DRAFT

LOAN CONTRACT
BETWEEN
NEBRASKA DEPARTMENT OF ENVIRONMENTAL QUALITY
AND
THE CITY OF LINCOLN NEBRASKA
PROJECT NO. C317830

This Loan Contract (hereinafter "Loan Contract"), dated as of March _____, 2011 is entered into by and between the State of Nebraska, acting by and through the Nebraska Department of Environmental Quality (hereinafter "NDEQ") and the City of Lincoln, Nebraska, (hereinafter "Municipality").

WITNESSETH THAT

WHEREAS, the Federal Water Quality Act of 1987 (hereinafter "Federal Act") established a state revolving fund program; and

WHEREAS, to fund the state revolving fund program, the Environmental Protection Agency (hereinafter "EPA") will make annual capitalization grants to the states under CFDA #66.458, on the condition that each state provide an appropriate match for such state's revolving fund; and

WHEREAS, Neb. Rev. Stat. §81-15,153 empowers the NDEQ to loan available funds in the Wastewater Treatment Facilities Construction Loan Fund (hereinafter "Fund") to municipalities pursuant to the Wastewater Treatment Facilities Construction Assistance Act (hereinafter "Act") and rules and regulations adopted under such Act; and

WHEREAS, under the Act, the Director of NDEQ is given the responsibility for administration and management of the Fund; and

WHEREAS, the Director of NDEQ and the Nebraska Investment Finance Authority (hereinafter "NIFA") have entered into a Memorandum of Understanding effective November 1, 2000 (hereinafter "MOU"), to define the cooperative relationship between NDEQ and NIFA to jointly administer certain provisions of the Act; and

WHEREAS, the NIFA is authorized under Neb. Rev. Stat. §58-201 et. seq. and the Act to issue revenue bonds for the purpose of providing funds for NDEQ to loan to Municipalities within the State of Nebraska for the acquisition, construction, improvement, repair, rehabilitation, or extension of municipal wastewater treatment projects (as defined in the Act), in order to provide the state match requirements of the Federal Act; and

WHEREAS, pursuant to such authorization, NIFA proposes to issue its Wastewater Treatment Facilities Construction Loan Fund revenue bonds for the purpose of providing funds to NDEQ to loan to Nebraska Municipalities to pay those eligible portions of the costs of acquiring, constructing, improving, repairing, rehabilitating or extending municipal wastewater treatment projects (as defined in the Act), in order to provide the state match requirements of the Federal Act; and

WHEREAS, NDEQ intends to enter into a pledge agreement with NIFA (the "Pledge Agreement"), pursuant to which NDEQ will pledge the interest portion of Loan Repayments (as defined herein) and certain other revenues to NIFA for the payment of the principal of, redemption premium, if any, and interest on Clean Water State Revolving Fund Revenue Bonds which may be issued by NIFA from time to time; and

WHEREAS, the City of Lincoln, Nebraska is a "Municipality" as defined in Neb. Rev. Stat. §81-15,149(7); and

WHEREAS, the project (hereinafter "Project") to be financed under this Loan Contract, includes construction of additional sections of the Stevens Creek Trunk Sewer, repair and replacement of damaged sewers and manholes in various parts of the City, lift station improvements and improvements to security, odor

and corrosion control, solids handling and cogeneration at the Theresa Street and Northeast wastewater treatment facilities; and

WHEREAS, the Project Cost is based upon estimates of the Municipality and at times during or at completion of construction the loan amount may be adjusted by the NDEQ pursuant to Section 2.01; and

WHEREAS, the Project is included in the NDEQ Intended Use Plan; and

WHEREAS, the NDEQ has approved the Municipality's application for a Loan from federal funds and the state match requirement if and when received by and made available to NDEQ pursuant to the Federal Act and the Act to finance Project Costs;

NOW, THEREFORE, for and in consideration of the award of the Loan Contract by NDEQ, the Municipality agrees to complete its Project and to perform under this Loan Contract in accordance with the conditions, covenants and procedures set forth below:

ARTICLE I

DEFINITIONS

Definitions. The following terms as used in this Loan Contract shall, unless the context clearly requires otherwise, have the following meanings:

"Act" means the Wastewater Treatment Facilities Construction Assistance Act, Neb. Rev. Stat. §81-15,147 et seq., as amended.

"Authorized Representative" means the person or persons authorized pursuant to a resolution or ordinance of the governing body of the Municipality to perform any act or execute any document relating to this Loan Contract.

"Cut-off Date" means the date established by NDEQ at the Project's final inspection prior to which the Municipality will make the final disbursement request for eligible Project Costs.

"Due Date" means the dates specified for payment of principal and interest on the Loan as specified in Section 2.05.

"Event of Default" means any occurrence or event specified in Article V.

"Fund" means the Wastewater Treatment Facilities Construction Loan Fund.

"Initiation of Operation" means the date on which the Municipality places the Project in operation or the Project is capable of being placed in operation for the purposes for which it was planned, designed, and built.

"Late Payment" means any payment that is not received within fifteen days of the due date.

"Loan" means the loan made by NDEQ to the Municipality to finance or refinance a portion of the Costs of the Project pursuant to this Loan Contract.

"Loan Amount" means the amount specified in Section 2.01 hereof which NDEQ has agreed to disburse to the Municipality subject to the terms, provisions, and conditions of this Loan Contract and the availability of State and Federal Funds.

"Loan Contract" means this Loan Contract, including the Exhibits attached hereto, as it may be properly supplemented, modified or amended.

"Loan Repayments" means the payments payable by the Municipality pursuant to Section 2.05 of this Loan Contract.

"Loan Terms" means the terms of this Loan Contract provided in Article II of this Loan Contract.

"Municipality" means the Nebraska municipality that is a party to and is described in the first paragraph of this Loan Contract, and its successors and assigns.

"NDEQ" means the Nebraska Department of Environmental Quality established pursuant to Neb. Rev. Stat. §81-1501 et. seq., as amended.

"NIFA" means the Nebraska Investment Finance Authority, a public body politic and corporate and an instrumentality of the State, and its successors and assigns established pursuant to Neb. Rev. Stat. §58-201 et. seq., as amended.

"Ordinance" means Ordinance No. 18171 of the Municipality, adopted by the Council on May 5, 2003, and approved by the Mayor on May 9, 2003, as amended and supplemented from time to time, including, without limitation, Ordinance Nos. 18172, 18572 and 18900 of the Municipality.

"Project" means the acquisition, construction, improvement, repair, rehabilitation or extension of Wastewater Treatment Works of the Municipality described herein, which constitutes a project for which NDEQ is making a Loan to the Municipality pursuant to this Loan Contract.

"Project Costs" means eligible costs associated with secondary or tertiary treatment and appurtenances; infiltration and inflow correction, major sewer system rehabilitation; new collector sewers and appurtenances; new interceptors and appurtenances; land integral to the treatment process; correction of combined sewer overflows; and other costs eligible under the Federal Act including capitalized interest. Project Costs do not include the costs of water rights and for land which is not integral to the treatment process, easements and rights-of-way, legal costs, fiscal agents fees, operation and maintenance costs and municipal administrative costs. Project Costs are described in Attachment B.

"Regulations" means Title 131, Nebraska Department of Environmental Quality, and any amendments thereto promulgated by NDEQ pursuant to the Act.

"Retainage" means construction costs held back by the municipality from the payments due to the contractor to assure satisfactory completion of the construction contract.

"State" means the State of Nebraska acting, unless otherwise specifically indicated, by and through NDEQ and its successors and assigns.

"Trustee" means the trustee under any trust indenture with respect to the revenue bonds the proceeds of which are deposited in the Loan Fund.

"User Charge System" means the methodology used to assess user charge fee(s) for the users of the Wastewater Treatment Works within the Municipality's jurisdiction.

