Bill No. 12-39 Introduced: 4-9-12

THE CITY OF LINCOLN, NEBRASKA

ORDINANCE NO. _____

PASSED: _____, 2012
APPROVED: _____, 2012

AUTHORIZING NOT TO EXCEED

$33,000,000
CITY OF LINCOLN, NEBRASKA
GENERAL OBLIGATION HIGHWAY ALLOCATION FUND REFUNDING BONDS
SERIES 2012

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THE CITY OF LINCOLN, NEBRASKA

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY OF LINCOLN, NEBRASKA AUTHORIZING THE ISSUANCE BY THE CITY OF ITS GENERAL OBLIGATION HIGHWAY ALLOCATION FUND REFUNDING BONDS, SERIES 2012 IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $33,000,000; PRESCRIBING THE FORM OF THE BONDS; FIXING IN PART AND PROVIDING FOR THE FIXING IN PART OF THE TERMS OF THE BONDS; PLEDGING FUNDS RECEIVED FROM THE NEBRASKA HIGHWAY ALLOCATION FUND AND PROVIDING FOR THE LEVY AND COLLECTION OF AN ANNUAL TAX ON ALL OF THE TAXABLE PROPERTY WITHIN THE CITY TO PAY THE PRINCIPAL OF AND INTEREST ON SUCH BONDS; AUTHORIZING CERTAIN OTHER DOCUMENTS AND ACTIONS IN CONNECTION THEREWITH; AND RELATED MATTERS

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

ARTICLE I

FINDINGS, DETERMINATIONS AND DEFINITIONS

Section 1.01. Findings and Determinations. The City Council (the "**Council**") of The City of Lincoln, Nebraska (the "**City**") hereby finds and determines as follows:

(a) The City is a city of the primary class and political subdivision duly organized and existing under its home rule charter and the laws of the State of Nebraska (the "**State**"), including, but not limited to, Chapter 15, Reissue Revised Statutes of Nebraska, as amended.

(b) Pursuant to Section 66-4,101, Reissue Revised Statutes of Nebraska, as amended (the "**Highway Allocation Fund Act**"), the City is authorized to (i) issue its general obligation highway allocation fund bonds for the purpose of funding the costs of constructing certain roads and other appurtenant related improvements within the City, (ii) pledge to the repayment of such bonds amounts received by the City from the State Highway Allocation Fund (the "**Highway Allocation Fund**") and (iii) levy and collect annually a tax on all the taxable property in the City, in addition to all other taxes authorized to be levied by the City, sufficient in rate and amount to pay the principal of and interest on the Bonds until the same is fully paid.

(c) Pursuant to Highway Allocation Fund Act and Ordinance No. 18290 (the "**Series 2004 Bond Ordinance**"), passed by the Council on January 26, 2004 and approved by the Mayor on January 29, 2004, the City previously issued $35,000,000 in aggregate principal amount of its General Obligation Highway Allocation Fund Bonds, Series 2004, dated March 17, 2004 (the "**Series 2004 Bonds**"), for the purpose of paying the costs of funding items on the City's 2004-09 Street Capital Improvement Program (the "**Project**").

(d) In addition, pursuant to Highway Allocation Fund Act and Ordinance No. 18842 (the "**Series 2006 Bond Ordinance**"), passed by the Council on November 13, 2006 and approved by the Mayor on November 14, 2006, the City previously issued $27,000,000 in aggregate principal amount of its General Obligation Highway Allocation Fund Bonds, Series 2006, dated December 5, 2006 (the "**Series 2006 Bonds**"), for the purpose of paying Project costs.

(e) The Series 2004 Bonds and the Series 2006 Bonds, together with all interest thereon, are payable from and secured by amounts received from the Highway Allocation Fund and from ad valorem taxes levied against all taxable property within the City at such rate which, together with receipts from the Highway Allocation Fund, will be sufficient in amount to pay the principal of and the interest on the Series 2004 Bonds and the Series 2006 Bonds.

(f) The City received $17,354,681 from the Highway Allocation Fund for the fiscal year ended August 31, 2011, and it expects to receive at least $18,736,672 from the Highway Allocation Fund for the fiscal year ended August 31, 2012.

