

**ACKNOWLEDGEMENT OF RECEIPT OF NOTICE OF MEETING
OF THE MAYOR AND CITY COUNCIL OF
THE CITY OF DAVID CITY, NEBRASKA**

The undersigned members of the governing body of the City of David City, Nebraska, hereby acknowledge receipt of advance notice of a regular meeting of said body and the agenda for such meeting to be held at 7:00 o'clock p.m. on the **10th day of February, 2016**, in the meeting room of the City Office, 557 N 4th Street, David City, Nebraska.

This agenda is available for public inspection in the office of the City Clerk and may be modified up to twenty-four hours prior to the opening of the meeting.

Dated this 4th day of February, 2016.

AGENDA AS FOLLOWS:

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| 1. Roll Call; | _____
Mayor Alan Zavodny |
| 2. Pledge of Allegiance; | |
| 3. Inform the Public about the location of the Open Meetings Act and the Citizens Participation Rules; | _____
Council President Gary L. Kroesing |
| 4. Minutes of the January 13 th , meeting of the Mayor and City Council; | |
| 5. Consideration of Claims; | _____
Council member Michael E. Rogers |
| 6. Committee and Officer Reports; | |
| 7. Presentation / Consideration of the Comparability Study by Paul Essman of Capital City Concepts L.L.C.; | _____
Council member Thomas J. Kobus |
| 8. Presentation / Update by Dawn Danley of Leo A. Daly concerning the Downtown Redevelopment Project; | _____
Council member Kevin N. Hotovy |
| 9. Presentation by Phil Lorenzen of D.A. Davidson & Company concerning funding options for the Downtown Renovation Project; | _____
Council member Gary D. Smith |
| 10. Consideration of Resolution No. 3 – 2016 submitting to the qualified electors the following proposition: “Whereas David City, Nebraska has a 1½% City Sales Tax with a termination date of October 1, 2020; Shall the governing body of the City of David City, Nebraska, continue the sales and use tax of ONE AND ONE-HALF PERCENT (1.50%) for an additional ten (10) year period ending October 1, 2030 with the proceeds collected to be used for the Downtown Renovation Project, infrastructure repairs, replacements, and improvements within the City and for Recreational and cultural projects; | _____
City Clerk Joan E. Kovar |

11. Consideration of the City's Information Technology update needs;
12. Public Hearing to amend Ordinance No. 1060 – Zoning Ordinance to add Section 2.02 Definitions, Section 4.25 Mobile Food Units; and to amend C-1 Highway Commercial Section 5.11.05 Permitted Temporary Uses by adding #5 – Mobile Food Units, C-2 Downtown Commercial Section 5.12.04 Permitted Temporary Uses by adding #6 – Mobile Food Units, I-1 Light Industrial Section 5.13.02 Permitted Uses by adding #31 – Mobile Food Units, I-2 Heavy Industrial Section 5.14.02 Permitted Uses by adding #37 – Mobile Food Units and FS – Flex Space Section 5.15.04 Permitted Temporary Uses by adding #5 – Mobile Food Units.
13. Consideration of Ordinance No. 1243 amend Ordinance No. 1060 – Zoning Ordinance to add Section 2.02 Definitions, Section 4.25 Mobile Food Units; and to amend C-1 Highway Commercial Section 5.11.05 Permitted Temporary Uses by adding #5 – Mobile Food Units, C-2 Downtown Commercial Section 5.12.04 Permitted Temporary Uses by adding #6 – Mobile Food Units, I-1 Light Industrial Section 5.13.02 Permitted Uses by adding #31 – Mobile Food Units, I-2 Heavy Industrial Section 5.14.02 Permitted Uses by adding #37 – Mobile Food Units and FS – Flex Space Section 5.15.04 Permitted Temporary Uses by adding #5 – Mobile Food Units;
14. Consideration of the request by Jim Novacek, on behalf of the Knights of Columbus and the Lincoln Food Bank, that the rental fees for the use of the City Auditorium be reduced or waived once each month for the food distribution program;
15. Adjourn.

CITY COUNCIL PROCEEDINGS

February 10, 2016

The City Council of the City of David City, Nebraska, met in open public session in the meeting room of the City Office, 557 N 4th Street, David City, Nebraska. The Public had been advised of the meeting by publication of notice in The Banner Press on February 4th, and an affidavit of the publisher is on file in the office of the City Clerk. The Mayor and members of the City Council acknowledged advance notice of the meeting by signing the Agenda which is a part of these minutes. The advance notice to the Public, Mayor, and Council members conveyed the availability of the agenda, which was kept continuously current in the office of the City Clerk and was available for public inspection during regular office hours. No new items were added to the agenda during the twenty-four hours immediately prior to the opening of the Council meeting.

Present for the meeting were: Mayor Alan Zavodny, Council President Gary Kroesing, Council members Tom Kobus, Gary Smith, Kevin Hotovy, and John Vandenberg, City Attorney

James Egr, City Clerk Joan Kovar and Deputy City Clerk Tami Comte. Council member Mike Rogers was absent.

Also present for the meeting were: Dawn Danley, Al Hottovy and John McCarvel of Leo A. Daly, Philip Lorenzen of D.A. Davidson, Butler County Deputy Sheriff Rick Schneider, Keith Marvin, Paul Essman of Capital City Concepts, LLC, Janis Cameron, David McPhillips, Skip Trowbridge, Banner Press Editor Larry Peirce, Street Supervisor Rodney Rech, Electric Supervisor Pat Hoeft, Electric Foreman Mick Shipley, Power Plant Supervisor Eric Betzen, Sewer Supervisor Kevin Betzen and Park/Auditorium Supervisor Bill Buntgen.

The meeting opened with the Pledge of Allegiance.

Mayor Zavodny informed the public of the "Open Meetings Act" posted on the east wall of the meeting room.

The minutes of the January 13, 2016 meeting of the Mayor and City Council were approved upon a motion by Council member Smith and seconded by Council member Kobus. Voting AYE: Council members Kroesing, Hottovy, Smith, Kobus, and Vandenberg. Voting NAY: None. Council member Rogers was absent. The motion carried.

Mayor Zavodny asked for consideration of claims. Council member Smith made a motion to authorize the payment of claims and Council member Kobus seconded the motion. Voting AYE: Council members Vandenberg, Kobus, Kroesing, Hottovy, and Smith. Voting NAY: None. Council member Rogers was absent. The motion carried.

Mayor Zavodny asked for any comments or questions concerning the Committee and Officer Reports.

Mayor Zavodny stated that the efforts with the snow storm, especially considering the size of it, by the City employees were exceptional. Mayor Zavodny stated that he appreciated the extra time and effort and the fact that everyone pulled together to get the job done.

Council member Kroesing made a motion to accept the committee and officers reports as presented. Council member Vandenberg seconded the motion. Voting AYE: Council members Hottovy, Kobus, Vandenberg, Smith, and Kroesing. Voting NAY: None. Council member Rogers was absent. The motion carried.

Dawn Danley, Associate, Senior Civil Project Engineer, Leo A. Daly, presented an update on the Downtown Redevelopment Project. Dawn Danley introduced Jon McCarville who is also with Leo A. Daly and will also be working on the Downtown Redevelopment project. Dawn stated, "Last time I promised you a "D" Street drainage area, so I wanted to make sure that I brought that. This is something that we will continue to consider as we move forward. Essentially, "D" Street is covering all of three acres. It's taking everything from the courthouse. So, I think that the bulk of the drainage is coming from the courthouse parking lot. It's sloped pretty decent and that's where you're getting your backup on 4th and "D". It's obviously pretty shallow along 5th Street and "D" Street to get to that inlet on that southeast corner but it's still a lot of water getting there. So, we'll do the drainage report, obviously, that will show us what's coming in at that inlet area and then we'll make sure that we size it accordingly."

Mayor Zavodny asked if she was still confident that they would be able to tie in a drainage system to the "D" Street project.

Dawn Danley said, "Yes, it's very low. It's much lower than all your other ones so I'm confident that we can get some good flow through a pipe. We just need to coordinate as we move forward. Again, what the Olsson pipe was sized for and what they have left in the pipe, hopefully, it's enough to carry some of this because that's where it all wants to go. If not, we may need to reroute some of it south to the state system. So, we'll have to analyze that once we move forward. The second page is what I have handed off to Phil, which he is going to talk about but, real quick, I gave Phil a cost per block which adds up to the totals that I've been showing you for about a year and a half. So, there's a cost per block for all concrete, there's a cost per block for all of the State streets, because obviously it's a different pavement section and then you've got your brick option and then you've got your water line project which was \$1.5 million. That's what Phil needed to do his analysis and again, these were the three projects that we talked about last time. The original scope which was fire hall block and water line was about \$2 million, plus 5 block project were the three courthouse blocks, Kobza and fire hall plus the water line was about \$3.75 million and then the whole downtown project was \$6.5 million which we've talked about before, six or seven months ago. So, that's what I gave to Phil and he's going to talk about the funding of that."

Philip Lorenzen, Vice President of D.A. Davidson presented the funding options for the Downtown Redevelopment project. Phil said, "Let's start with page 11. You've got outstanding the balance of a bond issue on water revenue bonds that were issued in 2014 and those bonds have a ways to run, not a terrible long time, but you've got a generation of income from the operation of the water system. I wrapped the electric, the water and the sewer together. They maintain those as free standing entities but if you track down just before that last section of four lines and there should be a note there that this is the income, if you will, just below the top of those last four lines, income or loss for the utility system for the last hand full of years, 11, 12, 13, 14 and 15, the last five years. The net income for the water system in 2011 was -51,000, in 2012 it was 147,000, in 2013 it was 19,000, in 2014 it was 11,000 and in 2015 it was -285,000. In adjusting that for the ability to determine how much money is available from the cash flows of the water system for the payment of bonds, we add back depreciation which, as you all know, is a non cash item. I think depreciation should be recognized. If you can, it ought to be accumulated and used for "pay as you go" improvements rather than borrowing all of the time. So, that's a significant amount of money and the \$200,000 or more range is added back and then I added back the net other income which would include any interest income that you had and I added back the negative that you picked up on interest on the bonds. So, I find that for the last three years, if you will, in 2013 and that's about as far back as we want to go in history. You've got just under \$300,000 in 2014 you have available to pay down debt service and in 2015, and here's my question, under production in the second block of numbers, your production costs went from \$347,000 to \$707,724. I assume that there was a capital expenditure number that could be reclaimed and reclassified but I didn't talk to Joan about it."

City Clerk Joan Kovar stated that she would have to look and that she didn't know off hand what that was.

