

ORDINANCE NO. 2019-1

AN ORDINANCE AUTHORIZING THE ISSUANCE OF COMBINED UTILITY REVENUE BONDS, SERIES 2019, OF THE CITY OF WAYNE, NEBRASKA, IN THE PRINCIPAL AMOUNT OF NOT TO EXCEED EIGHT HUNDRED THIRTY THOUSAND DOLLARS (\$830,000), FOR THE PURPOSES OF (A) PROVIDING PERMANENT FINANCING TO PAY THE COSTS OF EXPANSIONS AND IMPROVEMENTS TO THE CITY'S COMBINED UTILITY SYSTEM, (B) FUNDING A DEBT SERVICE RESERVE FUND AND (C) PAYING COSTS OF ISSUANCE; DIRECTING THE APPLICATION OF THE PROCEEDS OF SAID BONDS; PRESCRIBING THE FORM AND CERTAIN TERMS AND DETAILS OF SAID BONDS AND AUTHORIZING THE OFFICERS OF THE CITY TO SET CERTAIN TERMS AND DETAILS OF SAID BONDS; PLEDGING AND HYPOTHECATING THE REVENUES AND EARNINGS OF THE WATERWORKS PLANT AND WATER SYSTEM AND THE SEWAGE DISPOSAL PLANT AND SANITARY SEWER SYSTEM OWNED BY THE CITY FOR THE PAYMENT OF SAID BONDS; ESTABLISHING THE TERMS UPON WHICH ADDITIONAL BONDS OF EQUAL LIEN UPON REVENUES MAY BE ISSUED; ENTERING INTO A CONTRACT ON BEHALF OF THE CITY WITH THE OWNERS OF SAID BONDS; AUTHORIZING THE SALE OF SAID BONDS; APPROVING AN UNDERTAKING WITH RESPECT TO CONTINUING DISCLOSURE; PROVIDING FOR THE REDEMPTION OF CERTAIN OUTSTANDING INDEBTEDNESS; AND PROVIDING FOR PUBLICATION OF THIS ORDINANCE IN PAMPHLET FORM.

BE IT ORDAINED BY THE MAYOR AND COUNCIL OF THE CITY OF WAYNE, NEBRASKA, AS FOLLOWS:

Section 1. The Mayor and Council of the City of Wayne, Nebraska (the "City") hereby find and determine as follows:

- A. The City owns and operates its own waterworks plant and water system, which represents a "revenue-producing facility" of the City under the provisions of Sections 18-1803 to 18-1805, R.R.S. Neb. 2007; said plant and system as now existing together with all additional and improvements thereto hereafter acquired or constructed is herein referred to as the "Water System";
- B. the City owns and operates its own sewage disposal plant and sanitary sewer system, which represents a "revenue-producing facility" of the City under the provisions of Sections 18-1803 to 18-1805, R.R.S. Neb. 2007; said plant and system as now existing together with all additions and improvements thereto hereafter acquired or constructed are herein referred to as the "Sewer System";
- C. the Water System and the Sewer System, as combined (the "Combined Utility") further represent a revenue-producing undertaking and facility of the City under the provisions of Sections 18-1803 to 18-1805, R.R.S. Neb. 2007, for which the City is authorized to issue revenue bonds;
- D. the City currently has outstanding the following revenue bonds for which the revenues of the Combined Utility have been pledged:

Combined Utility Revenue Bond, in the stated original principal amount of \$11,012,414 relating to Project No. D311519 (the "NDEQ Water Bond"), issued

as a single promissory note to the Nebraska Department of Environmental Quality (“NDEQ”) and payable from the revenues of the Combined Utility; and

Combined Utility Revenue Bond, in the stated original principal amount of \$5,199,020 relating to Project No. C317369 (the “NDEQ Sewer Bond”), issued as a single promissory note to the NDEQ and payable from the revenues of the Combined Utility.

Combined Utility Revenue Bond, Series 2015, in the stated original principal amount of \$1,838,650 relating to Project No. C317032 (the “NDEQ Sewer Bond No. 2” and together with the NDEQ Sewer Bond and the NDEQ Water Bond, the “Outstanding Bonds”), issued as a single promissory note to the NDEQ and payable from the revenues of the Combined Utility.

In addition to the Outstanding Bonds, the City has issued and outstanding its Combined Utility Revenue Bond Anticipation Notes, Series 2016, date of original issue – June 15, 2016, in the original principal amount of \$800,000 (the “Series 2016 Notes”), which Series 2016 Notes are junior in lien to the Outstanding Bonds. Other than the Outstanding Bonds, there are no other bonds, notes or other indebtedness for which the revenues of the Combined Utility have been pledged or made security.

- E. The ordinances authorizing the Outstanding Bonds permit the issuance of “Additional Bonds” secured by a pledge of the revenues of the Combined Utility on an equal basis with the Outstanding Bonds provided that the revenues of the Combined Utility (computed as more fully described in the ordinances authorizing the Outstanding Bonds) for the fiscal year next preceding the date of the authorization of such Additional Bonds, after deducting therefrom all costs of operation and maintenance of said Combined Utility for such fiscal year and before deduction of depreciation or interest as based on a certified public accountant's report shall have been at least equal to 1.25 times the average annual bond debt service requirements for the Outstanding Bonds to remain outstanding after the issuance of such Additional Bonds, any Additional Bonds then outstanding, and the Additional Bonds proposed to be issued.
- F. With respect to such conditions as set forth in Section 1(E) above, it is hereby determined that the revenues of the Combined Utility for fiscal year ended September 30, 2018 exceed 1.25 times the average annual bond debt service requirements of the Outstanding Bonds and the Series 2019 Bonds (defined herein) proposed to be issued.
- G. For the purposes of (a) paying and redeeming the Series 2016 Notes by providing permanent financing for expansions and improvements to the City’s Combined Utility (collectively, the “Project”), (b) funding a debt service reserve account with respect to the bonds authorized herein and (c) paying the costs of issuance of the bonds authorized herein, it is necessary and advisable for the City to issue its combined utility revenue bonds in the principal amount of not to exceed \$830,000.
- H. To satisfy the funding requirements described in this Section 1, it is necessary for the City to issue its Combined Utility Revenue Bonds, Series 2019, in the total principal amount of not to exceed \$830,000 (the “Series 2019 Bonds”) pursuant to Sections 18-1803 to 18-1805 R.R.S. Neb. 2012, as amended. All conditions, acts and things

required by law to exist or to be done precedent to the issuance of the Series 2019 Bonds as provided for in this Ordinance do exist and have been done and performed in regular and due time and form as required by law.

Section 2. Unless the context shall clearly indicate otherwise, the following terms (in addition to any terms herein defined by parentheses) shall have the following meanings when used in this Ordinance:

- A. the term “Additional Bonds” shall mean any and all bonds including refunding bonds and notes, hereafter authorized and issued by the City pursuant to the terms of this Ordinance which are equal to lien to the Series 2019 Bonds (defined herein) and the Outstanding Bonds and equally and ratably secured therewith including any such bonds issued pursuant to Section 11 of this Ordinance.
- B. the term “Combined Utility” shall mean the Water System and the Sewer System of the City of Wayne.
- C. the term “revenues” shall mean all the rates, rentals, fees, charges, earnings and other monies from any source whatever derived by the City of Wayne through its ownership and operation of the Combined Utility (including, without limitation, fees and charges for hook ups, taps and capital facilities charges).

Section 3. (a) The Mayor and Council further find and determine that (i) it is necessary, desirable, advisable and in the best interest of the City to issue the Series 2019 Bonds in order to provide permanent financing for costs of the Project through the redemption of the Series 2016 Notes; and, (ii) all conditions, acts and things required by law to exist or to be done precedent to the issuance of the Series 2019 Bonds, in the aggregate stated principal amount of not to exceed \$830,000, and other applicable statutes, do exist and have been done as required by law. To provide funds for the purpose of redeeming the Series 2016 Notes and paying the costs of the Project, funding a debt service reserve for the Series 2019 Bonds and paying the costs of issuing the Series 2019 Bonds, there shall be and there are hereby ordered issued Combined Utility Revenue Bonds, Series 2019, of the City, in the aggregate stated principal amount of not to exceed Eight Hundred Thirty Thousand Dollars (\$830,000).