(g) The following Series 2004 Bonds presently remains outstanding and unpaid, the same bearing interest and maturing as follows (the "**Outstanding Series 2004 Bonds**"):

Maturity Date (November 15)	Principal Amount	Interest Rate	CUSIP
2012	$1,900,000	5.00%	534238X54
2013	1,995,000	5.00	534238X62
2014	2,100,000	5.00	534238X70
2015	2,210,000	5.00	534238X88
2016	2,330,000	4.25	534238X96
2017	2,455,000	4.25	534238Y20
2018	2,590,000	4.25	534238Y38
2019	2,695,000	4.25	534238Y46
2020	2,815,000	4.25	534238Y53
2021	2,945,000	4.50	534238Y61
2022	3,085,000	4.50	534238Y79
2023	3,035,000	4.50	534238Y87

The Outstanding Series 2004 Bonds are subject to redemption prior to maturity at the option of the City in whole or in part at any time on or after May 15, 2014 at a redemption price equal to 100% of the principal amount being redeemed, plus accrued interest on such principal amount to the date fixed for redemption.

(h) The Outstanding Series 2004 Bonds remain unpaid and are a legal liability against the City, provision for the payment of all or any part of which may be made by the lawful issuance and sale of refunding bonds of the City pursuant to Sections 10-142 and 15-244, Reissue Revised Statutes of Nebraska, as amended, and Article IX, Sections 39 to 43, inclusive, of the Charter.

(i) Since the issuance of the Outstanding Series 2004 Bonds, the rates of interest available in the markets have declined such that the City can effect a savings in interest costs by providing for payment and redemption of some or all of the Outstanding Series 2004 Bonds through the issuance of general obligation refunding bonds of the City.

(j) The City has on hand no debt service or other sinking fund money for the payment of principal and interest on the Outstanding Series 2004 Bonds, other than legally available funds of the City, if any, which are to be used and applied in accordance with Section 5.02.

(k) By resolution of the City Council, the City has duly authorized the defeasance and refunding of all the Outstanding Series 2004 Bonds and has duly called for redemption on May 15, 2014 (the "**Redemption Date**") all of the Series 2004 Bonds then outstanding as of such date, after which date interest on such bonds shall cease, subject to the issuance of the hereinafter-described Bonds.

(l) It is necessary, desirable and advisable that the City issue its general obligation refunding bonds for the purpose of providing funds which, together with other funds of the City legally available for such purposes, shall be sufficient to defease and refund the Outstanding Series 2004 Bonds (sometimes referred to herein as the "**Refunded Bonds**") and to pay the redemption price of the Series 2004 Bonds then outstanding as of the Redemption Date, all in accordance with this Ordinance and the Series 2004 Bond Ordinance.

(m) All conditions, acts and things required by law to exist or to be done precedent to the issuance of general obligation highway allocation fund refunding bonds of the City in the principal amount of not to exceed $33,000,000 (the "**Bonds**") for such purposes do exist and have been done in due form and time as required by law.

Section 1.02. Definitions. In addition to words and terms defined elsewhere herein, the following words and terms used in this Ordinance have the following meanings:

"*Act*" means Sections 10-142 and 15-244, Reissue Revised Statutes of Nebraska, as amended, and Article IX, Sections 39 to 43, inclusive, of the Charter.

"*Beneficial Owner*" means any Person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"*Bond Counsel*" means Kutak Rock LLP, or other attorney or firm of attorneys with a nationally recognized standing in the field of municipal bond financing selected by the City.

"*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 Highway Allocation Fund Refunding Bonds, Series 2012, dated the date of delivery thereof, 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.

"*Cede & Co.*" means Cede & Co., as nominee of The Depository Trust Company, New York, New York.

"*Charter*" means the Home Rule Charter of the City.

"*City*" means The City of Lincoln, Nebraska.

"*Clerk*" means the Clerk of the City, or such other person duly authorized to sign on his or her behalf.

"*Code*" means the Internal Revenue Code of 1986, as amended, and the applicable regulations of the Treasury Department proposed or promulgated thereunder.

"*Continuing Disclosure Certificate*" means the Continuing Disclosure Certificate of the City dated the date of delivery of the Bonds, as originally executed and as amended from time to time in accordance with its terms.

"*Costs of Issuance Fund*" means the fund by that name referred to in Section 5.01 hereof.

"*Debt Service Fund*" means the fund by that name referred to in Section 5.01 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:

(i) (A) the obligations are 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;

(ii) the obligations are secured by cash or Government Obligations that may be applied only to the principal or redemption price of and interest payments on such obligations;

(iii) 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;

(iv) 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;

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

(vi) 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").

"*Designated Office*" means the corporate trust administration office maintained by the Paying Agent at which the Paying Agent discharges its obligations under this Ordinance and which may be changed by the Paying Agent upon written notice to the City and to each Registered Owner.

"*Escrow Agent*" means the person, corporation, partnership or other entity selected and appointed by the Finance Director to act as escrow agent with respect to that portion of the Bond proceeds used to pay, redeem, refund and retire the Outstanding Series 2004 Bonds pursuant to Sections 5.02 and 5.05 hereof, and any successor thereto. The Escrow Agent shall be a national banking association or state banking corporation with trust powers and authority to exercise such trust powers within the City.

