

Bill No. 03-133

Introduce: August 18, 2003

**CITY OF LINCOLN
NEBRASKA**

**ORDINANCE NO. _____
(passed August __, 2003)
constituting the
THIRD SERIES ORDINANCE
adopted under
ORDINANCE NO. 17879**

Authorizing

LINCOLN ELECTRIC SYSTEM REVENUE AND REFUNDING BONDS, SERIES 2003

ORDINANCE NO. _____

THIRD SERIES ORDINANCE ADOPTED UNDER AND PURSUANT TO ORDINANCE NO. 17879 PASSED JULY 23, 2001; AUTHORIZING THE ISSUANCE OF LINCOLN ELECTRIC SYSTEM REVENUE AND REFUNDING BONDS OF THE CITY OF LINCOLN, NEBRASKA IN ONE OR MORE SERIES IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$180,000,000; FIXING IN PART AND PROVIDING FOR THE FIXING IN PART OF THE DETAILS OF SAID BONDS; PROVIDING FOR THE SALE OF SAID BONDS AND THE APPLICATION OF THE PROCEEDS OF SUCH SALE; TAKING OTHER ACTION IN CONNECTION WITH THE FOREGOING; AND DECLARING AN EMERGENCY.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LINCOLN, NEBRASKA:

ARTICLE I

DEFINITIONS AND STATUTORY AUTHORITY

Section 1.01. Series Ordinance. This Third Series Ordinance is supplemental to, and is adopted in accordance with Article II, Article III and Article VIII of Ordinance No. 17879 passed by the City Council on July 23, 2001, and approved by the Mayor on July 26, 2001 (the “**General Ordinance**”).

Section 1.02. Definitions. (a) All terms which are defined in **Section 1.01** of the General Ordinance shall have the same meanings, respectively, in this Third Series Ordinance as such terms are given in said **Section 1.01** of the General Ordinance except as such terms may be otherwise defined herein.

(b) In this Third Series Ordinance:

“**1993 Bonds**” means the City’s Electric System Revenue Refunding Bonds, 1993 Series A, dated as of July 1, 1993.

“**2003 Bonds**” means the City’s Lincoln Electric System Revenue and Refunding Bonds authorized by Article III of this Third Series Ordinance.

“**Code**” means the Internal Revenue Code of 1986, as amended, and the applicable regulation promulgated thereunder.

“**Continuing Disclosure Certificate**” means each Continuing Disclosure Certificate executed by the Board dated the date of issuance and delivery of a Series of 2003 Bonds, as originally executed and as each may be amended from time to time in accordance with the terms thereof.

“**CP Notes**” means all or any part of the City’s Electric System Revenue Commercial Paper Notes, Series 1995, issued and outstanding from time to time pursuant to the Note Ordinance.

“2003 Debt Service Reserve Fund” shall mean the 2003 Debt Service Reserve Fund established pursuant to **Section 3.11** of this Third Series Ordinance in which there shall be established an account for each Series of 2003 Bonds issued pursuant to this Third Series Ordinance.

“General Ordinance” means Ordinance No. 17879 of the City of Lincoln, Nebraska, passed by the Council on July 23, 2001 and approved by the Mayor on July 26, 2001.

“1993 Ordinance” means, collectively, Ordinance Nos. 16416 and 16417 of the City, pursuant to which the 1993 Bonds were issued.

“Note Ordinance” means, collectively, Ordinance Nos. 16564, 16792, 16800, 17681, 17881 and 18067 of the City, pursuant to which the CP Notes have been issued.

“Participating Underwriter” shall have the meaning ascribed thereto in the Continuing Disclosure Certificate.

“Paying Agent” means the financial institution selected by the Finance Director to act as Paying Agent with respect to the 2003 Bonds in accordance with the provisions of **Section 4.01(a)** hereof.

“2003 Project” means the financing or refinancing of certain capital improvements to the Electric System.

“Redemption Date” means the date determined by the Finance Director in accordance with the provisions of **Section 4.02** hereof upon which all of the Refunded Bonds will be called for payment and redemption.

“Refunded Bonds” means the 1993 Bonds which are outstanding and unpaid under the terms of the 1993 Ordinance.

“Refunded Notes” means those outstanding CP Notes, if any, which the Finance Director has determined shall be paid at the maturity thereof pursuant to **Section 4.02** hereof.

“Registrar” means the financial institution selected by the Finance Director to act as Registrar with respect to the 2003 Bonds in accordance with the provisions of **Section 4.01(a)** hereof.

“Reserve Requirement” means, with respect to any Series of the 2003 Bonds, an amount which is equal to the maximum amount of interest accruing on such Series of 2003 Bonds in any period of twelve (12) consecutive months; provided, however, that such amount shall not exceed ten percent (10%) of the proceeds of such Series of 2003 Bonds.

“Tax Certificate” means each Federal Tax Certificate dated the date of issuance of a Series of 2003 Bonds.

“Third Series Ordinance” means this Third Series Ordinance.

Section 1.03. Authority for this Third Series Ordinance. This Third Series Ordinance is adopted pursuant to the provisions of the Act and in accordance with Article II, Article III and Article VIII of the General Ordinance.

ARTICLE II

FINDINGS AND DETERMINATIONS

Section 2.01. Improvements to Electric System. In order to meet the demands on the electric system of the City, it has been, and is now, necessary, desirable, advisable and in the best interest of the City, the Board and the Electric System that certain acquisitions, constructions, reconstructions, additions, improvements, extensions, equippings and furnishings be made for, to and of the Electric System, including, but not limited to, the 2003 Project. In order to provide funds to pay the Costs of the Electric System incident to the 2003 Project and such other acquisitions, constructions, reconstructions, additions, improvements, extensions, equippings and furnishings as the Board and the City shall determine, it is necessary, desirable, advisable and in the best interest of the City, the Board and the Electric System that electric system revenue bonds of the City now be issued and sold as provided herein.