(b) The Series 2019 Bonds or any portion thereof are hereby authorized to be sold either (i) pursuant to a negotiated sale with D.A. Davidson & Co., as initial purchaser (the “Underwriter”) or (ii) through a private placement to a bank. In connection with such sale, the Mayor or City Administrator (each, an “Authorized Officer”) are hereby authorized to specify, determine, designate, establish and appoint, as the case may be, in one or more written designations which may be included in a bond purchase agreement (each, a “Designation”), (i) whether the Series 2019 Bonds shall be sold pursuant to a negotiated sale with the Underwriter or through a private placement with a bank, (ii) the aggregate purchase price of the Series 2019 Bonds, and the underwriting discount which shall not exceed 1.50% of the aggregate stated principal amount thereof, (if sold through a negotiated sale) (iii) the form and contents of any bond purchase agreement in connection with such sale, (iv) the title (including series designation), dated date, aggregate stated principal amount (including the aggregate principal amounts of serial Bonds and term Bonds, if any), which aggregate stated principal amount shall not exceed \$830,000, and the final maturity date, which shall not be later than June 1, 2034, (v) the principal amounts maturing in each year, (vi) any original issue premium or original issue discount attributable to each principal maturity of the Series 2019 Bonds, (vii) the rate or rates of interest to be borne by each principal maturity of the Series 2019 Bonds, provided that the true interest cost of the Series 2019 Bonds shall not exceed 3.85%, (viii) the principal payment dates and interest payment dates, (ix) whether the Series 2019 Bonds will be subject to redemption prior to their stated maturity, and if subject to such optional redemption, the provisions governing such redemption, including a redemption price not to exceed 104% of the principal

amount then being redeemed plus accrued interest to the date of redemption, (x) the amount and due date of each sinking fund installment for any of the Bonds issued as term Bonds, (xi) the amount of funds (which may be \$0), whether from bond proceeds or other funds of the City, to be deposited into the Combined Utility Bond Reserve Account, (xii) designation of the Paying Agent and Registrar and the form and content of any agreement between the City and such entity and (xiii) all other terms and provisions of the Series 2019 Bonds not otherwise specified or fixed by this Ordinance.

(c) The Authorized Officers, or each individually, are hereby authorized to irrevocably call any or all of the Series 2016 Notes for redemption on such date or dates he or she determines appropriate, which date or dates shall each be a Redemption Date hereunder. The Authorized Officers, or each individually, are hereby authorized to designate, approve, execute and deliver, as the case may be, the form, content, terms and provisions of any published and/or mailed notice of redemption with respect to the payment and redemption of the Series 2016 Notes and to take any and all other actions and approve and execute any and all other documents as deemed by them necessary or appropriate in connection with the redemption of the Series 2016 Notes on the Redemption Date.

(d) The Series 2019 Bonds shall be issued in fully registered form in the denomination of \$5,000 or any integral multiple thereof. The date of original issue for the Series 2019 Bonds shall be the date of delivery thereof. Interest on the Series 2019 Bonds, at the respective rates for each maturity, shall be payable semiannually on the interest payment dates as determined in the Designation (each of said dates an "Interest Payment Date") and the Series 2019 Bonds shall bear such interest from the date of original issue or the most recent Interest Payment Date, whichever is later. Interest shall be computed on the basis of a 360-day year consisting of twelve 30-day months. The interest due on each Interest Payment Date shall be payable to the registered owners of record as of the close of business on the fifteenth day immediately preceding each Interest Payment Date occurs (the "Record Date"), subject to the provisions of Section 5 hereof. The Series 2019 Bonds shall be numbered from 1 upwards in the order of their issuance. No Series 2019 Bond shall be issued originally or upon transfer or partial redemption having more than one principal maturity. The initial bond numbering and principal amounts for each of the Series 2019 Bonds issued shall be designated by the City's Treasurer as directed by the initial purchaser thereof. Payments of interest due prior to maturity or earlier redemption on the Series 2019 Bonds shall be made by the Paying Agent and Registrar, as designated pursuant to Section 4 hereof, by mailing a check or draft in the amount due for such interest on each Interest Payment Date to the registered owner of each Series 2019 Bond, as of the Record Date for such Interest Payment Date, to such owner's registered address as shown on the books of registration as required to be maintained in Section 4 hereof. Payments of principal and unpaid accrued interest thereon due at maturity or at any date fixed for redemption prior to maturity shall be made by said Paying Agent and Registrar to the registered owners upon presentation and surrender of the Series 2019 Bonds to said Paying Agent and Registrar. The City and said Paying Agent and Registrar may treat the registered owner of any Series 2019 Bond as the absolute owner of such bond for the purpose of making payments thereon and for all other purposes and neither the City nor the Paying Agent and Registrar shall be affected by any notice or knowledge to the contrary, whether such bond or any installment of interest due thereon shall be overdue or not. All payments on account of interest or principal made to the registered owner of any Series 2019 Bond in accordance with the terms of this Ordinance shall be valid and effectual and shall be a discharge of the City and said Paying Agent and Registrar, in respect of the liability upon the Series 2019 Bonds or claims for interest to the extent of the sum or sums so paid.

Section 4. The Authorized Officers, or any one or more of them, are hereby authorized and directed to appoint the City Treasurer or, in the case of a negotiated sale to the Underwriter, a bank or trust company to serve as Paying Agent and Registrar for the Series 2019 Bonds. If a bank or trust company is appointed as Paying Agent and Registrar, such bank or trust company shall serve under the terms of a Paying Agent and Registrar's Agreement, the form of which shall be approved by an

Authorized Officer. The Paying Agent and Registrar shall keep and maintain for the City books for the registration and transfer of the Series 2019 Bonds at its office. The names and registered addresses of the registered owner or owners of the Series 2019 Bonds shall at all times be recorded in such books. In the case of a private placement with a bank, the Series 2019 Bonds may be transferred, but only upon the bond register and only if (1) the purchaser has submitted to the Paying Agent and Registrar the Series 2019 Bonds accompanied by an assignment in substantially the form attached to the Bond duly executed by the Purchaser or the Purchaser's attorney or legal representative, which assignment shall disclose the name, address and tax identification number of the assignee, and (2) the assignee is a bank or a qualified institutional buyer as defined in Rule 144A promulgated by the Securities and Exchange Commission and the owner has obtained from such proposed transferee and provided to the City, prior to such transfer and assignment, an investor letter or certificate in form satisfactory to the City. In the case of a negotiated sale, any Series 2019 Bond may be transferred pursuant to its provisions at the office of said Paying Agent and Registrar by surrender of such bond for cancellation, accompanied by a written instrument of transfer, in form satisfactory to said Paying Agent and Registrar, duly executed by the registered owner in person or by such owner's duly authorized agent, and thereupon the Paying Agent and Registrar on behalf of the City will deliver at its office (or send by registered mail to the transferee owner or owners thereof at such transferee owner's or owners' risk and expense), registered in the name of such transferee owner or owners, a new Series 2019 Bond or Series 2019 Bonds of the same interest rate, aggregate principal amount and maturity. To the extent of the denominations authorized for the Series 2019 Bonds by this Ordinance, one such bond may be transferred for several such bonds of the same interest rate and maturity, and for a like aggregate principal amount, and several such bonds may be transferred for one or several such bonds, respectively, of the same interest rate and maturity and for a like aggregate principal amount. In every case of transfer of a Series 2019 Bond, the surrendered Series 2019 Bond or Bonds shall be canceled and destroyed. All Series 2019 Bonds issued upon transfer of the Series 2019 Bonds so surrendered shall be valid obligations of the City evidencing the same obligations as the Series 2019 Bonds surrendered and shall be entitled to all the benefits and protection of this Ordinance to the same extent as the Series 2019 Bonds upon transfer of which they were delivered. The City and said Paying Agent and Registrar shall not be required to transfer any Series 2019 Bond during any period from any Record Date until its immediately following Interest Payment Date or to transfer any Series 2019 Bond called for redemption for a period of thirty (30) days next preceding the date fixed for redemption.

Section 5. In the event that payments of interest due on the Series 2019 Bonds on an Interest Payment Date are not timely made, such interest shall cease to be payable to the registered owners as of the Record Date for such Interest Payment Date and shall be payable to the registered owners of the Series 2019 Bonds as of a special date of record for payment of such defaulted interest as shall be designated by the Paying Agent and Registrar whenever monies for the purpose of paying such defaulted interest become available.

