Bill No. 11-148 **Introduced: October 3, 2011**

THE CITY OF LINCOLN, NEBRASKA

_____

ORDINANCE NO. _____

PASSED: _____, 2011
APPROVED: _____, 2011

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AUTHORIZING NOT TO EXCEED

$3,000,000

GENERAL OBLIGATION
SPECIAL ASSESSMENT REVOLVING FUND BONDS
SERIES 2011B

ORDINANCE NO. _____

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THE CITY OF LINCOLN, NEBRASKA

ORDINANCE NO. _____

AN ORDINANCE AUTHORIZING AND DIRECTING THE ISSUANCE, SALE AND DELIVERY OF $3,000,000 PRINCIPAL AMOUNT OF GENERAL OBLIGATION SPECIAL ASSESSMENT REVOLVING FUND BONDS, SERIES 2011B, OF THE CITY OF LINCOLN, NEBRASKA; PRESCRIBING THE FORM AND DETAILS OF SUCH BONDS; PROVIDING FOR THE LEVY AND COLLECTION OF AN ANNUAL TAX FOR THE PURPOSE OF PAYING THE PRINCIPAL OF AND INTEREST ON SUCH BONDS AS THEY BECOME DUE; AND AUTHORIZING CERTAIN OTHER DOCUMENTS AND ACTIONS IN CONNECTION THEREWITH.

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

FINDINGS AND DETERMINATIONS

The Council (the **"Council"**) of The City of Lincoln, Nebraska (the **"City"**) hereby finds and determines as follows:

(a) The Council has previously created and established a Special Assessment Revolving Fund (the **"SARF"**) pursuant to the provisions of Article VIII, Section 10a(2), of the Charter of the City for the purpose of paying from the SARF the cost of special assessment improvements as completed and accepted and to retire, when due, outstanding special assessment obligations, and has previously provided for the deposit into the SARF of all then existing special assessment funds and all special assessment collections, including interest thereon, previously, or hereafter made.

(b) It is necessary, desirable, advisable and in the best interests of the City that general obligation bonds of the City be issued pursuant to Article VIII, Section 10a(3) of the Charter for the purpose of maintaining and replenishing the SARF.

ARTICLE I

DEFINITIONS

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

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

"Bond Payment Date" means any date on which principal of or interest on any Bond is payable.

"Bond Purchase Agreement" means, if the Bonds are sold through a negotiated sale, the Bond Purchase Agreement, dated the date of its execution and delivery, between the City and the Purchaser, in substantially the form attached hereto has **Exhibit C-2**.

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

"Bonds" means the General Obligation Special Assessment Revolving Fund Bonds, Series 2011B, authorized and issued by the City pursuant to this Ordinance.

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

"City" means The City of Lincoln, Nebraska, and any successors or assigns.

"Clerk" means the Clerk of the City.

"Code" means the Internal Revenue Code of 1986, as amended.

"Construction Fund" means the fund by that name referred to in **Section 501** hereof.

"Debt Service Fund" means the fund by that name referred to in **Section 501** hereof.

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

"Defeasance Obligations" means any of the following obligations:

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

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

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

(2) the obligations are secured by cash or Government Obligations that may be applied only to principal of, premium, if any, and interest payments on such obligations;

(3) such cash and the principal of and interest on such Government Obligations (plus any cash in the escrow fund) are sufficient to meet the liabilities of the obligations;

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

(5) such cash and Government Obligations are not available to satisfy any other claims, including those against the trustee or escrow agent; and

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

"Finance Director" means the Finance Director or Interim Finance Director, as the case may be, of the City.

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

"Interest Payment Date" means any of the dates established for the payment of interest on the Bonds by the Finance Director in accordance with the provisions of **Section 212**.

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

"Notice of Sale" means, if the Bonds are sold through a competitive sale, the Notice of Sale pursuant to which bids are solicited for the purchase of the Bonds in substantially the form attached hereto as **Exhibit C-1**.

"Ordinance" means this Ordinance adopted by the governing body of the City, authorizing the issuance of the Bonds, as amended from time to time.

"Outstanding" means, when used with reference to Bonds, as of any particular date of determination, all Bonds theretofore authenticated and delivered hereunder, except the following Bonds:

(a) Bonds theretofore cancelled by the Paying Agent or delivered to the Paying Agent for cancellation;

(b) Bonds deemed to be paid in accordance with the provisions of **Section 701** hereof; and

(c) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered hereunder.

"Owner" or **"Registered Owner"** when used with respect to any Bond means the Person in whose name such Bond is registered on the Bond Register.

"Paying Agent" means BOKF, National Association, Lincoln, Nebraska, and any successors or assigns.

"Permitted Investments" means any of the following securities, if and to the extent the same are at the time legal for investment of the City's funds:

(a) Government Obligations;

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

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

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

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

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

"Purchaser" means (a) if the Bonds are sold in a public sale, the responsible bidder(s) offering to purchase the Bonds at the lowest true interest costs to the City at the public sale for the Bonds and (b) if the Bonds are sold in a negotiated sale, Ameritas Investment Corp., Lincoln, Nebraska.

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

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

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

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

"SARF" means the Special Assessment Revolving Fund, established by the City pursuant to the provisions of Article VIII, Section 10a(2) of the Charter, for the purposes of paying the costs of improvements in special improvement districts, including grading, paving, repaving, resurfacing, ornamental lighting, water, sewer, gravel, sidewalk or any other improvement district where the cost of

any such improvement is assessed in whole or in part against the property in such district benefited by such improvement.

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

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

"Tax Certificate" means the Federal Tax Certificate executed and delivered by the City on the date of issuance of the Bonds, as the same may be amended or supplemented in accordance with its provisions.

ARTICLE II

AUTHORIZATION OF BONDS

Section 201. Authorization of Bonds. There shall be issued and hereby are authorized and directed to be issued a series of bonds designated "General Obligation Special Assessment Revolving Fund Bonds, Series 2011B," of the City in the principal amount of not to exceed $3,000,000 (the **"Bonds"**), for the purpose of maintaining and replenishing the SARF.

Section 202. Description of Bonds. The Bonds shall consist of fully registered bonds without coupons, numbered from 1 upward in order of issuance, in denominations of $5,000 or any integral multiple thereof. The Bonds shall be substantially in the form set forth in **Exhibit A** attached hereto, and shall be subject to registration, transfer and exchange as provided in **Section 205** hereof. All of the Bonds shall be dated the date of their execution and delivery shall become due in the amounts on the Stated Maturities, subject to redemption and payment prior to their Stated Maturities as provided in **Article III** hereof, and shall bear interest at the rates per annum, as determined by the Finance Director in accordance with the provisions of **Section 212**.

The Bonds shall bear interest (computed on the basis of a 360-day year of twelve 30-day months) from the date thereof or from the most recent Interest Payment Date to which interest has been paid or duly provided for, payable on each Interest Payment Date.

Each of the Bonds, as originally issued or issued upon transfer, exchange or substitution, shall be in substantially the form set forth in **Exhibit A** attached hereto.

Section 203. Designation of Paying Agent. The Paying Agent is hereby designated as the City's paying agent for the payment of principal of and interest on the Bonds and bond registrar with respect to the registration, transfer and exchange of Bonds.

The City will at all times maintain a Paying Agent meeting the qualifications herein described for the performance of the duties hereunder. The City reserves the right to appoint a successor Paying Agent by (a) filing with the Paying Agent then performing such function a certified copy of the proceedings giving notice of the termination of such Paying Agent and appointing a successor, and (b) causing notice of the appointment of the successor Paying Agent to be given by first class mail to each Owner. No

resignation or removal of the Paying Agent shall become effective until a successor has been appointed and has accepted the duties of Paying Agent.

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

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

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

The interest payable on each Bond on any Interest Payment Date shall be paid to the Registered Owner of such Bond as shown on the Bond Register at the close of business on the Record Date for such interest (a) by check or draft mailed by the Paying Agent to the address of such Registered Owner shown on the Bond Register or (b) in the case of an interest payment to any Registered Owner of $500,000 or more in aggregate principal amount of Bonds, by electronic transfer to such Registered Owner upon written notice given to the Paying Agent by such Registered Owner, not less than 15 days prior to the Record Date for such interest, containing the electronic transfer instructions including the bank (which shall be in the continental United States), ABA routing number and account number to which such Registered Owner wishes to have such transfer directed.

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

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

Section 205. Registration, Transfer and Exchange of Bonds. The City covenants that, as long as any of the Bonds remain Outstanding, it will cause the Bond Register to be kept at the office of the

Paying Agent as herein provided. Each Bond when issued shall be registered in the name of the owner thereof on the Bond Register.

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

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

The City and the Paying Agent shall not be required (a) to register the transfer or exchange of any Bond that has been called for redemption after notice of such redemption has been mailed by the Paying Agent pursuant to **Section 303** hereof and during the period of 15 days next preceding the date of mailing of such notice of redemption, or (b) to register the transfer or exchange of any Bond during a period beginning at the opening of business on the day after receiving written notice from the City of its intent to pay Defaulted Interest and ending at the close of business on the date fixed for the payment of Defaulted Interest pursuant to **Section 204** hereof.

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

At reasonable times and under reasonable regulations established by the Paying Agent, the Bond Register may be inspected and copied by the Registered Owners of 10% or more in principal amount of the Bonds then Outstanding or any designated representative of such Registered Owners whose authority is evidenced to the satisfaction of the Paying Agent.

Section 206. Execution, Registration, Authentication and Delivery of Bonds. Each of the Bonds, including any Bonds issued in exchange or as substitutions for the Bonds initially delivered, shall be signed by the manual or facsimile signature of the Mayor and attested by the manual or facsimile signature of the Finance Director and shall have the official seal of the City affixed or imprinted thereon. In case any officer whose signature appears on any Bond ceases to be such officer before the delivery of

such Bond, such signature shall nevertheless be valid and sufficient for all purposes, as if such person had remained in office until delivery. Any Bond may be signed by such persons who at the actual time of the execution of such Bond are the proper officers to sign such Bond although at the date of such Bond such persons may not have been such officers.

The Mayor and Finance Director are hereby authorized and directed to prepare and execute the Bonds in the manner herein specified and, when duly executed, to deliver the Bonds to the Paying Agent for authentication.

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

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

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

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

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

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

Section 209. Book-Entry Bonds; Securities Depository.

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

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

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

Section 210. Preliminary and Final Official Statement. The Preliminary Official Statement, in the form attached hereto as **Exhibit B**, is hereby ratified and approved, and the final Official Statement is hereby authorized and approved by supplementing, amending and completing the Preliminary Official

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

Section 211. Sale of Bonds. The Bonds shall be sold in a public or negotiated sale, as determined by the Finance Director pursuant to **Section 212** hereof.

(a) If sold at a public sale, the Bonds shall be sold to the responsible Purchaser offering to purchase the Bonds at the lowest true interest cost to the City pursuant to a Notice of Sale in substantially the form attached hereto as **Exhibit C-1**, under which the City offers to sell the Bonds upon the terms and conditions set forth therein and with such changes therein as shall be approved by the Finance Director. The purchase price for the Bonds shall be not less than 98.00% of the principal amount thereof and the underwriting discount shall not exceed 1.50%. The true interest cost on the Bonds shall not exceed 4.50% per annum, calculated on the basis of a 360-day year consisting of twelve 30-day months. The Finance Director is authorized to accept the bid of the Purchaser and to execute all other documents necessary to effectuate the sale of the Bonds to the Purchaser.

(b) If sold in a negotiated sale, the Bonds shall be sold upon the terms and conditions set forth in the Bond Purchase Agreement, in substantially the form attached hereto as **Exhibit C-2**. The purchase price for the Bonds shall be not less than 98.00% of the principal amount thereof and the underwriting discount shall not exceed 1.50%. The true interest cost on the Bonds shall not exceed 4.50% per annum, calculated on the basis of a 360-day year consisting of twelve 30-day months. The Finance Director is hereby authorized to execute and deliver the Purchase Agreement with such changes therein as such official deems appropriate, for and on behalf of the City, such officer's signature thereon being conclusive evidence of such official's and the City's approval thereof. The Finance Director is hereby authorized to execute and deliver to the Purchaser a temporary termination of the financial advisory relationship, if deemed necessary by the Purchaser. Execution of a temporary termination document shall constitute conclusive evidence of the City's approval of such temporary termination document.

Section 212. Determination of Terms and Provisions of Bonds. The Finance Director shall determine whether the Bonds shall be sold in a public sale or a negotiated sale and shall determine and fix (a) the dated date, which shall not be later than December 31, 2011; (b) the aggregate principal amount of the Bonds, which shall not exceed $3,000,000, and whether the Bonds shall be issued as serial bonds or term bonds or a combination of serial bonds and term bonds, (c) the rate or rates of interest to be borne by each maturity of Bonds within each series, such that the true interest cost on the Bonds shall not exceed 4.50% per annum; (d) each of the dates upon which interest on the Bonds shall be payable; (e) the principal amount of Bonds maturing in each year; (f) the mandatory sinking fund redemption dates and amount with respect to the Bonds in each year for which the Finance Director determines that a mandatory sinking fund redemption shall be made; (g) the date upon which the Bonds will be subject to redemption at the option of the City and the Redemption Price of the Bonds, which shall not exceed 104% of the principal amount being redeemed and the period(s) during which each Redemption Price is applicable; (h) the final maturity date of the Bonds, which shall be not later than December 31, 2031; (i) the purchase price for the Bonds, which shall be not less than 98.00% of the principal amount thereof, and the underwriting discount, which shall not exceed 1.50%; and (i) any other provisions related to the Bonds not set forth in this Ordinance.

ARTICLE III

REDEMPTION OF BONDS

Section 301. Optional and Mandatory Redemption of Bonds.

(a) ***Optional Redemption by City.*** At the option of the City, Bonds or portions thereof may be called for redemption and payment prior to their Stated Maturity at any time on or after the date determined by the Finance Director at the Redemption Prices determined by the Finance Director in accordance with the provisions of **Section 212.**

(b) ***Mandatory Redemption.*** Any Bonds issued as term bonds (the **"Term Bonds"**) shall be subject to mandatory redemption and payment prior to their Stated Maturity pursuant to the mandatory redemption requirements of this Section at a Redemption Price equal to 100% of the principal amount thereof plus accrued interest to the Redemption Date, as determined by the Finance Director in accordance with provisions of **Section 212**.

At its option, to be exercised on or before the 45th day next preceding any mandatory Redemption Date, the City may: (1) deliver to the Paying Agent for cancellation Term Bonds subject to mandatory redemption on such mandatory Redemption Date, in any aggregate principal amount desired; or (2) furnish the Paying Agent funds, together with appropriate instructions, for the purpose of purchasing any Term Bonds subject to mandatory redemption on such mandatory Redemption Date from any Registered Owner thereof whereupon the Paying Agent shall expend such funds for such purpose to such extent as may be practical; or (3) receive a credit with respect to the mandatory redemption obligation of the City under this Section for any Term Bonds subject to mandatory redemption on such mandatory Redemption Date which, prior to such date, have been redeemed (other than through the operation of the mandatory redemption requirements of this **Section 301(b)**) and cancelled by the Paying Agent and not theretofore applied as a credit against any redemption obligation under this **Section 301(b)**. Each Term Bond so delivered or previously purchased or redeemed shall be credited at 100% of the principal amount thereof on the obligation of the City to redeem Term Bonds of the same Stated Maturity on such mandatory Redemption Date, and any excess of such amount shall be credited on future mandatory redemption obligations for Term Bonds of the same Stated Maturity in chronological order, and the principal amount of Term Bonds of the same Stated Maturity to be redeemed by operation of the requirements of this Section shall be accordingly reduced. If the City intends to exercise any option granted by the provisions of clauses (1), (2) or (3) above, the City will, on or before the 45th day next preceding each mandatory Redemption Date, furnish the Paying Agent a written certificate indicating to what extent the provisions of such clauses (1), (2) and (3) are to be complied with respect to such mandatory redemption payment.

Section 302. Selection of Bonds to Be Redeemed.

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

the Paying Agent shall hold in the Debt Service Fund money available and sufficient to effect the required redemption.