Section 2.02. Refunding of 1993 Bonds and CP Notes. (a) To provide funds for the refunding of certain of the outstanding Electric System Revenue Bonds, the Council has heretofore authorized the issuance of the 1993 Bonds pursuant to the 1993 Ordinance, \$45,300,000 aggregate principal amount of which are currently outstanding and unpaid.

(b) Interest rates have declined since the issuance, sale and delivery of the 1993 Bonds so that substantial overall savings on Debt Service will be made through the refunding of the Refunded Bonds. It is necessary, desirable, advisable and in the best interest of the City and the Board to deposit funds with the paying agent for the Refunded Bonds which will be sufficient to provide for the payment and redemption of all of the Refunded Bonds on the Redemption Date.

(c) The City has heretofore issued its CP Notes from time to time in the aggregate principal amount of not to exceed \$125,000,000 for the purpose of financing and refinancing capital improvements to the Electric System and it is necessary, desirable, advisable and in the best interest of the City and the Board that such portion of such CP Notes as shall be determined by the Finance Director in accordance with the provisions of **Section 4.02** hereof be financed on a long-term basis by the City by the issuance of obligations of the City under the General Ordinance.

(d) For such purposes, it is necessary, desirable, advisable and in the best interests of the City and the Board that bonds be issued and sold pursuant to the General Ordinance as herein provided.

Section 2.03. Adoption of General Ordinance. On July 23, 2001, the Council passed the General Ordinance to serve as the basic bond ordinance for the issuance of revenue bonds and other obligations for the Electric System of the City. It is necessary, desirable and advisable that the City now issue bonds under and pursuant to the General Ordinance, as supplemented by this Third Series Ordinance, to provide for (a) the payment and redemption of the Refunded Bonds, (b) the payment at maturity of the Refunded Notes as provided in **Section 2.01** hereof and (c) the payment of the costs of the 2003 Project.

ARTICLE III

AUTHORIZATION OF 2003 BONDS

Section 3.01. Principal Amount, Designation and Series. Pursuant to the provisions of the General Ordinance, one or more Series of Bonds entitled to the benefit, protection and security of the Ordinance is hereby authorized in such aggregate principal amount as shall be determined by the Finance Director pursuant to the provisions of **Section 4.01(a)** hereof of not to exceed \$180,000,000. Such Bonds shall be designated as, and shall be distinguished from the Bonds of all other Series in such manner as shall be determined by the Finance Director in accordance with the provisions of this Third Series Ordinance.

Section 3.02. Purpose. The 2003 Bonds are issued for the purpose of (1) providing funds which will be sufficient to provide for the payment and redemption on the Redemption Date of the Refunded Bonds, (2) paying the principal of and interest on the Refunded Notes at the maturity thereof, (3) paying the Costs of the 2003 Project and such other improvements as are specified in **Section 2.01** hereof, (4) providing funds for a debt service reserve for each Series of 2003 Bonds, and (5) paying certain costs of issuance of the 2003 Bonds.

Section 3.03. Maturities and Interest. Each Series of 2003 Bonds shall mature on the dates and in the principal amounts, and shall bear interest, payable on such dates and at such rates per annum as shall be determined by the Finance Director pursuant to the provision of **Section 4.01(a)** hereof. The Finance Director shall also establish a record date for the purpose of determining the Owners of each Series of 2003 Bonds to which payments of interest on the 2003 Bonds should be made. Each Series of 2003 Bonds shall bear interest from their dated date as determined by the Finance Director pursuant to the provisions of **Section 4.01(a)** hereof, or, if one or more payments of interest on the 2003 Bonds has or have theretofore been made or duly provided for, from the most recent interest payment date to which interest has then been paid or duly provided for.

Section 3.04. Minimum Denomination, Dates, Numbers and Letters. The 2003 Bonds shall be issued as Book-Entry Bonds in such denominations and shall be dated as shall be determined by the Finance Director pursuant to the provisions of **Section 4.01(a)** hereof. Unless the Finance Director shall otherwise direct, each Series of 2003 Bonds shall be numbered from one upward.

Section 3.05. Place of Payment and Paying Agent. Except as shall be provided with respect to Book-Entry Bonds, the principal and Redemption Price of the 2003 Bonds shall be payable at the office of the Paying Agent in Lincoln, Nebraska. Except as provided with respect to Book-Entry Bonds, the interest on the 2003 Bonds shall be payable by check or draft of the mailed to the persons entitled thereto at the addresses of such persons shown on the registration books of the City kept for that purpose at the principal office of the Registrar.

Section 3.06 Securities Depository. The Finance Director is hereby authorized and directed to select a Securities Depository for the 2003 Bonds and to execute and deliver for and on behalf of the City an agreement or agreements with such Securities Depository containing such terms and conditions as the Finance Director shall determine to be necessary, desirable or advisable.

Section 3.07. Redemption Prices and Terms. Each Series of 2003 Bonds shall be subject to redemption prior to their respective stated maturities at the option of the City on and after such date or dates as shall be determined by the Finance Director in accordance with the provisions hereof, in whole or in part at any time in such principal amounts and from such maturity or maturities as may be selected by the City in its sole discretion (and in the event that less than all of such Bonds of any maturity are called

for redemption, the particular Bonds of such maturity to be redeemed shall be selected by lot) at such redemption prices as shall be determined by the Finance Director in accordance with the provisions hereof together with the interest accrued to the date of redemption.

Any 2003 Bonds which are issued as Term Bonds shall also subject to mandatory redemption by the City, in part, by lot, prior to maturity only on an interest payment date and upon payment of the principal amount thereof from Sinking Fund Installments at 100% of the principal amount thereof, together with accrued interest thereon to date of redemption, which Sinking Fund Installments shall be sufficient to redeem on March 1 and September 1 of the years and in such principal amounts as shall be determined by the Finance Director in accordance with the provisions hereof.

