (a) extend the maturity of any payment of principal or interest due upon any Bond;
- (b) effect a reduction in the amount which the City is required to pay by way of principal of or interest on any Bond;
- (c) permit the creation of a lien on the revenues of the System prior or equal to the lien of the Bonds or Parity Bonds;
- (d) permit preference or priority of any Bonds over any other Bonds; or
- (e) reduce the percentage in principal amount of Bonds required for the written consent to any modification or alteration of the provisions of this Ordinance.

Any provision of the Bonds or of this Ordinance may, however, be amended or modified by Ordinance duly adopted by the governing body of the City at any time in any respect with the written consent of the registered owners of all of the Bonds at the time Outstanding.

Without notice to or the consent of any registered owners, the City may amend or supplement this Ordinance for the purpose of curing any formal defect, omission, inconsistency or ambiguity therein or in connection with any other change therein which is not materially adverse to the interests of the registered owners.

Every amendment or modification of the provisions of the Bonds or of this Ordinance shall be expressed in an ordinance adopted by the governing body of the City amending or supplementing the provisions of this Ordinance and shall be deemed to be a part of this Ordinance. A certified copy of every such amendatory or supplemental Ordinance, if any, and a certified copy of this Ordinance shall always be kept on file in the office of the Clerk and shall be made available for inspection by the registered owner of any Bond or a prospective purchaser or owner of any Bond authorized by this Ordinance, and upon payment of the reasonable cost of preparing the same, a certified copy of any such amendatory or supplemental Ordinance or of this Ordinance will be sent by the Clerk to any such registered owner or prospective registered owner.

Any and all modifications made in the manner hereinabove provided shall not become effective until there has been filed with the Clerk a copy of the Ordinance of the City hereinabove provided for, duly certified, as well as proof of any required consent to such modification by the registered owners of the Bonds then Outstanding. It shall not be necessary to note on any of the Outstanding Bonds any reference to such amendment or modification.

The City shall furnish to the Paying Agent a copy of any amendment to the Bonds or this Ordinance made hereunder which affects the duties or obligations of the Paying Agent under this Ordinance.

Section 1202. Notices, Consents and Other Instruments by Registered Owners. Any notice, consent, request, direction, approval, objection or other instrument required by this Ordinance to be signed and executed by the registered owners may be in any number of concurrent writings of similar tenor and may be signed or executed by such registered owners in person or by agent appointed in writing. Proof of the execution of any such instrument or of the writing appointing any such agent and of the ownership of Bonds, if made in the following manner, shall be sufficient for any of the purposes of this Ordinance, and shall be conclusive in favor of the City and the Paying Agent with regard to any action taken, suffered or omitted under any such instrument, namely:

(a) The fact and date of the execution by any person of any such instrument may be proved by a certificate of any officer in any jurisdiction who by law has power to take acknowledgments within such jurisdiction that the person signing such instrument acknowledged before such officer the execution thereof, or by affidavit of any witness to such execution; and

(b) The fact of ownership of Bonds, the amount or amounts, numbers and other identification of Bonds, and the date of holding the same shall be proved by the Bond Register.

In determining whether the registered owners of the requisite principal amount of Bonds Outstanding have given any request, demand, authorization, direction, notice, consent or waiver under this Ordinance, Bonds owned by the City shall be disregarded and deemed not to be Outstanding under this Ordinance, except that, in determining whether the registered owners shall be protected in relying upon

any such request, demand, authorization, direction, notice, consent or waiver, only Bonds which the registered owners know to be so owned shall be so disregarded. Notwithstanding the foregoing, Bonds so owned which have been pledged in good faith shall not be disregarded as provided if the pledgee establishes to the satisfaction of the registered owners the pledgee's right so to act with respect to such Bonds and that the pledgee is not the City.

Section 1203. Further Authority. The officers of the City, including the Mayor and Clerk, shall be, and they hereby are, authorized and directed to execute all documents and take such actions as they may deem necessary or advisable in order to carry out and perform the purposes of this Ordinance and to make ministerial alterations, changes or additions in the foregoing agreements, statements, instruments and other documents herein approved, authorized and confirmed which they may approve and the execution or taking of such action shall be conclusive evidence of such necessity or advisability.

Section 1204. Severability. If any section or other part of this Ordinance, whether large or small, is for any reason held invalid, the invalidity thereof shall not affect the validity of the other provisions of this Ordinance.

Section 1205. Governing Law. This Ordinance shall be governed by and constructed in accordance with the applicable laws of the State.

Section 1206. Effective Date. This Ordinance shall take effect and be in full force from and after its passage by the Mayor and Council and approval by the Mayor and publication in pamphlet form as provided by law.

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PASSED AND APPROVED: February 29, 2012.

CITY OF GERING, NEBRASKA

(SEAL)

By: Edwin L. Mayo
Mayor

ATTEST:
Kari Schwan-Berg
Clerk

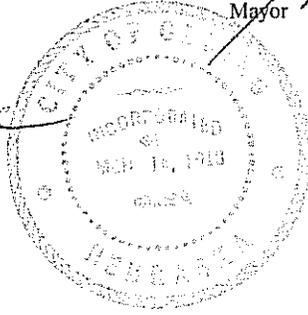


EXHIBIT A TO ORDINANCE

(FORM OF BONDS)

EXCEPT AS OTHERWISE PROVIDED IN THE ORDINANCE (REFERRED TO HEREIN), THIS GLOBAL BOND MAY BE TRANSFERRED, IN WHOLE BUT NOT IN PART, ONLY TO ANOTHER NOMINEE OF THE SECURITIES DEPOSITORY (AS DEFINED HEREIN) OR TO A SUCCESSOR SECURITIES DEPOSITORY OR TO A NOMINEE OF A SUCCESSOR SECURITIES DEPOSITORY.

UNITED STATES OF AMERICA
STATE OF NEBRASKA

Registered
No. R- _____

Registered
\$ _____

CITY OF GERING, NEBRASKA

SANITARY SEWER REVENUE REFUNDING BOND
SERIES 2012

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Dated Date</u>	<u>CUSIP Number</u>
%	_____ 15, 20__	_____, 2012	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ DOLLARS

The CITY OF GERING, NEBRASKA, a city of the first class and a political subdivision of the State of Nebraska (the "City"), for value received, promises to pay to the Registered Owner shown above, or registered assigns, but solely from the source and in the manner herein specified, the Principal Amount shown above on the Maturity Date shown above, and to pay interest thereon, but solely from the source and in the manner herein specified, at the Interest Rate per annum shown above (computed on the basis of a 360-day year consisting of twelve 30-day months) from the Dated Date shown above or from the most recent interest payment date to which interest has been paid or duly provided for, payable on June 15 and December 15 of each year, beginning on June 15, 2012, until such principal amount has been paid.

The principal or redemption price of this Bond shall be paid at maturity by check or draft or upon earlier redemption to the person in whose name this Bond is registered at the maturity or redemption date thereof, upon presentation and surrender of this Bond at the principal corporate trust office of **Valley Bank and Trust Company** in the City of Gering, Nebraska (the "Paying Agent"). The interest payable on this Bond on any interest payment date shall be paid to the person in whose name this Bond is registered on the

Bond Register at the close of business on the Record Date for such interest by check or draft mailed by the Paying Agent to such registered owner at the address shown on the Bond Register or at such other address as is furnished to the Paying Agent in writing by such registered owner.

THE TERMS AND PROVISIONS OF THIS BOND ARE CONTINUED ON THE REVERSE SIDE HEREOF AND SUCH CONTINUED TERMS AND PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS THOUGH FULLY SET FORTH AT THIS PLACE.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Ordinance until the Certificate of Authentication hereon has been executed by the Paying Agent.

IT IS HEREBY CERTIFIED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of the Bonds have existed, happened and been performed in due time, form and manner as required by law, and that before the issuance of the Bonds, provision has been duly made for the collection and segregation of the revenues of the System and for the application of the same as provided in the Ordinance.

IN WITNESS WHEREOF, the **CITY OF GERING, NEBRASKA**, has executed this Bond by causing it to be signed by the manual or facsimile signature of its Mayor and attested by the manual or facsimile signature of its Clerk and its official seal to be affixed hereto or imprinted hereon.

CERTIFICATE OF AUTHENTICATION

CITY OF GERING, NEBRASKA

This Bond is one of the Bonds of the issue described in the within-mentioned Ordinance.

Registration Date: _____

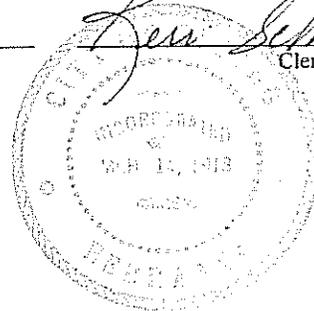
VALLEY BANK AND TRUST COMPANY,
Paying Agent

By: _____
Authorized Officer or Signatory

By: *Edwin J. Mayo*
Mayor

(Seal)

ATTEST:
Kenneth Schmaier-Berg
Clerk



(FORM OF REVERSE SIDE OF BOND)

ADDITIONAL PROVISIONS

This Bond is one of a duly authorized series of bonds of the City designated "Sanitary Sewer Revenue Refunding Bonds, Series 2012," aggregating the principal amount of \$_____ (the "Bonds"), issued by the City for the purpose of providing for the prepayment of the City's Promissory Note, dated September 13, 2004, issued to the Nebraska Department of Environmental Quality to pay the costs of improvements to the City's wastewater treatment plant and facilities and sanitary sewer system under the authority of and in full compliance with the Constitution and laws of the State of Nebraska, including particularly Sections 10-142 and 18-1803 to 18-1805, inclusive, Reissue Revised Statutes of Nebraska, as amended, and pursuant to Ordinance No. _____ duly adopted by the governing body of the City (the "Ordinance"). Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Ordinance.

At the option of the City, Bonds or portions thereof maturing on _____ 15, 201__ and thereafter may be called for redemption and payment prior to maturity at any time on or after _____, 201__, in whole or in part at any time in such principal amounts and from such maturity or maturities as the City, in its sole and absolute discretion may determine (Bonds of less than a full maturity to be selected in multiples of \$5,000 principal amount in such equitable manner as the Paying Agent shall designate) at redemption price equal to 100% of the principal amount, plus accrued interest thereon to the redemption date.

Notice of redemption, unless waived, is to be given by the Paying Agent by mailing an official redemption notice by first class mail at least 30 days prior to the redemption date, to the original purchaser(s) of the Bonds and each registered owner of each of the Bonds to be redeemed at the address shown on the Bond Register. Notice of redemption having been given as provided, the Bonds or portions of Bonds to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the City defaults in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest.

The Bonds are special obligations of the City payable solely from, and secured as to the payment of principal and interest by a pledge of, the revenues derived from the operation of the City's wastewater treatment plant and facilities and sanitary sewer system, (such wastewater treatment plant and facilities and sanitary sewer system, together with all future improvements and extensions thereto hereafter constructed or acquired by the City, being herein called the "System"), and the taxing power of the City is not pledged to the payment of the Bonds either as to principal or interest. The Bonds shall not be or constitute a general obligation of the City, nor shall they constitute an indebtedness of the City within the meaning of any constitutional, statutory or charter provision, limitation or restriction. Under the conditions set forth in the Ordinance, the City has the right to issue additional parity bonds and other obligations payable from the same source and secured by the same revenues as the Bonds; provided, however, that such additional bonds may be so issued only in accordance with and subject to the covenants, conditions and restrictions relating thereto set forth in the Ordinance.

The City hereby covenants and agrees with the registered owner of this Bond that it will keep and perform all covenants and agreements contained in the Ordinance, and will fix, establish, maintain and collect such rates, fees and charges for the use and services furnished by or through the System, as will produce revenues sufficient to pay the costs of operation and maintenance of the System, pay the principal

of and interest on the Bonds as and when the same become due, and provide reasonable and adequate reserve funds. Reference is made to the Ordinance for a description of the covenants and agreements made by the City with respect to the collection, segregation and application of the revenues of the System, the nature and extent of the security for the Bonds, the rights, duties and obligations of the City with respect thereto, and the rights of the registered owners thereof.

The Bonds are issuable in the form of fully registered Bonds without coupons in the denomination of \$5,000 or any integral multiple thereof.

This Bond may be transferred or exchanged, as provided in the Ordinance, only on the Bond Register upon surrender of this Bond together with a written instrument of transfer or exchange satisfactory to the Paying Agent duly executed by the registered owner or the registered owner's duly authorized agent, and thereupon a new Bond or Bonds in any authorized denomination of the same maturity and in the same aggregate principal amount shall be issued to the transferee in exchange therefor as provided in the Ordinance and upon payment of the charges therein prescribed. The City and the Paying Agent may deem and treat the person in whose name this Bond is registered on the Bond Register as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or redemption price hereof and interest due hereon and for all other purposes.

The Bonds are being issued by means of a book-entry system with no physical distribution of bond certificates to be made except as provided in the Ordinance. One Bond certificate with respect to each date on which the Bonds are stated to mature or with respect to each form of Bonds, registered in the nominee name of the Securities Depository, is being issued and required to be deposited with the Securities Depository and immobilized in its custody. The book-entry system will evidence positions held in the Bonds by the Securities Depository's participants, beneficial ownership of the Bonds in authorized denominations being evidenced in the records of such participants. Transfers of ownership shall be effected on the records of the Securities Depository and its participants pursuant to rules and procedures established by the Securities Depository and its participants. The City and the Paying Agent will recognize the Securities Depository nominee, while the registered owner of this Bond, as the owner of this Bond for all purposes, including (a) payments of principal or redemption price of and interest on, this Bond, (b) notices and (c) voting. Transfer of principal or redemption price and interest payments to participants of the Securities Depository, and transfer of principal or redemption price and interest payments to beneficial owners of the Bonds by participants of the Securities Depository will be the responsibility of such participants and other nominees of such beneficial owners. The City and the Paying Agent will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by the Securities Depository, the Securities Depository nominee, its participants or persons acting through such participants. While the Securities Depository nominee is the owner of this Bond, notwithstanding the provision hereinabove contained, payments of principal or redemption price of and interest on this Bond shall be made in accordance with existing arrangements among the City, the Paying Agent and the Securities Depository.

EXCEPT AS OTHERWISE PROVIDED IN THE ORDINANCE, THIS GLOBAL BOND MAY BE TRANSFERRED, IN WHOLE BUT NOT IN PART, ONLY TO ANOTHER NOMINEE OF THE SECURITIES DEPOSITORY OR TO A SUCCESSOR SECURITIES DEPOSITORY OR TO A NOMINEE OF A SUCCESSOR SECURITIES DEPOSITORY.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

Print or Type Name, Address and Social Security Number
or other Taxpayer Identification Number of Transferee

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ agent to transfer the within Bond on the Bond Register kept by the Paying Agent for the registration thereof, with full power of substitution in the premises.

Dated: _____

NOTICE: The signature to this assignment must correspond with the name of the Registered Owner as it appears upon the face of the within Bond in every particular.

Signature Guaranteed By:

Name of Eligible Guarantor Institution as defined by SEC Rule 17 Ad-15 (17 CFR 240.17 Ad-15)

By: _____
Title: _____

ORDINANCE NO. 1954

AN ORDINANCE OF THE CITY OF GERING, NEBRASKA AUTHORIZING AND APPROVING A FOURTH SUPPLEMENT TO LEASE-PURCHASE AGREEMENT AND A FOURTH SUPPLEMENT TO SITE LEASE BETWEEN THE CITY AND THE CITY OF GERING LEASING CORPORATION WITH RESPECT TO THE REFINANCING OF THE ACQUISITION, CONSTRUCTION, EQUIPPING AND FURNISHING OF CERTAIN FACILITIES FOR THE USE OF THE CITY, AND RELATED IMPROVEMENTS; AUTHORIZING THE REFUNDING OF THE CORPORATION'S LEASE RENTAL REVENUE REFUNDING BONDS (CITY FACILITIES PROJECT), SERIES 2004; APPROVING THE ISSUANCE, SALE AND DELIVERY BY THE CORPORATION OF NOT TO EXCEED ONE MILLION FIVE HUNDRED THOUSAND DOLLARS (\$1,500,000) AGGREGATE PRINCIPAL AMOUNT OF ITS LEASE RENTAL REVENUE REFUNDING BONDS (CITY FACILITIES PROJECT), SERIES 2012; DELEGATING, AUTHORIZING AND DIRECTING THE MAYOR TO EXERCISE HIS OWN INDEPENDENT JUDGMENT AND ABSOLUTE DISCRETION IN APPROVING THE PRINCIPAL AMOUNT, RATES OF INTEREST AND THE OTHER TERMS AND PROVISIONS WITH RESPECT TO SUCH BONDS NOT SPECIFIED HEREIN AND NEGOTIATING AN AGREEMENT FOR THE PURCHASE OF SUCH BONDS; AUTHORIZING AND APPROVING CERTAIN DOCUMENTS IN CONNECTION WITH THE ISSUANCE OF SUCH BONDS; AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION WITH THE ISSUANCE OF SAID BONDS; PROVIDING FOR THE PUBLICATION OF THIS ORDINANCE AND THE TIME WHEN THIS ORDINANCE SHALL TAKE EFFECT.

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

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

- (a) The City is authorized pursuant to Section 19-2421, Reissue Revised Statutes of Nebraska, as amended (the "Act"), to enter into contracts for the lease of real or personal property for any purpose for which the City is authorized by law to purchase property or construct improvements, which contracts are not restricted to a single year, and may provide for the purchase of the property in installment payments.
- (b) The City of Gering Leasing Corporation (the "Corporation"), is a nonprofit corporation duly organized and existing under the Nebraska Nonprofit Corporation Act, Chapter 21, Article 19, Reissue Revised Statutes of Nebraska, as amended, for the purpose of acquiring property of any kind and nature, usable or useful to the City in performing its governmental functions and leasing the same to the City.
- (c) The City has previously entered into a Lease-Purchase Agreement, dated as of March 1, 1999 (the "1999 Lease Agreement"), with the Corporation for the purpose of refinancing the acquisition, construction, improvement, equipping and furnishing of municipal offices, a city hall building, a civic

center, a municipal golf course, and other related municipal facilities and improvements for the use of the City (collectively, the "Project") pursuant to the provisions of the Act.

(d) In connection with the execution and delivery of the 1999 Agreement, the Corporation, pursuant to a Trust Indenture, dated as of March 1, 1999 (the "1999 Indenture"), between the Corporation and Valley Bank and Trust Company, as trustee (the "Trustee"), issued \$4,595,000 in aggregate principal amount of its Building and Refunding Bonds (City Facilities Project), dated March 1, 1999 (the "1999 Bonds") to refinance the costs of the Project.

(e) Pursuant to Ordinance No. 1733, the City has (i) authorized the execution and delivery of (A) a First Amendment to Site Lease dated as of August 1, 2003 (the "First Site Lease Amendment") and (B) a First Supplement to Lease-Purchase Agreement dated as of August 1, 2003 (the "First Lease Agreement Supplement") and (ii) approved the execution and delivery of a First Supplement to Trust Indenture dated as of August 1, 2003 (the "First Indenture Supplement") pursuant to which the Corporation issued its Lease Rental Revenue Refunding Bonds (City Facilities Project) dated the date of delivery (August 29, 2003) thereof (the "2003 Bonds") for the purpose of providing for the redemption and payment of the then outstanding 1999B Bonds.

(f) Pursuant to Ordinance No. 1752, the City has (i) authorized the execution and delivery of (A) a Second Amendment to Site Lease dated as of March 15, 2004 (the "Second Site Lease Amendment") and (B) a Second Supplement to Lease-Purchase Agreement dated as of March 15, 2004 (the "Second Lease Agreement Supplement") and (ii) approved the execution and delivery of a Second Supplement to Trust Indenture dated as of March 15, 2004 (the "Second Indenture Supplement") pursuant to which the Corporation issued its Lease Rental Revenue Refunding Bonds (City Facilities Project) dated the date of delivery (March 15, 2004) thereof (the "2004 Bonds") for the purpose of providing for the redemption and payment of the then outstanding 1999 A Bonds.

(f) Pursuant to Ordinance No. 1890, the City has (i) authorized the execution and delivery of (A) a Third Amendment to Site Lease dated July 15, 2009 (the "Third Site Lease Amendment") and (B) a Third Supplement to Lease-Purchase Agreement dated July 15, 2009 (the "Third Lease Agreement Supplement") and (ii) approved the execution and delivery of a Third Supplement to Trust Indenture dated July 15, 2009 (the "Third Indenture Supplement") pursuant to which the Corporation issued its Lease Rental Revenue Refunding Bonds (City Facilities Project) dated the date of delivery (July 15, 2009) thereof (the "2009 Bonds") for the purpose of providing for the redemption and payment of the then outstanding 2004 Bonds.

(g) As of the date of this Ordinance, \$1,475,000 in aggregate principal amount of the 2009 Bonds are currently outstanding and unpaid and are a legal liability against the Corporation, provision for the payment of all or a portion of which may be made by the lawful issuance and sale of refunding bonds of the Corporation pursuant to the Nebraska Nonprofit Corporation Act.

proposal to refinance the Project by a lease-purchase agreement pursuant to the provisions of the Act, as amended, with the Corporation through the issuance by the Corporation of its Lease Rental Revenue Refunding Bonds (City Facilities Project) Series 2012 (the "2012 Bonds") in the aggregate principal amount of not to exceed One Million Five Hundred Thousand Dollars (\$1,500,000) is necessary, desirable, advisable and in the best interests of the City and is hereby accepted and approved by the City.

(k) The City will have a beneficial interest in the Corporation and will have exclusive beneficial possession and use of the Project while the Bonds remain outstanding; and payment in full of the Bonds and any Additional Bonds (as defined in the Indenture described below), the City will obtain full legal title to the Project upon the payment in full of the 2003 Bonds, the 2009 Bonds which are not Refunded Bonds and the 2012 Bonds.

Section 2. The Fourth Supplement to Lease-Purchase Agreement, dated the date of delivery thereof (the "Fourth Lease Agreement Supplement"), amending supplementing the 1999 Agreement (the 1999 Agreement as amended and supplemented from time to time, including, without limitation, the Fourth Lease Agreement Supplement is referred to as the "Agreement"), in substantially the form attached hereto as Exhibit "A" and made a part hereof by reference, is hereby approved. The Mayor, upon advice of the City Attorney and bond counsel, is hereby authorized to make such changes, additions or deletions with respect to the Agreement as may be in the best interests of the City and the Corporation to carry out the Project prior to title signing thereof.