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

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

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

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

(a) the Redemption Date;

(b) the Redemption Price;

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

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

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

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

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

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

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

ARTICLE IV

SECURITY FOR AND PAYMENT OF BONDS

Section 401. Security for the Bonds. The principal of and interest on the Bonds shall be paid from the SARF. As provided, Article VIII, Section 10a, of the Charter, the Bonds shall be general obligations of the City payable as to both principal and interest from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the City. The full faith, credit and resources of the City are hereby irrevocably pledged for the prompt payment of the principal of and interest on the Bonds as the same become due.

Section 402. Levy and Collection of Annual Tax. For the purpose of providing for the payment of the principal of and interest on the Bonds as the same become due, there is hereby levied upon all of the taxable tangible property within the City a direct annual tax sufficient to produce the amounts necessary for the payment of such principal and interest as the same becomes due and payable in each year.

The taxes referred to above shall be extended upon the tax rolls in each of the several years, respectively, and shall be levied and collected at the same time and in the same manner as the other ad valorem taxes of the City are levied and collected. The proceeds derived from such taxes shall be deposited in the Debt Service Fund, shall be kept separate and apart from all other funds of the City and shall be used solely for the payment of the principal of and interest on the Bonds as and when the same become due, taking into account scheduled mandatory redemptions, and the fees and expenses of the Paying Agent.

If at any time such taxes are not collected in time to pay the principal of or interest on the Bonds when due, the Finance Director is hereby authorized and directed to pay such principal or interest out of

the general funds of the City and to reimburse such general funds for money so expended when such taxes are collected.

ARTICLE V

ESTABLISHMENT OF FUNDS; DEPOSIT AND APPLICATION OF MONEY

Section 501. Establishment of Funds. There have been or shall be established in the treasury of the City and shall be held and administered by the Finance Director of the City the following separate funds:

(a) Construction Fund.

(b) Debt Service Fund.

(c) Rebate Fund.

Section 502. Deposit of Bond Proceeds. The net proceeds received from the sale of the Bonds shall be deposited simultaneously with the delivery of the Bonds as follows:

(a) All accrued interest received from the sale of the Bonds shall be deposited in the Debt Service Fund and applied in accordance with **Section 504** hereof.

(b) The remaining balance of the proceeds derived from the sale of the Bonds shall be deposited in the Construction Fund and shall be applied in accordance with **Section 503** hereof.

Section 503. Application of Money in the Construction Fund. Money in the Construction Fund shall be used by the City solely for the purpose of (a) paying the costs of improvements in special improvement districts, including grading, paving, repaving, resurfacing, ornamental lighting, water, sewer, gravel, sidewalk or any other improvement district where the cost of any such improvement is assessed in whole or in part against the property in such district benefited by such improvement, in accordance with the plans and specifications therefor prepared by the City's engineers, including any alterations in or amendments to such plans and specifications deemed advisable by the City's engineers, and (b) paying the costs and expenses of issuing the Bonds.

The Finance Director shall make withdrawals from the Construction Fund only for a purpose within the scope of this Ordinance. Upon completion of the purpose for which the Bonds have been issued, any surplus remaining in the Construction Fund shall be transferred to and deposited in the Debt Service Fund.

Section 504. Application of Money in the Debt Service Fund. All amounts paid and credited to the Debt Service Fund shall be expended and used by the City for the sole purpose of paying the principal or Redemption Price of and interest on the Bonds as and when the same become due and the usual and customary fees and expenses of the Paying Agent. The Finance Director is authorized and directed to withdraw from the Debt Service Fund sums sufficient to pay both principal or Redemption Price of and interest on the Bonds and the fees and expenses of the Paying Agent as and when the same become due, and to forward such sums to the Paying Agent in a manner which ensures that the Paying Agent will receive immediately available funds in such amounts on or before the Business Day immediately preceding the dates when such principal, interest and fees of the Paying Agent will become due. If, through the lapse of time or otherwise, the Registered Owners of Bonds are no longer entitled to enforce payment of the Bonds or the interest thereon, the Paying Agent shall return such funds to the

City. All money deposited with the Paying Agent shall be deemed to be deposited in accordance with and subject to all of the provisions contained in this Ordinance and shall be held in trust by the Paying Agent for the benefit of the Registered Owners of the Bonds entitled to payment from such money.

Any money or investments remaining in the Debt Service Fund after the retirement of the indebtedness for which the Bonds were issued and all other indebtedness of the City shall be transferred and paid into the general fund of the City.

Section 505. Application of Money in the Rebate Fund.

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

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

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

Section 506. Deposits and Investment of Money. Money in each of the funds created by and referred to in this Ordinance shall be deposited in a bank or banks or other legally permitted financial institutions located in the State of Nebraska that are members of the Federal Deposit Insurance Corporation. All such deposits shall be continuously and adequately secured by the financial institutions holding such deposits as provided by the laws of the State of Nebraska. All money held in the funds created by this Ordinance shall be kept separate and apart from all other funds of the City so that there shall be no commingling of such funds with any other funds of the City.

Money held in any fund referred to in this Ordinance may be invested by the Finance Director, in accordance with this Ordinance and the Tax Certificate, in Permitted Investments; provided, however, that no such investment shall be made for a period extending longer than to the date when the money invested may be needed for the purpose for which such fund was created. All earnings on any investments held in any fund shall accrue to and become a part of such fund.

Section 507. Nonpresentment of Bonds. If any Bond is not presented for payment when the principal thereof becomes due at Maturity, if funds sufficient to pay such Bond have been made available to the Paying Agent all liability of the City to the Registered Owner thereof for the payment of such Bond shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Paying Agent to hold such funds, without liability for interest thereon, for the benefit of the Registered Owner of such Bond, who shall thereafter be restricted exclusively to such funds for any claim of whatever nature on his part under this Ordinance or on, or with respect to, such Bond. If any Bond is not presented for payment within four years following the date when such Bond becomes due at Maturity, the

Paying Agent shall repay to the City the funds theretofore held by it for payment of such Bond, and such Bond shall, subject to the defense of any applicable statute of limitation, thereafter be an unsecured obligation of the City, and the Registered Owner thereof shall be entitled to look only to the City for payment, and then only to the extent of the amount so repaid to it by the Paying Agent, and the City shall not be liable for any interest thereon and shall not be regarded as a trustee of such money.

ARTICLE VI

REMEDIES

Section 601. Remedies. The provisions of this Ordinance, including the covenants and agreements herein contained, shall constitute a contract between the City and the Registered Owners of the Bonds, and the Registered Owner or Owners of not less than 10% in principal amount of the Bonds at the time Outstanding shall have the right for the equal benefit and protection of all Registered Owners of Bonds similarly situated:

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

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

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

Section 602. Limitation on Rights of Owners. The covenants and agreements of the City contained herein and in the Bonds shall be for the equal benefit, protection and security of the legal owners of any or all of the Bonds. All of the Bonds shall be of equal rank and without preference or priority of one Bond over any other Bond in the application of the funds herein pledged to the payment of the principal of and the interest on the Bonds, or otherwise, except as to rate of interest, or date of Maturity or right of prior redemption as provided in this Ordinance. No one or more Owners secured hereby shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security granted and provided for herein, or to enforce any right hereunder, except in the manner herein provided, and all proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all Registered Owners of such Outstanding Bonds.

Section 603. Remedies Cumulative. No remedy conferred herein upon the Owners is intended to be exclusive of any other remedy, but each such remedy shall be cumulative and in addition to every other remedy and may be exercised without exhausting and without regard to any other remedy conferred herein. No waiver of any default or breach of duty or contract by the Registered Owner of any Bond shall extend to or affect any subsequent default or breach of duty or contract or shall impair any rights or remedies consequent thereon. No delay or omission of any Owner to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein. Every substantive right and every remedy conferred upon the Registered Owners of the Bonds by this Ordinance may be enforced and exercised from time to time and as often as may be deemed expedient. If any suit, action or proceedings taken by any Owner on account of any default or to enforce any right or exercise any remedy has been discontinued or abandoned for any

reason, or has been determined adversely to such Owner, then, and in every such case, the City and the Registered Owners of the Bonds shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies, powers and duties of the Owners shall continue as if no such suit, action or other proceedings had been brought or taken.

ARTICLE VII

DEFEASANCE

Section 701. Defeasance. When any or all of the Bonds or scheduled interest payments thereon have been paid and discharged, then the requirements contained in this Ordinance and the pledge of the City's faith and credit hereunder and all other rights granted hereby shall terminate with respect to the Bonds or scheduled interest payments thereon so paid and discharged. Bonds or scheduled interest payments thereon shall be deemed to have been paid and discharged within the meaning of this Ordinance if there has been deposited with the Paying Agent, or other commercial bank or trust company located in the State of Nebraska and having full trust powers, at or prior to the Stated Maturity or Redemption Date of such Bonds or the interest payments thereon, in trust for and irrevocably appropriated thereto, moneys and/or Defeasance Obligations which, together with the interest to be earned on any such Defeasance Obligations, will be sufficient for the payment of the principal of such Bonds and/or interest accrued to the Stated Maturity or Redemption Date, or if default in such payment has occurred on such date, then to the date of the tender of such payments; provided, however, that if any such Bonds are to be redeemed prior to their Stated Maturity, (a) the City has elected to redeem such Bonds, and (b) either notice of such redemption has been given, or the City has given irrevocable instructions, or shall have provided for an escrow agent to give irrevocable instructions, to the Paying Agent to give such notice of redemption in compliance with **Section 302(a)** of this Ordinance. Any money and Defeasance Obligations that at any time shall be deposited with the Paying Agent or other commercial bank or trust company by or on behalf of the City, for the purpose of paying and discharging any of the Bonds, shall be and are hereby assigned, transferred and set over to the Paying Agent or other bank or trust company in trust for the respective Registered Owners of the Bonds, and such moneys shall be and are hereby irrevocably appropriated to the payment and discharge thereof. All money and Defeasance Obligations deposited with the Paying Agent or other bank or trust company shall be deemed to be deposited in accordance with and subject to all of the provisions of this Ordinance.

ARTICLE VIII

MISCELLANEOUS PROVISIONS

Section 801. 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 federal gross income of the interest on the Bonds, and (2) it will not use or permit the use of any proceeds of Bonds or any other funds of the City, nor take or permit any other action, or fail to take any action, which would adversely affect the exclusion from federal gross income of the interest on the Bonds. The City will also adopt such other ordinances or resolutions and take such other actions as may be necessary to comply with the Code and with other applicable future law, in order to ensure that the interest on the Bonds will remain excluded from federal gross income, to the extent any such actions can be taken by the City.

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

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

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

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

Section 802. Amendments. The rights and duties of the City and the Owners, and the terms and provisions of the Bonds or of this Ordinance, may be amended or modified at any time in any respect by Ordinance of the City with the written consent of the Registered Owners of not less than a majority in principal amount of the Bonds then Outstanding, such consent to be evidenced by an instrument or instruments executed by such Registered Owners and duly acknowledged or proved in the manner of a deed to be recorded, and such instrument or instruments shall be filed with the Clerk, but no such modification or alteration shall:

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

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

(c) permit preference or priority of any Bond over any other Bond; or

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

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

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

Every amendment or modification of the provisions of the Bonds or of this Ordinance, to which the written consent of the Owners is given, as above provided, shall be expressed in an ordinance adopted by the Council amending or supplementing the provisions of this Ordinance and shall be deemed to be a part of this Ordinance. A certified copy of every such amendatory or supplemental Ordinance, if any, and a certified copy of this Ordinance shall always be kept on file in the office of the Clerk, and shall be made available for inspection by the Registered Owner of any Bond or a prospective purchaser or owner of any Bond authorized by this Ordinance, and upon payment of the reasonable cost of preparing the same, a certified copy of any such amendatory or supplemental Ordinance or of this Ordinance will be sent by the Clerk to any such Owner or prospective Owner.

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

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

Section 803. Notices, Consents and Other Instruments by Owners. Any notice, consent, request, direction, approval or other instrument to be signed and executed by the Owners may be in any number of concurrent writings of similar tenor and may be signed or executed by such Owners in person or by agent appointed in writing. Proof of the execution of any such instrument or of the writing appointing any such agent and of the ownership of Bonds, if made in the following manner, shall be sufficient for any of the purposes of this Ordinance, and shall be conclusive in favor of the City and the Paying Agent with regard to any action taken, suffered or omitted under any such instrument, namely:

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

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

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

Section 804. Further Authority. The officers of the City, including the Mayor, the Finance Director and Clerk, are hereby authorized and directed to execute all documents and take such actions as they may deem necessary or advisable in order to carry out and perform the purposes of this Ordinance and to make ministerial alterations, changes or additions in the foregoing agreements, statements,

instruments and other documents herein approved, authorized and confirmed which they may approve, and the execution or taking of such action shall be conclusive evidence of such necessity or advisability.

Section 805. Severability. If any section or other part of this Ordinance, whether large or small, is for any reason held invalid, the invalidity thereof shall not affect the validity of the other provisions of this Ordinance.

Section 806. Governing Law. This Ordinance shall be governed exclusively by and construed in accordance with the applicable laws of the State of Nebraska.

Section 807. Effective Date. This Ordinance shall take effect and be in full force from and after its passage by the Council and approval by the Mayor.

Section 808. General and Specific Authorizations; Ratification of Prior Actions. Without in any way limiting the power, authority or discretion elsewhere herein granted or delegated, the City Council hereby (a) authorizes and directs the Mayor, Finance Director, City Treasurer, City Clerk, City Attorney, City Controller and all other officers, officials, employees and agents of the City 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 Owner and its counsel shall consider necessary, advisable, desirable or appropriate in connection with this Ordinance, including without limitation the execution and delivery of all related documents, instruments, certifications and opinions, and (b) delegates, authorizes and directs the Finance Director the right, power and authority to exercise his independent judgment and absolute discretion in (1) determining and finalizing all terms and provisions to be carried by the Bonds not specifically set forth in this Ordinance and (2) the taking of all actions and the making of all arrangements necessary, proper, appropriate, advisable or desirable in order to effectuate the issuance, sale and delivery of the Bonds. The execution and delivery by the Finance Director or by any such other officers, officials, employees or agents of the City of any such documents, instruments, certifications and opinions, or the doing by them of any act in connection with any of the matters which are the subject of this Ordinance, shall constitute conclusive evidence of both the City's and their approval of the terms, provisions and contents thereof and of 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.

All actions heretofore taken by the Finance Director and all other officers, officials, employees and agents of the City, including without limitation the expenditure of funds and the selection, appointment and employment of Bond Counsel and financial advisors and agents, in connection with issuance and sale of the 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.

Section 809. Proceedings Constitute Contract; Enforcement Thereof. The provisions of this Ordinance shall constitute a contract between the City and the Owners and the provisions thereof shall be enforceable by the Owners by mandamus, accounting, mandatory injunction or any other suit, action or proceeding at law or in equity that is presently or may hereafter be authorized under the laws of the State in any court of competent jurisdiction. Such contract is made under and is to be construed in accordance with the laws of the State.

After the issuance and delivery of any Bond, this Ordinance and any supplemental ordinance shall not be repealable, but shall be subject to modification or amendment to the extent and in the manner provided in this Ordinance, but to no greater extent and in no other manner.

Section 810. Benefits of Ordinance Limited to the City and the Owners. With the exception of rights or benefits herein expressly conferred, nothing expressed or mentioned in or to be implied from this Ordinance or the Bonds is intended or should be construed to confer upon or give to any person other than the City and the Owners of the Bonds any legal or equitable right, remedy or claim under or by reason of or in respect to this Ordinance or any covenant, condition, stipulation, promise, agreement or provision herein contained. The Ordinance and all of the covenants, conditions, stipulations, promises, agreements and provisions hereof are intended to be and shall be for and inure to the sole and exclusive benefit of the City and the Owner from time to time of the Bonds as herein and therein provided.

Section 811. No Personal Liability. No officer or employee of the City shall be individually or personally liable for the payment of the principal of or interest on any Bond. Nothing herein contained shall, however, relieve any such officer or employee from the performance of any duty provided or required by law.

Section 812. Effect of Saturdays, Sundays and Legal Holidays. Whenever this Ordinance requires any action to be taken on a Saturday, Sunday or legal holiday, such action shall be taken on the first business day occurring thereafter. Whenever in this Ordinance the time within which any action is required to be taken or within which any right will lapse or expire shall terminate on a Saturday, Sunday or legal holiday, such time shall continue to run until midnight on the next succeeding business day.