The Sinking Fund Installments shall be applied in the manner and according to the procedure set forth in **Section 5.05(b)** of the General Ordinance to the redemption and retirement of any 2003 Bonds issued as Term Bonds.

Section 3.08. Application of Proceeds of 2003 Bonds. In accordance with Article II and Article III of the General Ordinance, the proceeds, including accrued interest, of the 2003 Bonds, together with other legally available funds of the Board, shall be received by the Board and applied simultaneously with the delivery of the 2003 Bonds as follows:

(a) There shall be deposited in the Bond Fund the amount representing accrued interest on each Series of 2003 Bonds, for application toward the payment of interest due on such Series of 2003 Bonds the first interest payment date thereof;

(b) There shall be deposited in the appropriate account in the 2003 Debt Service Reserve Fund established by **Section 3.11** hereof, the amount required so that the balance in such account in the 2003 Debt Service Reserve Fund shall equal the Reserve Requirement for Series of 2003 Bonds for which such account was established calculated immediately after the authentication and delivery of such Series of 2003 Bonds;

(c) There shall be paid to the paying agent for the 1993 Bonds such amount from the proceeds of the Series of 2003 Bonds issued for the purpose of refunding the Refunded Bonds as shall be necessary to provide for the payment and redemption of the Refunded Bonds on the Redemption Date as shall be determined by the Finance Director in accordance with the provisions of **Section 4.05** hereof;

(d) Such amount as shall be determined by the Finance Director in accordance with the provisions of **Section 4.02** hereof to be required for the payment of the principal of and interest on the Refunded Notes at the maturity thereof shall be held by the City and invested in obligations specified in **Section 8.03** of Ordinance No. 16564 and used and applied on the maturity dates of the Refunded Notes for such purpose; and

(e) The balance of the proceeds of each Series of 2003 Bonds which remains after the disbursements from said proceeds required by subparagraphs (a), (b), (c) and (d) above shall have been made shall be deposited into the Construction Fund created with the Board in **Section 5.02(c)** of the General Ordinance to pay the Costs of the 2003 Project and other improvements specified in **Section 2.01** hereof and the costs of issuance of the 2003 Bonds.

Section 3.09. Tax Covenants. (a) The City covenants and agrees that (1) it will comply with all applicable provisions of the Code, including Sections 103 and 141 through 150, necessary to maintain the exclusion from gross income for federal income tax purposes of the interest on each Series of 2003 Bonds

and (2) it will not use or permit the use of any proceeds of any Series of 2003 Bonds or any other funds of the City nor take or permit any other action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusion from gross income of the interest on the 2003 Bonds. The City will, in addition, adopt such other ordinances or resolutions and take such other actions as may be necessary to comply with the Code and with all other applicable future laws, regulations, published rulings and judicial decisions, in order to ensure that the interest on each Series of 2003 Bonds will remain excluded from federal gross income, to the extent any such actions can be taken by the City.

(b) The City covenants and agrees that (1) it will comply with all requirements of Section 148 of the Code to the extent applicable to each Series of 2003 Bonds, (2) it will use the proceeds of each Series of 2003 Bonds as soon as practicable and with all reasonable dispatch for the purposes for which such Series of 2003 Bonds are issued, and (3) it will not invest or directly or indirectly use or permit the use of any proceeds of any Series of 2003 Bonds or any other funds of the City in any manner, or take or omit to take any action, that would cause any Series of 2003 Bonds to be “arbitrage bonds” within the meaning of Section 148(a) of the Code.

(c) The City covenants and agrees that it will pay or provide for the payment from time to time of all amounts required to be rebated to the United States pursuant to Section 148(f) of the Code and any Treasury Regulations applicable to each Series of 2003 Bonds from time to time. This covenant shall survive payment in full or defeasance of each Series of 2003 Bonds. The City specifically covenants to pay or cause to be paid to the United States, the required amounts of rebatable arbitrage at the times and in the amounts as determined by the Tax Certificate. Notwithstanding anything to the contrary contained herein, the Tax Certificate may be amended or replaced if, in the opinion of counsel nationally recognized on the subject of municipal bonds, such amendment or replacement will not adversely affect the exclusion from gross income for federal income tax purposes of interest on each Series of 2003 Bonds.

(d) The City covenants and agrees that it will not use any portion of the proceeds of any Series of 2003 Bonds, including any investment income earned on such proceeds, directly or indirectly, in a manner that would cause any 2003 Bond to be a “private activity bond.”

(e) The foregoing covenants shall remain in full force and effect notwithstanding the defeasance of each Series of 2003 Bonds pursuant to **Article X** of the General Ordinance or any other provision of the Ordinance, until the final maturity date of all 2003 Bonds Outstanding.

Section 3.10. Form of 2003 Bonds and Registrar’s Certificate of Authentication. The form of the 2003 Bonds and the Registrar’s certificate of authentication shall be of substantially the following tenor, with such variations, omissions and insertions as are required or permitted by the Ordinance:

[FORM OF 2003 BONDS]

AS PROVIDED IN THE ORDINANCE REFERRED TO HEREIN, UNTIL THE TERMINATION OF THE SYSTEM OF BOOK-ENTRY-ONLY TRANSFERS THROUGH [NAME OF SECURITIES DEPOSITORY] (TOGETHER WITH ANY SUCCESSOR SECURITIES DEPOSITORY APPOINTED PURSUANT TO THE ORDINANCE, [“NAME OF SECURITIES DEPOSITORY”]), 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 PAYING AGENT. [NAME OF SECURITIES DEPOSITORY] OR A NOMINEE, TRANSFEREE OR ASSIGNEE OF [NAME OF SECURITIES

DEPOSITORY] 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 [NAME OF SECURITIES DEPOSITORY] (A) TO THE REGISTRAR FOR REGISTRATION OF TRANSFER OR EXCHANGE OR (B) TO THE PAYING AGENT FOR PAYMENT OF PRINCIPAL OR REDEMPTION PRICE, AND ANY BOND ISSUED IN REPLACEMENT HEREOF OR SUBSTITUTION HEREFOR IS REGISTERED IN THE NAME OF [NAME OF SECURITIES DEPOSITORY] AND ANY PAYMENT IS MADE TO [NAME OF SECURITIES DEPOSITORY 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, [NAME OF SECURITIES DEPOSITORY OR ITS NOMINEE], HAS AN INTEREST HEREIN.