Phil Lorenzen said, "That was an unusual jump and I'm of the assumption, which I see from time to time, you wrote something down, you sold some equipment that you took a loss against, or you took something out of service that you took a loss against, or you actually had a capital expenditure that was not classified as a capital expenditure. We don't need to answer

that question tonight, that's not really germane to the circumstances because I expect in 2016, going forward that number will be back to a more positive result. The point that I would make is this, you've got significant income coming from the water system and you also have income coming from the electric system and the sewer system. So, we need to answer that question at some point but it's not critical to this discussion. You've got pretty good income from that. What I want to point out is an opportunity that you have if you wish to use it as a source of revenue. You have \$880,000 originally issued water revenue bonds from 2014 that was primarily for water main replacement. I can't tell you the locations. I've got that with me in the resolution but I didn't look that up. Page 13 shows the debt service. The debt service is a little over \$100,000 and then a payment of \$130,000 in 2022. This is 2016 so you have six payments left. You have little charge against that water bond revenue producing entity to pay the bonds. The point would be that the interest rate on that bond incident was 2.06% when that was issued. That was a home run. I looked at the possibility, just for starters, to suggest that you have, if you wish to do so, the ability to go ahead and consider issuing this first piece of bonds. We talked about the million and a half for the water system upgrades and repairs and replacements and so forth, to go ahead and do that and really pay for that, if you'd like, out of the revenue base. I didn't add back anything for engineering on this, that's an unknown yet, but I did add in about \$25,000 for transaction costs for bond issuance and so forth and that gave me a schedule on page 15 which is the third column from the right. If you amortize the 1,525,000, it would take about \$122,000 a year, give or take, on average, and then your prior debt service is again a little over \$100,000 so you have payments against that system of about \$250,000 but you have, generally, income available for debt services of about \$300,000 so there is an item there that could be tapped to go ahead and pay for this project. You need to look at that carefully and with a lot of consideration because you have other projects that you could fund out of that operation too, so you don't want to sell yourself short in that process, but there is a pack of money there that could be available. On page 15, I asked the question, what if we blend those two together, which I did on page 16 and dove tailed the existing bonds with a new issue of bonds. I calculated the new issue of bonds to be about a 2.5% interest rate. Interest rates may go up, I see the economy as sort of stagnant, I don't think that they are going to go up materially, but a small increase in interest rate is not earth shattering. So, if that's the situation, you'd have \$180,000 in payments and close to \$300,000 in income, so the point I would make is from the water system you have an ability to help fund this project, I think, on a reasonable basis and you should still have the ability to go ahead and make other improvements on a cash – pay as you go system as you move through time. I think that's important. Questions on that concept?

Mayor Zavodny said, "Ok. A couple of other things that maybe you are or aren't aware of. We had voted the additional half cent sales tax for water infrastructure that we started collecting for in January. We talked about TIF. If we were to use that, I've gone on record as saying that I just didn't see a path, previously, to do the scope of project that we were talking about. But, depending on what we decide later this evening, and then if we decide to present it to the voters to see what they want to do, then I think that we have it. Currently, that's been my concern. We've committed to the water part. We will have enough from this sales tax, leftover to handle that amount."

Phil Lorenzen said, "I totally understand. This is only a potential backup if you should need it. I know that there are other sources of revenue that you could use. My views parallel yours in that you should use those other sources of revenue for this project. So, taking Dawn's updated numbers I did some simple illustrations. Two million dollars would be paving, fire hall and the water line project. This doesn't include fiscal underwriting and legal costs which would be minimal and the engineering costs which have to be factored in. But, if that were the case

then the average debt service then just call it, for round numbers, it takes about \$160,000 a year for that \$2 million project. You've got more than enough cash flow from sales tax and so forth to accommodate that. Again, keeping it simple, Alan asked the question, for paving projects for a City of the second class or a village under Nebraska Statute, the maximum time period that you can take for the final payment on the bonds is fifteen years. Highway allocation allows a longer pre-payment or payment period. Doing districts mandates a maximum fifteen year period. Now, there is a little wiggle room in that, in that when you do a paving project, you can't accept the work and issue the final bond until the project is done. So, normally we go through the process of issuing short term bond anticipation notes, which would be at an interest rate of one or one and one-half percent in today's market. That gives you a revenue neutral time period when you have to pay interest only and you capitalize interest in those notes for up to three years so you could go ahead and capture revenues for three years through bond anticipation notes and then roll it into a bond so there's a little wiggle room there in terms of what that demand is going to be. We've done that before on projects.

Mayor Zavodny said, "So, as far as bridging that from when our debt really starts to take a significant decrease, which is that 2024 time frame, you're confident in our ability to bridge from that point until we need more."

Phil Lorenzen said, "Oh, absolutely and what I would do is to issue bond anticipation notes for, perhaps, a two year period of time, with a call anytime. I like the market, the market will at some point in time find interest rates probably going up."

Mayor Zavodny said, "What time frame do you think is most reasonable?"

Phil Lorenzen said, "I'd say three years, two to three years. They will start to see some escalation but most of the escalation is on the short term. The thirty year treasury, in December, was at a rate of 3.2% approximately. Today it's 2.8%. It's dropped 40 basis points since the Fed announced that quarter percent rise in the discount rate. The stock market, as you've seen is in the tank. So, it just seems to me that we are in a longer siege before we see a material raise in interest rates, but, I learned a long time ago that you can't predict tomorrow so..."

David McPhillips said, "You're doing three year bond anticipation notes?"

Phil Lorenzen said, "That's the maximum under the law. I would consider that as an alternative, but I would make sure that we had the ability to pay those early so if the Mayor and the Council like the interest rate market, I would roll them into the permanent financing more readily to capture today's low rate."

David McPhillips asked, "Are you paying interest over those three years?"

Phil Lorenzen said, "Interest only."

David McPhillips asked, "No principal?"

Phil Lorenzen said, "No principal."

David McPhillips said, "If you know how to project interest rates, you wouldn't be doing what you're doing now."

Phil Lorenzen said, "I can't predict interest rates with accuracy, all I'm saying is that you need, under the Statute, to go ahead and provide construction financing through notes and then you roll those into bonds once the project is done."

David McPhillips asked, "Did you do multi scenarios on what interest rates are going to do in the future?"

Phil Lorenzen said, "I have not, but I will. I do what if's to find out what the risk is and then we determine how to mitigate the risk. That's a good question."

David McPhillips said, "I don't appreciate interest only loans. That's how we got into the housing crisis and rates took a leap."

Phil Lorenzen said, "This is a necessary step before we can accept the project. My normal process is to issue the notes and as soon as the project is done, accept the project, issue the bonds and pay off the notes, which is six months to a year of interest. But, I like to give a window of opportunity in case interest rates start to escalate, then we play the what if scenario and return with how much risk is there in helping to drive the determination of when to go to the market. I don't want to gamble with the City's money. I just want to leave opportunity for wiggle room to make sure that we do the best job, collectively, as a City, and in my role, to do the financing to capture the lowest possible rate. I really am totally opposed to deferral of principle. I think you've got to pave the way for the next generation who sits in this room to go ahead and make decisions."

David McPhillips said, "But you are deferring at least three years."

Phil Lorenzen said, "No, No. I would defer until the project is done which may be eight or nine months to a year, maybe a little longer than that. But, I want to give an opportunity for the Council to have a longer window. I don't want to be up saddled up against the wall and we've got to do this bond issue on this date. I like a period of time in case the interest rates start to escalate. We look at those scenarios and make a determination of what we're going to do. Does that help?"

David McPhillips said, "Are you deciding something tonight about without what if's and projections?"

Phil Lorenzen said, "No, we'll go through that exercise."

Mayor Zavodny said, "I guess this would be for AI and Dawn then. When you look at historically, over the past, even, five years of similarly bid projects, has there been an escalation factor in what the cost of those are? Fuel is down now and that might help a little bit, but concrete can be a volatile input."

Al Hotovy said, "It's been going up around two to three percent a year, but with the gas prices, it's coming down. Contractors are hungry. I think if we push and target for early spring, and I'm talking January of next year. It's actually probably the middle of winter for the bid opening, which means that everything is ready to go. Phil has everything together. We have the districts created and the drawings are at 100%. We've got all the permits. We get the bids in January or by February 1st. We start construction. We are probably at a year before we get

everything done. Basically, what we're saying is that is your two year window that Phil is talking about. We have to have construction and financing going with the intermediate bonding. Then once we are all done and the final costs have come in then he issues the bonds unless he sees something going up with the interest and he could issue the bonds sooner."

Mayor Zavodny said, "So, your argument would be that we could see a two percent increase in the cost of the project."

Dawn Danley said, "I also think that with the scale of your project that if it does go with the full scope that will entice contractors and you're in a location where you are more competitive and you can pull from Kearney, Columbus, Lincoln or Omaha. You're in a good location to grab some good heavy contractors. Some of ours are a little bit more remote and it's not quite as great of a bidding environment. I think you're sitting in a good place, especially with the significant project scope."

Phil Lorenzen said, "The key is, of course, once you've let the bids the contract is locked in, in terms of what that cost is. Let me back up and make one comment. I talked about the water bonds and gave you that free standing example. The water bonds can actually be issued under the Statute any time we choose to do so. We can issue water bonds in one of two forms. We can issue them as a revenue bond anticipation note, which I would prefer not to do or we can issue them as a general obligation bond under §17-534 and §17-535, you can borrow up to 12% of the valuation of the community to do water bond transactions. I would be inclined to issue that million and a half immediately. As soon as the bids are in hand, go ahead and issue those bonds and lock in that rate. Those bonds are going to be paid from the TIF and the sales tax so I would go ahead and issue those right away. We would lock in that million and a half immediately in today's market rates. That's just for the water project. We have to go through the process of the different statutory process for the paving districts. It's a little more complicated and a little more time consuming. I just did a simple illustration. You saw two million. Now I'm going to show you three million seven fifty."

Dawn Danley said, "That includes five blocks and the water line project. That includes the fire hall, the court house and the water line project."

Phil Lorenzen said, "So page 20 is the debt service and that will take about \$300,000. This includes the water project. Then the next page shows the six and a half million dollar, eleven block paving project and the water line project. Page 22 shows \$6,500,000 and now we go from \$300,000 to about \$515,000 per year. That's the whole thing including water. So, the required funds. In order to know where we're going, we need to know where we are and take a look at the current snap shot and then move forward. What I've done is to list the bonds and I'm going to back up now. If you turn to page two, these are the bonds that are outstanding on the water system. They are water refunding bonds. I wanted to show you the earnings on the water system just as a bench mark for what additional funds potentially would be available as a conditional security for back up. Page three finds the balance of those bonds. Those bonds were issued at one of the most opportune times in the market. The average interest rate when we issued those bonds was 2.06%. Key point – they run through 2022, just a few years hence. The payments are about \$112,000 and the last three payments are about \$134,000 on average. That was a home run when that was done. There's no question about it. On page four, the general obligation various purpose bonds, Series 2014, they run just through 2024 and the average cost on those is 2.225% for the average coupon and that takes about \$70,000 a year and again the final payment on that is in 2024. That was all of those 2011 and 2012 projects to

the east side of the community if you remember those projects. I didn't get into depth on that but I looked back to see what those funds were used for. I'm assuming that's probably principally paid from special assessments and property taxes. Then we have on the Northwest Drainage, for that project up there, the only borrowing that was made for that, because you had significant cash, was \$550,000 and the average coupon rate on those shows on page seven and that was a 1.19% average rate. The payments on those are just a touch over \$100,000 a year and that runs just through 2019. So, that's what you've got for history on the bonds that are outstanding. The highway allocation fund pledge bond, a refunding bond in 2014 and on page nine that shows the average interest rate on those bonds is 1.16%. You have a marvelous financial adviser and make good decisions on your part. Remember when we had the Council meeting and we did a weighted average of all of the debt of the City and it was less than 2% average interest rate. That emphasizes the need to take advantage of the current market."

David McPhillips asked, "What is it relative to other communities?"

Phil Lorenzen said, "Much lower because this debt is short term and we were able to capture those low rates. David City looks better than any other city that I look at in terms of the average rates on their debt. Columbus is just a bench mark, I did two refunds in Columbus this year and I saved them approximately \$1.4 million in debt service, current market versus historical market. I just did two projects in Waverly and I saved them a million dollars on \$7 million in financing by refunding in the current market so it behooves one to go ahead and look at that carefully and refund if you can."

David McPhillips said, "Your underwriting costs of \$21,000 is that just for the \$1.5 million project."