Section 813. Partial Invalidity. If any one or more of the covenants or agreements or portions thereof provided in this Ordinance on the part of the City or the Registrar to be performed should be determined by a court of competent jurisdiction to be contrary to law, then such covenant or covenants, or such agreement or agreements, or such portions thereof, shall be deemed severable from the remaining covenants and agreements or portions thereof provided in this Ordinance and the invalidity thereof shall in no way affect the validity of the other provisions of this Ordinance or of the Bonds, but the Owner of the Bonds shall retain all the rights and benefits accorded to them hereunder and under any applicable provisions of law.

If any provisions of this Ordinance shall be held or deemed to be or shall, in fact, be inoperative or unenforceable or invalid as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions, or in all cases because it conflicts with any constitution or statute or rule of public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable or invalid in any other case or circumstance, or of rendering any other provision or provisions herein contained inoperative or unenforceable or invalid to any extent whatever.

Section 814. Law and Place of Enforcement of this Ordinance. The Ordinance shall be construed and interpreted in accordance with the laws of the State. All suits and actions arising out of this Ordinance shall be instituted in a court of competent jurisdiction in the State except to the extent necessary for enforcement, by any trustee or receiver appointed by or pursuant to the provisions of this Ordinance, or remedies under this Ordinance.

Section 815. Effect of Article and Section Headings and Table of Contents. The headings or titles of the several Articles and Sections hereof, and any table of contents appended hereto or to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction, interpretation or effect of this Ordinance.

Section 816. Repeal of Inconsistent Ordinance. Any ordinance of the City, and any part of any ordinance or resolution, inconsistent with this Ordinance is hereby repealed to the extent of such inconsistency.

Section 817. Publication and Effectiveness of this Ordinance. Pursuant to Article VII, Section 7, of the City Charter, this Ordinance shall be posted on the official bulletin board of the City in lieu of and in place of newspaper publication with notice of passage and such posting to be given by publication one time in the official newspaper by the City Clerk.

INTRODUCED BY:

_____

PASSED _____, **2011.**

ABSENT OR NOT VOTING:

_____

_____

_____

AYES: _____

_____

_____

_____

_____

NAYS: _____

_____

Approved as to Form:

_____
City Attorney

_____
Bond Counsel

CONFLICT OF INTEREST:

_____

APPROVED: _____**, 2011.**

_____
Mayor

EXHIBIT A
TO ORDINANCE

(FORM OF BONDS)

UNITED STATES OF AMERICA
STATE OF NEBRASKA

Registered **Registered**
No. _____ **$_____**

THE CITY OF LINCOLN, NEBRASKA

GENERAL OBLIGATION
SPECIAL ASSESSMENT REVOLVING FUND BOND
SERIES 2011B

Interest Rate	Maturity Date	Dated Date	CUSIP Number
		[Bond Date]	

REGISTERED OWNER:

PRINCIPAL AMOUNT: **DOLLARS**

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THE BOND SET FORTH ON THE FOLLOWING PAGES, WHICH FURTHER PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS IF SET FORTH AT THIS PLACE.

IN WITNESS WHEREOF, **THE CITY OF LINCOLN, NEBRASKA** has caused this Bond to be signed by the manual signature of its Mayor, registered in the office of its Finance Director, countersigned by the manual signature of its Finance Director or Acting Finance Director, and its corporate seal imprinted hereon.

THE CITY OF LINCOLN, NEBRASKA

By: _____(facsimile signature)_____
Mayor

_____(facsimile signature)_____
Finance Director

(Original Seal)

CERTIFICATE OF AUTHENTICATION

This bond is one of the bonds of the series referred to therein and has been issued pursuant to the provisions of the Ordinance identified herein.

Date of Authentication: _____, 2011 **BOKF, NATIONAL ASSOCIATION**, Paying Agent

By: _____
Authorized Signature

THE CITY OF LINCOLN, NEBRASKA, in The County of Lancaster, a city of the primary class and political subdivision of the State of Nebraska (the **"City"**), for value received, hereby acknowledges itself to be indebted and promises to pay to the Registered Owner specified above, or registered assigns, the Principal Amount shown above on the Maturity Date shown above unless called for redemption prior to such Maturity Date, and to pay interest thereon at the Interest Rate per annum specified above (computed on the basis of a 360-day year of twelve 30-day months) from the Dated Date shown above or from the most recent interest payment date to which interest has been paid or duly provided for, payable semiannually on _____ and _____ in each year, beginning _____, 201__, until the Principal Amount has been paid.

The principal or redemption price of this Bond shall be paid at maturity or upon earlier redemption by check or draft to the person in whose name this Bond is registered at the maturity or redemption date thereof, upon presentation and surrender of this Bond at the designated corporate trust office of **BOKF, National Association**, Lincoln, Nebraska (the **"Paying Agent"**). The interest payable on this Bond on any interest payment date shall be paid to the person in whose name this Bond is registered on the registration books maintained by the Paying Agent at the close of business on the Record Date for such interest, which shall be the fifteenth day (whether or not a business day) next preceding the interest payment date. Such interest shall be payable (a) by check or draft mailed by the Paying Agent to the address of such Registered Owner shown on the Bond Register or (b) in the case of an interest payment to any Registered Owner of $500,000 or more in aggregate principal amount of Bonds, by electronic transfer to such Registered Owner upon written notice given to the Paying Agent by such Owner, not less than 15 days prior to the Record Date for such interest, containing the electronic transfer instructions including the bank (which shall be in the continental United States), ABA routing number and account number to which such Registered Owner wishes to have such transfer directed. The principal or redemption price of and interest on the Bonds shall be payable by check or draft in any coin or currency that, on the respective dates of payment thereof, is legal tender for the payment of public and private debts.

This Bond is one of an authorized series of bonds of the City designated "General Obligation Special Assessment Revolving Fund Bonds, Series 2011B," aggregating the principal amount of $_____ (the **"Bonds"**), issued by the City for the purpose of paying the costs of improvements in special improvement districts, including grading, paving, repaving, resurfacing, ornamental lighting, water, sewer, gravel, sidewalk or any other improvement district where the cost of any such improvement is assessed in whole or in part against the property in such district benefited by such improvement, under the authority of and in full compliance with the constitution and laws of the State of Nebraska, and pursuant to an election duly held in the City and Ordinance No. _____ duly passed by the Council and approved by the Mayor.

At the option of the City, Bonds or portions thereof maturing on _____, 20___, and thereafter may be redeemed and paid prior to maturity at any time on or after _____, 20___, as a whole or in part in such principal amounts and from such maturity or maturities (Bonds of less than a full maturity to be selected in multiples of $5,000 principal amount in such equitable manner as the Paying Agent shall designate) as the City may determine at a redemption price equal to 100% of principal amount being redeemed, plus accrued interest thereon to the redemption date.

Bonds maturing on _____, _____, are subject to mandatory redemption and payment prior to maturity pursuant to the mandatory redemption requirements of the Ordinance on _____, _____, and on each _____ thereafter prior to maturity, at a redemption price equal to 100% of the Principal Amount thereof plus accrued interest to the redemption date.

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

The full faith and credit of the City have been and are hereby pledged for the payment of the principal of and interest on this Bond, and the Council of the City shall annually provide for the levy of a tax upon all the taxable property located in the City sufficient to pay the principal of this Bond, and the interest hereon, as the same mature, which tax shall be in excess of and in addition to all other taxes now or hereafter authorized to be levied by the City.

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

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

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

IT IS HEREBY DECLARED AND CERTIFIED that all acts, conditions and things required to be done and to exist precedent to and in the issuance of the Bonds have been done and performed and do

exist in due and regular form and manner as required by the constitution and laws of the State of Nebraska

and the charter of the City; and that the total indebtedness of the City, including this Bond and the series of which it is one, does not exceed any constitutional or statutory or charter limitation.

ASSIGNMENT

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

_____

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

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

Dated: _____

_____

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

Signature Guaranteed By:

_____

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

By: _____
Title: _____

GILMORE & BELL, P.C.
DRAFT #1
SEPTEMBER 12, 2011

$[Principal Amount]*

THE CITY OF LINCOLN, NEBRASKA
GENERAL OBLIGATION SPECIAL ASSESSMENT REVOLVING FUND BONDS
SERIES 2011B

OFFICIAL NOTICE OF SALE

The above-referenced Bonds (the **" Bonds"**), are being offered for sale in accordance with this Official Notice of Sale. Bids for the purchase of the Bonds will be received on behalf of The City of Lincoln, Nebraska (the **"City"**) on the AICauction website (**"AICauction"**) at website address "www.aicauction.com" on **October ___, 2011** between [11:15] a.m. and [11:30] a.m., Eastern Time or such other date and time as may be established by the City Finance Director or his designee and communicated by Thomson Municipal Market Monitor or on AICauction not less than 20 hours prior to the time bids are to be received. To bid, bidders must have (a) completed the registration form on the AICauction website, and (b) requested and received admission to the City's auction as described herein. The use of the AICauction shall be at the bidder's risk and expense and the City shall have no liability with respect thereto.

October ___, 2011

* Estimated, subject to change. Amounts may be increased or decreased after submission of bids as described herein under **"ADJUSTMENT OF PRINCIPAL AMOUNTS."**

BOOK-ENTRY

OFFICIAL NOTICE OF SALE

$[Principal Amount]*
THE CITY OF LINCOLN, NEBRASKA
GENERAL OBLIGATION SPECIAL ASSESSMENT REVOLVING FUND BONDS
SERIES 2011B

Notice is hereby given that all-or-none bids will be received by The City of Lincoln, Nebraska (the **"City"**) for the purchase of $[Principal Amount]* aggregate principal amount of the above-referenced bonds (the **" Bonds"**) only on the AICauction website (**"AICauction"**) at website address "www.aicauction.com" between [11:15] a.m. and [11:30] a.m. Eastern Time on **_____, October ___, 2011,** or on such other date and time as may be established by the City Finance Director or his designee. The principal maturities of the Bonds, or any other provisions of this Official Notice of Sale may be amended by the City and communicated by Thomson Municipal Market Monitor or through AICauction not less than 20 hours prior to the time the bids are to be received. To bid, bidders must have (a) completed the registration form on the AICauction website, and (b) requested and received admission to the City's auction as described under the heading **"REGISTRATION AND ADMISSION TO BID"** below. Use of the AICauction shall be at the bidder's risk and expense and the City shall have no liability with respect thereto. All capitalized terms used herein which are not otherwise defined shall have the respective meanings set forth in the Preliminary Official Statement hereinafter identified..

FORM, MATURITY AND PAYMENT OF BONDS

The Bonds shall be issued in fully registered form in denominations of $5,000 or integral multiples thereof; shall be dated the date of delivery thereof (the **"Dated Date,"** currently anticipated to be [Closing Date], 2011), shall bear interest from their Dated Date, payable on [February 15] and [August 15] of each year, commencing [February 15], 2012, and shall mature on [August 15] in the years as set forth below in the approximate principal amounts set forth below:

Year	Principal Amount*	Year	Principal Amount*
2012		2022	
2013		2023	
2014		2024	
2015		2025	
2016		2026	
2017		2027	
2018		2028	
2019		2029	
2020		2030	
2021		2031	

* Estimated, subject to change. Amounts may be increased or decreased after submission of bids as described herein under **"ADJUSTMENT OF PRINCIPAL AMOUNTS."**

Bonds of any maturities may be designated as term maturities; provided, however that no more than [two] term maturities may be specified in any bid.

BOOK-ENTRY SYSTEM

The Bonds will be initially registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York (**"DTC"**) under DTC's book-entry system of registration. Purchasers of interests in the Bonds (the **"Beneficial Owners"**) will not receive physical delivery of bonds certificates and ownership by the Beneficial Owners of the Bonds will be evidenced by book-entry notations only. See **"APPENDIX C – BOOK-ENTRY SYSTEM"** to the Preliminary Official Statement with respect to the Bonds posted on AICauction (the **"Preliminary Official Statement"**). As long as Cede & Co. is the registered owner of the Bonds as nominee of DTC, payments of principal and interest will be made directly to DTC, which will in turn remit such payments to the DTC participants for subsequent disbursement to the Beneficial Owners.

ADJUSTMENT OF PRINCIPAL AMOUNTS

If, after the final computation of the bids, the City determines in its sole discretion that the funds necessary to accomplish the purposes of the Bonds is more than the proceeds of the sale of all of the Bonds, the City reserves the right to decrease, by no more than 10%, the aggregate principal amount (as set forth in this Official Notice of Sale) of the Bonds. The amount of Bonds maturing in each year may be increased or decreased by more than 10% so long as the City adheres to the overall 10% limitation on the amount of change to the aggregate principal amount and the aggregate principal amount of the Bonds does not exceed $[Principal Amount].

In the event of such adjustment, no rebidding or recalculation of the bids for the Bonds will be permitted or required. The purchase price of the Bonds will be computed by taking the adjusted par amount of the Bonds and (a) either subtracting the aggregate original issue discount or adding the aggregate original issue premium, as applicable, computed on the adjusted par amounts of each maturity of the Bonds and the prices provided by the underwriters, and (b) subtracting the amount obtained by multiplying the per bond dollar amount of the underwriter's spread by the adjusted par amount of the Bonds. The Bonds of each maturity, as adjusted, will bear interest at the same rate and must have the same initial reoffering yields as specified for that maturity immediately after award of the Bonds by the successful bidder for the Bonds. However, the award will be made to the bidder whose bid produces the lowest true interest cost, calculated as specified below, solely on the basis of the Bonds offered, without taking into account any adjustment in the amount of Bonds pursuant to this paragraph.

TERM MATURITY OPTIONS

Any bidder may, at its option, specify that the stated maturities of the Bonds will consist of not to exceed [two] term maturities which are subject to mandatory sinking fund redemption in consecutive years immediately preceding the maturity thereof (a **"Term Maturity"**) as designated in the bid of such bidder. In the event that the bid of the successful bidder specifies that any maturity of the Bonds will be a Term Maturity, such Term Maturity will be subject to mandatory sinking fund redemption on [August 15], in each applicable year, in the principal amount for such year as set forth hereinbefore under the heading **"FORM, MATURITY AND PAYMENT OF BONDS,"** or as adjusted as provided herein, at a redemption price equal to 100% of the principal amount thereof to be redeemed plus accrued interest thereon to the redemption date.

OPTIONAL REDEMPTION PROVISIONS

The Bonds maturing on and before August 15, 20___ are not redeemable prior to their stated dates of maturity. The Bonds maturing on or after August 15, 20___ are redeemable prior to their stated dates of maturity, at the option of the City, as a whole at any time or in part from time to time on or after _____, 20___, from such maturity or maturities and in such amounts as the City in its discretion shall select and by lot within a maturity if less than a full maturity is redeemed, from money which may be available for such purpose and deposited with the paying agent for the Bonds on or before the date fixed for redemption, at a redemption price equal to 100% of the principal amount thereof plus accrued interest on such principal amount to the redemption date.

AUTHORITY AND PURPOSE

The Bonds are being issued under the authority of, and in full compliance with, the Constitution and statutes of the State of Nebraska and the Home Rule Charter of the City (the **"Charter"**), including, particularly, Article VIII, Section 10a of the home rule Charter of the City, as the same may be amended from time to time (the **"Act"**). The Bonds were authorized by Ordinance No. _____ adopted by the Council on October 10, 2011 and approved by the Mayor on October ___, 2011 (the **"Bond Ordinance"**), to maintain and replenish the City's Special Assessment Revolving Fund (the **"SARF"**), established pursuant to the Act for the purpose of paying from the SARF the cost of special assessment improvements as completed and accepted and to retire, when due, outstanding special assessment obligations, including, without limitation, the Bonds, and (b) pay certain costs of issuing the Bonds.

SECURITY

The full faith and credit of the City will be pledged to the payment of the principal of and interest on the Bonds. The City has power and is obligated to levy ad valorem taxes without limitation as to rate or amount upon all property subject to taxation by the City sufficient to pay the principal of and interest on the Bonds, which taxes shall be in excess of and in addition to all other taxes now or hereafter authorized to be levied by the City.