R-

\$

STATE OF NEBRASKA
 COUNTY OF LANCASTER
 CITY OF LINCOLN
 LINCOLN ELECTRIC SYSTEM REVENUE AND REFUNDING BOND
 SERIES _____

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Original Issue Date</u>	<u>CUSIP</u>
%	September 1, _____	_____, 2003	

REGISTERED OWNER:

PRINCIPAL AMOUNT:

DOLLARS

The **CITY OF LINCOLN, NEBRASKA** (herein called the “City”), a city of the primary class and a political subdivision and body politic and corporate of the State of Nebraska, organized and existing under and by virtue of the laws of the State of Nebraska, acknowledges itself indebted to, and for value received, hereby promises to pay to the Registered Owner (stated above) or registered assigns, on the Maturity Date (stated above) but solely from the funds pledged therefor, upon presentation and surrender of this of this bond at the office of _____, Lincoln, Nebraska, (such entity and any successors thereto being referred to herein as the “Paying Agent”), the Principal Amount (stated above) in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts, and to pay, but solely from the funds pledged therefor, interest on such Principal Amount in like coin or currency from _____, _____, or, if one or more payments of interest has or have theretofore been made or duly provided for, from the most recent interest payment date to which interest has been paid or duly provided for, payable on the first days of March and September in each year commencing _____, _____, at a rate per annum equal to the Interest Rate (stated above), until the City’s

obligation with respect to the payment of such Principal Amount shall be discharged. The interest so payable, and punctually paid or duly provided for, on any interest payment date will, as provided in the Bond Ordinance hereinafter referred to, be paid to the person in whose name this bond is registered at the close of business on the Regular Record Date for such interest, which shall be the 15th day (whether or not a business day) of the calendar month next preceding such interest payment date, such payment to be made by check or draft of the Paying Agent hereinafter referred to mailed to such person at the address shown on the registration books of the City kept for that purpose at the office of _____, as Bond Registrar. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the person in whose name this bond is registered on the Regular Record Date, and shall be paid, in the manner described above, to the person in whose name this bond is registered at the close of business on a Special Record Date for the payment of such defaulted interest to be fixed by the Paying Agent,, notice whereof shall be given to holders of bonds of the series of which this bond is one not less than 10 days prior to such Special Record Date. However, so long as this bond and the series of which it is one are held in book-entry form pursuant to the Bond Ordinance, the provisions of the Bond, Ordinance governing such book-entry form shall govern repayment of the principal, redemption premium, if any, and interest on such bonds.

This bond is one of a duly authorized series of bonds of the City designated as its “Lincoln Electric System Revenue and Refunding Bonds, Series 2003” (herein sometimes called the “**2003 Bonds**”), in the aggregate principal amount of \$_____ issued under and pursuant to and in full compliance with the Constitution and laws of the State of Nebraska, including the Charter of the City, and Ordinance No. 17879 and all other ordinances amendatory of or supplemental to Ordinance No. 17879, including particularly Ordinance No. _____ (said Ordinance No. 17879 and all other ordinances amendatory of and supplemental to Ordinance No. 17879, including said Ordinance No. _____, being herein referred to collectively as the “**Bond Ordinance**”), duly adopted under said Constitution and laws, including said Charter, by the Council of the City. Copies of the aforesaid ordinances are on file in the office of the Clerk of the City. As provided in the Bond Ordinance, bonds, notes or other evidences of indebtedness of the City may be issued from time to time pursuant to supplemental ordinances in one or more series, in various principal amounts, may mature at different times, may bear interest at different rates and may otherwise vary as in the Ordinance provided. The aggregate principal amount of bonds, notes or other evidences of indebtedness which may be issued under the Bond Ordinance is not limited except as provided in the Bond Ordinance, and all bonds, notes or other evidences of indebtedness issued and to be issued under the Bond Ordinance are and will be equally secured by as hereinafter described and covenants made in the Bond Ordinance, except as otherwise expressly provided or permitted in the Bond Ordinance. All bonds, notes or other evidences of indebtedness issued under and pursuant to the Bond Ordinance, as the same may be amended and supplemented from time to time, and equally secured thereby are hereinafter called the “**Bonds.**”

As provided in the Bond Ordinance, the Bonds are direct and special obligations of the City payable solely from and secured as to payment of the principal or redemption price thereof, and interest thereon, in accordance with their terms and the provisions of the Bond Ordinance solely by (i) the proceeds of the sale of the Bonds, (ii) the Revenues (as defined in the Bond Ordinance), and (iii) all funds established by the Bond Ordinance, including the investments and income, if any, thereof, subject to the provisions of the Bond Ordinance permitting the application thereof for the purposes and on the terms and conditions set forth in the Bond Ordinance. Copies of the Bond Ordinance are on file at the office of the City, and reference to the Bond Ordinance and any and all supplements thereto and modifications and amendments thereof and to the Act is made for a description of the security interest, pledge and assignment and covenants securing the Bonds, the nature, extent and manner of enforcement of such pledge, the rights and remedies of the holders of the Bonds with respect thereto, with respect to giving any approvals or consents, exercising any remedies or taking certain actions pursuant to the Bond

Ordinance, the terms and conditions upon which the Bonds are issued and may be issued thereunder, and for the other terms and provisions thereof.

