

ORDINANCE NO. 2390

AN ORDINANCE AUTHORIZING A LOAN FROM A BANK TO THE CITY, EVIDENCED BY A PROMISSORY NOTE, IN THE PRINCIPAL AMOUNT OF NOT TO EXCEED ONE MILLION SIX HUNDRED THOUSAND DOLLARS (\$1,600,000.00) TO PROVIDE FINANCING FOR THE CONSTRUCTION OF PUBLIC INFRASTRUCTURE IMPROVEMENTS IN THE SOUTHWEST FIRST ADDITION, A SUBDIVISION OF THE CITY; PRESCRIBING THE TERMS AND FORM OF SUCH LOAN AND PROMISSORY NOTE; PROVIDING FOR PAYMENT OF THE INTEREST ON AND PRINCIPAL OF SUCH LOAN AND PROMISSORY NOTE; PROVIDING FOR PUBLICATION OF THIS ORDINANCE IN PAMPHLET FORM; AND RELATED MATTERS

BE IT ORDAINED BY THE MAYOR AND COUNCIL OF THE CITY OF LEXINGTON, NEBRASKA:

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

(a) It is necessary for the City to construct certain public infrastructure improvements in the Southwest First Addition, a subdivision of the City, which may include construction of streets and other public rights of way, water system improvements and extensions, sanitary sewer system improvements and extensions, storm sewer and drainage improvements, and all necessary grading, engineering, and other costs associated therewith (the "Project");

(b) The City and Home Federal Bank (the "Bank") have proposed to finance the Project through a loan (the "Loan") to the City by the Bank, evidenced by a promissory note (the "Note"), pursuant to authority granted to the City in Section 18-201, Reissue Revised Statutes of Nebraska (the "Act");

(c) Pursuant to the requirements of the Act, financing the Project through traditional bond financing would be impractical, could not be completed within the time restraints facing the City and financing the purchase of the Project through a direct borrowing with the Bank would generate taxpayer savings over traditional bond financing;

(d) The public notice for the meeting at which this ordinance is being considered included a clear notation that this ordinance authorizing a direct borrowing from a bank was on the agenda;

(e) The municipal budget of the City for fiscal year 2016-17 is \$43,111,536 and the City has \$533,500 of other indebtedness outstanding pursuant to the Act;

(f) The City considered proposals from multiple financial institutions prior to consideration of this ordinance; and

(g) All conditions, acts and things required by law to exist or to be done precedent to the Loan, evidenced by the Note, in the principal amount of not to exceed \$1,600,000.00 pursuant to the Act, for the Project and related expenses, do exist and have been done in due form and time as required by law.

Section 2. (a) The Mayor and Council further find and determine that all conditions, acts and things required by law to exist or to be done precedent to the Loan, evidenced by the Note, pursuant to the Act, do exist and have been done as required by law. The Note shall consist of one fully registered Note

without coupons. To evidence the Loan, the Note is hereby authorized to be delivered to the Bank pursuant to terms approved by the Mayor or City Manager of the City (each, an "Authorized Officer"). In connection therewith, an Authorized Officer is hereby authorized to execute a Designation of Final Rates and Terms, which may be evidenced by the terms of the Note as delivered to the Bank (the "Designation") to specify, determine, designate, establish and appoint, as the case may be (i) the principal amount of the Note, in an amount not to exceed \$1,600,000.00, (ii) the title, dated date, and the final maturity date of the Note, which shall not be later than 15 years after the date of original issue of the Note, (iii) the principal amounts falling due on each principal payment date (iv) the rate of interest on the Note, provided that the interest rate shall not exceed 2.98%, (v) the principal payment dates and interest payment dates, (vi) the date of original issue of the Note (the "Date of Original Issue") and (vii) all other terms and provisions of the Note not otherwise specified or fixed by this Ordinance.

(b) The Note shall be subject to prepayment at the option of the City prior to the stated maturity at any time, as a whole, or in part from time to time in such principal amount as the City, in its sole and absolute discretion shall determine.

If less than all of the principal amount of the Note is to be prepaid, no surrender of the Note shall be necessary, but rather the books and records of the Bank regarding the outstanding principal amount of the Note shall be relied upon as evidence of the outstanding principal amount thereof.