INTEREST RATES

Bidders shall specify rates of interest on the basis of a 360-day year consisting of twelve, 30-day months, expressed in multiples of 1/8 or 1/20 of 1% per annum, with the same single interest rate for any one maturity. The use of split or supplemental interest coupons will not be considered and a zero rate or blank rate will not be permitted. All Bonds maturing on the same date shall bear the same rate of interest.

CERTIFICATION AS TO REOFFERING PRICES

To provide the City with the information necessary to comply with Section 148 of the Internal Revenue Code of 1986, as amended (the **"Code"**), the successful bidder will be required to complete, execute and deliver to the City prior to the delivery of the Bonds, a certificate (the **"Closing Certificate"**) containing the following: (a) the initial offering price and interest rate for

each maturity of the Bonds; and (b) representations that (1) all of the Bonds of each maturity were offered to the public in a bona fide public offering at the initial offering prices on the date the successful bidder's bid was accepted (the **"Sale Date"**), and (2) on the Sale Date the successful bidder reasonably expected that at least 10% of each maturity of the Bonds would be sold to the public at prices not higher than the initial offering prices. For purposes of the preceding sentence "public" means persons other than bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers. A form of the Closing Certificate is attached hereto as **Exhibit B**. In the alternative, if any maturity of Bonds is not reoffered for sale, the Closing Bond may instead provide that the successful bidder has purchased such maturity for its own account in a capacity other than as an underwriter or wholesaler, and currently has no intent to reoffer such maturity for sale.

At the request of the City, the successful bidder will provide information explaining the factual basis for the successful bidder's Closing Certificate. This agreement by the successful bidder to provide such information will continue to apply after the issue date of the Bonds if (1) the City requests the information in connection with an audit or inquiry by the Internal Revenue Service or the Securities and Exchange Commission or (2) the information is required to be retained by the City pursuant to future regulation or similar guidance from the Internal Revenue Service, the Securities and Exchange Commission or other federal or state regulatory authority. Nothing contained in this paragraph will compel the bidder to disclose to the City information identifying the purchaser of any Bond in violation of the bidder's general policy of protecting client confidentiality.

GOOD FAITH DEPOSIT

Each bidder must provide a good faith deposit (the **"Deposit"**), in the form of a cashier's or certified check payable to the order of the City or in the form of a financial surety bond (a **"Surety Bond"**), in the amount of $_____. If a check is used, it must be provided to the City prior to the bid. If a Surety Bond is used, it must be from an insurance company licensed to issue such a bond in the State of Nebraska and approved by the City. Such Surety Bond must be provided to the City prior to the submission of the bids. The Surety Bond must identify each bidder whose Deposit is guaranteed by such Surety Bond. If the Bonds are awarded to a bidder utilizing a Surety Bond, that bidder is required to submit its Deposit in the form of a wire transfer as instructed by the City. Such Deposit shall be considered due by 11:00 a.m. Eastern Time on the next business day following the award. If such Deposit is not received by that time, the Surety Bond may be drawn upon by the City to satisfy the Deposit requirement. No interest on the Deposit will accrue to the successful bidder. The Deposit will be applied to the purchase price of the Bonds. In the event the successful bidder fails to honor its accepted bid, the Deposit will be retained by the City as liquidated damages. In the event that the City fails to deliver the Bonds to the successful bidder, the Deposit shall be immediately delivered by the City to the successful bidder or the insurance company that issued the Surety Bond, whichever is applicable, and neither the successful bidder, the City, nor any other party shall have any further obligation with respect to the Bonds.

REGISTRATION AND ADMISSION TO BID

To bid, bidders must first visit the AICauction website to register, if necessary, and request admission to bid on the Bonds. Bidders will be notified prior to the scheduled bidding time of their eligibility to bid. Only NASD registered broker-dealers and dealer banks with DTC clearing arrangements will be eligible to bid. The City will determine whether any request for admission is

granted. Bidders who have previously registered with MuniAuction may call MuniAuction at (412) 391-5555, extension 370 (auction support) for their ID Number or password.

BIDDING PROCEDURES

All bids must be submitted on AICauction at www.aicauction.com. No telephone, facsimile or personal delivery bids will be accepted. Bidders may change and submit bids as many times as they like during the auction; provided, however, each submitted bid, other than a bidder's initial bid, must result in a lower true interest cost (**"TIC"**), when compared to the immediately preceding bid of such bidder. The last bid submitted by a bidder before the end of the auction will be compared to all other final bids submitted by others to determine the winning bidder. During the bidding, no bidder will see any other bidder's bid, but each bidder will see their rank order (i.e., leader, cover, third, etc.). During the bidding, bidders will be able to see whether any bid has been submitted for the Bonds.

Bidders should verify the accuracy of their final bids and compare them to the winning bids reported on the AICauction Observation Page immediately after the auction.

RULES OF AICAUCTION

The "Rules of AICauction" can be viewed on AICauction and are incorporated herein by reference. Bidders must comply with the Rules of AICauction in addition to the requirements of this Official Notice of Sale. In the event the Rules of AICauction conflict with this Official Notice of Sale, this Official Notice of Sale shall prevail.

(a) A bidder submitting a winning bid is irrevocably obligated to purchase the Bonds at the rates and prices of the winning bid, if acceptable to the City. Winning bids are not officially awarded to the winning bidder until formally accepted by the City.

(b) Neither Ameritas Investment Corp. (**"AIC"**) nor MuniAuction (the **"Auction Administrator"**) is responsible for technical difficulties that result in the loss of a bidder's internet connection with AICauction, slowness in transmission of bids, or other technical problems.

(c) If for any reason the bidder is disconnected from the "Auction Page" of AIC Auction during the auction after having submitted a winning bid, such bid is valid and binding upon the bidder, unless the City exercises its right to reject bids, as set forth herein.

(d) Bids which generate error messages are not accepted until the error is corrected and the bid is received prior to the deadline.

(e) Bidders accept and agree to abide by all terms and conditions specified in this Official Notice of Sale, including any amendment hereto (the **"Amendments"**).

(f) Neither AIC nor the Auction Administrator is responsible to any bidder for any defect or inaccuracy in this Official Notice of Sale, the Amendments, or the Preliminary Official Statement as each appears on AICauction.

(g) Only bidders who request and receive admission to an auction may submit bids. AIC and the Auction Administrator reserve the right to deny access to AICauction to any bidder, whether registered or not, at any time and for any reason whatsoever, in their sole and absolute discretion.

(h) Neither AIC nor the Auction Administrator is responsible for protecting the confidentiality of a bidder's AICauction password.

(i) If any bid becomes a leading bid two minutes prior to the end of the auction, then the auction will be automatically extended by two minutes from the time such new leading bid was received by AICauction. The auction end time will continue to be extended, indefinitely, until a single leading bid remains the leading bid for at least two minutes.

(j) If two bids submitted in the same auction by the same or different bidders result in the same TIC, the first bid received by AICauction prevails. Any change to a submitted bid constitutes a new bid regardless of whether there is a corresponding change in the TIC or yield to maturity.

(k) Bidders must compare their final bids to those shown on the "Observation Pages" of AICAuction immediately after the bidding period ends, and if a bidder disagrees with final results shown on the "Observation Pages," such bidder must report such disagreement to AICauction within 15 minutes after the bidding period ends. Regardless of the final results reported by AICauction, Bonds are definitively awarded to winning bidders only upon official award by the City. If, for any reason, the City fails to: (1) award the Bonds to the winner reported by AICauction, or (2) deliver the Bonds to winning bidder(s) at settlement, none of AIC, the Auction Administrator, or the City will be liable for damages.

TERMS OF BID AND BASIS OF AWARD

Proposals must be unconditional for the purchase of all of the Bonds. The purchase price of the Bonds shall not be less than [98.0]% of the principal amount of the Bonds. Neither net original issue discount nor underwriter's discount may exceed [1.00]% of the principal amount of the Bonds.

The Bonds will be awarded to the bidder offering to purchase all of the Bonds at the lowest TIC. The TIC will be determined by doubling the semi-annual interest rate necessary to discount the semi-annual debt service payments on the Bonds back to the Net Proceeds (defined as the par amount of the Bonds less any original issue discount, plus any original issue premium, and less underwriter's discount on the Bonds calculated on a 360-day year to the Dated Date). For purposes hereof, sinking fund installments for any Term Maturities shall be considered as serial maturities. The TIC must be calculated to 4 decimal places.

THE CITY RESERVES THE RIGHT TO REJECT ALL BIDS OR ANY BID NOT CONFORMING TO THIS OFFICIAL NOTICE OF SALE OR NOT SUBMITTED IN THE FORM OF THE OFFICIAL BID FORM. THE CITY ALSO RESERVES THE RIGHT TO WAIVE, IF PERMITTED BY LAW, ANY IRREGULARITY OR INFORMALITY IN ANY PROPOSAL. THE CITY SHALL NOT REJECT ANY CONFORMING BID, UNLESS ALL CONFORMING BIDS ARE REJECTED.

VERIFICATION; RIGHT OF REJECTION

Bidders should verify the accuracy of their final bids and compare them to the winning bids reported on the AICauction Observation Page immediately after the auction.

The City reserves the right to reject any and all bids, to waive any irregularity or informality in any bid, to take any action adjourning or postponing the sale of the Bonds or to take any other action the City may deem to be in its best interest.

STANDARD FILINGS AND CHARGES

The winning bidder will be required to make the standard filings and maintain the appropriate records routinely required pursuant to MSRB Rules G-8, G-11 and G-36. The winning bidder will be required to pay the standard MSRB charge for Bonds purchased. In addition, those who are members of the Bond Market Association (**"BMA"**) will be required to pay BMA's standard charge per bond.

CUSIP NUMBERS AND DTC ELIGIBILITY

It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such number on any Bonds nor any error with respect thereto shall constitute cause for failure or refusal by the successful bidder to accept delivery of and pay for the Bonds in accordance with their agreement to purchase the Bonds. The bidder will be responsible for obtaining and paying for CUSIP numbers on the Bonds.

It is anticipated that the Bonds will be issued in book-entry form and eligible for custodial deposit with DTC; however, it will be the responsibility of the successful bidder to obtain such eligibility. Failure of the successful bidder to obtain DTC eligibility shall not constitute cause for failure or refusal by the successful bidder to accept delivery of and pay for the Bonds in accordance with its agreement to purchase the Bonds.

DELIVERY OF BONDS

The City will pay the cost of preparing the Bonds. Delivery of and payment for the Bonds will be made on or about [Closing Date], 2011 (the **"Date of Delivery"**) in New York, New York, or such other time and place mutually acceptable to the successful bidder and the City. Payment of the full purchase price, less the Deposit, shall be made to the City at the closing, in Federal Reserve Funds of the United States of America, without cost to the City.

The legal opinion of Gilmore & Bell, P.C., Lincoln, Nebraska (**"Bond Counsel"**) will be furnished without charge to the successful bidder at the time of delivery of the Bonds. A legal opinion of Bond Counsel concerning certain matters concerning the Official Statement will also be provided to the successful bidder without charge.

There will also be furnished at the time of delivery of the Bonds, a certificate or certificates (which may be included in a consolidated closing certificate) relating to the accuracy and completeness of the Official Statement; and stating, among other things, that there is no litigation or administrative action or proceeding pending or, to the knowledge of the City, threatened, at the time of delivery of the Bonds, (a) to restrain or enjoin or seeking to restrain or enjoin the issuance and

delivery of the Bonds or the execution and delivery of the Agreement or (b) affecting the validity of the Bonds or the Agreement, and that the Preliminary Official Statement has been deemed by the City to be a "final official statement" for purposes of SEC Rule 15c2-12(b)(3) and (4).

The successful bidder will be responsible for the clearance or exemption with respect to the status of the Bonds for sale under the securities or "Blue Sky" laws of the several states and the preparation of any surveys or memoranda in connection with such sale.

DISCLOSURE; AMENDMENTS TO NOTICE OF SALE; NOTIFICATION OBLIGATIONS OF PURCHASER

This Official Notice of Sale is not intended as a disclosure document and bidders are required to obtain and carefully review the Preliminary Official Statement before submitting a bid.

This Official Notice of Sale may be amended from time to time after its initial publication by publication of amendments thereto not less than 20 hours prior to the time bids are to be received by publication on the "Amendments Page" of AICauction or by [Thomson Municipal Market Monitor]. Each bidder will be charged with the responsibility of obtaining any such amendments and complying with the terms thereof.

The successful bidder, by submitting its bid, agrees to furnish to the City and Special Tax Counsel a certificate verifying information as to the bona fide initial offering prices of the Bonds to the public and sales of the Bonds appropriate for determination of the issue price of, and the yield on, the Bonds under the Internal Revenue Code of 1986, as amended, and such other documentation as and at the time requested by Special Tax Counsel.

The successful bidder shall verify in writing to the City its bid by executing **Exhibit A** to this Official Notice of Sale and attaching a printed copy of its winning bid as reported on the AICauction Observation Page.

OFFICIAL STATEMENT

The City shall furnish at its expense within seven business days after the Bonds have been awarded to the successful bidder, or at least five business days before closing, whichever is earlier, up to ____ copies of the final Official Statement, which, in the judgment of the financial advisor to the City will permit the successful bidder to comply with applicable SEC and MSRB rules. The City will at its expense ship the final Official Statements to no more than five separate addresses. The successful bidder may arrange for additional copies of the final Official Statement or shipment to additional addresses at its expense.

CONTINUING DISCLOSURE

In order to assist bidders in complying with SEC Rule 15c2-12, the City will undertake to provide, or cause to be provided, certain financial information and operating data relating to the City by not later than May 1 of each year (the **"Annual Report"**), commencing May 1, 2012, and to provide notices of the occurrence of certain enumerated events, if material, to the MSRB through the Electronic Municipal Market Access system. The proposed form of the Continuing Disclosure Bond of the City is summarized in the Preliminary Official Statement. A copy of the undertaking

will be made available to the successful bidder by facsimile transmission prior to the delivery of the Bonds and will be included in the transcript of proceedings relating to the issuance of the Bonds.

DISCLOSURE INFORMATION

The Preliminary Official Statement, as supplemented and amended by this Official Notice of Sale, is "deemed final" (except for permitted omissions) by the City in accordance with SEC Rule 15c2-12 and is available only on AICAuction at www.aicauction.com. The Official Bid Form is also available only on AICauction at www.aicauction.com. Questions concerning the Preliminary Official Statement may be addressed to Steve Hubka, Interim Finance Director, City of Lincoln, Nebraska, 555 South 10th Street, Lincoln, Nebraska 68508, (402) 441-7411, or to the financial advisor to the City, Ameritas Investment Corp., 5900 "O" Street, First Floor, Lincoln, Nebraska, 68510, (402) 467-6948, Attention: Scott Keene, before a bid is submitted. Any questions concerning AICauction should be directed to MuniAuction, Inc. at (412) 391-5555, extension 370 (auction support).

THE CITY OF LINCOLN, NEBRASKA

By: /s/ Steve Hubka
Finance Director

EXHIBIT A

OFFICIAL BID FORM

$[Principal Amount]*
THE CITY OF LINCOLN, NEBRASKA
GENERAL OBLIGATION SPECIAL ASSESSMENT REVOLVING FUND BONDS
SERIES 2011B

The City of Lincoln, Nebraska
555 South 10th Street
Lincoln, Nebraska 68508

October ___, 2011

Ladies and Gentlemen:

On behalf of the undersigned and any underwriting syndicate which we have formed and lead, and in accordance with the terms and conditions of the attached Official Notice of Sale, dated October ___, 2011, which is hereby made a part of this proposal, we offer to purchase all of the $[Principal Amount]* aggregate principal of the above-referenced bonds (the **"Bonds"**). We will pay as the purchase price thereof, the aggregate sum of _____ _____ _____Dollars ($_____)(1), in immediately available Federal Funds. The Bonds will be dated the date of delivery thereof, bear interest from such date payable [February 15] and [August 15] of each year, beginning [February 15], 2012, until maturity or prior redemption. The Bonds shall mature in the years and be subject to mandatory sinking fund redemption (if Term Maturities are specified by the bidder) in the amounts, and bear interest at the respective interest rates per annum, all as stated in the following schedule:

Year	Principal Amount*(1)	Coupon	Yield	Year	Principal Amount*(1)	Coupon	Yield
2012				2022			
2013				2023			
2014				2024			
2015				2025			
2016				2026			
2017				2027			
2018				2028			
2019				2029			
2020				2030			
2021				2031			

* Preliminary, subject to change.
(1) Subject to adjustment as provided in the Official Notice of Sale.

