

**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 **9<sup>th</sup> day of July, 2014**, in the meeting room of the City Office, 557 N 4<sup>th</sup> 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 3<sup>rd</sup> day of July, 2014.

**AGENDA AS FOLLOWS:**

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| 1. Roll Call;  | <hr/> Mayor Alan Zavodny                 |
| 2. Pledge of Allegiance;   |  |
| 3. Inform the Public about the location of the Open Meetings Act and the Citizens Participation Rules;   | <hr/> Council President Gary L. Kroesing |
| 4. Minutes of the June 11 <sup>th</sup> , 2014, meeting of the Mayor and City Council;   |  |
| 5. Consideration of Claims;  |  |
| 6. Committee and Officer Reports;  | <hr/> Council member Michael E. Rogers   |
| 7. Consideration of Ordinance #1205 to vacate 3 <sup>rd</sup> Street between "M" and "N" Streets;  |  |
| 8. Consideration of a Letter of Engagement with D.A. Davidson for compliance with new Federally mandated regulations effective July 1, 2014 for underwriting of bonds;                                   | <hr/> Council member Ruddy L. Svoboda    |
| 9. Consideration of Resolution No. 13 - 2014 ratifying and confirming the prior actions of the City in the acceptance of the work in the Northwest Drainage Project (Storm Water Sewer District 2010-1); | <hr/> Council member William Scribner    |
| 10. Consideration of Resolution No. 14 – 2014 calling for early redemption of \$1,630,000 Bond Anticipation Notes, Series 2014 (Northwest Drainage Project construction financing);                      | <hr/> Council member Gary D. Smith       |
| 11. Consideration of Ordinance No. 1206 authorizing the issuance of General Obligation Storm Water Sewer Bonds (Est. 525,000) for longer-term payment schedule for Northwest Drainage;                   | <hr/> City Clerk Joan E. Kovar           |

12. Consideration of Ordinance No. 1207 authorizing the issuance of Various Purpose Bonds, Series 2014, (Est. \$615,000) General Obligation Various Purpose Bonds for Industrial Drive and related street projects;
13. Consideration of Resolution No. 15 – 2014 calling \$640,000 balance of Series 2009 Highway Allocation Bonds for early redemption;
14. Consideration of Ordinance No. 1208 authorizing the issuance of Highway Allocation Bonds, Series 2014, to refund called Series 2009 Bond to effect interest cost savings;
15. Consideration of the request by the David City Ball Association to progress with discussions concerning the City buying the baseball/softball complex from the Association;
16. Consideration of the Access Road located north of “O” Street on the west side of Highway 15;
17. Public Hearing to consider changing the allowed size of an accessory structure for residential zoned areas to not exceed 1,000 sq. ft.; Section 5.07.05 – 1, R-1 Single-Family Residential; Section 5.08.05 – 1, R-2 Two-Family Residential; and Section 5.09.05 – 1, R-3 Multi-Family Residential;
18. Consideration of Ordinance No. 1209 changing the allowed size of an accessory structure for residential zoned areas to not exceed 1,000 sq. ft.; Section 5.07.05 – 1, R-1 Single-Family Residential; Section 5.08.05 – 1, R-2 Two-Family Residential; and Section 5.09.05 – 1, R-3 Multi-Family Residential;
19. Consideration of applying for FEMA Hazard Mitigation Grant Funding for the construction of a tornado safe room;
20. Consideration of appointing Jane Buresh to serve a four year term on the Library Board;
21. Consideration of Ordinance No. 1210 increasing the fine for parking a motor vehicle and/or trailer on any part of the roadway surface of any public street in the residential area of David City between the hours of one (1:00) a.m. and seven (7:00) a.m. from one (\$1.00) dollar to five (\$5.00) dollars if paid within five day, and after 5 days the fine will be ten (\$10.00) dollars;
22. Consideration of the bids received for the installation and start-up of four (4) VFD’s at the Wastewater Treatment Plant Facility;
23. Presentation and consideration of the proposed budgets for Fiscal Year October 1, 2014 – September 30, 2015;
24. Consideration of recessing the City Council Meeting to 6:30 p.m. on Thursday, July 10<sup>th</sup> for the continuation of the budget presentations;
25. Adjourn.

CITY COUNCIL PROCEEDINGS

July 9, 2014

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 4<sup>th</sup> Street, David City, Nebraska. The Public had been advised of the meeting by publication of notice in The Banner Press on July 3<sup>rd</sup>, 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 members Gary Kroesing, Ruddy Svoboda, Gary Smith, John Vandenberg, and Mike Rogers. Also present were Attorney Tim Wollmer, and City Clerk Joan Kovar. City Administrator Abbie Cornett was absent. Council member Bill Scribner arrived at 8:50 p.m.

Also present for the meeting were: Philip Lorenzen of D.A. Davidson & Co., Mike Behrns, Jason Lavicky, Neil Kuhlman, John Kabourek, Jeff Schmid, General Manager Gary Westphal of Butler Public Power District, Don Moravec, Matt Hilger, Mike Draper, Laura Kobza and daughter, Skip Trowbridge, Mike Jones, Rex Rehmer, Caroline Yates, Janis Cameron, Banner Press Editor Larry Peirce, Park/Auditorium Supervisor Bill Buntgen, Electric Distribution Supervisor Pat Hoeft, Electric Plant Supervisor Eric Betzen and wife Darcy, Water Employee Kevin Betzen, and Sewer Employee James Pedersen.

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 June 11<sup>th</sup>, 2014 meeting of the Mayor and City Council were approved upon a motion by Council member Vandenberg and seconded by Council member Smith. Voting AYE: Council members Kroesing, Rogers, Svoboda, Smith, and Vandenberg. Voting NAY: None. Council member Scribner 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 Vandenberg seconded the motion. Voting AYE: Council members Kroesing, Svoboda, Rogers, Vandenberg, and Smith. Voting NAY: None. Council member Scribner was absent. The motion carried.

Mayor Zavodny called for Committee and Officer Reports.

Mayor Zavodny announced that there will be a Park & Recreation Board meeting Thursday, July 17, 2014, at 6:30 p.m. at the City Auditorium.

Council member Gary Kroesing stated: "I would like an update on the Board of Health beings we haven't had any meetings, we aren't doing anything compared to last year, it's a

dead issue. Last time I heard we had 26 items to deal with and we haven't dealt with anything yet this year."

Mayor Zavodny stated: "There has been a lot going on with it though. She's (City Administrator Abbie Cornett) been making visits to Randy (Janak) very regularly trying to keep him on the straight and narrow, worked on his property over here (2<sup>nd</sup> & "E") with Mark (Sheriff Hecker) some, so there has been some things happening."

Council member Kroesing stated: "We had a lot done last year at this time. We were knocking down buildings and everything else and this year nothing; just curious."

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

Gary Westphal of Butler Public Power stated: "Mr. Mayor, members of the City Council, my name is Gary Westphal, I work for the customers of Butler Public Power District. Our headquarters was built on 4<sup>th</sup> Street in 1961 and we've really outgrown it. We need some bigger trucks, we need more technology, and we've been looking outside of town to purchase a property. We found a property but before we made the decision to buy it we talked to the City Administrator and to the Mayor and asked if there was a possibility that the City would consider vacating 3<sup>rd</sup> Street. We thought by doing so it would give us the necessary room to make the changes, to make the additions that we really need to make, and so I'm here to humbly request that you consider vacating 3<sup>rd</sup> Street and allowing us to utilize it for Butler Public Power District purposes. Any questions?"

Council member Rogers stated: "Yes. Members in my Ward are concerned about losing the access on 3<sup>rd</sup> Street and they were wondering if you would consider putting a sidewalk near 4<sup>th</sup> Street?"

Council members Smith and Svoboda stated that they had the same concerns expressed to them.

Gary Westphal stated: "Certainly. I don't know why we couldn't put a sidewalk on the west side of 4<sup>th</sup> Street, it's a reasonable request. I understand the situation because once in a while I will walk to the bank and there is no sidewalk in this block, so I think that is a reasonable request. That is a decision the Board will have to approve but I will make that recommendation to our Board that we do that."

Water employee Kevin Betzen stated: "There is a 2" water line that runs on the west side of your building where the trucks park now that feeds the block north of you."

Gary Westphal stated: "Whatever easements exist, certainly that won't change, so we'll have to make sure that we don't build something over a City easement. Thank you for your consideration."

Council member Kroesing introduced Ordinance No. 1205 to vacate 3<sup>rd</sup> Street between "M" and "N" Streets. Council member Kroesing made a motion to suspend the statutory rule that requires an Ordinance be read on three separate days. Council member Smith seconded

the motion. Voting AYE: Council members Rogers, Svoboda, Kroesing, Smith, and Vandenberg. Voting NAY: None. Council member Scribner was absent. The motion carried.

Council member Kroesing made a motion to pass and adopt Ordinance No. 1205 on the third and final reading. Council member Smith seconded the motion. Voting AYE: Council members Vandenberg, Rogers, Kroesing, Svoboda, and Smith. Voting NAY: None. Council member Scribner was absent. The motion carried and Ordinance No. 1205 was passed on third and final reading as follows:

**ORDINANCE NO. 1205**

AN ORDINANCE VACATING 3<sup>rd</sup> STREET FROM THE NORTH SIDE OF "M" STREET TO THE SOUTH SIDE OF "N" STREET, DAVID CITY, NEBRASKA, PROVIDING FOR THE FILING OF CLAIMS AND ASCERTAINMENT OF ALL DAMAGES SUSTAINED BY THE CITIZENS OF SAID CITY AND BY THE OWNERS OF PROPERTY THEREIN, PROVIDING FOR THE EFFECTIVE DATE, AND PROVIDING FOR PUBLICATION IN PAMPHLET FORM.

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

SECTION 1. That 3<sup>rd</sup> Street from the north side of "M" Street to the south side of "N" Street (100' x 300') is hereby vacated.

SECTION 2. That the vacation of 3<sup>rd</sup> Street from the north side of "M" Street to the south side of "N" Street (100' x 300') was requested by Butler Public Power District so that they may expand their facilities.

SECTION 3. That the portion of vacated 3<sup>rd</sup> Street (100' x 300') shall revert to the abutting property owners.

SECTION 4. That the vacation of 3<sup>rd</sup> Street from the north side of "M" Street to the south side of "N" Street (100' x 300') is in the best interest of the City of David City, Nebraska.

SECTION 5. That the City of David City, Nebraska shall retain all utility easements located in the portion of the street (100' x 300') herein vacated as needed.

SECTION 6. That any citizen of the City or any owner of property therein may file a claim with City Clerk of said City on or before the 11<sup>th</sup> day of August, 2014, for any and all damages sustained by the vacation aforesaid.

SECTION 7. This ordinance shall take effect and be in full force from and after its passage, approval, and publication or posting as required by law.

Passed and approved this 9th day of July, 2014.

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Mayor Alan Zavodny

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City Clerk Joan E. Kovar

Phil Lorenzen of D.A. Davidson & Co. stated: "I sent a packet earlier to Joan which I am sure she put in the agenda packets. I am going to take just a few minutes to explain a few of the items. When I met with you in January in preparation for the refunding of a bond issue of Water Revenue Bonds in February, I advised you that effective January 13, it was necessary that in my business I could no longer underwrite a bond for a community such as David City unless we had in place an engagement letter. You put in place that engagement letter and that was appropriate. Then, the Securities and Exchange Commission delayed the actual implementation of that law until July 1, but surprise, they changed some of the caveats relative to that process. So it is necessary, for me to engage in work with the City of David City in providing the financing that you need for the current series of bonds, that we execute a new engagement letter that is more specific in terms of the details and more specific in terms of the exact issuance. The actual outcome of the changes is still simple, it is still the same program as it was before with the disclosure, and the key disclosure is that I need to advise you that I am acting as a bond underwriter. That potentially has a conflict if you had an independent financial advisor and they make sometimes different recommendations than I would. I think that's wrong, I have your best interest at heart. But, I need to certify in any transaction that I do, that #1, that I have treated you fairly in terms of the established under the interest rates in the open market based on my survey of the market and are attempting to market at the lowest possible interest rate to satisfy the City that it's been taken care of properly and I also need to certify that the investor on the other side has a fair transaction. So I walk a fine line in the middle and that's basically the disclosure. So in order to engage in the transactions we need now in order to close out three issues we need to consider adopting a replacement engagement letter."

Council member Kroesing made a motion to approve a Letter of Engagement with D.A. Davidson for compliance with new Federal mandated regulations effective July 1, 2014 for underwriting of bonds. Council member Smith seconded the motion. Voting AYE: Council members Svoboda, Smith, Kroesing, Vandenberg, and Rogers. Council member Scribner was absent. The motion carried.



**D|A|DAVIDSON**

**FIXED INCOME CAPITAL MARKETS**

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Suite 300  
Omaha, NE 68114  
(402) 397-5777  
(800) 776-5777  
davidsoncompanies.com/ficm

D.A. Davidson & Co.  
member SIPC

July 9, 2014

Mayor and City Council  
City of David City  
557 4<sup>th</sup> Street  
David City, NE 68335

Re: Underwriting Engagement Letter

D.A. Davidson & Co. ("we" or "Davidson"), acknowledges and appreciates the opportunity to serve as Underwriter for the City of David City, Nebraska ("City", "you" or the "Issuer") on the proposed offering and issuance of Highway Allocation Bonds, Series 2014; General Obligation Storm Water Sewer Bonds, Series 2014; and, General Obligation Various Purpose Bonds, Series 2014 (the "Securities"). This letter will confirm the terms of our engagement; however, it is anticipated that this letter will be replaced and superseded by a bond purchase agreement(s) to be entered into by Davidson and the City (the "Purchase Agreement(s)") if and when the Securities are priced following successful completion of the offering process.

1. Services to be Provided by Davidson. The Issuer hereby engages Davidson to serve as Underwriter of the proposed offering and issuance of the Securities, and in such capacity Davidson agrees to provide certain services in compliance with and under the rules, guidelines and exceptions, effective July 1, 2014, as set out by the Securities and Exchange Commission ("SEC") and you hereby request Davidson to provide certain information and repayment information relative to debt issuance and to assist in providing the following services:

- Review and evaluate the proposed terms of the offering and the Securities
- Develop a marketing plan for the offering, including identification of potential investors
- Assist in the preparation of the offering circular and other offering documents
- Contact potential investors; provide them with offering-related information
- Consult with Bond Counsel and other service providers about the offering and the terms of the Securities
- Negotiate the pricing, including the interest rate, and other terms of the Securities
- Obtain CUSIP number(s) for the Securities and arrange for their DTC book-entry eligibility
- Plan and arrange for the closing and settlement of the issuance and the delivery of the Securities
- Such other usual and customary underwriting services as may be requested by the Issuer

As underwriter, Davidson will purchase the Securities pursuant and subject to the terms of the Purchase Agreement, which will not be signed until successful completion of the pre-sale offering period.

2. No Advisory or Fiduciary Role. The Issuer acknowledges and agrees that: (i) the primary role of Davidson, as an underwriter, is to purchase securities, for resale to investors, in an arm's-length commercial transaction between the Issuer and Davidson and that Davidson has financial and other interests that may differ from those of the issuer.; (ii) Davidson is not acting as a municipal advisor, financial advisor, or fiduciary to the [Issuer and has not assumed any advisory or fiduciary responsibility to the Issuer with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether Davidson has provided other services or is currently providing other services to the Issuer on other matters); (iii) the only obligations Davidson has to the Issuer with respect to the transaction contemplated hereby expressly are set forth in this agreement; and (iv) the Issue has consulted its own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent it deems appropriate. If the Issuer would like a municipal advisor in this transaction that has legal fiduciary duties to the [Issuer, then the Issue] is free to engage a municipal advisor to serve in that capacity.

3. Fees and Expenses. Davidson's proposed underwriting fee/spread shall be at a mutually agreeable rate of not exceed 1.50% of the principal amount of the Securities issued. The underwriting fee/spread will represent the difference between the price that Davidson pays for the Securities and the public offering price stated on the cover of the final offering circular. Davidson shall pay costs incident to the underwriting and sale of the Bonds including printing of preliminary and final official statements (or offering circulars, as applicable), CUSIP and DTC fees. The Issuer shall be responsible for paying or reimbursing Davidson for all other costs of issuance, including without limitation, bond counsel, paying agent fees (if Issuer determines to engage such agent), and all other expenses incident to the performance of the Issuer's obligations under the proposed offering.

4. Term and Termination. The term of this engagement shall extend from the date of this letter to the closing of the offering of the Securities. Notwithstanding the forgoing, either party may terminate Davidson's engagement at any time without liability of penalty upon at least 30 days' prior written notice to the other party.

5. Indemnification; Limitation of Liability. The Issuer agrees that neither Davidson nor its employees, officers, agents or affiliates shall have any liability to the Issuer for the services provided hereunder except to the extent it is judicially determined that Davidson engaged in gross negligence or willful misconduct. In addition, to the extent permitted by applicable law, the Issuer shall indemnify, defend and hold Davidson and its employees, officers, agents and affiliates harmless from and against any losses claims, damages and liabilities that arise from or otherwise relate to this Agreement, actions taken or omitted in connection herewith, or the transactions and other matters contemplated hereby, except to the extent such losses, claims, damages or liabilities are judicially determined to be the result of Davidson's gross negligence or willful misconduct.

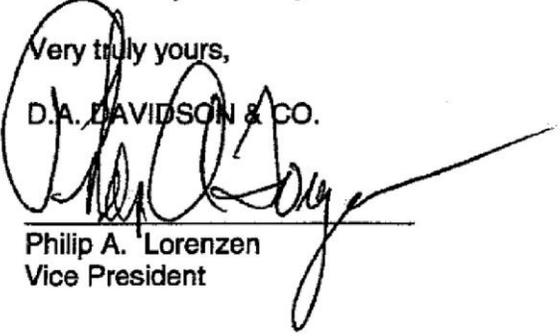
6. Miscellaneous. This letter shall be governed and construed in accordance with the laws of the State of Nebraska. This Agreement may not be amended or modified except by means of a written instrument executed by both parties hereto. This Agreement may not be assigned by either party without the prior written consent of the other party.

"Exhibit A" is attached in compliance with Davidson's Disclosure Pursuant to MSRB Rules G-17 and G-23 and requires your acknowledgement of its receipt.

Again, we thank you for the opportunity to assist you with your proposed financing and the confidence you have placed in us.

Very truly yours,

D.A. DAVIDSON & CO.



Philip A. Lorenzen  
Vice President

Accepted this 9<sup>th</sup> day of July 2014

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Mayor



**D|A|DAVIDSON**

**FIXED INCOME CAPITAL MARKETS**

**EXHIBIT A**

1111 North 102<sup>nd</sup> Court  
Suite 300  
Omaha, NE 68114  
(402) 397-5777  
(800) 776-5777  
davidsoncompanies.com/ficm

D.A. Davidson & Co.  
member SIPC

July 9, 2014

Joan Kovar, Treasurer  
City of David City  
557 4<sup>th</sup> Street  
David City, NE 68632

Re: Disclosures by D.A. Davidson & Co. as Underwriter  
Pursuant to MSRB Rules G-17 and G-23  
City of David City Highway Allocation Bonds, Series 2014, General Obligation  
Storm Water Sewer Bonds, Series 2014 and General Obligation Various  
Purpose Bonds, Series 2014

Dear Joan:

We are writing to provide you, as Treasurer of the City of David City, Nebraska ("Issuer"), with certain disclosures relating to the captioned bond issue ("Bonds"), as required by the Municipal Securities Rulemaking Board (MSRB) Rule G-17 as set forth in MSRB Notice 2012-25 (May 7, 2012).

The Issuer has engaged D.A. Davidson & Co. (hereinafter referred to as "Davidson" or "underwriter") to serve as an underwriter, and not as a financial advisor or municipal advisor, in connection with the issuance of the Bonds.

As underwriter, Davidson's primary role will be to purchase as principal, or arrange for the placement of the securities in a commercial arm's length transaction with the Issuer, and may have financial and other interests that differ from those of the Issuer. In its capacity as underwriter and not as financial advisor, Davidson may provide incidental financial advisory services at the Issuer's request, including advice regarding the structure, timing, terms and other similar matters concerning the issuance. However, Davidson does not assume any financial advisory or fiduciary responsibilities with respect to the Issuer.

As part of our services as underwriter, Davidson may provide advice concerning the structure, timing, terms, and other similar matters concerning the issuance of the Bonds.

**Disclosures Concerning the Underwriters Role:**

- (i) MSRB Rule G-17 requires an underwriter to deal fairly at all times with both municipal issuers and investors.
- (ii) The underwriters' primary role is to purchase the Bonds with a view to distribution in an arm's-length transaction with the Issuer. The underwriters financial and other interests that may differ from those of the Issuer.