To the extent and in the manner permitted by the terms of the Bond Ordinance, the provision of the Bond Ordinance, or any ordinance amendatory thereof or supplemental thereto, may be modified or amended by the City, with the written consent of the holders of not less than a majority in principal amount of the Bonds affected by such modification or amendment then outstanding under the Bond Ordinance, and, in case such modification or amendment would change the terms of any sinking fund installment, with such consent of not less than a majority in principal amount of the Bonds of the particular series and maturity entitled to such sinking fund installment then outstanding; provided, however, that, if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like series and maturity remain outstanding under the Bond Ordinance, the consent of the holders of such Bonds shall not be required and such Bonds shall not be deemed to be outstanding for the purpose of the calculation of outstanding Bonds. As provided in the Bond Ordinance (and unless otherwise provided in a supplemental ordinance), if a Credit Facility (as defined in the Bond Ordinance) is provided with respect to the Bonds of any series, or a maturity within a series, if not in default in respect of any of its obligations with respect to such Credit Facility, the provider of such Credit Facility (hereinafter, the “**Credit Enhancer**”), and not the actual holders of, such Bonds shall be deemed to be the holder of such Bonds at all times for the purpose of giving such consent. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or redemption price thereof or in the rate of interest thereon without the consent of the holder of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the holders of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of any Fiduciary (as defined in the Bond Ordinance) without its written assent thereto.

The Bond Ordinance also contains provisions permitting the City, without the necessity for the consent of the holder of any Bond, to modify or amend the Bond Ordinance to cure ambiguities or defects in the Bond Ordinance, to clarify the provisions of the Bond Ordinance or to make any other modification or amendment which the Board determines will not have a material adverse effect on the interests of Bondholders.

This bond is transferable, as provided in the Bond Ordinance, only upon the books of the City kept for that purpose at the above-mentioned office of _____, as Bond Registrar, by the Registered Owner hereof in person, or by its duly authorized attorney, upon surrender of this bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the Registered Owner or its duly authorized attorney, and thereupon a new fully registered bond or bonds, without coupons, and in the same aggregate principal amount, shall be issued to the transferee in exchange therefor as provided in the Bond Ordinance, and upon payment of the charges therein prescribed. The City, the Registrar and any Paying Agent may deem and treat the person in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or redemption price hereof and interest due hereon and for all other purposes.

The 2003 Bonds are issuable in the form of fully registered Bonds, without coupons, in the denominations of \$5,000 or any integral multiple of \$5,000.

The 2003 Bonds are subject to redemption prior to maturity, upon notice as hereinafter provided, (i) by operation of the Bond Fund established under the Bond Ordinance to satisfy the sinking fund installments (A) with respect to the 2003 Bonds, maturing on _____, _____, commencing on _____ and on each _____, thereafter, (B) with

respect to the 2003 Bonds maturing on _____, _____, commencing on _____ and on each _____, thereafter and (C) with respect to the 2003 Bonds maturing on _____, _____, commencing on _____, and on each _____, thereafter, in each case at 100% of the principal amount thereof together with accrued interest, if any, to the redemption date and (ii) otherwise, in the case of the 2003 Bonds maturing on and after _____, at the election of the City on or after _____, at any time, as a whole or in part (if in part, the maturity or maturities to be redeemed to be selected by the City in its sole discretion), at the respective redemption prices (expressed as percentages of the principal amount of the Bonds or portions thereof to be redeemed) set forth below, in each case together with accrued interest to the redemption date:

Period During Which Redeemed (both dates inclusive)	Redemption Prices
--------------------------------------------------------	----------------------

If less than all of the 2003 Bonds of like maturity are to be redeemed, the particular 2003 Bonds to be redeemed shall be selected by the Registrar.

The 2003 Bonds are payable upon redemption at the above-mentioned office of the Paying Agent. Notice of redemption, setting forth the place of payment, shall be given by first class mail, postage prepaid, to the registered owners of the 2003 Bonds to be redeemed sent not less than 30 days nor more than 60 days prior to the redemption date, but the failure to give notice by mail, or any defect in such notice, to the registered owner of any 2003 Bond will not affect the validity of the proceedings for the redemption of any other 2003 Bonds. If notice of redemption shall have been given as aforesaid, the 2003 Bonds or portions thereof specified in said notice shall become due and payable on the redemption date therein fixed, and if, on the redemption date, moneys for the redemption of all the 2003 Bonds or portions thereof to be redeemed, together with interest to the redemption date, shall be available for such payment on said date, then from and after the redemption date interest on such 2003 Bonds or portions thereof so called for redemption shall cease to accrue and be payable.

This bond shall be payable, as to principal and redemption price hereof, and interest hereon, solely from the Revenues and other funds of the City as provided in the Bond Ordinance and neither the State of Nebraska nor any political subdivision (other than the City) shall be obligated to pay the principal or redemption price hereof or interest hereon and neither the faith and creditor nor the taxing power of the State of Nebraska or any political subdivision thereof is pledged to the payment of the principal or redemption price of, or interest on, this bond. No holder of a Bond or receiver or trustee in connection with the payment of the Bonds shall have any right to compel the State of Nebraska, any political subdivision thereof to exercise its appropriation or taxing powers. No director, officer, agent or employee of the City shall be individually or personally liable for the payment of the principal or redemption price of or interest on this bond.

It is hereby certified and recited that all conditions, acts and things required by law and the Bond Ordinance to exist, to have happened and to have been performed precedent to and in the issuance of this bond, exist, have happened and have been performed and that the 2003 Bonds, together with all other indebtedness of the City, complies in all respects with the applicable laws of the State of Nebraska.