Bonds of any maturities may be designated as Term Maturities; provided, however, that no more than two Term Maturities may be specified in any bid.

The principal installments for the Bonds indicated above, shall be applied for the mandatory retirement of up to two Term Maturities in the years and amounts and bearing interest as follows:

$_____ Term Maturities maturing on _____, 20___ at _____% per annum to yield _____% per annum.

$_____ Term Maturities maturing on _____, 20___ at _____% per annum to yield _____% per annum.

Subject to your acceptance of our Official Bid, we agree to make a bona fide public offering of all the Bonds at yields not lower than those set forth in the above maturity schedule. Our calculation, made as provided in the Official Notice of Sale, of the true interest cost to the City is _____%. This estimate is for information purposes only and is not binding on the City or the undersigned.

In accordance with the Official Notice of Sale (check one of the following):

___ We enclose herewith a Cashier's or Certified Check payable to the order of The City of Lincoln, Nebraska.

___ We are an authorized principal of a Surety Bond with respect to this bid as described in the attached Official Notice of Sale and, if this bid is accepted, we will submit our Deposit in the form of a wire transfer as instructed by the City no later than 11:00 a.m. Eastern Time on the next business day following such bid acceptance.

The Deposit will be applied or returned in accordance with the provisions of the Official Notice of Sale.

It shall be a condition of our obligation as the successful bidder to accept delivery of, and pay for, the Bonds that, contemporaneously with, or before accepting, the Bonds and paying for them, we shall receive the Closing Documents specified in the Official Notice of Sale.

We hereby acknowledge receipt of the Preliminary Official Statement for the Bonds "deemed final" (except for permitted omissions) by the City.

We hereby request that _____ copies of the Official Statement (and any supplement thereto) be furnished to us in accordance with the Official Notice of Sale.

We agree to provide a list of all syndicate members by facsimile transmission upon notification of our successful bid. Receipt of such list shall be a condition precedent to the award of the Bonds.

It is understood and agreed that an award will be made for all or none of the Bonds and that the aggregate principal amount of the Bonds and our purchase price as bid may be adjusted as provided in the Official Notice of Sale, the terms of which are incorporated herein by reference.

If the foregoing is acceptable to you, please signify by signing and returning a copy of this Official Bid Form to the undersigned bidder whereupon it will become a binding agreement between us.

Respectfully submitted,

_____
Bidder

By: _____

Accepted and agreed to October ___, 2011

THE CITY OF LINCOLN, NEBRASKA

By: _____
Interim Finance Director

(No addition or alteration, except as provided above, is to be made to this Official Bid Form and it must not be detached from the attached Official Notice of Sale.)

CLOSING CERTIFICATE
[UNDERWRITER]

$[Principal Amount]
THE CITY OF LINCOLN, NEBRASKA
GENERAL OBLIGATION SPECIAL ASSESSMENT REVOLVING FUND BONDS
SERIES 2011B

Dated: Date of Delivery ([Closing Date], 2011)

_____, acting on behalf of itself and the syndicate selling group, if any, created by it as purchaser (the **"Purchaser"**) of the above-described bonds (the **"Bonds"**) being issued on the date of this Closing Certificate pursuant to Ordinance No. _____ of The City of Lincoln, Nebraska (the **"City"**), certifies and represents as follows:

1. Receipt for Bonds. The Purchaser acknowledges receipt on the date of this Closing Certificate of the Bonds consisting of fully registered Bonds in authorized denominations in a form acceptable to the Purchaser.

2. Public Offering. The initial offering price and interest rate for each maturity of the Bonds is attached to this Closing Certificate as **Schedule I**. All of the Bonds of each maturity were offered to the public in a bona fide public offering at the initial offering prices on the date our bid was accepted (the **"Sale Date"**). On the Sale Date, the Purchaser reasonably expected that at least 10% of each maturity of the Bonds would be sold to the public at prices not higher than the initial offering prices. For purposes of this paragraph, "public" means persons other than bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers. The aggregate offering price of the Bonds is $_____, plus accrued interest, if any. At the request of the Agency, the Purchaser will provide information explaining the factual basis for the Purchaser's certifications in this paragraph if (1) the Agency requests the information in connection with an audit or inquiry by the Internal Revenue Service or the Securities and Exchange Commission or (2) the information is required to be retained by the Agency pursuant to future regulation or similar guidance from the Internal Revenue Service, the Securities and Exchange Commission or other federal or state regulatory authority. Nothing contained in this paragraph will compel the bidder to disclose to the Agency information identifying the purchaser of any Bond in violation of the Purchaser's general policy of protecting client confidentiality.

3. Book-Entry Form. The Underwriter has taken all actions necessary to qualify the Bonds as book-entry certificates with The Depository Trust Company (**"DTC"**), New York, New York, and has received verbal confirmation from DTC that the Bonds have been issued in book-entry form.

This Closing Certificate may be relied upon by the City in executing and delivering the Federal Tax Certificate, and by Gilmore & Bell, P.C., Bond Counsel, in rendering its opinion relating to the exclusion of the interest on the Bonds from gross income for federal income tax purposes.

Dated: [Closing Date], 2011.

[UNDERWRITER NAME]

By: _____
Title: _____

This Preliminary Official Statement and the information contained herein are subject to completion and amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances may this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor may there be any sale of these securities in any jurisdictions in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER ___, 2011

NEW ISSUE –FULL BOOK ENTRY **RATING: Moody's: "___"**
NOT BANK QUALIFIED **See "Rating"**

*In the opinion of Gilmore & Bell, P.C., Bond Counsel, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended (the **"Code"**), (1) the interest on the Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes, and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, (2) the interest on the Bonds is exempt from Nebraska income taxation by the State of Nebraska and (3) the Bonds have not been designated as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code. See **"TAX MATTERS."***

OFFICIAL STATEMENT
$3,000,000*
THE CITY OF LINCOLN, NEBRASKA
GENERAL OBLIGATION SPECIAL ASSESSMENT REVOLVING FUND BONDS
SERIES 2011B

Dated: date of delivery Due: [August 15], as shown below

The Bonds will be issued in fully registered form and, when initially issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (**"DTC"**), New York, New York, which will act as securities depository for the Bonds. Purchases of the Bonds will be originally made in book-entry form only, in the principal amount of $5,000 or any integral multiple thereof, through brokers and dealers who are, or who act through, DTC participants. Beneficial owners of the Bonds will not receive physical delivery of bond certificates so long as DTC or a successor securities depository acts as the securities depository with respect to the Bonds. So long as DTC or its nominee is the registered owner of the Bonds, payments of the principal or redemption price of and interest on the Bonds will be made directly to DTC. Interest is payable on [February 15] and [August 15] of each year, beginning [February 15], 2012. Disbursement of such payments to DTC participants is the responsibility of DTC and disbursement of such payments to the beneficial owners is the responsibility of the DTC participants. BOKF, National Association, Lincoln, Nebraska, is bond registrar and paying agent for the Bonds (the **"Registrar"**). For terms relating to principal and interest payments made to DTC or its nominee or in the event that the use of book-entry form is discontinued, see **"THE BONDS - Book-Entry System."**

The Bonds are being issued to provide funds to (a) maintain and replenish the City's Special Assessment Revolving Fund (the **"SARF"**), established pursuant to Article VIII, Section 10a(2), of the Charter of the City for the purpose of paying from the SARF the cost of special assessment improvements as completed and accepted and to retire, when due, outstanding special assessment obligations, including, without limitation, the Bonds, and (b) pay certain costs of issuing the Bonds. See **"THE PROJECT"** and **"ESTIMATED SOURCES AND USES OF FUNDS"** herein.

The full faith and credit of the City is pledged to the prompt payment of the principal or redemption price of and interest on the Bonds. The City has power and is obligated to levy and collect ad valorem taxes, unlimited as to rate and amount, against all taxable property in the City sufficient, together with such special assessments as may be collected, to pay the principal of and interest on the Bonds. See **"SECURITY"** and **"NEBRASKA LAWS RELATED TO BUDGETS AND TAXATION."**

The Bonds maturing on or after [August 15], 201__ are subject to optional redemption prior to maturity at any time on or after [August 15], 201__ as set forth herein. See **"THE BONDS - Optional Redemption."**

MATURITY SCHEDULE

Maturity ([August 15])	Principal Amount*	Interest Rate	CUSIP Number	Maturity ([August 15])	Principal Amount*	Interest Rate	CUSIP Number
2012	$,000			2020	$,000		
2013	,000			2021	,000		
2014	,000			2022	,000		
2015	,000			2023	,000		
2016	,000			2024	,000		
2017	,000			2025	,000		
2018	,000			2026	,000		
2019	,000						

$_____,000* – _____% Term Bonds due [August 15], 2031, CUSIP No. _____

Price (all Bonds): 100.000%

The Bonds are offered when, as, and if issued, subject to the approval of legality by Gilmore & Bell, P.C., Lincoln, Nebraska, Bond Counsel. It is expected that the Bonds will be available for delivery through DTC on or about November ___, 2011.

AMERITAS INVESTMENT CORP.

The date of this Official Statement is October ____, 2011

*Preliminary; subject to change.

THE CITY OF LINCOLN, NEBRASKA
CITY OFFICIALS

Mayor

Christopher J. Beutler

City Council Members

Eugene Carroll (Chair)

Jon Camp
Doug Emery
Adam Hornung
Jonathan Cook
Carl Eskridge

City Administration

Steve Hubka ..... Interim Finance Director
Rodney Confer ..... City Attorney
Marvin Krout ..... Planning Director
Lynn Johnson ..... Parks and Recreation Director
Kevin Wailes ..... LES Administrator and CEO
David Landis ..... Urban Development Director
Pat Leach ..... Library Director
Miki Esposito ..... Interim Public Works and Utilities Director
Judith Halstead ..... Health Director
Mark Koller ..... Personnel Director
Thomas Casady ..... Public Safety Director
Fred Hoke ..... Building and Safety Director

Peggy Tharnish, City Controller

Underwriter

Ameritas Investment Corp.
Lincoln, Nebraska

Bond Counsel

Gilmore & Bell, P.C.
Lincoln, Nebraska

Paying Agent And Registrar

BOKF, National Association
Lincoln, Nebraska

Independent Auditors

BKD, LLP
Lincoln, Nebraska

No broker, dealer, sales representative or other person has been authorized by the City or the Underwriter to give any information or to make any representations, other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the City and other sources that are believed to be reliable, but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the Underwriter. The Underwriter has provided the following sentence for inclusion in this Official Statement: "The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information." The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstance, create any implication that there has been no change in the affairs of the City since the date hereof.

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THE CITY OF LINCOLN, NEBRASKA ..... APPENDIX A
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THIS OFFICIAL STATEMENT IS NOT, AND MAY NOT BE CONSTRUED AS, A CONTRACT WITH THE PURCHASERS OF THE BONDS. STATEMENTS CONTAINED IN THE OFFICIAL STATEMENT WHICH INVOLVE ESTIMATES, FORECASTS, OR MATTERS OF OPINION, WHETHER OR NOT EXPRESSLY SO DESCRIBED HEREIN, ARE INTENDED SOLELY AS SUCH AND ARE NOT TO BE CONSTRUED AS A REPRESENTATION OF FACTS.

THE UNDERWRITER INTENDS TO OFFER THE BONDS INITIALLY AT THE OFFERING PRICES SET FORTH ON THE COVER PAGE OF THIS OFFICIAL STATEMENT, WHICH MAY SUBSEQUENTLY CHANGE WITHOUT ANY REQUIREMENT OF PRIOR NOTICE. IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS OFFERED HEREBY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET, AND SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACT.

OFFICIAL STATEMENT

$3,000,000*

THE CITY OF LINCOLN, NEBRASKA
GENERAL OBLIGATION SPECIAL ASSESSMENT REVOLVING FUND BONDS
SERIES 2011B

INTRODUCTION

This introduction is only a brief description and summary of certain information contained in this Official Statement and is qualified in its entirety by reference to more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement.

Purpose of the Official Statement

The purpose of this Official Statement is to furnish information relating to (a) The City of Lincoln, Nebraska (the **"City"**), a home rule city of the primary class and political subdivision of the State of Nebraska (the **"State"**), and (b) the General Obligation Special Assessment Revolving Fund Bonds, Series 2011B (the **"Bonds"**), of the City, dated the date of delivery thereof, issued in the principal amount of $3,000,000*.

The City

The City is a city of the primary class and political subdivision organized and existing under the laws of the State of Nebraska. See **"THE CITY."**

The Bonds

The Bonds have been authorized by Ordinance No. _____ (the **"Ordinance"**), passed by the Council on October 10, 2011 and approved by the Mayor on October ___, 2011 pursuant to authority granted to the City by Article VIII, Section 10a of the home rule Charter of the City. The net proceeds of the Bonds will be used to provide funds to (a) maintain and replenish the City's Special Assessment Revolving Fund (the **"SARF"**), established pursuant to Article VIII, Section 10a(2), of the Charter of the City for the purpose of paying from the SARF the cost of special assessment improvements as completed and accepted and to retire, when due, outstanding special assessment obligations, including, without limitation, the Bonds, and (b) pay certain costs of issuing the Bonds.

Security and Source of Payment

The Bonds are general obligations of the City and its full faith and credit have been pledged to the payment of the Bonds. The City has the power and is obligated to levy ad valorem taxes without limitation as to rate or amount upon all taxable property within the City sufficient, together with such special assessments as may be collected, to pay the principal of and interest on the Bonds when and as the same become due, which taxes are in excess of and in addition to all other taxes now or hereafter authorized to be levied by the City. See **"SECURITY."**

Financial Statements

The audited financial statements of the City for Fiscal Year ended August 31, 2010, are included in **APPENDIX B – FINANCIAL STATEMENTS** hereto. The financial statements in **APPENDIX B – FINANCIAL STATEMENTS** have been audited by BKD, LLP, Lincoln, Nebraska, independent auditors, whose report thereon is also included in **APPENDIX B – FINANCIAL STATEMENTS** hereto.

THE CITY

The City is a city of the primary class and political subdivision created and existing under the laws of the State, including, without limitation, Chapter 15, Reissue Revised Statutes of Nebraska, as amended. The City encompasses approximately 90 square miles and includes most of the urban area of Lancaster County. Located in southeastern Nebraska approximately midway between Chicago and Denver, the City has a population of 258,379 according to the 2010 census. See **"APPENDIX A – THE CITY OF LINCOLN, NEBRASKA"** and **"APPENDIX B – FINANCIAL STATEMENTS."**

AUTHORITY

The City is issuing the Bonds under the authority of Article VIII, Section 10a of the Charter of the City, and the Ordinance. The proceeds of the Bonds will be used to pay the costs of improvements in Water District No. 1198, Water District No. 1199, Water District No. 1200, and Sewer District No. [1186] of the City, or for such other improvements that may be specially assessed as may be determined by the City.

SECURITY

The full faith and credit of the City has been pledged to the payment of the principal or redemption price of and interest on the Bonds. The City has the power and is obligated to levy ad valorem taxes without limitation as to rate or amount upon all property subject to taxation by the City sufficient, together with such special assessments as may be collected, to pay the principal or redemption price of and interest on the Bonds, which taxes shall be in excess of and in addition to all other taxes now or hereafter authorized to be levied by the City. See **"NEBRASKA LAWS RELATED TO BUDGETS AND TAXATION."**

Among other factors affecting an investment in the Bonds, potential investors should be aware that the United States Bankruptcy Code enables debtors (including municipalities such as the City) that are insolvent to obtain relief through a petition and plan that may result in the modification or delay of payments to creditors, including registered owners of the Bonds. In the event the City becomes insolvent, the registered owners of the Bonds would be treated as general creditors of the City along with all other unsecured claimants. The extent to which the exception from limitations upon overall tax rates provided for in existing legislation might entitle registered owners of the Bonds to be treated as a separate class or otherwise given priority over other unsecured claimants is a matter that would be subject to future determinations of state and federal courts interpreting and applying both state law and the provisions of the United States Bankruptcy Code. Procedures under the United States Bankruptcy Code or other insolvency laws could result in delays in payment and modifications of payment rights. The State of Nebraska has authorized its political subdivisions to seek relief under the United States Bankruptcy Code.