Section 6. If the date for payment of the principal of or interest on the Series 2019 Bonds shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the city where the office of the Paying Agent and Registrar is located, are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which such banking institutions are authorized to close, and payment on such day shall have the same force and effect as if made on the nominal date of payment.

Section 7. Series 2019 Bonds shall be subject to redemption, in whole or in part, prior to maturity at any time on or after the fifth anniversary of the date of original issue thereof, at the principal amount thereof, together with accrued interest on the principal amount redeemed to the date fixed for redemption, or such other date as may be determined in the Designation. Such optional redemption shall be made from time to time as shall be directed by the Mayor and Council of the City. The City may select the Series 2019 Bonds to be redeemed for such optional redemption in its sole discretion. The Series 2019

Bonds shall be redeemed only in amounts of \$5,000 or integral multiples thereof. Any Series 2019 Bond redeemed in part only shall be surrendered to said Paying Agent and Registrar in exchange for a new Series 2019 Bond evidencing the unredeemed principal thereof. Notice of redemption of any Series 2019 Bond called for redemption shall be given, at the direction of the City, by said Paying Agent and Registrar by mail not less than thirty (30) days prior to the date fixed for redemption, first class, postage prepaid, sent to the registered owner of such Series 2019 Bond at said owner's registered address. Such notice shall designate the Series 2019 Bond or Bonds to be redeemed by maturity or otherwise, the date of original issue and the date fixed for redemption and shall state that such bond or bonds are to be presented for prepayment at the office of said Paying Agent and Registrar. In case of any Series 2019 Bond partially redeemed, such notice shall specify the portion of the principal amount of such bond to be redeemed. No defect in the mailing of notice for any Series 2019 Bond shall affect the sufficiency of the proceedings of the City designating the Series 2019 Bonds called for redemption or the effectiveness of such call for Series 2019 Bonds for which notice by mail has been properly given and the City shall have the right to further direct notice of redemption for any such bond for which defective notice has been given.

Section 8. The Series 2019 Bonds shall be in substantially the following form:

**UNITED STATES OF AMERICA
STATE OF NEBRASKA
COUNTY OF WAYNE
CITY OF WAYNE**

COMBINED UTILITY REVENUE BOND, SERIES 2019

No. _____ \$ _____

| <u>Interest Rate</u> | <u>Maturity Date</u> | <u>Date of Original Issue</u> | <u>CUSIP No.</u> |
|----------------------|----------------------|-------------------------------|------------------|
| | _____, 20__ | _____, 2019 | |

Registered Owner:

Principal Amount: _____ Dollars (\$ _____)

KNOW ALL PERSONS BY THESE PRESENTS: That the City of Wayne, in the County of Wayne, in the State of Nebraska (the "City"), hereby acknowledges itself to owe and for value received promises to pay, but only from the special sources hereinafter described, to the registered owner specified above, or registered assigns, the principal amount specified above in lawful money of the United States of America on the date of maturity specified above with interest thereon to maturity (or earlier redemption) from the date of original issue or most recent Interest Payment Date to which interest has been paid or provided for, whichever is later, at the rate per annum specified above (said interest to be computed on the basis of a 360-day year consisting of twelve 30-day months), payable semiannually on _____ and _____ of each year, commencing _____, 20__ (each of said dates an "Interest Payment Date"). The principal hereof and unpaid accrued interest hereon due at maturity or upon earlier redemption are payable upon presentation and surrender of this bond at the office of the _____, the Paying Agent and Registrar, in _____, Nebraska. Interest on this bond due prior to maturity or earlier redemption will be paid on each Interest Payment Date by a check or draft mailed by the Paying Agent and Registrar to the registered owner of this bond, as shown on the books of record maintained by the Paying Agent and Registrar, at the close of business on the

fifteenth day of the month immediately preceding each Interest Payment Date, to such owner's address as shown on such books and records. Any interest not so timely paid shall cease to be payable to the person entitled thereto as of the record date such interest was payable and shall be payable to the person who is the registered owner of this bond (or of one or more predecessor bonds hereto) on such special record date for payment of such defaulted interest as shall be fixed by the Paying Agent and Registrar whenever monies for such purpose become available.

This bond is one of an issue of fully registered bonds of the total principal amount of _____ Dollars (\$_____) (the "Series 2019 Bonds"), of even date and like tenor except as to date of maturity, rate of interest and denomination which were issued by the City for the purpose of (a) providing permanent financing for the costs of expansions and improvements to the Combined Utility System of the City through the payment and redemption of the City's Combined Revenue Bond Anticipation Notes, Series 2016, date of original issue – June 15, 2016, in the principal amount of \$800,000, (b) providing for a debt service reserve fund for the Series 2019 Bonds, and (c) paying costs of issuing the Series 2019 Bonds, all in pursuance of Sections 18-1803 to 18-1805, R.R.S. Neb. 2012, and has been duly authorized by an ordinance (the "Ordinance") legally passed, approved and published and by proceedings duly had by the Mayor and Council of said City.

Any or all of the Series 2019 Bonds maturing on or after _____, 20____, are subject to redemption at the option of the City, in whole or in part, at any time on or after the fifth anniversary of the date of original issue thereof, at the principal amount thereof, together with accrued interest on the principal amount redeemed to the date fixed for redemption. Such optional redemption shall be made from time to time as shall be directed by the Mayor and Council of the City. The City may select the Series 2019 Bonds for optional redemption in its sole discretion.

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

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

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

The revenues and earnings of the City's sewage disposal plant and sanitary sewer system, waterworks plant and water system (which together with any additions, extensions and improvements thereto hereafter constructed are herein referred to as the "Combined Utility"), are pledged and hypothecated for the payment of all of the Series 2019 Bonds (as described in the Ordinance). The City agrees to maintain and collect rates and charges for sewer and water service which shall be reasonable and adequate to produce revenues and earnings sufficient at all times to pay the interest and principal of

all of said bonds as such interest and principal become due and to maintain and operate said Combined Utility efficiently. The Ordinance which authorizes the issuance of the Series 2019 Bonds constitutes a contract between the City and the owners of said bonds and reserves the right to the City to issue additional bonds equal in lien to the Series 2019 Bonds under certain conditions and to issue junior lien bonds or notes when necessary.

The City agrees that it will maintain a special fund known as the "Combined Utility Fund" into which it will pay all of the gross revenues collected and received from the operation of its Combined Utility and will use the moneys in said fund only for the payment of the interest and principal of the Series 2019 Bonds and any additional bonds of equal lien to the Series 2019 Bonds issued in accordance with the terms of this Ordinance, for the operation and maintenance of the Combined Utility and for such other purposes as are permitted by said ordinances and will apply the moneys in said fund to the payment of said bonds as the principal and interest become due. The Ordinance also designates the terms and conditions on which this bond shall cease to be entitled to any lien, benefit or security under the Ordinance and all covenants, agreements and obligations of the City under the Ordinance may be discharged and satisfied at or prior to the maturity or redemption of this bond if monies or certain specified securities shall have been deposited with a trustee.

The Series 2019 Bonds shall not be a debt of the City of Wayne within the meaning of any constitutional or statutory limitation upon the creation of general obligation indebtedness of said City, and the City of Wayne shall not be liable for the payment thereof out of any moneys of said City other than from the revenues of its Combined Utility.

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

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

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

IT IS HEREBY CERTIFIED AND WARRANTED that all conditions, acts and things required by law to exist or to be done precedent to and in the issuance of this bond did exist, did happen and were done and performed in regular and due form and time as required by law.

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

CITY OF WAYNE, NEBRASKA

(facsimile signature)
Mayor

ATTEST:

(facsimile signature)
City Clerk

(SEAL)

**CERTIFICATE OF AUTHENTICATION
AND REGISTRATION**

This bond is one of the series designated therein and has been registered to the owner named in said bond and the name of such owner has been recorded in the books of record maintained by the undersigned as Paying Agent and Registrar for said issue of bonds.