"Wastewater Treatment Works" means the structures, equipment and processes required to collect, transport and treat domestic or industrial wastes and to dispose of the effluent and sludges.

"Wastewater User Charge" means the revenues derived by the Municipality from the fees and charges for the use and services furnished by or through the Municipality's Wastewater Treatment Works.

ARTICLE II

LOAN CONDITIONS AND TERMS

Section 2.01. Amount of the Loan. Subject to all of the terms, provisions and conditions of this Loan Contract, and subject to the availability of State and Federal funds, NDEQ will loan seventeen million dollars ($17,000,000) to the Municipality to pay a portion of the Project Costs described in Attachment B hereto. The final actual amount of the Loan may be reduced without revision of any other terms, provisions or conditions of this Loan Contract, other than adjustment by NDEQ to the Repayment Schedule in Attachment A hereto, to reflect reductions in the estimated or actual total Project Costs as impacted by opening of bids for construction, change orders, final actual costs, and prepayments. The Municipality must make provision for the payment of all eligible costs exceeding the Loan Amount. The NDEQ may provide supplemental loan funds through a separate loan contract. Receipt of any supplemental loan funds is dependent on availability of unobligated funds in the Fund and any obligation of additional funds to this Project is at the sole discretion of NDEQ with such revised or additional terms, conditions, and covenants as NDEQ may require.

Section 2.02. Term of the Loan. The Municipality agrees to fully repay the Loan with interest on the date of Initiation of Operation or to begin repayment of principal and interest on the Loan within one (1) year from the date of Initiation of Operation but no later than three (3) years from the date of the Loan, and to repay such Loan in full no later than twenty (20) years from Initiation of Operation and to pay all principal, interest, administrative fees and penalty fees when due. The municipality shall provide NDEQ 60 days written notice of its intent to repay the Loan all or in part on the date of the Initiation of Operation.

Section 2.03. Interest Rate. The interest rate on this loan is determined by the NDEQ pursuant to Regulations and the Intended Use Plan. The interest rate on this loan during construction is 2.0 percent and after the date of Initiation of Operation is 2.25 percent per annum (calculated on the basis of a year equaling 360 days made up of 12 months of 30 days each) to be paid as set out in Attachment A. For the purposes of this paragraph "construction" shall mean the period between the date of this Loan and the date of Initiation of Operation.

Section 2.04. Disbursement Of Loan. Upon receipt of a disbursement request for work completed and certification by the Municipality, the NDEQ agrees to disburse the principal amount of the loan set out in Section 2.01 of this Article during the progress of the Project for Project Costs. The Municipality may obtain a copy of the disbursement record upon request to NDEQ. Each disbursement shall be upon ACH by the State of Nebraska and shall be equal to that portion of the unobligated principal amount incurred to the date of the request for disbursement from the Municipality. Submitted requests for disbursement must be supported by proper invoices for Project Costs, a certificate of the Authorized Representative to the effect that all representations made in this Loan remain true as of the date of the request and that no adverse developments affecting the financial condition of the Municipality or its ability to complete the Project or to repay the Loan have occurred since the date of this Loan, or of the previous disbursement, and other documentation acceptable to and approved by the NDEQ. All disbursement requests must be made prior to the Cut-off Date established at the Project's final inspection by NDEQ.

The Municipality may request disbursement for eligible Project Costs, when such Project Costs have been incurred and are due and payable to project contractors. Retainage withheld by the municipality on contracts will be withheld by the NDEQ until such Retainage is either reduced or released to the contractor by the Municipality. However, actual payment of such Project Costs by the Municipality is not required as a condition of a payment request.

The Municipality shall submit a draft of the operation and maintenance manual for the Project to the NDEQ before disbursements exceed 75% of the Project Costs. The Municipality shall submit a final operation and maintenance manual to the NDEQ and receive approval before disbursements exceed 95% of the Project Costs.

Section 2.05. Loan Payments.

(a) Principal and Interest Payments. The Municipality shall pay to the NDEQ, or at the direction of NDEQ, to NIFA or the Trustee on or before the due dates specified below, but only from the sources specified in Section 3.02 hereof, appropriate installments of principal and interest until all principal and interest due on the Loan to the NDEQ has been paid in full. Installments of principal and interest (total Loan service) shall be paid semiannually on December 15 and June 15 of each year in accordance with the Loan Repayment Schedule in Attachment A.

The NDEQ will send the Municipality an invoice 30 days prior to the due date. When a loan disbursement occurs after invoices are mailed, the NDEQ will include adjustments for interest and fee charges on the next semiannual invoice.

(b) Prepayment of the Loan. The Municipality may prepay the Loan, together with any accrued interest in whole or in part, at any time without penalty upon giving 60 days written notice to NDEQ of its intent to prepay. The Municipality may make a partial prepayment of the Loan only if the prepayment amount is greater than the lesser of 10% of the outstanding amount of the Loan or $50,000. A new Attachment A will be prepared by NDEQ following receipt of any partial prepayment of the Loan.

Section 2.06. Administrative Fee. The Municipality shall pay to the NDEQ, or at the direction of NDEQ, to NIFA or the Trustee, an annual administrative fee of 1.0% per annum of the Loan Amount to be paid in semiannual installments of 0.5% of the Loan Amount outstanding on the date invoices are mailed in accordance with the Loan Repayment Schedule in Attachment A. The fee is waived for the first year of the loan.

Section 2.07. Schedule Of Compliance. The Municipality agrees to perform steps of the Project in accordance with the following schedule of milestone dates

(a). March 2011, Loan date

(b). April 2011, Construction Start

(c) June 2013, Initiation of Operation

(d). June 2013, Substantial completion of construction

Section 2.08. Disadvantaged Business Enterprises (Small Business Enterprise/Minority Business Enterprise/Women's Business Enterprise/Small Business Rural Area), including Historically Black Colleges and Universities (hereinafter "DBE/HBCU"). The Municipality agrees that ten percent of the Loan Amount shall be the objective for proposed DBE, HBCU subagreement work under this Loan Contract. The Municipality shall take affirmative steps to assure that small, minority, and women's businesses pursuant to 40 CFR 31.36(e) and small businesses rural areas pursuant to 13 CFR 121.2 are used when possible as sources of supplies, construction and services. Affirmative steps shall include the following:

(a) Placing disadvantaged business enterprises, including minority, women's, small businesses and small businesses in a rural area and historically black colleges and universities on solicitation lists;

(b) Assuring that disadvantaged business enterprises, historically black colleges and universities are solicited whenever they are potential sources;

(c) Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by disadvantaged business enterprises;

(d) Establishing delivery schedules, where the requirement permits, which encourages participation by disadvantaged business enterprises;

(e) Using the services and assistance of the Small Business Administration and Minority Business Development Agency of the U. S. Department of Commerce; and

(f) Requiring the prime contractor to take the affirmative steps listed above.

In addition, the Municipality agrees to submit to the NDEQ a completed SF 334 form within 15 days after the end of each federal fiscal quarter during which the Municipality or its contractors award any subagreements to a disadvantaged business enterprise for building and building-related services and supplies.

Section 2.09. Sewer Use Ordinances/User Charge Systems. The Municipality agrees to obtain approval from the NDEQ of its sewer use ordinance/User Charge System, and to adopt and implement any necessary changes before the Project is placed in operation. The Municipality agrees that it shall not modify or amend, or make additions to or deletions from its sewer use ordinance/User Charge System without the consent of NDEQ during the term of the Loan Contract.

Section 2.10. Other Conditions and Terms.

(a) Engineering Services. The Municipality shall provide and maintain competent and adequate engineering supervision and resident inspection during construction.

(b) Construction Contract Award. The Municipality shall obtain NDEQ concurrence and authorization prior to award of the construction contract.

(c) Initiation of Operation. The Municipality shall provide written notification to the NDEQ of the date of Initiation of Operation of the Project.

(d) Construction Completion. The Municipality shall provide written notification to the NDEQ of the construction completion date of the Project.