- (iii) Unlike a municipal advisor, the underwriters do not have a fiduciary duty to the Issuer under the federal securities laws and are, therefore, not required by federal law to act in the best interests of the Issuer without regard to their own financial or other interests.
- (iv) The underwriters have a duty to purchase the Bonds from the Issuer at a fair and reasonable price, but must balance that duty with their duty to sell the Bonds to investors at prices that are fair and reasonable.
- (v) The underwriter will review the official statement for the Bonds in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws, as applied to the facts and circumstances of this transaction.

Disclosures Concerning the Underwriters Compensation:

As underwriter, Davidson will be compensated by a fee and/or an underwriting discount that will be set forth in the bond purchase agreement to be negotiated and entered into in connection with the issuance of the Bonds. Payment or receipt of the underwriting fee or discount will be contingent on the closing of the transaction and the amount of the fee or discount may be based, in whole or in part, on a percentage of the principal amount of the Bonds. While this form of compensation is customary in the municipal securities market, it presents a conflict of interest since the underwriter(s) may have an incentive to recommend to the Issuer a transaction that is unnecessary or to recommend that the size of the transaction be larger than is necessary.

Additional Conflicts Disclosure:

Davidson has not identified any additional potential or actual material conflicts that require disclosure.

Disclosures Concerning Complex Municipal Securities Financing:

Since Davidson has not recommended a "complex municipal securities financing" to the Issuer, additional disclosures regarding the financing structure for the Bonds are not required under MSRB Rule G-17. However, in accordance with the requirements of MSRB Rule G-17, the following is a description of the material financial characteristics of that financing structure as well as the material financial risks of the financing that are known to us and reasonably foreseeable at this time.

Risk Disclosures Pursuant to MSRB Rule G-17 - Fixed Rate Bonds

The following is a general description of the financial characteristics and security structures of fixed rate municipal bonds ("Fixed Rate Bonds"), as well as a general description of certain financial risks that you should consider before deciding whether to issue Fixed Rate Bonds.

Financial Characteristics

Maturity and Interest. Fixed Rate Bonds are interest-bearing debt securities issued by state and local governments, political subdivisions and agencies and authorities. Maturity dates for Fixed Rate Bonds are fixed at the time of issuance and may include serial maturities (specified principal amounts are payable on the same date in each year until final maturity) or one or more term maturities (specified principal amounts are payable on each term maturity date) or a combination of serial and term maturities. The final maturity date typically will range between 10 and 30 years from the date of

issuance. Interest on the Fixed Rate Bonds typically is paid semiannually at a stated fixed rate or rates for each maturity date.

Redemption. Fixed Rate Bonds may be subject to optional redemption, which allows you, at your option, to redeem some or all of the bonds on a date prior to scheduled maturity, such as in connection with the issuance of refunding bonds to take advantage of lower interest rates.

Fixed Rate Bonds will be subject to optional redemption only after the passage of a specified period of time, often approximately ten years from the date of issuance, and upon payment of the redemption price set forth in the bonds, which may include a redemption premium. You will be required to send out a notice of optional redemption to the holders of the bonds, usually not less than 30 days prior to the redemption date. Fixed Rate Bonds with term maturity dates also may be subject to mandatory sinking fund redemption, which requires you to redeem specified principal amounts of the bonds annually in advance of the term maturity date. The mandatory sinking fund redemption price is 100% of the principal amount of the bonds to be redeemed.

### Security

Payment of principal of and interest on a municipal security, including Fixed Rate Bonds, may be backed by various types of pledges and forms of security, some of which are described below.

General Obligation Bonds. "General obligation bonds" are debt securities to which your full faith and credit is pledged to pay principal and interest. If you have taxing power, generally you will pledge to use your ad valorem (property) taxing power to pay principal and interest. Ad valorem taxes necessary to pay debt service on general obligation bonds may not be subject to state constitutional property tax millage limits (an unlimited tax general obligation bond). The term "limited" tax is used when such limits exist.

General obligation bonds constitute a debt and, depending on applicable state law, may require that you obtain approval by voters prior to issuance. In the event of default in required payments of interest or principal, the holders of general obligation bonds have certain rights under state law to compel you to impose a tax levy.

Revenue Bonds. "Revenue bonds" are debt securities that are payable only from a specific source or sources of revenues. Revenue bonds are not a pledge of your full faith and credit and you are obligated to pay principal and interest on your revenue bonds only from the revenue source(s) specifically pledged to the bonds. Revenue bonds do not permit the bondholders to compel you to impose a tax levy for payment of debt service. Pledged revenues may be derived from operation of the financed project or system, grants or excise or other specified taxes. Generally, subject to state law or local charter requirements, you are not required to obtain voter approval prior to issuance of revenue bonds. If the specified source(s) of revenue become inadequate, a default in payment of principal or interest may occur. Various types of pledges of revenue may be used to secure interest and principal payments on revenue bonds. The nature of these pledges may differ widely based on state law, the type of issuer, the type of revenue stream and other factors.

The description above regarding "Security" is only a brief summary of certain possible security provisions for the bonds and is not intended as legal advice. You should consult with your bond counsel for further information regarding the security for the bonds.

## Financial Risk Considerations

Certain risks may arise in connection with your issuance of Fixed Rate Bonds, including some or all of the following:

**Issuer Default Risk.** You may be in default if the funds pledged to secure your bonds are not sufficient to pay debt service on the bonds when due. The consequences of a default may be serious for you and, depending on applicable state law and the terms of the authorizing documents, the holders of the bonds, the trustee and any credit support provider may be able to exercise a range of available remedies against you. For example, if the bonds are secured by a general obligation pledge, you may be ordered by a court to raise taxes. Other budgetary adjustments also may be necessary to enable you to provide sufficient funds to pay debt service on the bonds. If the bonds are revenue bonds, you may be required to take steps to increase the available revenues that are pledged as security for the bonds. A default may negatively impact your credit ratings and may effectively limit your ability to publicly offer bonds or other securities at market interest rate levels. Further, if you are unable to provide sufficient funds to remedy the default, subject to applicable state law and the terms of the authorizing documents, you may find it necessary to consider available alternatives under state law, including (for some issuers) state-mandated receivership or bankruptcy. A default also may occur if you are unable to comply with covenants or other provisions agreed to in connection with the issuance of the bonds.

This description is only a brief summary of issues relating to defaults and is not intended as legal advice. You should consult with your bond counsel for further information regarding defaults and remedies.

**Redemption Risk.** Your ability to redeem the bonds prior to maturity may be limited, depending on the terms of any optional redemption provisions. In the event that interest rates decline, you may be unable to take advantage of the lower interest rates to reduce debt service.

**Refinancing Risk.** If your financing plan contemplates refinancing some or all of the bonds at maturity (for example, if you have term maturities or if you choose a shorter final maturity than might otherwise be permitted under the applicable federal tax rules), market conditions or changes in law may limit or prevent you from refinancing those bonds when required. Further, limitations in the federal tax rules on advance refunding of bonds (an advance refunding of bonds occurs when tax-exempt bonds are refunded more than 90 days prior to the date on which those bonds may be retired) may restrict your ability to refund the bonds to take advantage of lower interest rates.

**Reinvestment Risk.** You may have proceeds of the bonds to invest prior to the time that you are able to spend those proceeds for the authorized purpose. Depending on market conditions, you may not be able to invest those proceeds at or near the rate of interest that you are paying on the bonds, which is referred to as "negative arbitrage".

**Tax Compliance Risk.** The issuance of tax-exempt bonds is subject to a number of requirements under the United States Internal Revenue Code, as enforced by the Internal Revenue Service (IRS). You must take certain steps and make certain representations prior to the issuance of tax-exempt bonds. You also must covenant to take certain additional actions after issuance of the tax-exempt bonds. A breach of your representations or your failure to comply with certain tax-related covenants may cause the interest on the bonds to become taxable retroactively to the date of issuance of the bonds, which

may result in an increase in the interest rate that you pay on the bonds or the mandatory redemption of the bonds. The IRS also may audit you or your bonds, in some cases on a random basis and in other cases targeted to specific types of bond issues or tax concerns. If the bonds are declared taxable, or if you are subject to audit, the market price of your bonds may be adversely affected. Further, your ability to issue other tax-exempt bonds also may be limited.

This description of tax compliance risks is not intended as legal advice and you should consult with your bond counsel regarding tax implications of issuing the bonds.

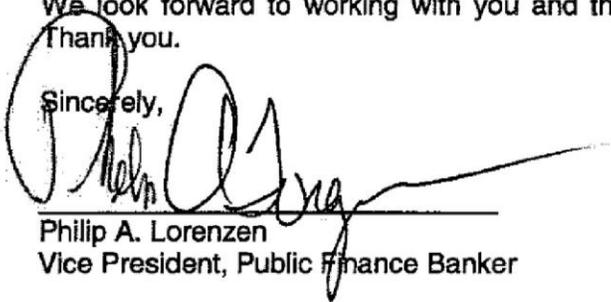
If you or any other Issuer officials have any questions or concerns about these disclosures, please make those questions or concerns known immediately to the undersigned. In addition, you should consult with the Issuer's own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent you deem appropriate.

It is our understanding that you have the authority to bind the Issuer by contract with us, and that you are not a party to any conflict of interest relating to the subject transaction. If our understanding is incorrect, please notify the undersigned immediately.

We are required to seek your acknowledgement that you have received this letter. Accordingly, please sign and return the enclosed copy of this letter to me either via email or to the address set forth below. Depending on the structure of the transaction that the Issuer decides to pursue, or if additional potential or actual material conflicts are identified, we may be required to send you additional disclosures regarding the material financial characteristics and risks of such transaction and/or describing those conflicts. At that time, we also will seek your acknowledgement of receipt of any such additional disclosures.

We look forward to working with you and the Issuer in connection with the issuance of the Bonds.  
Thank you.

Sincerely,



Philip A. Lorenzen  
Vice President, Public Finance Banker

Acknowledgement: \_\_\_\_\_ Date: \_\_\_\_\_

\_\_\_\_\_  
Joan Kovar, Treasurer  
City of David City, Nebraska

CC: Bond Counsel

Council member Kroesing introduced Resolution No. 13 - 2014 ratifying and confirming the prior actions of the City in the acceptance of the work in the Northwest Drainage Project (Storm Water Sewer District 2010 – 1) and moved for its passage and adoption. Council member Rogers seconded the motion. Voting AYE: Council members Svoboda, Smith, Vandenberg, Rogers, and Kroesing. Voting NAY: None. Council member Scribner was absent. The motion carried and Resolution No. 13 – 2014 was passed and adopted as follows:

**RESOLUTION NO. 13 - 2014**

**RESOLUTION RATIFYING AND CONFIRMING THE PRIOR ACTIONS OF THE CITY IN THE ACCEPTANCE OF THE WORK IN STORM WATER SEWER DISTRICT NO. 2010-1 (NW DRAINAGE PROJECT), IN THE CITY OF DAVID CITY, NEBRASKA**

WHEREAS, the City of David City, Nebraska did heretofore enter into contract with Van Kirk Bros Contracting, Sutton, Nebraska, for the construction of improvements in Storm Water Sewer District No. 2010-1 (NW Drainage Project), which contract was duly approved by the Mayor and City Council and executed in accordance with such action.

WHEREAS, the contract for the work in Storm Water Sewer District No. 2010-1 (NW Drainage Project), in the City of David City, Nebraska, has heretofore been completed in accordance with the terms and stipulations of the plans and specifications according to the reports and recommendations of the City's Engineers.

NOW, THEREFORE, BE IT RESOLVED by the Mayor and City Council of the City of David City, Nebraska, that the certificates of completion and the recommendations of acceptance by the City's Engineers, and the work completed in Storm Water Sewer District No. 2010-1 (NW Drainage Project), in the City of David City, Nebraska, have heretofore been accepted by action of the Mayor and City Council and now be and hereby are accepted, and that the improvements constructed under the contracts referred to above be accepted and that the prior actions of the Mayor and City Council, the City Administrator and the City Clerk in approval and payment of the amounts due the Contractor are in all respects approved, ratified and confirmed.

Passed and approved this 9th day of July 2014.

CITY OF DAVID CITY, NEBRASKA

ATTEST:

\_\_\_\_\_  
Mayor Alan Zavodny

\_\_\_\_\_  
City Clerk Joan E. Kovar

[SEAL]

Council member Smith introduced Resolution No. 14 - 2014 calling for early redemption of \$1,630,000 Bond Anticipation Notes, Series 2014, (Northwest Drainage Project Construction Financing) and moved for its passage and adoption. Council member Vandenberg seconded the motion. Voting AYE: Council members Rogers, Vandenberg, Kroesing, Smith, and Svoboda. Voting NAY: None. Council member Scribner was absent. The motion carried and Resolution No. 14 – 2014 was passed and adopted as follows:

**RESOLUTION NO. 14 - 2014**

**RESOLUTION CALLING  
BOND ANTICIPATION NOTES, SERIES 2012  
FOR REDEMPTION**

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

Section 1. That the following bonds issued by the City of David City, Nebraska (the "City") are hereby called for redemption at par plus accrued interest on such date as set forth in the Designation of Call Date (as defined below):

Bond Anticipation Notes, Series 2012, dated May 15, 2012, in the principal amount of \$1,630,000, becoming due September 15, 2014 (the "Called Notes"), issued for the purpose of providing funds to pay costs of construction of storm drainage improvements in the City's Northwest Drainage area surrounding and including principally commercial facilities including a truck trailer manufacturing facility of Timpte Trailers, a manufacturer of over-the-road commercial truck trailers, all as set out in the ordinance authorizing the Called Notes, and to pay costs of issuance of the Called Notes.

Section 2. The Called Notes are payable at the office of the Paying Agent and Registrar, the Treasurer of the City of David City, in David City, Nebraska.

Section 3. The Mayor and City Administrator of the City (each, an "Authorized Officer") are hereby authorized at any time on or after the date of this resolution to determine the call date for said bonds on behalf of the City and such determination, when made in writing (the "Designation of Call Date"), shall constitute the action of the City without further action of the Mayor and Council of the City. The call date shall be set for any time on or before September 1, 2014, and after such date the Authorized Officers shall have no authority to make any such determination hereunder without further action of the Mayor and Council of the City and this resolution shall be of no further force and effect.

Section 4. A copy of this resolution shall be filed at least thirty (30) days prior to the date of call with the Treasurer of the City of David City, in David City, Nebraska, as Paying Agent and Registrar and said Paying Agent and Registrar is hereby instructed to give notice of redemption in the manner provided for in the ordinance authorizing said notes.

PASSED AND APPROVED this 9<sup>th</sup> day of July, 2014.

ATTEST:

\_\_\_\_\_  
City Clerk Joan E. Kovar

\_\_\_\_\_  
Mayor Alan Zavodny

Council member Vandenberg introduced Ordinance No. 1206 authorizing the issuance of General Obligation Storm Water Sewer Bonds, Series 2014, of the City of David City, in the principal amount of \$550,000 to pay a portion of the temporary indebtedness incurred to pay the cost of improvements in Storm Water Sewer District 2010-1 for a longer-term payment schedule for the Northwest Drainage. Council member Kroesing made a motion to suspend the statutory rule that requires an Ordinance be read on three separate days. Council member Smith seconded the motion. Voting AYE: Council members Smith, Vandenberg, Kroesing, Svoboda, and Rogers. Voting NAY: None. Council member Scribner was absent. The motion carried.

Council member Kroesing made a motion to pass and adopt Ordinance No. 1206 on the third and final reading. Council member Smith seconded the motion. Voting AYE: Council members Smith, Svoboda, Kroesing, Vandenberg, and Rogers. Voting NAY: None. Council member Scribner was absent. The motion carried and Ordinance No. 1206 was passed on third and final reading as follows:

#### **ORDINANCE NO. 1206**

AN ORDINANCE OF THE CITY OF DAVID CITY, NEBRASKA, AUTHORIZING THE ISSUANCE OF STORM WATER SEWER BONDS, SERIES 2014, OF THE CITY OF DAVID CITY, IN THE PRINCIPAL AMOUNT OF FIVE HUNDRED FIFTY THOUSAND DOLLARS (\$550,000) TO PAY A PORTION OF THE TEMPORARY INDEBTEDNESS INCURRED TO PAY THE COST OF IMPROVEMENTS IN STORM WATER SEWER DISTRICT 2010-1 (NW DRAINAGE PROJECT); PRESCRIBING THE FORM OF SAID BONDS; PROVIDING FOR THE LEVY OF TAXES TO PAY THE SAME; DETERMINING THE ORDINANCE TO BE A MEASURE NECESSARY TO CARRY OUT CONTRACTUAL OBLIGATIONS OF THE CITY AND PROVIDING FOR PUBLICATION OF THE ORDINANCE IN PAMPHLET FORM.

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

Section 1. The Mayor and Council of the City of David City, Nebraska (the "City") hereby find and determine that pursuant to a resolution of necessity heretofore duly adopted by the Mayor and City Council, Storm Water Sewer District No. 2010-1 (NW Drainage Project) was created in the City and certain storm water sewer improvements therein have been constructed, completed and accepted, and are hereby accepted by the City; the cost of said improvements as heretofore found by the City Engineer and the Mayor and City Council is not less than \$1,911,185.81, that additional expenses properly chargeable as part of the cost of improvements in said District in the amount of \$146,782.20 have been incurred and expended for engineering, interest, legal, fiscal expenses, discount on the sale of bonds, costs of issuance and miscellaneous costs, including a

portion of the interest to accrue on the bonds being issued to pay the costs of said improvements; the total cost of said improvements is not less than \$2,087,938.01; that no special assessments have been or shall be levied on the real estate in the District, it being found that the improvements constitute general public improvements; that after applying monies as authorized by the City from a special sales and use tax and other funds of the City as are available for such purpose, there still remains due and payable on the costs of the improvements of said District not less than \$550,000; and that all conditions, acts and things required to be done precedent to the issuance by the City of its storm water sewer bonds in the principal amount of \$550,000, pursuant to Section 17-925, Reissue Revised Statutes of Nebraska, 2012, do exist and have been done.

Section 2. The Mayor and Council further find and determine that the City has previously issued \$1,630,000 principal amount of its Bond Anticipation Notes, Series 2012, dated May 15, 2012 (the "Outstanding Notes"), pursuant to Ordinance No. 1171, adopted by the Council and approved by the Mayor on April 11, 2012 (the "2012 Ordinance"), were used to pay a portion the costs of the improvements described in Section 1 hereof, and all of which are outstanding and unpaid. All of the Outstanding Notes mature on September 15, 2014 and have been called by Resolution of the Mayor and City Council on a date as shall be determined as set out in said Resolution of Call, and the City has covenanted and agreed in the 2012 Ordinance to issue and sell its Storm Water Sewer Bonds or other bonds in a sufficient amount and at such times as well enable it to take up and pay off the Outstanding Notes, both principal and interest, at or prior to maturity, to the extent not paid from other sources. All conditions, acts and things required to exist or to be done precedent to the issuance of Storm Water Sewer Bonds of the City of David City, Nebraska, in the principal amount of \$550,000 pursuant to Section 17-925, Reissue Revised Statutes of Nebraska, 2012, and other applicable statutory provisions to provide funds to pay and redeem the Outstanding Notes and to pay any balance of the cost of the improvements described in Section 1 hereof do exist and have been done as required by law.

Section 3. There shall be and there are hereby ordered issued Storm Water Sewer Bonds, Series 2014, of the City of David City, Nebraska, in the principal amount of Five Hundred Fifty Thousand Dollars (\$550,000) (the "Bonds"), to become due in each year as indicated below:

<u>Principal Amount</u>	<u>Maturing August 15</u>
\$100,000	2015
100,000	2016
100,000	2017
100,000	2018
150,000	2019

The Bonds shall be dated the date of their original issuance and delivery (the "Dated Date"), and shall be in fully registered form.