Section 3. The Fourth Amendment to Site Lease, dated the date of delivery thereof (the "Fourth Site Lease Amendment"), amending and supplementing the Site Lease, dated as of March 1, 1999 (the "1999 Site Lease," as amended and supplemented from time to time, including, without limitation, the Fourth Site Lease Amendment is referred to as the "Site Lease"), between the City and the Corporation with respect to the real estate upon which the Project is located, in substantially the form attached hereto as Exhibit "B" and made a part thereof by reference, is hereby approved. The Mayor, upon advice of the City Attorney and bond counsel, is hereby authorized to make such changes, additions or deletions with respect to the Site Lease as may be in the best interests of title City and the Corporation to carry out the Project prior to the signing thereof.

Section 4. The issuance, sale and delivery by title Corporation of its Lease Rental Revenue Refunding Bonds (City Facilities Project), Series 2012, in the aggregate principal amount of not to exceed \$1,500,000 and dated the date of delivery thereof and payment thereof (the "2012 Bonds"), to provide funds for payment and refunding of the Refunded Bonds, the terms of which are set forth in the Fourth Supplement to Trust Indenture, dated the date of delivery thereof (the "Fourth Indenture Supplement"), between the Corporation and the Trustee, amending and supplementing the 1999 Indenture (the 1999 Indenture, as amended and supplemented from time to time, including, without limitation, the Fourth Indenture Supplement is referred to as the "Indenture"), a copy of which is attached hereto as Exhibit "C", is hereby approved. The sale of said bonds to D.A. Davidson & Co. (the "Underwriter") at a price equal to 98.7% of the principal amount thereof plus accrued interest, if any, to title day of delivery, is hereby approved.

Section 5. The Bonds shall be issued in an aggregate principal amount not to exceed \$1,500,000 and shall bear interest at a rate of interest not to exceed three and one half percent (3.50%). The Mayor is hereby authorized and directed to (a) approve the principal amount of Bonds to be issued and the principal maturities, interest rates and redemption provisions thereof and to take all necessary actions and execute all necessary documents to effect the sale of the Bonds, and (b) determine which of the outstanding 2009 Bonds shall constitute the Refunded Bonds, and the form, content, terms and provisions of the notice of redemption to be given for any Refunded Bonds to be redeemed prior to the maturity thereof.

Section 6. The Preliminary Official Statement, in the form attached hereto as Exhibit "D", and its use by the Underwriter in connection with the offer and sale of the Bonds, is hereby ratified, authorized and approved. The final Official Statement is hereby adopted by supplementing, completing and amending the Preliminary Official Statement. The Mayor is hereby authorized to execute the Official Statement.

Section 7. The City hereby acknowledges that the Corporation has designated the Bonds to be "qualified tax-exempt obligations" as such term is defined in Section 265(b) (3) of the Code. The City hereby represents that:

(a) the reasonably anticipated amount of tax-exempt obligations (other than private activity bonds) which will be issued by or on behalf of the City and all entities subordinate to the City during calendar year 2012 does not exceed \$10,000,000; and

(b) the aggregate principal amount of obligations designated by the City as "qualified tax-exempt obligations" during calendar year 2012, including the Bonds, does not exceed \$10,000,000.

The Mayor is hereby authorized to take such other action as may be necessary to make effective the designation in this Section.

Section 8. The City will accept from the Corporation conveyance of unencumbered fee title to the Project after all the Bonds and any Additional Bonds (as defined in the Indenture) have been paid or payment thereof has been provided for in accordance with the herein approved Indenture.

Section 9. The Mayor, Clerk, Deputy Clerk, Treasurer, Deputy Treasurer, City Attorney and any Deputy City Attorney be and they are hereby authorized to execute and deliver for and on behalf of the City all additional certificates, documents, opinions or other papers and to perform all other acts as they may deem necessary or appropriate in order to implement and carry out the matters herein authorized.

Section 10. All resolutions, orders or ordinances, or parts thereof, in conflict with the provisions of this Ordinance, are to the extent of such conflict, hereby repealed.

Section 11. This Ordinance shall take effect and be in full force from and after passage by the Council, approval by the Mayor, and publication in pamphlet form as provided by law.

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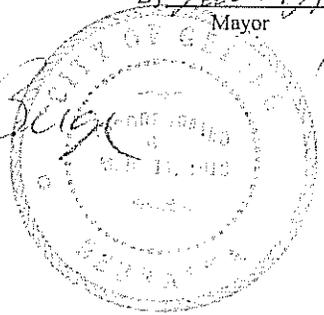
PASSED AND APPROVED: March 26, 2012.

CITY OF GERING, NEBRASKA
ATTEST:

By *Federici F. M. [Signature]*
Mayor

By *[Signature]*
Clerk

[SEAL]



GILMORE & BELL, P.C.
DRAFT #1
MARCH 21, 2012

CITY OF GERING, NEBRASKA

ORDINANCE NO. 1955

PASSED MARCH 26, 2012

AUTHORIZING

NOT TO EXCEED
\$2,200,000

COMBINED UTILITIES REVENUE REFUNDING BONDS

SERIES 2012

ORDINANCE NO. 1955

INDEX

	PAGE
Title	1
Recitals	1

ARTICLE I

DEFINITIONS

Section 101.	Definitions of Words and Terms.....	2
--------------	-------------------------------------	---

ARTICLE II

AUTHORIZATION OF BONDS

Section 201.	Authorization of Bonds.....	8
Section 202.	Description of Bonds	8
Section 203.	Designation of Paying Agent	8
Section 204.	Method and Place of Payment of Bonds	9
Section 205.	Registration, Transfer and Exchange of Bonds.....	10
Section 206.	Execution, Authentication and Delivery of Bonds.....	10
Section 207.	Mutilated, Destroyed, Lost and Stolen Bonds.....	11
Section 208.	Cancellation and Destruction of Bonds Upon Payment	11
Section 209.	Book-Entry Bonds; Securities Depository.....	12
Section 210.	Preliminary and Final Official Statement.....	13
Section 211.	Sale of Bonds	13
Section 212.	Authorization of Officers	13

ARTICLE III

REDEMPTION OF BONDS

Section 301.	Redemption of Bonds	14
Section 302.	Selection of Bonds to Be Redeemed	14
Section 303.	Notice and Effect of Call for Redemption.....	14

ARTICLE IV

SECURITY FOR BONDS

Section 401.	Security for Bonds	16
--------------	--------------------------	----

ARTICLE V

FUNDS; DEPOSIT AND APPLICATION OF
BOND PROCEEDS AND OTHER MONEY

Section 501.	Establishment of Funds.....	16
Section 502.	Deposit of Bond Proceeds and Other Money.....	17
Section 503.	Application of Money in the Costs of Issuance Fund.....	17

ARTICLE VI

APPLICATION OF REVENUES

Section 601.	Revenue Fund.....	17
Section 602.	Application of Money in Funds.....	18
Section 603.	Transfer of Funds to Paying Agent.....	20
Section 604.	Payments Due on Saturdays, Sundays and Holidays.....	20
Section 605.	Nonpresentment of Bonds.....	20
Section 606.	Application of Money in the Rebate Fund.....	21

ARTICLE VII

DEPOSIT AND INVESTMENT OF MONEY

Section 701.	Deposit and Investment of Money.....	21
--------------	--------------------------------------	----

ARTICLE VIII

GENERAL COVENANTS AND PROVISIONS

Section 801.	Efficient and Economical Operation.....	22
Section 802.	Rate Covenant.....	22
Section 803.	Reasonable Charges for all Services.....	22
Section 804.	Restrictions on Mortgage or Sale of Combined Utilities.....	22
Section 805.	Insurance.....	24
Section 806.	Books, Records and Accounts.....	24
Section 807.	Annual Budget.....	24
Section 808.	Annual Audit.....	24
Section 809.	Right of Inspection.....	25
Section 810.	Administrative Personnel.....	25
Section 811.	Performance of Duties and Covenants.....	25
Section 812.	Tax Covenants.....	25
Section 813.	Continuing Disclosure.....	26

ARTICLE IX

ADDITIONAL BONDS AND OBLIGATIONS

Section 901.	Senior Lien Bonds.....	27
Section 902.	Parity Lien Bonds.....	27
Section 903.	Junior Lien Bonds and Other Obligations.....	28
Section 904.	Refunding Bonds	28

ARTICLE X

DEFAULT AND REMEDIES

Section 1001.	Acceleration of Maturity Upon Default	28
Section 1002.	Other Remedies.....	29
Section 1003.	Limitation on Rights of Registered Owners.....	29
Section 1004.	Remedies Cumulative	29
Section 1005.	No Obligation to Levy Taxes	30

ARTICLE XI

DEFEASANCE

Section 1101.	Defeasance	30
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ARTICLE XII

MISCELLANEOUS PROVISIONS

Section 1201.	Amendments	30
Section 1202.	Notices, Consents and Other Instruments by Registered Owners	31
Section 1203.	Further Authority	32
Section 1204.	Severability	32
Section 1205.	Governing Law	32
Section 1206.	Repeal of Conflicting Ordinance.....	32
Section 1207.	Effective Date	32
	Passage and Approval	33
	Signatures and Seal.....	33
	Exhibit A - Form of Bonds	

CITY OF GERING, NEBRASKA

ORDINANCE NO. 1955

AN ORDINANCE OF THE CITY OF GERING, NEBRASKA AUTHORIZING AND PROVIDING FOR THE ISSUANCE OF NOT TO EXCEED \$2,200,000 PRINCIPAL AMOUNT OF COMBINED UTILITIES REVENUE REFUNDING BONDS, SERIES 2012, OF THE CITY FOR THE PURPOSE OF PROVIDING FUNDS FOR THE PAYMENT AND REDEMPTION OF THE CITY'S PROMISSORY NOTE, DATED SEPTEMBER 13, 2004, PAYABLE TO THE NEBRASKA DEPARTMENT OF ENVIRONMENTAL QUALITY; FIXING IN PART AND PROVIDING FOR THE FIXING IN PART OF THE DETAILS OF THE BONDS; PROVIDING FOR THE SALE OF THE BONDS AND THE APPLICATION OF THE PROCEEDS OF SUCH SALE; TAKING OTHER ACTION IN CONNECTION WITH THE FOREGOING; AND RELATED MATTERS; PLEDGING AND HYPOTHECATING THE REVENUES AND EARNINGS OF THE WATERWORKS PLANT AND DISTRIBUTION SYSTEM AND SANITARY SEWER SYSTEM OWNED BY THE CITY FOR THE PAYMENT OF SAID BONDS; MAKING COVENANTS AND AGREEMENTS TO PROVIDE FOR THE PAYMENT AND SECURITY THEREOF; REPEALING ORDINANCE NO. 1953; PROVIDING FOR THE PUBLICATION OF THIS ORDINANCE IN PAMPHLET FORM; AND AUTHORIZING CERTAIN ACTIONS AND DOCUMENTS AND PRESCRIBING OTHER MATTERS RELATING THERETO.

BE IT ORDAINED BY THE MAYOR AND COUNCIL OF THE CITY OF GERING, NEBRASKA, AS FOLLOWS:

FINDINGS AND DETERMINATIONS

The Mayor and Council (the "Council") of the City of Gering, Nebraska (the "City"), hereby find and determine as follows:

1. The City is a city of the first class and political subdivision duly organized and existing under the laws of the State of Nebraska (the "State"), and, pursuant to Chapter 16, Reissue Revised Statutes of Nebraska, as amended, owns and operates (a) a wastewater treatment plant and facilities and sanitary sewer system (the "Sanitary Sewer System," as hereinafter more fully defined) and (b) an electric distribution system (the "Electric System," as hereinafter more fully defined, each of which is a revenue producing facility as described in Sections 18-1803 to 18-1805, inclusive, Reissue Revised Statutes of Nebraska, as amended (the "Act"), serving the City and its inhabitants and others within its service area.

2. Pursuant to the Act and Resolution No. 8-04-9, passed by the Council and approved by the Mayor on August 23, 2004 (the "Resolution"), the City has heretofore issued and has outstanding on the date hereof its Promissory Note, dated September 13, 2004 (the "Note"), issued to the Nebraska

Department of Environmental Quality ("NDEQ") payable solely out of the revenues derived from the operation of the Combined Utilities (the "Revenues") payable in semiannual installments on June 15, and December 15 of each year, with the final installment to be paid on June 15, 2021. The Note is subject to prepayment at any time upon 60 days written notice to NDEQ.

3. Since the execution and delivery of the Note, the rates of interest available in the markets have declined so that the City can effect a savings in interest cost by providing for the payment and redemption of the Note through the issuance of combined utilities revenue refunding bonds of the City.

4. The Note remains unpaid and is a legal liability against the City, provision for the payment of which may be made by the lawful issuance and sale of Combined Utilities Revenue refunding bonds of the City pursuant to Sections 10-142, Reissue Revised Statutes of Nebraska, as amended, and the Act.

5. Other than the Note, there are presently no liens or pledges upon the Revenues of the Sanitary Sewer System and there are presently no liens or pledges upon the Revenues of the Electric System.

6. The City has on hand no debt service or other sinking fund money for the payment of principal and interest on the Refunded Bonds, other than legally available funds of the City, if any, which are to be used and applied in accordance with Section 602.

7. The City has provided for prepaying the Note in accordance with Section 212.

8. It is necessary, desirable, advisable and in the best interest of the City and of its inhabitants at this time to authorize the issuance and delivery of combined utilities revenue bonds pursuant to the Act as herein provided to provide funds for the purposes of (a) providing for the prepayment of the Note, and (b) paying certain costs of issuing the Bonds.

9. All conditions, acts and things required by law to exist or to be done precedent to the issuance of combined utilities revenue refunding bonds of the City in a principal amount not to exceed \$2,200,000 do exist and have been done and performed in regular and due time as provided by law.

ARTICLE I

DEFINITIONS

Section 101. Definitions of Words and Terms. In addition to the words and terms defined elsewhere herein, the following capitalized words and terms as used in this Ordinance shall have the following meanings:

"Act" means Sections 18-1803 to 18-1805, inclusive, Reissue Revised Statutes of Nebraska, as amended.

"Average Annual Debt Service" means the number determined by adding all of the principal and interest which will become due when computed to the absolute maturity of the Bonds and Parity Bonds, if any, then outstanding and all of the principal and interest of the Combined Utilities Revenue Bonds to be issued, and dividing such total by the number of years remaining that the longest bond of any such Combined Utilities Revenue Bonds (including the Combined Utilities Revenue Bonds to be issued) has to run to maturity.

“Bond Counsel” means Gilmore & Bell, P.C., or other attorney or firm of attorneys with a nationally recognized standing in the field of municipal bond financing selected by the City.

“Bond Payment Date” means any date on which principal of or interest on any Bond is payable at the Maturity thereof or on any Interest Payment Date.

“Bond Register” means the books for the registration, transfer and exchange of Bonds kept at the office of the Paying Agent.

“Bonds” means the Combined Utilities Revenue Refunding Bonds, Series 2012, in the original principal amount of not to exceed \$2,200,000 authorized and issued pursuant to this Ordinance.

“Business Day” means a day other than a Saturday, Sunday or holiday on which the Paying Agent is scheduled in the normal course of its operations to be open to the public for the conduct of its banking operations.

“Cede & Co.” means Cede & Co., as nominee name of The Depository Trust Company, New York, New York.

“City” means the City of Gering, Nebraska, and any successors or assigns.

“Code” means the Internal Revenue Code of 1986, as amended, and the applicable regulations of the Treasury Department proposed or promulgated thereunder.

“Combined Utilities” means, collectively, the Electric System and the Sanitary Sewer System.

“Combined Utilities Revenue Bonds” means collectively the Bonds, the Parity Bonds and all other revenue bonds which are payable out of, or secured by an interest in, the income and Revenues derived from the operation of the Combined Utilities.

“Consultant” means an independent engineer or engineering firm having a favorable reputation for skill and experience in the construction, financing and operation of public utilities and the preparation of management studies and financial feasibility studies in connection therewith, selected by the City for the purpose of carrying out the duties imposed on the Consultant by this Ordinance.

“Continuing Disclosure Undertaking” means the Continuing Disclosure Undertaking executed by the City and dated the date of issuance and delivery of the Bonds, as amended from time to time in accordance with its terms.

“Costs of Issuance Fund” means the fund by that name created by Section 501 hereof.

“Debt Service Fund” means the fund by that name created by Section 501 hereof.

“Debt Service Requirements” means the aggregate principal payments (whether at maturity or pursuant to scheduled mandatory sinking fund redemption requirements) and interest payments on all Combined Utilities Revenue Bonds for the period of time for which calculated; provided, however, that for purposes of calculating such amount, principal and interest shall be excluded from the determination of Debt Service Requirements to the extent that such principal or interest is payable from amounts deposited

in trust, escrowed or otherwise set aside for the payment thereof with the Paying Agent or other commercial bank or trust company having full trust powers.

“**Debt Service Reserve Fund**” means the fund by that name created by Section 501 hereof.

“**Debt Service Reserve Requirement**” means the amount on the date of original issuance and delivery of the Bonds, the amount determined by the Mayor in accordance with the provisions of Section 212, not to exceed the least of (a) 10% of the stated principal amount of the Bonds, (b) the maximum Debt Service Requirements for the Bonds during any fiscal year, or (c) 125% of the average annual Debt Service Requirements for the Bonds over the term of the Bonds, and the manner in which such deposit shall be made. If the aggregate initial offering price of the Bonds to the public is less than 98% or more than 102% of par, such offering price shall be used in clause (a) in lieu of the stated principal amount.

“**Defaulted Interest**” means interest on any Bond which is payable but not paid on any Interest Payment Date.

“**Defeasance Obligations**” means any of the following obligations:

(a) United States Government Obligations that are not subject to redemption in advance of their maturity dates; or

(b) obligations of any state or political subdivision of any state, the interest on which is excluded from gross income for federal income tax purposes and which meet the following conditions:

(1) the obligations are (A) not subject to redemption prior to maturity or (B) the trustee for such obligations has been given irrevocable instructions concerning their calling and redemption and the issuer of such obligations has covenanted not to redeem such obligations other than as set forth in such instructions;

(2) the obligations are secured by cash or United States Government Obligations that may be applied only to principal or redemption price of and interest payments on such obligations;

(3) such cash and the principal of and interest on such United States Government Obligations serving as security for the obligations, plus any cash in the escrow fund, are sufficient to meet the liabilities of the obligations;

(4) such cash and United States Government Obligations serving as security for the obligations are held in an escrow fund by an escrow agent or a trustee irrevocably in trust;

(5) such cash and United States Government Obligations serving as security for the obligations are not available to satisfy any other claims, including those against the trustee or escrow agent; and

(6) the obligations are rated in the highest rating category by Moody’s Investors Service, Inc. (presently “Aaa”) or Standard & Poor’s Ratings Group (presently “AAA”).

“**Electric System**” means the electric distribution system, and the electric street lighting system, now serving the City and its inhabitants and others, together with all extensions and improvements thereto hereafter made or acquired by the City.

“Expenses” means all reasonable and necessary expenses of operation, maintenance and repair of the Combined Utilities and keeping the Combined Utilities in good repair and working order (other than interest paid on Combined Utilities Revenue Bonds and depreciation and amortization charges during the period of determination), determined in accordance with generally accepted accounting principles, including, without limiting the generality of the foregoing, current maintenance charges, expenses of reasonable upkeep and repairs, salaries, wages, costs of materials and supplies, Paying Agent fees and expenses, annual audits, periodic Consultant’s reports, properly allocated share of charges for insurance, the cost of purchased water, gas and power, if any, obligations (other than for borrowed money or for rents payable under capital leases) incurred in the ordinary course of business, liabilities incurred by endorsement for collection or deposit of checks or drafts received in the ordinary course of business, short-term obligations incurred and payable within a particular fiscal year, other obligations or indebtedness incurred for the purpose of leasing (pursuant to a true or operating lease) equipment, fixtures, inventory or other personal property, and all other expenses incident to the operation of the Combined Utilities, but shall exclude all general administrative expenses of the City not related to the operation of the Combined Utilities.

“Insurance Consultant” means an individual or firm selected by the City qualified to survey risks and to recommend insurance coverage for entities engaged in operations similar to those of the Combined Utilities and having a favorable reputation for skill and experience in making such surveys and recommendations.

“Interest Payment Date” means the Stated Maturity of an installment of interest on any Bond.

“Maturity” when used with respect to any Bond means the date on which the principal of such Bond becomes due and payable as therein and herein provided, whether at the Stated Maturity thereof or call for optional or mandatory redemption or otherwise.

“Net Revenues Available for Debt Service” means, for the period of determination, all Revenues less all Expenses as determined in accordance with generally accepted accounting principles.

“Ordinance” means this Ordinance as from time to time amended in accordance with the terms hereof.

“Original Purchaser” means D.A. Davidson & Co., Omaha, Nebraska.

“Outstanding” means, when used with reference to Bonds, as of any particular date, all Bonds theretofore issued and delivered hereunder, except the following Bonds:

- (a) Bonds theretofore cancelled by the Paying Agent or delivered to the Paying Agent for cancellation;
- (b) Bonds deemed to be paid in accordance with the provisions of Section 1101 hereof; and
- (c) Bonds in exchange for or in lieu of which other Bonds have been registered and delivered hereunder.

“Parity Bonds” means the Bonds together with any additional parity bonds or other long-term obligations payable out of the net income and revenues of the Combined Utilities hereafter issued or incurred in accordance with the provisions of this Ordinance and standing on a parity and equality with the

Bonds with respect to the payment of principal and interest out of the net income and Revenues of the Combined Utilities, so long as any such bonds remain outstanding and unpaid or until provision is made for the payment and defeasance of such bonds.

“**Parity Ordinances**” means any other Ordinance under which any additional Parity Bonds are hereafter issued.

“**Participants**” means those financial institutions for whom the Securities Depository effects book-entry transfers and pledges of securities deposited with the Securities Depository, as such listing of Participants exists at the time of such reference.

“**Participating Underwriter**” has the meaning ascribed thereto in the Continuing Disclosure Undertaking.

“**Paying Agent**” means Valley Bank and Trust Company, Gering, Nebraska, and any successors and assigns.