(e) Long Term Planning. The Municipality agrees to develop and implement a long-term wastewater treatment works management plan for the term of the loan, including yearly renewals. This plan shall recognize the cost relationship between the Project and future projects.

(f) Contractor's Security. The Municipality agrees to require any contractor of the Project to post separate performance and payment bonds or other security approved by NDEQ in the amount of the bid.

(g) Certified Operator. The Municipality agrees to provide a certified operator pursuant to Title 197 - Rules and Regulations for the Certification of Wastewater Treatment Facility Operators in Nebraska.

(h) Site Title and Easements. The Municipality must certify that site title for all easements and rights-of-way necessary to allow construction of the Project have been obtained prior to award of the construction contract (i.e., all real property has been acquired, bonafide options have been taken or formal condemnation proceedings have been initiated for necessary real property).

(i) Contractors Payments. The Municipality agrees to make prompt payment to its contractor(s) of sums due for construction and to retain only such amounts as may be justified by specific circumstances and provisions of the construction contract.

(j) Bid Solicitation. The Municipality agrees that all bid solicitations will include the following statement:

"The prospective participants must certify by submittal of EPA Form 5700-49 "Certification Regarding Debarment, Suspension and Other Responsibility Matters" that, to the best of its knowledge and belief, it and its principals are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from covered transactions by any federal department or agency."

(k) Debarment Suspension. The Municipality acknowledges that doing business with any party appearing in the "List of Parties Excluded from Federal Procurement or Non Procurement Programs" may result in disallowance of federal funds under this Loan Contract and may also result in suspension or debarment under 40 CFR Part 32.

(l) Other Federal Requirements. The Municipality agrees to comply with other applicable Federal Requirements in Attachment D hereto.

(m) Project Sign. The Municipality agrees to display the project sign provided by NDEQ. The sign will remain the property of NDEQ and will be retrieved about one year after project completion. The Municipality will remove the sign for NDEQ when requested.

(n) Employment Under Public Contracts, LB403. The Municipality agrees to comply with the provisions of LB403, approved by the Governor April 8, 2009. The following language is required and will be included in all contracts made with contractors and is a pass through requirement for his or her subcontractors.

"The Contractor is required and herby agrees to use a federal immigration verification system to determine the work eligibility status of new employees physically performing services within the State of Nebraska. A federal immigration verification system means the electronic verification of the work authorization program authorized by the Illegal Immigration Reform and Immigrant Responsibility Act of 1996, 8 U.S.C. 1324a, known as the E-Verify Program, or an equivalent federal program designated by the United States Department of Homeland Security or other federal agency authorized to verify the work eligibility status of a newly hired employee. If the contractor is an individual or sole proprietorship, the following applies: 1. The Contractor must complete the United States Citizenship Attestation Form, available on the Department of Administrative Services website at www.das.state.ne.us; 2. If the Contractor indicates on such attestation form that he or she is a qualified alien, the contractor agrees to provide the US citizenship and Immigration Services documentation required to verify the Contractor's lawful presence in the United States using the Systematic Alien Verification for Entitlements (SAVE) Program; and, 3. The contractor understands and agrees that lawful presence in the United States is required and the contractor may be disqualified or the contract terminated if such lawful presence cannot be verified as required by Neb. Rev. Stat. §4-108."

(o) Prevailing Wage. All laborers and mechanics employed by contractors and sub contractors on projects funded directly by or assisted in whole or in part by and through the Federal Government pursuant to the Public Law 111-88 shall be paid wages at rates not less than those prevailing on projects of a character similar in the locality as determined by the Secretary of Labor in accordance with subchapter IV of chapter 31 of title 40, United States Code. With respect to the labor standards specified in this section, the Secretary of Labor shall have the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (64 Stat. 1267; 5 U.S.C.App.) and section 3145 of title 40, United States Code.

The Borrower is responsible to insure compliance with the prevailing wage requirements and will include the following information in the contract documents:

Contractors and subcontractors on USEPA federally assisted construction projects are required to pay their laborers and mechanics not less than those established by the U.S. Department of Labor.

A current wage decision containing the appropriate building and/or heavy type rates shall be included in the specifications. In addition, labor standard provisions, Davis Bacon and Related Acts, for federally assisted contracts shall be placed in the federal assurances of project specifications.

If an areawide decision or classification does not exist for the type of work to be performed, building or heavy, a decision or request for authorization of additional classification and rate must be requested from the Labor Department using the Standard Form 1444, Request for Authorization of Additional Classification and Rate available on the web and can be completed on line at: contacts.gsa.gov/webforms.nsf/0/BD4C92A05177FD9C85256A2600553378/$file/sf1444_2.pdf. These types of decisions or classifications are project specific, i.e. they are applicable only to the project for which they are requested and may not be used on any other project. Project decisions generally have an expiration date of 180 days after the date of issuance. Modifications or reissued decisions are applicable to a project if received by NDEQ not less than 10 days prior to bid opening. Modifications to classification and wage rates after bid opening shall be paid to all workers performing work in the new or modified classification from the first day on which work is performed in the additional classification as approved by the Administrator of the Wage and Hour Division, Employment Standards Administration, US Department of Labor.

Weekly Payrolls shall be submitted by the contractor to the Borrower or the Borrower's representative utilizing the Department of Labor Form WH-347. A web form which can be completed on-line is found at www.dol.gov/esa/whd/forms/wh347.pdf instructions are also found on-line. The Borrower may also be required to submit copies of the Weekly Payrolls to NDEQ. As to each payroll copy received, the Borrower shall provide written confirmation on a form supplied by NDEQ indicating whether or not the project is in compliance with the requirements of 29 CFR 5.5(a)(1) based on the most recent payroll copies for the specified week. The Borrower or Borrower's representative shall periodically interview a sufficient number of the contractor's or subcontractor's employees entitled to Davis Bacon prevailing wages to verify that contractors or subcontractors are paying the appropriate wage rates. As provided in 29 CFR 5.6(a)(6), all interviews must be conducted in confidence. The Borrower must use Standard Form 1445 or equivalent documentation to memorialize the interviews. Copies of the SF 1445 form are available at http://www.gsa.gov. At a minimum, the Borrower or the Borrower's representative should conduct interviews with a representative group of covered employees within two weeks of each contractor or subcontractor's submission of its initial weekly payroll data and two weeks prior to the estimated completion date for the contract or subcontract.

ARTICLE III

REPRESENTATIONS AND COVENANTS OF MUNICIPALITY

Section 3.01. Representations of the Municipality. The Municipality represents as follows:

(a) Organization and Authority.

(1) The Municipality is a city, town, village, district, association, or other public body created by or pursuant to the constitution and statutes of the State of Nebraska.

(2) The Municipality has full legal right and authority and all necessary licenses and permits required as of the date hereof to own, operate and maintain its Wastewater Treatment Works, to carry on its activities relating thereto, to execute and deliver this Loan Contract, to undertake and complete the Project, and to carry out and consummate all transactions contemplated by this Loan.

(3) The proceedings of the Municipality's governing body approving this Loan Contract and authorizing its execution, issuance and delivery on behalf of the Municipality, and authorizing the Municipality to undertake and complete the Project have been duly and lawfully adopted.

(4) This Loan Contract has been duly authorized, executed and delivered on behalf of the Municipality, and constitutes the legal, valid and binding obligation of the Municipality enforceable in accordance with its terms.

(b) Full Disclosure. To the best knowledge of the Municipality, after due investigation, there is no fact that the Municipality has not disclosed to NDEQ in writing on the Municipality's application for the Loan or otherwise anything that materially adversely affects or that will materially adversely affect the properties, activities of its Wastewater Treatment Works, or the ability of the Municipality to make all Loan Repayments and otherwise observe and perform its duties, covenants, obligations and agreement under this Loan Contract.