The Mayor and the City Administrator (each, an "Authorized Officer") are hereby authorized to hereafter, from time to time, specify, set, designate, determine and establish, as the case may be, in a written designation (the "Designation"), which may be in the form of the Bond Purchase Agreement authorized in Section 9 hereof, and in each case in accordance with and subject to the provisions of this Ordinance and the agreement of the Underwriter (hereinafter defined), the following provisions of the Bonds: (1) the date of delivery, which shall be not later than August 15, 2014, (2) the principal amount to mature on each principal maturity date, (3) subject to the conditions set forth below, the rate of interest to paid on each principal maturity, (4) the redemption provisions (which may include mandatory sinking fund redemption), and (5) the sale price and pricing terms, subject to the following:

- (a) *The principal amount of any maturity as set out above may be increased or decreased by any amount as shall be set out in the Designation*
- (b) *The true interest cost of the Bonds shall not exceed Two and Twenty Hundredths Percent (2.20%);*
- (c) *Underwriter's discount shall not exceed One and Fifty Hundredths Percent (1.50%) of the stated principal amount of the Bonds;*
- (d) *The longest maturity of the Bonds shall not be later than August 15, 2019;*
- (e) *Two or more of the principal maturities of each of the Bonds may be combined and issued as "term bonds" and the Authorized Officers may determine the*

*mandatory sinking fund payments and mandatory redemption amounts. Any Bonds issued as "term bonds" shall be redeemed at a redemption price equal to 100% of the principal amount thereof plus accrued interest thereon to the date of redemption and may be selected for redemption by any random method of selection determined appropriate by the Registrar (as hereinafter designated) or by the Depository (as hereinafter designated).*

The Authorized Officers are hereby authorized to execute the Designation on behalf of the City, and such determinations, when made and agreed to by the Underwriter in the Designation, shall constitute the action of the Mayor and Council without further action. Interest on the Bonds shall be computed on the basis of a three hundred sixty day year consisting of twelve thirty-day months. The Bonds shall be issued in the denomination of \$5,000 or any integral multiple thereof and shall be numbered from 1 upwards in the order of their issuance. No Bond shall be issued originally or upon transfer or partial redemption having more than one principal maturity. The initial bond numbering and principal amounts for each maturity of the Bonds issued shall be as directed by the underwriter thereof. Interest on the Bonds shall be payable semiannually on February 15 and August 15 of each year, starting February 15, 2015 (or as otherwise set forth in the Designation, each an "Interest Payment Date"). The interest due on each Interest Payment Date shall be payable to the registered owners of record as of the close of business on the fifteenth day immediately preceding the Interest Payment Date (the "Record Date"), subject to the provisions of Section 5 hereof. Payment of interest due on the Bonds prior to maturity or redemption shall be made by the Paying Agent, as designated pursuant to Section 4 hereof, by mailing a check in the amount due for such interest on each interest payment date to the registered owner of each Bond, as of the applicable Record Date, to such owner's registered address as shown on the books of registration, as required to be maintained in Section 4 hereof. Payment of principal due at maturity or at any date fixed for redemption, together with any accrued interest then due, shall be made by said Paying Agent to the registered owners upon presentation and surrender of the Bonds to said Paying Agent. In the event that Bonds of this issue are held in the nominee name

of a national clearinghouse or depository, payment of principal or interest shall be made by wire transfer of funds in accordance with any applicable regulations governing "Depository Eligible Securities". The City and said Paying Agent may treat the registered owner of any Bond as the absolute owner of such Bond for the purpose of making payments thereon and for all other purposes and neither the City nor said Paying Agent shall be affected by any notice or knowledge to the contrary whether such Bond or any installment of interest due thereon shall be overdue or not. All payments on account of interest or principal made to the registered owner of any Bond shall be valid and effectual and shall be a discharge of the City and said Paying Agent, in respect of the liability upon the Bonds or claims for interest to the extent of the sum or sums so paid. If any Bond is not paid upon presentation of the Bond at maturity or any interest installment is not paid when due, the delinquent Bond or delinquent interest installment shall bear interest thereafter until paid at a rate equal to the rate assessed against delinquent taxes under Section 45-104.01 Reissue Revised Statutes of Nebraska, 2010, as now existing or as the same may be amended from time to time by the Nebraska Legislature.

Section 4. The Treasurer of the City of David City, Nebraska, is hereby designated to serve as Paying Agent and Registrar for the Bonds. Said Treasurer shall serve in such capacities under the terms of this Ordinance subject to replacement as may be determined by the Mayor and Council. The City Treasurer, as Paying Agent and Registrar, shall keep and maintain for the City books for the registration and transfer of the Bonds at said Treasurer's office. The names and registered addresses of the registered owner or owners of the Bonds shall at all times be recorded in such books. Any Bond may be transferred pursuant to its provisions at the office of said Paying Agent and Registrar by surrender of such Bond for cancellation, accompanied by a written instrument of transfer, in form satisfactory to said Paying Agent and Registrar, duly executed by the registered owner in person or by such owner's duly authorized agent, and thereupon the Paying Agent and Registrar, on behalf of the City, will deliver at its office (or send by registered mail to the

transferee owner or owners thereof at such transferee owner's or owners' risk and expense), registered in the name of the transferee owner or owners, a new Bond or Bonds of the same series, interest rate, aggregate principal amount and maturity. To the extent of the denominations authorized for the Bonds by this ordinance, one Bond may be transferred for several such Bonds of the same series, interest rate and maturity, and for a like aggregate principal amount, and several such Bonds may be transferred for one or several such Bonds, respectively, of the same series, interest rate and maturity and for a like aggregate principal amount. In every case of transfer of a Bond, the surrendered Bond shall be canceled and destroyed. All Bonds issued upon transfer of the bonds so surrendered shall be valid obligations of the City evidencing the same obligation as the Bonds surrendered and shall be entitled to all the benefits and protection of this ordinance to the same extent as the Bonds upon transfer of which they were delivered. The City and said Paying Agent and Registrar shall not be required to transfer any Bond during any period from any Record Date until its immediately following Interest Payment Date or to transfer any Bond called for redemption for a period of 30 days next preceding the date fixed for redemption.

Section 5. In the event that payments of interest due on the Bonds on an Interest Payment Date are not timely made, such interest shall cease to be payable to the registered owners as of the Record Date for such Interest Payment Date and shall be payable to the registered owners of the Bonds as of a special date of record for payment of such defaulted interest as shall be designated by the Paying Agent and Registrar whenever monies for the purpose of paying such defaulted interest become available.

Section 6. Bonds maturing on or after August 15, 2018 shall be subject to redemption, in whole or in part, prior to maturity at any time on or after August 15, 2017, at par plus accrued interest on the principal amount redeemed to the date fixed for redemption. The City may select the Bonds to be redeemed for optional redemption in its sole discretion. The Bonds shall be redeemed only in amounts of \$5,000 or integral multiples thereof. Bonds redeemed in part only

shall be surrendered to said Paying Agent and Registrar in exchange for a new Bond evidencing the unredeemed principal thereof. Notice of redemption of any Bond called for redemption shall be given, at the direction of the City in the case of optional redemption and without further direction in the case of mandatory redemption, by said Paying Agent and Registrar by mail not less than 30 days prior to the date fixed for redemption, first class, postage prepaid, sent to the registered owner of such Bond at said owner's registered address. Such notice shall designate the Bond or Bonds to be redeemed by maturity or otherwise, the date of original issue, series and the date fixed for redemption and shall state that such Bond or Bonds are to be presented for prepayment at the office of said Paying Agent and Registrar. In case of any Bond partially redeemed, such notice shall specify the portion of the principal amount of such Bond to be redeemed. No defect in the mailing of notice for any Bond shall affect the sufficiency of the proceedings of the City designating the Bonds called for redemption or the effectiveness of such call for Bonds for which notice by mail has been properly given and the City shall have the right to further direct notice of redemption for any such Bond for which defective notice has been given.

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

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

UNITED STATES OF AMERICA  
STATE OF NEBRASKA  
COUNTY OF BUTLER

STORM WATER SEWER BOND  
OF THE CITY OF DAVID CITY, NEBRASKA  
SERIES 2014

No. \_\_\_\_\_ \$ \_\_\_\_\_

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
%	August 15, _____	_____, 2014	

Registered Owner:

Principal Amount:

KNOW ALL PERSONS BY THESE PRESENTS: That the City of David City, in the County of Butler, in the State of Nebraska (the "City"), hereby acknowledges itself to owe and for value received promises to pay to the registered owner specified above, or registered assigns, the principal amount specified above in lawful money of the United States of America on the date of maturity specified above with interest thereon to maturity (or earlier redemption) from the Date of Original issue or the most recent Interest Payment Date to which interest was paid or provided for, whichever is later, at the rate per annum specified above, payable semiannually on February 15 and August 15 of each year, starting February 15, 2015 (each an "Interest Payment Date"). Said interest shall be computed on the basis of a 360-day year consisting of twelve 30-day months. The principal of and interest on this bond due at maturity or upon redemption prior to maturity are payable upon presentation and surrender of this bond at the office of the Treasurer of the City of David City, in David City, Nebraska. Interest on this bond due prior to maturity or earlier redemption will be paid on each Interest Payment Date by a check or draft mailed on such Interest Payment Date by the Paying Agent and Registrar to the registered owner of this bond, as shown on the books of record maintained by the Paying Agent and Registrar, at the close of business on the fifteenth day immediately preceding the Interest Payment Date (the "Record Date"), to such owner's address as shown on such books and records. Any interest not so timely paid shall cease to be payable to the person entitled thereto as of the Record Date such interest was payable and shall be payable to the person who is the registered owner of this bond (or of one or more predecessor bonds hereto) on such special record date for payment of such defaulted interest as shall be fixed by the Paying Agent and Registrar whenever monies for such purpose become available. For the prompt payment of this bond, both principal and interest, as the same become due, the full faith, credit and resources of said City are hereby irrevocably pledged.

This bond is one of an issue of fully registered bonds of the total principal amount of Five Hundred Fifty Thousand Dollars (\$550,000), of even date and like tenor herewith, except as to date of maturity and rate of interest and denomination, which were issued by the City to pay temporary indebtedness incurred to pay for a portion of the cost of certain improvements constructed in Storm Water Sewer District No. 2010-1 (NW Drainage Project); and to pay costs of issuance of the Bonds and a portion of the interest to accrue on said Bonds, in pursuance of Section 17-925, Reissue Revised Statutes of Nebraska, 2012, and other applicable statutes and has been duly authorized

by ordinance legally passed, approved and published and by proceedings duly had by the Mayor and Council of said City.

[The bonds shall be subject to a mandatory sinking fund payment prior to maturity; such sinking fund payments being as follows:

[\$ \_\_\_\_\_,000 Principal Maturing August 15,  
\$ \_\_\_\_\_,000 To Be Called August 15, 20\_\_  
\$ \_\_\_\_\_,000 To Be Called August 15, 20\_\_  
\$ \_\_\_\_\_,000 Final Maturity August 15, 20\_\_]

In addition, any or all of the bonds of said issue maturing on or after August 15, 2018, are subject to redemption at the option of the City, in whole or in part, at any time on or after August 15, 2017, at par plus interest accrued on the principal amount redeemed to the date fixed for redemption. Notice of redemption shall be given by mail to the registered owner of any bond to be redeemed in the manner specified in the ordinance authorizing said issue of bonds. Individual bonds may be redeemed in part but only in \$5,000 amounts or integral multiples thereof. If less than all of the principal sum hereof is to be redeemed, in such case upon the surrender hereof, there shall be issued to the registered owner hereof, without charge therefor, a registered bond or registered bonds for the unpaid principal balance of like series, maturity and interest rate in any of the authorized denominations provided for in the ordinance authorizing the issuance hereof.

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

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

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

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

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED OFFICER OF DTC (A) TO THE REGISTRAR FOR REGISTRATION OF TRANSFER OR EXCHANGE OR (B) TO THE REGISTRAR FOR PAYMENT OF PRINCIPAL, AND ANY BOND ISSUED IN REPLACEMENT HEREOF OR SUBSTITUTION HEREFOR IS REGISTERED IN THE NAME OF DTC AND ANY PAYMENT IS MADE TO DTC OR ITS NOMINEE, ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL BECAUSE ONLY THE REGISTERED OWNER HEREOF, DTC OR ITS NOMINEE, HAS AN INTEREST HEREIN.

IT IS HEREBY CERTIFIED AND WARRANTED that all conditions, acts and things required by law to exist or to be done precedent to and in the issuance of this bond did exist, did happen and were done and performed in regular and due form and time as required by law, and that the indebtedness of said City, including this bond, does not exceed any limitation imposed by law. The City agrees that it shall cause to be levied and collected taxes on all the taxable property in said City, in addition to all other taxes, sufficient in rate and amount to fully pay the principal of and interest on this bond as the same become due.

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

IN WITNESS WHEREOF, the Mayor and Council of the City of David City, Nebraska, have caused this bond to be executed on behalf of the City with the manual or facsimile signatures of the Mayor and the City Clerk and by causing the official seal of the City to be impressed or imprinted hereon, all as of the date of original issue specified above.

CITY OF DAVID CITY, NEBRASKA

ATTEST:

(facsimile)  
Mayor

(facsimile)  
City Clerk

[SEAL]

CERTIFICATE OF AUTHENTICATION

This bond is one of the bonds authorized by ordinance passed and approved by the Mayor and Council of the City of David City, Nebraska as described in said bond.

Treasurer of the City of David City, Nebraska.  
As Paying Agent and Registrar

By \_\_\_\_\_

(FORM OF ASSIGNMENT)

For value received \_\_\_\_\_ hereby sells, assigns and transfers unto \_\_\_\_\_ the within bond and hereby irrevocably constitutes and appoints \_\_\_\_\_, attorney, to transfer the same on the books of registration in the office of the within mentioned Paying Agent and Registrar with full power of substitution in the premises.

Date: \_\_\_\_\_

\_\_\_\_\_  
Registered Owner

Witness: \_\_\_\_\_

Note: The signature(s) of this assignment must correspond with the name(s) as written on the face of the within bond in every particular, without alteration, enlargement or any change whatsoever.

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

(a) The City and the Paying Agent and Registrar shall have no responsibility or obligation to any broker-dealer, bank or other financial institution for which the Depository holds Bonds as securities depository (each, a "Bond Participant") or to any person who is an actual purchaser of a Bond from a Bond Participant while the Bonds are in book-entry form (each, a "Beneficial Owner") with respect to the following:

(i) the accuracy of the records of the Depository, any nominees of the Depository or any Bond Participant with respect to any ownership interest in the Bonds,

(ii) the delivery to any Bond Participant, any Beneficial Owner or any other person, other than the Depository, of any notice with respect to the Series 2014 Bonds, including any notice of redemption, or

(iii) the payment to any Bond Participant, any Beneficial Owner or any other person, other than the Depository, of any amount with respect to the Bonds.

The Paying Agent and Registrar shall make payments with respect to the Bonds only to or upon the order of the Depository or its nominee, and all such payments shall be valid and effective fully to satisfy and discharge the obligations with respect to such Bonds to the extent of the sum or sums so paid. No person other than the Depository shall receive an authenticated Bond, except as provided in (e) below.

(b) Upon receipt by the Paying Agent and Registrar of written notice from the Depository to the effect that the Depository is unable or unwilling to discharge its responsibilities, the Paying Agent and Registrar shall issue, transfer and exchange Bonds requested by the Depository in appropriate amounts. Whenever the Depository requests the Paying Agent and Registrar to do so, the Paying Agent and Registrar will cooperate with the Depository in taking appropriate action after reasonable notice (i) to arrange, with the prior written consent of the City, for a substitute depository willing and able upon reasonable and customary terms to maintain custody of the Series 2014 Bonds or (ii) to make available Bonds registered in whatever name or names the Beneficial Owners transferring or exchanging such Bonds shall designate.

(c) If the City determines that it is desirable that certificates representing the Bonds be delivered to the Bond Participants and/or Beneficial Owners of the Bonds and so notifies the Paying Agent and Registrar in writing, the Paying Agent and Registrar shall so notify the Depository, whereupon the Depository will notify the Bond Participants of the availability through the Depository of bond certificates representing the Bonds. In such event, the Paying Agent and Registrar shall issue, transfer and exchange bond certificates representing the Bonds as requested by the Depository in appropriate amounts and in authorized denominations.

(d) Notwithstanding any other provision of this Ordinance to the contrary, so long as any Bond is registered in the name of the Depository or any nominee thereof, all payments with respect to such Bond and all notices with respect to such Bond shall be made and given, respectively, to the Depository as provided in the Letter of Representations.

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

(i) any successor securities depository or its nominee; or

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

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

If for any reason the Depository resigns and is not replaced or upon termination by the City of book-entry-only form, the City shall immediately provide a supply of bond certificates for issuance upon subsequent transfers or in the event of partial redemption. In the event that such supply of certificates shall be insufficient to meet the requirements of the Paying Agent and Registrar for issuance of replacement bond certificates upon transfer or partial redemption, the City agrees to order printed an additional supply of bond certificates and to direct their execution by manual or facsimile signature of its then duly qualified and acting officers. In case any officer whose signature or facsimile thereof shall appear on any Bond shall cease to be such officer before the delivery of such Bond (including any bond certificates delivered to the Paying Agent and Registrar for issuance upon transfer or partial redemption) such signature or such facsimile signature shall nevertheless be valid and sufficient for all purposes the same as if such officer or officers had remained in office until the delivery of such Bond. After being executed by the Mayor and City Clerk, said Bonds shall be delivered to the Treasurer of the City who shall be responsible therefor under his/her official bond and such Treasurer shall maintain a record of information with respect to said Bonds in accordance with the requirements of Section 10-140, Reissue Revised Statutes of Nebraska, 2014, as amended, and shall cause the same to be filed with the Auditor of Public Accounts of the State of Nebraska. The Bonds shall not be valid and binding on the City until authenticated by the Paying Agent and Registrar. The Bonds shall be delivered to the Paying Agent and Registrar for registration and authentication. Upon execution, registration and authentication of the Bonds, they shall be delivered to the City Treasurer, who is authorized to deliver them to D.A. Davidson & Co. (the "Underwriter"), as initial purchaser thereof, upon receipt of 98.50% of the principal amount of the Bonds plus accrued interest thereon to date of payment for the Bonds (or such other amount as may be determined in the Designation). The Underwriter shall have the right to direct the registration of the Bonds and the denominations thereof within each maturity, subject to the restrictions of this Ordinance. The Underwriter and its agents, representatives and counsel

(including its bond counsel) are hereby authorized to take such actions on behalf of the City as are necessary to effectuate the closing of the issuance and sale of the Bonds, including, without limitation, authorizing the release of the Bonds by the Depository at closing. The Bond Purchase Agreement (the "Purchase Agreement") to be entered into between the City and the Underwriter with respect to the purchase of the Bonds from the City, in the form or substantially the form presented to the meeting, but with such changes, modifications, amendments, revisions, and alterations therein, thereof, or thereto, and bearing such date, as the Authorized Officer executing the Purchase Agreement shall in the exercise of his or her own independent judgment and absolute discretion determine to be necessary, proper, appropriate, advisable, or desirable in order to effectuate the issuance, sale, and delivery of the Bonds, be and the same is hereby in all respects authorized, adopted, specified, accepted, ratified, approved and confirmed. The Authorized Officers, or any one or more of them are hereby further authorized to take any and all actions and enter into any and all agreements and execute any documents deemed necessary or appropriate in connection with the issuance and sale of the Bonds, the payment and redemption of the Notes, and any such actions previously taken are hereby ratified and confirmed.

Section 10. The City Clerk is directed to make and certify a transcript or transcripts of the proceedings of the Mayor and City Council precedent to the issuance of said Bonds, one of which transcripts shall be delivered to the purchaser of said Bonds.

Section 11. All accrued interest, if any, received from the sale of the Bonds shall be applied to pay interest falling due on February 15, 2015. The proceeds of the Bonds shall be applied upon receipt to the payment of the principal of the Outstanding Notes and to pay costs of issuance of the Bonds. The City hereby agrees that the registered owners of the Bonds shall be subrogated to the rights of the registered owners of any Outstanding Note so paid from the proceeds of the Bonds upon such payment.

Section 12. The City agrees that the Mayor and Council shall cause to be levied and collected annually a special levy of taxes on all the taxable property in the City for the purpose of paying and sufficient to pay the interest on and principal of the Bonds when and as such principal and interest become due after the application of other available funds as may be pledged or applied by authority of the Mayor and City Council (including any redemptions required under the terms of this ordinance).

Section 13. The City hereby covenants and agrees that it will make no use of the proceeds of the Bonds which would cause the Bonds to be arbitrage bonds within the meaning of Sections 103(b)(2) and 148 of the Internal Revenue Code of 1986, as amended (the "Code") and further covenants to comply with said Sections 103(b)(2) and 148 and all applicable regulations thereunder throughout the term of said issue, including all requirements with respect to payment and reporting of rebates, if applicable. The City hereby covenants to take all action necessary to preserve the tax-exempt status of the interest on the Bonds for federal income tax purposes under the Code with respect to taxpayers generally. The City further agrees that it will not take any actions which would cause the Bonds to constitute "private activity bonds" within the meaning of Section 141 of the Code. The City hereby designates the Bonds as its "qualified tax-exempt obligations" pursuant to Section 265(b)(3)(B)(i)(III) of the Code and covenants and warrants that it does not reasonably expect to issue bonds or other obligations aggregating in principal amount more than \$5,000,000 during calendar 2014.

Section 14. The City's obligations under this Ordinance with respect to any or all of the Bonds herein authorized shall be fully discharged and satisfied as to any or all of such Bonds and any such Bond shall no longer be deemed to be outstanding hereunder if such Bond has been purchased by the City and canceled or when the payment of principal of and interest thereon to the respective date of maturity or redemption (a) shall have been made or caused to be made in accordance with the terms thereof, (b) shall have been provided for by depositing with a national or

state bank having trust powers, or trust company, in trust, solely for such payment (i) sufficient money to make such payment and/or (ii) direct general obligations (including obligations issued or held in book entry form on the books of the Department of Treasury of the United States of America) of or obligations the principal and interest of which are unconditionally guaranteed by the United States of America (herein referred to as "U.S. Government Obligations") in such amount and bearing interest payable and maturing or redeemable at stated fixed prices at the option of the holder as to principal, at such time or times, as will ensure the availability of sufficient money to make such payments; provided, however, that with respect to any Bond to be paid prior to maturity, the City shall have duly called such Bond for redemption and given notice of such redemption as provided by law or made irrevocable provision for the giving of such notice. Any money so deposited with such bank or trust company in excess of the amount required to pay principal of and interest on the Bonds for which such monies or U.S. Government Obligations were deposited shall be paid over to the City as and when collected.