_____, _____, Nebraska,
Paying Agent and Registrar
for the City of Wayne, Nebraska

(FORM OF ASSIGNMENT)

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

Date: _____

Registered Owner

Signature Guaranteed

By: _____

Authorized Officer

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

Section 9. Each of the Series 2019 Bonds shall be executed on behalf of the City with the facsimile signatures of the Mayor and the City Clerk and shall have imprinted thereon the City's seal. If the Series 2019 Bonds are sold through a private placement with a bank, the following requirements relating to the Depository (defined herein) shall not apply. If the Series 2019 Bonds are sold through a negotiated sale with the Underwriter, the Series 2019 Bonds shall be issued initially as "book-entry-only" bonds under the services of The Depository Trust Company (the "Depository"), with one typewritten bond per maturity being issued to the Depository. In such connection said officers are authorized to execute and deliver a Letter of Representations (the "Letter of Representations") in the form required by the Depository (including any blanket letter previously executed and delivered), for and on behalf of the City, which shall thereafter govern matters with respect to registration, transfer, payment and redemption of the Series 2019 Bonds. With respect to the issuance of the Series 2019 Bonds as "book-entry-only" bonds, the following provisions shall apply:

(a) The City and the Paying Agent and Registrar shall have no responsibility or obligation to any broker-dealer, bank or other financial institution for which the Depository holds Series 2019 Bonds as securities depository (each, a "Bond Participant") or to any person who is an actual purchaser of a Series 2019 Bond from a Bond Participant while the Series 2019 Bonds are in book-entry form (each, a "Beneficial Owner") with respect to the following:

(i) the accuracy of the records of the Depository, any nominees of the Depository or any Bond Participant with respect to any ownership interest in the Series 2019 Bonds,

(ii) the delivery to any Bond Participant, any Beneficial Owner or any other person, other than the Depository, of any notice with respect to the Series 2019 Bonds, including any notice of redemption, or

(iii) the payment to any Bond Participant, any Beneficial Owner or any other person, other than the Depository, of any amount with respect to the Series 2019 Bonds.

The Paying Agent and Registrar shall make payments with respect to the Series 2019 Bonds only to or upon the order of the Depository or its nominee, and all such payments shall be valid and effective fully to satisfy and discharge the obligations with respect to such Series 2019 Bonds to the extent of the sum or sums so paid. No person other than the Depository shall receive an authenticated Series 2019 Bond, except as provided in (e) below.

(b) Upon receipt by the Paying Agent and Registrar of written notice from the Depository to the effect that the Depository is unable or unwilling to discharge its responsibilities, the Paying Agent and Registrar shall issue, transfer and exchange Series 2019 Bonds requested by the Depository in appropriate amounts. Whenever the Depository requests the Paying Agent and Registrar to do so, the Paying Agent and Registrar will cooperate with the Depository in taking appropriate action after reasonable notice (i) to arrange, with the prior written consent of the City, for a substitute depository willing and able upon reasonable and customary terms to maintain custody of the Series 2019 Bonds or (ii) to make available Series 2019 Bonds registered in whatever name or names as the Beneficial Owners transferring or exchanging such Series 2019 Bonds shall designate.

(c) If the City determines that it is desirable that certificates representing the Series 2019 Bonds be delivered to the ultimate beneficial owners of the Series 2019 Bonds and so notifies the Paying Agent and Registrar in writing, the Paying Agent and Registrar shall so notify the Depository, whereupon the Depository will notify the Bond Participants of the availability through the Depository of bond certificates representing the Series 2019 Bonds. In such event,

the Paying Agent and Registrar shall issue, transfer and exchange bond certificates representing the Series 2019 Bonds as requested by the Depository in appropriate amounts and in authorized denominations.

(d) Notwithstanding any other provision of this Ordinance to the contrary, so long as any Series 2019 Bond is registered in the name of the Depository or any nominee thereof, all payments with respect to such Series 2019 Bond and all notices with respect to such Series 2019 Bond shall be made and given, respectively, to the Depository as provided in the Letter of Representations.

(e) Registered ownership of the Series 2019 Bonds may be transferred on the books of registration maintained by the Paying Agent and Registrar, and the Series 2019 Bonds may be delivered in physical form to the following:

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

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

(f) In the event of any partial redemption of a Series 2019 Bond unless and until such partially redeemed Series 2019 Bond has been replaced in accordance with the provisions of this Ordinance, the books and records of the Paying Agent and Registrar shall govern and establish the principal amount of such Series 2019 Bond as is then outstanding and all of the Series 2019 Bonds issued to the Depository or its nominee shall contain a legend to such effect.

If for any reason the Depository is terminated or resigns and is not replaced, the City shall immediately provide a supply of printed bond certificates, duly executed by manual or facsimile signatures of the Mayor and City Clerk and sealed with the City's seal, for issuance upon the transfers from the Depository and subsequent transfers or in the event of partial redemption. In the event that such supply of certificates shall be insufficient to meet the requirements of the Paying Agent and Registrar for issuance of replacement certificates upon transfer or partial redemption, the City agrees to order printed an additional supply of such certificates and to direct their execution by manual or facsimile signatures of its then duly qualified and acting Mayor and City Clerk and by imprinting thereon or affixing thereto the City's seal. In case any officer whose signature or facsimile thereof shall appear on any Series 2019 Bond shall cease to be such officer before the delivery of such bond (including such certificates delivered to the Paying Agent and Registrar for issuance upon transfer or partial redemption), such signature or such facsimile signature shall nevertheless be valid and sufficient for all purposes the same as if such officer or officers had remained in office until the delivery of such bond. The Series 2019 Bonds shall not be valid and binding on the City until authenticated by the Paying Agent and Registrar. Thereafter the Series 2019 Bonds shall be delivered to the Paying Agent and Registrar for registration and authentication. Upon execution, registration and authentication of the Series 2019 Bonds, they shall be delivered to the City Treasurer, who is authorized to deliver them to the purchaser bank in the case of a private bank placement, or to the Underwriter, as initial purchaser, in the case of a negotiated sale, upon receipt of (a) the purchase price of the Series 2019 Bonds as shall be determined in the Designation plus accrued interest thereon to date of payment of the Series 2019 Bonds and (b) in the case of a private placement, delivery to the City of an investor letter or certificate in form satisfactory to an Authorized Officer. In the case of a negotiated sale, said initial purchaser shall have the right to direct the registration of the Series 2019 Bonds and the denominations thereof within each maturity, subject to the restrictions of this resolution. The Series 2019 Bonds shall be sold to the Underwriter for the price as determined in the Designation, plus accrued interest, if any, to date of payment and delivery. The Authorized Officers (or any one of them) are hereby authorized to execute and deliver the Bond Purchase Agreement in a form satisfactory to such Authorized Officer, for and on behalf of the City in the case of a negotiated sale. The

Underwriter shall have the right to direct the registration of the Series 2019 Bonds and the denominations thereof within each maturity, subject to the restrictions of this Ordinance. The City Clerk shall cause to be made and certified a transcript of the proceedings of the Mayor and Council with respect to the Series 2019 Bonds, a copy of which shall be delivered to the Underwriter in the case of a negotiated sale or the bank if sold through a private placement. The Underwriter and its agents, representatives and counsel (including the City's bond counsel) are hereby authorized to take such actions on behalf of the City as are necessary to effectuate the closing of the issuance and sale of the Series 2019 Bonds and the payment and redemption of the Series 2016 Notes, including, without limitation, authorizing the release of the Series 2019 Bonds by the Depository at closing.

Section 10. Accrued interest, if any, received from the sale of the Series 2019 Bonds shall be applied to pay interest first falling due on the Series 2019 Bonds and shall be credited to the Combined Utility Revenue Bond Account (Series 2019 Bond Payment Sub-account) as described in Section 13 hereof. Expenses of issuance of the Series 2019 Bonds may be paid from the proceeds of the Series 2019 Bonds. The net proceeds of the Series 2019 Bonds shall be applied upon receipt to (a) to pay costs of the Project through the payment and redemption of the Series 2016 Notes and (b) to fund the Reserve Requirement for the Series 2019 Bonds, all as may be further specified in the Designation. Costs of issuance of the Series 2019 Bonds may be paid from proceeds of the Series 2019 Bonds.