“**Permitted Investments**” means any of the following securities and obligations, if and to the extent the same are at the time legal for investment of the City’s money held in the funds referred to in **Section 501** hereof:

(a) United States Government Obligations;

(b) bonds, notes or other obligations of any political subdivision of the State, that at the time of their purchase are rated in either of the two highest rating categories by a nationally recognized rating service;

(c) repurchase agreements with any bank, bank holding company, savings and loan association, trust company, or other financial institution organized under the laws of the United States of America or any state, that are continuously and fully secured by any one or more of the securities described in clause (a) or (b) above and have a market value, exclusive of accrued interest, at all times at least equal to the principal amount of such repurchase agreement and are held in a custodial or trust account for the benefit of the City;

(d) obligations of the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Financing Bank, the Federal Intermediate Credit Corporation, Federal Banks for Cooperatives, Federal Land Banks, Federal Home Loan Banks, Farmers Home Administration and Federal Home Loan Mortgage Corporation;

(e) certificates of deposit or time deposits, whether negotiable or nonnegotiable, issued by any bank or trust company organized under the laws of the United States of America or any state, provided that such certificates of deposit or time deposits shall be either (1) continuously and fully insured by the Federal Deposit Insurance Corporation, or (2) continuously and fully secured by such securities as are described above in clauses (a) through (c) above, inclusive, which shall have a market value, exclusive of accrued interest, at all times at least equal to the principal amount of such certificates of deposit or time deposits; and

(f) any other securities or investments that are lawful for the investment of money held in such funds or accounts under the laws of the State.

“**Person**” means any natural person, corporation, partnership, firm, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof or other public body.

“**Rebate Fund**” means the fund by that name referred to in **Section 501** hereof.

“**Record Date**” for the interest payable on any Interest Payment Date means the **15th** day (whether or not a Business Day) next preceding such Interest Payment Date.

“**Redemption Date**” when used with respect to any Bond to be redeemed means the date fixed for such redemption pursuant to the terms of this Ordinance.

“**Redemption Price**” when used with respect to any Bond to be redeemed means the price at which such Bond is to be redeemed pursuant to the terms of this Ordinance, including the applicable redemption premium, if any, but excluding installments of interest whose Stated Maturity is on or before the Redemption Date.

“**Refunded Note**” means the Note described in Finding 1 of this Ordinance.

“**Replacement Bonds**” means Bonds issued to the beneficial owners of the Bonds in accordance with **Section 207** hereof.

“**Revenue Fund**” means the fund by that name created by **Section 501** hereof.

“**Revenues**” means all income and revenues derived from the operation of the Combined Utilities, including investment and rental income, net proceeds from business interruption insurance, and any amounts deposited in escrow in connection with the acquisition, construction, remodeling, renovation and equipping of facilities to be applied during the period of determination to pay interest on Combined Utilities Revenue Bonds, but excluding any profits or losses on the early extinguishment of debt or on the sale or other disposition, not in the ordinary course of business, of investments or fixed or capital assets.

“**Sanitary Sewer System**” means the entire wastewater treatment plant and facilities and sanitary sewer system owned and operated by the City for the collection, treatment and disposal of sewage, to serve the needs of the City and its inhabitants and others, including all appurtenances and facilities connected therewith or relating thereto, together with all extensions, improvements, additions and enlargements thereto hereafter made or acquired by the City.

“**Securities Depository**” means, initially, The Depository Trust Company, New York, New York, and its successors and assigns.

“**Special Record Date**” means the date fixed by the Paying Agent pursuant to **Section 204** hereof for the payment of Defaulted Interest.

“**State**” means the State of Nebraska.

“**Stated Maturity**” when used with respect to any Bond or any installment of interest thereon means the date specified in such Bond and this Ordinance as the fixed date on which the principal of such Bond or such installment of interest is due and payable.

“**Surplus Fund**” means the fund by that name created by **Section 501** hereof.

“System” means the entire wastewater treatment plant and facilities and sanitary sewer system owned and operated by the City for the collection, treatment and disposal of sewage, to serve the needs of the City and its inhabitants and others, including all appurtenances and facilities connected therewith or relating thereto, together with all extensions, improvements, additions and enlargements thereto hereafter made or acquired by the City.

“Tax Certificate” means the Federal Tax Certificate executed and delivered by the City in connection with the issuance of the Bonds, as the same may be amended or supplemented in accordance with the provisions thereof.

“United States Government Obligations” means bonds, notes, certificates of indebtedness, treasury bills or other securities constituting direct obligations of, or obligations the principal of and interest on which are fully and unconditionally guaranteed as to full and timely payment by, the United States of America, including evidences of a direct ownership interest in future interest or principal payments on obligations issued or guaranteed by the United States of America (including the interest component of obligations of the Resolution Funding Corporation), or securities which represent an undivided interest in such obligations, which obligations are rated in the highest rating category by a nationally recognized rating service, and such obligations are held in a custodial or trust account for the benefit of the City.

ARTICLE II

AUTHORIZATION OF BONDS

Section 201. Authorization of Bonds. The City is authorized and directed to issue a series of bonds of the City, designated “Combined Utilities Revenue Refunding Bonds, Series 2012,” in a principal amount not to exceed \$2,200,000 (the “Bonds”), for the purpose of (a) providing for the prepayment of the Refunded Note and (b) paying certain costs of issuing the Bonds, as provided in this Ordinance.

Section 202. Description of Bonds. (a) The Bonds shall consist of fully registered bonds without coupons, numbered from R-1 upward, in denominations of \$5,000 or any integral multiple thereof. The Bonds, as originally issued or issued upon transfer, exchange or substitution, shall be substantially in the form set forth in Exhibit A attached hereto. The Bonds shall be dated the date of delivery thereof, shall be due and payable serially on June 15 and December of such years and in the amounts (subject to optional redemption as provided in Article III hereof), and shall bear interest at the rates per annum determined by the Mayor in accordance with the provisions of Section 212.

(b) The Bonds shall bear interest (computed on the basis of a 360-day year consisting of twelve 30-day months) at the rates determined by the Mayor in accordance with the provisions of Section 212 from the date thereof or from the most recent Interest Payment Date to which interest has been paid or duly provided for, payable on June 15 and December 15 in each year, beginning on June 15, 2012.

Section 203. Designation of Paying Agent. Valley Bank and Trust Company is hereby designated as the City’s (a) paying agent for the payment of principal of and interest on the Bonds and (b) bond registrar with respect to the registration, transfer and exchange of Bonds (the “Paying Agent”). The City is authorized to enter into the Bond Registrar and Paying Agent Agreement (the “Registrar Agreement”) dated the date of its execution and delivery between the City and the Paying Agent in substantially the form determined by the Mayor in accordance with the provisions of Section 212 (a copy

of which shall be filed in the records of the City). The Mayor is authorized to execute the Registrar Agreement with such changes therein as such official deems appropriate, for and on behalf of and as the act and deed of the City.

The City will at all times maintain a Paying Agent meeting the qualifications herein described for the performance of the duties hereunder. The City reserves the right to appoint a successor Paying Agent by (1) filing with the bank or trust company then performing such function a certified copy of the proceedings giving notice of the termination of such bank or trust company and appointing a successor, and (2) causing notice to be given by first class mail to each registered owner. No resignation or removal of the Paying Agent shall become effective until a successor has been appointed and has accepted the duties of the Paying Agent.

Each Paying Agent appointed hereunder shall at all times be a commercial banking association or corporation or trust company organized and in good standing and doing business under the laws of the United States of America or of the State, authorized under such laws to exercise trust powers and subject to supervision or examination by federal or state regulatory authority.

The Paying Agent shall be paid the usual fees and expenses for its services in connection therewith, which fees and expenses shall be paid as other Expenses are paid.

Section 204. Method and Place of Payment of Bonds. The principal or Redemption Price of and interest on the Bonds shall be payable in any coin or currency of the United States of America that, on the respective dates of payment thereof, is legal tender for the payment of public and private debts.

The principal or Redemption Price of each Bond shall be paid at Maturity by check or draft to the Person in whose name such Bond is registered on the Bond Register at the Maturity thereof, upon presentation and surrender of such Bond at the principal corporate trust office of the Paying Agent.

The interest payable on each Bond on any Interest Payment Date shall be paid to the registered owner of such Bond as shown on the Bond Register at the close of business on the Record Date for such interest by check or draft mailed by the Paying Agent to such registered owner at the address shown on the Bond Register.

Notwithstanding the foregoing provisions of this **Section 204**, any Defaulted Interest with respect to any Bond shall cease to be payable to the registered owner of such Bond on the relevant Record Date and shall be payable to the registered owner in whose name such Bond is registered at the close of business on the Special Record Date for the payment of such Defaulted Interest, which Special Record Date shall be fixed as hereinafter specified in this paragraph. The City shall notify the Paying Agent in writing of the amount of Defaulted Interest proposed to be paid on each Bond and the date of the proposed payment (which date shall be at least 30 days after receipt of such notice by the Paying Agent) and shall deposit with the Paying Agent at the time of such notice an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Paying Agent for such deposit prior to the date of the proposed payment. Following receipt of such funds, the Paying Agent shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 nor less than 10 days prior to the date of the proposed payment. The Paying Agent shall promptly notify the City of such Special Record Date and, in the name and at the expense of the City, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed by first class mail, postage prepaid, to each registered owner of a Bond entitled to such notice at the address of such registered owner as it appears on the Bond Register not less than 10 days prior to such Special Record Date.

The Paying Agent shall keep a record of payment of principal and Redemption Price of and interest on all Bonds and shall at least annually forward a copy or summary of such records to the City.

Section 205. Registration, Transfer and Exchange of Bonds. The City covenants that, as long as any of the Bonds remain Outstanding, it will cause the Bond Register to be kept at the office of the Paying Agent for the registration, transfer and exchange of Bonds as herein provided. Each Bond when issued shall be registered in the name of the Owner thereof on the Bond Register.

Bonds may be transferred and exchanged only on the Bond Register as provided in this **Section 205**. Upon surrender of any Bond at the principal corporate trust office of the Paying Agent, the Paying Agent shall transfer or exchange such Bond for a new Bond or Bonds in any authorized denomination of the same Stated Maturity and in the same aggregate principal amount as the Bond that was presented for transfer or exchange. Bonds presented for transfer or exchange shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in a form and with guarantee of signature satisfactory to the Paying Agent, duly executed by the registered owner thereof or by the registered owner's duly authorized agent.

In all cases in which the privilege of transferring or exchanging Bonds is exercised, the Paying Agent shall authenticate and deliver Bonds in accordance with the provisions of this Ordinance. The City shall pay the fees and expenses of the Paying Agent for the registration, transfer and exchange of Bonds provided for by this Ordinance and the cost of printing a reasonable supply of registered bond blanks. Any additional costs or fees that might be incurred in the secondary market, other than fees of the Paying Agent, are the responsibility of the registered owners of the Bonds. In the event any registered owner fails to provide a correct taxpayer identification number to the Paying Agent, the Paying Agent may make a charge against such registered owner sufficient to pay any governmental charge required to be paid as a result of such failure. In compliance with Section 3406 of the Code, such amount may be deducted by the Paying Agent from amounts otherwise payable to such registered owner hereunder or under the Bonds.

The City and the Paying Agent shall not be required (a) to register the transfer or exchange of any Bond after notice calling such Bond or portion thereof for redemption has been given or during the period of 15 days next preceding the first mailing of such notice of redemption, or (b) to register the transfer or exchange of any Bond during a period beginning at the opening of business on the day after receiving written notice from the City of its intent to pay Defaulted Interest and ending at the close of business on the date fixed for the payment of Defaulted Interest pursuant to **Section 204** hereof.

The City and the Paying Agent may deem and treat the Person in whose name any Bond is registered on the Bond Register as the absolute owner of such Bond, whether such Bond is overdue or not, for the purpose of receiving payment of, or on account of, the principal or Redemption Price of and interest on such Bond and for all other purposes. All payments so made to any such registered owner or upon the registered owner's order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the City nor the Paying Agent shall be affected by any notice to the contrary.

Section 206. Execution, Authentication and Delivery of Bonds. The Mayor and Clerk are hereby authorized and directed to prepare and execute the Bonds as herein specified, and when duly executed, to deliver the Bonds to the Paying Agent for authentication.

Each of the Bonds, including any Bonds issued in exchange or as substitution for the Bonds initially delivered, shall be signed by the manual or facsimile signature of the Mayor, attested by the

manual or facsimile signature of the Clerk, and shall have the official seal of the City affixed thereto or imprinted thereon. In case any officer whose signature appears on any Bonds ceases to be such officer before the delivery of such Bonds, such signature shall nevertheless be valid and sufficient for all purposes, as if such person had remained in office until delivery. Any Bond may be signed by such persons who at the actual time of the execution of such Bond are the proper officers to sign such Bond although at the date of such Bond such persons may not have been such officers.

The Bonds shall have endorsed thereon a certificate of authentication substantially in the form set forth in **Exhibit A** attached hereto, which shall be manually executed by an authorized officer or employee of the Paying Agent, but it shall not be necessary that the same officer or employee sign the certificate of authentication on all of the Bonds that may be issued hereunder at any one time. No Bond shall be entitled to any security or benefit under this Ordinance or be valid or obligatory for any purpose unless and until such certificate of authentication has been duly executed by the Paying Agent. Such executed certificate of authentication upon any Bond shall be conclusive evidence that such Bond has been duly authenticated and delivered under this Ordinance. Upon authentication, the Paying Agent shall deliver the Bonds to the Original Purchaser, upon payment of the purchase price of the Bonds plus accrued interest thereon to the date of their delivery.

Section 207. Mutilated, Destroyed, Lost and Stolen Bonds. If (a) any mutilated Bond is surrendered to the Paying Agent, or the City and the Paying Agent receive evidence to its satisfaction of the destruction, loss or theft of any Bond, and (b) there is delivered to the Paying Agent such security or indemnity as may be required by the Paying Agent, then, in the absence of notice to the Paying Agent that such Bond has been acquired by a bona fide purchaser, the City shall execute and, upon the City's request, the Paying Agent shall authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Bond, a new Bond of the same Stated Maturity and of like tenor and principal amount.

If any such mutilated, destroyed, lost or stolen Bond has become or is about to become due and payable, the City in its discretion may pay such Bond instead of issuing a new Bond.

Upon the issuance of any new Bond under this **Section 207**, the City may require the payment by the registered owner of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Paying Agent) connected therewith.

Every new Bond issued pursuant to this **Section 207** shall constitute a replacement of the prior obligation of the City, and shall be entitled to all the benefits of this Ordinance equally and ratably with all other Outstanding Bonds.

Section 208. Cancellation and Destruction of Bonds Upon Payment. All Bonds that have been paid or redeemed or that otherwise have been surrendered to the Paying Agent, either at or before maturity, shall be cancelled by the Paying Agent immediately upon the payment, redemption and surrender thereof to the Paying Agent and subsequently destroyed in accordance with the customary practices of the Paying Agent and applicable record retention laws. The Paying Agent shall execute a certificate in duplicate describing the Bonds so cancelled and destroyed and shall file an executed counterpart of such certificate with the City.

Section 209. Book-Entry Bonds; Securities Depository.

(a) The Bonds shall initially be registered to Cede & Co., the nominee for the Securities Depository, and no beneficial owner will receive certificates representing their respective interests in the Bonds, except in the event the Paying Agent issues Replacement Bonds as provided in **Section 209(b)** hereof. It is anticipated that during the term of the Bonds, the Securities Depository will make book-entry transfers among its Participants and receive and transmit payment of principal or Redemption Price of and interest on, the Bonds to the Participants until and unless the Paying Agent authenticates and delivers Replacement Bonds to the beneficial owners as described in **Section 209(b)** hereof.

(b) Subject to any operational requirements of the Securities Depository, (1) if the City determines (A) that the Securities Depository is unable to properly discharge its responsibilities, or (B) that the Securities Depository is no longer qualified to act as a securities depository and registered clearing agency under the Securities and Exchange Act of 1934, as amended, or (C) that the continuation of a book-entry system to the exclusion of any Bonds being issued to any registered owner other than Cede & Co. is no longer in the best interests of the beneficial owners of the Bonds, or (2) if the Paying Agent receives written notice from Participants having interests in not less than 50% of the Bonds Outstanding, as shown on the records of the Securities Depository (and certified to such effect by the Securities Depository), that the continuation of a book-entry system to the exclusion of any Bonds being issued to any registered owner other than Cede & Co. is no longer in the best interests of the beneficial owners of the Bonds, then the Paying Agent shall notify the registered owners of such determination or such notice and of the availability of certificates to Owners requesting the same, and the Paying Agent shall register in the name of and authenticate and deliver Replacement Bonds to the beneficial owners or their nominees in principal amounts representing the interest of each, making such adjustments as it may find necessary or appropriate as to accrued interest and previous calls for redemption; provided, that in the case of a determination under **Sections 209(b)(1)(A)** or **(b)(1)(B)** hereof, the City, with the consent of the Paying Agent, may select a successor securities depository in accordance with this **Section 209(c)** to effect book-entry transfers. In such event, all references to the Securities Depository herein shall relate to the period of time when the Securities Depository has possession of at least one Bond. Upon the issuance of Replacement Bonds, all references herein to obligations imposed upon or to be performed by the Securities Depository shall be deemed to be imposed upon and performed by the Paying Agent, to the extent applicable with respect to such Replacement Bonds. If the Securities Depository resigns and the City, the Paying Agent or registered owners are unable to locate a qualified successor of the Securities Depository in accordance with this **Section 209(c)**, then the Paying Agent shall authenticate and cause delivery of Replacement Bonds to registered owners, as provided herein. The Paying Agent may rely on information from the Securities Depository and its Participants as to the names of the beneficial owners of the Bonds. The cost of printing Replacement Bonds shall be paid for by the City.

(c) In the event the Securities Depository resigns, is unable to properly discharge its responsibilities, or is no longer qualified to act as a securities depository and registered clearing agency under the Securities Exchange Act of 1934, as amended, the City may appoint a successor Securities Depository provided the Paying Agent receives written evidence satisfactory to the Paying Agent with respect to the ability of the successor Securities Depository to discharge its responsibilities. Any such successor Securities Depository shall be a securities depository which is a registered clearing agency under the Securities Exchange Act of 1934, as amended, or other applicable statute or regulation that operates a securities depository upon reasonable and customary terms. The Paying Agent upon its receipt of a Bond or Bonds for cancellation shall cause the delivery of Bonds to the successor Securities Depository in appropriate denominations and form as provided herein.

Section 210. Preliminary and Final Official Statement. The Preliminary Official Statement, in the form approved by the Mayor in accordance with the provisions of **Section 212**, and filed in the records of the City, is hereby ratified and approved, and the final Official Statement is hereby authorized and

approved by supplementing, amending and completing the Preliminary Official Statement, with such changes and additions thereto as are necessary to conform to and describe the transaction. The Mayor is hereby authorized to execute the final Official Statement as so supplemented, amended and completed, and the use and public distribution of the Official Statement by the Original Purchaser in connection with the reoffering of the Bonds is hereby authorized. The proper officials of the City are hereby authorized to execute and deliver a certificate pertaining to such Official Statement as prescribed therein, dated as of the date of payment for and delivery of the Bonds.

For the purpose of enabling the Original Purchaser to comply with the requirements of Rule 15c2-12(b)(1) of the Securities and Exchange Commission, the City hereby deems the information regarding the City contained in the Preliminary Official Statement to be "final" as of its date, except for the omission of such information as is permitted by Rule 15c2-12(b)(1), and the appropriate officers of the City are hereby authorized, if requested, to provide the Original Purchaser a letter or certification to such effect and to take such other actions or execute such other documents as such officers in their reasonable judgment deem necessary to enable the Original Purchaser to comply with the requirement of such Rule.

The City agrees to provide to the Original Purchaser within seven business days of the date of the sale of Bonds sufficient copies of the final Official Statement to enable the Original Purchaser to comply with the requirements of Rule 15c2-12(b)(4) of the Securities and Exchange Commission and with the requirements of Rule G-32 of the Municipal Securities Rulemaking Board.

Section 211. Sale of Bonds. The Bonds shall be sold to the Original Purchaser at a purchase price of 98.5% of the principal amount of the Bonds, plus accrued interest to the date of delivery. Delivery of the Bonds shall be made to the Original Purchasers as soon as practicable after the passage and approval of this Ordinance, upon payment therefor in accordance with the terms of sale.

Section 212. Authorization of Officers. The Mayor is hereby authorized and directed, in the exercise of his own independent judgment and absolute discretion, to hereafter, from time to time, specify, set, designate, determine, establish and appoint, as the case may be, and in each case in accordance with and subject to the provisions of this Ordinance, (a) the date of original issue of the Bonds which shall not be later than July 15, 2012, (b) the aggregate principal amount of Bonds to be issued, which shall in no event exceed \$2,200,000, (c) the principal amount of Bonds to mature on June 15 and December 15 of each year, (d) the date of final maturity of the Bonds, which shall in no event be later than June 15, 2021, (e) the date or dates upon which the Bonds shall be sold, (f) the rate or rates of interest to be carried by each maturity of the Bonds such that the true interest cost on the Bonds shall not exceed 4.00%, (g) whether or not the Bonds shall be subject to redemption prior to their stated maturity and, if subject to such prior redemption, the provisions governing such prior redemption, the nature of any notice to be given in the event of any such prior redemption, the redemption price or prices payable upon such redemption (not to exceed 104%) and the respective periods in which each redemption price shall be payable, (h) the amount and due date of each sinking fund installment for Bonds which are term Bonds, (i) all of the other terms of the Bonds not otherwise determined or fixed by the provisions of this Ordinance, (j) the amount of the Debt Service Reserve Requirement with respect to the Bonds, the source or sources from which such amount shall be deposited into the Debt Service Reserve Fund and the manner and time of such deposit, (k) the form, content, terms, and provisions of the Registrar Agreement, the Continuing Disclosure Undertaking, the Compliance Policy (hereinafter defined) and any closing and other documentation executed and delivered by the City in connection with authorization, issuance, sale and delivery of the Bonds.

ARTICLE III

REDEMPTION OF BONDS

Section 301. Redemption of Bonds. At the option of the City, Bonds or portions thereof may be called for redemption and payment prior to the Stated Maturity thereof during such periods and at such redemption prices as shall be determined by determined by the Mayor in accordance with the provisions of Section 212.

Section 302. Selection of Bonds to Be Redeemed.