Notice of prepayment of the Note stating its designation, date, maturity and principal amount to be prepaid shall be given by the City by mailing such notice by first-class mail, postage prepaid, not less than five (5) days prior to the date fixed for prepayment to the registered owner at its most recent addresses appearing upon the books of registry, but failure to mail such notice shall not affect the proceedings for prepayment. Notice of prepayment need not be given to the holder of the Note, whether registered or not, who has waived notice of prepayment. Notice of prepayment having been given as provided above or notice of prepayment having been waived by the owners of Note called for prepayment who have not been given such notice as provided above, the Note so called for prepayment shall become due and payable on the designated prepayment date. If on or before the said prepayment date funds sufficient to pay the Note so called for prepayment at the applicable prepayment amount and accrued interest to said date have been deposited or caused to have been deposited by the City with the Registrar or the Bank for the purposes of such payment and notice of prepayment thereof has been given or waived as hereinbefore provided, then from and after the date fixed for prepayment interest on such Note so called shall cease to accrue and become payable. If such funds shall not have been so deposited with the Registrar or Bank as provided on or before the date fixed for prepayment, such call for prepayment shall be revoked and the Note so called for prepayment shall continue to be outstanding the same as though they had not been so called, and shall continue to bear interest until paid at such rate as they would have borne had they not been called for prepayment, and shall continue to be protected by this Ordinance and entitled to the benefits and security hereof.

Section 3. Interest on the Note at the respective rates for each maturity is payable semiannually as provided in the Designation (each of such dates an "Interest Payment Date") from the Date of Original Issue or the most recent Interest Payment Date, whichever is later, until maturity or earlier prepayment by check or draft mailed by the Registrar or its successor on such Interest Payment Date to the registered owner of each Note at such registered owner's address as it appears on the Note Register maintained by the Registrar or its successor at the close of business on the fifteenth day preceding such Interest Payment Date (the "Record Date") subject to the provisions of the following paragraph. The principal on the Note and the interest due at maturity or upon prepayment prior to maturity is payable in lawful money of the United States of America to the registered owners thereof upon presentation and surrender of such Note to the Registrar.

In the event that payments of interest due on the Note 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 Note as of a special date of record for payment of such defaulted interest as shall be designated by the Registrar whenever moneys for the purpose of paying such defaulted interest become available.

If the date for payment of the principal of or interest on the Note shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the City of Lexington, 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.

Section 4. The Note shall be executed on behalf of the City by the manual or facsimile signatures of the Mayor and Clerk and shall have the City Seal impressed or imprinted on the Note. In case any officer whose signature or a facsimile of whose signature shall appear on the Note and shall cease to be such officer before the delivery of the Note, such signature or facsimile shall nevertheless be valid and sufficient for all purposes, the same as if he or she had remained in office until delivery. Notwithstanding such execution, the Note shall be valid or obligatory for any purpose or entitled to any security or benefit under this Ordinance unless and until a certificate of authentication on the Note has been duly executed by the manual signature of an authorized representative of the Registrar. Certificates of authentication on different Note need not be signed by the same representative. The executed certificate or authentication on the Note shall be conclusive evidence that it has been authenticated and delivered under this Ordinance.

Section 5. The Note shall be in substantially the following form:

UNITED STATES OF AMERICA
STATE OF NEBRASKA
CITY OF LEXINGTON, NEBRASKA
PROMISSORY NOTE, SERIES 2017

<u>Interest Rate</u> ____ %	<u>Maturity Date</u> _____, 20____	<u>Date of Issue</u> _____, 2017
--------------------------------	---------------------------------------	-------------------------------------

REGISTERED OWNER: _____

PRINCIPAL AMOUNT: _____ DOLLARS

The CITY OF LEXINGTON, NEBRASKA (the “City”), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner specified above or registered assigns, the Principal Amount stated above and interest thereon, at the Interest Rate per annum specified above, in lawful money of the United States of America on the dates and in the amounts as provided in the attached Payment Schedule.