"*Escrow Agreement*" means the Escrow Agreement between the City and the Escrow Agent providing for the deposit, investment and application of a portion of the proceeds of the Bonds, together with other legally available funds of the City, for the purpose of paying, redeeming, refunding and retiring the Outstanding Series 2004 Bonds.

"*Escrow Fund*" means that fund established under the Escrow Agreement.

"*Escrowed Securities*" means the direct, noncallable Government Obligations as described in the Escrow Agreement.

"*Finance Director*" means the Finance Director or Interim Finance Director, as the case may be, of the City, or such other person duly authorized to sign on his or her behalf.

"*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, including evidences of a direct ownership interest in future interest or principal payments on obligations issued or guaranteed by the United States (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 at least "Aa" by Moody's

Investors Service, Inc. or at least "Aa" by Standard & Poor's Ratings Group and such obligations are held in a custodial account for the benefit of the City.

"*Interest Payment Date*" means May 15 and November 15 of each year, beginning November 15, 2012.

"*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 optional or mandatory redemption or otherwise.

"*Ordinance*" means this ordinance as from time to time amended or supplemented.

"*Outstanding*" means, when used with reference to the 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 Article VII hereof; and

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

"*Outstanding Series 2004 Bonds*" has the meaning set forth in paragraph 2 of the Findings and Determinations hereof.

"*Owners*" means the Beneficial Owners and the Registered Owners.

"*Participants*" means those financial institutions for whom the Securities Depository effects book-entry transfers and pledges of securities deposited with the Securities Depository, as such listing of Participants exists at the time of such reference.

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

"*Permitted Investments*" means any of the investments permitted by the constitution and statutes of the State of Nebraska and the Charter for funds of the City.

"*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 the entity determined by the Finance Director in accordance with the provisions of Section 2.12 to be the original purchaser of the Bonds.

"*Record Date*" for the interest payable on any Interest Payment Date means the fifteenth day (whether or not a Business Day) 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 Date*" when used with respect to any Refunded Bond means May 15, 2014.

"*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.

"*Refunded Bonds*" means the Outstanding Series 2004 Bonds to be refunded from the proceeds of the Bonds.

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

"*Replacement Bonds*" means Bonds issued to Beneficial Owners in accordance with Section 2.07 hereof.

"*Securities Depository*" means, initially, The Depository Trust Company, New York, New York, and its successors and assigns.

"*Special Record Date*" means the date fixed by the Paying Agent pursuant to Section 2.04 hereof for the payment of Defaulted Interest.

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

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

"*Treasurer*" means the Treasurer or Acting Treasurer of the City.

"*United States*" means the United States of America.

ARTICLE II

AUTHORIZATION OF BONDS

Section 2.01. Authorization of Bonds. The City is hereby authorized and directed to issue the Bonds in the aggregate principal amount of not to exceed $33,000,000 to provide for the defeasance, payment and redemption of the Refunded Bonds and the costs of issuing the Bonds.

Section 2.02. Description of Bonds. The Bonds shall consist of fully registered bonds, numbered from R-1 upward in order of issuance, in denominations of $5,000 or any integral multiple thereof. The Bonds shall be subject to registration, transfer and exchange as provided in Section 2.05 hereof. All of the Bonds shall be dated the date of delivery thereof, shall become due and payable 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 determined by the Finance Director such that the true interest cost of the Bonds shall not exceed 2.50% in accordance with the provisions of Section 2.12 hereof. Except as may be otherwise determined by the Finance Director in accordance with the provisions of Section 2.12 hereof, 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.

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 2.03. Designation of Paying Agent. The City hereby designates the Paying Agent as its paying agent for payment of the principal of and interest on the Bonds and bond registrar with respect to the registration, transfer and exchange of Bonds. The Paying Agent shall serve in such capacities under the terms of an agreement entitled "Bond Registrar and Paying Agent Agreement" between the City and the Paying Agent (the "**Registrar Agreement**") in the form approved by the Finance Director in accordance with the provisions of Section 2.12. The Finance Director and the Clerk are hereby authorized to execute the Registrar Agreement.

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, and does hereby authorize the Finance Director, 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 Registered 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 organized and doing business under the laws of the United States or of a state of the United States, authorized under such laws to exercise trust powers and subject to supervision or examination by federal or state regulatory authority.

Section 2.04. Method and Place of Payment of Bonds. The principal or the Redemption Price of and the interest on the Bonds shall be payable in any coin or currency of the United States that on the respective dates of payment thereof is legal tender for the payment of public and private debts.