Phil Lorenzen said, "Yeah, it's going to be about 1.25 to 1.5 percent for those transaction costs of the principal amount of the bonds bought. So, that issue in the highway allocation bonds of \$650,000 has to run just until 2019 and that issue refunded and saved interest costs on the original issue of about \$1,350,000 that was issued in 2009 so this refunded about half of those bonds and captured a remarkably lower cost of savings. So that's your history. A key point of that whole discussion is this – that your debt is low rate, it's short term, it's well structured and that positions you well for the future to accommodate the needs of the City in terms of capital improvements. You're sound. Your debt as a percentage of your valuation is a touch over one percent. You are very well positioned. For a City of your size, with good management, your leadership as Mayor and Council have served this community well. You have the capacity to do some projects. You just don't want to go off the deep end in that process and you're not going to do that."

Mayor Zavodny said, "Mayor Trowbridge, did you have a question?"

Skip Trowbridge said, "Phil, on page 11, it appears to me that in 2011 there is a very simplified cash flow. Am I correct in that?"

Phil Lorenzen said, "Yes it is. That is extracted from the audit, line for line. I looked at the detail but I couldn't ascertain what that increase in production was. There wasn't enough detail in the audit to allow me to track that."

Skip Trowbridge said, "Ok then. The question that follows is, where are the capital expenditures for those five years?"

Phil Lorenzen said, "Well, the capital expenditures are made out of accumulated depreciation or have been made out of the issuance of that \$880,000 in bonds and that was principally for water main replacement. I don't have the detail of the ordinance."

Skip Trowbridge said, "So, adding back depreciation is net of capital expenditures?"

Phil Lorenzen said, "I'm not sure that I'm tracking your question, Skip."

Skip Trowbridge said, "Ok. You just got done telling me that it was less capital expenditures so it would appear that if we added them back that it would include them."

Phil Lorenzen said, "Capital expenditures are an item that capitalize for accounting purposes and don't show as an expense. The expense shows as a depreciation factor from year to year. I don't have the history to know whether that depreciation was accumulated. I assume it was accumulated and it was used for capital project expenditures, but I didn't do a study of that to ascertain that over the year."

Skip Trowbridge said, "Ok. If that's the case then I have no issue with the numbers at the bottom, but if it's not the case, it skews the equation immensely."

Phil Lorenzen said, "It changes the equation immensely in my statement earlier, whereas that I'm strongly of the view that any enterprise activity be it water, be it sewer, be it transfer station, be it electric, all of those systems ought to recognize the non-cash item of depreciation. It ought to be accumulated and it should be used in part to go ahead and make capital expenditures rather than going to the borrowing window. I think we're all on that same page, philosophically."

Skip Trowbridge said, "But it's paid in cash so..."

Phil Lorenzen said, "That's correct. In the case of NDEQ loans, which is part of the water refinancing, I think, if I'd look back at that. The NDEQ mandates that if you borrow through the NDEQ and state revolving loan fund, you have a mandated set aside to accumulate for replacement reserves."

Skip Trowbridge said, "Ok. The last thing is that we have approximately a half million dollars in bond anticipation notes that remain unpaid with the electric department, I believe. Am I correct in that?"

Phil Lorenzen said, "That is to be paid off within the next few months. I don't remember the exact date. I didn't show that. The plan was that the cash would be available to pay that from the electric system. We did issue a series of bonds for the catalytic converters. That was paid over the short term with earnings from the system and that has been retired. Good questions. So, what I would like to look at now is on page 24. We've looked at the history. We've looked at Dawn and Al's numbers in terms of where you may go in project expenses so I'm going to look now at the required funds now for existing bond payments and expected sources of funds. This will sum up what I talked about in detail. The water revenue bonds, series 2014, the current balance is \$780,000. The annual payment is approximately \$120,000.

The final payment is \$133,000 which is due in 2022. The average rate is 2.06%. The primary payment source is the water revenues that are generated. You can apply property taxes in cases for water bonds, but not in this particular issue, but my point would be going forward, you can, if we would issue general obligation water bonds, first apply revenues from the water system and as a backup do property taxes. That's the only reason that note is there. The second item that I show is the \$615,000 general obligation bonds, series 2014, again that funded series 2011 and 2012 street projects. The current balance is \$615,000. The annual payment is about \$70,000 with the final payment in 2024 with the interest rate at 2.22%. The primary source of that is, to my understanding, special assessments and property taxes. \$550,000 general obligation storm sewer bonds, series 2014, and other storm sewer costs, current balance is \$450,000 with an annual payment of \$105,000. You'll recall that the cost of that project was somewhere south of \$2 million dollars and with the cash accumulated from the TIF, the sales tax and other revenues available, you only needed to borrow \$550,000 and that is paid off in 2019. The average rate is 1.19% and the funding source is sales tax and TIF. The last item then is the highway allocation bonds, series 2014 that refunded the balance of \$650,000 and change to the original 2009 bonds. That original issue was \$1,350,000. Skip, you'll recall that. Those bonds were issued for the purpose of paying then current projects and providing funds for an ongoing set of capital improvements. The final payment on that is 2019 and the interest rate is 1.25% and is paid from the state gas fund receipts. So, that's where you are in terms of debt. The sales tax revenues are running over \$600,000 per year with that 1.5%. Is that correct, Joan? That's where those numbers land?"

City Clerk Joan Kovar said, "That should be about right."

Phil Lorenzen said, "There's five years to go on that through 2019 at \$617,000 a year would generate \$3 million in revenue plus a massive amount of interest earned on the investment of those funds until they are used. Tongue in cheek. Tax increment receipts – the bonds are issued to the CRA to benefit the City. Bonds were dated in 2009, final maturity is 2024. Joan handed me a sheet that finds that the value that you've collected and paid off approximately \$200,000 of those bonds and you have \$100,000 and change left over. I indicated to you when we met before that there was a substantial amount of money coming from that collection. I tried to interrupt Mike Bacon today but I found that he was in Phoenix, so I cajoled his secretary into giving me his updated cell phone number so I could call him but he did not return my call. He will in the next day or two. I need to verify how that stacks up in terms of when those bonds are paid off, how long you can collect the tax. The documentation that I reviewed carefully today allows for a Series B bond issuance for the TIF. I'm not sure how all of that washes out so I don't have a firm and hard answer. But, I will get with Joan when she returns from her vacation and we'll go through those numbers and I will go through that with Mike Bacon and verify just exactly what that revenue stream is going to be. I don't believe that it's going to be as large as I represented to you at the last meeting until I have a chance to go back and review all of those documents. So, that's up in the air. It does pay 4% interest on an annual basis and then the pay down of the principal and again you've paid down approximately \$208,000 of that \$300,000 note but there may be a Series B bond issue that could be actually allowed for the remaining period of the original fifteen year time frame which runs out in 2024. Gas tax revenue from the State, you budgeted for fiscal year 2015-16 \$309,720. On the next wave of sales tax, there will be a 10% set aside that is mandated to be used for roads and streets. The State allocates that out when they submit the funds to you and earmarks that. So, 10% goes to roads and streets in the future. That's a minimal amount. You ought to be using money to go ahead and upgrade roads and streets all the time. One of the principal sources of that is, in my view, that \$309,000 in highway allocation funds comes back to you. It can be used

for debt, which you've done on that one issue. It can be used for current projects and so forth. It can be pledged to the payment of these bonds. That's optional. You're not mandated to pledge that payment but you can use that payment. If you issue highway allocation bonds, you must use those monies to pay the bonds before you can levy taxes. So, there's some moving parts to there but it's not anything to worry about. There's a nest egg there that's pretty significant. The last item that I have on that page is that your taxable valuation is \$127,521,362. A penny would raise about \$12,752 and a dime would raise \$127,521 in the great scheme of things. You can always go back and rely, if you had to, in some cases, on property taxes, but it's my thought, and I know your thought, that you'd rather not use property taxes for that. You use property taxes to pay for the operation and use other methods to pay for capital projects. Summary – your bonds are at a low interest rate, they're short term, you are well covered, and moving forward you have an ability to generate significant revenue. It's up to this group to determine how you want to allocate that revenue, for pay as you go activities, for your day to day operations, for capital projects that you need that you want to fund outside of the borrowing window and still ample opportunity to make reasonable judgements in terms of what you need to borrow for the capital projects. I will refine those numbers as we go and we play what if's and so forth about how we get that together, but you've got the capacity."

Mayor Zavodny said, "Any questions of Phil that haven't been asked?"

David McPhillips said, "For each of those case scenarios, each project level, was Leo Daly's fee \$680,000? Do I remember that right?"

Dawn Danley said, "The engineering original contract was six hundred and some thousand dollars for design, yes."

David McPhillips said, "Was that \$680,000 for each of those proposals or is it prorated?"

Dawn Danley said, "It's essentially for the \$6.5 million project. That's what the original project scope was for eleven blocks."

David McPhillips said, "So, if we just do the \$2 million project, is the fee still \$680,000?"

Dawn Danley said, "At this time, we haven't talked about that. We've been moving forward and then this came back up. I guess that's something that we'd need to talk about."

Al Hottovy said, "It would be prorated. That first fee was for design and we do not have construction engineering in the estimates yet and based on compaction and all of that, there would be some additional fees that would be required and that depends on the negotiation, how much you want us here during the construction."

Dawn Danley said, "Yea, we're not going to charge you \$600,000 for a \$2 million project."

City Attorney James Egr said, "Phil, I've got to ask you this. From the general public's standpoint, so they understand - any city that's going to progress, gets its infrastructure taken care of and continue to update its infrastructure so we're not falling behind like we did many years ago, this city will never be out of debt?"

Phil Lorenzen said, "Most likely not, Jim, that's correct. I would agree with you."

City Attorney James Egr said, "From a practical standpoint, it's like you have a perpetual car payment. If you want to keep up your car and have a new car every so many years. In order to keep up the infrastructure, in order to make us competitive with other communities for business and industry, we will never be out of debt. I remember one time that we used reserves to put armor coat on some stuff and used up reserves which is the worst thing that could ever have happened to the City of David City. Speaking from the experience standpoint, if you're going to keep up with anything and you're not going to fall behind, you've got to have the debt."

Phil Lorenzen said, "I would totally agree and I think that's the philosophy of the gas tax with the funds coming back to you. The State recognizes the value of being able to generate some of that tax revenue back to the community to encourage communities to make improvements and that's why, going forward, the 10% set aside must be allocated to roads and bridges."

Mayor Zavodny said, "I appreciate both of your comments but I don't accept your premise. I think there could be a point, at some time, where we are able to have no debt."

Phil Lorenzen said, "Two extremes. I met with Hastings on Monday night and we called for prepayment \$2,250,000 in bonds because of collection of special assessments over and above what they expected and Vern Powers, their current mayor, has a strong sense that he wants to city out of debt before he is out of office. I don't know that I agree with that philosophy, totally, because they have other projects to do, but that's his view and they are virtually out of debt on the GO side. On the revenue side, with a power plant and so forth, they've got a lot of debt. On the flip side, Columbus, Nebraska has approximately \$1 million in general obligation debt. We're doing the same as you, we're looking at voting to extend the sales tax in May. In the last year, in Columbus, I have assisted the City in issuance of about \$16 million in bonds to refund prior bonds to save \$1.5 million but during that same time frame, we issued \$7 million of new money for upgrades to the wastewater plant and before the end of 2016 we're going to issue another eight or nine million for further continuation of the upgrades, and that is absolutely essential to move forward and make improvements for those basic services. So, there are flip sides to that and it's just like personal planning, we need to look carefully, moving forward, in terms of your judgements and how you move forward and what you do."