(c) Non-Litigation. There is no controversy, suit or other proceeding of any kind pending or threatened questioning, disputing or affecting in any way the legal organization of the Municipality or its boundaries (other than the current proceedings underway concerning the Municipality's proposed annexation of various parcels into the Municipality), or the right or title of any of its officers to their respective offices, or the legality of any official act taken in connection with obtaining the Loan, or the constitutionality or validity of the indebtedness represented by the Loan Contract, or any of the proceedings had in relation to the authorization or execution or the pledging of the revenues of the Municipality's Wastewater Treatment Works, or the ability of the Municipality to make all Loan Repayments or otherwise observe and perform its duties, covenants, obligations and agreements under this Loan Contract.

(d) Compliance with Existing Laws and Agreements. The authorization, execution and delivery of this Loan Contract by the Municipality, and the performance by the Municipality of its duties, covenants, obligations and agreements there under will not result in any breach of any existing law or agreement to which the Municipality is a party.

(e) No Defaults. No event has occurred and no condition exists that would constitute an Event of Default. The Municipality is not in violation of any agreement, which would materially adversely affect the ability of the Municipality to make all Loan Repayments or otherwise observe and perform its duties, covenants, obligations and agreements under this Loan Contract.

(f) Governmental Consent. The Municipality has obtained all permits and approvals required to date under this Loan Contract or for the undertaking or completion of the Project and the financing or refinancing thereof. The Municipality has complied with all applicable provisions of law requiring any notification, with any governmental body or officer in connection with this Loan Contract or with the undertaking or completion of the Project and the financing or refinancing thereof.

(g) Compliance with Law. The Municipality:

(1) is in compliance with all laws, ordinances, governmental rules and regulations to which it is subject, including, without limitation, any public hearing or public notice requirements or environmental review requirements contained in the Regulations, with which the failure to comply would materially adversely affect the ability of the Municipality to conduct its activities, enter into this Loan Contract or undertake or complete the Project; and

(2) has obtained all licenses, permits, franchises or other governmental authorizations presently necessary for the ownership of its property which, if not obtained, would materially adversely affect the ability of the Municipality to complete the Project.

(h) Use of Loan Proceeds. The Municipality will apply the proceeds of the Loan as described in Article II: (1) to finance or refinance a portion of the Project Costs; and (2) where applicable, to reimburse the Municipality for a portion of the Project Costs, which portion was paid or incurred in anticipation of reimbursement by NDEQ and is eligible for such reimbursement pursuant to the Regulations. All of such costs constitute Project Costs for which NDEQ is authorized to make Loans to the Municipality pursuant to the Act and the Regulations.

(i) Project Costs. The Municipality certifies that the Project Costs, as listed in Attachment B, are reasonable and accurate estimations and, upon direction of NDEQ, will supply the same with a certificate from its engineer stating that such costs are reasonable and accurate estimations, taking into account investment income, if any, to be realized during the course of construction of the Project and other money that would, absent the Loan, have been used to pay the Project Costs.

Section 3.02. Particular Covenants of the Municipality.

(a) Dedicated Source of Revenue for Repayment of the Loan. The Municipality hereby pledges the Wastewater User Charge in an amount sufficient for the repayment of the Loan; provided, however, that the principal of and interest on this Loan are payable solely from amounts in the Surplus Fund established pursuant to the Ordinance, junior and inferior to the payments to be made into the Operation and Maintenance Account in the Revenue Fund, the Bond Fund, the Reserve Fund, and the Capital Improvements Fund established by the Ordinance. The Loan shall not in any event be a debt of the Municipality within the meaning of any constitutional, statutory or charter limitation upon the creation of general obligation indebtedness of the Municipality, nor shall it impose any general liability upon the Municipality, and the Municipality shall not be liable for the payment of the Loan out of any funds of the Municipality other than the Wastewater User Charges of the Wastewater Treatment Works as provided in this Section 3.02(a). The Municipality shall fix, establish, maintain and collect such rates, fees and charges for the use and services furnished by or through the Municipality's Wastewater Treatment Works, including all improvements and additions hereafter constructed or acquired by the Municipality, as will provide revenues sufficient to (i) pay the cost of the operation and maintenance, and replacement of the Wastewater Treatment Works, (ii) pay at least 110% of the principal of and interest on the Loan as and when the same become due, and (iii) pay all other amounts due at any time under this Loan Contract. In addition to the funds and accounts established by the Ordinance, the Municipality shall establish an account (the "Loan Payment Account") for the payment of the principal of and interest on the Loan. The Municipality shall deposit monthly, in the Loan Payment Account, but solely from amounts held in the Surplus Fund established under the Ordinance, an amount equal to at least one-sixth of the anticipated amount due on the next Loan payment date. The Municipality agrees to develop the User Charge System based on actual or estimated use of the Wastewater Treatment Works, provided that each user or user class pays its proportionate share of operation and maintenance (including replacement) costs within the Municipality's service area, based on the user's proportionate contribution to the total wastewater loading.

(b) Performance Under Loan Contract. The Municipality covenants and agrees:

(1) to comply with all applicable State and Federal laws, rules and regulations (including, but not limited to the Federal crosscutting issues listed in Appendix F of the EPA's Initial Guidance for State Revolving Funds and set forth on Attachment D hereto and NDEQ Regulations), in the performance of this Loan Contract; and

(2) to cooperate with NDEQ in the observance and performance of the respective duties, covenants, obligations and agreements of the Municipality and NDEQ under this Loan Contract.

(c) Completion of Project and Provision of Moneys Therefore. The Municipality covenants and agrees:

(1) to exercise its best efforts in accordance with prudent wastewater treatment utility practice to complete the Project and to so accomplish such completion on or before the estimated Project completion date set forth in Article II hereto; and

(2) to provide from its own financial resources all moneys, in excess of the total amount of proceeds it receives under the Loan, required to complete the Project.

(d) Delivery of Documents. Concurrently with the delivery of this Loan Contract (as previously authorized and executed) at the Loan Closing, the Municipality will cause to be delivered to NDEQ each of the following items:

(1) Counterparts of this Loan Contract (as previously executed by parties hereto);

(2) copies of the ordinances and/or resolutions of the governing body of the Municipality authorizing the execution and delivery of this Loan Contract certified by an Authorized Representative;

(3) an Opinion of Municipality's Counsel substantially in the form of Attachment E hereto;

(4) an executed Note (or other evidence of indebtedness) evidencing the Municipality's obligations under this Loan Contract in the form of Attachment F; and

(5) such other certificates, documents, opinions and information as NDEQ may require.

(e) Operation and Maintenance of Wastewater Treatment System. The Municipality covenants and agrees that it shall, in accordance with prudent wastewater treatment utility practice:

(1) at all times operate the properties of its Wastewater Treatment Works in an efficient manner; and

(2) maintain its Wastewater Treatment Works, making all necessary and proper repairs, renewals, replacements, additions, betterments and improvements necessary to maintain its system in good repair, working order and operating condition.

(f) Disposition of Wastewater Treatment Works. The Municipality covenants that it intends to own and operate the Project at all times during the term of the Loan. The Municipality does not know of any reason why the Project will not be so used in the absence of (i) supervening circumstances not anticipated by the Municipality at the time of the Loan, (ii) adverse circumstances beyond the control of the Municipality or (iii) obsolescence of such insubstantial parts or portions of the Project as may occur as a result of normal use thereof.

The Municipality shall not sell, lease, abandon or otherwise dispose of all or substantially all of its Wastewater Treatment Works except on ninety (90) days' prior written notice to NDEQ and, in any event, shall not so sell, lease, abandon or otherwise dispose of the same unless the Municipality shall in accordance with Section 4.02 hereof assign this Loan Contract and its rights and interests hereunder to the purchaser or lessee of the Wastewater Treatment Works and such purchaser or lessee shall assume all duties, covenants, obligations and agreements of the Municipality under this Loan Contract. In no event shall the Municipality sell, lease, abandon or otherwise dispose of the Wastewater Treatment Works to any person or entity other than a municipal corporation or other political subdivision of the State of Nebraska or any combination thereof, that has legal responsibility to treat wastewater.