The principal or the Redemption Price of each Bond shall be paid at Maturity, together with all accrued interest thereon, 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 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 by check or draft mailed by the Paying Agent to the address of such Registered Owner shown on the Bond Register.

Notwithstanding the foregoing provisions of this Section 2.04, 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 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 the payment of the principal or the Redemption Price of and the interest on all Bonds and at least annually shall forward a copy or summary of such records to the City.

Section 2.05. Registration, Transfer and Exchange of Bonds. The City covenants that, so long as any of the Bonds remain Outstanding, it will cause the Bond Register to be kept at the Designated Office. Each Bond when issued shall be registered in the name of the Registered Owner thereof on the Bond Register.

Bonds may be transferred and exchanged only on the Bond Register as provided in this Section 2.05. Upon surrender of any Bond at the Designated Office, 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. If 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 3.03 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 2.04 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 said 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 aggregate 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 2.06. 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. 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 the Finance Director are hereby authorized and directed to prepare and execute the Bonds in the manner herein specified and, when duly executed and registered, 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 2.07. 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 2.07, the City may require the payment by the Registered Owner of an amount 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 2.07 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 2.08. 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 2.09. 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 if the Paying Agent issues Replacement Bonds as provided in Section 2.09(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 2.09(b).

(b) (i) 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 (ii) 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 this Section 2.09(b)(i)(A) or (B), the City, with the consent of the Paying Agent, may select a successor securities depository in accordance with Section 2.09(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 2.09(c), 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) If 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 2.10. 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.

For the purpose of enabling the Purchaser to comply with the requirements of Rule 15c2-12(b)(1) of the Securities and Exchange Commission, the Finance Director is hereby authorized to deem 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) and, if requested, to provide the Purchaser a letter or certification to such effect and to take such other actions or execute such other documents as such officers in their reasonable judgment deem necessary to enable the Purchaser to comply with the requirement of such Rule.

The City agrees to provide to the Purchaser within seven Business Days of the date of the sale of Bonds sufficient copies of the final Official Statement to enable the Purchaser to comply with the requirements of Rule 15c2-12(b)(4) of the Securities and Exchange Commission and with the requirements of Rule G-32 of the Municipal Securities Rulemaking Board.

Section 2.11. Sale of Bonds. In accordance with the provisions of Section 2.12, the Finance Director is hereby authorized to sell the Bonds through a negotiated sale with a Purchaser or Purchasers determined by the Finance Director and to enter into the Bond Purchase Agreement between the City and the Purchaser in substantially the form attached hereto as Exhibit C, under which the City agrees to sell the Bonds to the Purchaser, upon the terms and conditions set forth therein and with such changes therein as shall be approved by the Finance Director, who is hereby authorized to execute the Bond Purchase Agreement and related documents for and on behalf of the City, such officer's signature thereon being conclusive evidence of his or her approval thereof. The Finance Director is hereby authorized to fix and determine the purchase price of the Bonds, which shall not be less than 97% of the principal amount thereof, and the underwriting discount on the Bonds, not to exceed 1% of the principal amount thereof in accordance with the provisions of Section 2.12 hereof.

Section 2.12. Authorization of Officers. At such time as the present value savings to the City resulting from the issuance of the Bonds herein authorized would equal or exceed 5% of the principal amount of the Refunded Bonds, the Finance Director is hereby authorized and directed, in the exercise of his own independent judgment and absolute discretion, to hereafter, from time to time, specify, set, designate, determine, establish and appoint, as the case may be, and in each case in accordance with and subject to the provisions of this Ordinance, (a) the date

of original issue of the Bonds which shall not be later than December 31, 2012, (b) the aggregate principal amount of Bonds to be issued, which shall in no event exceed $33,000,000, (c) the principal amount of Bonds to mature on November 15 of each year, (d) the date of final maturity of the Bonds, which shall not be later than November 15, 2023, (e) the date or dates upon which the Bonds shall be sold, (f) the rate or rates of interest to be carried by each maturity of the Bonds such that the true interest cost of the Bonds shall not exceed 2.50%, (g) whether or not the Bonds shall be subject to redemption prior to their stated maturity and, if subject to such prior redemption, the provisions governing such prior redemption, the nature of any notice to be given in the event of any such prior redemption, the redemption price or prices payable upon such redemption (not to exceed 104%) and the respective periods in which each redemption price shall be payable, (h) the amount and due date of each sinking fund installment for Bonds which are term Bonds, (i) all of the other terms of the Bonds not otherwise determined or fixed by the provisions of this Ordinance, (j) the identity of the Purchaser, (k) the underwriting discount, not to exceed 1% and the price, not less than 97% of the principal amount thereof, at which the Bonds shall be sold to the Purchaser, (l) the form and contents of the Registrar Agreement and the Bond Purchase Agreement, as appropriate, (m) the principal amounts and the maturities of the Outstanding Bonds which shall constitute the Refunded Bonds (if other than as described in Section 1.01 hereof), (n) the identity of the Escrow Agent, (o) the form and contents of the Escrow Agreement, (p) the date upon which the Refunded Bonds shall be called for payment and redemption (if other than the Redemption Date as described in Section 1.01 hereof) and the form and contents of any notice of redemption thereof and (q) the form, content, terms, and provisions of any closing and other documentation executed and delivered by the City in connection with authorization, issuance, sale and delivery of the Bonds and the payment and redemption of the Refunded Bonds.