Mayor Zavodny said, "It won't happen in this City, with this mayor, but I'm hopeful that someday it will. If there is no other discussion for Phil, let's move to item 10. My thought process on this is as follows: How did we get here? For those of you who weren't at the committee of the whole, I did not see a path to be able to do the whole downtown renovation as was hoped for at one point in time. The numbers were out of reach and we got to the point where we committed to doing the water at the \$1.5 to 2 million range project. I will acknowledge, I've been very conservative on our sales tax projections, and they've been much higher, and I will not apologize, ever, for not wanting to count on that, I'm happy that it's been, and your projections were much closer and even higher than the ones that you had had. We also have, and even if none of these come to fruition, I am aware of five businesses actively looking to come into David City and of those, three would provide for significant sales tax increases. We're in a good place. When Phil was here at the Committee of the Whole, if we decide to take this to the people, which I think is the prudent thing to do, then we have a path and we have enough that I would be confident with our revenue, not only potential, but locked in with the sales tax. Without it, we do the band aid, which some people are really unhappy about. Since the Committee of the Whole, I don't know how much input the rest of you have received, but some people have come to me and said thank you for not being so stubborn any more."

That's what got us to here. We're committed to the water and the infrastructure parts. That's going to happen based on the current sales tax. But, anything much more than that, is dependent on if this City Council will vote to put it on the ballot and see what the citizens want and see who they align with. Are they going to align with people who say we don't want to do anything downtown other than the minimal or are they going to align with our vision? Our vision was a redesigned downtown. I've also come around to the way of thinking that if we improve that, it probably improves our business climate even that much more. So, it's an investment with risks. That's where we're at. So, the decision before you tonight, and some of you have held this position, and I commend you for holding to it even when it wasn't popular, and the question before us will be do you want to give it to the citizens to decide if they want to finance a downtown renovation?"

Skip Trowbridge said, "I've been a huge proponent of this project for the last six years. It has been extremely painful to watch what has gone on in this room during that six year relative to this project. It reminds me of the Keystone Cops. One day we're going to do this and the next we're going to do that. Three weeks later we're not going to do anything. Then we're going to do a little part and now maybe we're going to do a big part. But, the problem that we have taking it to the people, right now, is that we can't even show them what we're going to do. Because we don't know! How do you build their trust and get them to buy into something that they don't know what it is? The last project they came to the library on several occasions. They were partners in this project with us. They weren't locked out of it. They weren't backed into a corner and they didn't have a gun to their heads saying "if you don't vote for the sales tax this thing is not going to happen."

Mayor Zavodny said, "How would you have proposed that we pay for it? I'm clear that it's been screwed up for six years which coincides with you leaving office. I'm clear on that. I did read your letter to the editor, which made very clear your feelings on how things are progressing. So, I think that I'm clear on where you stand. It seems reasonable to me that without having the money to do this project which I don't even think that you could show me where that could have come from that that is where we are at today. If the citizens vote not to do it, then the will of the people have spoken. I can live with that. We will replace water and we will have a band aid which I think you said was a bad thing. We don't have any money to do any more than that, is my feeling."

Skip Trowbridge said, "Look, IF you hold Daly accountable, which at this point in time we don't know what this project is going to look like. How long have we worked with this company? A year, a year and a half? I can't tell you what it's going to look like. Can you tell me?"

Mayor Zavodny said, "We've got many pictures. We have not chosen a final design. We will base it based on the money that we think we have to work with. I think that the final decision that we are at is: Is your downtown going to be all concrete or is it going to have some brick?"

Skip Trowbridge said, "We're not doing what the citizens, six years ago, told us that they wanted and now we want them to vote for a sales tax extension when we didn't do what they wanted."

Mayor Zavodny said, "How were you going to pay for it? They wanted three things. They wanted Northwest Drainage. They wanted Downtown Redevelopment and they wanted recreation. That was the three-legged stool. We did Northwest Drainage a little south of \$2

million, \$1.8 - \$2 million final costs. It got done. We have given money for recreational type things. Maybe not the level that some people wished that we had. So, there are different opinions on all kinds of things. What is left is not enough to do the downtown that you're telling us that we should have done. I think that it's irresponsible of us to do it."

Skip Trowbridge said, "Not in today's market. I agree with you. In six years ago market, it was enough to do it."

Dawn Danley said, "The scope was different."

Skip Trowbridge said, "Yes it was, Dawn."

Dawn Danley said, "The scope was a little different, so the cost that was planned to be spent on downtown did not include the center lines of the streets. So, the actual scope of the downtown renovation was a little different than we've been scoping at Leo A. Daly, so the cost that we've been presenting is even higher than what the Olsson cost was going to be. So, that has added in as well."

Skip Trowbridge said, "I will still be a great proponent for this. I think that you need to, as I said, hold Daly accountable and you need to bring the citizens in as partners. You need to find out, again, what do you want? What will you support? We need to ask them. We're asking them to vote but we're not making them a partner. We need competent oversight. We can't go through this project by hiring somebody from Columbus to peek over their shoulder. We just can't do that. We need to do a November ballot issue and give these other three things time to happen. Then you'll probably get a "yes" vote from the public. You'll get a "yes" vote from me, with those four things happening."

Council President Kroesing said, "I think we have to tell them what's up. I don't think that we can just assume that they're just going to bite on this all on their own. We're going to have to talk to them again, if they come."

Mayor Zavodny said, "That might be true. What you're proposing then is another six months of putting it off and then another construction cycle. If they don't vote for it, then what we're going to do is put in the water and the sewer and that ends it until a future Council deals with it at some point, if they choose to."

Council President Kroesing said, "We can do some meetings. This is only February."

Mayor Zavodny said, "I think we have a chance to do that."

Council President Kroesing said, "We can have a couple of meetings and we're up to May with the voting."

Mayor Zavodny said, "What do you think from your ward? What do people think when we say downtown? Because I've heard so many different opinions. People have said they thought that it was going to be more of an overall project not just water. I said ok. I took my share of flack for how we've progressed or lack of progress, if you will. What do you think the people in your ward would say?"

Council President Kroesing said, "There's no feedback."

Phil Lorenzen said, "Clarification in terms of Gary's question. Just an observation. The election schedule mandates that a resolution calling for a special election for a community must be certified to the County Clerk/Election Commissioner not later than September 1, 2016 and to vote at the May primary it has to be certified no later than March 1, 2016, but I would agree with Gary that there is adequate time to go ahead and communicate with the public and so forth even if you go ahead and call an election."

Mayor Zavodny said, "That's the right way to go."

Council President Kroesing said, "If they don't come then they don't come."

Skip Trowbridge said, "Alan, my point is that in 2010 is when they voted, so during 2009 they were part of the process and it was determined what was going to be done. There was a really nice slick color catalog that went out. I have one if anyone would like to see it and it said here's what we're going to do. We haven't gotten to that point with this project. Then we said to the people, if you vote to raise the sales tax, we'll do it and guess what, six years later and we haven't held up our end of the bargain. We're going to ask them again for more money. What might they tell us?"

Mayor Zavodny said, "No. And we can live with that. If that's what they decide, we have to be able to be ok with that."

Keith Marvin said, "One thing to keep in mind if you're going to educate the public on this issue is, and I was involved in 2010, is there were grant programs and things that were being anticipated at that time to help pay for these projects. Since then a number of those criteria have changed. We've become ineligible and a number of them have gone away. The whole process in 2010 was above board and it was an honest approach but it's not our cities fault that a number of those funding sources have dried up. You also have to realize and educate the public quickly that a good chunk of what we bring in from the sales tax is not just from us living here in town. It's from every person that travels through this town and stops at a convenience store or stops at Ace Hardware or stops at B.J.'s. Butler County Rural Public Power pays a chunk of sales tax and that is providing service to the people in Butler County and Saunders County."

Mayor Zavodny said, "Holding on to them was crucial."

Keith Marvin said, "The sales tax is a way to make it happen with other people other than just us when we've lost a few revenue sources that we had planned on."

Mayor Zavodny said, "The only thing that we can do and control tonight is to allow the citizens to decide. To me that is the most reasonable thing. We will put in our time to try to say here's what it's going to be and, honestly, I can't tell you what the final design is going to be yet because we have to decide if brick is going to be a part of it or if it's going to be all concrete. Once we have settled on a design, then we'll know if there is going to be commitment. Part of our problem was and I'll admit that I was under the understanding that we weren't even going to be able to ask for another sales tax until the other one was up. We found out that we can ask and know that that revenue stream is going to be there and know that our sales tax is strong in this community and know that we have other businesses that say "you know what we think that this is a good investment here." I love living here. Some people don't and they'll complain and

maybe they wouldn't be happy wherever they lived but I'm going to stay positive on what this community can be and what it is. I'm happy here. I could live somewhere else but I like it here. It's about investing in our community. Do we trust that our community is vibrant enough that we'll figure it out? We'll have things thrown at us. Nobody has a crystal ball. You don't know what might get thrown at you."

City Attorney James Egr said, "Has any community let their sales tax sunset?"

Phil Lorenzen said, "Yes there has been but we avoid that like the plague. It's well advised to vote far in advance to know that you have cemented your future moving forward."

Janis Cameron said, "But by the same token, I am a firm believer that everyone has to have a sunset. We tried it once without."

Mayor Zavodny said, "You should be very clear on what it's going to be used for."

Keith Marvin said, "If the sales tax fails, you have to wait two years?"

Phil Lorenzen said, "Twenty-three months until the next time that you can vote."

Keith Marvin said, "That's a good reason right there to run it now."

Phil Lorenzen said, "We did that in Wahoo, we did that in Sutton, we've done that in a number of places. If we advance the extension of the sales tax beyond the sunset date so that should it fail we have time to go back and vote again. That's a good question. Just a comment. I'm working currently on six sales tax elections and this discussion is good because it parallels all of the others. Some are a lot more difficult in terms of trying to identify every nickel and dime of where it's going to go and I think that's confusing to the voters. Your proposal is very straight forward and right on the mark of what you want to accomplish. So, I think that you can convey that effectively. I have found any number of communities are now going for that one and a half without a sunset and it passed in Gretna by four votes and it passed in Waverly by two votes. It's tougher to pass without a sunset. It can be done but I think with the sunset that you're on the right path."

Dawn Danley said, "Can I say one thing as you justify and have your discussion. If people ask why it's not done, you've added blocks, you've added scope and you've added more pavement removal. So, there's reasons why. The project got bigger. So, therefore, the price is more and we need a sales tax. It's not the apples to apples project that you just didn't get built. We've added very deteriorating blocks on the out legs of the downtown. So, I think that's important to kind of keep in mind when you're talking to the public about it that there's added things that have happened."

City Attorney James Egr asked, "Dawn & Al, if the City Council says that they are going to bring this to a vote, can you get a plan together where we can hold your feet to the fire and say that we need this by this date so the public knows what's going on and at least have two informational meetings before an election."

Al Hottovy said, "The drawings are done. I'm going to put it back on you guys. Brick or no brick? We've been talking about this for almost two years. They ask at every meeting and we can't answer that. We've been trying to get this for a year and a half to two years. We

haven't gotten it. So, now we're looking at a water project for \$1.95 million because we're cognizant of the fact that without the sales tax, you can't afford the wants. But, the wants haven't been put in concrete as to bricks or not bricks."

Council member Kobus said, "I thought that we had that all ironed out."

Council member Smith said, "So did I."

Dawn Danley said, "You voted on the fire hall block for that."

Mayor Zavodny said, "Yes, we did agree on that. But, as final design for the downtown we have basically two options. We won't do that tonight."

Al Hottovy said, "But, if he wants a drawing that says what we're doing, what do you want on the drawing?"

Mayor Zavodny said, "Well, I think that you provided that."

Dawn Danley said, "I provided that about seven months ago and we just need to pull that back up."

Al Hottovy said, "We can have a meeting next week. We're ready."

Mayor Zavodny said, "We still have a decision. We know that if the sales tax doesn't pass that we're just doing water. That's done. We've already committed to that. Our only choice of design left is do you want brick in the driving lane and the center parking or is everything going to be concrete? That's the only decision that we have left."