Section 15. The City reserves the right to issue refunding bonds and provide for the investment of the proceeds thereof for purposes of providing for the payment of principal and interest on the Bonds in such manner as may be prescribed by law from time to time but specifically including the provisions of Section 10-142, Reissue Revised Statutes of Nebraska, 2012, or any amendment thereto.

Section 16. The Mayor and City Council hereby approve the Preliminary Official Statement with respect to the Bonds and the information therein contained, and the Mayor, the City Administrator, the City Clerk, or any one of them is authorized to approve and deliver a final Official Statement for and on behalf of the City, and said final Official Statement shall be delivered to the Underwriter in accordance with the requirements of Reg. Sec. 240.15c2-12 of the Securities and Exchange Commission.

Section 17. In order to promote compliance with certain federal tax and securities laws relating to the Bonds herein authorized (as well as other outstanding bonds) the policy and procedures attached hereto as Exhibit "A" (the "Post-Issuance Compliance Policy and Procedures") are hereby adopted and approved in all respects. To the extent that there is any inconsistency between the attached Post-Issuance Compliance Policy and Procedures and any similar policy or procedures previously adopted and approved, the Post-Issuance Compliance Policy and Procedures shall control.

Section 18. This ordinance is hereby determined to be a measure necessary to carry out the City's contractual obligations with respect to the Outstanding Notes set forth in the 2012 Ordinance and shall be in force and take effect from and after its passage and publication in pamphlet form as provided by law.

PASSED AND APPROVED this 9<sup>th</sup> day of July 2014.

ATTEST:

\_\_\_\_\_  
Mayor

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

[SEAL]

**EXHIBIT "A"**

**Policy and Procedures  
Federal Tax Law and Disclosure Requirements for  
Tax-exempt Bonds and/or Tax Advantaged Bonds**

**ISSUER NAME:** City of David City, Nebraska

**COMPLIANCE OFFICER (BY TITLE):** City Treasurer

**POLICY**

It is the policy of the Issuer identified above (the "Issuer") to comply with all Federal tax requirements and securities law continuing disclosure obligations for its obligations issued as tax-exempt bonds (or as tax credit, direct pay subsidy or other tax-advantaged bonds, as applicable)

to ensure, as applicable (a) that interest on its tax-exempt bonds remains exempt from Federal income tax, (b) that the direct payments or tax credits associated with its bonds issued as tax advantaged bonds are received in a timely manner and (c) compliance with any continuing disclosure obligations of the Issuer with respect to its outstanding bonds.

## PROCEDURES

Compliance Officer. Review of compliance with Federal tax requirements and securities law continuing disclosure obligations as generally outlined below shall be conducted by the Compliance Officer identified above (the "Compliance Officer"). To the extent more than one person has been delegated specific responsibilities, the Compliance Officer shall be responsible for ensuring coordination of all compliance review efforts.

Training. The Compliance Officer shall evaluate and review educational resources regarding post-issuance compliance with Federal tax and securities laws, including periodic review of resources published for issuers of tax-exempt obligations by the Internal Revenue Service (either on its website at <http://www.irs.gov/taxexemptbond>, or elsewhere) and the Municipal Securities Rulemaking Board (either on its Electronic Municipal Market Access website ["EMMA"] at <http://www.emma.msrb.org>, or elsewhere).

Compliance Review. A compliance review shall be conducted at least annually by or at the direction of the Compliance Officer. The review shall occur at the time the Issuer's annual audit takes place, unless the Compliance Officer otherwise specifically determines a different time period or frequency of review would be more appropriate.

### Scope of Review.

*Document Review.* At the compliance review, the following documents (the "Bond Documents") shall be reviewed for general compliance with covenants and agreements and applicable regulations with respect to each outstanding bond issue:

- (a) the resolution(s) and/or ordinance(s), as applicable, adopted by the governing body of the Issuer authorizing the issuance of its outstanding bonds, together with any documents setting the final rates and terms of such bonds (the "Authorizing Proceedings"),
- (b) the tax documentation associated with each bond issue, which may include some or all of the following (the "Tax Documents"):
  - (i) covenants, certifications and expectations regarding Federal tax requirements which are described in the Authorizing Proceedings;
  - (ii) Form 8038 series filed with the Internal Revenue Service;
  - (iii) tax certificates, tax compliance agreements, tax regulatory agreement or similar documents;
  - (iv) covenants, agreements, instructions or memoranda with respect to rebate or private use;
  - (v) any reports from rebate analysts received as a result of prior compliance review or evaluation efforts; and

- (vi) any and all other agreements, certificates and documents contained in the transcript associated with the Authorizing Proceedings relating to federal tax matters.
- (c) the Issuer's continuing disclosure obligations, if any, contained in the Authorizing Proceedings or in a separate agreement (the "Continuing Disclosure Obligations"), and
- (d) any communications or other materials received by the Issuer or its counsel, from bond counsel, the underwriter or placement agent or its counsel, the IRS, or any other material correspondence relating to the tax-exempt status of the Issuer's bonds or relating to the Issuer's Continuing Disclosure Obligations.

*Use and Timely Expenditure of Bond Proceeds.* Expenditure of bond proceeds shall be reviewed by the Compliance Officer to ensure (a) such proceeds are spent for the purpose stated in the Authorizing Proceedings and as described in the Tax Documents and (b) that the proceeds, together with investment earnings on such proceeds, are spent within the timeframes described in the Tax Documents, and (c) that any mandatory redemptions from excess bond proceeds are timely made if required under the Authorizing Proceedings and Tax Documents.

*Arbitrage Yield Restrictions and Rebate Matters.* The Tax Documents shall be reviewed by the Compliance Officer to ensure compliance with any applicable yield restriction requirements under Section 148(a) of the Internal Revenue Code (the "Code") and timely calculation and payment of any rebate and the filing of any associated returns pursuant to Section 148(f) of the Code. A qualified rebate analyst shall be engaged as appropriate or as may be required under the Tax Documents.

*Use of Bond Financed Property.* Expectations and covenants contained in the Bond Documents regarding private use shall be reviewed by the Compliance Officer to ensure compliance. Bond-financed properties shall be clearly identified (by mapping or other reasonable means). Prior to execution, the Compliance Officer (and bond counsel, if deemed appropriate by the Compliance Officer) shall review (a) all proposed leases, contracts related to operation or management of bond-financed property, sponsored research agreements, take-or-pay contracts or other agreements or arrangements or proposed uses which have the potential to give any entity any special legal entitlement to the bond-financed property, (b) all proposed agreements which would result in disposal of any bond-financed property, and (c) all proposed uses of bond-financed property which were not anticipated at the time the bonds were issued. Such actions could be prohibited by the Authorizing Proceedings, the Tax Documents or Federal tax law.

*Continuing Disclosure.* Compliance with the Continuing Disclosure Obligations with respect to each bond issue shall be evaluated (a) to ensure timely compliance with any annual disclosure requirement, and (b) to ensure that any material events have been properly disclosed as required by the Continuing Disclosure Obligation.

Record Keeping. If not otherwise specified in the Bond Documents, all records related to each bond issue shall be kept for the life of the indebtedness associated with such bond issue (including all tax-exempt refundings) plus six (6) years.

Incorporation of Tax Documents. The requirements, agreements and procedures set forth in the Tax Documents, now or hereafter in existence, are hereby incorporated into these procedures by this reference and are adopted as procedures of the Issuer with respect to the series of bonds to which such Tax Documents relate.

Consultation Regarding Questions or Concerns. Any questions or concerns which arise as a result of any review by the Compliance Officer shall be raised by the Compliance Officer with the Issuer's counsel or with bond counsel to determine whether non-compliance exists and what measures should be taken with respect to any non-compliance.

VCAP and Remedial Actions. The Issuer is aware of (a) the Voluntary Closing Agreement Program (known as "VCAP") operated by the Internal Revenue Service which allows issuers under certain circumstances to voluntarily enter into a closing agreement in the event of certain non-compliance with Federal tax requirements and (b) the remedial actions available to issuers of certain bonds under Section 1.141-12 of the Income Tax Regulations for private use of bond financed property which was not expected at the time the bonds were issued. DOCS/1271949.2

Council member Vandenberg introduced Ordinance No. 1207 authorizing the issuance of Various Purpose Bonds, Series 2014, of the City of David City, in the principal amount of Six Hundred Fifteen Thousand Dollars (\$615,000) to pay a portion of the cost of improvements in Street Improvement District Nos. 2011-2, 2011-3, 2011-4, 2011-5, 2011-6, 2011-7, 2011-8, 2011-9, 2012-1, 2012-2 and 2012-3 (including the intersections and the areas formed by the crossing of streets, avenues and alleys); prescribing the form of said bonds; providing for the levy of taxes to pay the same; determining the ordinance to be a measure necessary to carry out contractual obligation of the City and providing for publication of the ordinance in pamphlet form. Council member Kroesing made a motion to suspend the statutory rule that requires an Ordinance be read on three separate days. Council member Smith seconded the motion. Voting AYE: Council members Vandenberg, Smith, Kroesing, Svoboda, and Rogers. Voting NAY: None. Council member Scribner was absent. The motion carried.

Council member Kroesing made a motion to pass and adopt Ordinance No. 1207 on the third and final reading. Council member Smith seconded the motion. Voting AYE: Council members Smith, Kroesing, Vandenberg, Rogers, and Svoboda. Voting NAY: None. Council member Scribner was absent. The motion carried and Ordinance No. 1207 was passed on third and final reading as follows:

**ORDINANCE NO. 1207**

AN ORDINANCE OF THE CITY OF DAVID CITY, NEBRASKA, AUTHORIZING THE ISSUANCE OF VARIOUS PURPOSE BONDS, SERIES 2014, OF THE CITY OF DAVID CITY, IN THE PRINCIPAL AMOUNT OF SIX HUNDRED FIFTEEN THOUSAND DOLLARS (\$615,000) TO PAY A PORTION OF THE COST OF IMPROVEMENTS IN STREET IMPROVEMENT DISTRICT NOS. STREET IMPROVEMENT DISTRICT NOS. 2011-2, 2011-3, 2011-4, 2011-5, 2011-6, 2011-7, 2011-8, 2011-9, 2012-1, 2012-2 AND 2012-3 (INCLUDING THE INTERSECTIONS AND THE AREAS FORMED BY THE CROSSING OF STREETS, AVENUES AND ALLEYS); PRESCRIBING THE FORM OF SAID BONDS; PROVIDING FOR THE LEVY OF TAXES TO PAY THE SAME; DETERMINING THE ORDINANCE TO BE A MEASURE NECESSARY TO CARRY OUT CONTRACTUAL OBLIGATIONS OF THE CITY AND PROVIDING FOR PUBLICATION OF THE ORDINANCE IN PAMPHLET FORM.

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

Section 1. The Mayor and Council of the City of David City, Nebraska (the "City") hereby find and determine that pursuant to an ordinance heretofore duly adopted by the Mayor and Council, Street Improvement District Nos. 2011-2, 2011-3, 2011-4, 2011-5, 2011-6, 2011-7, 2011-8, 2011-9, 2012-1, 2012-2 and 2012-3 (the "Districts") were created in the City and certain street improvements therein have been constructed, the improvements in the Districts have been completed and accepted, and are hereby accepted by the City; the cost of said improvements as heretofore reported by the City Engineer is not less than \$1,104,999; that additional expenses chargeable as part of the cost of improvements in said Districts have been incurred or must be expended for engineering, interest during construction, legal, fiscal expenses, discount on the sale of bonds, costs of issuance and miscellaneous costs, including a portion of the interest to accrue on the bonds now being issued in the amount of \$110,500; the total cost of said improvements is not less than \$1,215,499, of which \$972,399 is the cost of improving intersections, areas formed by the crossing of streets, avenues and alleys and streets adjacent to real estate owned by the City and \$243,100 is the Districts' cost; that after applying special assessments collected and such other funds of the City as are available for such purpose, there still remains due and payable on the costs of the improvements of said Street Improvement Districts not less than, \$615,000; that of such costs not less than \$85,000 is hereby determined to be for intersection costs and \$530,000 for costs of improvements opposite abutting property; and that all conditions, acts and things required to be done precedent to the issuance by the City of its Intersection Paving Bonds in the principal amount of \$85,000 and its District Improvement Bonds in the principal amount of \$530,000, pursuant to Sections 17-516 and 17-520 Reissue Revised Statutes of Nebraska, have been done as provided by law.

Section 2. The Mayor and Council further find and determine that the City has previously issued \$750,000 principal amount of its Bond Anticipation Notes, Series 2012B, dated August 14, 2012 (the "Outstanding Notes"), pursuant to Ordinance No. 1175 , adopted by

the Council and approved by the Mayor on July 11, 2012, as amended by Ordinance No. 1180, adopted by the Council and approved by the Mayor on August 8, 2011 (collectively, the "2012 Ordinance"), were used to pay a portion the costs of the improvements described in Section 1 hereof, and all of which are outstanding and unpaid. All of the Outstanding Notes mature on August 15, 2014, and the City has covenanted and agreed in the 2012 Ordinance to issue and sell its various purpose bonds or other bonds in a sufficient amount and at such times as well enable it to take up and pay off the Outstanding Notes, both principal and interest, at or prior to maturity, to the extent not paid from other sources. All conditions, acts and things required to exist or to be done precedent to the issuance of Various Purpose Bonds of the City of David City, Nebraska, in the principal amount of \$615,000 pursuant to Sections 17-516, 17-520, 18-1801 and 18-1802, Reissue Revised Statutes of Nebraska, 2012, to provide funds to pay and redeem the Outstanding Notes and to pay any balance of the cost of the improvements, or interim indebtedness of such improvements, described in Section 1 hereof do exist and have been done as required by law.

Section 3. There shall be and there are hereby ordered issued Various Purpose Bonds, Series 2014, of the City of David City, Nebraska, in the principal amount of Six Hundred Fifteen Thousand Dollars (\$615,000) (the "Bonds"), to become due in each year as indicated below:

<u>Principal Amount</u>	<u>Maturing August 15</u>
\$60,000	2015
60,000	2016
60,000	2017
60,000	2018
60,000	2019
60,000	2020
60,000	2021
65,000	2022
65,000	2023
65,000	2024

The Bonds shall be dated the date of their original issuance and delivery (the "Dated Date"), and shall be in fully registered form.

The Mayor and the City Administrator (each, an "Authorized Officer") are hereby authorized to hereafter, from time to time, specify, set, designate, determine and establish, as the case may be, in a written designation (the "Designation"), which may be in the form of the Bond Purchase Agreement authorized in Section 9 hereof, and in each case in accordance with and subject to the provisions of this Ordinance and the agreement of the Underwriter (hereinafter defined), the following provisions of the Bonds: (1) the date of delivery, which shall be not later than August 15, 2014, (2) the principal amount to mature on each principal maturity date, (3) subject to the conditions set forth below, the rate of interest to paid on each principal maturity, (4) the redemption provisions (which may include mandatory sinking fund redemption), and (5) the sale price and pricing terms, subject to the following:

- (a) The principal amount of any maturity as set out above may be increased or decreased by any amount as shall be set out in the Designation*
- (b) the true interest cost of the Bonds shall not exceed Two and Seventy-Five Hundredths Percent (2.75%);*
- (c) Underwriter's discount shall not exceed One and fifty Hundredths Percent (1.50%) of the stated principal amount of the Bonds;*
- (d) the longest maturity of the Bonds shall not be later than August 15, 2024;*
- (e) two or more of the principal maturities of each of the Bonds may be combined and issued as "term bonds" and the Authorized Officers may determine the mandatory sinking fund payments and mandatory redemption amounts. Any Bonds issued as "term bonds" shall be redeemed at a redemption price equal to 100% of the principal amount thereof plus accrued interest thereon to the date of redemption and may be selected for redemption by any random method of selection determined appropriate by the Registrar (as hereinafter designated) or by the Depository (as hereinafter designated).*

The Authorized Officers are hereby authorized to execute the Designation on behalf of the City, and such determinations, when made and agreed to by the Underwriter in the Designation, shall constitute the action of the Mayor and Council without further action. Interest on the Bonds shall be computed on the basis of a three hundred sixty day year consisting of twelve thirty-day months. The Bonds shall be issued in the denomination of \$5,000 or any integral multiple thereof and shall

be numbered from 1 upwards in the order of their issuance. No Bond shall be issued originally or upon transfer or partial redemption having more than one principal maturity. The initial bond numbering and principal amounts for each maturity of the Bonds issued shall be as directed by the underwriter thereof. Interest on the Bonds shall be payable semiannually on February 15 and August 15 of each year, starting February 15, 2015 (or as otherwise set forth in the Designation, each an "Interest Payment Date"). The interest due on each Interest Payment Date shall be payable to the registered owners of record as of the close of business on the fifteenth day immediately preceding the Interest Payment Date (the "Record Date"), subject to the provisions of Section 5 hereof. Payment of interest due on the Bonds prior to maturity or redemption shall be made by the Paying Agent, as designated pursuant to Section 4 hereof, by mailing a check in the amount due for such interest on each interest payment date to the registered owner of each Bond, as of the applicable Record Date, to such owner's registered address as shown on the books of registration, as required to be maintained in Section 7 hereof. Payment of principal due at maturity or at any date fixed for redemption, together with any accrued interest then due, shall be made by said Paying Agent to the registered owners upon presentation and surrender of the Bonds to said Paying Agent. In the event that Bonds of this issue are held in the nominee name of a national clearinghouse or depository, payment of principal or interest shall be made by wire transfer of funds in accordance with any applicable regulations governing "Depository Eligible Securities". The City and said Paying Agent may treat the registered owner of any Bond as the absolute owner of such Bond for the purpose of making payments thereon and for all other purposes and neither the City nor said Paying Agent shall be affected by any notice or knowledge to the contrary whether such Bond or any installment of interest due thereon shall be overdue or not. All payments on account of interest or principal made to the registered owner of any Bond shall be valid and effectual and shall be a discharge of the City and said Paying Agent, in respect of the liability upon the Bonds or claims for interest to the extent of the sum or sums so paid. If

any Bond is not paid upon presentation of the Bond at maturity or any interest installment is not paid when due, the delinquent Bond or delinquent interest installment shall bear interest thereafter until paid at a rate equal to the rate assessed against delinquent taxes under Section 45-104.01 Reissue Revised Statutes of Nebraska, 2010, as now existing or as the same may be amended from time to time by the Nebraska Legislature.

Section 4. The Treasurer of the City of David City, Nebraska, is hereby designated to serve as Paying Agent and Registrar for the Bonds. Said Treasurer shall serve in such capacities under the terms of this Ordinance subject to replacement as may be determined by the Mayor and Council. The City Treasurer, as Paying Agent and Registrar, shall keep and maintain for the City books for the registration and transfer of the Bonds at said Treasurer's office. The names and registered addresses of the registered owner or owners of the Bonds shall at all times be recorded in such books. Any Bond may be transferred pursuant to its provisions at the office of said Paying Agent and Registrar by surrender of such Bond for cancellation, accompanied by a written instrument of transfer, in form satisfactory to said Paying Agent and Registrar, duly executed by the registered owner in person or by such owner's duly authorized agent, and thereupon the Paying Agent and Registrar, on behalf of the City, will deliver at its office (or send by registered mail to the transferee owner or owners thereof at such transferee owner's or owners' risk and expense), registered in the name of the transferee owner or owners, a new Bond or Bonds of the same series, interest rate, aggregate principal amount and maturity. To the extent of the denominations authorized for the Bonds by this ordinance, one Bond may be transferred for several such Bonds of the same series, interest rate and maturity, and for a like aggregate principal amount, and several such Bonds may be transferred for one or several such Bonds, respectively, of the same series, interest rate and maturity and for a like aggregate principal amount. In every case of transfer of a Bond, the surrendered Bond shall be canceled and destroyed. All Bonds issued upon transfer of the bonds so surrendered shall be valid obligations of the City evidencing the same obligation as

the Bonds surrendered and shall be entitled to all the benefits and protection of this ordinance to the same extent as the Bonds upon transfer of which they were delivered. The City and said Paying Agent and Registrar shall not be required to transfer any Bond during any period from any Record Date until its immediately following Interest Payment Date or to transfer any Bond called for redemption for a period of 30 days next preceding the date fixed for redemption.