ARTICLE III

REDEMPTION OF BONDS

Section 3.01. Optional Redemption of Bonds. 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, as a whole or in part at the Redemption Prices determined by the Finance Director in accordance with the provisions of Section 2.12 hereof.

Section 3.02. 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 3.03 are met.

(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 Stated

Maturities as the City, in its sole and absolute discretion, may determine, and Bonds of less than a full Stated Maturity shall be selected by the Paying Agent by lot in $5,000 increments.

(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 (i) 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 (ii) 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 3.03. 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 (or such shorter period as may be acceptable to the then-Registered Owner of the Bonds) to the Purchaser and each Registered Owner of the 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 Office.

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

On or 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

For the prompt payment of the Bonds and all interest thereon, when and as the same shall become due, the City hereby pledges all receipts now or hereafter received by the City from the Highway Allocation Fund. Such pledge shall not prevent the City from applying receipts from the Highway Allocation Fund in any year so long as sufficient receipts from such fund have been set aside for the payment of the principal of and interest on the Bonds falling due in such year. The City further reserves the right to issue additional highway allocation fund pledge bonds that are payable on par with the Bonds and the Series 2006 Bonds and equally and ratably secured by a pledge of receipts from the Highway Allocation Fund if the maximum annual debt service on all highway allocation fund bonds of the City outstanding upon the issuance of such additional bonds does not exceed the receipts from the Highway Allocation Fund for the prior fiscal year of the City.

To the extent that other legally available moneys of the City appropriated for such purposes are insufficient to timely pay the principal of and the interest on the Bonds, the City hereby covenants and agrees that it will cause to be levied and collected annually a tax on all taxable property in the City, in addition to all other taxes now or hereafter authorized to be levied by the City, sufficient in amount to pay the principal of and interest on the Bonds until the same is fully paid. 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.

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 and the fees and expenses of the Paying Agent. If at any time said taxes are not collected in time to pay the principal of or interest on the Bonds when due, the Treasurer is hereby authorized and directed to pay such principal or interest out of the general funds of the City and to reimburse the general funds for money so expended when such taxes are collected.

The provisions of this Ordinance shall constitute a contract between the City and the registered owners of the Bonds, and any registered owners of any Bond may either in law or equity or suit, action, mandamus or other proceedings enforce or compel performance of this Ordinance.

ARTICLE V

ESTABLISHMENT OF FUNDS; DEPOSIT AND APPLICATION OF MONEY

Section 5.01. Establishment of Funds. There have been or shall be established in the treasury of the City and shall be held and administered by the Treasurer the following separate funds:

(a) Costs of Issuance Fund; and

(b) Debt Service Fund.

In addition to the funds described above, the Escrow Agreement establishes the Escrow Fund to be held and administered by the Escrow Agent in accordance with the provisions of the Escrow Agreement.

Section 5.02. 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 5.04 hereof.

(b) Proceeds in the amount specified in the Escrow Agreement shall be deposited with the Escrow Agent under the Escrow Agreement to be held, invested and applied to pay, redeem, refund and retire the Outstanding Series 2004 Bonds when due and on the Redemption Date, as applicable.

(c) The remaining balance of the proceeds from the sale of the Bonds shall be deposited in the Cost of Issuance Fund to pay costs of issuing the Bonds.

Section 5.03. Application of Money in the Costs of Issuance Fund. Money in the Costs of Issuance Fund shall be used by the City solely for the purpose of paying the costs and expenses of issuing the Bonds, including the fees of attorneys, financial consultants, accountants, rating agencies, printers and others employed to render professional services and other costs, fees

and expenses incurred in connection with the issuance of the Bonds, and shall be disbursed by the Finance Director. Any of such money not used for such purpose and remaining on deposit the date which is six months after the issue date of the Bonds shall be transferred to and deposited in the Debt Service Fund. Upon payment of all costs of Issuance of the Bonds, any surplus remaining in the Costs of Issuance Fund shall be transferred to and deposited in the Debt Service Fund.