Section 11. The City hereby pledges and hypothecates all revenues and earnings, now or hereafter received, or otherwise due and owing to the City, derived from the ownership and operation of the City's Combined Utility and all extensions and enlargements thereof, including any additions and improvements hereafter made, for the payment of principal of and interest on the Series 2019 Bonds, the Outstanding Bonds and any Additional Bonds as the same fall due. So long as said revenues and earnings are sufficient to make all required payments of principal and interest with respect to the Series 2019 Bonds, the Outstanding Bonds and any Additional Bonds, all such required payments with respect to each such issue shall be made in full from the respective sub-accounts in the Combined Utility Revenue Bond Account for each such series. In the event that such revenues and earnings are insufficient to meet the required payments from the Combined Utility Revenue Bond Account, such revenues and earnings shall be allocated to the Series 2019 Bonds, the Outstanding Bonds and any such Additional Bonds, pro rata in accordance with the respective unpaid principal amounts then outstanding for the Series 2019 Bonds, the Outstanding Bonds and such Additional Bonds. The pledge and hypothecation provided for the Series 2019 Bonds, as provided for in this Ordinance, is intended to be and shall provide for a first and prior pledge of, lien upon and security interest in the revenues of the Combined Utility (subject to the right of the City to issue Additional Bonds as provided in this Ordinance) for the payment of principal of and interest on the Series 2019 Bonds, superior to any pledge or promise made with respect to any other indebtedness of the City as to its Combined Utility, and is intended to be a full exercise of the powers of the City provided for in Sections 18-1803 to 18-1805, R.R.S. Neb. 2012, as amended, with respect to its Combined Utility.

Section 12. The City will maintain and collect rates and charges for all Combined Utility service furnished from the Combined Utility adequate to produce revenue and earnings sufficient at all times:

- (a) to provide for the payment of interest on and principal of the Series 2019 Bonds, the Outstanding Bonds and any Additional Bonds as such interest and principal become due;
- (b) to pay all reasonable costs of operation and maintenance of the Combined Utility, including adequate insurance as provided by this Ordinance and to pay for the necessary and reasonable repairs, replacements and extensions of said Combined Utility.
- (c) To establish and maintain a Combined Utility Bond Reserve Account as hereinafter set forth.

Section 13. The application and handling of all revenues collected, derived and to be derived by the City from the operation of the Combined Utility shall be governed by the terms of this Ordinance. There has been, and shall be, established a separate fund held by the City Treasurer, designated as the “Wayne Combined Utility Fund” (herein referred to as the “Combined Utility Fund”), into which all of the revenues of the Combined Utility are required to be deposited as and when received. Said revenues of the Combined Utility are required to be deposited as and when reviewed. Said Combined Utility Fund shall be maintained so long as any of the Series 2019 Bonds, the Outstanding Bonds and any Additional Bonds remain outstanding. Within the Combined Utility Fund, in accordance with the requirements of this Ordinance, the accounts and sub-accounts shall be as follows:

- I. OPERATION AND MAINTENANCE ACCOUNT: The City shall set aside in this account each month an amount sufficient for the operation and maintenance of its Combined Utility and the expenses of maintenance and operation of said utilities shall be paid out of this account.
- II. COMBINED UTILITY REVENUE BOND ACCOUNT: Deposits required to be made into the sub-account of the Combined Utility Revenue Bond Account for the Outstanding Bonds shall continue pursuant to the ordinances authorizing the Outstanding Bonds. Within the Combined Utility Revenue Bond Account there is hereby ordered established the Series 2019 Bond Payment Sub-account. Out of the Combined Utility Fund the City shall transfer into the Combined Utility Revenue Bond Account on or before the first day of each calendar month (or such other dates as may be determined in a Designation) the amounts required to be deposited to the Series 2019 Bond Payment Sub-account in accordance with the following requirements for such sub-account:

Series 2019 Bond Payment Sub-account. From the monies deposited to the Combined Utility Revenue Bond Account from the Combined Utility Fund, there shall be deposited monthly to the Series 2019 Bond Payment Sub-account the following amounts for the periods indicated:

(1) Commencing on the first day of the month following the month in which the Series 2019 Bonds are issued (or such other date as may be determined in a Designation, the “Initial Deposit Date”), and continuing on the corresponding day of each month thereafter an amount which, when combined with additional equal monthly amounts to be deposited pursuant to this subparagraph prior to the next falling Interest Payment Date, will be sufficient to provide funds to pay the installment of interest due with respect to the Series 2019 Bonds on such Interest Payment Date; and

(2) Commencing on the Initial Deposit Date, and continuing on the corresponding day of each month thereafter an amount which, when combined with additional equal monthly amounts to be deposited pursuant to this subparagraph prior to the next principal maturity date (or mandatory sinking fund redemption date, if applicable) with respect to the Series 2019 Bonds will be sufficient to provide funds to pay such maturing principal amount (or make such mandatory sinking fund redemption payment, if applicable) on such date.

All such deposits to the Bond Payment Sub-accounts for shall be made in such amounts and at such times that there will be sufficient sums in each such sub-account to meet the payments required to be made by the City with respect to and

the Series 2019 Bonds as the same fall due, including any and all transfers required to be made to the Paying Agent and Registrar for the Series 2019 Bonds. All such deposits are required to be made without preference or priority as between each such sub-account and any similar sub-account established for the Series 2019 Bonds, the Outstanding Bonds or any issue of Additional Bonds and if amounts available are insufficient to make all deposits as required, the available funds shall be allocated on a pro rata basis in accordance with the terms of Section 11 of this Ordinance. In the event of the issuance of any Additional Bonds, the City shall in the ordinance authorizing their issuance provide for a related sub-account in the Combined Utility Revenue Bond Account and for deposits into such sub-account sufficient to make payments upon such Additional Bonds as the same fall due. Such sub-account and the deposits required to be made thereto shall have equal rank and standing with the Bond Payment Sub-accounts established for the Series 2019 Bond Payment Sub-account and the payments required to be made to each thereof. Each sub-account in the Combined Utility Revenue Bond Account shall constitute a separate fund held in trust by the City for the separate special benefit of the issue or series of bonds for which it is established.

III. COMBINED UTILITY BOND RESERVE ACCOUNT: Within the Combined Utility Bond Reserve Account as established there is hereby ordered established a separate sub-account designated as the Series 2019 Bond Reserve Sub-account. From available funds, which may include proceeds of the Series 2019 Bonds, there shall be deposited to the Series 2019 Bond Reserve Sub-account the sum equal to the Reserve Requirement (which may be \$0) to be held as a debt service reserve securing the payment of the Series 2019 Bonds on a first and prior basis. In the event that at any time the monies in the Series 2019 Bond Payment Sub-account of the Combined Utility Revenue Bond Account are insufficient to pay either the interest on or the principal of the Series 2019 Bonds as the same fall due, the City shall apply the monies in the Series 2019 Bond Reserve Sub-account to pay such principal and interest and to prevent any default in payment with respect to the Series 2019 Bonds. If the City shall use any of the monies in the Series 2019 Bond Reserve Sub-account for such purpose and such use shall reduce the balance in said sub-account below the Reserve Requirement therefor, the City shall transfer funds next available in each month from the monies in the Combined Utility Fund, after making all required deposits in each such month to the Combined Utility Revenue Bond Account and the Operation and Maintenance Account, until the Reserve Requirement for the Series 2019 Bond Reserve Sub-account has been restored. In any ordinance authorizing Additional Bonds, the City may (but is not required to) make provision for the creation of an additional separate sub-account in the Combined Utility Bond Reserve Account for each such issue of Additional Bonds provided that the required balance to be set for any such issue shall not be required to exceed at any time the maximum amount permitted to be invested without yield restriction under Section 103(b) and 148 of the Internal Revenue Code of 1986, as amended, and applicable regulations of the United States Treasury Department. The balance for any such sub-account may be established from monies of the Combined Utility otherwise available, from periodic deposits made to such sub-account or from bond proceeds. Any such additional sub-account in the Combined Utility Bond Reserve Account shall be of equal priority with those reserve accounts created for the Series 2019 Bonds and available monies from the Combined Utility Fund required to be deposited to each such sub-account at any time shall be allocated on a pro rata basis in accordance to the terms of Section 11 of this Ordinance. Each sub-account in the Combined Utility

Bond Reserve Account shall constitute a separate fund held in trust by the City for the separate special benefit of the issue or series of bonds for which it is established. The City shall transfer funds from or to the Debt Service Reserve Fund when and as required under the terms of this Ordinance. Reserve funds for the Outstanding Bonds shall continue in accordance with the ordinances authorizing the Outstanding Bonds.

IV.SURPLUS ACCOUNT: After providing for the Operation and Maintenance Account and after making the payments as hereinabove required to be made into the Combined Utility Revenue Bond Account, and the Combined Utility Bond Reserve Account, all remaining funds in the Combined Utility Fund shall be deposited into the Surplus Account to be used as follows:

- 1) To fill any deficiency in the foregoing accounts.
- 2) For the purpose of calling under their option provisions the Series 2019 Bonds, the Outstanding Bonds or for purchasing on the open market Additional Bonds.
- 3) For improvements, replacements, extensions and enlargements to the Combined Utility.
- 4) For any other legal municipal purpose provided that money expended for other municipal purposes does not exceed 50% of the amount on hand in the Surplus account as of the time of such expenditure.