The Principal Amount and the interest due at maturity, on the dates specified in the attached Payment Schedule, or upon prepayment prior to maturity is payable to the Registered Owner hereof in lawful money of the United States of America at the Registered Owner’s address as it appears on the registration books of the Note Registrar and Paying Agent, the City Treasurer of the City of Lexington, Nebraska, (the “Registrar”), without need for presentation and surrender of this note. Principal and interest on this note due prior to maturity or earlier prepayment shall be paid by check or draft mailed by the Registrar on the date such principal and interest is due and payable to the Registered Owner at such Registered Owner’s address as it appears on the registration books of the Registrar as of the close of business on the fifteenth day preceding the date on which interest on this note is payable (the “Record Date”). 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 note (or of one or more predecessor notes hereto) on such special Record Date for payment of such defaulted interest as shall be fixed by the Registrar whenever money for such purpose become available. For the prompt payment of this note, both principal and interest at the time the same becomes due, the full faith, credit, and resources of the City are hereby pledged.

This note is subject to prepayment at the option of the City prior to the stated maturities thereof at any time, as a whole, or in part from time to time in such principal amounts and from such maturity or maturities as the City, in its sole and absolute discretion, shall determine.

Notice of and the process for prepayment of this note shall be governed by the Ordinance (hereinafter defined). Notice of prepayment having been given as provided in the Ordinance, or notice of prepayment having been waived, and funds for the payment thereof having been deposited with the Registrar, this note shall cease to bear interest from and after the date fixed for prepayment.

This note is issued in the total principal amount of One Million Six Hundred Thousand Dollars (\$1,600,000.00) for the purpose of paying the cost to construct certain public infrastructure improvements in the Southwest First Addition subdivision of the City, which may include construction of streets and other public rights of way, water system improvements and extensions, sanitary sewer system improvements and extensions, storm sewer and drainage improvements, and all necessary grading, engineering, and other costs associated therewith. This note is issued under the authority of and in compliance with the laws of the State

of Nebraska governing the City, and pursuant to Ordinance No. ____ of the City (the "Ordinance") duly enacted and by proceedings duly had by the Mayor and Council.

This note is transferable by the Registered Owner hereof as provided by the Ordinance and subject to the restrictions on transfer specified in Section 7 of the Ordinance and only upon delivery of a Bank Letter, as described in the Ordinance. The City and the Registrar may deem and treat the Registered Owner hereof as the absolute owner for the purpose of receiving payment of or on account of principal hereof, premium, if any, and interest due hereon and for all other purposes.

If the date for payment of the principal of or interest on note shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the City of Lexington, 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 City has in the Ordinance designated such note as a "qualified tax-exempt obligations" pursuant to Section 265(b)(3)(B)(i) of the Internal Revenue Code of 1986, as amended.

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 note did exist, did happen and were done and performed in regular and due form and time as required by law, and that the indebtedness of the City, including this note, does not exceed any statutory limitation imposed by law. The City agrees that this note shall be secured by and be payable from any and all general fund resources of the City, including but not limited to any and all authorized levies of taxes, and shall not, to the fullest extent permitted by law, be limited as to payment to the City's general fund resources for any specific fiscal year, pursuant to Section 18-201, Reissue Revised Statutes of Nebraska. The City reserves the right to provide for payment of principal and interest on the Note from the further issuance of notes, bonds or other methods of financing.

This note shall not be valid or become obligatory for any purpose until it shall have been authenticated by the execution by the Registrar of the Certificate of Authentication endorsed hereon.

IN WITNESS WHEREOF, the Mayor and Council have caused this note to be executed on behalf of the City by the manual or facsimile signatures of its Mayor and Clerk and have caused the City Seal to be impressed or imprinted hereon, all as of the Date of Issue set forth above.

CITY OF LEXINGTON, NEBRASKA

ATTEST:

By: _____ (Facsimile Signature)
Mayor

By: _____ (Facsimile Signature)
Clerk

[S E A L]

NOTE REGISTRAR AND PAYING AGENT'S
CERTIFICATE OF AUTHENTICATION

This note is described in the within-mentioned Ordinance.

CITY TREASURER, CITY OF LEXINGTON,
NEBRASKA, Note Registrar and Paying Agent

By: _____

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 note and all rights thereunder, and hereby irrevocably constitutes and appoints
_____ agent to transfer the within note 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
note in every particular.