This bond shall not be entitled to any benefit under the Bond Ordinance or be valid or become obligatory for any purpose until this bond shall have been authenticated by the execution by the Registrar of the Registrar's Certificate of Authentication hereon.

IN WITNESS WHEREOF, THE CITY OF LINCOLN, NEBRASKA has caused this bond to be signed in its name and on its behalf by the manual or facsimile signature of its Mayor, and its corporate seal (or a facsimile thereon) to be hereunto affixed, imprinted, engraved or otherwise reproduced and countersigned by the manual or facsimile signature of its Finance Director.

Dated:

CITY OF LINCOLN, NEBRASKA

By: _____
Mayor

COUNTERSIGNED: Registered in the Finance
Department of the City of
Lincoln, Nebraska

Finance Director

[FORM OF REGISTRAR'S CERTIFICATE OF AUTHENTICATION]

REGISTRAR'S CERTIFICATE OF AUTHENTICATION

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

_____, as Registrar

By _____
Authorized Signature

Section 3.11. 2003 Debt Service Reserve Fund.

(a) The City shall establish a 2003 Debt Service Reserve Fund to be held by the Board and an account therein for each Series of 2003 Bonds issued pursuant to this Third Series Ordinance into which the amount specified in **Section 3.08(b)** hereof shall be deposited. All amounts deposited into any account in the 2003 Debt Service Reserve Fund shall be held and administered in accordance with the provisions hereof.

(b) If any withdrawal from any account in the 2003 Debt Service Reserve Fund is made for the purpose of subsection (c)(i) below, the amount of such withdrawal shall be restored by the Board in no more than 12 substantially equal, consecutive, monthly installments, each payable on the last Business Day of the month, commencing with the month in which the withdrawal is made; provided that, if any withdrawal is made and if, prior to the restoration of the amount withdrawn, an additional withdrawal is made, such additional withdrawal shall be restored in equal monthly installments over the remainder of the restoration period for the initial withdrawal.

(c) Any money on deposit in any account in the 2003 Debt Service Reserve Fund shall be applied as follows:

(i) On the date of each required payment from the Bond Fund, moneys in any account in the 2003 Debt Service Reserve Fund shall be applied to cure any deficiency in the Bond Fund with respect to the Series of 2003 Bonds for which such account was established;

(ii) Any amount in any account in the 2003 Debt Service Reserve Fund in excess of the Reserve Requirement on the Series of 2003 Bonds for which such account was established shall be transferred to the Bond Fund and credited against the payments of the principal and interest next becoming due on such Series of 2003 Bonds.

(iii) On the interest payment date immediately preceding the final maturity date of any Series of 2003 Bonds, money held in the account in the 2003 Debt Service Reserve Fund with respect to such Series of 2003 Bonds shall be deposited into the Bond Fund and credited against the deposits required to be made into the Bond Fund with respect to such Series of 2003 Bonds but only to the extent that, immediately following such crediting and transfer, the amount on deposit in such account in the 2003 Debt Service Reserve Fund is equal to the lesser of (A) the Reserve Requirement with respect to such Series of Bonds and (B) the amount of principal and interest due in respect of such Series of 2003 Bonds on such final maturity date.

(d) The City and the Board shall be permitted to substitute a letter of credit, surety bond or other credit enhancement (each, a **“credit facility”**) for funds on deposit in any account in the 2003 Debt Service Reserve Fund, provided that:

(i) the credit facility (including any replacement credit facility) is issued by a bank, trust company, national banking association or insurance company whose unsecured long term debt obligations (in the case of a bank, trust company or national banking association) or whose claims paying abilities (in the case of an insurance company) are rated not lower than the “AAA” Rating Category by a Rating Agency at the time the credit facility is issued and at the time of each extension or renewal thereof;

(ii) the issuer of the credit facility receives as security for any reimbursement obligation in respect of the credit facility a lien solely on the Net Revenues on a parity with any Bonds or Parity Obligations then Outstanding; and

(iii) the credit facility (including any replacement credit facility, if provided by a different issuer) has an initial term of not less than one year and any extension, renewal or replacement (if provided by the same issuer) thereof has a term of not less than one year.

Upon such substitution, funds on deposit in any account in the 2003 Debt Service Reserve Fund which, when added to the face amount of the credit facility, exceed the Reserve Requirement with respect to the Series of 2003 Bonds for which such account was established, shall be applied as provided in subsection (c)(ii) above (subject to yield restriction, if any, as determined by Bond Counsel). Thereafter, the credit facility shall be considered a part of such account in the 2003 Debt Service Reserve Fund and the amount available thereunder shall be included in any calculations of the amount required to be retained in such account in the 2003 Debt Service Reserve Fund; provided that, (A) if the sum of the amount available under the credit facility and the amount of moneys on deposit in the related account in the 2003 Debt Service Reserve Fund exceed the amount required to be on deposit pursuant to subsection (a) above, the Board shall be permitted (i) to cause the amount available under the credit facility to be reduced by an amount equal to such excess, or (ii) to direct that the excess money be applied as permitted

under subsection (d)(ii) above, and (B) if the credit facility is not extended, renewed or replaced at least six months prior to its scheduled expiration or termination date, unless such account in the 2003 Debt Service Reserve Fund is otherwise terminated in accordance with the provisions of this **Section 3.11**, the Board shall be obligated to restore the difference between the Reserve Requirement and the value of such account in the 2003 Debt Service Reserve Fund computed without regard to the credit facility prior to the expiration or termination date of such credit facility.