Any ordinance authorizing Additional Bonds may provide for the creation of additional accounts, including a debt service reserve account, and sub-accounts in the Surplus Account or other accounts as may be established for such a reserve or other purposes as the Mayor and Council shall deem appropriate. In the event that there is a deficiency in any of the accounts described in the foregoing subsections I and II, all moneys in the Surplus Account shall be applied for the purpose described in (1) above prior to any application to the purposes described in (2), (3) or (4) above.

Moneys on deposit in the Combined Utility Fund shall be invested in such obligations as are permitted by law for cities of the class to which the City belongs, maturing at such times not later than ten years from the date of such investment and in such amounts as shall be determined by the City. Earnings from the investment of such moneys shall not be credited to the particular fund, account or sub-account from which the investment was made, but shall be treated as earnings of the Combined Utility and shall be treated as any other revenues of such Combined Utility. All investments held for the credit of any Fund or Account or sub-account may be sold when required to make the payment to be made from such Fund or Account or sub-account. Any moneys credited to the Combined Utility Fund or any Account or sub-account therein which are not invested shall be secured in the manner provided by law for the security of funds of cities of the class to which the City of Wayne belongs.

It is understood that the revenues of the Combined Utility are to be credited to the various accounts and sub-accounts hereinabove described and as set out in this Ordinance and the ordinances authorizing the Outstanding Bonds in the order in which said account have been listed in this Ordinance and the ordinances authorizing the Outstanding Bonds, and if within any period the revenues are insufficient to credit the required amounts in any of the said accounts or sub-accounts, the deficiencies shall be made up the following period or periods after payment into all accounts enjoying a prior claim on the revenues have been made in full.

Section 14. The City of Wayne shall keep proper books of record and account, separate and apart from all other records and accounts, showing complete and correct entries of all transactions relating to the Combined Utility and the holder or holders of the Series 2019 Bonds, the Outstanding Bonds, and any Additional Bonds or any duly authorized agent or agents of such holders shall have the right at all reasonable times to inspect all records, accounts and data relating thereto and to inspect said Combined Utility and all properties comprising the same. Within one hundred twenty days following the close of each fiscal year the City shall cause an audit of such books and accounts to be made by an independent firm of certified public accountants, showing the receipts and disbursements for account of the Combined Utility and such audit will be available for inspection by the holders of any of the aforesaid bonds. Each such audit, in addition to whatever matters may be thought proper by the accountant to be included therein, shall include the following:

1. A statement in detail of the income and expenditures of each component of the Combined Utility for such fiscal year.
2. A balance sheet as of the end of such fiscal year.
3. A list of the insurance policies in force at the end of the fiscal year, setting out as to each policy the amount of the policy and risks covered, the name of the insurer and the expiration date of the policy.
4. The number of properties connected with the systems composing the Combined Utility at the end of the year and the number of Combined Utility customers at the end of the year.

All expenses incurred in the making of the audits required by this section shall be regarded and paid as a maintenance and operation expense. The City of Wayne shall furnish a copy of each such audit to the original purchaser of the Series 2019 Bonds herein authorized, the Outstanding Bonds and any series of Additional Bonds, and to the holder of at least twenty-five percent (25%) of any issue of bonds outstanding, upon request, after the close of each fiscal year, and said purchaser or any such holder shall have the right to discuss with the accountant making the audit the contents of the audit and to ask for such additional information as each may require.

Section 15. The City Treasurer and the City Clerk shall be bonded, in addition to their official bond, by an insurance company licensed to do business in Nebraska, in amounts sufficient to cover at all times all the revenues and earnings of the Combined Utility placed in their hands. Any other person employed by the City in the collection or handling of monies derived from the operation of the Combined Utility shall also be bonded in an amount sufficient to cover all monies which may at any time be placed in such person's hands. The amount of such bonds shall be fixed by the Council and the cost thereof shall be paid from the earnings of said Combined Utility, and they shall secure the faithful accounting of all monies.

Section 16. The City will carry adequate insurance on the Combined Utility in such amounts as are normally carried by private companies engaged in similar operations, including, without limiting the generality of the foregoing, fire and windstorm insurance, public liability insurance any insurance covering such risks as shall be recommended by a consulting engineer. The cost of all such insurance shall be regarded and paid as an operation and maintenance expense. All such insurance proceeds except from public liability insurance shall be used in making good the loss or damage in respect of which they were paid either by repairing the property damaged or replacing the property destroyed, and expenditures from said monies shall be made only upon a certificate issued by a consulting engineer and filed with the City Clerk stating that such proceeds, together with any other monies available for such purposes, are sufficient for the repair or replacement of any such properties, and when the City shall have been

furnished with a certificate of a consulting engineer stating that the property damaged or destroyed has been fully paid for, the residue if any, of such insurance monies shall be transferred from the Surplus Account to the Combined Utility Revenue Bond Account to make up any deficiency in said Account, if any such deficiency exists. If the proceeds of any insurance shall be insufficient to repair or replace the property damaged or destroyed, the City may use and shall pay out for such purpose, to the extent of such deficiency, any money remaining in the Surplus Account. If in the opinion of a consulting engineer the proceeds of any insurance, together with any amount then available for that purpose in the Surplus Account shall be insufficient to fully complete and pay for such repairs or replacements and if the City shall fail to supply such deficiency from other sources within a period of six months after receipt by the City of such insurance monies, or if in the opinion of a consulting engineer it is in the best interest of the City not to repair or replace all or any part of the damaged properties and that failure to repair or replace the damaged properties shall not affect the sufficiency of the income and revenue from the remaining properties to properly maintain and operate the same and provide funds for the funds for the Combined Utility Revenue Bond Account, as herein provided for, then such insurance monies to the extent not applied to repair or replace the damaged properties shall be deposited to the Surplus Account. If the holders of sixty per cent (60%) or more in principal amount of the Series 2019 Bonds herein authorized, the Outstanding Bonds and any Additional Bonds at the time outstanding shall at any time direct the City in writing to do so, then any insurance monies then in the hands of the City may be used for extensions and betterments of said Combined Utility or applied to the pro rata payment of the principal of and accrued interest on all said bonds then outstanding. The proceeds of any and all policies for public liability shall be paid to and be held by the City Treasurer and used in paying the claims on account of which they were received.

Section 17. The City will maintain the Combined Utility in good condition and operate the same in an efficient manner and at a reasonable cost. The City agrees with the holder or holders from time to time of the Series 2019 Bonds that the City will continue to own, free from all liens and encumbrances, except the liens and pledges provided for in this Ordinance and will adequately maintain and efficiently operate said Combined Utility; provided, however, the City may dispose of property which is recommended for disposal by the manager or superintendent of the utilities, or an independent Consulting Engineer and which is determined as a matter of record by the Council to have become obsolete, non-productive or otherwise unusable to the advantage of the City.

Section 18. Nothing in this Ordinance shall be construed in such a manner as to prevent the issuance by the City of Wayne of Additional Bonds payable from the revenues of the Combined Utility, which Additional Bonds shall be on a parity with the lien of the Outstanding Bonds, and equally and ratably secured therewith and entitled to the security and benefits of this Ordinance; provided however, that before any such Additional Bonds are actually issued, the revenues of the Combined Utility, for the fiscal year next preceding the date of the authorization of such Additional Bonds, after deducting therefrom all costs of operation and maintenance of said Combined Utility for such fiscal year and before deduction of depreciation or interest as based on a certified public accountant's report shall have been equal to 1.25 times the average annual bond requirements of the Series 2019 Bonds, the Outstanding Bonds herein authorized and any Additional Bonds then outstanding and the Additional Bonds proposed to be issued, which average annual bond requirements shall be determined by adding all of the principal and interest which will become due when computed to the absolute maturity of the Series 2019 Bonds herein authorized, the Outstanding Bonds, and Additional Bonds, if any, then outstanding and all of the principal and interest of the additional Bonds to be issued, and dividing such total by the number of years remaining that the longest bond of any such issue of bonds (including the Additional Bonds to be issued) has to run to maturity; provided, however, that in the event that the Mayor and Council determine it necessary and advisable for the City to issue Additional Bonds payable from the revenues of the Combined Utility, which bonds are on a parity with the lien of the Series 2019 Bonds herein authorized and the Outstanding Bonds, and equally and ratably secured therewith, and the audit for the fiscal year next preceding the date of authorization of such Additional Bonds is not yet available, the City may issue

such Additional Bonds if the audit for the fiscal year immediately preceding such next preceding fiscal year shows that the revenues of the Combined Utility for such fiscal year (so immediately preceding such next fiscal year), after deducting therefrom all costs of operation and maintenance but before deduction of depreciation or interest, shall have been equal to 1.25 times the average annual bond requirements of the Series 2019 Bonds herein authorized, the Outstanding Bonds, any Additional Bonds then outstanding and any Additional Bonds to be issued, and if the City Treasurer certifies that the unaudited books and records of the Combined Utility for the fiscal year next preceding the date of authorization of such Additional Bonds do not show any variance in operating results which would be sufficient to evidence a reduction in debt service coverage below 1.25 times the average annual bond requirements of the Series 2019 Bonds herein authorized, the Outstanding Bonds, any Additional Bonds then outstanding and the Additional Bonds proposed to be issued.