Section 5. In the event that payments of interest due on the Bonds on an Interest Payment Date are not timely made, such interest shall cease to be payable to the registered owners as of the Record Date for such Interest Payment Date and shall be payable to the registered owners of the Bonds as of a special date of record for payment of such defaulted interest as shall be designated by the Paying Agent and Registrar whenever monies for the purpose of paying such defaulted interest become available.

Section 6. Bonds maturing on or after August 15, 2020 shall be subject to redemption, in whole or in part, prior to maturity at any time on or after five years from the Dated Date, at par plus accrued interest on the principal amount redeemed to the date fixed for redemption. The City may select the Bonds to be redeemed for optional redemption in its sole discretion. The Bonds shall be redeemed only in amounts of \$5,000 or integral multiples thereof. Bonds redeemed in part only shall be surrendered to said Paying Agent and Registrar in exchange for a new Bond evidencing the unredeemed principal thereof. Notice of redemption of any Bond called for redemption shall be given, at the direction of the City in the case of optional redemption and without further direction in the case of mandatory redemption, by said Paying Agent and Registrar by mail not less than 30 days prior to the date fixed for redemption, first class, postage prepaid, sent to the registered owner of such Bond at said owner's registered address. Such notice shall designate the Bond or Bonds to be redeemed by maturity or otherwise, the date of original issue, series and the date fixed for redemption and shall state that such Bond or Bonds are to be presented for prepayment at the office of said Paying Agent and Registrar. In case of any Bond partially

redeemed, such notice shall specify the portion of the principal amount of such Bond to be redeemed. No defect in the mailing of notice for any Bond shall affect the sufficiency of the proceedings of the City designating the Bonds called for redemption or the effectiveness of such call for Bonds for which notice by mail has been properly given and the City shall have the right to further direct notice of redemption for any such Bond for which defective notice has been given.

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

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

UNITED STATES OF AMERICA  
STATE OF NEBRASKA  
COUNTY OF BUTLER

VARIOUS PURPOSE BOND  
OF THE CITY OF DAVID CITY, NEBRASKA  
SERIES 2014

No. \_\_\_\_\_ \$ \_\_\_\_\_

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
%	August 15, _____	_____, 2014	

Registered Owner:

Principal Amount:

KNOW ALL PERSONS BY THESE PRESENTS: That the City of David City, in the County of Butler, in the State of Nebraska (the "City"), hereby acknowledges itself to owe and for value received promises to pay to the registered owner specified above, or registered assigns, the principal amount specified above in lawful money of the United States of America on the date of maturity specified above with interest thereon to maturity (or earlier redemption) from the Date of Original issue or the most recent Interest Payment Date to which interest has been paid or provided for, whichever is later, at the rate per annum specified above, payable semiannually on February 15 and August 15 of each year, starting February 15, 2015 (each an "Interest Payment Date"). Said interest shall be computed on the basis of a 360-day year consisting of twelve 30-day months. The principal of and interest on this bond due at maturity or upon redemption prior to maturity are payable upon presentation and surrender of this bond at the office of the Treasurer of the City of David City, in David City, Nebraska. Interest on this bond due prior to maturity or earlier redemption will be paid on each Interest Payment Date by a check or draft mailed on such Interest Payment Date by the Paying Agent and Registrar to the registered owner of this bond, as shown on the books of record maintained by the Paying Agent and Registrar, at the close of business on the fifteenth day immediately preceding the Interest Payment Date (the "Record Date"), to such owner's address as shown on such books and records. Any interest not so timely paid shall cease to be payable to the person entitled thereto as of the Record Date such interest was payable and shall be payable to the person who is the registered owner of this bond (or of one or more predecessor bonds hereto) on such special record date for payment of such defaulted interest as shall be fixed by the Paying Agent and Registrar whenever monies for such purpose become available. For the prompt payment of this bond, both principal and interest, as the same become due, the full faith, credit and resources of said City are hereby irrevocably pledged.

This bond is one of an issue of fully registered bonds of the total principal amount of Six Hundred Fifteen Thousand Dollars (\$615,000), of even date and like tenor herewith, except as to date of maturity and rate of interest and denomination, which were issued by the City to pay a portion of the cost of certain improvements, or interim indebtedness incurred to pay for such improvements, constructed in Street Improvement District Nos. (including the intersections and the areas formed by the crossing of streets, avenues and alleys) 2011-2, 2011-3, 2011-4, 2011-5, 2011-6, 2011-7, 2011-8, 2011-9, 2012-1, 2012-2 and 2012-3 ; and to pay costs of issuance of the Bonds and a portion of the interest to accrue on said Bonds, in pursuance of Sections 17-516, 17-

520, 18-1801 and 18-1802, Reissue Revised Statutes of Nebraska, 2012, and other applicable statutes and has been duly authorized by ordinance legally passed, approved and published and by proceedings duly had by the Mayor and Council of said City.

[The bonds shall be subject to a mandatory sinking fund payment prior to maturity; such sinking fund payments being as follows:

[\$ \_\_\_\_\_,000 Principal Maturing August 15,  
\$ \_\_\_\_\_,000 To Be Called August 15, 20\_\_  
\$ \_\_\_\_\_,000 To Be Called August 15, 20\_\_  
\$ \_\_\_\_\_,000 Final Maturity August 15, 20\_\_

[\$ \_\_\_\_\_,000 Principal Maturing August 15,  
\$ \_\_\_\_\_,000 To Be Called August 15, 20\_\_  
\$ \_\_\_\_\_,000 To Be Called August 15, 20\_\_  
\$ \_\_\_\_\_,000 Final Maturity August 15, 20\_\_ ]

In addition, any or all of the bonds of said issue maturing on or after August 15, 2020, are subject to redemption at the option of the City, in whole or in part, at any time on or after five years after Date of Original Issue, at par plus interest accrued on the principal amount redeemed to the date fixed for redemption. Notice of redemption shall be given by mail to the registered owner of any bond to be redeemed in the manner specified in the ordinance authorizing said issue of bonds. Individual bonds may be redeemed in part but only in \$5,000 amounts or integral multiples thereof. If less than all of the principal sum hereof is to be redeemed, in such case upon the surrender hereof, there shall be issued to the registered owner hereof, without charge therefor, a registered bond or registered bonds for the unpaid principal balance of like series, maturity and interest rate in any of the authorized denominations provided for in the ordinance authorizing the issuance hereof.

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

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

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

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED OFFICER OF DTC (A) TO THE REGISTRAR FOR REGISTRATION OF TRANSFER OR EXCHANGE OR (B) TO THE REGISTRAR FOR PAYMENT OF PRINCIPAL, AND ANY BOND ISSUED IN REPLACEMENT HEREOF OR SUBSTITUTION HEREFOR IS REGISTERED IN THE NAME OF DTC AND ANY PAYMENT IS MADE TO DTC OR ITS NOMINEE, ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL BECAUSE ONLY THE REGISTERED OWNER HEREOF, DTC OR ITS NOMINEE, HAS AN INTEREST HEREIN.

IT IS HEREBY CERTIFIED AND WARRANTED that all conditions, acts and things required by law to exist or to be done precedent to and in the issuance of this bond did exist, did happen and were done and performed in regular and due form and time as required by law, and that the indebtedness of said City, including this bond, does not exceed any limitation imposed by law. The City agrees that it shall cause to be levied and collected taxes on all the taxable property in said City, in addition to all other taxes, sufficient in rate and amount to fully pay the principal of and interest on this bond as the same become due.

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

IN WITNESS WHEREOF, the Mayor and Council of the City of David City, Nebraska, have caused this bond to be executed on behalf of the City with the manual or facsimile signatures of the Mayor and the City Clerk and by causing the official seal of the City to be impressed or imprinted hereon, all as of the date of original issue specified above.

CITY OF DAVID CITY, NEBRASKA

ATTEST:

(facsimile)  
Mayor

(facsimile)  
City Clerk

[SEAL]

CERTIFICATE OF AUTHENTICATION

This bond is one of the bonds authorized by ordinance passed and approved by the Mayor and Council of the City of David City, Nebraska as described in said bond.

Treasurer of the City of David City, Nebraska.  
As Paying Agent and Registrar

By \_\_\_\_\_

(FORM OF ASSIGNMENT)

For value received \_\_\_\_\_ hereby sells,  
assigns and transfers unto \_\_\_\_\_ the within bond  
and hereby irrevocably constitutes and appoints  
\_\_\_\_\_, attorney, to transfer the same on the  
books of registration in the office of the within mentioned Paying Agent and Registrar with full power  
of substitution in the premises.

Date: \_\_\_\_\_

\_\_\_\_\_  
Registered Owner

Witness: \_\_\_\_\_

Note: The signature(s) of this assignment must correspond with the name(s) as written on the face of the within bond in every particular, without alteration, enlargement or any change whatsoever.

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

(a) The City and the Paying Agent and Registrar shall have no responsibility or obligation to any broker-dealer, bank or other financial institution for which the Depository holds Bonds as securities depository (each, a "Bond Participant") or to any person who is an actual purchaser of a Bond from a Bond Participant while the Bonds are in book-entry form (each, a "Beneficial Owner") with respect to the following:

(i) the accuracy of the records of the Depository, any nominees of the Depository or any Bond Participant with respect to any ownership interest in the Bonds,

(ii) the delivery to any Bond Participant, any Beneficial Owner or any other person, other than the Depository, of any notice with respect to the Bonds, including any notice of redemption, or

(iii) the payment to any Bond Participant, any Beneficial Owner or any other person, other than the Depository, of any amount with respect to the Bonds.

The Paying Agent and Registrar shall make payments with respect to the Bonds only to or upon the order of the Depository or its nominee, and all such payments shall be valid and effective fully to satisfy and discharge the obligations with respect to such Bonds to the extent of the sum or sums so paid. No person other than the Depository shall receive an authenticated Bond, except as provided in (e) below.

(b) Upon receipt by the Paying Agent and Registrar of written notice from the Depository to the effect that the Depository is unable or unwilling to discharge its responsibilities, the Paying Agent and Registrar shall issue, transfer and exchange Bonds requested by the Depository in appropriate amounts. Whenever the Depository requests the Paying Agent and Registrar to do so, the Paying Agent and Registrar will cooperate with the Depository in taking appropriate action after reasonable notice (i) to arrange, with the prior written consent of the City, for a substitute depository willing and able upon reasonable and customary terms to maintain custody of the Series 2014 Bonds or (ii) to make available Bonds registered in whatever name or names the Beneficial Owners transferring or exchanging such Bonds shall designate.

(c) If the City determines that it is desirable that certificates representing the Bonds be delivered to the Bond Participants and/or Beneficial Owners of the Bonds and so notifies the Paying Agent and Registrar in writing, the Paying Agent and Registrar shall so notify the Depository, whereupon the Depository will notify the Bond Participants of the availability through the Depository of bond certificates representing the Bonds. In such event, the Paying Agent and Registrar shall issue, transfer and exchange bond certificates representing the Bonds as requested by the Depository in appropriate amounts and in authorized denominations.

(d) Notwithstanding any other provision of this Ordinance to the contrary, so long as any Bond is registered in the name of the Depository or any nominee thereof, all payments with respect to such Bond and all notices with respect to such Bond shall be made and given, respectively, to the Depository as provided in the Letter of Representations.

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

(i) any successor securities depository or its nominee; or

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

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

If for any reason the Depository resigns and is not replaced or upon termination by the City of book-entry-only form, the City shall immediately provide a supply of bond certificates for issuance upon subsequent transfers or in the event of partial redemption. In the event that such supply of certificates shall be insufficient to meet the requirements of the Paying Agent and Registrar for issuance of replacement bond certificates upon transfer or partial redemption, the City agrees to order printed an additional supply of bond certificates and to direct their execution by manual or facsimile signature of its then duly qualified and acting officers. In case any officer whose signature or facsimile thereof shall appear on any Bond shall cease to be such officer before the delivery of such Bond (including any bond certificates delivered to the Paying Agent and Registrar for issuance upon transfer or partial redemption) such signature or such facsimile signature shall nevertheless be valid and sufficient for all purposes the same as if such officer or officers had remained in office until the delivery of such Bond. After being executed by the Mayor and City Clerk, said Bonds shall be delivered to the Treasurer of the City who shall be responsible therefor under his/her official bond and such Treasurer shall maintain a record of information with respect to said Bonds in accordance with the requirements of Section 10-140, Reissue Revised Statutes of Nebraska, 2014, as amended, and shall cause the same to be filed with the Auditor of Public Accounts of the State of Nebraska. The Bonds shall not be valid and binding on the City until authenticated by the Paying Agent and Registrar. The Bonds shall be delivered to the Paying Agent and Registrar for registration and authentication. Upon execution, registration and authentication of the Bonds, they shall be delivered to the City Treasurer, who is authorized to deliver them to D.A. Davidson & Co. (the "Underwriter"), as initial purchaser thereof, upon receipt of 98.50% of the principal amount of the Bonds plus accrued interest thereon to date of payment for the Bonds (or such other amount as may be determined in the Designation). The Underwriter shall have the right to direct the registration of the Bonds and the denominations thereof within each maturity, subject to the restrictions of this Ordinance. The Underwriter and its agents, representatives and counsel

(including its bond counsel) are hereby authorized to take such actions on behalf of the City as are necessary to effectuate the closing of the issuance and sale of the Bonds, including, without limitation, authorizing the release of the Bonds by the Depository at closing. The Bond Purchase Agreement (the "Purchase Agreement") to be entered into between the City and the Underwriter with respect to the purchase of the Bonds from the City, in the form or substantially the form presented to the meeting, but with such changes, modifications, amendments, revisions, and alterations therein, thereof, or thereto, and bearing such date, as the Authorized Officer executing the Purchase Agreement shall in the exercise of his or her own independent judgment and absolute discretion determine to be necessary, proper, appropriate, advisable, or desirable in order to effectuate the issuance, sale, and delivery of the Bonds, be and the same is hereby in all respects authorized, adopted, specified, accepted, ratified, approved and confirmed. The Authorized Officers, or any one or more of them are hereby further authorized to take any and all actions and enter into any and all agreements and execute any documents deemed necessary or appropriate in connection with the issuance and sale of the Bonds, the payment and redemption of the Notes, and any such actions previously taken are hereby ratified and confirmed.

Section 10. The City Clerk is directed to make and certify a transcript or transcripts of the proceedings of the Mayor and City Council precedent to the issuance of said Bonds, one of which transcripts shall be delivered to the purchaser of said Bonds.

Section 11. All accrued interest, if any, received from the sale of the Bonds shall be applied to pay interest falling due on February 15, 2015. The proceeds of the Bonds shall be applied upon receipt to the payment of the principal of the Outstanding Notes and to pay costs of issuance of the Bonds. The City hereby agrees that the registered owners of the Bonds shall be subrogated to the rights of the registered owners of any Outstanding Note so paid from the proceeds of the Bonds upon such payment.

Section 12. Special assessments levied upon real estate specially benefited by the construction of improvements as described in Section 1 of this ordinance shall constitute a sinking fund for the payment of the principal of and interest on the Bonds. The City agrees that it will collect such special assessments and in the event that the monies collected therefrom are not sufficient to fully and promptly pay the principal of and interest on the Bonds as and when such principal and interest become due (including any mandatory redemptions), the Mayor and Council shall cause to be levied and collected annually a special levy of taxes on all the taxable property in the City for the purpose of paying and sufficient to pay the interest on and principal of the Bonds when and as such principal and interest become due (including any redemptions required under the terms of this ordinance).

Section 13. The City hereby covenants and agrees that it will make no use of the proceeds of the Bonds which would cause the Bonds to be arbitrage bonds within the meaning of Sections 103(b)(2) and 148 of the Internal Revenue Code of 1986, as amended (the "Code") and further covenants to comply with said Sections 103(b)(2) and 148 and all applicable regulations thereunder throughout the term of said issue, including all requirements with respect to payment and reporting of rebates, if applicable. The City hereby covenants to take all action necessary to preserve the tax-exempt status of the interest on the Bonds for federal income tax purposes under the Code with respect to taxpayers generally. The City further agrees that it will not take any actions which would cause the Bonds to constitute "private activity bonds" within the meaning of Section 141 of the Code. The City hereby designates the Bonds as its "qualified tax-exempt obligations" pursuant to Section 265(b)(3)(B)(i)(III) of the Code and covenants and warrants that it does not reasonably expect to issue bonds or other obligations aggregating in principal amount more than \$5,000,000 during calendar 2014.

Section 14. The City's obligations under this Ordinance with respect to any or all of the Bonds herein authorized shall be fully discharged and satisfied as to any or all of such Bonds and

any such Bond shall no longer be deemed to be outstanding hereunder if such Bond has been purchased by the City and canceled or when the payment of principal of and interest thereon to the respective date of maturity or redemption (a) shall have been made or caused to be made in accordance with the terms thereof, (b) shall have been provided for by depositing with a national or state bank having trust powers, or trust company, in trust, solely for such payment (i) sufficient money to make such payment and/or (ii) direct general obligations (including obligations issued or held in book entry form on the books of the Department of Treasury of the United States of America) of or obligations the principal and interest of which are unconditionally guaranteed by the United States of America (herein referred to as "U.S. Government Obligations") in such amount and bearing interest payable and maturing or redeemable at stated fixed prices at the option of the holder as to principal, at such time or times, as will ensure the availability of sufficient money to make such payments; provided, however, that with respect to any Bond to be paid prior to maturity, the City shall have duly called such Bond for redemption and given notice of such redemption as provided by law or made irrevocable provision for the giving of such notice. Any money so deposited with such bank or trust company in excess of the amount required to pay principal of and interest on the Bonds for which such monies or U.S. Government Obligations were deposited shall be paid over to the City as and when collected.

Section 15. The City reserves the right to issue refunding bonds and provide for the investment of the proceeds thereof for purposes of providing for the payment of principal and interest on the Bonds in such manner as may be prescribed by law from time to time but specifically including the provisions of Section 10-142, Reissue Revised Statutes of Nebraska, 2012, or any amendment thereto.

Section 16. The Mayor and City Council hereby approve the Preliminary Official Statement with respect to the Bonds and the information therein contained, and the Mayor, the City Administrator, the City Clerk, or any one of them is authorized to approve and deliver a final Official

Statement for and on behalf of the City, and said final Official Statement shall be delivered to the Underwriter in accordance with the requirements of Reg. Sec. 240.15c2-12 of the Securities and Exchange Commission.

Section 17. In order to promote compliance with certain federal tax and securities laws relating to the Bonds herein authorized (as well as other outstanding bonds) the policy and procedures attached hereto as Exhibit "A" (the "Post-Issuance Compliance Policy and Procedures") are hereby adopted and approved in all respects. To the extent that there is any inconsistency between the attached Post-Issuance Compliance Policy and Procedures and any similar policy or procedures previously adopted and approved, the Post-Issuance Compliance Policy and Procedures shall control.

Section 18. This ordinance is hereby determined to be a measure necessary to carry out the City's contractual obligations with respect to the Outstanding Notes set forth in the 2012 Ordinance and shall be in force and take effect from and after its passage and publication in pamphlet form as provided by law.

PASSED AND APPROVED this 9<sup>th</sup> day of July 2014.

ATTEST:

\_\_\_\_\_  
Mayor

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

[SEAL]

**EXHIBIT "A"**

**Policy and Procedures  
Federal Tax Law and Disclosure Requirements for  
Tax-exempt Bonds and/or Tax Advantaged Bonds**

**ISSUER NAME:** City of David City, Nebraska

**COMPLIANCE OFFICER (BY TITLE):** City Treasurer

## POLICY

It is the policy of the Issuer identified above (the "Issuer") to comply with all Federal tax requirements and securities law continuing disclosure obligations for its obligations issued as tax-exempt bonds (or as tax credit, direct pay subsidy or other tax-advantaged bonds, as applicable) to ensure, as applicable (a) that interest on its tax-exempt bonds remains exempt from Federal income tax, (b) that the direct payments or tax credits associated with its bonds issued as tax advantaged bonds are received in a timely manner and (c) compliance with any continuing disclosure obligations of the Issuer with respect to its outstanding bonds.

## PROCEDURES

Compliance Officer. Review of compliance with Federal tax requirements and securities law continuing disclosure obligations as generally outlined below shall be conducted by the Compliance Officer identified above (the "Compliance Officer"). To the extent more than one person has been delegated specific responsibilities, the Compliance Officer shall be responsible for ensuring coordination of all compliance review efforts.

Training. The Compliance Officer shall evaluate and review educational resources regarding post-issuance compliance with Federal tax and securities laws, including periodic review of resources published for issuers of tax-exempt obligations by the Internal Revenue Service (either on its website at <http://www.irs.gov/taxexemptbond>, or elsewhere) and the Municipal Securities Rulemaking Board (either on its Electronic Municipal Market Access website ["EMMA"] at <http://www.emma.msrb.org>, or elsewhere).

Compliance Review. A compliance review shall be conducted at least annually by or at the direction of the Compliance Officer. The review shall occur at the time the Issuer's annual audit takes place, unless the Compliance Officer otherwise specifically determines a different time period or frequency of review would be more appropriate.