(e) The City and the Board shall have the option to terminate any account in the 2003 Debt Service Reserve Fund and to have transferred to the Bond Fund all amounts held therein if the Net Revenues for each of the three preceding Fiscal Years are not less than 140% of Debt Service in such Fiscal Year on all Bond and Parity Obligations then Outstanding, based on the audited financial statements for such Fiscal Year. Upon receipt of the audits described in the preceding sentence, the Board shall transfer all amounts held in such accounts in the 2003 Debt Service Reserve Fund to the Bond Fund and use the same to pay debt service on the Series of 2003 Bonds for which such account was established (subject to yield restriction, if any, as determined by Bond Counsel).

(f) If, after the City and the Board shall have elected to terminate any account in the 2003 Debt Service Reserve Fund in accordance with the provisions of this **Section 3.11**, the Net Revenues for any Fiscal Year are less than 140% of Debt Service in such Fiscal Year on all Bonds and Parity Obligations then Outstanding, the Board shall within thirty (30) days of such determination deposit in such account in the 2003 Debt Service Reserve Fund an amount equal to the Reserve Fund Requirement with respect to such account.

ARTICLE IV

ADDITIONAL PROVISIONS RELATED TO 2003 BONDS

Section 4.01. Sale, Principal Amount, Interest Rates, Redemption Provisions and Other Terms of 2003 Bonds; Additional Covenants. (a) Each Series of 2003 Bonds or any portion thereof may be sold by the Finance Director on such date and at a price not less than ninety-eight percent (98.00%) of the principal amount thereof at public sale, or the Finance Director may negotiate for the sale of such Series of 2003 Bonds or may offer and sell the same at negotiated sale at one time or from time to time at a price or prices in each case not less than ninety-eight percent (98.00%) of the principal amount thereof. In connection with and as a part of such sale or sales, the Finance Director shall fix (i) the dated date, which shall not be later than December 31, 2003, (ii) the principal amount of each Series of 2003 Bonds including the principal amounts of the respective Serial Bonds and Term Bonds of such Series of 2003 Bonds; provided, however that the aggregate amount of all Series of 2003 Bonds shall not exceed \$180,000,000 but may be less than that amount; (iii) the rate or rates of interest to be borne by each Series of 2003 Bonds, provided that none of said 2003 Bonds shall bear interest at a coupon rate in excess of six per centum (6.00%) per annum; (iv) the principal amount of each Series of 2003 Bonds maturing in each year; (v) the Sinking Fund Installments due and the dates thereof with respect to each Series of 2003 Bonds in each year for which the Finance Director determines that a Sinking Fund Installment shall be due; (vi) the dates upon which each Series of 2003 Bonds will be subject to redemption at the option of the City and the amount of any redemption premium, not to exceed four percent (4.0%) payable upon the redemption of such Series of 2003 Bonds and (vii) the identity of the Registrar and the Paying Agent for the 2003 Bonds and the form and contents of any agreement or agreements under which the Registrar and the Paying Agent would service in such respective capacities with respect to the 2003 Bonds. Upon the delivery of and payment for each Series of 2003 Bonds, the purchasers also shall pay to the City the interest accrued on such Series of 2003 Bonds from the date thereof to the date of delivery of and payment therefor.

The Finance Director shall report from time to time to the City Council the purchase price of each Series of 2003 Bonds sold and the principal amount, maturities, Sinking Fund Installments and other terms thereof established in accordance with the provisions of this Third Series Ordinance.

(b) The Finance Director and the Administrator, in their sole discretion, may and are hereby authorized to impose such additional covenants, restrictions, terms and conditions with respect to each Series of 2003 Bonds as shall be required by any Rating Agency to maintain the ratings in effect with respect to (i) the Prior Lien Bonds and (ii) the 2003 Bonds on the date of adoption of this Third Series Ordinance.

Section 4.02. Refunded Bonds; Refunded Notes. (a) The Finance Director shall determine and fix the date upon which the Refunded Bonds shall be paid and redeemed in full (the “**Redemption Date**”). The Finance Director shall take all actions necessary to call the Refunded Bonds for redemption in accordance with Ordinance Nos. 16416 and 16417. Notice of redemption of the Refunded Bonds to be redeemed shall be mailed by first class mail by the Trustee, not less than thirty (30) nor more than sixty (60) days prior to the redemption date, to each Owner of a Refunded Bonds so called for redemption, the Designated Securities Depositories (as defined in Ordinance No. 16416) and one or more Information Services (as defined in Ordinance No. 16416). Notice of redemption to the Designated Securities Depositories and the Information Services shall be given by registered or overnight mail. Each notice of redemption shall state the date of such notice, the distinguishing designation of the Refunded Bonds to which such notice relates, the date of issue of the Refunded Bonds, the redemption date, the Redemption Price (as defined in Ordinance No. 16416), the place or places of redemption (including the name and appropriate address or addresses of the Trustee), the CUSIP number (if any) of the maturity or maturities, and, if less than all of any such maturity, the distinctive certificate numbers of the Refunded Bonds of such maturity to be redeemed and, in the case of Refunded Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice shall also state that on said date there will become due and payable on each of said Refunded Bonds the Redemption Price thereof or of said specified portion of the principal amount thereof in the case of a Refunded Bond to be redeemed in part only, together with interest accrued thereon to the date fixed for redemption, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such Bonds be then surrendered at the address or addresses of the Trustee specified in the redemption notice. Neither the City nor the Trustee shall have any responsibility for any defect in the CUSIP number that appears on any Refunded Bond or in any redemption notice with respect thereto, and any such redemption notice may contain a statement to the effect that CUSIP numbers have been assigned by an independent service for convenience of reference and that neither the City nor the Trustee shall be liable for any inaccuracy in such numbers.

Failure by the Trustee to give notice to any one or more of the Information Services or Designated Securities Depositories or failure of any owner to receive notice or any defect in any such notice shall not affect the sufficiency of the proceedings for redemption.