In the event any change in the rates, rentals and charges for the use and service of the Combined Utility or any part thereof has been made during the preceding fiscal year or during the interval between the end of such fiscal year and the issuance of such Additional Bonds, or in the event the City shall covenant in the ordinance or resolution authorizing the issuance of such Additional Bonds to impose, effective upon the issuance of such Additional Bonds, higher rates, rentals and charges for such use and service, compliance with the provisions of this Section 18 of this Ordinance may be evidenced by a certificate of an independent Consulting Engineer or firm of engineers or Certified Public Accountant or firm of independent Certified Public Accountants to be filed with the City Clerk prior to the issuance of any such Additional Bonds. Such certificate shall state fully the facts upon which such certificate is based, and if it is a certificate of the Consulting Engineer or firm of Consulting Engineers shall have attached thereto the certified financial statement for the fiscal year next preceding the date of authorization of such Additional Bonds used by the Engineer or firm of Engineers in arriving at the conclusion stated in said certificate. The Consulting Engineer or independent Certified Public Accountant of the City shall, in determining the earnings for such fiscal year, adjust the collections to reflect the result as if such changed rates, rentals and charges, or such higher rates, rentals and charges had been in existence for such entire preceding fiscal year period, and the amount of such net collections and adjusted earnings as aforesaid shall be conclusive evidence and the only evidence required to show compliance with the provisions and requirements of this Section 18 of this Ordinance. A certificate of an independent Consulting Engineer or firm of engineers or Certified Public Accountant or firm of independent Certified Public Accountants contemplated herein shall not be required to evidence compliance with the provisions of this Section 18 if the City Council shall determine the revenues of the Combined Utility for the fiscal year next preceding the date of the authorization of such Additional Bonds, based upon a certified public accountant's report (in accordance with the terms of the paragraph immediately preceding), comply without adjustment with the requirements of this Section 18.

If the City shall find it desirable, it shall also have the right when issuing Additional Bonds to combine with its electric, gas, water and sewer systems any other utilities of the City authorized to be combined under Sections 18-1803 through 18-1805, R.R.S. Neb. 2012, including, but not limited to, a solid waste disposal system or such other system as may constitute a revenue producing facility or undertaking, and to cause all of the revenues of such Combined Utility systems to be paid into the Combined Utility Fund, which Fund may be appropriately redesignated, and to provide that the Series 2019 Bonds herein authorized, the Outstanding Bonds and any Additional Bonds previously issued, all as then outstanding, and the proposed issue of Additional Bonds shall be payable from the revenues of such Combined Utility and shall stand on a parity and in equality as to security and payment, provided, however, no such utility shall be combined with the electric, gas, water and sewer systems as contemplated in this paragraph unless the City is current with all the payments required to be made into the accounts set out in this Ordinance and the revenues of the Combined Utility shall satisfy one or the other of the requirements for Additional Bonds provided above in this Section 18. For purposes of meeting such requirement, the definition of revenues shall be altered to include the gross revenues of the additional utility or utilities and there shall be deducted from such revenues the ordinary expenses of

operating and maintaining the additional utility or utilities (not including any deduction for depreciation or interest) and for such purposes any engineer or accountant furnishing projections may take into consideration the factors similar to those described above with respect to such additional utility or utilities. Revenues of the additional utility or utilities shall be based upon the report or reports of independent certified public accountants in the same manner as is required above.

For purposes of this ordinance, refunding bonds, which are issued to take up and pay off any or all of the Series 2019 Bonds herein authorized, the Outstanding Bonds or Additional Bonds then outstanding, may be issued and shall themselves qualify as Additional Bonds having equal lien and priority as to the revenues of the Combined Utility with any of the Series 2019 Bonds herein authorized, the Outstanding Bonds or Additional Bonds which are to remain outstanding after the completion of such refunding provided that the following conditions are met:

(1) if the proceeds of such refunding bonds are not to be applied immediately to the taking up and paying off of the bonds to be refunded from their proceeds, then such refunding bonds must provide by their terms that they shall be junior in lien to the Series 2019 Bonds herein authorized, the Outstanding Bonds or Additional Bonds, as shall be then outstanding, until the time of application of the proceeds of such refunding bonds to the taking up and paying off of the bonds to be refunded by deposit with the designated paying agent pursuant to Section 10-126, R.R.S. Neb. 2012 (or any successor statutory provision thereto) or until the bonds to be refunded under the terms of their authorizing ordinance or ordinances are no longer deemed to be outstanding, whichever occurs sooner;

(2) such refunding bonds shall qualify as Additional Bonds under the revenues test described above in this Section, provided that in computing average annual bond requirements, all payments of principal and interest due on such refunding bonds from the time of the issuance to the time of application of the proceeds thereof by deposit with the designated paying agent pursuant to Section 10-126, R.R.S. Neb. 2012 (or any successor statutory provision thereto) or until the bonds to be refunded under the terms of their authorizing ordinance or ordinances are no longer deemed to be outstanding, whichever occurs sooner, shall be excluded from such computation to the extent that such principal or interest are payable from other sources (such as bond proceeds or investment earnings thereon) or from moneys in the Surplus Account, and all payments of principal and interest due on the bonds to be refunded, from and after the time of the deposit with the designated paying agent pursuant to Section 10-126 R.R.S. Neb. 2012 (or any successor statutory provision thereto) or the time when such bonds to be refunded under the terms of their authorizing ordinance or ordinances are no longer deemed to be outstanding, whichever occurs sooner, shall also be excluded from such computation.

Section 19. Nothing herein contained shall prevent the City from issuing bonds, revenue notes, or other forms of indebtedness, the payment of principal and interest of which is a charge upon all or a portion of the revenues of the Combined Utility, junior or inferior to the Series 2019 Bonds herein authorized, the Outstanding Bonds and to the payments to be made into the Operation and Maintenance Account, Combined Utility Revenue Bond Account described in Section 6 hereof and the City shall have the right to pay interest thereon and the principal thereof as long as no deficiency exists in the payments into such Accounts, from funds available for improvements and enlargements to the Combined Utility or from other hinds which are available for such debt service.

Section 20. The City will not hereafter grant any franchise or right to any person, firm or corporation to own or operate a water or sewer plant or system in competition with those owned by the City.

Section 21. While the Series 2019 Bonds are outstanding, the City will render bills to all customers for its Combined Utility services. If bills are not paid within sixty days after due, such portion of the Combined Utility service for which payment for services is delinquent, will be discontinued subject to state and federal laws governing the termination of utility service. The City agrees that it will order that portion of such Combined Utility service shut off on all properties served by the Combined Utility System where there are delinquent Combined Utility use charges and will make appropriate charge for use of all properties of the City connected to the Combined Utility systems, all as and to the extent permitted by law.

Section 22. Except for amendments which are required for the correction of language to cure any ambiguity or defective or inconsistent provisions, omission or mistake or manifest error contained herein, no changes additions or alterations of any kind shall be made by the City in the provisions of this Ordinance in any manner; provided, however, that from time to time the holder of the Series 2019 Bonds by an instrument in writing signed by such holder and filed with the City Clerk shall have power to assent to and authorize any modification of the rights and obligations of the City and of the holder of the Series 2019 Bonds and interest thereon and the provisions of this Ordinance that shall be proposed by the City, and any action authorized to be taken with the assent and authority given as aforesaid of the holder of said bond shall be binding upon such holder and upon the City as fully as though such action were specifically and expressly authorized by the terms of this Ordinance. Any modification of the provisions of this Ordinance made as aforesaid shall be set forth in a supplemental ordinance to be adopted by the Mayor and Council of said City.