Section 5.04. 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 Treasurer is authorized and directed to withdraw from the Debt Service Fund sums sufficient to pay both the principal or the 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 said 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 or such other appropriate fund of the City in the determination of the Finance Director.

Section 5.05. Application of Money in the Escrow Fund. Under the Escrow Agreement, the Escrow Agent will apply moneys in the Escrow Fund to purchase the Escrowed Securities and to establish an initial cash balance in accordance with the Escrow Agreement. The cash and Escrowed Securities held in the Escrow Fund will be applied by the Escrow Agent solely to the payment of the principal of, redemption premium (if any) and the interest on the Outstanding Series 2004 Bonds. All money deposited with the Escrow Agent shall be deemed to be deposited in accordance with and subject to all the provisions in the Series 2004 Bond Ordinance and the Escrow Agreement.

Section 5.06. 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 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. 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 Treasurer at the direction of the Council, 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 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 5.07. Payments Due on Saturdays, Sundays and Holidays. If any payment on a Bond is due on a date which is not a Business Day, then such payment need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on such payment date, and no interest shall accrue for the period after such payment date.

Section 5.08. 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, said 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.

Section 5.09. Verification of Certified Public Accountant; Discharge of Series 2004 Bonds. Prior to or concurrently with the issuance and delivery of the Bonds and the creation of the escrow provided for herein, the City shall obtain the certification of an independent certified public accountant that such accountant has verified the accuracy of the calculations that demonstrate that the cash and Escrowed Securities required to be deposited with the Escrow Agent pursuant to Section 5.02 hereof and the Escrow Agreement, together with earnings to accrue thereon, will be sufficient for the timely payment of the principal of, the redemption premium (if any) and the interest on the Outstanding Series 2004 Bonds when due, at which point the Series 2004 Bonds will have been discharged and will no longer be outstanding.

ARTICLE VI

REMEDIES

Section 6.01. 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 aggregate 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;

(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 6.02. Limitation on Rights of Registered 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 Registered 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 Registered 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 6.03. Remedies Cumulative. No remedy conferred herein upon the Registered 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 Registered 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 Registered 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 Registered 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 Registered Owners shall continue as if no such suit, action or other proceedings had been brought or taken.

ARTICLE VII

DEFEASANCE

When the principal or Redemption Price of and interest on any or all of the Bonds 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 such Bonds so paid and discharged. Bonds or the 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 having full trust powers, at or prior to the Stated Maturity or Redemption Date of such Bonds, in trust for and irrevocably appropriated thereto, money 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 said 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 3.02(a) hereof. 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 money shall be and is 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 8.01. Tax Covenants. The City hereby (a) authorizes and directs that its Finance Director execute and deliver, on the date of issue of the Bonds, the Tax Certificate in such form as shall be satisfactory to Bond Counsel, and (b) covenants and agrees that it will comply with and carry out all of the provisions of the Tax Certificate.

Section 8.02. Continuing Disclosure. The City hereby (a) authorizes and directs that its Finance Director execute and deliver, on the date of issue of the Bonds, the Continuing Disclosure Certificate in such form as shall be satisfactory to Bond Counsel and the Purchaser, and (b) covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Ordinance, failure of the City to comply with the Continuing Disclosure Certificate shall not be considered an event of default hereunder; however, any Participating Underwriter (as such term is defined in the Continuing Disclosure Certificate) or any Beneficial Owner or any Registered Owner of a Bond may take such actions as may be necessary and appropriate, including seeking mandamus

or specific performance by court order, to cause the City to comply with its obligations under this Section 8.02.

Section 8.03. Amendments. The rights and duties of the City and the Registered 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 aggregate 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 Secretary, 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 Registered 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 Registered Owners.

Every amendment or modification of the provisions of the Bonds or of this Ordinance, to which the written consent of the Registered Owners is given, as above provided, shall be expressed in an Ordinance adopted by the Board 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 Secretary, 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 Secretary to any such Registered Owner or prospective purchaser.

Any and all modifications made in the manner hereinabove provided shall not become effective until there has been filed with the Secretary a copy of such amendatory or supplemental Ordinance of the City, 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 8.04. Notices, Consents and Other Instruments by Registered Owners. Any notice, consent, request, direction, approval or other instrument to be signed and executed by any Registered Owner may be in any number of concurrent writings of similar tenor and may be signed or executed by such Registered Owner in person or by an agent with written authorization. Proof of the execution of any such instrument or 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 aggregate 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 Registered Owners shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Bonds which the Registered 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 aforesaid if the pledgee establishes to the satisfaction of the Registered Owners the pledgee's right so to act with respect to such Bonds and that the pledgee is not the City.