Signature Guaranteed By:

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

By: _____
Title: _____

ATTACHMENT:

PAYMENT SCHEDULE

Section 6. The Note shall be executed on behalf of the City with the manual or facsimile signatures of the Mayor and Clerk. In case any officer whose signature or facsimile thereof shall appear on the Note shall cease to be such officer before the delivery of such Note (including any note certificate delivered to the Registrar for issuance upon transfer), 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 the Note. The Note shall not be valid and binding on the City until authenticated by the Registrar. The Note shall be delivered to the Registrar for registration and authentication. Upon execution, registration and authentication of the Note, they shall be delivered to the City Treasurer, who is authorized to deliver them to the Bank upon receipt of (a) the full purchase price of the Note, and (b) delivery to the City of a bank letter in the form of Exhibit A hereto.

Section 7. The City Treasurer of the City of Lexington, Nebraska, is hereby appointed as Note Registrar and Paying Agent (the "Registrar") for the Note. The Registrar shall keep the books for the registration and transfer of Note at its office in Lexington, Nebraska. The names and registered addresses of the registered owner or owners of the Note shall at all times be recorded in such books. The transfer of the Note may be registered upon the books kept for the registration and registration of transfer of Note only (i) upon presentation and surrender thereof to the Registrar together with an assignment duly executed by the registered owner or such registered owner's attorney or legal representative in such form as shall be satisfactory to the Registrar, (ii) the City shall consent to such transfer in its discretion and (iii) the assignee is a bank or a qualified institutional buyer as defined in Rule 144A promulgated by the Securities and Exchange Commission and the registered owner has obtained from such proposed transferee and provided to the Registrar, prior to such transfer and assignment, a bank letter in substantially the form of Exhibit A hereto. Upon any such registration of transfer, the City shall execute and the Registrar shall authenticate and deliver in exchange for such Note, a new Note of any denomination or denominations authorized by this Ordinance of the same series and maturity and in the same aggregate principal amount and bearing interest at the same rate. Note may be exchanged at the principal office of the Registrar for a like aggregate principal amount of Note and the City shall execute and the Registrar shall authenticate and deliver Note which the owner making the exchange is entitled to receive, numbered consecutively beginning after the last number then outstanding and of the same maturity and bearing interest at the same rate as the Note surrendered for exchange. The Registrar may impose a charge sufficient to defray all costs and expenses incident to registrations of transfer and exchanges. In each case the Registrar shall require the payment by the owner requesting exchange or transfer of any tax or other governmental charge required to be paid with respect to such exchange or transfer.

The Registrar shall not be required to transfer Note for a period of 5 days next preceding any interest or principal payment date or to transfer any Note for a period of 5 days next preceding any date fixed for prepayment. The Registrar shall also be responsible for making the payments of principal and interest as the same fall due upon the Note from funds provided by the City for such purpose. Payments of interest due upon the Note prior to maturity or prepayment shall be made by the Registrar by mailing a check in the amount due for such interest on each interest payment date to the registered owner of each Note as of the close of business on the fifteenth day of the month immediately preceding the month in which interest on the Note is payable, addressed to such owner's registered address as shown on the books of registration as required to be maintained under this Section 7. Payments of principal due at maturity or at any date fixed for prepayment prior to maturity, together with any accrued interest then due, shall be made by the Registrar upon presentation and surrender of the Note at the office of the Registrar. The City and the Registrar may treat the registered owner of the Note as the absolute owner of the Note for purposes of making payment thereon and for all other purposes. All payments on account of interest or principal made to the registered owner of the Note shall be valid and effectual and shall be a discharge of the City and the

Registrar in respect of the liability upon the Note or claims for interest to the extent of the sum or sums so paid.

Section 8. After the Note is executed by the City it shall be delivered to the Registrar for authentication and registration as to ownership. After execution, authentication and registration of the Note, the City Treasurer is authorized and directed to deliver the Note to the Bank upon receipt of the principal amount of the Note.

Section 9. The City hereby agrees that the Loan, evidenced by the Note, shall be secured by and be payable from any and all general fund resources of the City, including but not limited to any and all authorized levies of taxes, and shall not, to the fullest extent permitted by law, be limited as to payment to the City's general fund resources for any specific fiscal year. The City reserves the right to provide for payment of principal and interest on the Note from the further issuance of notes, bonds or other methods of financing.