(a) The Paying Agent shall call Bonds for redemption and payment and shall give notice of such redemption as herein provided upon receipt by the Paying Agent at least 30 days prior to the Redemption Date of written instructions of the City specifying the principal amount, Stated Maturities, Redemption Date and Redemption Prices of the Bonds to be called for redemption. The Paying Agent may in its discretion waive such notice period so long as the notice requirements set forth in Section 303 hereof are met. The foregoing provisions of this Section 302(a) shall not apply in the case of any mandatory redemption of Bonds hereunder, and Bonds shall be called by the Paying Agent for redemption pursuant to such mandatory redemption requirements without the necessity of any action by the City and whether or not the Paying Agent holds money available and sufficient to effect the required redemption.

(b) Bonds shall be redeemed only in the principal amount of \$5,000 or any integral multiple thereof. When less than all of the Outstanding Bonds are to be redeemed, such Bonds shall be redeemed in such principal amount and from the Stated Maturities selected by the City, and Bonds of less than a full Stated Maturity shall be selected by the Paying Agent in \$5,000 units of principal amount in such equitable manner as the Paying Agent may determine.

(c) In the case of a partial redemption of Bonds when Bonds of denominations greater than \$5,000 are then Outstanding, then for all purposes in connection with such redemption each \$5,000 of face value shall be treated as though it were a separate Bond of the denomination of \$5,000. If it is determined that one or more, but not all, of the \$5,000 units of face value represented by any Bond are selected for redemption, then upon notice of intention to redeem such \$5,000 unit or units, the registered owner of such Bond or the registered owner's duly authorized agent shall present and surrender such Bond to the Paying Agent (1) for payment of the Redemption Price and interest to the Redemption Date of such \$5,000 unit or units of face value called for redemption, and (2) for exchange, without charge to the registered owner thereof, for a new Bond or Bonds of the aggregate principal amount of the unredeemed portion of the principal amount of such Bond. If the registered owner of any such Bond fails to present such Bond to the Paying Agent for payment and exchange as provided, such Bond shall, nevertheless, become due and payable on the Redemption Date to the extent of the \$5,000 unit or units of face value called for redemption (and to that extent only).

Section 303. Notice and Effect of Call for Redemption. Unless waived by any registered owner of Bonds to be redeemed, official notice of any redemption shall be given by the Paying Agent on behalf of the City by mailing a copy of an official redemption notice by first class mail at least 30 days prior to the Redemption Date, to the Original Purchaser of the Bonds and each registered owner of the Bonds to be redeemed at the address shown on the Bond Register.

All official notices of redemption shall be dated and shall contain the following information:

- (a) the Redemption Date;

(b) the Redemption Price;

(c) if less than all Outstanding Bonds are to be redeemed the identification (and, in the case of partial redemption of any Bonds, the respective principal amounts) of the Bonds to be redeemed;

(d) a statement that on the Redemption Date the Redemption Price will become due and payable upon each Bond or portion thereof called for redemption and that interest thereon shall cease to accrue from and after the Redemption Date; and

(e) the place where such Bonds are to be surrendered for payment of the Redemption Price, which shall be the principal corporate trust office of the Paying Agent.

The failure of any registered owner to receive notice given as heretofore provided or an immaterial defect therein shall not invalidate any redemption.

Prior to any Redemption Date, the City shall deposit with the Paying Agent an amount of money sufficient to pay the Redemption Price of all the Bonds or portions of Bonds that are to be redeemed on that date.

Official notice of redemption having been given as provided, the Bonds or portions of Bonds to be redeemed shall become due and payable on the Redemption Date, at the Redemption Price therein specified, and from and after the Redemption Date (unless the City defaults in the payment of the Redemption Price) such Bonds or portion of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with such notice, the Redemption Price of such Bonds shall be paid by the Paying Agent. Installments of interest due on or prior to the Redemption Date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Bond, there shall be prepared for the registered owner a new Bond or Bonds of the same Stated Maturity in the amount of the unpaid principal as provided herein. All Bonds that have been redeemed shall be cancelled and destroyed by the Paying Agent as provided herein and shall not be reissued.

The Paying Agent is also directed to comply with any mandatory or voluntary standards established by the Securities and Exchange Commission then in effect for processing redemptions of municipal securities. Failure to comply with such standards shall not affect or invalidate the redemption of any Bond.

So long as the Securities Depository is effecting book-entry transfers of the Bonds, the City or the Paying Agent shall provide the notices specified in this Section 303 to the Securities Depository. It is expected that the Securities Depository shall, in turn, notify its Participants and that the Participants, in turn, will notify or cause to be notified the beneficial owners. Any failure on the part of the Securities Depository or a Participant, or failure on the part of a nominee of a beneficial owner of a Bond (having been mailed notice from the Paying Agent, a Participant or otherwise) to notify the beneficial owner of the Bond so affected, shall not affect the validity of the redemption of such Bond.

ARTICLE IV

SECURITY FOR BONDS

Section 401. Security for Bonds. The Bonds are special obligations of the City payable solely from, and secured as to the payment of principal or Redemption Price of and interest by a pledge of, the net income and revenues derived from the operation of the Combined Utilities, after providing for the costs of operation and maintenance thereof, including operating income, investment income, gifts, bequests, contributions, grants and other money made available to the City with respect to the Combined Utilities from sources other than funds raised by taxation. The City hereby pledges such net income and revenues to the payment of the principal or Redemption Price of and interest on the Bonds. The Bonds shall not be or constitute a general obligation of the City, nor shall they constitute an indebtedness of the City within the meaning of any constitutional, statutory or charter provision, limitation or restriction, and the taxing power of the City is not pledged to the payment of the Bonds, either as to principal, Redemption Price or interest.

The covenants and agreements of the City contained in this Ordinance and in the Bonds shall be for the equal benefit, protection and security of the registered owners of any or all of the Bonds, all of which Bonds shall be of equal rank and without preference or priority of one Bond over any other Bond in the application of the funds herein pledged to the payment of the principal or Redemption Price of and the interest on the Bonds, or otherwise, except as to rate of interest, date of maturity and right of prior redemption as provided in this Ordinance. The Bonds shall stand on a parity and be equally and ratably secured with respect to the payment of principal or Redemption Price and interest from the net income and revenues derived from the operation of the Combined Utilities and in all other respects with any Parity Bonds. The Bonds shall not have any priority with respect to the payment of principal, Redemption Price or interest from such net income and revenues or otherwise over the Parity Bonds and the Parity Bonds shall not have any priority with respect to the payment of principal or interest from such net income and revenues or otherwise over the Bonds.

The Bonds shall not have any priority with respect to the payment of principal, Redemption Price or interest from such net income and revenues or otherwise over any Parity Bonds hereafter issued in accordance with the provisions of this Ordinance, nor shall any Parity Bonds hereafter issued have any priority with respect to the payment of principal, Redemption Price or interest from such net income and revenues or otherwise over the Bonds.

ARTICLE V

FUNDS; DEPOSIT AND APPLICATION OF BOND PROCEEDS AND OTHER MONEY

Section 501. Establishment of Funds. There are hereby created or ratified and ordered to be established and maintained in the treasury of the City the following separate funds to be known respectively as follows:

- (a) Sanitary Sewer Costs of Issuance Fund (the "Costs of Issuance Fund").
- (b) Combined Utilities Revenue Fund (the "Revenue Fund").

- (c) Debt Service Fund for Combined Utilities Revenue Refunding Bonds, Series 2012 (the “**Debt Service Fund**”).
- (d) Debt Service Reserve Fund for Combined Utilities Revenue Refunding Bonds, Series 2012 (the “**Debt Service Reserve Fund**”).
- (e) Sanitary Sewer Surplus Fund (the “**Surplus Fund**”).
- (f) Rebate Fund for Combined Utilities Revenue Refunding Bonds, Series 2012 (the “**Rebate Fund**”).

The funds referred to in **Sections 501(a) through (f)**, inclusive, hereof shall be maintained and administered by the City solely for the purposes and in the manner as provided in this Ordinance so long as any of the Bonds remain Outstanding within the meaning of this Ordinance.

Section 502. Deposit of Bond Proceeds and Other Money. The net proceeds received from the sale of the Bonds and certain other money of the City, shall be deposited simultaneously with the delivery of the Bonds, as follows:

- (a) The accrued interest on the Bonds and premium, if any, shall be deposited in the Debt Service Fund and applied in accordance with **Section 602(b)** hereof.
- (b) An amount equal to the Debt Service Reserve Requirement shall be deposited in the Debt Service Reserve Fund at such time, in such manner, and from such sources as shall be determined by the Mayor in accordance with the provisions of **Section 212**.
- (c) Such amount from the proceeds of the Bonds, together with any other available money of the City, as shall be necessary to prepay the Refunded Note shall be used and applied to the prepayment of the Refunded Note.
- (d) The remaining balance of the proceeds of the Bonds shall be deposited in the Costs of Issuance Fund and applied in accordance with **Section 503** hereof.

Section 503. Application of Money in the Costs of Issuance Fund. Money in the Costs of Issuance Fund shall be used solely for the purpose of paying the costs and expenses incident to the issuance of the Bonds. Withdrawals from the Costs of Issuance Fund to pay the costs and expenses of issuing the Bonds, including the fees of attorneys, financial consultants, accountants, rating agencies, printers and others employed to render professional services and other costs, fees and expenses incurred in connection with the issuance of the Bonds, shall be disbursed by the City Treasurer on orders of the Mayor and Council. Nothing in this Ordinance shall prevent the payment out of the Project Fund of all costs and expenses incident to the issuance of the Bonds.

ARTICLE VI

APPLICATION OF REVENUES

Section 601. Revenue Fund. The City covenants and agrees that from and after the delivery of the Bonds, and continuing as long as any of the Bonds remain Outstanding hereunder, all of the revenues derived and collected from the operation of the Combined Utilities shall as and when received be paid and

deposited into the Revenue Fund. Such revenues shall be segregated and kept separate and apart from all other money, revenues, funds and accounts of the City and shall not be commingled with any other money, revenues, funds and accounts of the City. The Revenue Fund shall be administered and applied solely for the purposes and in the manner provided in this Ordinance.

Section 602. Application of Money in Funds. The City covenants and agrees that from and after the delivery of the Bonds and continuing so long as any of the Bonds shall remain Outstanding, it will on the first day of each month administer and allocate all of the money then held in the Revenue Fund as follows:

(a) **Operation and Maintenance.** There shall first be paid and credited from month to month as a first charge against the Revenue Fund the Expenses of the Combined Utilities as the same become due and payable.

(b) **Debt Service Fund.** There shall next be paid and credited monthly to the Debt Service Fund, to the extent necessary to meet on each Bond Payment Date the payment of all interest on and principal of the Bonds, the following sums:

(1) Beginning with the first of such monthly deposits and continuing on the first day of each month thereafter to and including June 1, 2012, an equal pro rata portion of the amount of interest becoming due on the Bonds on June 15, 2012; and thereafter, beginning on July 1, 2012, and continuing on the first day of each month thereafter so long as any of the Bonds remain Outstanding and unpaid, an amount not less than 1/6 of the amount of interest that will become due on the Bonds on the next succeeding Interest Payment Date; and

(2) Beginning with the first of such monthly deposits and continuing on the first day of each month thereafter to and including December 1, 2012, an equal pro rata portion of the amount of principal becoming due on the Bonds on December 15, 2012; and thereafter, beginning on January 1, 2013, and continuing on the first day of each month thereafter so long as any of the Bonds remain Outstanding and unpaid, an amount not less than 1/6 of the amount of principal that will become due on the Bonds on the next succeeding Maturity date.

The amounts required to be paid and credited to the Debt Service Fund pursuant to this **Section 602(b)** shall be made at the same time and on a parity with the amounts at the time required to be paid and credited to the debt service funds established for the payment of principal and interest on Parity Bonds under the provisions of the Parity Ordinances.

Any amounts deposited in the Debt Service Fund as accrued interest or as capitalized interest in accordance with **Section 502(a)** hereof shall be credited against the City's payment obligations as set forth in this **Section 602(b)(1)**.

All amounts paid and credited to the Debt Service Fund shall be expended and used by the City for the sole purpose of paying the interest on and principal of the Bonds as and when the same become due at Maturity and on each Interest Payment Date.

If at any time the money in the Revenue Fund is insufficient to make in full the payments and credits at the time required to be made to the Debt Service Fund and on any Parity Bonds, the available money in the Revenue Fund shall be divided among such debt service funds in

proportion to the respective principal amounts of such series of bonds at the time outstanding which are payable from the money in such debt service funds.

(c) *Debt Service Reserve Fund.* Except as hereinafter provided in this Section 602(c), all amounts paid and credited to the Debt Service Reserve Fund shall be expended and used by the City solely to prevent any default in the payment of interest on or principal of the Bonds on any Maturity date or Interest Payment Date if the money in the Debt Service Fund are insufficient to pay the interest on or principal of such Bonds as they become due. So long as the Debt Service Reserve Fund aggregates the Debt Service Reserve Requirement, no payments into such Fund shall be required, but if the City is ever required to expend and use a part of the money in such Fund for the purpose herein authorized and such expenditure reduces the amount of such Fund below the Debt Service Reserve Requirement, the City shall make monthly payments into such Fund after all payments and credits required at the time to be made under the provisions of Sections 602(a) and (b) have been made until such Fund shall again aggregate the Debt Service Reserve Requirement.

The amounts required to be paid and credited to the Debt Service Reserve Fund pursuant to this Section 602(c) shall be made at the same time and on a parity with the amounts at the time required to be paid and credited to the debt service reserve funds established for the Parity Bonds under the provisions of the Parity Ordinances.

Money in the Debt Service Reserve Fund may be used to call the Bonds for redemption and payment prior to their Stated Maturity, provided all of the Bonds at the time Outstanding are called for payment and funds are available to pay the same according to their terms. Money in the Debt Service Reserve Fund shall be used to pay and retire the last Outstanding Bonds unless such Bonds and all interest thereon are otherwise paid. Any amounts in the Debt Service Reserve Fund in excess of the Debt Service Reserve Requirement on any valuation date shall be transferred to the Debt Service Fund.

If at any time the money in the Revenue Fund is insufficient to make in full the payments and credits at the time required to be made to the Debt Service Reserve Fund and any Parity Bonds, the available money in the Revenue Fund shall be divided among such debt service reserve funds in proportion to the respective principal amounts of such series of bonds at the time outstanding which are payable from the money in such debt service reserve funds.

(d) *Surplus Fund.* After all payments and credits required at the time to be made under the provisions of Sections 602(a), (b) and (c) hereof have been made, all money remaining in the Revenue Fund shall be paid and credited to the Surplus Fund. Money in the Surplus Fund may be expended and used for the following purposes as determined by the governing body of the City:

(1) Paying the cost of the operation, maintenance and repair of the Combined Utilities to the extent that may be necessary after the application of the money held in the Operation and Maintenance Fund under the provisions of Section 602(a) hereof;

(2) Paying the cost of extending, enlarging or improving the Combined Utilities;

(3) Preventing default in, anticipating payments into or increasing the amounts in the Debt Service Fund or the Debt Service Reserve Fund referred to in

Sections 602(b) and (c) hereof, or any one of them, or establishing or increasing the amount of any debt service fund or debt service reserve fund created by the City for the payment of any Parity Bonds;

(4) Calling, redeeming and paying prior to Stated Maturity, or, at the option of the City, purchasing in the open market at the best price obtainable not exceeding the redemption price (if any Bonds are callable), the Bonds or any Parity Bonds, including principal or redemption price and interest; or

(5) Any other lawful purpose in connection with the operation of the Combined Utilities and benefiting the Combined Utilities.

(e) *Deficiency of Payments into Funds.* If at any time the revenues derived from the operation of the Combined Utilities are insufficient to make any payment on the date or dates hereinbefore specified, the City will make good the amount of such deficiency by making additional payments or credits out of the first available revenues thereafter received from the operation of the Combined Utilities, such payments and credits being made and applied in the order hereinbefore specified in this Section 602.

Section 603. Transfer of Funds to Paying Agent. The Treasurer is hereby authorized and directed to withdraw from the Debt Service Fund, and, to the extent necessary to prevent a default in the payment of the principal of or interest on the Bonds, from the Debt Service Reserve Fund and the Surplus Fund as provided in Section 602 hereof, sums sufficient to pay the principal of and interest on the Bonds as and when the same become due on any Bond Payment Date, and to forward such sums to the Paying Agent in a manner which ensures the Paying Agent will have available funds in such amounts on or before the Business Day immediately preceding each Bond Payment Date. If, through lapse of time, or otherwise, the registered owners of Bonds are no longer entitled to enforce payment of their obligations, it shall be the duty of the Paying Agent forthwith to return such funds to the City. All money deposited with the Paying Agent shall be deemed to be deposited in accordance with and subject to all of the provisions contained in this Ordinance.

Section 604. Payments Due on Saturdays, Sundays and Holidays. In any case where a Bond Payment Date is not a Business Day, then payment of principal, Redemption Price or interest need not be made on such Bond Payment Date but may be made on the next succeeding Business Day with the same force and effect as if made on such Bond Payment Date, and no interest shall accrue for the period after such Bond Payment Date.

Section 605. Nonpresentment of Bonds. If any Bond is not presented for payment when the principal thereof becomes due at Maturity, if funds sufficient to pay such Bond have been made available to the Paying Agent all liability of the City to the registered owner thereof for the payment of such Bond shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Paying Agent to hold such funds, without liability for interest thereon, for the benefit of the registered owner of such Bond, who shall thereafter be restricted exclusively to such funds for any claim of whatever nature on his part under this Ordinance or on, or with respect to, such Bond. If any Bond is not presented for payment within four years following the date when such Bond becomes due at Maturity, the Paying Agent shall repay to the City the funds theretofore held by it for payment of such Bond, and such Bond shall, subject to the defense of any applicable statute of limitations, thereafter be an unsecured obligation of the City, and the registered owner thereof shall be entitled to look only to the City for payment, and then only to the extent of the amount so repaid to it by the Paying Agent, and the City shall not be liable for any interest thereon and shall not be regarded as a trustee of such money.

Section 606. Application of Money in the Rebate Fund.

(a) There shall be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to the Tax Certificate. All money in the Rebate Fund shall be held in trust, to the extent required to satisfy the Rebate Amount (as defined in the Tax Certificate), for payment to the United States of America, and neither the City nor the registered owner of any Bond shall have any rights in or claim to such money. All amounts deposited into or on deposit in the Rebate Fund shall be governed by this Section 606(a) and the Tax Certificate.

(b) The City shall periodically determine the arbitrage rebate under Section 148(f) of the Code in accordance with the Tax Certificate, and the City shall make payments to the United States of America at the times and in the amounts determined under the Tax Certificate. Any funds remaining in the Rebate Fund after redemption and payment of all of the Bonds and the interest thereon, and payment and satisfaction of any Rebate Amount, or provision made therefor, shall be released to the City.

(c) Notwithstanding any other provision of this Ordinance, including in particular Article XI hereof, the obligation to pay arbitrage rebate to the United States of America and to comply with all other requirements of this Section 606 and the Tax Certificate shall survive the defeasance or payment in full of the Bonds.

ARTICLE VII

DEPOSIT AND INVESTMENT OF MONEY

Section 701. Deposit and Investment of Money.

(a) Money in each of the funds and accounts created by and referred to in this Ordinance shall be deposited in a bank or banks located in the State that are members of the Federal Deposit Insurance Corporation. All such deposits shall be continuously and adequately secured by the banks holding such deposits as provided by the laws of the State.

(b) Money held in any fund or account referred to in this Ordinance (other than the Debt Service Reserve Fund) may be invested in Permitted Investments; provided, however, that no such investment shall be made for a period extending longer than the date when the money invested may be needed for the purpose for which such fund or account was created. Money held in the Debt Service Reserve Fund may be invested only in United States Government Obligations. All earnings on any investments held in any fund or account shall accrue to and become a part of such fund or account, provided that, during the period of construction of the extensions and improvements to the Combined Utilities, all earnings on the investment of such funds shall be credited to the Project Fund. All earnings on investments held in the Debt Service Reserve Fund shall accrue to and become a part of such Fund until the amount on deposit in such Fund shall aggregate the Debt Service Reserve Requirement; thereafter, all such earnings shall be credited to the Debt Service Fund. In determining the amount held in any fund or account under any of the provisions of this Ordinance, obligations shall be valued at the lower of the cost or the market value thereof; provided, however, that investments held in the Debt Service Reserve Fund shall be valued at market value only. If and when the amount held in any fund or account shall be in excess of the amount required by the provisions of this Ordinance, the City shall direct that such excess be paid and credited to the Debt Service Fund, provided that, during the period of construction of the

extensions and improvements to the Combined Utilities, such excess shall be paid and credited to the Project Fund.

(c) So long as any of the Parity Bonds remain outstanding and unpaid, any investments made pursuant to this **Section 701** shall be subject to any restrictions in the Parity Ordinance with respect to the funds and accounts created by and referred to in the Parity Ordinance.

ARTICLE VIII

GENERAL COVENANTS AND PROVISIONS

The City covenants and agrees with each of the registered owners of any of the Bonds that so long as any of the Bonds remain Outstanding and unpaid it will comply with each of the following covenants:

Section 801. Efficient and Economical Operation. The City will continuously own and will operate the Combined Utilities as revenue producing facilities in an efficient and economical manner and will keep and maintain the same in good repair and working order. The City will establish and maintain such rules and regulations for the use of the Combined Utilities as may be necessary to assure maximum utilization and most efficient operation of the Combined Utilities.

Section 802. Rate Covenant. The City in accordance with and subject to applicable legal requirements will fix, establish, maintain and collect such rates and charges for the use and services furnished by or through the Combined Utilities as will produce revenues sufficient to (a) pay the costs of the operation and maintenance of the Combined Utilities; (b) pay the principal of and interest on the Bonds as and when the same become due at the Maturity thereof or on any Interest Payment Date; (c) enable the City to have in each fiscal year Net Revenues Available for Debt Service not less than 125% of the Debt Service Requirements for such fiscal year; and (d) provide reasonable and adequate reserves for the payment of the Bonds and the interest thereon and for the protection and benefit of the Combined Utilities as provided in this Ordinance. The City will require the prompt payment of accounts for service rendered by or through the Combined Utilities and will promptly take whatever action is legally permissible to enforce and collect delinquent charges. The City will, from time to time as often as necessary, in accordance with and subject to applicable legal requirements, revise the rates and charges aforesaid in such manner as may be necessary or proper so that the Net Revenues Available for Debt Service will be sufficient to cover the obligations under this **Section 802** and otherwise under the provisions of this Ordinance. If in any fiscal year Net Revenues Available for Debt Service are an amount less than as hereinbefore provided, the City will immediately employ a Consultant to make recommendations with respect to such rates and charges. A copy of the Consultant's report and recommendations shall be filed with the Clerk and the Original Purchaser of the Bonds and shall be furnished to any registered owner of the Bonds requesting a copy of the same, at the cost of such registered owner. The City shall, to the extent feasible, follow the recommendations of the Consultant.