Before any proposed disposition of the Wastewater Treatment Works can be made, the Municipality shall provide NDEQ with an opinion of a nationally recognized bond counsel that such proposed disposition is permitted by the provisions of this subparagraph, and further, that such disposition shall not endanger the exclusion from gross income for federal income tax purposes of the interest on any bonds issued to fund deposits into the Fund, nor shall it relieve the Municipality of its duties, covenants, obligations and agreements under this Loan Contract.

(g) Records and Accounts.

(i) The Municipality shall keep accurate records and accounts for its Wastewater Treatment System (the "System Records"), which shall be separate and distinct from its other records and accounts (the "General Accounts"). The System Records and General Accounts shall be made available for inspection upon request by NDEQ at any reasonable time. The Municipality shall, upon written request by NDEQ during the term of the Loan, perform and provide NDEQ a written audit of its System Records and/or General Accounts, provided such audit shall not be due to NDEQ sooner than 210 days following the close

of the fiscal year, or years, identified in the request for audit. In the event that during the period in which the Project financed by this agreement is under construction, and the Municipality expends, for any purpose, total federal funds in excess of $500,000 during the Municipality's fiscal year, then the Municipality shall, irrespective of any request from NDEQ, provide NDEQ a copy of the single agency audit made on the Municipality's General Accounts performed by an independent registered municipal accountant required in such cases by the Federal Single Audit Act Amendments of 1996, OMB Circular No. A-133, Audits of States, Local Governments, and Non-Profit Organizations. In the sole discretion of NDEQ, any requirement herein to perform and/or provide an audit at the request of NDEQ may be waived by NDEQ on the basis of the Municipality's receipt of an audit waiver received from some other government agency and accurately acknowledging the Municipality's obligation to NDEQ under this Loan or for any other reason acceptable to NDEQ.

(ii) The Municipality shall maintain its accounts in accordance with generally accepted government accounting standards defined in the Government Accounting, Auditing, and Financial Reporting Manual (1994 Ed.), or any other more current edition thereafter, issued by the Government Finance Officers Association. The Municipality's Basic Financial Statements shall comply with the government-wide perspective model and, where applicable, the Statement of Infrastructure Assets proscribed by Government Accounting Standards Board Statement 34.

(h) Inspections; Information. The Municipality shall permit the EPA, NDEQ and any party designated by NDEQ to examine, visit and inspect, at any and all reasonable times, the property, if any, constituting the Project, and to inspect and make copies of any accounts, books and records, including (without limitation) its records regarding receipts, disbursements, contracts, investments and any other matters relating thereto and to its financial standing, and shall supply such reports and information as the EPA and NDEQ may reasonably require in connection therewith.

(i) Insurance. The Municipality will carry and maintain such reasonable amount of all risk insurance on all properties and all operations of the Wastewater Treatment Works as would be carried by similar sized municipal operators of Wastewater Treatment Works, insofar as the properties are of an insurable nature. The Municipality also will carry general liability insurance in amounts not less than the maximum liability of a governmental entity for claims arising out of a single occurrence, as provided by the Nebraska Political Subdivisions Tort Claims Act, Neb.Rev.Stat. §§13-901 to 13-926, or other similar future law.

(j) Continuing Representations. The representations of the Municipality contained herein shall be true at the time of the execution of this Loan Contract and at all times during the term of this Loan Contract.

(k) Notice of Material Adverse Change. The Municipality shall promptly notify NDEQ of any material adverse change in the activities, prospects or condition (financial or otherwise) of the Municipality's Wastewater Treatment Works, or in the ability of the Municipality to make all Loan Repayments and otherwise observe and perform its duties, covenants, obligations and agreements under this Loan Contract.

(l) Additional Covenants and Requirements. If necessary in connection with the making of the Loan, additional covenants and requirements have been included. The Municipality agrees to observe and comply with each such additional covenant and requirement, if any.

ARTICLE IV

ASSIGNMENT

Section 4.01. Assignment and Transfer by NDEQ. The Municipality hereby approves and consents to any assignment or transfer of this Loan Contract that NDEQ deems necessary in connection with the operation and administration of the Fund. The Municipality hereby specifically approves the assignment and pledging of the interest portion of the Loan Repayments to NIFA.

Section 4.02. Assignment by the Municipality. This Loan Contract may not be assigned by the Municipality for any reason, unless the following conditions shall be satisfied:

(a) NDEQ shall have approved said assignment in writing;

(b) the assignee is a village, town, city, district, association, county or other public body created by or pursuant to State law of the State of Nebraska or any combination thereof, that has legal responsibility to treat wastewater;

(c) the assignee shall have expressly assumed in writing the full and faithful observance and performance of the Municipality's duties, covenants, and obligations under this Loan Contract; provided, however, such assignment shall not relieve the Municipality of its duties, covenants, and obligations under this Loan Contract;

(d) the assignment will not adversely impact NDEQ's ability to meet its duties, covenants and obligations under the Pledge Agreement nor may the assignment endanger the exclusion from gross income for federal tax purposes of the interest on any bonds issued by NIFA to fund deposits into the Fund; and

(e) the Municipality shall provide NDEQ with an opinion of a nationally recognized bond counsel that each of the conditions set forth in subparagraphs (b), (c), and (d) hereof have been met.

ARTICLE V

EVENTS OF DEFAULT AND REMEDIES

Section 5.01. Events of Default and Remedies.

(a) Violation or noncompliance of any of the provisions of this Loan or of the Ordinance by the Municipality or failure of the Municipality to complete and maintain the Project in the manner proposed by the Municipality and approved by the NDEQ may result in a cancellation of this Loan and a demand that any outstanding balance of principal and interest be paid immediately.

(b) In the event that the Municipality makes a late payment pursuant to the Loan repayment schedule in Attachment A, the NDEQ may assess a penalty. Late payments will subject the Municipality to a 5 percent administrative penalty on the delinquent amount. Penalty interest shall accrue at the rate of 1 percent per month of the amount of the late payment from and after the due date until it is paid.

(c) If the Municipality fails to make any payment of principal and interest, late fee, and penalty interest imposed pursuant to this Loan within sixty days of the due dates specified in Section 2.05, the payment shall be deducted from the amount of aid to municipalities to which the Municipality is entitled under Neb. Rev. Stat. §§77-27,136 to 77-27,137.01. Such amount shall be paid directly to the Wastewater Treatment Facilities Construction Loan Fund.

Section 5.02. Notice of Default. Before any action is taken under this Article, the NDEQ shall give thirty days written notice of the NDEQ's intent to the Municipality. The Municipality shall have the thirty day time period to comply with the violated contractual term. If compliance is achieved the Loan shall revert to good standing.

ARTICLE VI

MISCELLANEOUS

Section 6.01. Hold Harmless Agreement. The State of Nebraska and the NDEQ, and the officers, agents, and employees of each, shall have no responsibility or liability for the construction, operation and maintenance of the Project.

Section 6.02. Waivers. Any waiver at any time of rights or duties under this Loan Contract shall not be deemed to be a waiver of any subsequent right or duty under this Loan Contract.

Section 6.03. Amendments, Supplements and Modifications. This Loan Contract may not be amended, supplemented or modified without the prior written consent of NIFA; provided, however, the consent of NIFA is not required to revise Attachment B and Attachment C hereto. An executed copy of any amendment to this Loan Contract including revision of Attachments shall be immediately provided to NIFA.