NEBRASKA LAWS RELATED TO BUDGETS AND TAXATION

The Nebraska Legislature (the **"Legislature"**) has enacted legislation intended to reduce the level of expenditures and property taxes by political subdivisions in the State. Sections 13-518 to 13-522, inclusive, Reissue Revised Statutes of Nebraska, as amended, and related sections (collectively, the **"Budget Limitations"**), limit the increase of certain restricted funds that may be budgeted by governmental units such as the City. Such restricted funds include property taxes, sales taxes and other funding sources comprising approximately 75% of funding sources used to fund the City's tax supported budget, but exclude restricted funds pledged to retire bonded indebtedness. The Budget Limitations currently provide for a base limitation of 2.5% upon increases plus the percentage increase in the property tax provided by new construction, improvements to existing property, annexations and new personal property added to the property tax base. The base limitation is subject to review by the Legislature from year to year and may be exceeded by an additional 1% upon an affirmative vote of at least 75% of the governing body. The Budget Limitations are enforced through the office of the Auditor of Public Accounts of the State and State aid may be withheld from governmental units that fail to comply. As a result of legislation passed by the Nebraska Legislature, the City receives no state aid. The Budget Limitations do not apply to the revenues of proprietary funds except to the extent such revenues are used for general fund purposes.

The City's tax base growth has exceeded the base limitation of 2.5% each year the Budget Limitations have been in effect. For the 2011-2012 fiscal year, the City was permitted to increase its appropriation of restricted funds under the Budget Limitations by 2.5%, plus the additional 1.0% approved by the affirmative vote of at least 75% of the members of the Council. Unused restricted fund authority from prior years can be carried over into future fiscal years to use in addition to the annual increases allowed. As of August 31, 2011, the City had accumulated $_____ of unused restricted funds authority which would be available for future fiscal years.

The Legislature has also enacted Section 77-3442, Reissue Revised Statutes of Nebraska, as amended, and related sections (collectively, the **"Levy Limitations"**), to provide overall limitations on the property tax levies of political subdivisions, including the City. The Levy Limitations expressly exclude any property taxes levied for bonded indebtedness. The maximum levy for the City is presently set at 45¢ per $100 of taxable valuation with an additional 5¢ per $100 of taxable valuation available to provide for the City's share of revenue required under any agreement executed by the City with another governmental unit pursuant to the Interlocal Cooperation Act or the Joint Public Agency Act. The City's current levy (excluding its bond levy) is 27.87¢ per $100 of taxable valuation on all the taxable property within the City.

Ad valorem taxes levied to pay debt service on the Bonds are not subject to either the Budget Limitations or the Levy Limitations. The City is authorized to levy ad valorem taxes without limitation as to rate or amount upon all of the taxable property in the City sufficient to pay the principal or redemption price of and interest on the Bonds, which taxes may be in excess of and in addition to all other taxes now or hereafter authorized to be levied by the City. The authority of the City to levy such taxes with respect to the Bonds is not subject to any charter, statutory or constitutional limitations.

Future legislation, decisions of the Nebraska Supreme Court, or initiative petitions proposed and passed by qualified voters in the State may alter the Budget Limitations and the Levy Limitations, or may otherwise modify the sources of and limitations on the revenues used by governmental units in the State to finance their activities.

ESTIMATED SOURCES AND USES OF FUNDS

SOURCES OF FUNDS:

Principal Amount of Bonds
Less/Plus Original Issue Discount/Premium

TOTAL SOURCES:

USES OF FUNDS:

Project Costs
Underwriter's Discount and Costs of Issuance

TOTAL USES:

THE BONDS

General

The Bonds will be issued in the principal amount of $5,000 or any integral multiple thereof, dated the date of delivery thereof (the **"Dated Date"**), bear interest from the Dated Date payable on [February 15] and [August 15] of each year, beginning [February 15], 2012, mature on [August 15] in the years and the principal amounts, and bear interest at the rates (calculated on the basis of a 360-day year consisting of twelve, 30-day months) as set forth on the cover page. Each installment of interest is payable by check or draft mailed by BOKF, National Association (the **"Registrar"**) on the due date (or on the next business day if such due date falls on a Saturday, Sunday or bank holiday applicable to the Registrar) to the registered owner of any Bond as shown on the bond registration records of the City maintained by the Registrar as of the Record Date (hereinafter defined). The principal of each Bond is payable only upon the surrender of such Bond to the Registrar. The **"Record Date"** for each installment of interest shall be the fifteenth day (whether or not a business day) next preceding such interest payment date.

Book-Entry System

General. The Depository Trust Company (**"DTC"**) will act as securities depository for the Bonds. The ownership of one fully registered Bond for each maturity, as set forth on the cover page hereof, each in the aggregate principal amount of such maturity, will be registered in the name of Cede & Co., as DTC's nominee. Ownership interests in the Bonds will be available to purchasers through a book-entry system maintained by DTC (the **"Book-Entry System"**). A description of DTC, the Book-Entry System and definitions of initially capitalized terms used under this caption are found in **"APPENDIX C - BOOK-ENTRY SYSTEM."**

Risk Factors. Beneficial Owners of the Bonds may experience some delay in their receipt of distributions of the principal or redemption price of and interest on the Bonds because such distributions will be forwarded by the Registrar to DTC, credited by DTC to its Direct Participants, and then credited to the accounts of the Beneficial Owners either directly or indirectly through Indirect Participants.

Because transactions in the Bonds can only be effected through DTC, DTC Participants and certain banks, the ability of a Beneficial Owner to pledge Bonds to persons or entities that do not participate in

the Book-Entry System, or otherwise to take actions in respect of such Bonds, may be limited due to the lack of physical certificates. The Registrar will not recognize Beneficial Owners as registered owners for purposes of the Ordinance, and Beneficial Owners will be permitted to exercise the rights of registered owners only indirectly through DTC and DTC Participants.

Optional Redemption

Bonds maturing on or prior to [August 15], 20___, are not subject to redemption prior to their stated maturities. Bonds maturing on or after [August 15], 20___, are subject to redemption prior to maturity in whole or in part, on or after [August 15], 20___, in the principal amounts and from the maturity or maturities selected by the City, and by lot in integral multiples of $5,000 within a maturity, at a redemption price equal to 100% of the principal amount being redeemed, together with accrued interest thereon to the redemption date.

Mandatory Redemption of Term Bonds

The Bonds maturing on [August 15], 2031, are subject to redemption prior to maturity in part by lot by operation of a mandatory sinking fund on [August 15] in each of the following years and in the following principal amounts at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the date fixed for redemption. Selection of any Bonds maturing [August 15], 2031, or portions thereof to be redeemed shall be in the sole discretion of the Registrar.

Year ([August 15])	Principal Amount*
2027	$,000
2028	,000
2029	,000
2030	,000
2031‡	,000

‡Maturity
*Preliminary, subject to change

Notice and Effect of Call for Redemption

In the event of redemption of Bonds, the Registrar will give written notice of redemption by first-class mail to the registered owner of each Bond to be redeemed, such notice to be mailed not fewer than 30 days prior to the redemption date. Notice of redemption having been given as required, the Bonds or portions thereof to be redeemed shall become due and payable on the redemption date and from and after the redemption date (unless the City defaults in the payment of the redemption price) such Bonds or portion thereof shall cease to bear interest.

So long as DTC is effecting book-entry transfers of the Bonds, the Registrar will provide the notices of Bonds to be redeemed to DTC. It is expected that DTC will notify the DTC Participants and that the DTC Participants will notify or cause to be notified the Beneficial Owners. Any failure on the part of DTC or a DTC Participant, or failure on the part of a nominee of a Beneficial Owner of a Bond (having been mailed notice from the Registrar, a DTC Participant or otherwise) to notify the Beneficial Owner of the Bond so affected, will not affect the validity of the redemption of such Bond.

Interchangeability and Transfer

Each Bond when issued shall be registered by the Registrar in the name of the owner thereof on the Bond Register. Bonds are transferable only upon the Bond Register upon presentation and surrender of the Bonds, together with instructions for transfer. Bonds may be exchanged for Bonds in the same aggregate principal amount and maturity upon presentation to the Registrar, subject to the terms, conditions and limitations set forth in the Ordinance and upon payment of any tax, fee or other governmental charge required to be paid with respect to any such registration, transfer or exchange.

In all cases in which the privilege of exchanging or transferring the Bonds is exercised, the City shall execute and the Registrar shall deliver the Bonds in accordance with the Ordinance. For every such transfer or exchange of Bonds, the Registrar shall require the payment by the registered owner requesting such transfer or exchange of any tax or other governmental charges payable with respect thereto, and may charge a sum not exceeding the actual cost for each new Bond.

The foregoing procedures will not apply to the Bonds so long as they are held in book-entry form. The transfer and exchange of Bonds held in book-entry form will be governed by the procedures described in **"APPENDIX C - BOOK-ENTRY SYSTEM."**

LEGAL MATTERS

Legal Proceedings

As of the date hereof, there is no controversy, suit or other proceeding of any kind pending or threatened in or by which any question is raised or may be raised, questioning, disputing or affecting in any way the legal organization of the City or its boundaries, or the right or title of any of its officers to his or her respective office, or the legality of any official act in connection with the authorization, issuance and sale of the Bonds, or the constitutionality or validity of the Bonds or any of the proceedings had in relation to the authorization, issuance or sale thereof, or the levy and collection of a tax to pay the principal and interest thereof, or which might affect the City's ability to meet its obligations to pay the Bonds.

Approval of Legality

All legal matters incident to the authorization and issuance of the Bonds are subject to the approval of Gilmore & Bell, P.C., Lincoln, Nebraska, Bond Counsel. Bond Counsel has participated in the preparation of this Official Statement, but the factual and financial information appearing herein has been supplied or reviewed by certain officials of the City.

TAX MATTERS

The following is a summary of the material federal and State of Nebraska income tax consequences of holding and disposing of the Bonds. This summary is based upon laws, regulations, rulings and judicial decisions now in effect, all of which are subject to change (possibly on a retroactive basis). This summary does not discuss all aspects of federal income taxation that may be relevant to investors in light of their personal investment circumstances or describe the tax consequences to certain types of owners subject to special treatment under the federal income tax laws (for example, dealers in securities or other persons who do not hold the Bonds as a capital asset, tax-exempt organizations, individual retirement accounts and other tax deferred accounts, and foreign taxpayers), and, except for the income tax laws of the State of Nebraska, does not discuss the consequences to an owner under any state, local or foreign tax

laws. The summary does not deal with the tax treatment of persons who purchase the Bonds in the secondary market. Prospective investors are advised to consult their own tax advisors regarding federal, state, local and other tax considerations of holding and disposing of the Bonds.

Opinion of Bond Counsel

In the opinion of Gilmore & Bell, P.C., Bond Counsel, under the law existing as of the issue date of the Bonds:

Federal and Nebraska Tax Exemption. The interest on the Bonds is excludable from gross income for federal income tax purposes and is exempt from income taxation by the State of Nebraska.

Alternative Minimum Tax. Interest on the Bonds is not an item of tax preference for purposes of computing the federal alternative minimum tax imposed on individuals and corporations, but is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations.

Bank Qualification. The Bonds have not been designated as "qualified tax-exempt obligations" for purposes of Section 265(b) of the Code.

Bond Counsel's opinion is provided as of the date of the original issue of the Bonds, subject to the condition that the City comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The City has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal and Nebraska income tax purposes retroactive to the date of issuance of the Bonds. Bond Counsel is expressing no opinion regarding other federal, state or local tax consequences arising with respect to the Bonds but has reviewed the discussion under the heading **"TAX MATTERS."**

Other Tax Consequences

Original Issue Discount. For federal income tax purposes, original issue discount (**"OID"**) is the excess of the stated redemption price at maturity of a Bond over its issue price. The issue price of a Bond is the first price at which a substantial amount of the Bonds of that maturity have been sold (ignoring sales to bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers). Under Section 1288 of the Code, OID on tax-exempt bonds accrues on a compound basis. The amount of OID that accrues to an owner of a Bond during any accrual period generally equals (a) the issue price of that Bond, plus the amount of OID accrued in all prior accrual periods, multiplied by (b) the yield to maturity on that Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), minus (c) any interest payable on that Bond during that accrual period. The amount of OID accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excludable from gross income for federal income tax purposes, and will increase the owner's tax basis in that Bond. Prospective investors should consult their own tax advisors concerning the calculation and accrual of OID.

Original Issue Premium. If a Bond is issued at a price that exceeds the stated redemption price at maturity of the Bond, the excess of the purchase price over the stated redemption price at maturity constitutes "premium" on that Bond. Under Section 171 of the Code, the purchaser of that Bond must amortize the premium over the term of the Bond using constant yield principles, based on the purchaser's yield to maturity. As premium is amortized, the owner's basis in the Bond and the amount of tax-exempt

interest received will be reduced by the amount of amortizable premium properly allocable to the owner. This will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on sale or disposition of the Bond prior to its maturity. Even though the owner's basis is reduced, no federal income tax deduction is allowed. Prospective investors should consult their own tax advisors concerning the calculation and accrual of bond premium.

Sale, Exchange or Retirement of Bonds. Upon the sale, exchange or retirement (including redemption) of a Bond, an owner of the Bond generally will recognize gain or loss in an amount equal to the difference between the amount of cash and the fair market value of any property received on the sale, exchange or retirement of the Bond (other than in respect of accrued and unpaid interest) and such owner's adjusted tax basis in the Bond. To the extent a Bond is held as a capital asset, such gain or loss will be capital gain or loss and will be long-term capital gain or loss if the Bond has been held for more than 12 months at the time of sale, exchange or retirement.

Reporting Requirements. In general, information reporting requirements will apply to certain payments of principal, interest and premium paid on the Bonds, and to the proceeds paid on the sale of the Bonds, other than certain exempt recipients (such as corporations and foreign entities). A backup withholding tax will apply to such payments if the owner fails to provide a taxpayer identification number or certification of foreign or other exempt status or fails to report in full dividend and interest income. The amount of any backup withholding from a payment to an owner will be allowed as a credit against the owner's federal income tax liability.

Collateral Federal Income Tax Consequences. Prospective purchasers of the Bonds should be aware that ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income," foreign corporations subject to the branch profits tax, life insurance companies, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the Bonds. Bond Counsel expresses no opinion regarding these tax consequences. Purchasers of Bonds should consult their tax advisors as to the applicability of these tax consequences and other federal income tax consequences of the purchase, ownership and disposition of the Bonds, including the possible application of state, local, foreign and other tax laws.

MISCELLANEOUS

Underwriting

The Underwriter has agreed, subject to certain customary closing conditions, to purchase the Bonds at a purchase price of $_____ (par amount of the Bonds, [plus/minus] net original issue [premium/discount] of $_____ and less an underwriting discount of $_____), and to make a public offering of the Bonds at not in excess of the public offering prices or less than the yields set forth on the cover page hereof. The Underwriter will be obligated to purchase all of the Bonds if any Bonds are purchased. The Bonds may be offered and sold to certain dealers at prices lower than such public offering prices, and the Underwriter may change such public offering prices from time to time. In connection with its underwriting of the Bonds, the Underwriter will temporarily terminate its financial advisory relationship with the City.

The Underwriter has read and participated in the preparation of certain portions of this Official Statement and has supervised the compilation and editing thereof. The Underwriter has not, however, independently

verified the factual and financial information contained in this Official Statement and, accordingly, expresses no view as to the sufficiency or accuracy thereof.

Rating

Moody's Investors Service has assigned the Bonds the rating of "____." Such rating reflects only the views of such organization, and an explanation of the significance of such rating may be obtained from Moody's Investors Service, 7 World Trade Center, 350 Greenwich Street, 23rd Floor, New York, New York 10007, telephone (212) 553 0300.