CITY OF DAVID CITY
 ESTIMATED \$80,000 REFUNDING, SERIES 2014
 REFUNDS SERIES 2008 BONDS AS OF FEBRUARY 18, 2014 @ DAK

 Debt Service Schedule

Date	Principal	Coupon	Interest	Period Total	Fiscal Total
8/ 1/14			6,782.61	6,782.61	6,782.61
2/ 1/15			7,490.00	7,490.00	
8/ 1/15	100,000.00	0.500000	7,490.00	107,490.00	114,980.00
2/ 1/16			7,240.00	7,240.00	
8/ 1/16	100,000.00	0.700000	7,240.00	107,240.00	114,480.00
2/ 1/17			6,890.00	6,890.00	
8/ 1/17	100,000.00	1.000000	6,890.00	106,890.00	113,780.00
2/ 1/18			6,390.00	6,390.00	
8/ 1/18	100,000.00	1.450000	6,390.00	106,390.00	112,780.00
2/ 1/19			5,665.00	5,665.00	
8/ 1/19	100,000.00	1.750000	5,665.00	105,665.00	111,330.00
2/ 1/20			4,790.00	4,790.00	
8/ 1/20	125,000.00	2.200000	4,790.00	129,790.00	134,680.00
2/ 1/21			3,415.00	3,415.00	
8/ 1/21	125,000.00	2.500000	3,415.00	128,415.00	131,830.00
2/ 1/22			1,852.50	1,852.50	
8/ 1/22	130,000.00	2.850000	1,852.50	131,852.50	133,705.00
ACCRUED	880,000.00		94,247.61	974,247.61	
	880,000.00		94,247.61	974,247.61	

Dated 2/18/14 with Delivery of 2/18/14
 Bond Years 4.563444
 Average Coupon 2.065274
 Average Life 5.185732
 N I C % 2.065274 % Using 100.0000000
 Weighted Bond Years 4.563444
 Weighted Average Life 5.185732
 Weighted N I C % 2.065274 % Using 100.0000000
 T I C % 2.051148 % From Delivery Date
 Arbitrage Yield 2.051148 %

CITY OF DAVID CITY, NEBRASKA
 GENERAL OBLIGATION VARIOUS PURPOSE BONDS, SERIES 2014
 FUNDS BALANCE OF SERIES 2012B BANS FOR STREET PROJECTS

 Debt Service Schedule

Date	Principal	Coupon	Interest	Period Total	Fiscal Total
2/15/15			5,630.00	5,630.00	
8/15/15	60,000.00	0.650000	5,630.00	65,630.00	71,260.00
2/15/16			5,435.00	5,435.00	
8/15/16	60,000.00	0.650000	5,435.00	65,435.00	70,870.00
2/15/17			5,240.00	5,240.00	
8/15/17	60,000.00	1.250000	5,240.00	65,240.00	70,480.00
2/15/18			4,865.00	4,865.00	
8/15/18	60,000.00	1.250000	4,865.00	64,865.00	69,730.00
2/15/19			4,490.00	4,490.00	
8/15/19	60,000.00	1.950000	4,490.00	64,490.00	68,980.00
2/15/20			3,905.00	3,905.00	
8/15/20	60,000.00	1.950000	3,905.00	63,905.00	67,810.00
2/15/21			3,320.00	3,320.00	
8/15/21	60,000.00	2.400000	3,320.00	63,320.00	66,640.00
2/15/22			2,600.00	2,600.00	
8/15/22	65,000.00	2.400000	2,600.00	67,600.00	70,200.00
2/15/23			1,820.00	1,820.00	
8/15/23	65,000.00	2.800000	1,820.00	66,820.00	68,640.00
2/15/24			910.00	910.00	
8/15/24	65,000.00	2.800000	910.00	65,910.00	66,820.00
	615,000.00		76,430.00	691,430.00	
ACCRUED	615,000.00		76,430.00	691,430.00	

Dated 8/15/14 with Delivery of 8/15/14
 Bond Years 3,435,000
 Average Coupon 2.225036
 Average Life 5.385366
 M I C % 2.493595 % Using 98.5000000
 Weighted Bond Years 3,435,000
 Weighted Average Life 5.585366
 Weighted M I C % 2.493595 % Using 98.5000000
 T I C % 2.501515 % From Delivery Data
 Arbitrage Yield 2.209043 %

CITY OF DAVID CITY, NEBRASKA
 GENERAL OBLIGATION STORM SEWER BONDS SERIES 2014
 FUNDS BALANCE OF SERIES 2012 BANS, PRIMARY PAY SOURCE SALES TAX

Debt Service Schedule

Date	Principal	Coupon	Interest	Period Total	Fiscal Total
2/15/15			2,950.00	2,950.00	
8/15/15	100,000.00	0.875000	2,950.00	102,950.00	105,900.00
2/15/16			2,512.50	2,512.50	
8/15/16	100,000.00	0.875000	2,512.50	102,512.50	105,025.00
2/15/17			2,075.00	2,075.00	
8/15/17	100,000.00	0.875000	2,075.00	102,075.00	104,150.00
2/15/18			1,637.50	1,637.50	
8/15/18	100,000.00	0.875000	1,637.50	101,637.50	103,275.00
2/15/19			1,200.00	1,200.00	
8/15/19	150,000.00	1.600000	1,200.00	151,200.00	152,400.00
	550,000.00		20,750.00	570,750.00	
ACCRUED	550,000.00		20,750.00	570,750.00	

Dated 8/15/14 with Delivery of 8/15/14
 Bond Years 1.750000
 Average Coupon 1.185714
 Average Life 3.181818
 M I C % 1.657143 % Using 98.5000000
 Weighted Bond Years 1.750000
 Weighted Average Life 3.181818
 Weighted M I C % 1.657143 % Using 98.5000000
 T I C % 1.671508 % From Delivery Date
 Arbitrage Yield 1.183633 %

Micro-Numl Sizing Date: 07-21-2014 @ 15:42:45 Filename: DAVIDCTY Key: GOSWR14P

CITY OF DAVID CITY, NEBRASKA 2014
 HIGHWAY ALLOCATION BONDS, SERIES 2009
 REFUNDING \$640,000 BALANCE OF SERIES 2009 BONDS

 Debt Service Schedule

Date	Principal	Coupon	Interest	Period Total	Fiscal Total
3/15/15			3,622.50	3,622.50	
9/15/15	150,000.00	0.400000	3,105.00	153,105.00	156,727.50
3/15/16			2,805.00	2,805.00	
9/15/16	120,000.00	0.650000	2,805.00	122,805.00	125,610.00
3/15/17			2,415.00	2,415.00	
9/15/17	125,000.00	0.950000	2,415.00	127,415.00	129,830.00
3/15/18			1,821.25	1,821.25	
9/15/18	125,000.00	1.250000	1,821.25	126,821.25	128,642.50
3/15/19			1,040.00	1,040.00	
9/15/19	130,000.00	1.600000	1,040.00	131,040.00	132,080.00
	650,000.00		22,890.00	672,890.00	
ACCRUED	650,000.00		22,890.00	672,890.00	

Dated 8/15/14 with Delivery of 8/15/14
 Bond Years 1.969167
 Average Coupon 1.162421
 Average Life 3.029487
 M I C % 1.657554 % Using 98.5000000

 Weighted Bond Years 1.969167
 Weighted Average Life 3.029487
 Weighted M I C % 1.657554 % Using 98.5000000
 T I C % 1.670810 % From Delivery Date
 Arbitrage Yield 1.159411 %

CITY OF DAVID CITY, NEBRASKA
 WATER SYSTEM

HISTORICAL OPERATING RESULTS, YEAR ENDING SEPTEMBER 30

	2011	2012	2013	2014	2015
Revenues					
Charges for Services	765,693.00	911,906.00	829,501.00	833,839.00	848,879.00
Other	4,614.00	3,498.00	9,141.00	4,700.00	12,938.00
	<u>770,307.00</u>	<u>915,404.00</u>	<u>838,642.00</u>	<u>838,539.00</u>	<u>861,817.00</u>
Expenses					
Personal Services	183,205.00	157,407.00	182,259.00	191,147.00	179,860.00
Production	0	0	0	0	0
General Operations	409,641.00	344,391.00	362,674.00	346,979.00	707,724.00
Depreciation/Amortization	181,999.00	218,753.00	228,968.00	227,804.00	232,594.00
	<u>774,845.00</u>	<u>720,551.00</u>	<u>773,901.00</u>	<u>765,930.00</u>	<u>1,120,178.00</u>
Operating Income (Loss)	-4,538.00	194,853.00	64,741.00	72,609.00	-258,361.00
Other Revenue & Expense					
Interest Income	2,339.00	1,575.00	909.00	1,236.00	888.00
(Interest Expense)	-54,098.00	-49,125.00	-46,297.00	-62,771.00	-27,939.00
Other	0	0	0	0	0
	<u>-51,759.00</u>	<u>-47,550.00</u>	<u>-45,388.00</u>	<u>-61,535.00</u>	<u>-27,051.00</u>
Net Income (Loss)	-56,297.00	147,303.00	19,353.00	11,074.00	-285,412.00
Add Back Depreciation	181,999.00	218,753.00	228,968.00	227,804.00	232,594.00
Add Back Net Other Income	51,759.00	47,550.00	45,388.00	61,535.00	27,051.00
Funds Available for annual Bond Debt Service	<u>177,461.00</u>	<u>413,606.00</u>	<u>293,709.00</u>	<u>300,413.00</u>	<u>-25,767.00</u>

NOTES:

Series 2014 Water Revenue Bonds require \$134,000 maximum annual bond payment with final payment FYE 2022
 FYE 2015 expenses - reason for higher than normal General Operations cost of \$707,724

CITY OF DAVID CITY
 ESTIMATED \$80,000 REPURPOSING, SERIES 2014
 REFUNDING SERIES 2006 BONDS AS OF FEBRUARY 18, 2014 @ PAR

 Debt Service Schedule

Date	Principal	Coupon	Interest	Period Total	Fiscal Total
8/ 1/14			6,782.61	6,782.61	6,782.61
2/ 1/15			7,490.00	7,490.00	
8/ 1/15	100,000.00	0.500000	7,490.00	107,490.00	114,980.00
2/ 1/16			7,240.00	7,240.00	
8/ 1/16	100,000.00	0.700000	7,240.00	107,240.00	114,480.00
2/ 1/17			6,890.00	6,890.00	
8/ 1/17	100,000.00	1.000000	6,890.00	106,890.00	113,780.00
2/ 1/18			6,390.00	6,390.00	
8/ 1/18	100,000.00	1.450000	6,390.00	106,390.00	112,780.00
2/ 1/19			5,665.00	5,665.00	
8/ 1/19	100,000.00	1.750000	5,665.00	105,665.00	111,330.00
2/ 1/20			4,790.00	4,790.00	
8/ 1/20	125,000.00	2.200000	4,790.00	129,790.00	134,680.00
2/ 1/21			3,415.00	3,415.00	
8/ 1/21	125,000.00	2.500000	3,415.00	128,415.00	131,830.00
2/ 1/22			1,852.50	1,852.50	
8/ 1/22	130,000.00	2.850000	1,852.50	131,852.50	133,705.00
	880,000.00		94,247.61	974,247.61	
ACCRUED	880,000.00		94,247.61	974,247.61	

Dated 2/18/14 with Delivery of 2/18/14
 Bond Years 4.563444
 Average Coupon 2.065274
 Average Life 5.185732
 N I C % 2.065274 % Using 100.0000000
 Weighted Bond Years 4.563444
 Weighted Average Life 5.185732
 Weighted N I C % 2.065274 % Using 100.0000000
 T I C % 2.051148 % From Delivery Date
 Arbitrage Yield 2.051148 %
 Micro-Muni Sizing Date: 01-13-2014 @ 14:06:17 Filename: DAVIDCTY Key: WTRRF20149