Section 8.05. 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 Purchaser 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 (i) determining and finalizing all terms and provisions to be carried by the Bonds not specifically set forth in this Ordinance and (ii) 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 8.06. 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. This 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 8.07. 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 8.08. 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 8.09. 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 Paying Agent 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 8.10. Law and Place of Enforcement of This Ordinance. This 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 8.11. 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 8.12. 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 8.13. Publication and Effectiveness of This Ordinance. Pursuant to Article VII, Section 7, of the 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 Clerk.

[The remainder of this page intentionally left blank]

INTRODUCED BY:

_____

PASSED _____, 2012.

ABSENT OR NOT VOTING:

_____

_____

_____

AYES: _____

_____

_____

_____

_____

NAYS: _____

_____

Approved as to Form:

_____
City Attorney

_____
Bond Counsel

CONFLICT OF INTEREST:

_____

APPROVED: _____, 2012.

_____
Mayor

EXHIBIT A

FORM OF BONDS

EXCEPT AS OTHERWISE PROVIDED IN THE ORDINANCE (REFERRED TO HEREIN), THIS GLOBAL BOND MAY BE TRANSFERRED, IN WHOLE BUT NOT IN PART, ONLY TO ANOTHER NOMINEE OF THE SECURITIES DEPOSITORY (AS DEFINED HEREIN) OR TO A SUCCESSOR SECURITIES DEPOSITORY OR TO A NOMINEE OF A SUCCESSOR SECURITIES DEPOSITORY.

Registered
No. R-___

Registered
$_____

UNITED STATES OF AMERICA
STATE OF NEBRASKA
THE CITY OF LINCOLN

GENERAL OBLIGATION HIGHWAY ALLOCATION FUND REFUNDING BOND, SERIES 2012

Interest Rate	**Maturity Date**	**Dated Date**	**CUSIP Number**
	November 15, 20__	_____, 2011	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: DOLLARS

THE CITY OF LINCOLN, NEBRASKA, 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 stated 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 shown 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 May 15 and November 15 in each year, beginning November 15, 2012, until the Principal Amount has been paid.

The principal or the redemption price of this Bond shall be paid at maturity or upon earlier redemption by check or draft mailed 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 administration 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) preceding the interest payment date. Such interest shall be payable by check or draft mailed by the Paying Agent to the address of such Registered Owner shown on the Bond Register. The principal or redemption price of and interest on this Bond 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 Highway Allocation Fund Refunding Bonds, Series 2012," aggregating the principal amount of $[PRINCIPAL AMOUNT] (the "Bonds"), issued by the City in pursuance of Sections 10-142, 15-244 and 66-4,101, Reissue Revised Statutes of Nebraska, as amended, and Article IX, Sections 39 to 43, inclusive, of the Home Rule Charter of the City for the purpose of refunding the City's outstanding General Obligation Highway Fund Allocation Bonds, Series 2004, dated March 17, 2004 (the "Refunded Bonds"), under the authority of and in full compliance with the constitution and laws of the State of Nebraska, and pursuant to Ordinance No. _____ (the "Ordinance") duly passed by the Council on _____, 2012 and approved by the Mayor on _____, 2012. The Refunded Bonds were issued for the purpose of paying the costs of funding items on the City's 2004-09 Street Capital Improvement Program.

At the option of the City, Bonds or portions thereof maturing on or after November 15, 20___ may be redeemed and paid prior to maturity at any time on or after November 15, 20___, as a whole or in part in such principal amounts and from such maturity or maturities as the City may determine at a redemption price equal to 100% of the principal amount of the Bonds called for redemption plus accrued interest thereon to the redemption date. If less than all of the Bonds of a maturity are to be called for redemption, the particular Bonds of such maturity to be redeemed shall be selected by lot.

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 (or such shorter period as may be acceptable to the then-registered owner of the Bonds) to the original purchaser of the Bonds and 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 aforesaid, 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.