Generally, a rating agency bases its rating on such information and materials and investigations, studies and assumptions furnished to and obtained and made by the rating agency. The debt rating is not a recommendation to purchase, sell or hold a security, inasmuch as it does not comment as to market price or suitability for a particular investor. There is no assurance that the above rating will remain for any given period of time or that it may not be lowered, suspended or withdrawn entirely by such rating agency if it deems circumstances are appropriate. Any downward change in, suspension or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

Continuing Disclosure

The City is executing the Continuing Disclosure Undertaking for the benefit of the owners and Beneficial Owners of the Bonds and in order to assist the Underwriter in complying with Rule 15c2-12 of the Securities and Exchange Commission (the "**Rule**"). The City is the only "obligated person" within the meaning of the Rule with responsibility for continuing disclosure. The City is current in its continuing disclosure reporting and is in compliance with all prior undertakings.

Annual Reports. Pursuant to the Continuing Disclosure Undertaking, the City shall, not later than **May 1** of each year, commencing May 1, 2012, provide to the Municipal Securities Rulemaking Board ("**MSRB**") the following financial information and operating data (the "**Annual Report**"):

(a) The audited financial statements of the City for the prior fiscal year, prepared in accordance with generally accepted accounting principles. If audited financial statements are not available by the time the Annual Report is required to be filed, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement relating to the Bonds, and the audited financial statements shall be filed in the same manner as the Annual Report promptly after they become available.

(b) Updates as of the end of the fiscal year of the financial information and operating data relating to the City contained in **APPENDIX A** of this Official Statement in substantially the same format contained in this Official Statement.

Material Event Notices. Pursuant to the Continuing Disclosure Undertaking, not later than 10 business days after the occurrence of any of the following events, the City shall also give, or cause a dissemination agent to give, notice of the occurrence of any of the following events with respect to the Bonds ("**Material Events**"):

(1) principal and interest payment delinquencies;
(2) non-payment related defaults, if material;
(3) unscheduled draws on debt service reserves reflecting financial difficulties;
(4) unscheduled draws on credit enhancements reflecting financial difficulties;

(5) substitution of credit or liquidity providers, or their failure to perform;
(6) adverse tax opinions; the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
(7) modifications to rights of bondowners, if material;
(8) bond calls, if material, and tender offers;
(9) defeasances;
(10) release, substitution or sale of property securing repayment of the Bonds, if material;
(11) rating changes;
(12) bankruptcy, insolvency, receivership or similar event of the City;
(13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
(14) appointment of a successor or additional trustee or the change of name of the trustee, if material.

If the City has not submitted the Annual Report to the MSRB by the date specified above, the City shall send a notice to the MSRB of the failure of the City to file the Annual Report on a timely basis, which notice shall be given by the City in accordance with the above procedures.

The City may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under the Continuing Disclosure Undertaking, and may discharge any such dissemination agent, with or without appointing a successor dissemination agent. The dissemination agent shall not be responsible in any manner for the content of any notice or report prepared by the City pursuant to the Continuing Disclosure Undertaking.

Notwithstanding any other provision of the Continuing Disclosure Undertaking, the City and any dissemination agent may amend the Continuing Disclosure Undertaking (and such dissemination agent shall agree to any amendment so requested by the City) and any provision of the Continuing Disclosure Undertaking may be waived, provided Bond Counsel or other counsel experienced in federal securities law matters provides the City and any dissemination agent with its opinion that the undertaking of the City, as so amended or after giving effect to such waiver, is in compliance with the Rule and all current amendments thereto and interpretations thereof that are applicable to the Continuing Disclosure Undertaking.

In the event of a failure of the City or any dissemination agent to comply with any provision of the Continuing Disclosure Undertaking, any owner or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City or any dissemination agent, as the case may be, to comply with its obligations under the Continuing Disclosure Undertaking. A default under the Continuing Disclosure Undertaking shall not be deemed an event of default under the Ordinance, and the sole remedy under the Continuing Disclosure Undertaking in the event of any failure of the City or any dissemination agent to comply with the Continuing Disclosure Undertaking shall be an action to compel performance.

Electronic Municipal Market Access System (EMMA). All Annual Reports and notices of Material Events required to be filed by the City or the dissemination agent pursuant to the Continuing Disclosure Undertaking must be submitted to the MSRB through the MSRB's Electronic Municipal Market Access system ("**EMMA**"). EMMA is an internet-based, online portal for free investor access to municipal bond information, including offering documents, material event notices, real-time municipal securities trade prices and MSRB education resources, available at www.emma.msrb.org. Nothing contained on EMMA relating to the City or the Bonds is incorporated by reference in this Official Statement.

Independent Auditors

The audited financial statements of the City for fiscal year ended August 31, 2010, are included in **APPENDIX B – FINANCIAL STATEMENTS** hereto. The financial statements in **APPENDIX B – FINANCIAL STATEMENTS** have been audited by BKD, LLP, Lincoln, Nebraska, independent auditors, whose report thereon is also included in **APPENDIX B – FINANCIAL STATEMENTS** hereto.

Certification and Other Matters Regarding Official Statement

Information set forth in this Official Statement has been furnished or reviewed by certain officials of the City, certified public accountants, and other sources, as referred to herein, which are believed to be reliable. Any statements made in this Official Statement involving matters of opinion, estimates or projections, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates or projections will be realized.

The form of this Official Statement, and its distribution and use by the Underwriter, has been approved by the City. Neither the City nor any of its officers, directors or employees, in either their official or personal capacities, has made any warranties, representations or guarantees regarding the financial condition of the City or the City's ability to make payments required of it; and further, neither the City nor its officers, directors or employees assumes any duties, responsibilities or obligations in relation to the issuance of the Bonds other than those either expressly or by fair implication imposed on the City by the Ordinance.

This Official Statement is issued by the City.

THE CITY OF LINCOLN, NEBRASKA

By: _____
Steve Hubka, Interim Finance Director

APPENDIX A

THE CITY OF LINCOLN, NEBRASKA

APPENDIX B

FINANCIAL STATEMENTS

APPENDIX C

BOOK-ENTRY SYSTEM

BOOK-ENTRY SYSTEM

The Depository Trust Company, New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully registered bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Bonds Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("**Direct Participants**") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. Bonds brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("**DTCC**"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("**Indirect Participants**"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("**Beneficial Owner**") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices will be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City, or the Paying Agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with Bonds held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the City, subject to any statutory or regulatory requirements as may be in effect from time to time.

Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the City or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from DTC, and neither the City nor the Underwriter takes responsibility for the accuracy thereof, and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters but should instead confirm the same with DTC or the DTC Participants, as the case may be.

GILMORE & BELL, P.C.
DRAFT #1
SEPTEMBER 12, 2011

$[Principal Amount]
THE CITY OF LINCOLN, NEBRASKA
GENERAL OBLIGATION SPECIAL ASSESSMENT REVOLVING FUND BONDS
SERIES 2011B

[Sale Date], 2011

BOND PURCHASE AGREEMENT

The City of Lincoln, Nebraska
Lincoln, Nebraska

Ladies and Gentlemen:

On the basis of the representations, warranties and covenants and upon the terms and conditions contained in this Bond Purchase Agreement, the undersigned, Ameritas Investment Corp. (the **"Underwriter"**), hereby offers to purchase $[Principal Amount] aggregate principal amount of General Obligation Special Assessment Revolving Fund Bonds, Series 2011B (the "**Bonds"**) to be issued by The City of Lincoln, Nebraska (the **"City"**) under and pursuant to Ordinance No. _____ passed by the Council on October 10, 2011 and approved by the Mayor on October ___, 2011 (the **"Ordinance"**). Capitalized terms used herein shall have the meanings set forth in the Ordinance unless some other meaning is plainly indicated.

This offer is made subject to acceptance of this Bond Purchase Agreement by the City on or before 5:00 p.m., Central time, on [Sale Date], 2011.

SECTION 1. CITY'S REPRESENTATIONS AND WARRANTIES

By acceptance hereof, the City hereby represents and warrants to the Underwriter that:

(a) The City is a city of the primary class and political subdivision organized and existing under the laws of the State of Nebraska.

(b) The City has complied with all provisions of the Constitution and the laws of the State of Nebraska, and the Charter of the City, including particularly Article VIII, Section 10a thereof, and has full power and authority to consummate all transactions contemplated by the Ordinance and this Bond Purchase Agreement, and all other agreements relating thereto.

(c) The City has duly authorized by all necessary action to be taken by the City (1) the adoption and performance of the Ordinance; (2) the execution, delivery and performance of this Bond

Purchase Agreement and the Continuing Disclosure Undertaking, dated August 18, 2011, executed and delivered by the City; (3) the approval of the Official Statement; (4) the execution, delivery and performance of any and all such other agreements and documents as may be required to be executed, delivered and performed by the City in order to carry out, give effect to and consummate the transactions contemplated by the Ordinance and this Bond Purchase Agreement; and (5) the carrying out, giving effect to and consummation of the transactions contemplated by the Ordinance and this Bond Purchase Agreement. Executed counterparts of the Ordinance and all such other agreements and documents specified herein will be delivered to the Underwriter by the City at the Closing Time (as defined below).

(d) The Ordinance and this Bond Purchase Agreement, when executed and delivered by the City, will be the legal, valid and binding obligations of the City enforceable in accordance with their terms, except to the extent that enforcement thereof may be limited by any applicable bankruptcy, reorganization, insolvency, moratorium or other law or laws affecting the enforcement of creditors' rights generally or against entities such as the City and further subject to the availability of equitable remedies.

(e) The Bonds have been duly authorized by the City, and when issued, delivered and paid for as provided for herein and in the Ordinance, will have been duly executed, authenticated, issued and delivered and will constitute valid and binding obligations of the City enforceable in accordance with their terms and entitled to the benefits and security of the Ordinance (subject to any applicable bankruptcy, reorganization, insolvency, moratorium or other law or laws affecting the enforcement of creditors' rights generally or against entities such as the City and further subject to the availability of equitable remedies). The Bonds shall be general obligations of the City payable as to both principal and interest from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable property within the territorial limits of the City. The full faith, credit and resources of the City are irrevocably pledged for the prompt payment of the principal of and interest on the Bonds as the same become due.

(f) The adoption of the Ordinance and the execution and delivery of this Bond Purchase Agreement, the Bonds and the Official Statement and compliance with the provisions thereof, will not conflict with or constitute on the part of the City a violation or breach of, or a default under, any existing law, regulation, court or administrative decree or order, or any agreement, ordinance, resolution, mortgage, lease or other instrument to which it is subject or by which it is or may be bound.

(g) The City is not, or with the giving of notice or lapse of time or both would not be, in violation of or in default under its Charter or any indenture, mortgage, deed of trust, loan agreement, bonds or other agreement or instrument to which the City is a party or by which it is or may be bound, except for violations and defaults which individually and in the aggregate are not material to the City and will not be material to the holders of the Bonds. As of the Closing Time, no event will have occurred and be continuing which with the lapse of time or the giving of notice, or both, would constitute an event of default under the Ordinance or the Bonds.

(h) The information contained in the Preliminary Official Statement, dated October ___, 2011, as amended and supplemented by the Official Statement, dated [Sale Date], 2011, and in any amendment or supplement thereto that may be authorized for use by the City with respect to the Bonds (collectively, the **"Official Statement"**), relating to (1) the organization, operations, and financial and other affairs of the City, (2) the financial statements referred to in **Section 1(j)**, (3) application by the City of the proceeds to be received by it from the sale of the Bonds, and (4) the City's participation in the transactions contemplated by the Ordinance and this Bond Purchase Agreement is, and as of the Closing Time will be, true, correct and complete in all material respects and does not omit and will not omit to

state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

(i) For the purpose of enabling the Underwriter to comply with the requirements of Rule 15c2-12(b)(1) of the Securities and Exchange Commission, promulgated under the Securities Exchange Act of 1934, as amended (the **"1934 Act"**), the City, hereby deems the information regarding the City contained in the Preliminary Official Statement to be "final" as of its date, except for the omission of such information as is permitted by Rule 15c2-12(b)(1), such as offering prices, interest rates, selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, ratings, identity of the underwriters and other terms of the Bonds depending on such matters.

(j) The financial statements of the City for the fiscal years ended August 31, 2010 and 2009, audited by BKD, LLP, contained in the Official Statement in Appendix B attached thereto, except as noted therein, present fairly and accurately the financial condition of the City as of the dates indicated and the results of its operations for the periods specified, and such financial statements are prepared in conformity with generally accepted accounting principles consistently applied in all material respects for the periods involved.

(k) The City has not, since August 31, 2010, incurred any material liabilities and there has been no material adverse change in the condition of the City, financial or otherwise, other than as set forth in the Official Statement.

(l) There is no action, suit, proceeding, inquiry or investigation at law or in equity or before or by any court, public board or body pending or, to the knowledge of the City, threatened against or affecting the City (or, to its knowledge, any basis therefor) wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated hereby or by the Ordinance or the validity of the Bonds, the Ordinance, this Bond Purchase Agreement or any agreement or instrument to which the City is a party and which is used or contemplated for use in the consummation of the transactions contemplated hereby or by the Ordinance.

(m) The City has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that the City is a bond issuer whose arbitrage certifications may not be relied upon.

(n) The Underwriter has previously acted as financial advisor to the City, and the City acknowledges that the Underwriter hereby (1) terminates its financial advisory relationship with the City with regard to the proposed issuance of the Bonds, (2) confirms to the City its prior advice in writing to the City that a conflict of interest may exist by virtue of the Underwriter changing from the capacity of financial advisor to that of purchaser of the Bonds, and (3) confirms to the City that, in addition to its fee for financial advisory services rendered prior to the date hereof, the source and amount of remuneration to the Underwriter with respect to the purchase of the Bonds is as set forth in this Bond Purchase Agreement. The City hereby consents to the participation in the purchase of the Bonds by the Underwriter and acknowledges the receipt of the foregoing disclosures in accordance with Rule G-23 of the Municipal Securities Rulemaking Board.

Any certificate signed by any of the authorized officials of the City and delivered to the Underwriter in connection with the Closing shall be deemed a representation and warranty by the City to the Underwriter as to the statements made therein.

SECTION 2. COVENANTS AND AGREEMENTS OF CITY

The City covenants and agrees with the Underwriter for the time period specified, and if no period is specified, for so long as any of the Bonds remain outstanding, as follows:

(a) To cooperate with the Underwriter and its counsel in any reasonable endeavor to qualify the Bonds for offering and sale under the securities or "Blue Sky" laws of such jurisdictions of the United States as the Underwriter may reasonably request; provided that nothing contained herein shall require the City to file written consents to suit or written consents to service of process in any jurisdiction in which such consent may be required by law or regulation so that the Bonds may be offered or sold. The City consents to the use of drafts of the Preliminary Official Statement, the Preliminary Official Statement and drafts of the Official Statement prior to the availability of the Official Statement by the Underwriter in obtaining such qualification. The Underwriter shall pay all expenses and costs (including legal, registration and filing fees) incurred in connection therewith.

(b) If, prior to the earlier of (1) 90 days after the "end of the underwriting period" (as defined in Rule 15c2-12 under the 1934 Act) or (2) the time when the Official Statement is available to any person from a nationally recognized municipal securities information repository, but in no case earlier than 25 days after the end of the underwriting period, any event shall occur relating to or affecting the City, as a result of which it is necessary to amend or supplement the Official Statement in order to make the statements therein, in the light of the circumstances existing when the Official Statement is delivered to a purchaser, not materially misleading, or the Official Statement is required to be amended or supplemented to comply with law, the City shall promptly prepare and furnish, at the expense of the City, to the Underwriter and to the dealers (whose names and addresses the Underwriter will furnish to the City) to which Bonds may have been sold by the Underwriter and to any other dealers upon request, such amendments or supplements to the Official Statement as may be necessary so that the statements in the Official Statement as so amended or supplemented will not, in the light of the circumstances existing when the Official Statement is delivered to a purchaser of the Bonds, be misleading or so that the Official Statement will comply with law.

(c) Within seven business days after the date of this Bond Purchase Agreement or within sufficient time to accompany any confirmation that requests payment from any customer of the Underwriter, whichever is earlier, the City shall provide to the Underwriter sufficient copies of the Official Statement to enable the Underwriter to comply with the requirements of Rule 15c2-12(b)(4) under the 1934 Act, and with the requirements of Rule G-32 of the Municipal Securities Rulemaking Board.