Section 23. So long as any of the Series 2019 Bonds, the Outstanding Bonds or any Additional Bonds of equal lien are outstanding, each of the obligations, duties, limitations and restraints imposed upon the City by this Ordinance shall be deemed to be a covenant between the City and every holder or owner of said bonds, and this Ordinance and every provision and covenant hereof shall constitute a contract of the City with every registered owner from time to time of said bonds. Any registered owner of a Series 2019 Bond, an Outstanding Bond or of an Additional Bond or Bonds may by mandamus or other appropriate action or proceeding at law or in equity in any court of competent jurisdiction enforce and compel performance of this Ordinance and every provision and covenant thereof, including without limiting the generality of the foregoing, requesting the appointment of a receiver for the Combined Utility and the enforcement of the performance of all duties required by the City by this Ordinance and the applicable laws of the State of Nebraska, including in such duties the making and collecting of sufficient rates, rentals, fees or charges for the use and service of the Combined Utility, the segregation of the revenues of said systems and the application thereof to the respective Fund and Accounts and sub-accounts referred to and described in Section 13 of this Ordinance.

Section 24. The City's obligations under this Ordinance and the liens, pledges, dedications, covenants and agreements of the City herein made or provided for, shall be fully discharged and satisfied as to any Series 2019 Bonds and any such bonds shall no longer be deemed outstanding hereunder if such bonds shall have been purchased and canceled by the City, or when payment of the principal of and interest thereon to the respective date of maturity or redemption (a) shall have been made or caused to be made in accordance with the terms thereof; or (b) shall have been provided for by depositing with a national or state bank having trust powers, or trust company, in trust solely for such payment (1) sufficient money to make such payment and/or (2) Deposit Securities in such amount and bearing interest at such rates and payable at such time or times and maturing or redeemable at stated fixed prices at the option of the holder as to principal at such time or times as will ensure the availability of sufficient money to make such payment; provided, however, that with respect to any such bond to be paid prior to maturity, the City shall have duly given notice of redemption of such bond as required by this Ordinance or given irrevocable instructions for the giving of such notice. Any such money so deposited with a bank or trust company may be invested and reinvested in Deposit Securities at the direction of the City, and all interest and income from such Deposit Securities in the hands of such bank or trust company in excess of the

amount required to pay principal of and interest on the bonds for which such monies were deposited, shall be paid over to the City as and when collected. For purposes of this Section 24, any Deposit Securities shall be non-callable or callable only at the option of the holder.

Section 25. If any section, paragraph, clause or provision of this Ordinance shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the other provisions of this Ordinance.

Section 26. In the case of a negotiated sale with the Underwriter, the Authorized Officers or any one or more of them is authorized to approve, deem final and deliver a Preliminary Offering Circular and a final Offering Circular for and on behalf of the City, all in accordance with the requirements of Reg. Sec. 240.15c2-12 of the Securities and Exchange Commission.

Section 27. The City hereby covenants to the purchasers and holders of the Series 2019 Bonds hereby authorized that it will make no use of the proceeds of said bond issue, including monies held in any sinking fund for the Series 2019 Bonds, which would cause the Series 2019 Bonds to be “arbitrage bonds” within the meaning of Sections 103(b) and 148 of the Internal Revenue Code of 1986, as amended (the “Code”), and further covenants to comply with said Sections 103(b) and 148 and all applicable regulations thereunder throughout the term of said bond issue, including payment and reporting of rebate, if any and as and to the extent determined applicable, due to the United States pursuant to Section 148(f) of the Code. The City hereby covenants and agrees to take all actions necessary under the Code to maintain the tax-exempt status (as to taxpayers generally) of interest payable on the Series 2019 Bonds. The City hereby designates the Series 2019 Bonds as its “qualified tax-exempt obligations” pursuant to Section 265(b)(3)(B)(i)(III) of the Code and covenants and warrants that it does not reasonably expect to issue tax-exempt bonds or other tax-exempt obligations aggregating in principal amount more than \$10,000,000 during calendar 2019 (taking into consideration the exception for current refunding issues) and hereby authorizes an Authorized Officer, or any one or more of them, to take any actions or make any certifications in connection therewith as such Authorized Officer deems necessary or appropriate.

Section 28. All ordinances, resolutions or orders or parts thereof in conflict with the provisions of this Ordinance are to the extent of such conflict hereby repealed.

Section 29. This Ordinance shall be published in pamphlet form and take effect as provided by law.

PASSED AND APPROVED this 5th day of March, 2019.

ATTEST:

Cale Giese, Mayor

Betty McGuire, City Clerk

[SEAL]

I, Betty McGuire, the undersigned City Clerk for the City of Wayne, Nebraska, hereby certify that the foregoing is a true and correct copy of the proceedings had and done by the Mayor and Council on March 5, 2019; that all of the subjects included in the foregoing proceedings were contained in the agenda for the meeting, kept continually current and readily available for public inspection at the office of the City Clerk; that such subjects were contained in said agenda for at least twenty-four hours prior to said meeting; that a current copy of the Nebraska Open Meetings Act was available and accessible to members of the public, posted during such meeting in the room in which such meeting was held; that at least one copy of all reproducible material discussed at the meeting was available at the meeting for examination and copying by members of the public; that the said minutes from which the foregoing proceedings have been extracted were in written form and available for public inspection within ten working days and prior to the next convened meeting of said body; that all news media requesting notification concerning meetings of said body were provided advance notification of the time and place of said meeting and the subjects to be discussed at said meeting.

Betty McGuire, City Clerk

[SEAL]

NOTICE OF PUBLICATION

OF ORDINANCE NO. _____

IN PAMPHLET FORM

Public Notice is hereby given that at a meeting of the Mayor and Council of the City of Wayne, Nebraska, held at _____.m. on March 5, 2019, there was passed and adopted Ordinance No. ____ (the "Ordinance") entitled:

ORDINANCE NO. _____

AN ORDINANCE AUTHORIZING THE ISSUANCE OF COMBINED UTILITY REVENUE BONDS, SERIES 2019, OF THE CITY OF WAYNE, NEBRASKA, IN THE PRINCIPAL AMOUNT OF NOT TO EXCEED EIGHT HUNDRED THIRTY THOUSAND DOLLARS (\$830,000), FOR THE PURPOSES OF (A) PROVIDING PERMANENT FINANCING TO PAY THE COSTS OF EXPANSIONS AND IMPROVEMENTS TO THE CITY'S COMBINED UTILITY SYSTEM, (B) FUNDING A DEBT SERVICE RESERVE FUND AND (C) PAYING COSTS OF ISSUANCE; DIRECTING THE APPLICATION OF THE PROCEEDS OF SAID BONDS; PRESCRIBING THE FORM AND CERTAIN TERMS AND DETAILS OF SAID BONDS AND AUTHORIZING THE OFFICERS OF THE CITY TO SET CERTAIN TERMS AND DETAILS OF SAID BONDS; PLEDGING AND HYPOTHECATING THE REVENUES AND EARNINGS OF THE WATERWORKS PLANT AND WATER SYSTEM AND THE SEWAGE DISPOSAL PLANT AND SANITARY SEWER SYSTEM OWNED BY THE CITY FOR THE PAYMENT OF SAID BONDS; ESTABLISHING THE TERMS UPON WHICH ADDITIONAL BONDS OF EQUAL LIEN UPON REVENUES MAY BE ISSUED; ENTERING INTO A CONTRACT ON BEHALF OF THE CITY WITH THE OWNERS OF SAID BONDS; AUTHORIZING THE SALE OF SAID BONDS; APPROVING AN UNDERTAKING WITH RESPECT TO CONTINUING DISCLOSURE; PROVIDING FOR THE REDEMPTION OF CERTAIN OUTSTANDING INDEBTEDNESS; AND PROVIDING FOR PUBLICATION OF THIS ORDINANCE IN PAMPHLET FORM.

The Ordinance was published in pamphlet form on _____, 2019. Copies of the Ordinance as published in pamphlet form are available for inspection and distribution at the Office of the Clerk, in the City of Wayne, Nebraska.

Betty McGuire, City Clerk

[SEAL]

Publish: _____, 2019.