DAVID CITY, NEBRASKA
 GENERAL OBLIGATION WATER BONDS
 2016 PROJECT CONSTRUCTION SEASON

 Sources and Uses of Funds

 Delivery Date: 5/15/16

Sources of Funds

Par Amount of Bonds.....	\$1,525,000.00	
+Premium /-Discount.....	\$0.00	
Bond Proceeds.....		1,525,000.00

		\$1,525,000.00

Uses of Funds

Estimated Water Improvements.....		1,500,000.00
Engineering, Testing, Misc Costs		
Paying Agent Registrar.....		750.00
DAC Review.....		1,000.00
Chap DTC.....		800.00
Underwriters Discount..... (1.400000%)		21,350.00
Contingency.....		1,100.00

		\$1,525,000.00

Micro-Muni Sizing Date: 02-10-2016 @ 14:49:43 Filename: DAVIDCTY Key: WIR16A

Calculations are illustrative only,
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DAVID CITY, NEBRASKA
 GENERAL OBLIGATION WATER BONDS
 2016 PROJECT CONSTRUCTION SEASON

 Combined Debt Service

Delivery Date: 5/15/16

Date	Principal	Coupon	Interest	Period Total	Fiscal Total	Prior Debt Service	Combined Fiscal Total
9/15/16			9,841.67	9,841.67	9,841.67	107,340.00	117,081.67
3/15/17			14,762.50	14,762.50			
9/15/17	90,000.00	0.750000	14,762.50	104,762.50	119,525.00	117,780.00	233,305.00
3/15/18			14,425.00	14,425.00			
9/15/18	90,000.00	0.950000	14,425.00	104,425.00	118,850.00	112,780.00	231,630.00
3/15/19			13,997.50	13,997.50			
9/15/19	95,000.00	1.100000	13,997.50	108,997.50	122,995.00	111,330.00	234,325.00
3/15/20			13,475.00	13,475.00			
9/15/20	95,000.00	1.200000	13,475.00	108,475.00	121,950.00	134,580.00	256,530.00
3/15/21			12,905.00	12,905.00			
9/15/21	95,000.00	1.400000	12,905.00	107,905.00	120,810.00	131,830.00	252,640.00
3/15/22			12,240.00	12,240.00			
9/15/22	95,000.00	1.600000	12,240.00	107,240.00	119,480.00	133,705.00	253,185.00
3/15/23			11,480.00	11,480.00			
9/15/23	100,000.00	1.800000	11,480.00	111,480.00	122,960.00		122,960.00
3/15/24			10,580.00	10,580.00			
9/15/24	100,000.00	2.000000	10,580.00	110,580.00	121,160.00		121,160.00
3/15/25			9,580.00	9,580.00			
9/15/25	100,000.00	2.150000	9,580.00	109,580.00	119,160.00		119,160.00
3/15/26			8,505.00	8,505.00			
9/15/26	105,000.00	2.250000	8,505.00	113,505.00	122,010.00		122,010.00
3/15/27			7,323.75	7,323.75			
9/15/27	105,000.00	2.350000	7,323.75	112,323.75	119,647.50		119,647.50
3/15/28			6,090.00	6,090.00			
9/15/28	110,000.00	2.600000	6,090.00	116,090.00	122,180.00		122,180.00
3/15/29			4,660.00	4,660.00			
9/15/29	110,000.00	2.650000	4,660.00	114,660.00	119,320.00		119,320.00
3/15/30			3,202.50	3,202.50			
9/15/30	115,000.00	2.700000	3,202.50	118,202.50	123,405.00		121,405.00
3/15/31			1,650.00	1,650.00			
9/15/31	120,000.00	2.750000	1,650.00	121,650.00	123,300.00		123,300.00
	1,525,000.00		299,594.17	1,824,594.17		845,245.00	2,669,839.17
ACCRUED							
	1,525,000.00		299,594.17	1,824,594.17		845,245.00	2,669,839.17

Dated 5/15/16 with Delivery of 5/15/16

Bond Years 13,253.333
 Average Coupon 2.260518
 Average Life 8.690710
 N I C % 2.421611 % Using 98.6000000

Weighted Bond Years 13,253.333
 Weighted Average Life 8.690710
 Weighted N I C % 2.421611 % Using 98.6000000
 T I C % 2.422858 % From Delivery Date
 Arbitrage Yield 2.240492 %

Micro-Mod Sizing Date: 02-10-2016 @ 14:57:30 Filename: DAVIDCITY Key: WTR16A

Calculations are illustrative only,
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 results.

DAVID CITY, MISSOURI
 GENERAL OBLIGATION WATER BONDS
 2016 PROJECT CONSTRUCTION SEASON

 Combined Debt Service

 Delivery Date: 5/15/16

Date	Principal	Coupon	Interest	Period Total	Fiscal Total	Prior Debt Service	Combined Fiscal Total
9/15/16			11,558.33	11,558.33	11,558.33	107,240.00	118,798.33
3/15/17			17,337.50	17,337.50	17,337.50		
9/15/17	30,000.00	0.750000	17,337.50	47,337.50	64,575.00	113,780.00	178,455.00
3/15/18			17,225.00	17,225.00	17,225.00		
9/15/18	30,000.00	0.950000	17,225.00	47,225.00	64,450.00	112,780.00	177,230.00
3/15/19			17,082.50	17,082.50	17,082.50		
9/15/19	30,000.00	1.100000	17,082.50	47,082.50	64,165.00	111,330.00	175,495.00
3/15/20			16,917.50	16,917.50	16,917.50		
9/15/20	10,000.00	1.200000	16,917.50	26,917.50	43,835.00	134,580.00	178,415.00
3/15/21			16,857.50	16,857.50	16,857.50		
9/15/21	10,000.00	1.400000	16,857.50	26,857.50	43,715.00	131,830.00	175,545.00
3/15/22			16,787.50	16,787.50	16,787.50		
9/15/22	10,000.00	1.600000	16,787.50	26,787.50	43,575.00	133,705.00	177,280.00
3/15/23			16,707.50	16,707.50	16,707.50		
9/15/23	145,000.00	1.800000	16,707.50	161,707.50	178,415.00		178,415.00
3/15/24			15,402.50	15,402.50	15,402.50		
9/15/24	145,000.00	2.000000	15,402.50	160,402.50	175,805.00		175,805.00
3/15/25			13,952.50	13,952.50	13,952.50		
9/15/25	150,000.00	2.150000	13,952.50	161,952.50	177,905.00		177,905.00
3/15/26			12,340.00	12,340.00	12,340.00		
9/15/26	150,000.00	2.250000	12,340.00	162,340.00	174,680.00		174,680.00
3/15/27			10,652.50	10,652.50	10,652.50		
9/15/27	155,000.00	2.350000	10,652.50	165,652.50	176,305.00		176,305.00
3/15/28			8,831.25	8,831.25	8,831.25		
9/15/28	160,000.00	2.500000	8,831.25	168,831.25	177,662.50		177,662.50
3/15/29			6,751.25	6,751.25	6,751.25		
9/15/29	165,000.00	2.650000	6,751.25	171,751.25	178,502.50		178,502.50
3/15/30			4,565.00	4,565.00	4,565.00		
9/15/30	165,000.00	2.700000	4,565.00	169,565.00	174,130.00		174,130.00
3/15/31			2,337.50	2,337.50	2,337.50		
9/15/31	170,000.00	2.750000	2,337.50	172,337.50	174,675.00		174,675.00
	1,525,000.00		399,053.33	1,924,053.33		845,245.00	2,769,298.33
ACCRUED	1,525,000.00		399,053.33	1,924,053.33		845,245.00	2,769,298.33

dated 5/15/16 with Delivery of 5/15/16

Bond Years	16,493.333
Average Coupon	2.419483
Average Life	10.815301
N I C %	2.548929 % Using 98.600000
Weighted Bond Years	16,493.333
Weighted Average Life	10.815301
Weighted N I C %	2.548929 % Using 98.600000
T I C %	2.558798 % From Delivery Date
Arbitrage Yield	2.408640 %

Micro-Semi Sizing Date: 02-10-2016 @ 14:58:08 Filename: DAVIDCTY Key: WIR16B

Calculations are illustrative only,
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DAVID CITY, NEBRASKA
 GENERAL OBLIGATION WATER BONDS
 2016 PROJECT CONSTRUCTION BONDS

 Debt Service Schedule

Date	Principal	Coupon	Interest	Period Total	Fiscal Total
9/15/16			12,901.67	12,901.67	12,901.67
3/15/17			19,352.50	19,352.50	
9/15/17	120,000.00	0.750000	19,352.50	139,352.50	158,705.00
3/15/18			18,902.50	18,902.50	
9/15/18	120,000.00	0.950000	18,902.50	138,902.50	157,805.00
3/15/19			18,332.50	18,332.50	
9/15/19	120,000.00	1.100000	18,332.50	138,332.50	156,665.00
3/15/20			17,672.50	17,672.50	
9/15/20	125,000.00	1.200000	17,672.50	142,672.50	160,345.00
3/15/21			16,922.50	16,922.50	
9/15/21	125,000.00	1.400000	16,922.50	141,922.50	158,845.00
3/15/22			16,047.50	16,047.50	
9/15/22	125,000.00	1.600000	16,047.50	141,047.50	157,095.00
3/15/23			15,047.50	15,047.50	
9/15/23	130,000.00	1.800000	15,047.50	145,047.50	160,095.00
3/15/24			13,877.50	13,877.50	
9/15/24	130,000.00	2.000000	13,877.50	143,877.50	157,755.00
3/15/25			12,577.50	12,577.50	
9/15/25	135,000.00	2.150000	12,577.50	147,577.50	160,155.00
3/15/26			11,126.25	11,126.25	
9/15/26	135,000.00	2.250000	11,126.25	146,126.25	157,252.50
3/15/27			9,607.50	9,607.50	
9/15/27	140,000.00	2.350000	9,607.50	149,607.50	159,215.00
3/15/28			7,962.50	7,962.50	
9/15/28	145,000.00	2.600000	7,962.50	152,962.50	160,925.00
3/15/29			6,077.50	6,077.50	
9/15/29	145,000.00	2.650000	6,077.50	151,077.50	157,155.00
3/15/30			4,156.25	4,156.25	
9/15/30	150,000.00	2.700000	4,156.25	154,156.25	158,312.50
3/15/31			2,131.25	2,131.25	
9/15/31	155,000.00	2.750000	2,131.25	157,131.25	159,262.50
	2,000,000.00		392,489.17	2,392,489.17	
ACCRUED					
	2,000,000.00		392,489.17	2,392,489.17	

Dated 5/15/16 with Delivery of 5/15/16

Bond Years 17,366.667
 Average Coupon 2.260014
 Average Life 8.683333
 M I C % 2.260014 % Using 100.0000000

Weighted Bond Years 17,366.667
 Weighted Average Life 8.683333
 Weighted M I C % 2.260014 % Using 100.0000000
 T I C % 2.240043 % From Delivery Date
 Arbitrage Yield 1.240043 %

Micro-Muni Sizing Date: 02-10-2016 @ 16:25:52 Filename: DAVIDCITY Key: WTR16B

Calculations are illustrative only,
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 conditions or project expected
 results.