This bond is issued on a parity with and is payable from the same sources as the City's General Obligation Highway Allocation Fund Bonds, Series 2006, dated December 5, 2006 (the "Series 2006 Bonds") and any additional highway allocation fund bonds issued in accordance with the provisions of the Ordinance (the "Additional Bonds"). In the Ordinance, the City has pledged funds received and to be received from the Highway Allocation Fund of the State of Nebraska and allocates such receipts to payment of the principal hereof and the interest hereon when and as the same become due on a parity with the Series 2006 Bonds and any Additional Bonds. In addition, the City has covenanted and agreed that to the extent other legally available money of the City appropriated for such purposes is insufficient to pay the principal of and interest on the Bonds when and as the same shall become due, it shall levy ad valorem taxes upon all the taxable property in the City at such rate or rates which, together with receipts from

the Highway Allocation Fund and any other money made available and used for such purpose, will be sufficient to make payment of the principal of and interest on this Bond and all other bonds of the issue of which this Bond is one, as the same become due.

The Bonds are issuable in the form of fully registered Bonds 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 administration 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.

The Bonds are being issued by means of a book-entry system with no physical distribution of bond certificates to be made except as provided in the Ordinance. One Bond certificate with respect to each date on which the Bonds are stated to mature or with respect to each form of Bonds, registered in the nominee name of the Securities Depository, is being issued and required to be deposited with the Securities Depository and immobilized in its custody. The book-entry system will evidence positions held in the Bonds by the Securities Depository's participants, beneficial ownership of the Bonds in authorized denominations being evidenced in the records of such participants. Transfers of ownership shall be effected on the records of the Securities Depository and its participants pursuant to rules and procedures established by the Securities Depository and its participants. The City and the Paying Agent will recognize the Securities Depository nominee, while the registered owner of this Bond, as the owner of this Bond for all purposes, including (a) payments of the principal or redemption price of and interest on this Bond, (b) notices and (c) voting. Transfer of principal or redemption price and interest payments to participants of the Securities Depository, and transfer of principal or redemption price and interest payments to beneficial owners of the Bonds by participants of the Securities Depository will be the responsibility of such participants and other nominees of such beneficial owners. The City and the Paying Agent will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by the Securities Depository, the Securities Depository nominee, its participants or persons acting through such participants. While the Securities Depository nominee is the owner of this Bond, notwithstanding the provision hereinabove contained, payments of principal or redemption price of and interest on this Bond shall be made in accordance with existing arrangements among the City, the Paying Agent and the Securities Depository.

EXCEPT AS OTHERWISE PROVIDED IN THE ORDINANCE, THIS GLOBAL BOND MAY BE TRANSFERRED, IN WHOLE BUT NOT IN PART, ONLY TO ANOTHER NOMINEE OF THE SECURITIES DEPOSITORY OR TO A SUCCESSOR SECURITIES DEPOSITORY OR TO A NOMINEE OF A SUCCESSOR SECURITIES DEPOSITORY.

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; that amounts received from the Nebraska Highway Allocation Fund have been pledged to the payment of the principal of and the interest on the Bonds when due; that a direct annual tax upon all taxable property situated in the City has been levied for the purpose of paying the principal of and interest on the Bonds when due; 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 limitation.

IN WITNESS WHEREOF, THE CITY OF LINCOLN, NEBRASKA has caused this Bond to be executed by the manual or facsimile signature of its Mayor and attested by the manual or facsimile signature of its Finance Director.

Registered in the Office of the Finance Director of The City of Lincoln, Nebraska

THE CITY OF LINCOLN, NEBRASKA

By _____
Mayor

_____
(Interim) Finance Director of The City of Lincoln, Nebraska

(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: _____

BOKF, NATIONAL ASSOCIATION, Paying Agent

By _____
Name _____
Title _____

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 C.F.R. 240.17 Ad-15))

By _____
Name _____
Title _____

EXHIBIT B

PRELIMINARY OFFICIAL STATEMENT

EXHIBIT C

BOND PURCHASE AGREEMENT

ORDINANCE NO. _____

AN ORDINANCE Authorizing the issuance, sale and delivery of General Obligation Highway Allocation Fund Refunding Bonds, Series 2012, of The City of Lincoln, Nebraska in an amount not to exceed $_____ to refund certain outstanding general obligation highway allocation fund bonds of the City and related matters.

Read First Time	_____
Read Second Time	_____
Read Third Time	_____
Passed	_____
Published in	_____
on	_____

CERTIFICATE

STATE OF NEBRASKA)
) ss
COUNTY OF LANCASTER)

I, the undersigned, City Clerk of The City of Lincoln, Nebraska, do hereby certify that the within ordinance is the original Ordinance No. _____ as passed by the City Council of said City, as indicated above, and as approved by the Mayor of said City and as the same appears of record in my office and is now in my charge remaining as City Clerk aforesaid.

IN WITNESS WHEREOF, I have hereunto set my hand officially and affixed the seal of The City of Lincoln, Nebraska this _____ day of _____, 2012.

_____
City Clerk of The City of Lincoln, Nebraska