### Scope of Review.

*Document Review.* At the compliance review, the following documents (the "Bond Documents") shall be reviewed for general compliance with covenants and agreements and applicable regulations with respect to each outstanding bond issue:

- (a) the resolution(s) and/or ordinance(s), as applicable, adopted by the governing body of the Issuer authorizing the issuance of its outstanding bonds, together with any documents setting the final rates and terms of such bonds (the "Authorizing Proceedings"),
- (b) the tax documentation associated with each bond issue, which may include some or all of the following (the "Tax Documents"):
  - (i) covenants, certifications and expectations regarding Federal tax requirements which are described in the Authorizing Proceedings;
  - (ii) Form 8038 series filed with the Internal Revenue Service;
  - (iii) tax certificates, tax compliance agreements, tax regulatory agreement or similar documents;

- (iv) covenants, agreements, instructions or memoranda with respect to rebate or private use;
  - (v) any reports from rebate analysts received as a result of prior compliance review or evaluation efforts; and
  - (vi) any and all other agreements, certificates and documents contained in the transcript associated with the Authorizing Proceedings relating to federal tax matters.
- (c) the Issuer's continuing disclosure obligations, if any, contained in the Authorizing Proceedings or in a separate agreement (the "Continuing Disclosure Obligations"), and
- (d) any communications or other materials received by the Issuer or its counsel, from bond counsel, the underwriter or placement agent or its counsel, the IRS, or any other material correspondence relating to the tax-exempt status of the Issuer's bonds or relating to the Issuer's Continuing Disclosure Obligations.

*Use and Timely Expenditure of Bond Proceeds.* Expenditure of bond proceeds shall be reviewed by the Compliance Officer to ensure (a) such proceeds are spent for the purpose stated in the Authorizing Proceedings and as described in the Tax Documents and (b) that the proceeds, together with investment earnings on such proceeds, are spent within the timeframes described in the Tax Documents, and (c) that any mandatory redemptions from excess bond proceeds are timely made if required under the Authorizing Proceedings and Tax Documents.

*Arbitrage Yield Restrictions and Rebate Matters.* The Tax Documents shall be reviewed by the Compliance Officer to ensure compliance with any applicable yield restriction requirements under Section 148(a) of the Internal Revenue Code (the "Code") and timely calculation and payment of any rebate and the filing of any associated returns pursuant to Section 148(f) of the Code. A qualified rebate analyst shall be engaged as appropriate or as may be required under the Tax Documents.

*Use of Bond Financed Property.* Expectations and covenants contained in the Bond Documents regarding private use shall be reviewed by the Compliance Officer to ensure compliance. Bond-financed properties shall be clearly identified (by mapping or other reasonable means). Prior to execution, the Compliance Officer (and bond counsel, if deemed appropriate by the Compliance Officer) shall review (a) all proposed leases, contracts related to operation or management of bond-financed property, sponsored research agreements, take-or-pay contracts or other agreements or arrangements or proposed uses which have the potential to give any entity any special legal entitlement to the bond-financed property, (b) all proposed agreements which would result in disposal of any bond-financed property, and (c) all proposed uses of bond-financed property which were not anticipated at the time the bonds were issued. Such actions could be prohibited by the Authorizing Proceedings, the Tax Documents or Federal tax law.

*Continuing Disclosure.* Compliance with the Continuing Disclosure Obligations with respect to each bond issue shall be evaluated (a) to ensure timely compliance with any annual disclosure requirement, and (b) to ensure that any material events have been properly disclosed as required by the Continuing Disclosure Obligation.

Record Keeping. If not otherwise specified in the Bond Documents, all records related to each bond issue shall be kept for the life of the indebtedness associated with such bond issue (including all tax-exempt refundings) plus six (6) years.

Incorporation of Tax Documents. The requirements, agreements and procedures set forth in the Tax Documents, now or hereafter in existence, are hereby incorporated into these procedures by this reference and are adopted as procedures of the Issuer with respect to the series of bonds to which such Tax Documents relate.

Consultation Regarding Questions or Concerns. Any questions or concerns which arise as a result of any review by the Compliance Officer shall be raised by the Compliance Officer with the Issuer's counsel or with bond counsel to determine whether non-compliance exists and what measures should be taken with respect to any non-compliance.

VCAP and Remedial Actions. The Issuer is aware of (a) the Voluntary Closing Agreement Program (known as "VCAP") operated by the Internal Revenue Service which allows issuers under certain circumstances to voluntarily enter into a closing agreement in the event of certain non-compliance with Federal tax requirements and (b) the remedial actions available to issuers of certain bonds under Section 1.141-12 of the Income Tax Regulations for private use of bond financed property which was not expected at the time the bonds were issued. DOCS/1271951.2

Council member Kroesing introduced Resolution No. 15 - 2014 calling \$640,000 balance of Series 2009 Highway Allocation Bonds for early redemption and moved for its passage and adoption. Council member Smith seconded the motion. Voting AYE: Council members Svoboda, Kroesing, Vandenberg, Rogers, and Smith. Voting NAY: None. Council member Scribner was absent. The motion carried and Resolution No. 15 – 2014 was passed and adopted as follows:

**RESOLUTION NO. 15 - 2014**

**RESOLUTION CALLING  
HIGHWAY ALLOCATION FUND PLEDGE BONDS, SERIES 2009  
FOR REDEMPTION**

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

Section 1. That the following bonds issued by the City of David City, Nebraska (the "City") are hereby called for redemption at par plus accrued interest on such date as set forth in the Designation of Call Date (as defined below):

Highway Allocation Fund Pledge Bonds, Series 2009, dated September 15, 2009, in the principal amount of \$640,000, becoming due September 15, 2015 through September 15, 2019 (the "Called Bonds"), both inclusive, issued for the purpose of providing for payment of costs of constructing certain street improvements and related appurtenant improvements in the City, all as set out in the ordinance authorizing the Called Bonds, and to pay costs of issuance of the Called Bond Bonds.

Section 2. The Called Bonds are payable at the office of the Paying Agent and Registrar, the Treasurer of the City of David City, in David City, Nebraska.

Section 3. The Mayor and City Administrator of the City (each, an "Authorized Officer") are hereby authorized at any time on or after the date of this resolution to determine the call date for said bonds on behalf of the City and such determination, when made in writing (the "Designation of Call Date"), shall constitute the action of the City without further action of the Mayor and Council

of the City. The call date shall be set for any time on or before October 15, 2014, and after such date the Authorized Officers shall have no authority to make any such determination hereunder without further action of the Mayor and Council of the City and this resolution shall be of no further force and effect.

Section 4. A copy of this resolution shall be filed at least thirty (30) days prior to the date of call with the Treasurer of the City of David City, in David City, Nebraska, as Paying Agent and Registrar and said Paying Agent and Registrar is hereby instructed to give notice of redemption in the manner provided for in the ordinance authorizing said bonds.

PASSED AND APPROVED this 9<sup>th</sup> day of July, 2014.

ATTEST:

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

\_\_\_\_\_  
Mayor

Council member Vandenberg introduced Ordinance No. 1208 authorizing the issuance of Highway Allocation Fund Pledge Refunding Bonds, Series 2014, of the City of David City, Nebraska, in the principal amount of \$650,000 for the purpose of refunding, together with funds on hand, \$640,000 outstanding principal amount of Highway Allocation Fund Pledge Bonds, Series 2009, dated September 15, 2009, issued for the purpose of paying the costs of constructing certain streets of the City, prescribing the form of such bonds, pledging funds to be received by the City from the State of Nebraska Highway Allocation Fund for the payment of such bonds; providing for the levy and collection of taxes to pay the same, if necessary; providing for the sale of the Bonds; authorizing the delivery of the bonds to the purchaser; and providing for the disposition of bond proceeds; and ordering the ordinance published in pamphlet form. Council member Kroesing made a motion to suspend the statutory rule that requires an Ordinance be read on three separate days. Council member Smith seconded the motion. Voting AYE: Council members Rogers, Svoboda, Kroesing, Smith, and Vandenberg. Voting NAY: None. Council member Scribner was absent. The motion carried.

Council member Kroesing made a motion to pass and adopt Ordinance No. 1208 on the third and final reading. Council member Smith seconded the motion. Voting AYE: Council members Svoboda, Vandenberg, Rogers, Kroesing, and Smith. Voting NAY: None. Council member Scribner was absent. The motion carried and Ordinance No. 1208 was passed on third and final reading as follows:

#### **ORDINANCE NO. 1208**

AN ORDINANCE AUTHORIZING THE ISSUANCE OF HIGHWAY ALLOCATION FUND PLEDGE REFUNDING BONDS, SERIES 2014, OF THE CITY OF DAVID CITY, NEBRASKA, IN THE PRINCIPAL AMOUNT OF SIX HUNDRED FIFTY THOUSAND DOLLARS (\$650,000) FOR THE PURPOSE OF REFUNDING, TOGETHER WITH FUNDS ON HAND, \$640,000 OUTSTANDING PRINCIPAL AMOUNT OF HIGHWAY ALLOCATION FUND PLEDGE BONDS, SERIES 2009,

DATED SEPTEMBER 15, 2009, ISSUED FOR THE PURPOSE OF PAYING THE COSTS OF CONSTRUCTING CERTAIN STREETS OF THE CITY; PRESCRIBING THE FORM OF SUCH BONDS; PLEDGING FUNDS TO BE RECEIVED BY THE CITY FROM THE STATE OF NEBRASKA HIGHWAY ALLOCATION FUND FOR THE PAYMENT OF SUCH BONDS; PROVIDING FOR THE LEVY AND COLLECTION OF TAXES TO PAY THE SAME, IF NECESSARY; PROVIDING FOR THE SALE OF THE BONDS; AUTHORIZING THE DELIVERY OF THE BONDS TO THE PURCHASER; AND PROVIDING FOR THE DISPOSITION OF BOND PROCEEDS; AND ORDERING THE ORDINANCE PUBLISHED IN PAMPHLET FORM.

BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF DAVID CITY, NEBRASKA:

Section 1. The Mayor and Council of the City of David City, Nebraska (the "City") hereby find and determine that: (a) there have been heretofore issued and are now outstanding and unpaid valid interest bearing bonds of the City, consisting of \$785,000 outstanding principal amount of Highway Allocation Fund Pledge Bonds, Series 2009, dated September 15, 2009 (the "2009 Bonds"), which mature and bear interest as follows:

<u>Principal Amount</u>	<u>Maturing</u>	<u>Interest Rate</u>
\$145,000	September 15, 2014	2.50%
150,000	September 15, 2015	2.80
115,000	September 15, 2016	3.10
120,000	September 15, 2017	3.35
125,000	September 15, 2018	3.60
130,000	September 15, 2019	3.80

(b) the 2009 Bonds are subject to redemption prior to maturity at any time on or after September 15, 2014, at par plus accrued interest to the date fixed for redemption; (c) the 2009 Bonds maturing in the years 2015 through 2019 (the "Called Bonds") have been called for redemption in accordance with their call provisions on such date as shall be determined under the provisions of the Resolution of Call as adopted (the "Redemption Date"); (d) the Called Bonds are valid, interest bearing obligations of the City; (e) since the Called Bonds were issued, the rates of interest available in the market have so declined that by issuing its Highway Allocation Fund Pledge Refunding Bonds to fund an escrow account, together with available funds of the City, for the payment and redemption of the Called Bonds, all as set out above, a substantial savings in the amount of yearly running

interest will be made to the City; (f) for the purpose of funding an escrow account for the payment and redemption of the Called Bonds as above set out and to pay costs of issuance thereof, it is in the best interest of the City to deposit certain funds on hand and to issue Highway Allocation Fund Pledge Refunding Bonds of the City in the principal amount of \$650,000 (the "2014 Bonds" or the "Bonds"); (g) except as set forth herein, the City has no bond sinking funds on hand for the retirement of the Called Bonds not required for the timely payment of principal and interest due on the Redemption Date.

Section 2. The Mayor and Council further find and determine that (a) it is necessary, desirable, advisable and in the best interest of the City to provide for the payment and redemption of the Called Bonds; (b) the City is authorized to borrow the sum of \$650,000 for such refunding purposes; (c) the City's expected receipts from the Nebraska Highway Allocation Fund for its current fiscal year are not less than \$298,600; (d) that the only bonds which the City has outstanding as of the date of this ordinance issued pursuant to Section 66-4,101, Reissue Revised Statutes of Nebraska, as amended (or any predecessor statute thereto) consist of the City's 2009 Bonds (the "Outstanding Bonds"); (e) that the maximum annual debt service of (1) the Outstanding Bonds and (2) the Bonds when issued, will not exceed \$175,000; and, (f) all conditions, acts and things required by law to exist or to be done precedent to the issuance of the Bonds in the amount of \$650,000 pursuant to Sections 10-142 and 66-4,101, Reissue Revised Statutes of Nebraska, as amended, and other applicable statutes, do exist and have been done as required by law.

Section 3. To provide funds for the purpose of funding an escrow account to refund the Called Bonds as set out in Sections 1 and 2 hereof, there shall be and there are hereby ordered issued the Highway Allocation Fund Pledge Refunding Bonds, Series 2014, of the City in the principal amount of Six Hundred Fifty Thousand Dollars (\$650,000) bearing interest at the rates per annum and with principal payments to become due on September 15 of each year as follows:

Principal Amount	Maturing <u>September 15</u>
\$150,000	2015
120,000	2016
125,000	2017
125,000	2018
130,000	2019

*provided, that the Bonds shall bear interest at such rates per annum as shall be determined in a written designation (the "Designation") signed by the Mayor and the City Administrator (the "Authorized Officers") on behalf of the City and which may be agreed to by D.A. Davidson & Co. (the "Underwriter"), which Designation may also determine or modify the principal amount for each maturity of the Bonds and mandatory redemption provisions (if any), all within the following limitations:*

- (a) the aggregate principal amount of the Bonds shall not exceed \$650,000, but may be reduced in principal amount;*
- (b) the true interest cost of the Bonds shall not exceed One and Eighty-Five Hundredths percent (1.85%) per annum;*
- (c) the principal amount due in any year (including principal due as mandatory redemption amounts) for each maturity may be increased or decreased by any amount determined;*
- (d) the longest maturity of the Bonds may not be later than September 15, 2019.*
- (e) two or more of the principal maturities may be combined and issued as "term bonds" and the Authorized Officers may determine the mandatory sinking fund payments and mandatory redemption amounts. Any Bonds issued as "term bonds" shall be redeemed at a redemption price equal to 100% of the principal amount thereof plus accrued interest thereon to the date of redemption and may be selected for redemption by any random method of selection determined appropriate by the Registrar (as hereinafter designated) or by the Depository (as hereinafter designated).*
- (f) should changes in the interest rate markets be such that actual savings achievable by the City (net of transaction costs) is less than \$30,000.00, the Bonds shall not be issued.*

*The Authorized Officers are hereby authorized to make such determinations on behalf of the City and to evidence the same by execution and delivery of the Designation and such determinations, when made and agreed to by the Underwriter, shall constitute the action of the without further action of them Mayor and Council.*

Provided further, however, that Bonds issued as term bonds as provided in paragraph (e) above, shall be subject to mandatory sinking fund payments as set out in the Designation.

The Bonds shall be issued in fully registered form in the denomination of \$5,000 or any integral multiple thereof. The date of original issue for the Bonds shall be date of original delivery. Interest on the Bonds, at the respective rates for each maturity, shall be payable semi-annually on September 15 and March 15 of each year beginning March 15, 2015 (or other date as set forth in the Designation, each an "Interest Payment Date"), and the Bonds shall bear such interest from the date of original issue or the most recent Interest Payment Date to which interest has been paid or provided for, whichever is later. The interest due on each Interest Payment Date shall be payable to the registered owners of record as of the fifteenth day immediately preceding the Interest Payment Date (the "Record Date"), subject to the provisions of Section 5 hereof. The Bonds shall be numbered from 1 upwards in the order of their issuance. No Bond shall be issued originally or upon transfer or partial redemption having more than one principal maturity. The initial bond numbering and principal amounts for each of the Bonds issued shall be as directed by the initial purchaser thereof. Payments of interest due on the Bonds prior to maturity or earlier redemption shall be made by the Paying Agent and Registrar, designated in Section 4 hereof, by mailing a check or draft in the amount due for such interest on each Interest Payment Date to the registered owner of each Bond, as of the Record Date for such Interest Payment Date, to such owner's registered address as shown on the books of registration as required to be maintained in Section 4 hereof. Payments of principal due at maturity or at any date fixed for redemption prior to maturity, together with unpaid accrued interest thereon, shall be made by the Paying Agent and Registrar to the registered owners upon presentation and surrender of the Bonds to the Paying Agent and Registrar. The City and the Paying Agent and Registrar may treat the

registered owner of any Bond as the absolute owner of such Bond for the purpose of making payments thereon and for all other purposes and neither the City nor the Paying Agent and Registrar shall be affected by any notice or knowledge to the contrary, whether such Bond or any installment of interest due thereon shall be overdue or not. All payments on account of interest or principal made to the registered owner of any Bond in accordance with the terms of this ordinance shall be valid and effectual and shall be a discharge of the City and the Paying Agent and Registrar, in respect of the liability upon the Bonds or claims for interest to the extent of the sum or sums so paid.

Section 4. The Treasurer of the City of David City, Nebraska (the "Treasurer"), is hereby designated to serve as Paying Agent and Registrar for the Bonds. The Treasurer shall serve in such capacities under the terms of this Ordinance subject to replacement as may be determined by the Mayor and Council. The Paying Agent and Registrar shall keep and maintain for the City books for the registration and transfer of the Bonds at its office. The names and registered addresses of the registered owner or owners of the Bonds shall at all times be recorded in such books. Any Bond may be transferred pursuant to its provisions at the office of the Paying Agent and Registrar by surrender of such Bond for cancellation, accompanied by a written instrument of transfer, in form satisfactory to the Paying Agent and Registrar, duly executed by the registered owner in person or by such owner's duly authorized agent, and thereupon the Paying Agent and Registrar, on behalf of the City, will deliver at its office (or send by registered mail to the transferee owner or owners thereof at such transferee owner's or owners' risk and expense), registered in the name of the transferee owner or owners, a new Bond or Bonds of the same series, interest rate, aggregate principal amount and maturity. To the extent of the denominations authorized for the Bonds by this ordinance, one Bond may be transferred for several such Bonds of the same series, interest rate and maturity, and for a like aggregate principal amount, and several such Bonds may be transferred for one or several such Bonds, respectively, of the same series, interest rate and maturity and for a

like aggregate principal amount. In every case of transfer of a Bond, the surrendered Bond shall be canceled and destroyed. All Bonds issued upon transfer of the bonds so surrendered shall be valid obligations of the City evidencing the same obligation as the Bonds surrendered and shall be entitled to all the benefits and protection of this ordinance to the same extent as the Bonds upon transfer of which they were delivered. The City and the Paying Agent and Registrar shall not be required to transfer any Bond during any period from any Record Date until its immediately following Interest Payment Date or to transfer any Bond called for redemption for a period of 30 days next preceding the date fixed for redemption.

Section 5. In the event that payments of interest due on the Bonds on an Interest Payment Date are not timely made, such interest shall cease to be payable to the registered owners as of the Record Date for such Interest Payment Date and shall be payable to the registered owners of the Bonds as of a special date of record for payment of such defaulted interest as shall be designated by the Paying Agent and Registrar whenever monies for the purpose of paying such defaulted interest become available.

Section 6. In addition to any mandatory sinking fund redemptions set forth in Section 3 of this Ordinance, the Bonds maturing on and after September 15, 2018 shall be subject to redemption at the option of the City, in whole or in part, prior to maturity at any time on or after September 15, 2017, at par plus accrued interest on the principal amount redeemed to the date fixed for redemption. The City may select the Bonds to be redeemed for optional redemption in its sole discretion. Bonds for mandatory redemption shall be selected by the Paying Agent and Registrar using any random method of selection determined appropriate by the Paying Agent and Registrar. Bonds redeemed pursuant to the requirements for mandatory redemption shall be redeemed at par plus accrued interest on the principal amount redeemed. The Bonds shall be redeemed only in amounts of \$5,000 or integral multiples thereof. Bonds redeemed in part only shall be surrendered to the Paying Agent and Registrar in exchange for a new Bond evidencing the

unredeemed principal thereof. Notice of redemption of any Bond called for redemption shall be given, at the direction of the City in the case of optional redemption and without further direction in the case of mandatory redemption, by the Paying Agent and Registrar by mail not less than 30 days prior to the date fixed for redemption, first class, postage prepaid, sent to the registered owner of such Bond at said owner's registered address. Such notice shall designate the Bond or Bonds to be redeemed by maturity or otherwise, the date of original issue, series and the date fixed for redemption and shall state that such Bond or Bonds are to be presented for prepayment at the office of the Paying Agent and Registrar. In case of any Bond partially redeemed, such notice shall specify the portion of the principal amount of such Bond to be redeemed. No defect in the mailing of notice for any Bond shall affect the sufficiency of the proceedings of the City designating the Bonds called for redemption or the effectiveness of such call for Bonds for which notice by mail has been properly given and the City shall have the right to further direct notice of redemption for any such Bond for which defective notice has been given.