(b) The Finance Director is hereby authorized and directed to determine the CP Notes to be refunded and the particular such CP Notes which shall constitute the Refunded Notes to be paid at the maturity thereof; provided, however, that the Refunded Notes shall all have a maturity date within ninety (90) days from the date of issuance of the 2003 Bonds.

Section 4.03. Ratification of Prior Actions; General and Specific Authorizations. (a) All actions heretofore taken by the Board, by the Finance Director and by all other officers, officials, employees and agents both of the Board and of the City, including without limitation the expenditure of funds, and the selection, appointment and employment of consulting engineers, accountants, financial

advisors, underwriters and bond counsel, in connection with issuance and sale of each Series of 2003 Bonds, together with all other actions taken in connection with any of the matters which are the subject hereof, be and the same is hereby in all respects authorized, adopted, specified, accepted, ratified, approved and confirmed.

(b) Without in any way limiting the power, authority or discretion elsewhere in this Third Series Ordinance granted or delegated, the Council hereby (a) authorizes and directs the Mayor, Finance Director, City Treasurer, City Clerk, City Attorney, the Board and all other officers, officials, employees and agents both of the City and of the Board, to carry out or cause to be carried out, and to perform such obligations of the City and such other actions as they, or any of them, in consultation with bond counsel, the underwriter(s) of each Series of 2003 Bonds and their respective counsel, shall consider necessary, advisable, desirable or appropriate in connection with this Third Series Ordinance and the Ordinance, the Notice of Sale, any Bond Purchase Agreement for each Series of 2003 Bonds, the preliminary and final Official Statement of the City used in connection with the issuance and sale of each Series of 2003 Bonds, and issuance, sale and delivery of each Series of 2003 Bonds, including without limitation and whenever appropriate the execution and delivery thereof and of all other related documents, instruments, certifications and opinions, and (b) delegates, authorizes and directs the Finance Director the right, power and authority to exercise his own independent judgment and absolute discretion in (i) determining and finalizing the terms, provisions, form and contents of the Notice of Sale, any Bond Purchase Agreement, each Series of 2003 Bonds and the preliminary and final Official Statement hereinbefore mentioned, (ii) determining and finalizing all other terms and provisions to be carried by each Series of 2003 Bonds not specifically set forth in this Third Series Ordinance or in the Ordinance, and (iii) the taking of all actions and the making of all arrangements necessary, proper, appropriate, advisable or desirable in order to effectuate issuance, sale and delivery of each Series of 2003 Bonds. The execution and delivery by the Finance Director or by any such other officer, official, employee or agent of any such documents, instruments, certifications and opinions, or the performance by them of any act in connection with any of the matters which are the subject of this Third Series Ordinance, of the General Ordinance, and of each of the other documents referred to herein, shall constitute conclusive evidence of both the City's and their approval of the terms, provisions and contents thereof and all changes, modifications, amendments, revisions and alterations made therein and shall conclusively establish their absolute, unconditional and irrevocable authority with respect thereto from the City and the authorization, approval and ratification by the City of the documents, instruments, certifications and opinions so executed and the actions so taken.

Section 4.04. Insertion in Copies Hereof of Terms and Identification Information. For the convenience of the City and the Board, the Registrar, the Paying Agent, and the Owners from time to time of said Bonds, there may be inserted, or marked, or noted, in the body of copies of this Third Series Ordinance or in attachments or appendices to such copies (which attachments or appendices may or may not be referred to in the body of such copies) any of the terms of each Series of 2003 Bonds fixed in accordance herewith and the other provisions hereof to be borne by each Series of 2003 Bonds.

Section 4.05 Continuing Disclosure. The Board shall comply with and carry out all of the provisions of each Continuing Disclosure Certificate. Notwithstanding any other provision of the Ordinance, failure of the Board to comply with any Continuing Disclosure Certificate shall not be considered an Event of Default; however, any Participating Underwriter or any Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Board to comply with its obligations under this Section. For purposes of this Section, "Beneficial Owner" means any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any 2003 Bonds (including persons holding 2003 Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any 2003 Bonds for federal income tax purposes.

ARTICLE V

MISCELLANEOUS

Section 5.01. Headings, Table of Contents. The headings of sections of this Third Series Ordinance, and any table of contents attached to copies hereof, are set forth therein or are attached to such copies solely for convenience of reference only and shall not affect the construction or interpretation of this Third Series Ordinance or of any section hereof.

Section 5.02. Declaration of an Emergency. Since an emergency exists requiring immediate operation of this Third Series Ordinance it shall take effect immediately upon publication.

Section 5.03. Publication and Effectiveness of Third Series Ordinance. Whereas an emergency exists, this Third Series Ordinance, after its passage, shall in lieu of and in place of newspaper publication, be posted by the City Clerk in the manner provided for in Article VII, Section 7 of the Charter of the City, and shall take effect and be in force from and after its passage and posting in accordance with Article VII, Section 7 of the Charter of the City. Further, the City Clerk shall publish once in the Lincoln Journal-Star, newspapers published and of general circulation in the City, a notice of such passage in substantially the following form:

Notice is hereby given that on _____, 2003, the City Council of the City of Lincoln, Nebraska passed Ordinance No. _____ entitled: [here shall be set forth the title of this Third Series Ordinance].

Notice is hereby further given that said Ordinance No. _____ was approved by the Mayor of the City of Lincoln, Nebraska, on _____, 2003.

Copies of said Ordinance No. _____ are on file in the office of the City Clerk of the City of Lincoln, Nebraska, Room _____, _____ Building, 555 South 10th Street, Lincoln, Nebraska 68508, and are available for examination by the public.

[The remainder of this page intentionally left blank.]

INTRODUCED BY:

PASSED _____, **2003.**

AYES: _____

NAYS: _____

ABSENT OR NOT VOTING:

Approved as to Form:

City Attorney

Bond Counsel

CONFLICT OF INTEREST:

APPROVED: _____, **2003.**

Mayor