Section 6.04. Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when hand delivered or mailed by registered or certified mail, postage prepaid, to the Municipality, NDEQ, and NIFA at the following addresses:

(a) MUNICIPALITY:

City of Lincoln
555 South 10th Street
Lincoln, NE 68508-3993

(b) NDEQ:

Department of Environmental Quality
Suite 400
1200 "N" Street, The Atrium
P.O. Box 98922
Lincoln, NE 68509-8922

(c) NIFA:

Nebraska Investment Finance Authority
200 Commerce Court
1230 "O" Street
Lincoln, NE 68508

All notices given by registered or certified mail as aforesaid shall be deemed duly given as of the date they are so mailed. Any of the foregoing parties may designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent, by notice in writing given to the others.

Section 6.05. Severability. In the event any provision of this Loan Contract shall be held illegal, invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate, render unenforceable or otherwise affect any other provision hereof.

Section 6.06. Binding Effect. This Loan Contract shall inure to the benefit of and shall be binding upon NDEQ and the Municipality and their respective successors and assigns.

Section 6.07. Execution in Counterparts. This Loan Contract may be executed in several counterparts, each of which shall be deemed to be an original and all of which shall constitute but one and the same instrument.

Section 6.08. Governing Law and Regulations. This Loan Contract shall be governed by and construed in accordance with the laws of the State of Nebraska, including the Act and the Regulations which Regulations are, by this reference thereto, incorporated herein as a part of this Loan Contract.

Section 6.09. Consents and Approvals. Whenever the written consent or approval of the State shall be required under the provisions of this Loan Contract, such consent or approval may only be given by NDEQ.

Section 6.10. Further Assurances. The Municipality shall, at the request of NDEQ, authorize, execute, acknowledge and deliver such further resolutions, conveyances, transfers, assurances, financing statements and other instruments as may be necessary or desirable for better assuring, conveying, granting, assigning and confirming the rights, security interests and agreements granted or intended to be granted by this Loan Contract.

IN WITNESS THEREOF, the parties hereto have caused this Loan Contract to be executed and delivered as of the date set forth below.

CITY OF LINCOLN, NEBRASKA	NEBRASKA DEPARTMENT OF ENVIRONMENTAL QUALITY
By _____	By _____
Title _____	Title Director
Date _____	Date _____

INDEX OF ATTACHMENTS

Attachment A - Projected Loan Repayment Schedule

Attachment B - Project Costs and Projected Outlay Schedule

Attachment C - Financial Analysis

Attachment D - List of Federal Laws and Authorities

Attachment E - Municipality's Counsel's Opinion

Attachment F - Promissory Note

Attachment G - Certificate

Attachment H – Other Documents

ATTACHMENT A

PROJECTED LOAN REPAYMENT SCHEDULE

Interest accruing before December 15, 2013, which is not reflected on the following amortization schedule shall be billed and paid in accordance with NDEQ's procedures as in effect from time to time. Interest shall accrue at the applicable rate (set forth in Section 2.03 of the Contract for Loan) as to the amount drawn and outstanding from time to time during the payment period, with payments due on June 15 and December 15 of each year, commencing June 15, 2011. Amounts due will be billed on or about May 15 and November 15 of each year for each six-month payment period ending on the set interest payment date. Interest accruing on any principal amounts drawn after the billing date are to be paid as an addition to the billing for the next interest payment period.

ATTACHMENT A
TO THE LOAN CONTRACT BETWEEN NDEQ AND
THE COMMUNITY OF Lincoln, Nebraska
PROJECT NUMBER 7830
LOAN AMORTIZATION SCHEDULE (PROJECTED)

10-Jan-2011

PRINCIPAL = 17,000,000.00
INTEREST RATE = 2.25

TERM YEARS = 20
FEE RATE = 1.00

DUE DATE OF PAYMENT	TOTAL PAYMENT	=	FEE PAYMENT	+	LOAN PAYMENT	LOAN PAYMENT	=	INTEREST PAYMENT	+	PRINCIPAL PAYMENT	BEGINNING BALANCE	-	PRINCIPAL PAYMENT	=	ENDING BALANCE
15-Dec-2013	615,119.31	=	85,000.00	+	530,119.31	530,119.31	=	191,250.00	+	338,869.31	17,000,000.00	-	338,869.31	=	16,661,130.69
15-Jun-2014	613,424.96	=	83,305.65	+	530,119.31	530,119.31	=	187,437.72	+	342,681.59	16,661,130.69	-	342,681.59	=	16,318,449.10
15-Dec-2014	611,711.56	=	81,592.25	+	530,119.31	530,119.31	=	183,582.55	+	346,536.76	16,318,449.10	-	346,536.76	=	15,971,912.34
15-Jun-2015	609,978.87	=	79,859.56	+	530,119.31	530,119.31	=	179,684.01	+	350,435.30	15,971,912.34	-	350,435.30	=	15,621,477.04
15-Dec-2015	608,226.70	=	78,107.39	+	530,119.31	530,119.31	=	175,741.62	+	354,377.69	15,621,477.04	-	354,377.69	=	15,267,099.35
15-Jun-2016	606,454.81	=	76,335.50	+	530,119.31	530,119.31	=	171,754.87	+	358,364.44	15,267,099.35	-	358,364.44	=	14,908,734.91
15-Dec-2016	604,662.98	=	74,543.67	+	530,119.31	530,119.31	=	167,723.27	+	362,396.04	14,908,734.91	-	362,396.04	=	14,546,338.87
15-Jun-2017	602,851.00	=	72,731.69	+	530,119.31	530,119.31	=	163,646.31	+	366,473.00	14,546,338.87	-	366,473.00	=	14,179,865.87
15-Dec-2017	601,018.64	=	70,899.33	+	530,119.31	530,119.31	=	159,523.49	+	370,595.82	14,179,865.87	-	370,595.82	=	13,809,270.05
15-Jun-2018	599,165.66	=	69,046.35	+	530,119.31	530,119.31	=	155,354.29	+	374,765.02	13,809,270.05	-	374,765.02	=	13,434,505.03
15-Dec-2018	597,291.84	=	67,172.53	+	530,119.31	530,119.31	=	151,138.18	+	378,981.13	13,434,505.03	-	378,981.13	=	13,055,523.90
15-Jun-2019	595,396.93	=	65,277.62	+	530,119.31	530,119.31	=	146,874.64	+	383,244.67	13,055,523.90	-	383,244.67	=	12,672,279.23
15-Dec-2019	593,480.71	=	63,361.40	+	530,119.31	530,119.31	=	142,563.14	+	387,556.17	12,672,279.23	-	387,556.17	=	12,284,723.06
15-Jun-2020	591,542.93	=	61,423.62	+	530,119.31	530,119.31	=	138,203.13	+	391,916.18	12,284,723.06	-	391,916.18	=	11,892,806.88
15-Dec-2020	589,583.34	=	59,464.03	+	530,119.31	530,119.31	=	133,794.08	+	396,325.23	11,892,806.88	-	396,325.23	=	11,496,481.65
15-Jun-2021	587,601.72	=	57,482.41	+	530,119.31	530,119.31	=	129,335.42	+	400,783.89	11,496,481.65	-	400,783.89	=	11,095,697.76
15-Dec-2021	585,597.80	=	55,478.49	+	530,119.31	530,119.31	=	124,826.60	+	405,292.71	11,095,697.76	-	405,292.71	=	10,690,405.05
15-Jun-2022	583,571.34	=	53,452.03	+	530,119.31	530,119.31	=	120,267.06	+	409,852.25	10,690,405.05	-	409,852.25	=	10,280,552.80
15-Dec-2022	581,522.07	=	51,402.76	+	530,119.31	530,119.31	=	115,656.22	+	414,463.09	10,280,552.80	-	414,463.09	=	9,866,089.71
15-Jun-2023	579,449.76	=	49,330.45	+	530,119.31	530,119.31	=	110,993.51	+	419,125.80	9,866,089.71	-	419,125.80	=	9,446,963.91
15-Dec-2023	577,354.13	=	47,234.82	+	530,119.31	530,119.31	=	106,278.34	+	423,840.97	9,446,963.91	-	423,840.97	=	9,023,122.94
15-Jun-2024	575,234.92	=	45,115.61	+	530,119.31	530,119.31	=	101,510.13	+	428,609.18	9,023,122.94	-	428,609.18	=	8,594,513.76
15-Dec-2024	573,091.88	=	42,972.57	+	530,119.31	530,119.31	=	96,688.28	+	433,431.03	8,594,513.76	-	433,431.03	=	8,161,082.73
15-Jun-2025	570,924.72	=	40,805.41	+	530,119.31	530,119.31	=	91,812.18	+	438,307.13	8,161,082.73	-	438,307.13	=	7,722,775.60
15-Dec-2025	568,733.19	=	38,613.88	+	530,119.31	530,119.31	=	86,881.23	+	443,238.08	7,722,775.60	-	443,238.08	=	7,279,537.52
15-Jun-2026	566,517.00	=	36,397.69	+	530,119.31	530,119.31	=	81,894.80	+	448,224.51	7,279,537.52	-	448,224.51	=	6,831,313.01
15-Dec-2026	564,275.88	=	34,156.57	+	530,119.31	530,119.31	=	76,852.27	+	453,267.04	6,831,313.01	-	453,267.04	=	6,378,045.97
15-Jun-2027	562,009.54	=	31,890.23	+	530,119.31	530,119.31	=	71,753.02	+	458,366.29	6,378,045.97	-	458,366.29	=	5,919,679.68
15-Dec-2027	559,717.71	=	29,598.40	+	530,119.31	530,119.31	=	66,596.40	+	463,522.91	5,919,679.68	-	463,522.91	=	5,456,156.77
15-Jun-2028	557,400.09	=	27,280.78	+	530,119.31	530,119.31	=	61,381.76	+	468,737.55	5,456,156.77	-	468,737.55	=	4,987,419.22
15-Dec-2028	555,056.41	=	24,937.10	+	530,119.31	530,119.31	=	56,108.47	+	474,010.84	4,987,419.22	-	474,010.84	=	4,513,408.38
15-Jun-2029	552,686.35	=	22,567.04	+	530,119.31	530,119.31	=	50,775.84	+	479,343.47	4,513,408.38	-	479,343.47	=	4,034,064.91
15-Dec-2029	550,289.63	=	20,170.32	+	530,119.31	530,119.31	=	45,383.23	+	484,736.08	4,034,064.91	-	484,736.08	=	3,549,328.83
15-Jun-2030	547,865.95	=	17,746.64	+	530,119.31	530,119.31	=	39,929.95	+	490,189.36	3,549,328.83	-	490,189.36	=	3,059,139.47
15-Dec-2030	545,415.01	=	15,295.70	+	530,119.31	530,119.31	=	34,415.32	+	495,703.99	3,059,139.47	-	495,703.99	=	2,563,435.48
15-Jun-2031	542,936.49	=	12,817.18	+	530,119.31	530,119.31	=	28,838.65	+	501,280.66	2,563,435.48	-	501,280.66	=	2,062,154.82
15-Dec-2031	540,430.08	=	10,310.77	+	530,119.31	530,119.31	=	23,199.24	+	506,920.07	2,062,154.82	-	506,920.07	=	1,555,234.75
15-Jun-2032	537,895.48	=	7,776.17	+	530,119.31	530,119.31	=	17,496.39	+	512,622.92	1,555,234.75	-	512,622.92	=	1,042,611.83
15-Dec-2032	535,332.37	=	5,213.06	+	530,119.31	530,119.31	=	11,729.38	+	518,389.93	1,042,611.83	-	518,389.93	=	524,221.90
15-Jun-2033	532,740.51	=	2,621.11	+	530,119.40	530,119.40	=	5,897.50	+	524,221.90	524,221.90	-	524,221.90	=	0.00
TOTALS	23,073,560.27		1,868,787.78		21,204,772.49	21,204,772.49		4,204,772.49		17,000,000.00			17,000,000.00		