Section 10. The Clerk shall make and certify one or more complete transcripts of the proceedings had and done by the City precedent to the issuance of said Note, one of which transcripts shall be delivered to the purchaser of the Note. After being executed by the Mayor and Clerk, said Note shall be delivered to purchaser.

Section 11. The City hereby covenants and agrees that it will make no use of the proceeds of the Note which would cause the Note to be an arbitrage bond within the meaning of Sections 103(b)(2) and 148 of the Internal Revenue Code of 1986, as amended (the "Code") and further covenants to comply with said Sections 103(b)(2) and 148 and all applicable regulations thereunder throughout the term of said issue, including all requirements with respect to payment and reporting of rebates, if applicable. The City hereby covenants to take all action necessary to preserve the tax-exempt status of the interest on the Note for federal income tax purposes under the Code with respect to taxpayers generally. The City further agrees that it will not take any actions which would cause the Note to constitute "private activity bonds" within the meaning of Section 141 of the Code. The City hereby designates the Note 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 bonds or other obligations aggregating in principal amount more than \$10,000,000 during the calendar year or years in which the Note is issued (taking into consideration the exception for current refunding issues). The Mayor is hereby authorized to make, or cause to be made, any and all certifications deemed necessary in connection with the designation of the Note as "qualified tax-exempt obligations".

Section 12. The City's obligation under this Ordinance shall be fully discharged and satisfied as to the Note authorized and issued hereunder, and said Note shall no longer be deemed outstanding hereunder when payment of the principal of such Note plus interest thereon to the date of maturity or prepayment thereof (a) shall have been made or caused to be made in accordance with the terms thereof; or (b) shall have been provided by depositing with the Registrar or in escrow with a national or state bank having trust powers, in trust solely for such payment (i) sufficient moneys to make such payment or (ii) direct general obligations of, or obligations the principal and interest of which are unconditionally guaranteed by, the United States of America or obligations of an agency of the United States of America (herein referred to as "Government Obligations"), in such amount and maturing as to principal and interest at such times, as will insure the availability of sufficient moneys to make such payment, and such Note shall cease to draw interest from the date of its prepayment in full or maturity and, except for the purposes of such payment, shall no longer be entitled to the benefits of this Ordinance; provided that, with respect to any Note called or to be called for prepayment in full prior to the stated maturity thereof, notice of prepayment shall have been duly given. If moneys shall have been deposited in accordance with the terms hereof with the Registrar as escrow agent in trust for that purpose sufficient to pay the principal of such Note, together with

all interest due thereon to the due date thereof or to the date fixed for the prepayment thereof, as the case may be, all liability of the City for such payment shall forthwith cease, determine and be completely discharged, and such Note shall no longer be considered outstanding.

Section 13. Without in any way limiting the power, authority or discretion elsewhere herein granted or delegated, the Council hereby (a) authorizes and directs the Authorized Officers, the City Attorney 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, shall consider necessary, advisable, desirable or appropriate in connection with this Ordinance and issuance, sale and delivery of the Note, including without limitation and whenever appropriate the execution and delivery thereof and of all other related documents, instruments, certifications and opinions, and (b) delegates, authorizes and directs the Mayor the right, power and authority to exercise his own independent judgment and absolute discretion in (i) determining and finalizing all terms and provisions to be carried by the Note 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 execution and delivery of the Note. The execution and delivery by the Mayor 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 all changes, modifications, amendments, revisions and alterations made therein and shall conclusively establish their absolute, unconditional and irrevocable authority with respect thereto from the City and the authorization, approval and ratification by the City of the documents, instruments, certifications and opinions so executed and the actions so taken.

Section 14. If any one or more of the provisions of this Ordinance should be determined by a court of competent jurisdiction to be contrary to law, then such provisions shall be deemed severable from the remaining provisions of this Ordinance and the invalidity thereof shall in no way affect the validity of the other provisions of this Ordinance or of the Note and the owners of the Note shall retain all the rights and benefits accorded to them under this Ordinance 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 in any particular case in any jurisdiction or 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 circumstances, or of rendering any other provision or provisions herein contained inoperative or unenforceable or invalid to any extent whatever.