(d) From the date hereof until the Closing Time, the City shall furnish the Underwriter with a copy of any proposed amendment or supplement to the Official Statement for review and shall not use any such proposed amendment or supplement to which the Underwriter reasonably objects.

(e) The proceeds of the Bonds will be used as provided in the Ordinance to maintain and replenish the City's Special Assessment Revolving Fund (the **"SARF"**), established pursuant to Article VIII, Section 10a(2), of the Charter of the City for the purpose of paying from the SARF the cost of special assessment improvements as completed and accepted and to retire, when due, outstanding special assessment obligations, including, without limitation, the Bonds, and to pay certain costs of issuance of the Bonds, and such proceeds have not been used or shall be used in a manner which would jeopardize the tax status of the Bonds under the provisions of the Code, as long as any of the Bonds are outstanding.

SECTION 3. PURCHASE, SALE AND DELIVERY OF THE BONDS

On the basis of the representations, warranties, covenants and agreements contained herein and in the other agreements and documents referred to herein, and subject to the terms and conditions herein set forth, at the Closing Time the Underwriter agrees to purchase from the City and the City agrees to sell to the Underwriter the Bonds at a purchase price $_____ (equal to the par amount of the Bonds, [plus/minus] net original issue [premium/discount] in the amount of $_____, and less an Underwriter's discount of $_____). The Bonds shall be issued under and secured as provided in the Ordinance, and the Bonds shall have the maturities and interest rates and be subject to redemption as set forth in on **Schedule 1** attached hereto.

The Underwriter initially agrees to offer the Bonds to the public at the prices set forth on **Schedule 1** attached hereto, but may subsequently change such offering price; the Underwriter agrees to notify the City of such changes, if such changes occur prior to the Closing Time, but failure so to notify shall not invalidate such changes. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into investment trusts) at prices lower than the public offering prices.

Payment for the Bonds shall be made by federal wire transfer payable to the order of the City for the account of the City, at the offices of Gilmore & Bell, P.C., 1248 "O" Street, Suite 710, Lincoln, Nebraska, at 10:00 a.m., local time, on August 18, 2011, or such other place, time or date as shall be mutually agreed upon by the City and the Underwriter. Upon such payment, the Bonds shall be delivered and released upon the instructions of the Underwriter to The Depository Trust Company, New York, New York. The date of such delivery and payment is herein called the **"Closing Date"**, and the hour and date of such delivery and payment is herein called the **"Closing Time"**.

The delivery of the Bonds shall be made in definitive form, as fully registered bonds (in such denominations as the Underwriter shall specify in writing at least 48 hours prior to the Closing Time) duly executed and authenticated and bearing CUSIP numbers (provided neither the printing of a wrong number on any Bond nor the failure to print a number thereon shall constitute cause to refuse delivery of any Bond); provided, however, that the Bonds may be delivered in temporary form. If delivered in definitive form, the Bonds shall be available for examination and packaging by the Underwriter at least 24 hours prior to the Closing Time.

SECTION 4. USE OF OFFICIAL STATEMENT

The City hereby ratifies and confirms the Underwriter's use of the Preliminary Official Statement; and the City authorizes, and will make available, the Official Statement for the use by the Underwriter in connection with the sale of the Bonds.

SECTION 5. CONDITIONS TO THE UNDERWRITER'S OBLIGATIONS

The Underwriter's obligations hereunder shall be subject to the due performance by the City of its obligations and agreements to be performed hereunder at or prior to the Closing Time and to the accuracy and completeness of the City's representations and warranties contained herein, as of the date hereof and as of the Closing Time, and are also subject to the following conditions:

(a) The Bonds and the Ordinance shall have been duly authorized, executed and delivered in the form heretofore approved by the Underwriter with only such changes therein as shall be mutually agreed upon by the Underwriter and the City.

(b) At the Closing Time, the Underwriter(s) shall receive:

(1) The opinion in form and substance satisfactory to the Underwriter, dated as of the Closing Date, of Gilmore & Bell, P.C., Bond Counsel, relating to the valid authorization and issuance of the Bonds, the exclusion of interest on the Bonds from gross income for federal income tax purposes the due authorization and adoption of the Ordinance by the governing body of the City and certain other matters;

(2) Certified copies of resolutions or ordinances, as appropriate, of the City authorizing or approving, as appropriate, the execution and delivery of the Official Statement, this Bond Purchase Agreement, the Ordinance and the Bonds, together with certificates dated the Closing Date to the effect that such resolutions or ordinances have not been modified, amended or repealed.

(3) A certificate of the City, satisfactory in form and substance to the Underwriter(s), dated as of the Closing Date, to the effect that (A) since the date of the Preliminary Official Statement there has not been any material adverse change in the business, properties, financial condition or results of operations of the City, whether or not arising from transactions in the ordinary course of business, from that set forth in the Preliminary Official Statement, and except in the ordinary course of business or as set forth in the Preliminary Official Statement, the City has not incurred any material liability; (B) there is no action, suit, proceeding or, to the knowledge of the City, any inquiry or investigation at law or in equity or before or by any public board or body pending or, to the knowledge of the City, threatened against or affecting the City, its officers or its property or, to the best of the knowledge of the City, any basis therefor, wherein an unfavorable decision, ruling or finding would adversely affect the City, the transactions contemplated hereby or by the Ordinance or the Official Statement or the validity or enforceability of the Bonds or the Bond Purchase Agreement, which are not disclosed in the Official Statement; (C) to the knowledge of the City, the information contained in the Official Statement (except for the information under "TAX MATTERS" and "UNDERWRITING" in the Official Statement and in "APPENDIX C – BOOK ENTRY SYSTEM" to the Official Statement) is true in all material respects and does not contain any untrue statement of a material fact and does not omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; (D) the City has duly authorized, by all necessary action, the execution, delivery and due performance by the City of this Bond Purchase Agreement; and (E) the representations and warranties of the City set forth herein were accurate and complete as of the date hereof and are accurate and complete as of the Closing Time.

(4) A completed form 8038-G (Information Return for Tax-Exempt Governmental Bond Issuers);

(5) Evidence satisfactory to the Purchaser that the Bonds have been rated "_____" by Moody's Investors Service, Inc.;

(6) Such additional certificates, legal and other documents, listed on a closing agenda to be approved by Bond Counsel and counsel to the Underwriter, as the Underwriter may reasonably request to evidence performance or compliance with the provisions hereof and the transactions contemplated hereby and by the Ordinance, or as Bond Counsel shall require in order to render its opinion, all such certificates and other documents to be satisfactory in form and substance to the Underwriter.

SECTION 6. CONDITIONS TO THE CITY'S OBLIGATIONS

The obligations of the City hereunder are subject to the Underwriter's performance of its obligations hereunder.

SECTION 7. THE UNDERWRITER'S RIGHT TO CANCEL

The Underwriter shall have the right to cancel its obligations hereunder to purchase the Bonds (which cancellation shall not constitute a default for purposes of **Section 3** hereof) by notifying the City in writing or by telegram of its election to make such cancellation prior to the Closing Time, if at any time prior to the Closing Time:

(a) The Preliminary Official Statement deemed by the City to be "final" pursuant to Section 1(i) is thereafter amended or supplemented in a manner that may, in the reasonable judgment of the Underwriter, have a material adverse effect on the marketability of the Bonds.

(b) A committee of the House of Representatives or the Senate of the Congress of the United States shall have pending before it legislation which, if enacted in its form as introduced or as amended, would have the purpose or effect of imposing federal income taxation upon revenues or other income of the general character to be derived by the City or by any similar body or upon interest received on obligations of the general character of the Bonds, or the Bonds, which, in the Underwriter's opinion, materially adversely affects the market price of the Bonds;

(c) A tentative decision with respect to legislation shall be reached by a committee of the House of Representatives or the Senate of the Congress of the United States, or legislation shall be favorably reported by such a committee or be introduced, by amendment or otherwise, in or be passed by the House of Representatives or the Senate, or be recommended to the Congress of the United States for passage by the President of the United States, or be enacted by the Congress of the United States, or a decision by a court established under Article III of the Constitution of the United States or the Tax Court of the United States shall be rendered, or a ruling, regulation or order of the Treasury Department of the United States or the Internal Revenue Service shall be made or proposed having the purpose or effect of imposing federal income taxation, or any other event shall have occurred which results in the imposition of federal income taxation, upon revenues or other income of the general character to be derived by the City or by any similar body or upon interest received on obligations of the general character of the Bonds, or the Bonds, which, in the Underwriter's opinion, materially and adversely affects the market price of the Bonds;

(d) Any legislation, ordinance, rule or regulation shall be introduced in or be enacted by the Legislature of the State of Nebraska or by any other governmental body, department or agency of the State of Nebraska, or a decision by any court of competent jurisdiction within the State of Nebraska shall be rendered which, in the Underwriter's opinion, materially and adversely affects the market price of the Bonds, or litigation challenging the law under which the Bonds are to be issued shall be filed in any court in the State of Nebraska;

(e) A stop order, ruling, regulation or official statement by, or on behalf of, the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter shall be issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Bonds, or the issuance, offering or sale of the Bonds, including all underlying obligations, as contemplated hereby or by the Official Statement, is in violation or would be in violation of any

provision of the Securities Act of 1933, as amended (the **"1933 Act"**), the 1934 Act or the Trust Indenture Act of 1939, as amended;

(f) Legislation shall be enacted by the Congress of the United States of America, or a decision by a court of the United States of America shall be rendered, to the effect that obligations of the general character of the Bonds, or the Bonds, including all the underlying obligations, are not exempt from registration under or from other requirements of the 1933 Act or the 1934 Act;

(g) Any event shall have occurred, or information become known, which, in the Underwriter's opinion, makes untrue in any material respect any statement or information contained in the Preliminary Official Statement as originally circulated, or has the effect that the Preliminary Official Statement as originally circulated contains an untrue statement of a material fact or omits to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading;

(h) Additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange;

(i) The New York Stock Exchange or any other national securities exchange, or any governmental authority, shall impose, as to the Bonds or obligations of the general character of the Bonds, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriter;

(j) Any general banking moratorium shall have been established by federal, New York or Nebraska authorities;

(k) A material default has occurred with respect to the obligations of, or proceedings have been instituted under the Federal bankruptcy laws or any similar state laws by or against, any state of the United States or any city located in the United States having a population in excess of one million persons or any entity issuing obligations on behalf of such a city or state which, in the Underwriter's opinion, materially adversely affects the market price of the Bonds;

(l) Any proceeding shall be pending or threatened by the Securities and Exchange Commission against the City or; or

(m) A war involving the United States shall have been declared, or any conflict involving the armed forces of the United States shall have escalated, or any other national emergency relating to the effective operation of government or the financial community shall have occurred, which, in the Underwriter's opinion, materially adversely affects the market price of the Bonds.

SECTION 8. INDEMNIFICATION

The City agrees, to the extent legally permitted, to indemnify and hold harmless the Underwriter, any director, officer, employee or controlling person of the Underwriter within the meaning of Section 15 of the 1933 Act (collectively, the **"Indemnified Parties"**), against any and all losses, claims, damages, liabilities or expenses whatsoever caused by any untrue statements or misleading statement or allegedly misleading statement of a material fact contained in the Official Statement or caused by any omission or alleged omission from the Official Statement of any material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading;

provided that the City shall have no indemnification obligation with respect to any statement or omission in the information contained in the Official Statement under the heading "Underwriting."

In case any action shall be brought against one or more of the Indemnified Parties based upon the Official Statement and in respect of which indemnity may be sought against the City, the Indemnified Parties shall promptly notify the City in writing and the City shall promptly assume the defense thereof, including the employment of counsel, the payment of all expenses and the right to negotiate and consent to settlement. Any one or more of the Indemnified Parties shall have the right to employ separate counsel in any such action and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party or Indemnified Parties unless employment of such counsel has been specifically authorized by the City. The City shall not be liable for any settlement of any such action effected without its consent by any of the Indemnified Parties, but if settled with the consent of the City or if there be a final judgment for the plaintiff in any such action against the City or any of the Indemnified Parties, with or without the consent of the City, the City agrees to indemnify and hold harmless the Indemnified Parties to the extent provided herein.

If a claim for indemnification under this Section is determined to be unenforceable by a final judgment of a court of competent jurisdiction, then the City shall contribute to the aggregate losses, claims, damages or liabilities to which the Underwriter or its officers, directors, agents, employees or controlling persons may be subject in such amount as is appropriate to reflect the relative benefits received by the City, on the one hand, and the Underwriter, on the other, and the relative faults of the City and the person seeking contribution. The provisions of this Section shall survive the delivery of the Bonds hereunder.

SECTION 9. PAYMENT OF EXPENSES

Whether or not the Bonds are sold by the City to the Underwriter (unless such sale be prevented at the Closing Time by the Underwriter's default), the Underwriter shall be under no obligation to pay any expenses incident to the performance of the obligations of the City hereunder. If the Bonds are sold by the City to the Underwriter, the Underwriter agrees to pay all costs incident to the underwriting and sale of the Bonds including the cost of printing of the Official Statement, DTC charges and CUSIP charges. The City will pay fees of Bond Counsel, trustee, bond registrar and paying agent costs, publication costs, the fees and costs of the City Attorney, if any, and any other costs incurred by the City.

SECTION 10. NOTICE

Any notice or other communication to be given under this Bond Purchase Agreement may be given by mailing or delivering the same in writing to the applicable person, as follows:

(a) If to the City, 555 South 10th Street, Lincoln, Nebraska 68508, Attention: Finance Director.

(b) If to the Underwriter Ameritas Investment Corp., 5900 "O" Street, First Floor, Lincoln, Nebraska, 68510, Attention: Scott Keene.

SECTION 12. APPLICABLE LAW: NONASSIGNABILITY

This Bond Purchase Agreement shall be governed by the laws of the State of Nebraska. This Bond Purchase Agreement shall not be assigned.

SECTION 13. EXECUTION OF COUNTERPARTS

This Bond Purchase Agreement may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same document.

SECTION 14. RIGHTS HEREUNDER

This Bond Purchase Agreement is made for the benefit of the City and the Underwriter and no other person including any purchaser of the Bonds shall acquire or have any rights hereunder or by virtue hereof.

SECTION 15. EFFECTIVE DATE

This Bond Purchase Agreement shall become effective upon acceptance hereof by the City.

Upon your acceptance of the offer, the foregoing agreement will be binding upon you and the Underwriter. Please acknowledge your agreement with the foregoing by executing the enclosed copy of this Bond Purchase Agreement prior to the date and time specified on page 1 hereof and returning it to the undersigned.

Very truly yours,

AMERITAS INVESTMENT CORP.

By: _____
Vice President

Accepted and agreed to as of
the date first above written.

THE CITY OF LINCOLN, NEBRASKA

By: _____
Interim Finance Director

SCHEDULE 1

TERMS OF THE BONDS

$[Principal Amount]
The City of Lincoln, Nebraska
General Obligation Special Assessment Revolving Fund Bonds
Series 2011B
Dated: date of delivery

Maturity ([August 15])	Principal Amount	Interest Rate	Yield	Price
2012	$,000			
2013	,000			
2014	,000			
2015	,000			
2016	,000			
2017	,000			
2018	,000			
2019	,000			
2020	,000			
2021	,000			
2022	,000			
2023	,000			
2024	,000			
2025	,000			
2026	,000			
2031*	,000			

*Term Bonds

Optional Redemption

The Bonds maturing on or prior to [August 15], 2016 are not subject to redemption prior to their stated maturities. The Bonds maturing on or after [August 15], 2017 are redeemable prior to their stated date of maturity at the option of the City in whole or in part anytime on or after [August 15], 2016 at a redemption price equal to 100% of the principal amount of the 2011 Bonds or portions thereof to be redeemed, together with accrued interest to the redemption date.

Mandatory Sinking Fund Redemption

The Bonds maturing [August 15], 2031 are subject to redemption prior to maturity in part by lot by operation of a mandatory sinking fund on [August 15] in each of the following years and in the following amounts, upon payment of the principal amount thereof plus accrued interest to such date of redemption, but without premium. Selection of any Bonds maturing [August 15], 2031, or portions thereof to be redeemed shall be in the sole discretion of the Trustee.

Year ([August 15])	Principal Amount
2027	$,000
2028	,000
2029	,000
2030	,000
2031*	,000

*Maturity