DAVID CITY, NEBRASKA
 GENERAL OBLIGATION WATER BONDS
 2016 PROJECT CONSTRUCTION BOND

 Debt Service Schedule

Date	Principal	Coupon	Interest	Period Total	Fiscal Total
9/15/16			24,176.67	24,176.67	24,176.67
3/15/17			36,265.00	36,265.00	
9/15/17	225,000.00	0.750000	36,265.00	261,265.00	297,530.00
3/15/18			35,421.25	35,421.25	
9/15/18	225,000.00	0.950000	35,421.25	260,421.25	295,842.50
3/15/19			34,352.50	34,352.50	
9/15/19	230,000.00	1.100000	34,352.50	264,352.50	298,705.00
3/15/20			33,087.50	33,087.50	
9/15/20	230,000.00	1.200000	33,087.50	263,087.50	296,175.00
3/15/21			31,707.50	31,707.50	
9/15/21	235,000.00	1.400000	31,707.50	266,707.50	298,415.00
3/15/22			30,062.50	30,062.50	
9/15/22	240,000.00	1.600000	30,062.50	270,062.50	300,125.00
3/15/23			28,142.50	28,142.50	
9/15/23	240,000.00	1.800000	28,142.50	268,142.50	296,285.00
3/15/24			25,982.50	25,982.50	
9/15/24	245,000.00	2.000000	25,982.50	270,982.50	296,965.00
3/15/25			23,532.50	23,532.50	
9/15/25	250,000.00	2.150000	23,532.50	273,532.50	297,065.00
3/15/26			20,845.00	20,845.00	
9/15/26	255,000.00	2.250000	20,845.00	275,845.00	296,690.00
3/15/27			17,976.25	17,976.25	
9/15/27	260,000.00	2.350000	17,976.25	277,976.25	295,952.50
3/15/28			14,921.25	14,921.25	
9/15/28	270,000.00	2.600000	14,921.25	284,921.25	299,842.50
3/15/29			11,411.25	11,411.25	
9/15/29	275,000.00	2.650000	11,411.25	286,411.25	297,822.50
3/15/30			7,767.50	7,767.50	
9/15/30	280,000.00	2.700000	7,767.50	287,767.50	295,535.00
3/15/31			3,987.50	3,987.50	
9/15/31	290,000.00	2.750000	3,987.50	293,987.50	297,975.00
	3,750,000.00		735,101.67	4,485,101.67	
ACCRUED	3,750,000.00		735,101.67	4,485,101.67	

Dated 5/15/16 with Delivery of 5/15/16
 Bond Years 12,535.000
 Average Coupon 2.259418
 Average Life 8.676000
 N I C % 2.259418 % Using 100.0000000
 Weighted Bond Years 12,535.000
 Weighted Average Life 8.676000
 Weighted N I C % 2.259418 % Using 100.0000000
 T I C % 2.239411 % From Delivery Date
 Arbitrage Yield 2.239411 %

Micro-Mani Sizing Date: 02-10-2016 # 16:26:39 Filename: DAVIDCITY Key: WTR16D

Calculations are illustrative only,
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 conditions or project expected
 results.

DAVID CITY, MISSOURI
 GENERAL OBLIGATION WATER BONDS
 2016 PROJECT CONSTRUCTION REASON

Debt Service Schedule

Date	Principal	Coupon	Interest	Period Total	Fiscal Total
9/15/16			41,926.67	41,926.67	41,926.67
3/15/17			62,890.00	62,890.00	
9/15/17	390,000.00	0.750000	62,890.00	452,890.00	515,780.00
3/15/18			61,427.50	61,427.50	
9/15/18	390,000.00	0.950000	61,427.50	451,427.50	512,855.00
3/15/19			59,575.00	59,575.00	
9/15/19	395,000.00	1.100000	59,575.00	454,575.00	514,150.00
3/15/20			57,402.50	57,402.50	
9/15/20	400,000.00	1.200000	57,402.50	457,402.50	514,805.00
3/15/21			55,002.50	55,002.50	
9/15/21	405,000.00	1.400000	55,002.50	460,002.50	515,005.00
3/15/22			52,167.50	52,167.50	
9/15/22	410,000.00	1.600000	52,167.50	462,167.50	514,335.00
3/15/23			48,887.50	48,887.50	
9/15/23	420,000.00	1.800000	48,887.50	468,887.50	517,775.00
3/15/24			45,107.50	45,107.50	
9/15/24	425,000.00	2.000000	45,107.50	470,107.50	515,215.00
3/15/25			40,857.50	40,857.50	
9/15/25	435,000.00	2.150000	40,857.50	475,857.50	516,715.00
3/15/26			36,181.25	36,181.25	
9/15/26	445,000.00	2.250000	36,181.25	481,181.25	517,362.50
3/15/27			31,175.00	31,175.00	
9/15/27	455,000.00	2.350000	31,175.00	486,175.00	517,350.00
3/15/28			25,828.75	25,828.75	
9/15/28	465,000.00	2.600000	25,828.75	490,828.75	516,657.50
3/15/29			19,783.75	19,783.75	
9/15/29	475,000.00	2.650000	19,783.75	494,783.75	514,567.50
3/15/30			13,490.00	13,490.00	
9/15/30	490,000.00	2.700000	13,490.00	503,490.00	516,980.00
3/15/31			6,875.00	6,875.00	
9/15/31	500,000.00	2.750000	6,875.00	506,875.00	511,750.00
	6,500,000.00		1,275,229.17	7,775,229.17	
ACCURED	6,500,000.00		1,275,229.17	7,775,229.17	

Dated 5/15/16 with Delivery of 5/15/16
 Bond Years 56,431.667
 Average Coupon 2.259776
 Average Life 8.681795
 M I C % 2.259776 % Using 100.000000
 Weighted Bond Years 56,431.667
 Weighted Average Life 8.681795
 Weighted M I C % 2.259776 % Using 100.000000
 T I C % 2.239820 % From Delivery Date
 Arbitrage Yield 2.239820 %

Micro-Mani Sizing Date: 02-10-2016 @ 16:27:05 Filename: DAVIDCTY Key: WTR16R

Calculations are illustrative only,
 not intended to reflect market
 conditions or project expected
 results.

**DAVID CITY REQUIRED FUNDS FOR BOND PAYMENTS
AND EXPECTED SOURCE OF FUNDS**

\$880,000 Water Revenue Bonds Series 2014

Funded Water Main Replacement Projects

Current balance \$780,000; Annual Payment Approx. \$120,000

Final Payment \$133,705 due August 2022 (Average rate 2.06%)

Primary payment source – Property Taxes ???

\$615,000 General Obligation Bonds Series 2014

Funded Series 2011 and 2012 Street Projects

Current balance \$615,000; Annual Payment Approx. \$70,000

Final Payment August 2024 (Average rate 2.22%)

Primary payment source – Property Taxes ???

\$550,000 General Obligation Storm Sewer/NW Drainage Series 2014

Funded NW Drainage and other storm sewer costs

Current balance \$450,000; Annual Payment Approx. \$105,000

With final \$152,000 payment due August 2019

Final Payment August 2024 (Average rate 1.19%)

Payment source Sales Tax and TIF

\$650,000 Highway Allocation Fund Pledge Bonds Series 2014

Refunded \$ Balance of Original Series 2009 Bonds

Current balance \$500,000,000; Annual Payment Approx. \$130,000

Final Payment September 2019 (Average remaining rate 1.25%)

*Primary payment source – State Gas Tax Fund Receipts
(Property Taxes ONLY AS A BACK UP IF NEEDED)*

ANTICIPATED SOURCE OF FUNDS FOR BOND PAYMENTS

Anticipated Revenues:

Sales Tax Revenues \$617,000 Annually through October 1, 2020
5-years at \$617,000 Equals \$3,085,000

**Tax Increment Receipts. Bonds issued by CRA to benefit of City
Bonds dated 2009. Final maturity 2024.**

Annual Receipts of Approximately \$_____

*9-Years Remaining life -- Tax Ceases collection when
\$300,000 Principal amount plus annual 4% interest
On annual principal balance has been collected.*

Gas Tax Revenue From State – Budgeted FY 2015/16: \$309,720

Property Taxes for Bond Payments

Taxable Assessed Value of David City \$127,521,362

Each penny of tax raises \$12,752

A dime of tax would equal \$127,521

Council member Kroesing introduced Resolution No. 3 – 2016 submitting to the qualified electors the continuation of the 1 ½ % sales tax for an additional ten (10) year period ending October 1, 2030 and moved for its passage and adoption. Council member Smith seconded the motion. Voting AYE: Council members Smith, Vandenberg, Hotovy, Kobus, and Kroesing. Voting NAY: None. Council member Rogers was absent. The motion carried.

RESOLUTION NO. 3 - 2016

BE IT RESOLVED by the Mayor and Council of the City of David City, Nebraska as follows:

Section 1. The Mayor and City Council find and determine that there has not been submitted to the electors of the City of David City a proposition for the levy of a sales tax within the six (6) months last past. THERE DOES EXIST A SALES AND USE TAX THAT EXPIRES OCTOBER 1, 2020.

Section 2. A special election is hereby called and will be held in conjunction with the Statewide Primary Election to be held on May 10th, 2016, at which there shall be submitted to the qualified electors of the City of David City, Nebraska the following proposition:

Whereas David City, Nebraska has a 1½% City Sales Tax effective October 1, 2010 with a termination date of October 1, 2020. “Shall the governing body of the City of David City, Nebraska, continue the sales and use tax of ONE AND ONE-HALF PERCENT (1.50%) upon the same transactions within the City of David City on which the State of Nebraska is authorized to impose a tax, for an additional ten (10) year period ending October 1, 2030 with the proceeds collected to be used for the Downtown Renovation Project, infra-structure repairs, replacements, and improvements within the City of David City, Nebraska, and for recreational and cultural projects?”

If a majority of the votes cast upon such question shall be in favor of such tax, then the governing body of the City of David City shall be empowered as provided by Section 77-27, 142 of the Revised Statutes of Nebraska, Reissue, of 2003, and shall forthwith proceed to impose a tax pursuant to the Local Option Revenue Act. If a majority of those voting on the question shall be opposed to such tax, then the governing body of the City of David City shall not impose such tax.

The ballots to be voted upon and cast at said election shall have printed thereon the foregoing proposition, followed by the words: “FOR said sales and use tax” and “AGAINST said sales and use tax” following the proposition.

Section 3. Notice of said election shall be given to the qualified electors of said City by publication at least one time each week for three successive weeks prior to such election and a copy of the sample ballot shall be published one time not more than fifteen (15) days nor less than two (2) days prior to the election, such notice and sample ballot to be published in the Banner Press, a newspaper printed and of general circulation in said City, and the County Clerk of Butler County, Nebraska be and hereby is directed to cause such notice and sample ballot to be published.

Section 4. The City Clerk of the City of David City be and hereby is authorized and directed to certify a copy of this Resolution by March 1, 2016 to the Butler County Clerk, who shall designate the polling places, appoint the election officials and otherwise conduct the election as provided by law. The City does hereby agree to reimburse said County Clerk for the expenses of conducting the election. As required by Section 32-802 of the Revised Statutes of Nebraska, Reissue 2008, the County Clerk shall provide for publication of the Notice of Election in a newspaper designated by the County Clerk no later than forty (40) days prior to the day of said election and such notice shall be posted in the office of the County Clerk no later than forty (40) days prior to such date of election.

Section 5. Notice of submission of the question imposing the sales and use tax upon the same transactions within the City of David City, Nebraska on which the State of Nebraska is authorized to impose a tax shall be given not more than thirty (30) days nor less than ten (10) days prior to the election, by publication one (1) time in The Banner Press, a paper published in or of general circulation in the City of David City, Nebraska pursuant to Section 77-27, 142.04 of the Revised Statutes of Nebraska, Reissue 2003.

Section 6. The form of ballot and form of notice of said sales tax election shall be substantially in the form submitted to this meeting, a copy of which forms shall be made a part of the minutes. The City Clerk of the City is hereby authorized and directed, in conjunction with the County Clerk conducting the election, to arrange for the printing of the necessary ballots for said election and to do all other things and take all other action appropriate or necessary in order to cause said proposition to be submitted to the qualified electors of the City as above provided.