Section 803. Reasonable Charges for all Services. None of the facilities or services provided by the Combined Utilities will be furnished to any user without a reasonable charge being made therefor.

Section 804. Restrictions on Mortgage or Sale of System. The City will not mortgage, pledge or otherwise encumber the Combined Utilities or any part thereof, nor will it sell, lease or otherwise dispose of the Combined Utilities or any material part thereof; provided, however, the City may:

(a) sell at fair market value any portion of the Combined Utilities which has been replaced by other similar property of at least equal value, or which ceases to be necessary for the efficient operation of the Combined Utilities, and in the event of sale, the City will apply the proceeds to either (1) redemption of Outstanding Bonds in accordance with the provisions governing repayment of Bonds in advance of Stated Maturity, or (2) replacement of the property so disposed of by other property the revenues of which shall be incorporated into the Combined Utilities as hereinbefore provided;

(b) cease to operate, abandon or otherwise dispose of any property which has become obsolete, nonproductive or otherwise unusable to the advantage of the City;

(c) lease, (1) as lessor, any real or personal property which is unused or unimproved, or which has become obsolete, nonproductive or otherwise unusable to the advantage of the City, or which is being acquired as a part of a lease/purchase financing for the acquisition and/or improvement of such property; and/or (2) as lessee, with an option of the City to purchase, any real or personal property for the extension and improvement of the Combined Utilities. Property being leased as lessor and/or lessee pursuant to this subsection (c) shall not be treated as part of the Combined Utilities for purposes of this Section 804 and may be mortgaged, pledged or otherwise encumbered;

(d) grant a security interest in equipment to be purchased with the proceeds of any loan, lease or other obligation undertaken in accordance with Article IX hereof; or

(e) sell, lease or convey all or substantially all of the Combined Utilities to another entity or enter into a management contract with another entity if:

(1) The transferee entity is a political subdivision organized and existing under the laws of the State, or instrumentality thereof, or an organization described in Section 501(c)(3) of the Code, and expressly assumes in writing the due and punctual payment of the principal or redemption price of and interest on all outstanding Combined Utilities Revenue Bonds according to their tenor, and the due and punctual performance and observance of all of the covenants and conditions of this Ordinance;

(2) If there remains unpaid any Combined Utilities Revenue Bond which bears interest that is not includable in gross income under the Code, the City receives an opinion of Bond Counsel, in form and substance satisfactory to the City, to the effect that under then existing law the consummation of such sale, lease or conveyance, whether or not contemplated on any date of the delivery of such Combined Utilities Revenue Bond, would not cause the interest payable on such Combined Utilities Revenue Bond to become includable in gross income under the Code;

(3) The City receives a certificate of the Consultant which demonstrates and certifies that immediately upon such sale or conveyance the transferee entity will not, as a result thereof, be in default in the performance or observance of any covenant or agreement to be performed or observed by it under this Ordinance;

(4) Such transferee entity possesses such licenses to operate the Combined Utilities as may be required if it is to operate the Combined Utilities; and

(5) The City receives an opinion of Bond Counsel, in form and substance satisfactory to the City, as conclusive evidence that any such sale, lease or conveyance, and any such assumption, is permitted by law and complies with the provisions of this Section 804.

Section 805. Insurance. The City will carry and maintain insurance with respect to the Combined Utilities and its operations against such casualties, contingencies and risks (including but not limited to property and casualty, fire and extended coverage insurance upon all of the properties forming a part of the Combined Utilities insofar as the same are of an insurable nature, public liability, business interruption or use and occupancy insurance, worker's compensation and employee dishonesty insurance), such insurance to be of the character and coverage and in such amounts as would normally be carried by other enterprises engaged in similar activities of comparable size and similarly situated. In the event of loss or damage, the City, with reasonable dispatch, will use the proceeds of such insurance in reconstructing and replacing the property damaged or destroyed, or in paying the claims on account of which such proceeds were received, or if such reconstruction or replacement is unnecessary or impracticable, then the City will pay and deposit the proceeds of such insurance into the Revenue Fund. The City will annually review the insurance it maintains with respect to the Combined Utilities to determine that it is customary and adequate to protect its property and operations. The City may elect to be self-insured for all or any part of the foregoing requirements if (a) the City annually obtains a written evaluation with respect to such self-insurance program from an Insurance Consultant, (b) the evaluation is to the effect that the self-insurance program is actuarially sound, (c) unless the evaluation states that such reserves are not necessary, the City deposits and maintains adequate reserves for the self-insurance program with a corporate trustee, who may be the Paying Agent, and (d) in the case of workers' compensation, adequate reserves created by the City for such self-insurance program are deposited and maintained in such amount and manner as are acceptable to the State. The City shall pay any fees and expenses of such Insurance Consultant in connection therewith. The cost of all insurance obtained pursuant to the requirements of this Section 805 shall be paid as an Expense out of the Revenues of the Combined Utilities.

Section 806. Books, Records and Accounts. The City will install and maintain proper books, records and accounts (entirely separate from all other records and accounts of the City) in which complete and correct entries will be made of all dealings and transactions of or in relation to the Combined Utilities. Such accounts shall show the amount of Revenues received from the Combined Utilities, the application of such Revenues, and all financial transactions in connection therewith. Such books shall be kept by the City according to standard accounting practices as applicable to the operation of facilities comparable to the Combined Utilities.

Section 807. Annual Budget. Prior to the commencement of each fiscal year, the City will cause to be prepared and filed with the Clerk a budget setting forth the estimated receipts and expenditures of the Combined Utilities for the next succeeding fiscal year. Such annual budget shall be prepared in accordance with the requirements of the laws of the State and shall contain all information that is required by such laws.

Section 808. Annual Audit. Annually, promptly after the end of the fiscal year, the City will cause an audit to be made of the Combined Utilities for the preceding fiscal year by a certified public accountant or firm of certified public accountants to be employed for that purpose and paid from the revenues of the Combined Utilities. Such annual audit shall cover in reasonable detail the operation of the Combined Utilities during such fiscal year.

Within 30 days after the completion of each such audit, a copy thereof shall be filed in the office of the Clerk, and a duplicate copy of the audit shall be mailed to the Original Purchaser of the Bonds. Such audits shall at all times during the usual business hours be open to the examination and inspection by any taxpayer, any user of the services of the Combined Utilities, any registered owner of any of the Bonds, or by anyone acting for or on behalf of such taxpayer, user or registered owner.

As soon as possible after the completion of the annual audit, the governing body of the City shall review such audit, and if the audit discloses that proper provision has not been made for all of the requirements of this Ordinance, the City will promptly cure such deficiency and will promptly proceed to increase the rates and charges to be charged for the use and services furnished by the Combined Utilities as may be necessary to adequately provide for such requirements.

Section 809. Right of Inspection. The Original Purchaser of the Bonds and any registered owner or owners of 10% of the principal amount of the Bonds then Outstanding shall have the right at all reasonable times to inspect the Combined Utilities and all records, accounts and data relating thereto, and shall be furnished all such information concerning the Combined Utilities and the operation thereof which the Original Purchaser or such registered owner or owners may reasonably request.

Section 810. Administrative Personnel. The City shall use its best efforts to employ at all times administrative personnel experienced and well qualified to operate the Combined Utilities. The City further agrees that such administrative personnel shall be employed in sufficient numbers to ensure that the Combined Utilities will be operated in a prudent and efficient manner, following procedures generally accepted within the utility industry in the United States of America.

Section 811. Performance of Duties and Covenants. The City will faithfully and punctually perform all duties, covenants and obligations with respect to the operation of the Combined Utilities now or hereafter imposed upon the City by the Constitution and laws of the State and by the provisions of this Ordinance.

Section 812. Tax Covenants.

(a) The City covenants that (1) it will comply with all applicable provisions of the Code, including Sections 103 and 141 through 150, necessary to maintain the exclusion from federal gross income of the interest on the Bonds, and (2) it will not use or permit the use of any proceeds of Bonds or any other funds of the City, nor take or permit any other action, or fail to take any action, which would adversely affect the exclusion from federal gross income of the interest on the Bonds. The City will also adopt such other ordinances or resolutions and take such other actions as may be necessary to comply with the Code and with other applicable future law, in order to ensure that the interest on the Bonds will remain excluded from federal gross income, to the extent any such actions can be taken by the City.

(b) The City covenants that (1) it will use the proceeds of the Bonds as soon as practicable for the purposes for which the Bonds are issued, and (2) it will not invest or directly or indirectly use or permit the use of any proceeds of the Bonds or any other funds of the City in any manner, or take or omit to take any action, that would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148(a) of the Code.

(c) The City covenants that it will pay or provide for the payment from time to time of all arbitrage rebate to the United States of America pursuant to Section 148(f) of the Code and the Tax Certificate. This covenant shall survive payment in full or defeasance of the Bonds. The Tax Certificate

may be amended or replaced if, in the opinion of Bond Counsel, such amendment or replacement will not adversely affect the exclusion from federal gross income of the interest on the Bonds.

(d) The City covenants that it will not use any portion of the proceeds of the Bonds, including any investment income earned on such proceeds, directly or indirectly, (1) in a manner that would cause any Bond to be a "private activity bond" within the meaning of Section 141(a) of the Code, or (2) to make or finance a loan to any Person.

(e) The City hereby designates the Bonds as "qualified tax-exempt obligations" as defined in Section 265(b)(3) of the Code. In addition, the City hereby represents that:

(1) the aggregate face amount of all tax-exempt obligations (other than private activity bonds which are not "qualified 501(c)(3) bonds") which will be issued by the City (and all subordinate entities thereof) during the calendar year in which the Bonds are issued is not reasonably expected to exceed \$10,000,000; and

(2) the City (including all subordinate entities thereof) will not issue an aggregate principal amount of obligations designated by the City to be "qualified tax-exempt obligations" during the calendar year in which the Bonds are issued, including the Bonds, in excess of \$10,000,000, without first obtaining an opinion of Bond Counsel that the designation of the Bonds as "qualified tax-exempt obligations" will not be adversely affected.

The Mayor is hereby authorized to take such other action as may be necessary to make effective the designation in this Section 812(e).

(f) The foregoing covenants shall remain in full force and effect notwithstanding the defeasance of the Bonds pursuant to Article XI of this Ordinance or any other provision of this Ordinance, until the final Maturity of all Bonds Outstanding.

(g) The City hereby approves and adopts the Tax-Exempt Financing Compliance Policy and Procedure (the "Compliance Policy") in substantially the form approved by the Mayor in accordance with the provisions of Section 212 (a copy of which shall be filed in the records of the City). The Mayor is authorized to execute the Compliance Policy, with such changes therein as the Mayor deems appropriate, for and on behalf of the City, the Mayor's signature thereon being conclusive evidence of his and the City's approval thereof.

Section 813. Continuing Disclosure. The City hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Undertaking. Notwithstanding any other provision of this Ordinance, the failure of the City to comply with the Continuing Disclosure Undertaking shall not be considered an Event of Default; however, any Participating Underwriter or any Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the City to comply with its obligations under this Section 813. For purposes of this Section 813, "Beneficial Owner" means any registered owner or any person that (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, the Bonds (including persons holding such Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of a Bond for federal income tax purposes.

ARTICLE IX

ADDITIONAL BONDS AND OBLIGATIONS

Section 901. Senior Lien Bonds. The City covenants and agrees that so long as any of the Bonds remain Outstanding, the City will not issue any additional bonds or incur or assume any other debt obligations appearing as liabilities on the balance sheet of the City for the payment of money determined in accordance with generally accepted accounting principles including capital leases as defined by generally accepted accounting principles, payable out of the net income and revenues of the Combined Utilities or any part thereof which are superior to the Bonds.

Section 902. Parity Lien Bonds. The City covenants and agrees that so long as any of the Bonds remain Outstanding, it will not issue any additional Parity Bonds payable out of the net income and revenues of the Combined Utilities or any part thereof which stand on a parity or equality with the Bonds ("**Parity Bonds**") unless the following conditions are met:

(a) The City shall not be in default in the payment of principal of or interest on any Bonds or any Parity Bonds at the time outstanding or in making any payment at the time required to be made into the respective funds and accounts created by and referred to in this Ordinance or any Parity Ordinance (unless such additional revenue bonds or obligations are being issued to provide funds to cure such default); and

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

(1) The Net Revenues Available for Debt Service for the fiscal year next preceding the issuance of the Parity Bonds shall have been at least equal to 1.25 times the Average Annual Debt Service Requirements of the Bonds and any Parity Bonds, all as then outstanding, and of the proposed Parity Bonds; or

(2) The City shall have received a projection made by a Consultant, projecting that the Net Revenues Available for Debt Service in each of the three full fiscal years after the issuance of such Parity Bonds will be at least equal to 1.25 times the Average Annual Debt Service Requirements of the Bonds and any Parity Bonds, all as then outstanding, and of the proposed Parity Bonds. In making such projection, the Consultant shall use as a basis the Net Revenues Available for Debt Service during the last year for which an independent audit has been prepared and shall adjust such Net Revenues Available for Debt Service as follows: (A) to reflect changes in rates which have gone into effect since the beginning of the year for which the audit was made, (B) to reflect his estimate of the net increase over or net decrease under the Net Revenues Available for Debt Service for the year which the audit was made by reason of: (i) changes of amounts payable under existing contracts for service; (ii) additional general income from sales or charges to customers or haulers under existing rate schedules for various classes of customers or as such schedules may be revised under a program of changes which has been adopted by the Mayor and Council of the City; (iii) projected revisions in costs for labor, wages, salaries, machinery, equipment, supplies and other operational items; (iv) revisions in the amount of service to be supplied and any related administrative or other costs associated with such increases due to increased supply from the acquisition of any new facility; and (v) such other factors affecting the projections or revenues and expenses as the consulting engineer deems reasonable and proper. Annual

debt service on any proposed Parity Bonds to be issued may be estimated by the consulting engineer in projecting Average Annual Debt Service Requirements, but no Parity Bonds shall be issued requiring any annual debt service payment in excess of the amount so estimated by the consulting engineer.

Additional revenue bonds of the City issued under the conditions set forth in this **Section 902** shall stand on a parity with the Bonds and shall enjoy complete equality or lien on and claim against the net revenues of the Combined Utilities with the Bonds, and the City may make equal provision for paying such bonds and the interest thereon out of the Revenue Fund and may likewise provide for the creation of reasonable debt service funds and debt service reserve funds for the payment of such additional bonds and the interest thereon out of money in the Revenue Fund.

Section 903. Junior Lien Bonds and Other Obligations. Nothing in this **Section 903** contained shall prohibit or restrict the right of the City to issue additional revenue bonds or other revenue obligations for any lawful purpose in connection with the operation of the facility and benefiting the Combined Utilities and to provide that the principal of and interest on such revenue bonds or obligations shall be payable out of the revenues of the Combined Utilities, provided at the time of the issuance of such additional revenue bonds or obligations the City is not in default in the performance of any covenant or agreement contained in this Ordinance (unless such additional revenue bonds or obligations are being issued to provide funds to cure such default), and provided further that such additional revenue bonds or obligations shall be junior and subordinate to the Bonds so that if at any time the City shall be in default in paying either interest on or principal of the Bonds, or if the City is in default in making any payments required to be made by it under the provisions of **Sections 602(a), (b) and (c)** hereof, the City shall make no payments of either principal of or interest on such junior and subordinate revenue bonds or obligations until such default or defaults be cured. In the event of the issuance of any such junior and subordinate revenue bonds or obligations, the City, subject to the specified provisions, may make provision for paying the principal of and interest on such revenue bonds or obligations out of money in the Revenue Fund.

Section 904. Refunding Bonds. The City shall have the right, without complying with the provisions of **Section 902** hereof, to refund any of the Bonds under the provisions of any law then available, and the refunding bonds so issued shall enjoy complete equality of pledge with any of the Bonds which are not refunded, if any, upon the revenues of the Combined Utilities; provided, however, that if only a portion of the Bonds are refunded and if such Bonds are refunded in such manner that the refunding bonds bear a higher average rate of interest or become due on a date earlier than that of the Bonds which are refunded, then such Bonds may be refunded without complying with the provisions of **Section 902** hereof only by and with the written consent of the registered owners of a majority in principal amount of the Bonds not refunded.

ARTICLE X

DEFAULT AND REMEDIES

Section 1001. Acceleration of Maturity Upon Default. The City covenants and agrees that if it defaults in the payment of the principal of or interest on any of the Bonds as the same become due on any Bond Payment Date, or if the City or its governing body or any of the officers, agents or employees thereof fail or refuse to comply with any of the provisions of this Ordinance or of the constitution or statutes of the State, and such default continues for a period of 60 days after written notice specifying such default has been given to the City by the registered owner of any Bond then Outstanding, then, at any time thereafter and while such default continues, the registered owners of 25% in aggregate principal amount of the Bonds

then Outstanding may, by written notice to the City filed in the office of the Clerk or delivered in person to the Clerk, declare the principal of all Bonds then Outstanding to be due and payable immediately, and upon any such declaration given as provided, all of such Bonds shall become and be immediately due and payable, anything in this Ordinance or in the Bonds contained to the contrary notwithstanding. This provision, however, is subject to the condition that if at any time after the principal of such Outstanding Bonds has been so declared to be due and payable, all arrears of interest upon all of such Bonds, except interest accrued but not yet due on such Bonds, and all arrears of principal upon all of such Bonds has been paid in full and all other defaults, if any, by the City under the provisions of this Ordinance and under the provisions of the statutes of the State have been cured, then and in every such case the registered owners of a majority in principal amount of the Bonds then Outstanding, by written notice to the City given as hereinbefore specified, may rescind and annul such declaration and its consequences, but no such rescission or annulment shall extend to or affect any subsequent default or impair any rights consequent thereon.

Section 1002. Other Remedies. The provisions of this Ordinance, including the covenants and agreements herein contained, shall constitute a contract between the City and the registered owners of the Bonds, and the registered owner or owners of not less than 10% in aggregate principal amount of the Bonds at the time Outstanding shall have the right for the equal benefit and protection of all registered owners of Bonds similarly situated:

(a) by mandamus or other suit, action or proceedings at law or in equity to enforce the rights of such registered owner or owners against the City and its officers, agents and employees, and to require and compel duties and obligations required by the provisions of this Ordinance or by the Constitution and laws of the State;

(b) by suit, action or other proceedings in equity or at law to require the City, its officers, agents and employees to account as if they were the trustees of an express trust; and

(c) by suit, action or other proceedings in equity or at law to enjoin any acts or things which may be unlawful or in violation of the rights of the registered owners of the Bonds.

Section 1003. Limitation on Rights of Registered Owners. No one or more registered owners secured hereby shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security granted and provided for herein, or to enforce any right hereunder, except in the manner herein provided, and all proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all registered owners of such Outstanding Bonds.

Section 1004. Remedies Cumulative. No remedy conferred herein upon the registered owners is intended to be exclusive of any other remedy, but each such remedy shall be cumulative and in addition to every other remedy and may be exercised without exhausting and without regard to any other remedy conferred herein. No waiver of any default or breach of duty or contract by the registered owner of any Bond shall extend to or affect any subsequent default or breach of duty or contract or shall impair any rights or remedies consequent thereon. No delay or omission of any registered owner to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein. Every substantive right and every remedy conferred upon the registered owners of the Bonds by this Ordinance may be enforced and exercised from time to time and as often as may be deemed expedient. If any suit, action or proceedings taken by any registered owner on account of any default or to enforce any right or exercise any remedy has been discontinued or abandoned for any reason, or has been determined adversely to such registered owner, then, and in every such case, the City and the registered owners of the Bonds shall be restored to their former positions and

rights hereunder, respectively, and all rights, remedies, powers and duties of the registered owners shall continue as if no such suit, action or other proceedings had been brought or taken.

Section 1005. No Obligation to Levy Taxes. Nothing contained in this Ordinance shall be construed as imposing on the City any duty or obligation to levy any taxes either to meet any obligation incurred herein or to pay the principal of or interest on the Bonds.

ARTICLE XI

DEFEASANCE

Section 1101. Defeasance. When any or all of the Bonds or the interest payments thereon have been paid and discharged, then the requirements contained in this Ordinance and the pledge of revenues made hereunder and all other rights granted hereby shall terminate with respect to the Bonds so paid and discharged. Bonds or the interest payments thereon shall be deemed to have been paid and discharged within the meaning of this Ordinance if there has been deposited with the Paying Agent, or other commercial bank or trust company located in the State and having full trust powers, at or prior to the Stated Maturity or Redemption Date of such Bonds, in trust for and irrevocably appropriated thereto, money and/or Defeasance Obligations which, together with the interest to be earned thereon, will be sufficient for the payment of the principal or Redemption Price of such Bonds, and/or interest to accrue on such Bonds to the Stated Maturity or Redemption Date, as the case may be, or if default in such payment shall have occurred on such date, then to the date of the tender of such payments; provided, however, that if any such Bonds shall be redeemed prior to the Stated Maturity thereof, (a) the City shall have elected to redeem such Bonds, and (b) either notice of such redemption shall have been given, or the City shall have given irrevocable instructions, or shall have provided for an escrow agent to give irrevocable instructions, to the Paying Agent to redeem such Bonds in compliance with **Section 302(a)** hereof. Any money and Defeasance Obligations that at any time shall be deposited with the Paying Agent or other commercial bank or trust company by or on behalf of the City, for the purpose of paying and discharging any of the Bonds or the interest payments thereon, shall be and are hereby assigned, transferred and set over to the Paying Agent or other bank or trust company in trust for the respective registered owners of the Bonds, and such money shall be and are hereby irrevocably appropriated to the payment and discharge thereof. All money and Defeasance Obligations deposited with the Paying Agent or other bank or trust company shall be deemed to be deposited in accordance with and subject to all of the provisions contained in this Ordinance.