Section 15. All ordinances, resolutions or orders, or parts thereof in conflict with the provisions of this Ordinance are to be extent of such conflict hereby repealed.

Section 16. This Ordinance shall be in force and take effect from and after its passage and publication in pamphlet form as provided by law.

PASSED AND APPROVED this 28th day of March, 2017.

John R. Foyt

Mayor

ATTEST:

Pamela Baruth

City Clerk

[SEAL]



EXHIBIT A
FORM OF BANK LETTER

_____, 2017

City of Lexington, Nebraska
Lexington, Nebraska

Gilmore & Bell, P.C.
Omaha, Nebraska

Re: \$ _____ Promissory Note, Series 2017, dated _____, 2017

Ladies and Gentlemen:

The undersigned, _____, as lender (the "Lender") with respect to the above-referenced note (the "Note") issued by the City of Lexington, Nebraska, (the "City") pursuant to and on the terms set forth in Ordinance No. ____ of the City passed by the City Council on _____, 2017, (the "Ordinance") hereby represents and warrants to you that:

1. Capitalized terms used herein and not otherwise defined are used with the meanings given such terms in the Ordinance.

2. The Lender has duly authorized, by all necessary action, the purchase of the Note and the right to receive the payments of principal of and interest on the Note pursuant to the terms and provisions of the Ordinance (the "Payments").

3. The Lender is a qualified institutional buyer as defined in Rule 144A under the Securities Act of 1933, as amended (the "Securities Act"), because the Lender is a bank. The Lender has sufficient knowledge and experience in financial and business matters, including purchase and ownership of municipal and other tax-exempt obligations, to be able to evaluate the risks and merits of the investment represented by the Note, the Payments, and the Ordinance. The Lender is able to bear the economic risks of that investment, including a complete loss of such investment.

4. The Lender understands that the obligations of the City to make the Payments under the Ordinance and the Note are payable from the sources described in the Ordinance.

5. The Lender acknowledges that it has either been supplied with or has been given access to information, including financial statements and other financial information, which it has asked for and the Lender has had the opportunity to ask questions and receive answers from appropriate officers of the City concerning the City, the Note, the Payments, the Ordinance and the security therefor, so that the Lender has been able to evaluate the risks and merits of purchasing the Note and make its decision to purchase the Note on the terms set forth in the Ordinance.

6. The Lender made its own inquiry and analysis with respect to the Ordinance, the Note, the Payments, and the security therefor, and other factors affecting the security and payment of such payments set forth in the Ordinance. The Lender is aware that the business of the City involves certain economic variables and risks that could adversely affect the security for the payments to be made by the City to the Lender under the terms of the Ordinance and the Note. The Lender has examined the legal

documents relating to the Note and the Ordinance, including the proposed legal opinion to be delivered by Gilmore & Bell, P.C. as to the validity of and tax status of interest on the Note.

7. The Lender understands that the Note (including the right to receive the Payments under the terms of the Ordinance) (a) are not being registered or otherwise qualified for sale under the securities laws and regulations of any state, (b) will not be listed on any securities exchange, (c) do not and will not carry a credit rating from any credit rating service and (d) will be delivered in a form which may not be readily transferrable.

8. The Lender represents to you that it is purchasing the Note for investment for its own account and not with a view toward resale or the distribution thereof, in that it does not now intend to resell or otherwise dispose of the Note or any part of its interest in the Note. The Lender agrees not to sell, transfer or otherwise dispose of the Note or all or any part of its interest in the Note or the Ordinance unless the transferee executes a letter of representation in substantially the form of this letter and such sale, transfer or other disposition is in compliance with applicable securities laws and the provisions of the Ordinance.

9. The Lender agrees to indemnify and hold harmless the City with respect to any claim asserted against the City that is based upon the Lender's sale, transfer or other disposition of the Note or all or any part of the Lender's interests in the Note or the Ordinance in violation of the provisions hereof or of the Ordinance, other than any claim that is based upon the gross negligence or willful misconduct of the City.

10. The Lender has executed and delivered this letter in connection with issuance of the Note as an inducement to the City to cause the issuance of the Note and the execution and delivery thereof to the Lender.

Only the addressees hereof may rely upon this letter.

By: _____
Authorized Officer