Resolution No. 3 - 2016 having been consented to by more than a majority of the members of the Council, was declared by the Mayor duly passed and adopted.

Passed and approved this 10th day of February, 2016.

Mayor Alan Zavodny

City Clerk Joan E. Kovar

The date for the first town hall public meeting was set for March 2, 2016 at the Hruska Public Library at 6:30 p.m. to discuss downtown redevelopment to receive input from the public.

Paul Essman of Capital City Concepts LLC was in attendance to present the wage comparability study.

Paul Essman said, "Hopefully, everybody had a chance to look at the study as it was completed. We had twelve participants in the survey. We tried to get enough places that had

generation and electric distribution where we had enough matches for most positions. We went with a market study and you are not legally bound by this study. This is not a court of industrial relations (CIR) study. This is a market study, which is what you chose to do. We collected your job descriptions and we sent them to each location. We sent a questionnaire with questions, some that you provided and some that we added to it. We collected data and we went back and forth on some of the job matches. I think the most interesting thing on the wage summary page was that your minimums all came up short. So, new hires, I don't know how many people you've lost recently or what your retention is but your minimums, I think that was your most concerning part. On the maximum side, on the top pay, some were low and some were high. Some of the matches of some of your positions where people are wearing a lot of hats aren't exactly the same job as the other locations but we tried to show it as best we could. As far as benefits go, some of your benefits are a little better than this market and some aren't as good. We can go through whatever you guys are comfortable going through is fine with me. I don't know exactly what your retention is for employees. I assume that people that live in David City like to stay here and that you retain most of them."

Mayor Zavodny said, "I think that's one of the problems that we've had. The people that we've recruited from different areas, and I think anecdotally we've been able to figure out that our starting wages have been a challenge. But, comparing apples to apples, when you look at the whole thing, benefits to starting, how do we stack up?"

Paul Essman said, "You're not in a bad position at all. You're in the mid ranges of most of these wages. It depends where your people are on the pay line. If they are at the bottom of the pay line then not so good but if they are all near the top of the pay line or if 75% of the people are toward the maximum that you're currently paying then you're probably in pretty good shape."

Mayor Zavodny said, "The problem that I always experience with this type of thing is the dance that occurs when you try to address the minimum wage then you have to adjust everybody because the cushion between people starting and the people that you've had for a while is a never ending battle. That's a merry-go-round that you never get off."

Paul Essman said, "At the State hearings you heard a lot about the State employees. They are all near the 25% quartile of their pay range. They are all at the 0 – 25% and a new hire comes in and the minimums have been raised a number of times so, here I am a twenty-five year employee and a guy comes in and he's been here a year and I train him and he's making the same amount as me and he has no clue of the vast knowledge that I have of the job that I'm doing. It does lead to a lot of discontent if you just raise the minimums."

Mayor Zavodny said, "Any questions of Paul with that? I think it's something that we continue to monitor. I think it's good to see where we are at every so often because things change."

Paul Essman said, "You do have a longevity pay which is helpful. It does recognize that you have some years of service recognition. You pay a little bit there. Your sick leave was a little bit over, your vacation was a little bit under, holiday's you had more but you didn't have as many personal days. Your personal days come off of your sick leave so it kind of evens out throughout. Insurance is – who knows where it's going."

Mayor Zavodny said, "The problem that we run into with that is that with people's salaries to make the affordable care standards based on what they earn."

Paul Essman said, "If anything, I didn't see anything in benefits that you really needed to adjust, but looking at the wages, definitely the minimums and maybe change your wage administration process, look at that and I'd be happy to help instead of twenty five steps maybe a nine step plan."

Mayor Zavodny said, "I think that the industry trend has been a training wage, a somewhat experienced and then experienced. People have gone to maybe three."

Paul Essman said, "You do have a lot of ranks in your system too. There may be a lot of jobs that you don't have any longer because of computers and things. You may have had three filing clerks but it's all computerized now. Less people doing more things."

Mayor Zavodny said, "And in a community of our size you have to cross train. It's just a reality of trying to get things done."

Paul Essman said, "The employee service that we've done, people don't mind because they like a difference. They don't want to do the same thing every day."

Mayor Zavodny said, "We appreciate you doing that. That helps us know kind of where we're at. We appreciate your overview of it."

Mayor Zavodny recommended passing over agenda item #11 – Consideration of the City's information technology update needs. He stated that if the City is considering a maintenance contract that should be done during the budget process and we don't know where we are going to stand with Elster and what their requirements are going to be.

Council member Smith made a motion to table consideration of the City's information technology update needs. Council member Vandenberg seconded the motion. Voting AYE: Council members Vandenberg, Kobus, Kroesing, Hotovy, and Smith. Voting NAY: None. Council member Rogers was absent. The motion carried.

Mayor Zavodny opened the Public Hearing at 8:33 p.m. to consider amending Ordinance No. 1060 – Zoning Ordinance to add Section 2.02 Definitions, Section 4.25 Mobile Food Units; and to amend C-1 Highway Commercial Section 5.11.05 Permitted Temporary Uses by adding #5 – Mobile Food Units, C-2 Downtown Commercial Section 5.12.04 Permitted Temporary Uses by adding #6 – Mobile Food Units, I-1 Light Industrial Section 5.13.02 Permitted Uses by adding #31 – Mobile Food Units, I-2 Heavy Industrial Section 5.14.02 Permitted Uses by adding #37 – Mobile Food Units and FS – Flex Space Section 5.15.04 Permitted Temporary Uses by adding #5 – Mobile Food Units. There being no comments, Mayor Zavodny closed the Public Hearing at 8:35 p.m.

Council member Kroesing introduced Ordinance No. 1243. Mayor Zavodny read Ordinance No. 1243 by title. Council member Kroesing made a motion to suspend the statutory rule that requires an Ordinance be read on three separate days. Council member Hotovy seconded the motion. Voting AYE: Council members Smith, Kroesing, Kobus, Hotovy, and Vandenberg. Voting NAY: None. Council member Rogers was absent. The motion carried.

Council member Smith made a motion to pass and adopt Ordinance No. 1243 on the third and final reading. Council member Kobus seconded the motion. Voting AYE: Council members Vandenberg, Kobus, Hotovy, Kroesing, and Smith. Voting NAY: None. Council member Rogers was absent. The motion carried and Ordinance No. 1243 was passed on 3rd and final reading as follows:

ORDINANCE NO. 1243

AN ORDINANCE TO AMEND ZONING ORDINANCE NO. 1060 BY ADDING MOBILE FOOD UNITS TO SECTION 2.02 DEFINITIONS; ADDING SECTION 4.25 MOBILE FOOD UNITS AND AMENDING C-1 HIGHWAY COMMERCIAL DISTRICT SECTION 5.11.05 PERMITTED TEMPORARY USES BY ADDING #5 – MOBILE FOOD UNITS, C-2 DOWNTOWN COMMERCIAL DISTRICT SECTION 5.12.04 PERMITTED TEMPORARY USES, BY ADDING #6 – MOBILE FOOD UNITS, I-1 LIGHT INDUSTRIAL DISTRICT SECTION 5.13.02 PERMITTED USES BY ADDING #31 – MOBILE FOOD UNITS, I-2 HEAVY INDUSTRIAL DISTRICT SECTION 5.14.02 PERMITTED USES BY ADDING #38 – MOBILE FOOD UNITS AND FS FLEX SPACE DISTRICT SECTION 5.15.04 PERMITTED TEMPORARY USES BY ADDING #5 – MOBILE FOOD UNITS; TO PROVIDE FOR THE REPEAL OF ANY ORDINANCE OR RESOLUTION IN CONFLICT THEREWITH; TO PROVIDE FOR AN EFFECTIVE DATE THEREOF; AND TO AUTHORIZE PUBLICATION IN PAMPHLET FORM.

BE IT ORDAINED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF DAVID CITY, BUTLER COUNTY, NEBRASKA, THAT THE FOLLOWING SECTIONS OF ZONING ORDINANCE NO. 1060 BE AMENDED AS FOLLOWS:

ARTICLE 2: DEFINITIONS

Mobile Food Units: A temporary food service establishment that is vehicle-mounted and is designed to be readily movable.

ARTICLE 4: GENERAL PROVISIONS

Section 4.25 Mobile Food Units:

Mobile Food Units are allowed in C-1, C-2, I-1, I-2, FS; however, these uses shall be required to abide by the following requirements:

1. All units shall be located on a lot; except in the C-2 Downtown Commercial District where on-street parking may be permitted. On-street parking shall only be allowed during times of operation.
2. All units shall only operate during hours identified on the temporary permit, as provided by the applicant. In no case shall a unit be open for more than one hour after the legal closing time of local bars.
3. All refuse shall be transported off-site unless an agreement with the property owner is submitted to the City identifying an alternate.
4. All units shall not be allowed to use intense lights in order to attract customers.
5. During non-operation hours, these units shall be stored on an identified lot on personal property or in an enclosed structure, no on-street parking/storage.
6. This requirement shall not apply to specific festivals, county fair, or other event which will be held for a limited time period, provided the Mobile Food Unit is no longer providing services after said event.

SECTION 5.11 C-1 HIGHWAY COMMERCIAL DISTRICT

5.11.05 Permitted Temporary Uses

5. Mobile Food Units

SECTION 5.12 C-2 DOWNTOWN COMMERCIAL DISTRICT

5.12.04 Permitted Temporary Uses

6. Mobile Food Units

SECTION 5.13 I-1 LIGHT INDUSTRIAL DISTRICT

5.13.02 Permitted Uses

31. Mobile Food Units

SECTION 5.14 I-2 HEAVY INDUSTRIAL DISTRICT

5.14.02 Permitted Uses

38. Mobile Food Units

SECTION 5.15 FS FLEX SPACE DISTRICT

5.15.04 Permitted Temporary Uses

5. Mobile Food Units

This Ordinance shall be in full force and effect from and after passage, approval and publication or posting as required by law.

PASSED AND APPROVED THIS 10th day of February, 2016.

Mayor Alan Zavodny

City Clerk Joan Kovar

Waiving or reducing the rental fees for the use of the City Auditorium for the food distribution program as requested by Jim Novacek, on behalf of the Knights of Columbus was discussed.

Council member Kobus stated that he felt that if they start waiving the fee for them then everyone will want it for nothing.

Mayor Zavodny reminded the Council that a positive motion was needed.

Council member Smith made a motion to waive the rental fees for the use of the City Auditorium once each month for the food distribution program. Council member Kobus seconded the motion. Voting AYE: None. Voting NAY: Council members Smith, Kobus, Hotovy, Kroesing and Vandenberg. Council member Rogers was absent. The motion failed.

There being no further business to come before the Council, Council member Kroesing made a motion to adjourn. Council member Vandenberg seconded the motion. Voting AYE: Council members Kroesing, Hotovy, Vandenberg, Smith and Kobus. Voting NAY: None. Council member Smith was absent. The motion carried and Mayor Zavodny declared the meeting adjourned at 8:39 p.m.



CERTIFICATION OF MINUTES
February 13, 2016

I, Tami L. Comte, duly qualified and acting Deputy City Clerk for the City of David City, Nebraska, do hereby certify with regard to all proceedings of February 13, 2016; that all of the subjects included in the foregoing proceedings were contained in the agenda for the meeting, kept continually current and available for public inspection at the office of the City Clerk; that such subjects were contained in said agenda for at least twenty-four hours prior to said meeting; that the minutes of the meeting of the City Council of the City of David City, Nebraska, were in written form and available for public inspection within ten working days and prior to the next convened meeting of said body; that all news media requesting notification concerning meetings of said body were provided with advance notification of the time and place of said meeting and the subjects to be discussed at said meeting.

Tami L. Comte, Deputy City Clerk