ARTICLE XII

MISCELLANEOUS PROVISIONS

Section 1201. Amendments. The rights and duties of the City and the registered owners, and the terms and provisions of the Bonds or of this Ordinance, may be amended or modified at any time in any respect by Ordinance of the City with the written consent of the registered owners of not less than a majority in principal amount of the Bonds then Outstanding, such consent to be evidenced by an instrument or instruments executed by such registered owners and duly acknowledged or proved in the manner of a deed to be recorded, and such instrument or instruments shall be filed with the Clerk, but no such modification or alteration shall:

- (a) extend the maturity of any payment of principal or interest due upon any Bond;

(b) effect a reduction in the amount which the City is required to pay by way of principal of or interest on any Bond;

(c) permit the creation of a lien on the revenues of the Combined Utilities prior or equal to the lien of the Bonds or Parity Bonds;

(d) permit preference or priority of any Bonds over any other Bonds; or

(e) reduce the percentage in principal amount of Bonds required for the written consent to any modification or alteration of the provisions of this Ordinance.

Any provision of the Bonds or of this Ordinance may, however, be amended or modified by Ordinance duly adopted by the governing body of the City at any time in any respect with the written consent of the registered owners of all of the Bonds at the time Outstanding.

Without notice to or the consent of any registered owners, the City may amend or supplement this Ordinance for the purpose of curing any formal defect, omission, inconsistency or ambiguity therein or in connection with any other change therein which is not materially adverse to the interests of the registered owners.

Every amendment or modification of the provisions of the Bonds or of this Ordinance shall be expressed in an ordinance adopted by the governing body of the City amending or supplementing the provisions of this Ordinance and shall be deemed to be a part of this Ordinance. A certified copy of every such amendatory or supplemental Ordinance, if any, and a certified copy of this Ordinance shall always be kept on file in the office of the Clerk and shall be made available for inspection by the registered owner of any Bond or a prospective purchaser or owner of any Bond authorized by this Ordinance, and upon payment of the reasonable cost of preparing the same, a certified copy of any such amendatory or supplemental Ordinance or of this Ordinance will be sent by the Clerk to any such registered owner or prospective registered owner.

Any and all modifications made in the manner hereinabove provided shall not become effective until there has been filed with the Clerk a copy of the Ordinance of the City hereinabove provided for, duly certified, as well as proof of any required consent to such modification by the registered owners of the Bonds then Outstanding. It shall not be necessary to note on any of the Outstanding Bonds any reference to such amendment or modification.

The City shall furnish to the Paying Agent a copy of any amendment to the Bonds or this Ordinance made hereunder which affects the duties or obligations of the Paying Agent under this Ordinance.

Section 1202. Notices, Consents and Other Instruments by Registered Owners. Any notice, consent, request, direction, approval, objection or other instrument required by this Ordinance to be signed and executed by the registered owners may be in any number of concurrent writings of similar tenor and may be signed or executed by such registered owners in person or by agent appointed in writing. Proof of the execution of any such instrument or of the writing appointing any such agent and of the ownership of Bonds, if made in the following manner, shall be sufficient for any of the purposes of this Ordinance, and shall be conclusive in favor of the City and the Paying Agent with regard to any action taken, suffered or omitted under any such instrument, namely:

(a) The fact and date of the execution by any person of any such instrument may be proved by a certificate of any officer in any jurisdiction who by law has power to take acknowledgments within such jurisdiction that the person signing such instrument acknowledged before such officer the execution thereof, or by affidavit of any witness to such execution; and

(b) The fact of ownership of Bonds, the amount or amounts, numbers and other identification of Bonds, and the date of holding the same shall be proved by the Bond Register.

In determining whether the registered owners of the requisite principal amount of Bonds Outstanding have given any request, demand, authorization, direction, notice, consent or waiver under this Ordinance, Bonds owned by the City shall be disregarded and deemed not to be Outstanding under this Ordinance, except that, in determining whether the registered owners shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Bonds which the registered owners know to be so owned shall be so disregarded. Notwithstanding the foregoing, Bonds so owned which have been pledged in good faith shall not be disregarded as provided if the pledgee establishes to the satisfaction of the registered owners the pledgee's right so to act with respect to such Bonds and that the pledgee is not the City.

Section 1203. Further Authority. The officers of the City, including the Mayor and Clerk, shall be, and they hereby are, authorized and directed to execute all documents and take such actions as they may deem necessary or advisable in order to carry out and perform the purposes of this Ordinance and to make ministerial alterations, changes or additions in the foregoing agreements, statements, instruments and other documents herein approved, authorized and confirmed which they may approve and the execution or taking of such action shall be conclusive evidence of such necessity or advisability.

Section 1204. Severability. If any section or other part of this Ordinance, whether large or small, is for any reason held invalid, the invalidity thereof shall not affect the validity of the other provisions of this Ordinance.

Section 1205. Governing Law. This Ordinance shall be governed by and constructed in accordance with the applicable laws of the State.

Section 1206. Repeal of Conflicting Ordinance. Ordinance No. 1953, adopted February 27, 2012, providing for the issuance of sanitary sewer revenue refunding bonds, is hereby repealed.

Section 1207. Effective Date. This Ordinance shall take effect and be in full force from and after its passage by the Mayor and Council and approval by the Mayor and publication in pamphlet form as provided by law.

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PASSED AND APPROVED: March 26, 2012.

CITY OF GERING, NEBRASKA

(SEAL)

By: *Robert Williams*
Mayor

ATTEST:

Ken Salmar-Berg
Clerk

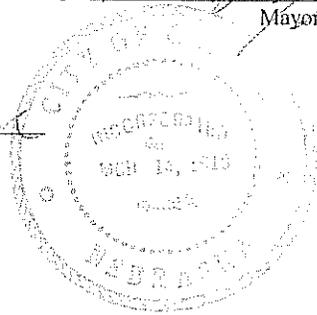


EXHIBIT A TO ORDINANCE
(FORM OF BONDS)

EXCEPT AS OTHERWISE PROVIDED IN THE ORDINANCE (REFERRED TO HEREIN), THIS GLOBAL BOND MAY BE TRANSFERRED, IN WHOLE BUT NOT IN PART, ONLY TO ANOTHER NOMINEE OF THE SECURITIES DEPOSITORY (AS DEFINED HEREIN) OR TO A SUCCESSOR SECURITIES DEPOSITORY OR TO A NOMINEE OF A SUCCESSOR SECURITIES DEPOSITORY.

UNITED STATES OF AMERICA
STATE OF NEBRASKA

Registered
No. R- _____

Registered
\$ _____

CITY OF GERING, NEBRASKA

COMBINED UTILITIES REVENUE REFUNDING BOND
SERIES 2012

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Dated Date</u>	<u>CUSIP Number</u>
%	_____ 15, 20__	_____, 2012	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ DOLLARS

The CITY OF GERING, NEBRASKA, a city of the first class and a political subdivision of the State of Nebraska (the "City"), for value received, promises to pay to the Registered Owner shown above, or registered assigns, but solely from the source and in the manner herein specified, the Principal Amount shown above on the Maturity Date shown above, and to pay interest thereon, but solely from the source and in the manner herein specified, at the Interest Rate per annum shown above (computed on the basis of a 360-day year consisting of twelve 30-day months) from the Dated Date shown above or from the most recent interest payment date to which interest has been paid or duly provided for, payable on June 15 and December 15 of each year, beginning on June 15, 2012, until such principal amount has been paid.

The principal or redemption price of this Bond shall be paid at maturity by check or draft or upon earlier redemption to the person in whose name this Bond is registered at the maturity or redemption date thereof, upon presentation and surrender of this Bond at the principal corporate trust office of **Valley Bank and Trust Company** in the City of Gering, Nebraska (the "Paying Agent"). The interest payable on this Bond on any interest payment date shall be paid to the person in whose name this Bond is registered on the

Bond Register at the close of business on the 15th day (whether or not a business day) next preceding such interest payment date for such interest by check or draft mailed by the Paying Agent to such registered owner at the address shown on the Bond Register or at such other address as is furnished to the Paying Agent in writing by such registered owner.

THE TERMS AND PROVISIONS OF THIS BOND ARE CONTINUED ON THE REVERSE SIDE HEREOF AND SUCH CONTINUED TERMS AND PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS THOUGH FULLY SET FORTH AT THIS PLACE.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Ordinance until the Certificate of Authentication hereon has been executed by the Paying Agent.

IT IS HEREBY CERTIFIED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of the Bonds have existed, happened and been performed in due time, form and manner as required by law, and that before the issuance of the Bonds, provision has been duly made for the collection and segregation of the revenues of the Combined Utilities and for the application of the same as provided in the Ordinance.

IN WITNESS WHEREOF, the **CITY OF GERING, NEBRASKA**, has executed this Bond by causing it to be signed by the manual or facsimile signature of its Mayor and attested by the manual or facsimile signature of its Clerk and its official seal to be affixed hereto or imprinted hereon.

CERTIFICATE OF AUTHENTICATION

CITY OF GERING, NEBRASKA

This Bond is one of the Bonds of the issue described in the within-mentioned Ordinance.

Registration Date: _____

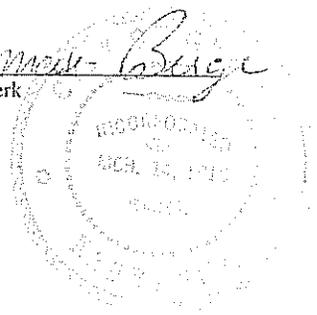
VALLEY BANK AND TRUST COMPANY,
Paying Agent

By: _____
Authorized Officer or Signatory

By: *Edwin D. Meyer*
Mayor

(Seal)

ATTEST:
Keri Sherman-Berge
Clerk



(FORM OF REVERSE SIDE OF BOND)

ADDITIONAL PROVISIONS

This Bond is one of a duly authorized series of bonds of the City designated "**Combined Utilities Revenue Refunding Bonds, Series 2012**," aggregating the principal amount of \$_____ (the "**Bonds**"), issued by the City for the purpose of providing for the prepayment of the City's Promissory Note, dated September 13, 2004, issued to the Nebraska Department of Environmental Quality to pay the costs of improvements to the City's wastewater treatment plant and facilities and sanitary sewer system under the authority of and in full compliance with the Constitution and laws of the State of Nebraska, including particularly Sections 10-142 and 18-1803 to 18-1805, inclusive, Reissue Revised Statutes of Nebraska, as amended, and pursuant to Ordinance No. _____ duly adopted by the governing body of the City (the "**Ordinance**"). Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Ordinance.

At the option of the City, Bonds or portions thereof maturing on _____ 15, 201__ and thereafter may be called for redemption and payment prior to maturity at any time on or after _____, 201__, in whole or in part at any time in such principal amounts and from such maturity or maturities as the City, in its sole and absolute discretion may determine (Bonds of less than a full maturity to be selected in multiples of \$5,000 principal amount in such equitable manner as the Paying Agent shall designate) at redemption price equal to 100% of the principal amount, plus accrued interest thereon to the redemption date.

Notice of redemption, unless waived, is to be given by the Paying Agent by mailing an official redemption notice by first class mail at least 30 days prior to the redemption date, to the original purchaser(s) of the Bonds and each registered owner of each of the Bonds to be redeemed at the address shown on the Bond Register. Notice of redemption having been given as provided, the Bonds or portions of Bonds to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the City defaults in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest.

The Bonds are special obligations of the City payable solely from, and secured as to the payment of principal and interest by a pledge of, the revenues derived from the operation of the City's Combined Utilities, and the taxing power of the City is not pledged to the payment of the Bonds either as to principal or interest. The Bonds shall not be or constitute a general obligation of the City, nor shall they constitute an indebtedness of the City within the meaning of any constitutional, statutory or charter provision, limitation or restriction. Under the conditions set forth in the Ordinance, the City has the right to issue additional parity bonds and other obligations payable from the same source and secured by the same revenues as the Bonds; provided, however, that such additional bonds may be so issued only in accordance with and subject to the covenants, conditions and restrictions relating thereto set forth in the Ordinance.

The City hereby covenants and agrees with the registered owner of this Bond that it will keep and perform all covenants and agreements contained in the Ordinance, and will fix, establish, maintain and collect such rates, fees and charges for the use and services furnished by or through the Combined Utilities, as will produce revenues sufficient to pay the costs of operation and maintenance of the Combined Utilities, pay the principal of and interest on the Bonds as and when the same become due, and provide reasonable and adequate reserve funds. Reference is made to the Ordinance for a description of the covenants and agreements made by the City with respect to the collection, segregation and application of

the revenues of the Combined Utilities, the nature and extent of the security for the Bonds, the rights, duties and obligations of the City with respect thereto, and the rights of the registered owners thereof.

The Bonds are issuable in the form of fully registered Bonds without coupons in the denomination of \$5,000 or any integral multiple thereof.

This Bond may be transferred or exchanged, as provided in the Ordinance, only on the Bond Register upon surrender of this Bond together with a written instrument of transfer or exchange satisfactory to the Paying Agent duly executed by the registered owner or the registered owner's duly authorized agent, and thereupon a new Bond or Bonds in any authorized denomination of the same maturity and in the same aggregate principal amount shall be issued to the transferee in exchange therefor as provided in the Ordinance and upon payment of the charges therein prescribed. The City and the Paying Agent may deem and treat the person in whose name this Bond is registered on the Bond Register as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or redemption price hereof and interest due hereon and for all other purposes.

The Bonds are being issued by means of a book-entry system with no physical distribution of bond certificates to be made except as provided in the Ordinance. One Bond certificate with respect to each date on which the Bonds are stated to mature or with respect to each form of Bonds, registered in the nominee name of the Securities Depository, is being issued and required to be deposited with the Securities Depository and immobilized in its custody. The book-entry system will evidence positions held in the Bonds by the Securities Depository's participants, beneficial ownership of the Bonds in authorized denominations being evidenced in the records of such participants. Transfers of ownership shall be effected on the records of the Securities Depository and its participants pursuant to rules and procedures established by the Securities Depository and its participants. The City and the Paying Agent will recognize the Securities Depository nominee, while the registered owner of this Bond, as the owner of this Bond for all purposes, including (a) payments of principal or redemption price of and interest on, this Bond, (b) notices and (c) voting. Transfer of principal or redemption price and interest payments to participants of the Securities Depository, and transfer of principal or redemption price and interest payments to beneficial owners of the Bonds by participants of the Securities Depository will be the responsibility of such participants and other nominees of such beneficial owners. The City and the Paying Agent will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by the Securities Depository, the Securities Depository nominee, its participants or persons acting through such participants. While the Securities Depository nominee is the owner of this Bond, notwithstanding the provision hereinabove contained, payments of principal or redemption price of and interest on this Bond shall be made in accordance with existing arrangements among the City, the Paying Agent and the Securities Depository.

EXCEPT AS OTHERWISE PROVIDED IN THE ORDINANCE, THIS GLOBAL BOND MAY BE TRANSFERRED, IN WHOLE BUT NOT IN PART, ONLY TO ANOTHER NOMINEE OF THE SECURITIES DEPOSITORY OR TO A SUCCESSOR SECURITIES DEPOSITORY OR TO A NOMINEE OF A SUCCESSOR SECURITIES DEPOSITORY.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

Print or Type Name, Address and Social Security Number
or other Taxpayer Identification Number of Transferee

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ agent to transfer the within Bond on the Bond Register kept by the Paying Agent for the registration thereof, with full power of substitution in the premises.

Dated: _____

NOTICE: The signature to this assignment must correspond with the name of the Registered Owner as it appears upon the face of the within Bond in every particular.

Signature Guaranteed By:

Name of Eligible Guarantor Institution as defined by SEC Rule 17 Ad-15 (17 CFR 240.17 Ad-15) .

By: _____
Title: _____

ORDINANCE NO. 1956

AN ORDINANCE OF THE CITY OF GERING, NEBRASKA TO ENACT CHAPTER XI, ARTICLE 118, TO IMPOSE AN OCCUPATION TAX ON LODGING; AND TO PROVIDE WHEN THIS ORDINANCE SHALL BE IN FULL FORCE AND EFFECT.

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

Section 1. That Title XI, Chapter 118, of the Official City Code be and the same is hereby enacted to read as follows:

**TITLE XI
BUSINESS REGULATIONS
CHAPTER 118 LODGING**

Sec. 1. Purpose.

Pursuant to the authority of *Nebraska Revised Statute* R.R.S. 1943, Section 16-205, the City Council finds, determines and declares that it is appropriate that a tax be imposed on all hotels as herein defined for the purpose of raising revenues. The forgoing determination is made with due consideration of business in the city and the relation of business to the municipal welfare, together with relation thereof to expenditures required by the city, and with consideration of just, proper and equitable distribution of the tax burdens within the city and other properly associated matters.

Sec. 2. Definitions.

As used in this article, the following words and phrases shall have the meanings ascribed to them in this section, except where the context clearly indicates or requires a different meaning:

City shall mean the City of Gering and the area within the corporate limits of the City of Gering.

Hotel shall mean any commercial, nonprofit, or state-owned facility where the public may obtain sleeping accommodations for payment. This includes any hotel, motel, tourist hotel, bed and breakfast, RV park, campground (charges for RV pads or tent sites, or inn. "Hotel" does not include: the portion of a health care facility (Licensed under the Health Care Facility

Licensure Act) which provides rooms, lodging, or sleeping accommodations for a charge; or a facility operated by an approved educational institution used to house students.

Person shall mean any natural person, individual, partnership, association, organization or corporation of any kind or character engaging in the business of operating a hotel.

Room shall mean any space ordinarily used for sleeping accommodations and for which any occupant has, for consideration, obtained the use or possession, or the right to use or possess, for a period not to exceed thirty (30) contiguous days. The term shall include camping space, trailer space or recreational vehicle space. The term does not include a function room such as a ballroom, banquet room, reception room, or meeting room, provided it is not used as temporary sleeping accommodations, nor for complimentary or other sleeping accommodations for which no consideration is charged or for sleeping accommodations for which the consideration is paid by a person not subject to the sales and use tax imposed by the Nebraska Revenue Act of 1967.

Taxpayer shall mean any person or entity in the hotel business herein defined who is required to pay the tax herein imposed.

Total consideration charged for occupancy shall mean any and all charges that are subject to the lodging tax under the Nebraska Visitors Development Act, Neb.Rev.Stat. 81-1245 et. seq. excluding the city's lodging occupation tax.

Sec. 3. Tax Imposed; Collection of Tax.

(a) On or after June 1, 2012 each person engaged in the business of operating a hotel in the city shall pay an occupancy tax in the amount of four and one-half (4.5%) of the hotel consideration charged for occupancy per occupied room per night.

(b) The tax imposed by this article may be shown as an add-on to the charge for occupancy of the rooms. The hotel operator shall remain responsible for payment of all taxes imposed, whether or not the taxes are actually collected from the guests.

Sec. 4. Return.

Each and every person engaged in the business of operating a hotel within the city for the calendar month beginning June, 2012, and for each and every month thereafter, shall prepare and file, on or before the 25th day of the following month on a form prescribed and furnished by the city, a return for the taxable calendar month, and at the same time pay to the city the tax herein imposed. The return shall be verified and sworn to by an owner or officer of the business. The return shall be considered filed on time if mailed with payment enclosed in an envelope properly addressed to the City Finance Director, postage prepaid and postmarked before midnight of the 25th of the appropriate month. If the city offers online filing, the return will also be considered filed on time if filed online and electronic payment submitted to the City of Gering by midnight the 25th of the appropriate month.

Sec. 5. Tax Cumulative.

(a) The levy of tax under this article is in addition to all other fees, taxes, excises and licenses levied and imposed under any contract or any other provisions of this Code or ordinances of the city, in addition to any fee, tax, excise or licenses imposed by the state.

(b) Payment of the tax imposed by this article shall not relieve the person paying the same from payment of any other tax now or hereafter imposed by contract or ordinance or by this Code, including those imposed for any business or occupation he or she may carry on, unless so provided therein. The occupational taxes imposed by this article shall be cumulative except where otherwise specifically provided.

Sec. 6. Use of Revenue.

The four and one-half (4.5%) occupation tax imposed by this article shall be used to pay for the following including but not limited to these activities: historic restoration; education interpretive sites/facilities, such as museums; participatory sports facilities; facilities for pedestrians and bicycles that provide transportation; convention centers; community centers; cultural, entertainment and heritage recreational sites and facilities; debt service with respect to activities outlined in this ordinance; all related supporting activities including ongoing operational and maintenance necessary to staff and run the facilities/projects at the discretion of the City Council.

Sec. 7. Failure to File Return; Delinquency; Assessment by City Finance Director.

(a) If any person neglects or refuses to file a return or make payment of the taxes as required by this article, the City Finance Director shall make an estimate, based upon such information as may be reasonable available, of the amount of taxes due for the period or periods for which the taxpayer is delinquent, and upon the basis of such estimated amount, compute and assess in addition thereto a penalty equal to two (2%) percent per month or fraction thereof from date when due, together with interest on such delinquent taxes, at the rate of one (1%) percent per month or fraction thereof from the date when due.

(b) The City Finance Director shall give the delinquent taxpayer written notice of such estimated taxes, penalty, and interest, which notice must be served personally or by certified mail.

(c) Such estimate shall thereupon become an assessment, and such assessment shall be final and due and payable from the taxpayer to the City Finance Director ten (10) days from the date of service of the notice or the date of mailing by certified mail; however, within such ten (10) day period the delinquent taxpayer may petition the City Finance Director for the revision or modification of such assessment and shall, within such ten (10) period, furnish the City Finance Director the facts and correct figures showing the correct amount of such taxes.

(d) Such petition shall be in writing, and the facts and figures submitted shall be submitted in writing and shall be given under oath of the taxpayer.

(e) The City Finance Director may then modify such assessment in accordance with the facts which he or she deems correct. Such adjusted assessment shall be made in writing, and notice thereof shall be mailed to the taxpayer within ten (10) days; and all such decisions shall become final upon the expiration of thirty (30) days from the date of service, unless proceedings are commenced within that time for appeal in the District Court.

(f) It shall be an offense for any person to fail to file a return or make payment of the taxes as required by this article.

Sec. 8. Administration of Article; Miscellaneous Provisions.

(a) The administration of the provisions of this article are hereby vested in the City Finance Director, or his or her designee, who shall prescribe forms in conformity with this article for the making of returns, for the ascertainment, assessment and collection of the tax imposed hereunder, and for the proper administration and enforcement hereof.