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

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



The Bonds maturing on and after September 15, 2018 are subject to redemption at the option of the City, in whole or in part, at any time on or after five years after September 15, 2017, at par plus interest accrued on the principal amount redeemed to the date fixed for redemption.

[In addition, the Bonds shall be subject to mandatory sinking fund redemption payments (with bonds being redeemed at par plus accrued interest) as follows:

\$ \_\_\_\_\_ Principal Maturing September 15,  
20  
\$ \_\_\_\_\_ to be called September 15, 20\_\_  
\$ \_\_\_\_\_ to be called September 15, 20\_\_  
\$ \_\_\_\_\_ Payable September 15, 20\_\_]

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

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

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

For the prompt payment of the principal and interest on this bond and the other bonds of the same issue, the City has pledged funds received and to be received from the Highway Allocation Fund of the State of Nebraska with receipts from such fund to be allocated by the City to payment of principal and interest as the same fall due. In addition, the City hereby covenants and agrees that it shall levy ad valorem taxes upon all the taxable property in the City at such rate or rates, within applicable statutory and constitutional limitations, as will provide funds which together with receipts from the Highway Allocation Fund, as pledged to the payment of such principal and interest and any other money made available and used for such purpose, will be sufficient to make payment of the principal of and interest on this Bond and the other Bonds of the same issue as the same fall due.

AS PROVIDED IN THE ORDINANCE REFERRED TO HEREIN, UNTIL THE TERMINATION OF THE SYSTEM OF BOOK-ENTRY-ONLY TRANSFERS THROUGH THE DEPOSITORY TRUST COMPANY, NEW YORK, NEW YORK (TOGETHER WITH ANY SUCCESSOR SECURITIES DEPOSITORY APPOINTED PURSUANT TO THE ORDINANCE, "DTC"), AND NOTWITHSTANDING ANY OTHER PROVISIONS OF THE ORDINANCE TO THE CONTRARY,

A PORTION OF THE PRINCIPAL AMOUNT OF THIS BOND MAY BE PAID OR REDEEMED WITHOUT SURRENDER HEREOF TO THE REGISTRAR. DTC OR A NOMINEE, TRANSFEREE OR ASSIGNEE OF DTC OF THIS BOND MAY NOT RELY UPON THE PRINCIPAL AMOUNT INDICATED HEREON AS THE PRINCIPAL AMOUNT HEREOF OUTSTANDING AND UNPAID. THE PRINCIPAL AMOUNT HEREOF OUTSTANDING AND UNPAID SHALL FOR ALL PURPOSES BE THE AMOUNT DETERMINED IN THE MANNER PROVIDED IN THE ORDINANCE.

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED OFFICER OF DTC (A) TO THE REGISTRAR FOR REGISTRATION OF TRANSFER OR EXCHANGE OR (B) TO THE REGISTRAR FOR PAYMENT OF PRINCIPAL, AND ANY BOND ISSUED IN REPLACEMENT HEREOF OR SUBSTITUTION HEREFOR IS REGISTERED IN THE NAME OF DTC AND ANY PAYMENT IS MADE TO DTC OR ITS NOMINEE, ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL BECAUSE ONLY THE REGISTERED OWNER HEREOF, DTC OR ITS NOMINEE, HAS AN INTEREST HEREIN.

IT IS HEREBY CERTIFIED AND WARRANTED that all conditions, acts and things required by law to exist or to be done precedent to and in the issuance of this Bond did exist, did happen and were done and performed in regular and due form and time as required by law and that the indebtedness of the City, including this Bond, does not exceed any limitation imposed by law.

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

IN WITNESS WHEREOF, the Mayor and Council of the City have caused this Bond to be executed on behalf of the City with the manual or facsimile signatures of the Mayor and the Clerk and by causing the official seal of the City to be impressed or imprinted hereon, all as of the date of original issue specified above.

CITY OF DAVID CITY, NEBRASKA

ATTEST:

(facsimile signature)  
Mayor

(facsimile signature)  
Clerk

(SEAL)

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds authorized by Ordinance of the Mayor and Council of the City of David City, Nebraska, described in the foregoing Bond.

TREASURER, CITY OF DAVID CITY,  
NEBRASKA, Paying Agent and Registrar

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(Form of Assignment)

For value received \_\_\_\_\_  
hereby sells, assigns and transfers unto  
\_\_\_\_\_ (Social Security or Taxpayer  
I.D. No. \_\_\_\_\_) the within bond and hereby irrevocably constitutes and appoints  
\_\_\_\_\_, attorney, to transfer the same on  
the books of registration in the office of the within-mentioned Paying Agent and Registrar with full  
power of substitution in the premises.

Dated: \_\_\_\_\_

\_\_\_\_\_  
Registered Owner(s)

\_\_\_\_\_  
Signature Guaranteed

By \_\_\_\_\_

\_\_\_\_\_  
Authorized Officer(s)

Note: The signature(s) on this assignment MUST CORRESPOND with the name(s) as written on the face of the within bond in every particular, without alteration, enlargement or any change whatsoever, and must be guaranteed by a commercial bank or a trust company or by a firm having membership on the New York, Midwest or other stock exchange.

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

Bonds. Upon the issuance of the Bonds as “book-entry-only” bonds, the following provisions shall apply:

(a) The City and the Paying Agent and Registrar shall have no responsibility or obligation to any broker-dealer, bank or other financial institution for which the Depository holds Bonds as securities depository (each, a “Bond Participant”) or to any person who is an actual purchaser of a Bond from a Bond Participant while the Bonds are in book-entry form (each, a “Beneficial Owner”) with respect to the following:

(i) the accuracy of the records of the Depository, any nominees of the Depository or any Bond Participant with respect to any ownership interest in the Bonds,

(ii) the delivery to any Bond Participant, any Beneficial Owner or any other person, other than the Depository, of any notice with respect to the Bonds, including any notice of redemption, or

(iii) the payment to any Bond Participant, any Beneficial Owner or any other person, other than the Depository, of any amount with respect to the Bonds.

The Paying Agent and Registrar shall make payments with respect to the Bonds only to or upon the order of the Depository or its nominee and all such payments shall be valid and effective fully to satisfy and discharge the obligations with respect to such Bonds to the extent of the sum or sums so paid. No person other than the Depository shall receive an authenticated Bond, except as provided in (e) below.

(b) Upon receipt by the Paying Agent and Registrar of written notice from the Depository to the effect that the Depository is unable or unwilling to discharge its responsibilities, the Paying Agent and Registrar shall issue, transfer and exchange Bonds requested by the Depository in appropriate amounts. Whenever the Depository requests the Paying Agent and Registrar to do so, the Paying Agent and Registrar will cooperate with the Depository in taking appropriate action after reasonable notice (i) to arrange, with the prior written consent of the City, for a substitute depository willing and able upon reasonable and customary terms to maintain custody of the Bonds or (ii) to make available Bonds registered in whatever name or names the Beneficial Owners transferring or exchanging such Bonds shall designate.

(c) If the City determines that it is desirable that certificates representing the Bonds be delivered to the Bond Participants and/or Beneficial Owners of the Bonds and so notifies the Paying Agent and Registrar in writing, the Paying Agent and Registrar shall so notify the Depository, whereupon the Depository will notify the Bond Participants of the availability through the Depository of bond certificates representing the Bonds. In such event, the Paying Agent and Registrar shall issue, transfer and exchange bond certificates representing the Bonds as requested by the Depository in appropriate amounts and in authorized denominations.

(d) Notwithstanding any other provision of this Ordinance to the contrary, so long as any Bond is registered in the name of the Depository or any nominee thereof, all

payments with respect to such Bond and all notices with respect to such Bond shall be made and given, respectively, to the Depository as provided in the Letter of Representations.

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

(i) any successor securities depository or its nominee; or

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

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

If for any reason the Depository resigns and is not replaced or upon termination by the City of book-entry-only form, the City shall immediately provide a supply of bond certificates for issuance upon subsequent transfers or in the event of partial redemption. In the event that such supply of certificates shall be insufficient to meet the requirements of the Paying Agent and Registrar for issuance of replacement bond certificates upon transfer or partial redemption, the City agrees to order printed an additional supply of bond certificates and to direct their execution by manual or facsimile signature of its then duly qualified and acting officers. In case any officer whose signature or facsimile thereof shall appear on any Bond shall cease to be such officer before the delivery of such Bond (including any bond certificates delivered to the Paying Agent and Registrar for issuance upon transfer or partial redemption) such signature or such facsimile signature shall nevertheless be valid and sufficient for all purposes the same as if such officer or officers had remained in office until the delivery of such Bond. The Bonds shall not be valid and binding on the City until authenticated by the Paying Agent and Registrar. The Bonds shall be delivered to the Paying Agent and Registrar for registration and authentication. Upon execution, registration and authentication of the Bonds, they shall be delivered to the City Treasurer, who is authorized to deliver them to D.A. Davidson & Co., as initial purchaser thereof, upon receipt of 98.50% of the principal amount of the

Bonds plus accrued interest thereon to date of payment for the Bonds (or other amount as set forth in the Designation). Such initial purchaser shall have the right to direct the registration of the Bonds and the denominations thereof within each maturity, subject to the restrictions of this Ordinance. The Underwriter and its agents, representatives and counsel and bond counsel are hereby authorized to take such actions on behalf of the City as are necessary to effectuate the closing of the issuance and sale of the Bonds, including, without limitation, authorizing the release of the Bonds by the Depository at closing. The Authorized Officers of the City (or any one of them) are hereby authorized to execute the Bond Purchase Agreement for the sale of the Bonds to the Underwriter. The officers of the City, or any one or more of them are hereby further authorized to take any and all actions and enter into any and all agreements deemed necessary or appropriate in connection with the issuance and sale of the Bonds, and any such actions previously taken are hereby ratified and confirmed.

Section 10. The Clerk is directed to make and certify a transcript or transcripts of the proceedings of the Mayor and Council precedent to the issuance of the Bonds, one of which transcripts shall be delivered to the purchaser of the Bonds.

Section 11. In order to provide for payment of the principal and interest of the Called Bonds which have been called for redemption on the Redemption Date, the proceeds of the Bonds together with other funds of the City shall be set aside and held and invested in a special safekeeping trust account, which is hereby ordered established. The Mayor and Council hereby designate BOKF, National Association, Lincoln, Nebraska, to serve as the escrow agent ("Escrow Agent") to have custody and safekeeping of the funds and investments which are to be set aside for such payment. For purposes of governing such escrow account and the holding and application of such funds and investments, the City shall enter into a contract entitled "Escrow Agreement" with the Escrow Agent. The Mayor and Clerk of the City are hereby authorized and directed to execute and deliver on behalf of the City said Escrow Agreement, including necessary

counterparts, in substantially the form and content as presented to the meeting at which this Ordinance is adopted, but with such changes and modifications therein as to them seem necessary, desirable or appropriate for and on behalf of the City. Said Mayor and Clerk and City Treasurer are further authorized to approve the investments provided for in said Escrow Agreement. Said proceeds shall be invested in obligations of the United States Government (including U.S. Treasury Securities, State and Local Government Series), direct or guaranteed, obligations of any agency of the United States Government or in bank certificates of deposit or other bank depository accounts which are insured by insurance of the Federal Deposit Insurance Corporation or, to the extent not fully insured, fully collateralized in the manner required under Section 16-715 R.R.S. Neb. 2012. Any investment of proceeds of the Bonds herein authorized shall mature on or before the Redemption Date. As provided in the Escrow Agreement, the invested portion of the proceeds of the Bonds, investment earnings thereon, or other funds deposited by the City shall be applied to the payment of the principal and interest on the Called Bonds which have been called for redemption on the Redemption Date. Concurrently with the issuance of the Bonds the City shall deposit with the Escrow Agent an amount sufficient together with the portion of the proceeds of the Bonds to be invested and investment earnings thereon to assure payment of the principal and interest on the Called Bonds as called for redemption due on or before the Redemption Date. The Mayor, City Clerk and Treasurer or any one of them are hereby authorized to execute and deliver for and on behalf of the City all other documents and instruments necessary in connection with the issuance of the Bonds and said Escrow Agreement and to provide for all transfers and deposits with the Escrow Agent necessary to provide for the payment of the principal and interest on the Called Bonds which have been called for payment on the Redemption Date, pursuant to the terms of the Escrow Agreement. The City further agrees that it will make no investment of any of the investment proceeds receivable by the City under the Escrow Agreement which would cause the total amount of such proceeds receivable to exceed

an amount equal to 1% of the net proceeds of the Bonds as are actually issued and delivered pursuant to the terms of the Ordinance.

Section 12. For the prompt payment of the Bonds, both principal and interest as the same fall due, the City hereby pledges all receipts now or hereafter received by the City from the State of Nebraska Highway Allocation Fund (the "Fund"), as described and referred to in Section 66-4,101, Reissue Revised Statutes of Nebraska, as amended. The pledge provided for in this Section 12 for the Bonds provides, however, that such pledge shall not prevent the City from applying receipts from the Fund in any year so long as sufficient receipts from the Fund have been set aside for the payment of principal and interest falling due in such year on the Bonds. In addition, the City further reserves the right to issue additional highway allocation fund pledge bonds payable on a parity with the Bonds and equally and ratably secured by a pledge of receipts from the Fund. The City hereby further agrees that it shall levy ad valorem taxes upon all the taxable property in the City at such rate or rates within any applicable statutory and constitutional limitations as will provide funds which, together with receipts from the Fund, as pledged to the payment of the Bonds, and any other monies made available and used for such purpose, will be sufficient to pay the principal of and interest on the Outstanding Bonds and the Bonds as the same fall due (including mandatory sinking fund redemptions).

Section 13. The Mayor and Council hereby approve the Preliminary Official Statement with respect to the Bonds and the information therein contained, and the Mayor and City Administrator or either of them is authorized to approve and deliver a final Official Statement for and on behalf of the City, and such final Official Statement shall be delivered in accordance with the requirements of Reg. Sec. 240.15c2-12 of the Securities and Exchange Commission.

Section 14. The City hereby covenants and agrees that it will make no use of the proceeds of the Bonds which would cause the Bonds to be arbitrage bonds within the meaning of Sections 103(b)(2) and 148 of the Internal Revenue Code of 1986, as amended (the "Code") and

further covenants to comply with said Sections 103(b)(2) and 148 and all applicable regulations thereunder throughout the term of said issue, including all requirements with respect to payment and reporting of rebates, if applicable. The City hereby covenants to take all action necessary to preserve the tax-exempt status of the interest on the Bonds for federal income tax purposes under the Code with respect to taxpayers generally. The City further agrees that it will not take any actions which would cause the Bonds to constitute "private activity bonds" within the meaning of Section 141 of the Code. The City hereby designates the Bonds as its "qualified tax-exempt obligations" pursuant to Section 265(b)(3)(B)(i)(III) of the Code and covenants and warrants that it does not reasonably expect to issue bonds or other obligations aggregating in principal amount more than \$5,000,000 during calendar 2014.

Section 15. The City's obligations under this Ordinance with respect to any or all of the Bonds herein authorized shall be fully discharged and satisfied as to any or all of such Bonds and any such Bond shall no longer be deemed to be outstanding hereunder if such Bond has been purchased by the City and canceled or when the payment of principal of and interest thereon to the respective date of maturity or redemption (a) shall have been made or caused to be made in accordance with the terms thereof, (b) shall have been provided for by depositing with a national or state bank having trust powers, or trust company, in trust, solely for such payment (i) sufficient money to make such payment and/or (ii) direct general obligations (including obligations issued or held in book entry form on the books of the Department of Treasury of the United States of America) of or obligations the principal and interest of which are unconditionally guaranteed by the United States of America (herein referred to as "U.S. Government Obligations") in such amount and bearing interest payable and maturing or redeemable at stated fixed prices at the option of the holder as to principal, at such time or times, as will ensure the availability of sufficient money to make such payments; provided, however, that with respect to any Bond to be paid prior to maturity, the City shall have duly called such Bond for redemption and given notice of such redemption as

provided by law or made irrevocable provision for the giving of such notice. Any money so deposited with such bank or trust company in excess of the amount required to pay principal of and interest on the Bonds for which such monies or U.S. Government Obligations were deposited shall be paid over to the City as and when collected.

Section 16 In order to promote compliance with certain federal tax and securities laws relating to the Notes herein authorized (as well as other outstanding bonds) the policy and procedures attached hereto as Exhibit "A" (the "Post-Issuance Compliance Policy and Procedures") are hereby adopted and approved in all respects. To the extent that there is any inconsistency between the attached Post-Issuance Compliance Policy and Procedures and any similar policy or procedures previously adopted and approved, the Post-Issuance Compliance Policy and Procedures shall control.

Section 17. This Ordinance shall be published in pamphlet form and shall be in force and take effect from and after its adoption as provided by law.

ADOPTED this 9<sup>th</sup> day of July 2014.

ATTEST:

\_\_\_\_\_  
Mayor Alan Zavodny

\_\_\_\_\_  
City Clerk Joan E. Kovar

[SEAL]

**EXHIBIT A**

**Policy and Procedures  
Federal Tax Law and Disclosure Requirements for  
Tax-exempt Bonds and/or Build America Bonds**

**ISSUER NAME:** City of David City, Butler County, Nebraska

**COMPLIANCE OFFICER (BY TITLE):** Treasurer

## POLICY

It is the policy of the Issuer identified above (the "Issuer") to comply with all Federal tax requirements and securities law continuing disclosure obligations for its obligations issued as tax-exempt bonds (or as tax credit, direct pay subsidy or other tax-advantaged bonds, as applicable) to ensure, as applicable (a) that interest on its tax-exempt bonds remains exempt from Federal income tax, (b) that the direct payments or tax credits associated with its bonds issued as tax advantaged bonds are received in a timely manner and (c) compliance with any continuing disclosure obligations of the Issuer with respect to its outstanding bonds.

## PROCEDURES

Compliance Officer. Review of compliance with Federal tax requirements and securities law continuing disclosure obligations as generally outlined below shall be conducted by the Compliance Officer identified above (the "Compliance Officer"). To the extent more than one person has been delegated specific responsibilities, the Compliance Officer shall be responsible for ensuring coordination of all compliance review efforts.

Training. The Compliance Officer shall evaluate and review educational resources regarding post-issuance compliance with Federal tax and securities laws, including periodic review of resources published for issuers of tax-exempt obligations by the Internal Revenue Service (either on its website at <http://www.irs.gov/taxexemptbond>, or elsewhere) and the Municipal Securities Rulemaking Board (either on its Electronic Municipal Market Access website ["EMMA"] at <http://www.emma.msrb.org>, or elsewhere).

Compliance Review. A compliance review shall be conducted at least annually by or at the direction of the Compliance Officer. The review shall occur at the time the Issuer's annual audit takes place, unless the Compliance Officer otherwise specifically determines a different time period or frequency of review would be more appropriate.

### Scope of Review.

*Document Review.* At the compliance review, the following documents (the "Bond Documents") shall be reviewed for general compliance with covenants and agreements and applicable regulations with respect to each outstanding bond issue:

- (e) the resolution(s) and/or ordinance(s), as applicable, adopted by the governing body of the Issuer authorizing the issuance of its outstanding bonds, together with any documents setting the final rates and terms of such bonds (the "Authorizing Proceedings"),
- (f) the tax documentation associated with each bond issue, which may include some or all of the following (the "Tax Documents"):
  - (i) covenants, certifications and expectations regarding Federal tax requirements which are described in the Authorizing Proceedings;
  - (ii) Form 8038 series filed with the Internal Revenue Service;
  - (iii) tax certificates, tax compliance agreements, tax regulatory agreement or similar documents;

- (iv) covenants, agreements, instructions or memoranda with respect to rebate or private use;
  - (v) any reports from rebate analysts received as a result of prior compliance review or evaluation efforts; and
  - (vi) any and all other agreements, certificates and documents contained in the transcript associated with the Authorizing Proceedings relating to federal tax matters.
- (g) the Issuer's continuing disclosure obligations, if any, contained in the Authorizing Proceedings or in a separate agreement (the "Continuing Disclosure Obligations"), and
- (h) any communications or other materials received by the Issuer or its counsel, from bond counsel, the underwriter or placement agent or its counsel, the IRS, or any other material correspondence relating to the tax-exempt status of the Issuer's bonds or relating to the Issuer's Continuing Disclosure Obligations.

*Use and Timely Expenditure of Bond Proceeds.* Expenditure of bond proceeds shall be reviewed by the Compliance Officer to ensure (a) such proceeds are spent for the purpose stated in the Authorizing Proceedings and as described in the Tax Documents and (b) that the proceeds, together with investment earnings on such proceeds, are spent within the timeframes described in the Tax Documents, and (c) that any mandatory redemptions from excess bond proceeds are timely made if required under the Authorizing Proceedings and Tax Documents.