AMORTIZATION SCHEDULE

ATTACHMENT B

PROJECT COSTS

Stevens Creek Trunk Sewer	$ 7,000,000
Collection System Repairs and Replacement	5,450,000
Lift Station Improvements	700,000
Theresa Street Plant Process Improvements	7,000,000
NE Treatment Plant Process Improvements	540,000
TOTAL ESTIMATED PROJECT COST	$20,690,000

SOURCE OF FUNDS	
NDEQ CWSRF Loan	$17,000,000
Other Funding	3,690,000
TOTAL FUNDING	$20,690,000

OUTLAY SCHEDULE

July 2011	$2,000,000
October 2011	2,000,000
January 2012	2,000,000
April 2012	2,000,000
July 2012	2,000,000
October 2012	2,000,000
January 2013	2,000,000
April 2013	2,000,000
July 2013	1,000,000
TOTAL	$17,000,000

ATTACHMENT C

FINANCIAL CAPABILITIES ANALYSIS UPDATE

LINCOLN, NEBRASKA

ATTACHMENT D
LIST OF FEDERAL LAWS AND AUTHORITIES

ENVIRONMENTAL:

- Archeological and Historic Preservation Act of 1974, Pub. L. 93-291
- Clean Air Act, 42 U.S.C. 7506(c)
- Coastal Barrier Resources Act, 16 U.S.C. 3501 et seq.
- Coastal Zone Management Act of 1972, Pub. L. 92-583, as amended
- Endangered Species Act, 16 U.S.C. 1531 et seq.
- Executive Order 11593, Protection and Enhancement of Cultural Environment
- Executive Order 11988, Floodplain Management
- Executive Order 11990, Protection of Wetlands
- Farmland Protection Policy Act, 7 U.S.C. 4201 et seq
- Fish and Wildlife Coordination Act, Pub. L. 85-624, as amended
- National Historic Preservation Act of 1966, Pub. L. 89-665, as amended
- Safe Drinking Water Act, Pub. L. 92-523, as amended
- Wild and Scenic Rivers Act, Pub. L. 90-542, as amended

ECONOMIC :

- Demonstration Cities and Metropolitan Development Act of 1966, Pub. L. 89-754, as amended
- Section 306 of the Clean Air Act and Section 508 of the Clean Water Act, including Executive Order 11738, Administration of the Clean Air Act and the Federal Water Pollution Control Act with Respect to Federal Contracts, Grants, or Loans

SOCIAL LEGISLATION:

- Age Discrimination Act of 1975, Pub. L. 94-135
- Title VI of the Civil Rights Act of 1964, Pub. L. 88-352
- Section 13 of Pub. L. 92-500, Prohibition against sex discrimination under the Federal Water Pollution Control Act
- Equal Employment Opportunity, Executive Order 11246
- Women's and Minority Business Enterprise, Executive Orders 11625 and 12138
- Section 504 of the Rehabilitation Act of 1973, Pub. L. 93-112, (including Executive Orders 11914 and 11250)

MISCELLANEOUS AUTHORITY

- Uniform Relocation and Real Property Acquisition Policies Act of 1970, Pub. L. 91-646
- Executive Order 12549 - Debarment and Suspension

ATTACHMENT E

Form of Opinion of Municipality's Counsel

[USE MUNICIPALITY'S OR COUNSEL'S LETTERHEAD]

[Date of Loan Closing]

[NOTE: Any of the opinions given below may be given in reliance upon the opinion of another Bond Counsel, and one Bond Counsel may give some of the opinions and another Bond Counsel may give others.]