(b) All notices required to be given to the taxpayer under the provisions of this article shall be in writing. Notices shall be mailed by registered or certified mail, postage prepaid, return receipt requested, to the taxpayer at his or her last known address.

(c) It shall be the duty of every taxpayer to keep and preserve suitable records and other books or accounts as may be necessary to determine the amount of tax for which he/she is liable hereunder.

- (1) Records of the gross revenue by which the tax is measured shall be kept separate and apart from the records of other sales or receipts in order to facilitate the examination of books and records as necessary for the collection of this tax.
- (2) It shall be the duty of every such taxpayer to keep and preserve for a period of three (3) years all such books, invoices and other records, which shall be open for examination at any time by the City Finance Director or his or her duly designated persons. If such taxpayer keeps or maintains the books, invoices, accounts or other records, or any part thereof, outside of the state, upon demand of the City Finance Director such taxpayer shall make the same available at a suitable place within the city, to be designated by the City Finance Director, for examination, inspection and audit by the City Finance Director or his or her duly authorized persons. The taxpayer shall reimburse the city for the reasonable costs of the examination, inspection and audit if the City Finance Director determines that the taxpayer paid ninety percent or less of the tax owing for the period of the examination.
- (3) The City Finance Director, in his or her discretion, may make, permit or cause to be made the examination, inspection or audit of books, invoices, accounts or their records so kept or maintained by such taxpayer outside the state where the same may be made available, provided such taxpayer shall have entered into a binding

agreement with the city to reimburse it for all costs and expenses incurred by it in order to have such examination, inspection or audit made in such place.

(d) For the purpose of ascertaining the correctness of a return, or for the purpose of determining the amount of tax due from any taxpayer, the City Finance Director or his or her duly authorized persons, may conduct investigations concerning any matters covered by this article; and may examine any relevant books, papers, records or memoranda of any such taxpayer.

Sec. 9. Recovery of Unpaid Tax by Action at Law.

(a) The City Finance Director may also treat any such taxes, penalties or interest due and unpaid as a debt due the city.

(b) In case of failure to pay the taxes, or any portion thereof, or any penalty or interest thereon when due, the city may recover at law the amount of such taxes, penalties and interest in any court of Scotts Bluff County, Nebraska or of the county wherein the taxpayer resides or has its principal place of business having jurisdiction of the amounts sought to be collected.

(c) The return of the taxpayer or the assessment made by the City Finance Director, as herein provided, shall be prima facie proof of the amount due.

(d) The City Attorney may commence an action for the recovery of taxes due under this article and this remedy shall be in addition to all other existing remedies, or remedies provided in this article.

Sec. 10. Suspension or Revocation of Licenses for Failure to Pay Tax; Hearing.

If the City Council, after holding a hearing, shall find that any person has willfully evaded payment of collection and remittance of the tax imposed by this article, such official may suspend or revoke any license, permit or other approval held by such tax evader. Said person shall have an opportunity to be heard at such hearing to be held not less than seven (7) days after notice is given of the time and place of the hearing to be held, addressed to the last known place of business of such person. Pending the notice, hearing and finding, any license, permit or other approval issued by the city to the person may be temporarily suspended. No suspension or revocation hereunder shall release or discharge the person from civil liability for the payment or collection and remittance of the tax, nor from prosecution for such offense.

Sec. 11.

That all ordinances and resolution or parts of ordinances and resolutions in conflict herewith are hereby repealed.

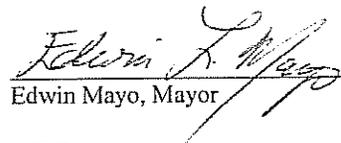
Sec. 12.

It in the intention of the City Council, and it is hereby ordained, that the provisions of this Ordinance shall become and be made part of the Code of the City of Gering, Nebraska, and the sections of this Ordinance may be renumbered to accomplish such intention.

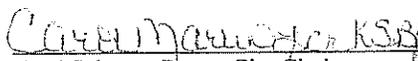
Sec. 13.

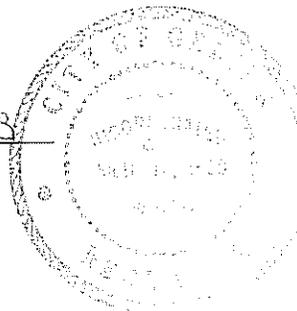
This Ordinance shall be in full force and effect from and after its passage, approval and publication according to law and shall be published in pamphlet form by authority of the City Council.

PASSED AND APPROVED THIS 9th DAY OF APRIL, 2012.


Edwin Mayo, Mayor

ATTEST:


Kerri Schnase-Berge, City Clerk



ORDINANCE NO. 1957

AN ORDINANCE OF THE CITY OF GERING, NEBRASKA TO REPEAL
ORDINANCE No. 1956 IMPOSING AN OCCUPATION TAX ON LODGING.

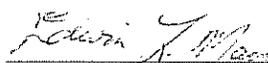
BE IT ORDAINED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF
GERING, NEBRASKA:

Section 1. That Ordinance No. 1956 (Title XI, Chapter 118), is hereby repealed.

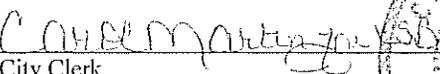
Section 2. It is the intention of the city council, and it is hereby ordained, that the
provisions of the original Ordinance No. 1956 shall be repealed and that Ordinance No. 1956
shall not be in full force and effect.

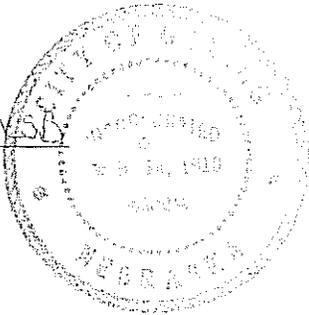
Section 3. This Ordinance (Ordinance No. 1957), herein, shall be in full force and effect
from and after its passage, approval, and publication according to law.

PASSED AND APPROVED THIS 26th DAY OF MAY, 2012.


Edwin Mayo, Mayor

ATTEST:


City Clerk



ORDINANCE NO. 1958

AN ORDINANCE OF THE CITY OF GERING, NEBRASKA REPEALING ORDINANCE NO. 1954; PROVIDING FOR THE PUBLICATION OF THIS ORDINANCE IN PAMPHLET FORM AND THE TIME WHEN THIS ORDINANCE SHALL TAKE EFFECT

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

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

(a) On March 26, 2012 the Mayor and Council adopted Ordinance No. 1954, approving certain documents in connection with refinancing the obligations of the City with respect to certain City facilities through the City of Gering Leasing Corporation (the "Corporation").

(b) Restrictions in the Internal Revenue Code have prevented the City and the Corporation from completing such refinancing.

(c) It is necessary, desirable, advisable and in the best interests of the City to repeal Ordinance No. 1954.

Section 2. Ordinance No. 1954, adopted March 26, 2012, by the Mayor and Council, is hereby repealed in its entirety.

Section 3. All resolutions, orders or ordinances, or parts thereof, in conflict with the provisions of this Ordinance, are to the extent of such conflict, hereby repealed.

Section 4. This Ordinance shall take effect and be in full force from and after passage by the Council, approval by the Mayor, and publication in pamphlet form as provided by law.

PASSED AND APPROVED: May 29, 2012.

CITY OF GERING, NEBRASKA

ATTEST:

By: *Carolyn [Signature]*
Administrative Secretary

By: *Felipe [Signature]*
Mayor

[SEAL]



ORDINANCE NO. 1959

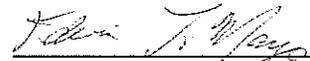
AN ORDINANCE TO ADOPT THE BUDGET STATEMENT TO BE TERMED THE ANNUAL APPROPRIATION BILL; TO APPROPRIATE SUMS FOR NECESSARY EXPENSES AND LIABILITIES; TO PROVIDE FOR AN EFFECTIVE DATE.

BE IT ORDAINED BY THE MAYOR AND COUNCIL OF THE CITY OF GERING, NEBRASKA;

Section 1. That after complying with all procedures required by law, the budget presented and set forth in the budget statement is hereby approved as the Annual Appropriation Bill for the fiscal year beginning October 1, 2012 through September 30, 2013. All sums of money contained in the budget statement are hereby appropriated for the necessary expenses and liabilities of the City of Gering. A copy of the budget document shall be forwarded as provided by law to the Auditor of Public Accounts, State Capital, Lincoln, Nebraska, and to the County Clerk of Scotts Bluff County, Nebraska for use by the levying authority.

Section 2. This ordinance shall take effect and be in full force from and after its passage, approval, and publication or posting as required by law.

Passed and adopted this 27th day of August, 2012.


Edwin L. Mayo, Mayor

ATTEST:


Carol Martin, Administrative Secretary



ORDINANCE NO. 1960

AN ORDINANCE TO AUTHORIZE AMENDING FEES FOR RESIDENTIAL, COMMERCIAL AND INDUSTRIAL SEWER SERVICE CHARGES, AND TO PROVIDE FOR AN EFFECTIVE DATE THEREOF.

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

Section 1. The existing sewer service fees be amended as follows:

RATE; MINIMUM CHARGE

City residential rate shall be \$20.00 per month.

Out of City limits residential rate shall be \$25.00 per month.

City industrial and commercial charge per month shall be \$20.00 minimum for up to 5,000 gallons and each user shall pay an additional charge of \$0.90 per each 1,000 gallons in excess of 5,000 gallons.

Out of City limits commercial, business and industrial rate shall be \$21.45 per month for up to 5,000 gallons and each user shall pay an additional charge of \$0.97 per each 1,000 gallons in excess of 5,000 gallons.

RATE; INDUSTRIAL CONTRIBUTORS

Industrial users shall pay \$0.69 per 1,000 gallons and \$0.15 per pound BOD. Based on these unit charges, a separate contract may be entered into between the City and industry to develop the format for the user charges.

RATE; MOBILE TANK DISCHARGERS

Users who discharge from mobile tanks at the wastewater treatment plant shall be charged the following fees.

Waste from City residential, commercial and industrial

Charge per load \$0.018 for each gallon, maximum 2,500 gallons per load.

Waste from outside City residential, commercial and industrial

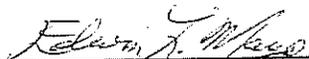
Charge per load, \$0.023 for each gallon, maximum 2,500 gallons per load.

No person shall discharge wastes from mobile tanks that exceed Chapter 52, §52.05 Prohibited Discharges of the Gering Municipal Code. The City may require analysis of wastes from mobile tanks prior to discharge.

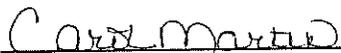
Section 2. Any Ordinance or part of any Ordinance of the City of Gering, Nebraska in conflict with this Ordinance is hereby repealed by the extent of such conflict, and should any part or section of this Ordinance be declared void and unenforceable, such declaration shall not render any other part void and unenforceable.

Section 3. This Ordinance shall take effect and be in force from and after its passage, approval and publication as provided by law. The first billing for services will be for October services.

PASSED AND APPROVED THIS 24th DAY OF SEPTEMBER 2012.


Edwin L. Mayo, Mayor

ATTEST:


Carol Martin, Administrative Secretary



ORDINANCE NO. 1961

AN ORDINANCE TO AMEND THE WATER RATES FOR CITY AND OUT OF CITY LIMITS RESIDENTIAL, COMMERCIAL, BUSINESS AND INDUSTRIAL USERS; AND PROVIDING FOR AN EFFECTIVE DATE THEREOF.

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

SECTION 1. The existing water rates be amended as follows:

WATER RATES: The following is established as a tariff of water rates to consumers from the waterworks system of the City, based on monthly consumption:

(A) LIST OF RATES

City Residential, Commercial, Business and Industrial.

<u>Water Meter Size</u>	<u>Minimum Charge</u>	<u>Charge to 150,000 gallons</u>
5/8 and 3/4 inch	\$15.00 for 5,000 gallons	\$1.48/1,000 gallons
1, 1 1/4 & 1 1/2 inch	\$21.40 for 12,500 gallons	\$1.48/1,000 gallons
2 inch	\$37.60 for 27,500 gallons	\$1.48/1,000 gallons
3-4 inch	\$87.25 for 72,500 gallons	\$1.48/1,000 gallons
6 inch & above	\$133.65 for 112,500 gallons	\$1.48/1,000 gallons

Out of City Limits Residential.

<u>Water Meter Size</u>	<u>Minimum Charge</u>	<u>Charge to 150,000 gallons</u>
5/8 and 3/4 inch	\$18.55 for 5,000 gallons	\$1.89/1,000 gallons
1, 1 1/4 & 1 1/2 inch	\$26.00 for 12,500 gallons	\$1.89/1,000 gallons
2 inch	\$46.80 for 27,500 gallons	\$1.89/1,000 gallons
3-4 inch	\$109.25 for 72,500 gallons	\$1.89/1,000 gallons
6 inch & above	\$162.45 for 112,500 gallons	\$1.89/1,000 gallons

Out of City Limits Commercial, Business and Industrial.

<u>Water Meter Size</u>	<u>Minimum Charge</u>	<u>Charge to 150,000 gallons</u>
5/8 and 3/4 inch	\$17.35 for 5,000 gallons	\$1.72/1,000 gallons
1, 1 1/4 & 1 1/2 inch	\$23.65 for 12,500 gallons	\$1.72/1,000 gallons
2 inch	\$42.15 for 27,500 gallons	\$1.72/1,000 gallons
3-4 inch	\$98.85 for 72,500 gallons	\$1.72/1,000 gallons
6 inch & above	\$145.10 for 112,500 gallons	\$1.72/1,000 gallons

<u>Additional Usage</u>	<u>Additional Charges</u>		
	<u>City</u>	<u>Out of City</u>	
		<u>Residential</u>	<u>Comm/Bus/Ind.</u>
		+30%	+25%
150,001 gal. to 500,000 gal.	\$1.48/1,000 gal.	\$1.93/1,000 gal.	\$1.86/1,000 gal.
500,001 gal. to 1,000,000 gal.	\$1.45/1,000 gal.	\$1.89/1,000 gal.	\$1.81/1,000 gal.
Above 1,000,000	\$1.41/1,000 gal.	\$1.82/1,000 gal.	\$1.76/1,000 gal.

Construction Water.

Truck fill well, 2700 block of North 10th Street

\$18.30 flat fee to 5,000 gallons
 \$2.15/1,000 above 5,000 gallons

Fire hydrant meter and backflow preventer provided by the Water Department.

- Water at \$2.15/1,000 gallons
- \$1,000.00 refundable fire hydrant meter & backflow preventer deposit required

(B) MULTIPLE UNIT SERVICE CHARGES.

A charge of two dollars (\$2.75) per month shall apply in addition on all separate units, either household or business, metered or not metered. This will include apartments, trailer houses and multiple businesses served by a single meter but will exclude hotels and rooming houses.

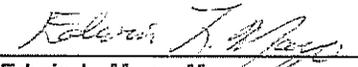
(C) CUSTOMER DEPOSITS

When application for water service is made, the City shall require the applicant to pay a \$25.00 minimum deposit or a minimum deposit in the amount of the monthly water service bill (rounded to the nearest dollar) whichever is greater, as a service deposit to protect the City of Gering from losses arising out of water services furnished.

SECTION 2: That the aforementioned rates set forth in Section 1 of this Ordinance shall be effective October 1, 2012.

SECTION 3: Any Ordinance or part of any Ordinance of the City of Gering, Nebraska in conflict with this Ordinance is hereby repealed and should any part or section of this Ordinance be declared void and unenforceable, such declaration shall not render any other part void and unenforceable. This Ordinance shall take effect and be in full force from and after the date of its passage, approval and publication as required by law.

PASSED AND APPROVED THIS 24th day of September, 2012.


Edwin L. Mayo, Mayor

ATTEST:


Carol Martin, Administrative Secretary



ORDINANCE NO. 1962

AN ORDINANCE TO AMEND THE FEES CHARGED FOR THE USE OF THE CITY LANDFILL; AND TO PROVIDE FOR AN EFFECTIVE DATE THEREOF.

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

SECTION 1. The existing Sanitation Service Fees be amended as follows:

SANITATION SERVICE, FEES, COLLECTION OF FEES, DEPOSIT AND EXEMPTION:

The following schedule of fees for sanitation services shall be in effect as of the 1st day of October 2012, to-wit:

- (A) Minimum billing, \$14.00 per month residential.
- (B) Single family residence, \$14.00 per month.
- (C) Multiple unit dwellings, such as houses with basements or upstairs apartments, duplexes and triplexes, when all units are charged to the owner or manager on a single bill, and not more than three (3) separate households are maintained in the units, \$14.00 per month for the first unit and \$14.00 per month for each additional unit up to a total of three (3).
- (D) Multiple unit dwellings housing four (4) or more separately maintained households and billed to the owner or manager on a single bill shall be deemed commercial units, and shall be included in the commercial rate structure.
- (E) COMMERCIAL/BUSINESS RATES. The monthly charges for collection and disposal of solid waste for commercial, business establishments shall be based upon volume and service.

Includes all structures or parts thereof not included as a residential or multiple residential unit.

The existing commercial/business rates are based upon a rate for a 3 cubic yard container per month for once a week collection. Additional pick ups are \$50.00 each. A tabular form summarizing rates to be effective for all billings made on or after October 2012 shall be as follows:

COMMERCIAL/BUSINESS RATES

NUMBER OF CONTAINERS	COLLECTIONS PER WEEK				
	1	2	3	4	5
1	\$ 50.00	\$100.00	\$150.00	\$200.00	\$250.00
2	\$100.00	\$200.00	\$300.00	\$400.00	\$500.00
3	\$150.00	\$300.00	\$450.00	\$600.00	\$750.00
4	\$200.00	\$400.00	\$600.00	\$800.00	\$1,000.00
5	\$250.00	\$500.00	\$750.00	\$1,000.00	\$1,250.00

Commercial/business units that share a common container shall have the above rates prorated as determined by the City. The minimum shall be \$25.00 for shared containers. Commercial roll-out carts (90-gallon) \$21.00/month, one pick up per week minimum. (Only allowed when alley access or access to 3 cubic yard container is not available.)

(F) Charges for regular sanitation services shall be billed by the City of Gering on the 1st of each month and shall be due and payable on or before the 10th day of each month, payable at the City of Gering business office.

LICENSE REQUIRED; FEES

(A) No person shall deposit any material at the Gering City Landfill facility without first obtaining a license or franchise for said purpose from the City, or by paying the applicable disposal fees as herein provided.

(B) The following fees shall be collected by the city's agent at the City Landfill facility and shall be applicable to loads of solid waste, as herein defined, provided, however, the rates shall not apply to persons or corporations who are under contract with the City or as a franchise refuse collector who collects refuse within the City utility service area – the City zoning jurisdiction.

The City of Gering requires all loads going to the solid waste facility to be tarped or secured. The City of Gering reserves the right to assess a 50% surcharge or any unsecured solid waste material being hauled for disposal.

Rates at Scale Facility	\$50.00 per ton
Minimum Gate Fee	\$12.00 under 480 pounds

The City of Gering reserves the right to adjust the tonnage rate to customers under contract for special conditions.

Miscellaneous

- Tires (each); Car \$5.00; Truck \$10.00; Tractor \$20.00
- Appliance, Water Heater (residential, each \$10.00)
Additional charges may be assessed.

(C) **ROLL-OFFS:** The fees for solid waste collection and disposal from an open top roll-off container for construction waste shall be as follows:

- 1) **Roll-Off Box Charges**
\$275.00 per haul charge with a 1 haul minimum per month
- 2) **Additional Charges** \$50.00 per ton of waste in box.
- 3) **Delivery:** The City reserves the right to add a delivery fee for roll-off containers over 15 miles outside of the City service area.

Additional items that can't be landfilled, that are removed out of the waste stream will be charged based on current rates schedule.

Banned items will not be accepted.

NOTE: Fee is based upon monthly pick up, thus a monthly minimum. The City may negotiate other than monthly fees depending upon availability of containers and/or scheduled usages above the monthly minimum.

(D) **FUEL SURCHARGE:** The City reserves the right to add a fuel surcharge for roll-off containers over 15 miles outside of the City service area.

(E) **COMPACTORS:** Compactors will be charged on a per pull fee based on signed agreements with the City of Gering based upon a minimum of (1) once a month pull.

Note: All rates will be reviewed annually.

(F) **SPECIAL WASTE:** Fifty dollars (\$50.00) filing fee and eighty dollars (\$80.00) per ton charge depending on waste.

(G) Hazardous waste unacceptable. No hazardous wastes identified and contained in the RCRA regulations may be disposed of at the City Landfill.

(H) Individuals or corporations will be permitted to arrange for monthly billing in advance of entry through the City Treasurer. All other entries not arranged for in advance for monthly billings shall be on a cash basis, to be collected by the City's agent at the sanitary landfill.

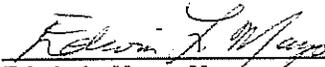
(I) All other licenses, fees, terms and conditions for the use of the City Landfill shall be established by the Mayor and Council of the City by resolution or by staff in the case of special waste.

(J) The City of Gering reserves the right to request a deposit on account prior to opening a charge account.

SECTION 2. The effective date of this ordinance shall be as provided by law and the first billing which will include the foregoing rates for service will begin with the first bill for services after the date of passage, approval and publication as provided by law, thus, the billing for October services.

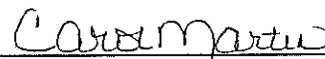
SECTION 3. Any ordinance or part of any Ordinance of the City of Gering in conflict with this Ordinance is hereby repealed to the extent of such conflict and should any part or section of this Ordinance be declared void and unenforceable, such declaration shall not render any other part void and unenforceable. This Ordinance shall take effect and be in full force from and after the date of its passage, approval and publication as provided by law.

PASSED AND APPROVED THIS 24th DAY OF SEPTEMBER, 2012.



Edwin L. Mayo, Mayor

ATTEST:



Carol Martin, Administrative Secretary



ORDINANCE NO. 1963

AN ORDINANCE TO ADJUST EXISTING ELECTRICAL RATES; REPEALING ORDINANCE NO. 1949; PROVIDING FOR PUBLICATION IN PAMPHLET FORM AND PROVIDING FOR AN EFFECTIVE DATE THEREOF.

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

SECTION 1: The existing electric rates be amended as follows:

ELECTRICAL RATES: As a tariff of rates based on monthly consumption by each consumer of electricity from the electrical distribution system of the City, the following schedule of rates is established:

SUMMER: The summer rate shall apply to the customer bills due on July 1, August 1, September 1, and October 1.