*Arbitrage Yield Restrictions and Rebate Matters.* The Tax Documents shall be reviewed by the Compliance Officer to ensure compliance with any applicable yield restriction requirements under Section 148(a) of the Internal Revenue Code (the "Code") and timely calculation and payment of any rebate and the filing of any associated returns pursuant to Section 148(f) of the Code. A qualified rebate analyst shall be engaged as appropriate or as may be required under the Tax Documents.

*Use of Bond Financed Property.* Expectations and covenants contained in the Bond Documents regarding private use shall be reviewed by the Compliance Officer to ensure compliance. Bond-financed properties shall be clearly identified (by mapping or other reasonable means). Prior to execution, the Compliance Officer (and bond counsel, if deemed appropriate by the Compliance Officer) shall review (a) all proposed leases, contracts related to operation or management of bond-financed property, sponsored research agreements, take-or-pay contracts or other agreements or arrangements or proposed uses which have the potential to give any entity any special legal entitlement to the bond-financed property, (b) all proposed agreements which would result in disposal of any bond-financed property, and (c) all proposed uses of bond-financed property which were not anticipated at the time the bonds were issued. Such actions could be prohibited by the Authorizing Proceedings, the Tax Documents or Federal tax law.

*Continuing Disclosure.* Compliance with the Continuing Disclosure Obligations with respect to each bond issue shall be evaluated (a) to ensure timely compliance with any annual disclosure requirement, and (b) to ensure that any material events have been properly disclosed as required by the Continuing Disclosure Obligation.

Record Keeping. If not otherwise specified in the Bond Documents, all records related to each bond issue shall be kept for the life of the indebtedness associated with such bond issue (including all tax-exempt refundings) plus six (6) years.

Incorporation of Tax Documents. The requirements, agreements and procedures set forth in the Tax Documents, now or hereafter in existence, are hereby incorporated into these procedures by this reference and are adopted as procedures of the Issuer with respect to the series of bonds to which such Tax Documents relate.

Consultation Regarding Questions or Concerns. Any questions or concerns which arise as a result of any review by the Compliance Officer shall be raised by the Compliance Officer with the Issuer's counsel or with bond counsel to determine whether non-compliance exists and what measures should be taken with respect to any non-compliance.

VCAP and Remedial Actions. The Issuer is aware of (a) the Voluntary Closing Agreement Program (known as "VCAP") operated by the Internal Revenue Service which allows issuers under certain circumstances to voluntarily enter into a closing agreement in the event of certain non-compliance with Federal tax requirements and (b) the remedial actions available to issuers of certain bonds under Section 1.141-12 of the Income Tax Regulations for private use of bond financed property which was not expected at the time the bonds were issued.

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Mayor Zavodny stated: "Item #15 – Consideration of the request by the David City Ball Association to progress with discussion concerning the City buying the Baseball/Softball Complex from the Association. The agenda request was submitted from Jason Lavicky so we will let him start us off."

Jason Lavicky stated: "Just want to thank the Council and the Mayor for having us tonight. I have Neil Kuhlman and Mike Behrns with me as part of the Association as well. The Association comes to the Council with the request and consideration of the possibility of the City purchasing the fields. Since 1985 the Associations been around and providing an extracurricular activity for over 400 youth in our town, our community, and county and still struggles to make it. Operating money, every year it seems like since I've been in town, has been an issue of being there for the Association to operate. I know for several years people have thought that the Association has been making money hand over fist and there is no debt; that thing is just a gold mine out there; it's not. There is still debt against those facilities from the inception of them getting built and every year it's a struggle. From the standpoint of a citizen and a committee member I worry every year that we don't have funding and then it was an issue again this year; it's been issues in other years. This year we were very fortunate that you guys made a commitment as far as the improvements to those fields which have helped those fields drastically. They have held up very, very good now. Fortunately we just put the second round of those conditioners on there and to prep for that you have to deep harrow that field so that the conditioner can get down there and then of course we get 2" – 2½" of rain and then we got pretty soft and weren't able to have games for a little bit. But the operating side of it is tough. We still have term debt that we are servicing against that property. The idea that we got through talking with the Administration is, is there a possibility of the City buying those fields, and owning those fields, with an agreement being made to lease them back to the Association and then all of the revenue that is generated from the Association goes back into the fields to keep this thing up?"

Mayor Zavodny stated: "I know one of the big concerns that comes up is, we really don't want to run the ball program."

Jason Lavicky stated: "The request is that the City buy the fields, do a lease back to the Association, and we maintain doing what we are doing out there right now. We just don't own the fields. The amount of debt against the fields right now is still at that \$160,000 + \$20,000 operating so \$180,000.00."

Mayor Zavodny stated: "So you have \$160,000 just in the field debt and then you have an extra operating amount of about \$20,000, and I know we provided dirt and paid for field conditioners. I don't think any of us have any problem with what we have done up to now. I know they were rough. It seems like the fields are tremendously improved; they drain."

Jason Lavicky stated: "I feel that we have a very nice complex here in town. I've got three boys that travel around to a lot of other towns and I'll put David City's fields and complex up against a lot of other towns."

Mayor Zavodny stated: "So here's my first concern based on what you just told me. The \$160,000, was that the original amount?"

Jason Lavicky stated: "No, no, no....."

Mike Behrns stated: "Five hundred and some thousand? We have Three hundred Sixty some thousand (\$360,000+) out there invested in the properties. We've got it down to \$160,000."

Mayor Zavodny stated: "So the \$20,000 operating, even if we bought the fields are we concerned with the need for \$20,000 more for operation? How did that come about?"

Mike Behrns stated: "Servicing the debt and maintaining the facility at the same time."

Neil Kuhlman stated: "The first round of the sales tax money ran out and we were getting probably \$8,000 - \$10,000 a year from that, and then the last two years, that ten year term was up so we didn't get that anymore, so we were coming up short basically by that amount of money."

Mayor Zavodny stated: "We are trying to cross train people being as small as we can with the number of people we can to operate. In fairness I think we are ahead of game on that. I read the Municipality letter now that says everybody is looking at doing that. There's a finite amount of money available. You'll see in our budget, our governmental costs far outweigh our governmental revenue, it's just.....you've got to make it work."

Mrs. Bob Kobza stated: "I know how a budget works but on the other hand I think we need to have things for our children in this town. There is not a lot of variety for children. The football, baseball, softball, soccer, I think we really need those things."

Mayor Zavodny stated: "I would argue that probably the biggest benefit we enjoy that you can't necessarily measure is the amount of sales tax that we generate from all these other communities coming in such as Schuyler and Seward. People are buying gas, they're eating at Runza and at other places around town. There are certainly some arguments to be made for the benefit of that. The \$160,000 we would have to think about how we would go about doing that."

Jason Lavicky stated: "Another thing that I consider with those ball fields and I look back to our Park, and I look at our golf course, and I look at the pool. These are things that we are offering to our community and our county that are a "quality of life" type asset as well. I'll even go further and say this is David City and Butler County marketing to other perspective residents and even to our existing residents on staying here, we've got these things, or other people

looking to come here. We have these things. You don't have to go to Seward. You don't have to go to Wahoo. Come here. That's important I think as far as the City to keep in consideration; we need to keep doing this to stay alive."

Mayor Zavodny stated: "I know things are kind of dire or you wouldn't be here. Do you have a business plan?"

Jason Lavicky stated: "We have a business plan, but we do not have a written formal business plan. Obviously we want to provide an activity for the youth, and we want to maintain those fields, that's our business plan."

Council member Rogers stated: "We had talked with you earlier this year and this subject came up. I still think it's a good idea, the only thing is we don't want to be the boss."

Mike Behrns stated: "And we don't want you to be. We'd rather do it ourselves, basically that's the way it's been for 25 years and that's why we've been kicking this can down the road for so long right now. Every year it just comes down to, try one more year. Every other community around here, I can guarantee you, the City owns their facilities. We took the bull by the horns back in 1985 to get it done because it wasn't going to get done. We have a facility that's worth, right now, \$400,000 and we raised every penny of it."

Mayor Zavodny stated: "So is the ball association a 501C3? Yes, ok, so do you have bylaws for a succession plan?"

Mike and Neil both stated yes they have a succession plan as that is part of being a 501CS.

Further discussion continued. Mayor Zavodny stated that the City would need to determine where the money would come from if they were to pursue this further.

Neil Kuhlman stated: "The amount the City has given us in the past has covered our loan payments and our insurance but we can't make enough money to run the program and cover without the City's help. We had that relationship for a number of years and now we are back trying to get a permanent relationship. You just buy it and we'll run the program, we'll have our banner program like we've had, the concession stand, the entry fees, that takes care of buying uniforms and taking care of the fields, etc."

Mike Behrns stated: "We have a scholarship program. If any kid does not play we find out if they want to play and we let them play. There is nobody that is going to be forced to pay, ever. We've never turned a kid away. In fact we've searched a few kids out when we've heard they said they couldn't afford it."

Skip Trowbridge stated: "You guys have run a wonderful program for many, many, years. You are to be commended."

Mayor Zavodny stated: "Ok, we will see where we can go from here. You'll probably be back again, Committee of the Whole or something, and we'll probably have some more questions. We need to figure out a plan of attack and I may want to see a few more things. Thank you for coming."

Mr. Draper was present because he had a question of ownership of the access road located north of "O" Street on the west side of Highway 15. He said he was tired of all of the rumors and wanted the correct answer. Mike Draper stated: "I came up here for answers and the ladies found it, the City owns it, so I hope that puts an end to the rumors."

The dedication stated: "We, Daniel J. and Janet M. Sypal, being the owners of the land described hereon, have caused the same to be surveyed, platted, and designated as Sypal's Subdivision a Replat of the 1993 replat of Lots 1, 2, 3, 4, and 5, Block 3, Schmid's Addition to the City of David City, Butler County, Nebraska and part of the SW ¼ of Section 18, T15N, R3E of the 6th P.M., Butler County, Nebraska, as shown on the accompanying plot thereof, and do freely and voluntarily dedicate the streets as shown hereon to the public for their use forever; and do hereby dedicate the easements as shown thereon for the location, construction, and maintenance of public service utilities forever, together with the right of ingress and egress thereto and that the foregoing addition is made with the free consent and in accordance with the desire of the undersigned owners and proprietors."

Mayor Zavodny opened the Public Hearing at 7:56 p.m. to consider changing the allowed size of an Accessory Structure for Residential Zoned Areas to not exceed 1,000 sq. ft.; Section 5.07.05 – 1, R-1 Single Family Residential; Section 5.08.05 – 1, R-2 Two-Family Residential; and Section 5.09.05 – 1, R-3 Multi-Family Residential.

The Planning Commission had approved increasing the allowed size of an accessory structure for residential zoned areas from 900 sq. ft. to not exceed 1,000 sq. ft. and referred this to the City Council for their consideration

Council member Kroesing stated: "Unless you want to deal with all of the concerns I have on this I would like to refer this to the Committee of the Whole meeting.

Skip Trowbridge stated: "If you would happen to adopt this would you enforce it equally across the community?"

Mayor Zavodny stated: "That has actually been my attempt on every single thing here, that everyone gets treated the same."

Skip Trowbridge stated: "I think on this particular issue it might be provable that that doesn't happen."

Council member Kroesing stated: "If you've got the property to build what you want to build, why can't you build it? Why do you have restrictions on what you can do? I've always been a promoter of the fact of if you go to all the trouble of owning your own property and maintaining it and keeping it up and paying the taxes on it, why can't you do what you want to do with it? Why do you have somebody restricting what you do with that property? If you meet the setbacks and meet everything that's wanted of you and keep the green space and everything you have the right to do with that property what you wish as long as you don't infringe on your neighbors or upset somebody."

There being no other comments, Mayor Zavodny closed the Public Hearing at 8:01 p.m..

Council member Kroesing made a motion to refer Ordinance No. 1209, changing the allowed size of an Accessory Structure for Residential Zoned Areas to not exceed 1,000 sq. ft.;

Section 5.07.05 – 1, R-1 Single Family Residential; Section 5.08.05 – 1, R-2 Two-Family Residential; and Section 5.09.05 – 1, R-3 Multi-Family Residential, to the Committee of the Whole meeting scheduled for Wednesday, July 23, at 6:30 p.m., for further discussion and consideration. Council member Rogers seconded the motion. Voting AYE: Council members Svoboda, Smith, Kroesing, Vandenberg, and Rogers. Voting NAY: None. Council member Scribner was absent. The motion carried.

Council member Rogers stated: "I brought an application over for FEMA Hazard Mitigation Grant Funding for the construction of a tornado safe room that Rick Schneider said he would help us complete. It is an 80/20 grant to build a shelter at the park for the campers if we choose to do so. I think it's probably a pretty good idea since LARM Insurance asked what we had for safeguarding the campers at the park."

Mayor Zavodny stated: "I think our next step is to go to Committee of the Whole with this and start to get some cost estimates, some design parameters, some bid specs so we know what we are talking about.

Council member Kroesing stated that Fire Chief Matt Hilger stated that when there is severe weather the fire department is out watching for a storm so the fire hall is open. Matt stated that we could put up a sign for the campers and send them that direction during inclement weather. Later in the meeting Matt Hilger stated that he needed to check with his insurance representative regarding possible liability in doing this.

Matt Hilger stated they would probably have room at the fire department for about 50 people. He felt that was a safe estimate.

Council member Kroesing stated: "I still think if we are going to look at this for campers we still need to take a look at our building codes and think about these town houses and triplexes and everything that are sitting on a flat piece of concrete and you have nowhere to go."

Mayor Zavodny stated: "Yes, as I drive by Pilger that really hits home. If we are going to build bathrooms at the park, build them such where you could accommodate people. If we want them locked at night, there is technology available that would allow remote access. There are alternatives that we can explore and we will keep this as one of them."

Council member Kroesing made a motion to appoint Jane Buresh to serve a four year term on the Library Board. Council member Rogers seconded the motion. Voting AYE: Council members Svoboda, Smith, Kroesing, Vandenberg, and Rogers. Voting NAY: None. Council member Scribner was absent. The motion carried.

Council member Kroesing introduced Ordinance No. 1210 increasing the fine for parking a motor vehicle and/or trailer on any part of the roadway surface of any public street in the residential area of David City between the hours of 1:00 a.m. and 7:00 a.m. from one dollar to five dollars if paid within five days, and after 5 days the fine will be \$10.00. Council member Kroesing made a motion to suspend the statutory rule that requires an Ordinance be read on three separate days. Council member Rogers seconded the motion. Voting AYE: Council members Vandenberg, Smith Svoboda, Kroesing, and Rogers. Voting NAY: None. Council member Scribner was absent. The motion carried.

Council member Kroesing made a motion to pass and adopt Ordinance No. 1210 on the third and final reading. Council member Rogers seconded the motion. Voting AYE: Council members Svoboda, Smith, Kroesing, Vandenberg, and Rogers. Voting NAY: None. Council member Scribner was absent. The motion carried and Ordinance No. 1210 was passed on third and final reading as follows:

**ORDINANCE NO. 1210**

AN ORDINANCE AMENDING CHAPTER 5, ARTICLE 7, OF THE CITY OF DAVID CITY, NEBRASKA, MUNICIPAL CODE BOOK BY AMENDING §5-710 INCREASING THE AMOUNT OF FINE FOR ALL TICKETS ISSUED FOR NON-MOVING TRAFFIC VIOLATIONS; PROVIDING AN EFFECTIVE DATE; AND PROVIDING FOR PUBLICATION OF THE ORDINANCE IN PAMPHLET FORM.

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

SECTION 1. That §5-709, of Chapter 5, Article 7, of the David City Municipal Code Book be amended to read as follows:

**§5-709 PARKING: BUREAU OF VIOLATIONS.** There is hereby created the Bureau of Violations within the powers and duties of the office of the Municipal Clerk. A copy of each citation issued for non-moving traffic violations shall be deposited with the Municipal Clerk, whose duty it shall be to collect all fines and to maintain appropriate and accurate records of all such fines paid to her. Fines shall be payable at the office of the Clerk. Such fines shall be in the amount of five (\$5.00) dollars for each violation if paid within five (5) days from the date of issuance. Should any such fine not be paid within the five (5) day period, the Clerk shall ask the Municipal Attorney to file a complaint in the appropriate court. The fine for any such violation after five (5) days or after judgment is entered against the violator shall be ten (\$10.00) dollars plus costs. All money collected by the Municipal Clerk under this section shall be transferred to the school district in which the Municipality lies. (Ref. 18-1729 RS Neb.)

SECTION 2. That any ordinance or section of any ordinance passed and approved prior to or subsequent to the passage, approval, and publication or posting of this ordinance and in conflict with its provisions, is hereby appealed.

SECTION 3. This ordinance shall be published in pamphlet form and shall take effect and be in full force from and after its passage, approval, and publication or posting as required by law.

PASSED AND APPROVED this 9<sup>th</sup> day of July, 2014.

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Mayor Alan Zavodny

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City Clerk Joan E. Kovar

The City placed an ad in the Banner Press requesting bids for the installation and start-up of four (4) VFD's (Variable Frequency Drives) at the Waste Water Treatment Plant Facility. Local electricians were also notified about the request for bids. Only one bid from Vandenberg Electric & Communications was received, which Mayor Zavodny opened at this time during the meeting.

Mayor Zavodny asked what was budgeted for this project and employee Kevin Betzen thought about \$40,000. The bid is  $\$53,555.00 + \$4,200.00 = \$57,755.00$ .

Council member Rogers made a motion to accept the bids of Vandenberg Electric & Communications up to \$57,755.00 and approve re-allocating money from Waste Water Account #26-2510, as we won't be dredging before October 1<sup>st</sup>, to #26-2533. Council member Svoboda seconded the motion. Voting AYE: Council members Vandenberg, Kroesing, Smith, Svoboda, and Rogers. Voting NAY: None. Council member Scribner was absent. The motion carried.

Mayor Zavodny explained that the presentation of the proposed budgets for fiscal year October 1, 2014 to September 30, 2015 was the next item on the budget. The budget presentation began with the Utility departments that included the Electric Revenue, Electric System expenses, Electric Plant expenses, Water revenues, Water System/Plant expenses, Sewer revenues, Sewer System/Plant expenses. Each Department head presented their budgets and explained increases in their budget requests.

Council member Scribner arrived at 8:50 p.m.

Council member Rogers made a motion to recess the meeting until 6:30 p.m. on Thursday, July 10<sup>th</sup> for the continuation of the Budget Presentations. Council member Smith seconded the motion. Voting AYE: Council members Svoboda, Scribner, Kroesing, Vandenberg, Smith, and Rogers. Voting NAY: None. The motion carried.

Mayor Zavodny declared the meeting recessed at 9:45 p.m.

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Mayor Alan Zavodny

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City Clerk Joan E. Kovar

September 10, 2014

Council member Gary Smith called the meeting of the City Council of David City, Nebraska to order at 6:40 p.m. on Thursday, July 10, 2014 in the Council Room of the City Office, 557 N 4<sup>th</sup> Street, David City, Nebraska, to continue the meeting of July 9<sup>th</sup>, 2014 which had been in recess.

Present for the meeting were: Council members Gary Smith, Ruddy Svoboda, John Vandenberg, and Mike Rogers. Mayor Alan Zavodny, City Administrator Abbie Cornett, and Council members Gary Kroesing and Bill Scribner were absent.

Also present were: City Clerk Joan Kovar, Park/Auditorium Supervisor Bill Buntgen, Street Supervisor Rodney Rech, Carolyn Yates, Janis Cameron, and Banner Press Editor Larry Peirce.

Council member Gary Smith informed the public of the "Open Meetings Act" posted on the east wall of the meeting room.

Council member Vandenberg made a motion to reconvene the meeting of July 9<sup>th</sup>, 2014 which had been in recess. Council member Svoboda seconded the motion. Voting AYE: Council members Rogers, Smith, Svoboda, and Vandenberg. Voting NAY: None. Council members Kroesing and Scribner were absent. The motion carried.

The budget presentations continued with the City departments that included Park, Auditorium, Swimming Pool, Street, Recycling, Airport, Library, General, Social Security, Various Purpose, and all other city departments. Department heads Rodney Rech, Bill Buntgen and Joan Kovar presented their budgets and explained increases in their budget requests.

There being no further business to come before the Council, Council member Rogers made a motion to adjourn. Council member Vandenberg seconded the motion. Voting AYE: Council members Smith, Svoboda, Rogers, and Vandenberg. Voting NAY: None. Council members Kroesing and Scribner were absent. The motion carried and Council member Smith declared the meeting adjourned at 8:55 p.m.



CERTIFICATION OF MINUTES  
July 9<sup>th</sup> / 10<sup>th</sup>, 2014

I, Joan E. Kovar, duly qualified and acting City Clerk for the City of David City, Nebraska, do hereby certify with regard to all proceedings of July 9<sup>th</sup> and 10<sup>th</sup>, 2014; 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.

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Joan E. Kovar, City Clerk