Nebraska Investment Finance Authority
200 Commerce Court
1230 O Street
Lincoln, NE 68508
Attention: Executive Director

Nebraska Department of Environmental Quality
Suite 400
1200 N Street, The Atrium
Post Office Box 98922
Lincoln, NE 68509-8922
Attention: Water Quality Division

Trustee:

Ladies and Gentlemen:

[I/We] have acted as **[Bond]** Counsel in connection with the execution and delivery by **[NAME OF MUNICIPALITY]**, a **[TYPE OF ENTITY]** (the "Municipality"), of a Contract for Loan dated as of [_____] (the "Loan Contract") between the Municipality and the Nebraska Department of Environmental Quality ("NDEQ") and the issuance of a promissory note dated the date hereof (the "Note") by the Municipality to NDEQ. All terms used in this opinion letter and not defined shall have the meanings given to them in the Loan Contract.

In this connection, **[I/we]** have examined the following:

(a) Certified copies of the **[DESCRIBE RESOLUTION AND/OR ORDINANCE PURSUANT TO WHICH LOAN AGREEMENT AND NOTE ARE TO BE ENTERED INTO]**;

(b) An executed counterpart of the Loan Contract;

(c) The executed Note; and

(d) Such other documents as **[I/we]** deemed relevant and necessary in rendering this opinion.

As to questions of fact material to **[my/our]** opinion, **[I/we]** have relied upon the certified proceedings and other certifications of public officials furnished to **[me/us]** without undertaking to verify the same by independent investigation.

Based upon the foregoing **[I am/we are]** of the opinion that:

1. The Municipality is a **[CITY, VILLAGE, SID OR OTHER]** duly organized and validly existing under the laws of the State of Nebraska.

2. The Municipality is a governmental unit, as such term is used in Section 141(b)(6) of the Internal Revenue Code of 1986, as amended.

3. The Municipality has the power and authority to enter into the Loan Contract, to issue the Note, to borrow the entire principal amount provided for in Section 2.01 of the Loan Contract (the "Principal Amount") and to perform its obligations under the Loan Contract and the Note.

4. The Loan Contract and the Note have been duly authorized, executed and delivered by the Municipality and are, and would be if the entire Principal Amount were advanced to the Municipality pursuant to the Loan Contract on the date of this opinion, valid and legally binding special obligations of the Municipality, payable solely from the sources provided therefor in the Loan Contract, enforceable in accordance with their respective terms, except to the extent that the enforceability thereof may be limited by laws relating to bankruptcy, insolvency or other similar laws affecting creditors' rights generally and general principles of equity.

5. Pursuant to §18-1803 through 18-1805 the Loan Contract and the Ordinance creates a valid lien on the funds pledged by the Municipality pursuant to Section 3.02 of the Loan Contract for the security of the Loan Contract and the Note and no other debt of the Municipality is secured by a superior lien on such funds.

6. The Municipality has obtained or made all approvals, authorizations, consents or other actions of, and filings, registrations or qualifications with, the Municipality or any other government authority which are legally required to allow the Municipality to enter into and perform its obligations under the Loan Contract and the Note and borrow the full Principal Amount pursuant to the Loan Contract and the Note.

Very truly yours,

ATTACHMENT F

PROMISSORY NOTE OF THE CITY OF LINCOLN, NEBRASKA

FOR VALUE RECEIVED, the undersigned (the "Municipality") promises to pay, but solely from the sources described herein, to the order of the Nebraska Department of Environmental Quality ("NDEQ"), or its successors and assigns, the principal sum of not to exceed $17,000,000, to the extent disbursed pursuant to Section 2.04 of the Loan Contract dated as of March _____, 2011, ("the Loan Contract"), with interest on each such amount until paid, as provided in Section 2.03 of the Loan Contract between NDEQ and the Municipality. In addition, the Municipality shall pay an Administrative Fee on the outstanding principal amount of this Note at the rate of 1.0 percent per annum as provided in the Loan Contract. The said principal and interest and Administrative Fee shall be payable in semiannual installments each payable on December 15 and June 15 of each year in accordance with Section 2.05 of the Loan Contract. Each installment shall be in the amount set forth opposite its due date in Attachment A to the Loan Contract.

All payments under this Note shall be payable at the offices of NDEQ in Lincoln, Nebraska, and upon the assignment of this Note to NIFA, at the principal corporate trust office of a Trustee designated by NIFA, or such other place as NDEQ may designate in writing.

This Note is issued pursuant to and is secured by the Loan Contract and the Ordinance of the City of Lincoln, Nebraska, the terms and provisions of which are incorporated herein by reference.

All payments of principal of and interest on this Note and other payment obligations of the Municipality hereunder shall be limited obligations of the Municipality payable solely out of the Wastewater User Charge (as defined in the Loan Contract), and shall not be payable out of any other revenues of the Municipality. The obligations of the Municipality under this Note shall never constitute or give rise to a charge against its general credit or taxing power. This note shall not be a debt of the municipality within the meaning of any constitutional statutory or charter limitation upon the creation of general obligation indebtedness of the Municipality.

If default be made in the payment of any installment due under this Note or by the occurrence of any one or more of the Events of Default specified in Article V of the Loan Contract and if such Event of Default is not remedied as therein provided, NDEQ then, or at any time thereafter, may give notice to the Municipality that all unpaid amounts of this Note then outstanding, together with all other unpaid amounts outstanding under the Loan Contract, are due and payable immediately, and thereupon, without further notice or demand, all such amounts shall become and be immediately due and payable. Failure to exercise this option shall not constitute a waiver of the right to exercise the same at any time in the event of any continuing or subsequent default.

The Municipality hereby waives presentment for payment, demand, protest, notice of protest and notice of dishonor.

This Note and all instruments securing the same are to be construed according to the laws of the State of Nebraska. Signed and sealed this _____ day of March, 2011.

[SEAL] CITY OF LINCOLN, NEBRASKA

Attest: By _____

_____ Title _____

Complete this section upon assignment of this Note to NIFA.

Pursuant to the Pledge Agreement dated as of _____ as amended (the "Pledge Agreement"), by and between NDEQ and the Nebraska Investment Finance Authority ("NIFA"), and the Master Trust Indenture dated as of _____, as supplemented and amended, by and between NIFA _____, as trustee, NDEQ hereby assigns, grants and conveys any and all of NDEQ's rights, title and interest in this Note to NIFA, except as provided in the Pledge Agreement, and NIFA hereby assigns such rights, title and interest to the Trustee and any successor Trustee.

NEBRASKA DEPARTMENT OF ENVIRONMENTAL QUALITY

By_____

Title_____Director_____

Date_____

NEBRASKA INVESTMENT FINANCE AUTHORITY

Attest:

By _____

_____ Title_____

Date_____

ATTACHMENT G

CERTIFICATE OF THE
CITY OF LINCOLN, NEBRASKA

The following certifications are made in connection with the Contract for Loan, dated as of March _____, 2011, (the "Loan Contract") between the Nebraska Department of Environmental Quality ("NDEQ") and the City of Lincoln, Nebraska (the "Municipality") for the purpose of establishing compliance by the Municipality with requirements for the maintenance of the tax exemption of interest on any bonds (the "Bonds") which may be from time to time issued by the Nebraska Investment Finance Authority ("NIFA") to provide funds for deposit in the Loan Fund (as defined in the Loan Contract).

WHEREFORE, the undersigned hereby certifies on behalf of the Municipality to NDEQ, NIFA and any trustee for the Bonds, as follows:

1. The undersigned is authorized to make the following certifications on behalf of the Municipality.

2. The Municipality represents that it reasonably expects that the design and construction of the Project, as defined in the Loan Contract, will commence within six months from the execution of the Loan Contract and that the design and construction of the Project will proceed with due diligence thereafter to completion.

3. The proceeds of the loan pursuant to the Loan Contract will be used to construct a facility that will be owned and operated by the Municipality. There will be no contracts for the use of the facility other than contracts on a rate scale basis. Specifically, the Municipality represents that there will be no contracts for use of the Project that will require a non-governmental unit to make payments to the Municipality without regard to actual use of the Project.

Dated this _____ day of March 2011.

CITY OF LINCOLN, NEBRASKA

_____

Title: _____

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ATTACHMENT H

OTHER DOCUMENTS