WINTER: The winter rate shall apply to the customer bills due on November 1 through June 1.

ALL ELECTRIC: Where both water and space heating are permanently installed, in regular use and in accordance with terms and conditions as set forth by the City, the winter rate schedule may apply (application by the customer required) during summer months. (Residential accounts only.)

RESIDENTIAL RATE

Available: Within the corporate limits of Gering.

Applicable: To single family residences and individually metered apartments for all domestic purposes, including space heating, all service shall be supplied through a single meter per building.

Character of Service: 60 cycle, AC, Single-phase, 120/240 volt, 3 wire (optional with the system).

		<u>Summer</u>	<u>Winter</u>
Rate:	The first 50 KWH used per month	\$0.494	\$0.494
	The next 100 KWH used per month	0.164	0.128
	The next 500 KWH used per month	0.114	0.105
	Balance KWH used per month	0.109	0.085
Minimum Monthly Bill		\$24.70	\$24.70

Terms of Payment: Bills are due and payable upon receipt and delinquent if not paid in 10 days.

Terms and Conditions: Service will be furnished under the City's general terms and conditions.

COMMERCIAL SERVICE

Available: Within the corporate limits of Gering.

Applicable: To any customer whose monthly consumption does not exceed 15,000 KWH per month or whose monthly peak demand does not exceed 70 KW for 3 consecutive months.

Character of Service: This single phase, or 3 phase if available, alternating current, electric service will be supplied at the system's standard voltages with all customers' services being metered at one (1) location through one (1) meter.

		<u>Summer</u>	<u>Winter</u>
Rate:	The first 100 KWH used per month	\$0.287	\$0.252
	The next 400 KWH used per month	0.195	0.172
	The next 2,500 KWH used per month	0.126	0.106
	Balance KWH used per month	0.108	0.089
Minimum Monthly Bill:		\$28.70	\$25.20

Fluctuating Loads: Customers operating equipment having a highly fluctuating or large instantaneous demand such as welders and X-ray machines shall be required to pay all non-betterment costs of isolating the load from the balance of the City's system so that the load will not unduly interfere with service on the City's lines.

In addition, customers who fail to provide adequate corrective equipment shall be required to own and maintain their own transformers.

Terms of Payment: Bills are due and payable upon receipt and delinquent if not paid in 10 days.

Terms and Conditions: Service will be furnished under the City's general conditions for service under this schedule.

INDUSTRIAL RATE

Available: Within the corporate limits of Gering.

Applicable: To any customer whose monthly consumption exceeds 15,000 kilowatt-hours per month or whose monthly peak demand exceeds 70 kilowatts for 3 consecutive months.

Character of Service: The customer service must be 3 phase and will be supplied at the systems standard voltages with all the customers services located at one (1) metering point where possible.

Rates: Demand Charge Winter Rates - \$13.29 per kilowatt of maximum billing demand shall apply to the customer bills due on November 1 through June 1.

Demand Charge Summer Rates - \$15.72 per kilowatt of maximum billing demand shall apply to the customer bills due on July 1, August 1, September 1 and October 1.

Plus an Energy Charge year round of:

The first 2,000 KWH or less used per month	\$0.085
The next 3,000 KWH used per month	0.078
The next 20,000 KWH used per month	0.068
The next 25,000 KWH used per month	0.062
Balance KWH used per month	0.050

Minimum Monthly Bill: \$1,101.59 Winter
\$1,270.30 Summer

Determination of Maximum Demand: The maximum demand for any billing period shall be the highest integrated kilowatt load during any 15 minute period occurring in the billing period for which the determination is made.

Rate Classification: When the monthly energy consumption or peak demand qualifies a customer for the industrial rate, the customer shall be billed on the industrial rate for the next 12 consecutive months.

Fluctuating Loads: Customers operating equipment having a highly fluctuating or large instantaneous demand such as welders and X-ray machines shall be required to pay all non-betterment costs of isolating the load from the balance of the City's system so that the load will not unduly interfere with service on the City's lines. In addition, customers who fail to provide adequate corrective equipment shall be required to own and maintain their own transformers.

Power Factor Adjustment: At the option of the City, power factor adjustments may be made when the power factor, as determined by test, at the time of the customer's maximum use is less than 92%. If a power factor of 92% or higher is not maintained, the customer will be billed via a KVA-KVAH meter.

Terms of Payment: Bills are due and payable upon receipt and delinquent if not paid in 10 days.

Terms and Conditions: Service will be furnished under the system's general terms and conditions for service under this schedule.

Fuel Adjustment: At the option of the City the above rates and bills may be adjusted from month to month for fuel cost adjustments charged by the City's supplier.

RURAL RATES

Available: This schedule is applicable to rural residents, farm service, and commercial and industrial service outside the corporate limits of Gering for lighting, heating and power.

RESIDENTIAL

Power served under this schedule will be single phase (or 3 phase where such service can be extended) at approximately 120-240 volts measured by metering equipment installed at one point. Single phase motors will not exceed 5 horsepower individual rating.

		<u>Summer</u>	<u>Winter</u>
Rate:	The first 250 KWH used per month	\$0.252	\$0.189
	The next 500 KWH used per month	0.189	0.168
	Balance KWH used per month	0.168	0.137
Customer Charge per month: No Energy			
	Single Phase	\$18.48	\$18.48
	Three Phase	\$24.64	\$24.64

COMMERCIAL

Applicable: To any customer whose monthly consumption does not exceed 15,000 KWH per month or whose monthly peak demand does not exceed 70 KW for 3 consecutive months. (City + 10%)

		<u>Summer</u>	<u>Winter</u>
Rate:	The first 100 KWH used per month	\$0.315	\$0.277
	The next 400 KWH used per month	0.215	0.189
	The next 2,500 KWH used per month	0.138	0.117
	Balance KWH used per month	0.120	0.098
Minimum Monthly Bill:		\$31.50	\$27.70

INDUSTRIAL

Applicable: To any customer whose monthly consumption exceeds 15,000 kilowatt-hours per month or whose monthly peak demand exceeds 70 kilowatts for 3 consecutive months. (City + 10%)

Rates: Demand Charge Winter Rates - \$14.51 per kilowatt of maximum billing demand shall apply to the customer bills due on November 1 through June 1.

Demand Charge Summer Rates - \$16.93 per kilowatt of maximum billing demand shall apply to the customer bills due on July 1, August 1, September 1 and October 1.

Plus an Energy Charge year round of:

The first 2,000 KWH or less used per month	\$0.094
The next 3,000 KWH used per month	0.086
The next 20,000 KWH used per month	0.075
The next 25,000 KWH used per month	0.068
Balance KWH used per month	0.055

Minimum Monthly Bill: \$1,202.84 Winter
\$1,372.13 Summer

Terms of Payment: Bills are due and payable upon receipt and delinquent if not paid in 10 days.

Terms and Conditions: Service will be furnished under the City's general terms and conditions and the following additional terms and conditions pertaining to this schedule.

The customer will furnish all interior wiring and equipment for the use of the service of all poles, wires and fixtures necessary to distribute such service from the meter location to the various buildings served.

NEW BUSINESS DEVELOPMENT RATE

Must meet the following qualifications.

New construction only. Effective August 1, 1995.

Industrial User: Greater than 15,000 kwh's/month or 50 kw of demand for 3 consecutive months.

Must be all electric.

Tax increment financing.

Allow City to install load management switches on air conditioners and hot water heaters.

- Limits:
- a.) Original owner only.
 - b.) Maximum of 50,000 kwh/month. (Negotiate any usage over 50,000 kwh's).
 - c.) Ends 5 years from date of occupancy.

A power factor of 92% or higher will be maintained at all times or the use of a KVA meter will be used to produce billing of KVAH's and KVA demand.

COST PER KWH TO CUSTOMER:

Total cost of City purchased power/kwh's City purchased times 1.375
i.e. 2010/2011 $\$4,004.033 \div 75,916.653 \text{ kw} = 0.05274$
 $0.05274 \text{ times } 1.375 = \underline{\$0.0725 \text{ cost per kwh.}}$
Rounds to four decimal places.

Over 50,000 kwh,
use 0.0490/kwh – low industrial rate plus demand
\$15.72 Summer \$13.48 Winter

COMBINATION COMMERCIAL-INDUSTRIAL SERVICE RATE

Must meet the following qualifications.

Non-concurrent peak. City peaks normally June through August.

Demand does not exceed 35 kw during June through August.
Allow City to install load management devices on air conditioners and hot water heaters.

Demand meter.

Rate: Rate to be lesser of the Commercial or Industrial Service Rate.

AREA LIGHTING SERVICE

Available: All Gering City service area.

Applicable: To all size outdoor lighting lamps.

Rate:	100 - 175 Watt	\$19.67 per month
	250 Watt	\$26.45 per month
	400 Watt	\$39.12 per month
	1000 Watt	\$49.78 per month
	1500 Watt	\$52.89 per month

Monthly charge includes the fixture, lamp and mounting brackets.

IRRIGATION SERVICE

Available: In the general area served by the Gering Electric Department.

Applicable: To year-around irrigation service to customers who will contract for 5 horsepower or more and who may be served from existing three-phase distribution line of 480 volts or less.

Where the City does not have three-phase but has single-phase service available, single-phase motors not to exceed 25 horsepower rating may be connected under this Schedule. No contract shall be less than 5 horsepower.

Rate: Fixed Charge.

\$18.13 per horsepower connected per year, payable with the first billing after April 1 of each year.

Energy Charge: \$0.46 per KWH for the first 50 KWH and minimum bill of \$23.00 per month, \$0.064 per KWH for all additional use.

NOTE: All irrigation service shall be interruptible and in accordance with a written agreement between the City and customer. Installation of a load control switch must be allowed by the customer.

Determination of Connected Load: The City reserves the right at any time to check the customer's load for recalculation of the minimum bill.

Power Factor Adjustment: The rates set forth in this Schedule are based on the maintenance by the customer of a power factor of not less than 92% at all times. If it is determined by test that the power factor at the time of the customer's peak load is less than 92%, the City at its option may correct the power factor of the customer's load at the expense of the customer or bill via a KVA-KVAH meter.

Use of Service for Purposes Other than Irrigation: At locations where the City has provided facilities for irrigation service, the customer may use the facilities for purposes other than irrigation provided such service may be supplied from the City's facilities serving the irrigation pump.

APPLICATION FOR SERVICE: DEPOSIT: Every person desiring a supply of electric current must make application to the City office, which application shall be made on designated forms to the Utility Office at City Hall. The application must state truly and fully all the uses to which said electric current is to be applied and no additional use will be allowed except by permission of said City. When such application shall be made for electric services to said Utility Office, the City will run or cause to be run, supply wires or wires to the buildings of the consumer, if the same are located on premises

abutting the distribution system of this City. New applicants for electric service shall be required to accompany their application with a service deposit of One Hundred Dollars (\$100.00) for residential and a higher basic deposit rate will be required on all commercial and industrial accounts to insure the payment of electric bills and other charges; the City reserves the right to require of users a service deposit sufficient to equal forty-five (45) days estimated bills on the particular meter. (This will be estimated by multiplying the highest monthly billing in the previous twenty-four [24] months by one hundred fifty percent [150%] or in the case of a new meter, a sum estimated to be one hundred fifty percent (150%) of the charge for that meter.) All meters required for providing applicant with electric service shall be furnished, shall be set in place, and shall remain the property of said City. All service deposits shall be refunded to the consumer when service is no longer desired subject to the conditions as hereinafter provided. All such supply wires shall be considered the property of the City. Not more than one house or building shall be supplied from one connection except by special permission. No consumer shall be permitted to take current for residence or commercial electric purposes at power rates, nor shall any electrical apparatus be attached or suffered to remain attached to any power meter. It shall be unlawful for any person to employ any scheme, device or contrivance for the purpose of evading the proper service and registration for any meter or to employ any scheme or device whereby he may obtain current which does not pass through the meter furnished him by the City. Finding electrical apparatus attached to a power meter or any device in or near any meter which causes the same to register incorrectly shall be prima facie evidence of the intent of the occupier of said premises, or of said consumer, to convert electric current to his own use, which is hereby declared unlawful, and the person convicted of a violation of the same shall be punished as hereinafter provided; and, in it shall appear to the said Electric Superintendent that any electrical meter shall have been tapped or tampered with, he is hereby empowered to install or cause to be installed, at the consumer's expense a meter installed in iron conduit mechanically sealed in closed meter box accessible only to the Electric Superintendent or his agents.

SERVICE CHARGES:

Meter Disconnect or Reconnect:

- (a) For non-payment - \$50.00 during business hours (ONLY)
\$100.00 after business hours
- (b) At customers request - \$50.00 during normal business hours
(Call out fees) \$100.00 after business hours

Reconnect service fees for non-payment are due in advance and are to be paid although electric service may not actually be physically disconnected.

Read In and Read Out: No Charge.

Meter Tests:

Free if the City of Gering requests. A charge will apply if the customer requests:

Single phase electric:	\$50.00
Three phase electric:	\$50.00

Hookup of Temporary Service Pole:

A service fee of \$50.00 must be paid *before* the City of Gering will hook up the temporary service pole. This fee is for new construction only.

Service fee for temporary service pole is \$50.00.

TAMPERING:

Any customer who attempts to obtain current or alter City property in the attempt of theft of services, to include: cutting meter seals; connections around disconnect; removing locks placed by the City of Gering, will be charged a \$150.00 fee in advance of reconnection.

Immediate disconnect of electrical service shall be completed by the City upon finding any of the above described activities. The City has no liability for such action.

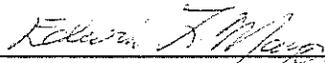
LOAD MANAGEMENT

At the option of the City, an energy load management switch may be installed that enables the City to turn off air conditioners or water heaters when there is an economic need to manage usage.

SECTION 2. Any Ordinance or part of any Ordinance of the City of Gering, Nebraska, in conflict with this Ordinance is hereby repealed, and should any part or section of this Ordinance be declared void and unenforceable, such declaration shall not render any other part void and unenforceable.

SECTION 3. This Ordinance shall take effect and be in full force from and after the date of its passage, approval and publication in pamphlet form as provided by law. The first billing for services will be for October services.

PASSED AND APPROVED this 24th day of October 2012.



Edwin L. Mayo, Mayor

ATTEST:



Carol Martin, Administrative Secretary



ORDINANCE NO. 1964

AN ORDINANCE TO AMEND TITLE X, "TRAFFIC", CHAPTER 2, "SPEED RESTRICTIONS" OF THE MUNICIPAL CODE OF GERING TO ESTABLISH SCHOOL SPEED ZONES; AND PROVIDING FOR AN EFFECTIVE DATE HEREOF.

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

Section 1. That the current Title X, Chapter 2, Section 1, Subsection (D)18 of the Municipal Code of Gering, Nebraska is amended to read as follows:

18. Elementary School Speed Zones

(a) On a school day when children are present in the school grounds or on sidewalks adjacent to the school or school crossings, no person shall drive a motor vehicle at a speed in excess of 15 m.p.h. while passing a school speed zone. For the purpose of this section, a school day shall begin at 7:00 a.m. and conclude at 4:00 p.m.

(b) The following areas are designated school speed zones:

(1) *Geil Elementary School*

- a. 17th Street from 100 feet north of Mitchell Pass Boulevard to "D" Street
- b. "D" Street from 100 feet west of 17th Street to 100 feet east of 16th Street

(2) *Lincoln Elementary School*

- a. "R" Street from 100 feet west of 14th Street to 13th Street
- b. 14th Street from "R" Street to "Q" Street
- c. "Q" Street from 100 feet west of 14th Street to 100 feet east of 13th Street
- d. 13th Street from "Q" Street to "R" Street

(2) *Northfield Elementary School*

- a. Nelson Avenue from 100 feet west of Ponder Place to 100 feet east of Donna Drive
- b. Donna Drive from 100 feet south of Flaten Avenue to Nelson Avenue
- c. Flaten Avenue from 100 feet east of Donna Drive to Ponder Place
- d. Ponder Place from 100 feet south of Flaten Avenue to Nelson Avenue
- E. COUNTRY CLUB ROAD FROM FIVE ROCKS ROAD EAST TO LANGLEY AVENUE

- (c) This section shall not be applicable unless appropriate signs are posted upon streets wherein the school speed zone is located. Such signs shall indicate the school speed zone and the speed limit in effect during school days when children are present.

Section 2. Subsection (D)19 of the Municipal Code of Gering, Nebraska is added to read as follows:

19. *Junior High School and High School Speed Zones*

- (a) On a school day when children are present in the school grounds or on sidewalks adjacent to the school or school crossings, no person shall drive a motor vehicle at a speed in excess of 20 m.p.h. while passing a school speed zone. For the purpose of this section, a school day shall begin at 7:00 a.m. and conclude at 4:00 p.m.
- (b) The following areas are designated school speed zones:
 - 1. *Gering Junior High School*
 - a. "S" Street from 100 feet west of 8th Street to 7th Street
 - b. 7th Street from 100 feet north of S Street to 100 feet south of "Q" Street
 - c. "Q" Street from 9th Street to 7th Street
 - d. 9th Street from 100 feet north of "R" Street to "Q" Street

- e. "R" Street from 100 feet west of 9th Street to 8th Street
- f. 8th Street from "S" Street to "R" Street

2. *Gering High School*

- a. 17th Street from Gentry Boulevard to "U" Street
- b. "U" Street from 100 feet west of 17th Street to 100 feet east of 13th Street
- c. Pacific Boulevard from Gentry Boulevard to "U" Street

- (c) This section shall not be applicable unless appropriate signs are posted upon streets wherein the school speed zone is located. Such signs shall indicate the school speed zone and the speed limit in effect during school days when children are present.

Section 3. Any ordinances or part of any ordinance in conflict with this ordinance are hereby repealed to the extent of such conflict and should any part or section of this ordinance be declared void and unenforceable, such declaration shall not render any other part void and unenforceable.

Section 4. This Ordinance shall take full effect and be in full force from and after its passage, approval, and publication as required by law.

PASSED AND APPROVED THIS 22nd DAY OF OCTOBER 2012.


Edwin L. Mayo, Mayor

ATTEST:


Carol Martin, Administrative Secretary



ORDINANCE NO. 1965

AN ORDINANCE TO AMEND TITLE X, "TRAFFIC", CHAPTER 2, "SPEED RESTRICTIONS" OF THE MUNICIPAL CODE OF GERING TO ESTABLISH THE SPEED LIMIT ON TENTH STREET BETWEEN S STREET AND 100 YARDS NORTH OF THE UNION PACIFIC RAILROAD TRACKS; TO ESTABLISH SCHOOL SPEED ZONES; AND PROVIDING FOR AN EFFECTIVE DATE HEREOF.

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

SECTION 1. That Title X, Chapter 2, Section 1, Subsection (D)4 of the Municipal Code of Gering, Nebraska is amended to read as follows:

4. Tenth Street – 40 m.p.h. between the Central Ditch and 100 yards north of the Union Pacific Railroad tracks;

SECTION 2. That Title X, Chapter 2, Section 1, Subsection (D)5 of the Municipal Code of Gering, Nebraska is amended to read as follows:

5. Tenth Street – 30 m.p.h. between 100 yards north of the Union Pacific Railroad tracks and "S" Street;

SECTION 3. That the current Title X, Chapter 2, Section 1, Subsection (D)18 of the Municipal Code of Gering, Nebraska is repealed and amended to read as follows:

18. School Speed Zones

- (a) On a school day when children are present in the school grounds or on sidewalks adjacent to the school or school crossings, no person shall drive a motor vehicle at a speed in excess of 20 m.p.h. while passing a school speed zone. For the purpose of this section, a school day shall begin at 7:00 a.m. and conclude at 4:00 p.m.

- (b) The following areas are designated school speed zones:

(1) *Geil Elementary School*

- a. 17th Street from 100 feet north of Mitchell Pass Boulevard to "D" Street
- b. "D" Street from 100 feet west of 17th Street to 100 feet east of 16th Street

(2) *Lincoln Elementary School*

- a. "R" Street from 100 feet west of 14th Street to 13th Street
- b. 14th Street from "R" Street to "Q" Street
- c. "Q" Street from 100 feet west of 14th Street to 100 feet east of 13th Street
- d. 13th Street from "Q" Street to "R" Street

(3) *Northfield Elementary School*

- a. Nelson Avenue from 100 feet west of Ponder Place to 100 feet east of Donna Drive
- b. Donna Drive from 100 feet south of Flaten Avenue to Nelson Avenue
- c. Flaten Avenue from 100 feet east of Donna Drive to Ponder Place
- d. Ponder Place from 100 feet south of Flaten Avenue to Nelson Avenue
- e. COUNTRY CLUB ROAD FROM FIVE ROCKS ROAD EAST TO LANGLEY AVENUE

(4) *Gering Junior High School*

- a. "S" Street from 100 feet west of 8th Street to 7th Street
- b. 7th Street from 100 feet north of S Street to 100 feet south of "Q" Street
- c. "Q" Street from 9th Street to 7th Street
- d. 9th Street from 100 feet north of "R" Street to "Q" Street
- e. "R" Street from 100 feet west of 9th Street to 8th Street
- f. 8th Street from "S" Street to "R" Street

(5) *Gering High School*

- a. 17th Street from Gentry Boulevard to "U" Street

b. "U" Street from 100 feet west of 17th Street to 100 feet east of 13th Street

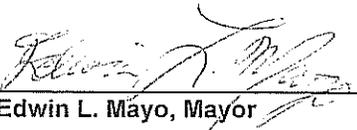
c. Pacific Boulevard from Gentry Boulevard to "U" Street

(c) This section shall not be applicable unless appropriate signs are posted upon streets wherein the school speed zone is located. Such signs shall indicate the school speed zone and the speed limit in effect during school days when children are present.

SECTION 4. Any ordinances or part of any ordinance in conflict with this ordinance are hereby repealed to the extent of such conflict and should any part or section of this ordinance be declared void and unenforceable, such declaration shall not render any other part void and unenforceable.

SECTION 5. This Ordinance shall take full effect and be in full force from and after its passage, approval, and publication as required by law.

PASSED AND APPROVED THIS 22nd DAY OF OCTOBER, 2012.


Edwin L. Mayo, Mayor

ATTEST:


Carol Martin, Administrative Secretary

