

RESOLUTION NO. 02-02

A RESOLUTION OF THE CITY OF LEXINGTON, NEBRASKA, AUTHORIZING THE ISSUANCE OF ECONOMIC DEVELOPMENT FUND SALES TAX BOND OF THE CITY OF LEXINGTON, NEBRASKA, IN THE PRINCIPAL AMOUNT OF SEVEN HUNDRED FIFTY THOUSAND DOLLARS (\$750,000) FOR THE PURPOSE OF FUNDING THE LEXINGTON ECONOMIC DEVELOPMENT PROGRAM AS ESTABLISHED BY ORDINANCE NO. 2123 OF THE CITY; PRESCRIBING THE FORM OF SAID BOND; PROVIDING FOR THE PLEDGING OF SALES TAX COLLECTIONS RECEIVED FOR SAID PROGRAM INTO THE ECONOMIC DEVELOPMENT FUND OF THE CITY OF LEXINGTON FOR THE PAYMENT OF PRINCIPAL AND INTEREST ON SAID BOND; PROVIDING FOR A PLEDGE OF CERTAIN REVENUES; PROVIDING FOR CERTAIN COVENANTS FOR THE PROTECTION OF THE HOLDER OF SAID BOND; PROVIDING FOR THE SALE OF THE BOND; PROVIDING FOR THE APPLICATION OF THE PROCEEDS OF SAID BOND; AND AUTHORIZING THE DELIVERY OF THE BOND TO THE PURCHASER.

BE IT RESOLVED by the Mayor and Council of the City of Lexington, Nebraska, as follows:

Section 1. The Mayor and Council of the City of Lexington, Nebraska, hereby find and determine that pursuant to the provisions of the Local Option Municipal Economic Development Act (Sections 18-2701 to 18-2738, R.R.S. Neb. 1943, as amended), the Mayor and Council have previously passed and approved Ordinance No. 2123, establishing the Lexington Economic Development Program and providing funding for such program through a sales tax adopted under the Local Option Revenue Act (Sections 77-27,142 to 77-27,148, R.R.S. Neb. 1943, as amended); that said ordinance was adopted pursuant to approvals by the voters of the City at the general election held on March 7, 2000; the Mayor and Council hereby declare it necessary and advisable for the City to issue its economic development fund sales tax bond in the principal amount of Seven Hundred Fifty Thousand Dollars (\$750,000) for the purpose of providing further funding for the Lexington Economic Development Program as established by Ordinance No. 2123; that such funding is required for purposes of land acquisition in order to develop the Lexington Industrial

Tract (the "Project"), and further determine that all conditions, acts and things required by law to exist of to be done precedent to the issuance of such bond do exist and have been done as required by law.

Section 2. To provide funds for the Lexington Economic Development Program as established pursuant to Ordinance No. 2123 of the City, there shall be and there are hereby ordered issued negotiable bond of the City of Lexington, Nebraska, to be designated as "Economic Development Fund Sales Tax Bond, Series 2002A" (the "Bond") in the aggregate principal amount of Seven Hundred Fifty Thousand Dollars (\$750,000), with said bond bearing interest at the rates per annum and to become due on March 15th of the year as indicated below:

| <u>Maturity Date</u> | <u>Principal Amount</u> | <u>Interest Rate Per Annum</u> |
|----------------------|-------------------------|--------------------------------|
| March 15, 2007 | \$750,000 | 6.25% |

The Bond shall be issued in fully registered form in the amount and denomination of \$750,000. The date of original issue of the Bond shall be the date of delivery. The principal of the Bond shall become due on March 15, 2007, provided that such principal amount shall be subject to Mandatory Redemption from "Available Funds" as described in Section 5 hereof on March 15th and September 15th of each year. The Bond shall be paid in equal installments, each including interest on the unpaid balance together with principal, the first such payment to be payable on September 15, 2002, and semiannually thereafter on March 15th and September 15th of each year (each an "Interest and Principal Payment Date"), and the Bond shall bear such interest from the date of original issue or the most recent Principal and Interest Payment Date, whichever is later. The principal and interest due on each Principal and Interest Payment Date shall be payable to the registered owner of record as of the close of business on the 10th day of the month in which the Principal and Interest Payment

Date occurs (the "Record Date"), subject to the provisions of Section 4 hereof. Payments of principal and interest due on the Bond prior to maturity or earlier redemption shall be made by the Paying Agent and Registrar as designated pursuant to Section 3 hereof (the "Paying Agent and Registrar"), by mailing a check or draft in the amount due for such principal and interest on each Principal and Interest Payment Date to the registered owner of Bond, as of the Record Date for such Principal and Interest Payment Date, to such owner's registered address as shown on the books of registration as required to be maintained in Section 3 hereof. Payments of principal due at maturity or at any date fixed for redemption prior to maturity together with any unpaid interest accrued thereon shall be made by the Paying Agent and Registrar to the registered owner upon presentation and surrender of the Bond to the Paying Agent and Registrar. The City and the Paying Agent and Registrar may treat the registered owner of the 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 principal and interest due thereon shall be overdue or not. All payments on account of interest or principal made to the registered owner of the Bond in accordance with the terms of this Resolution shall be valid and effectual and shall be a discharge of the City and the Paying Agent and Registrar, in respect of the liability upon the Bond or claims for principal and interest to the extent of the sum or sums so paid.

Section 3. The City Treasurer is hereby designated to serve as Paying Agent and Registrar for the Bond. The Paying Agent and Registrar shall keep and maintain for the City books for the registration and transfer of the Bond at the City's Offices in Lexington, Nebraska. The name and registered address of the registered owner of the Bond shall at all times be recorded in such books.

The Bond may be transferred pursuant to its provisions at the office of the Paying Agent and Registrar by surrender of such bond for notation of transfer, 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 register such transfer upon its books and make notation thereof on the Bond and will deliver at its office to the transferee owner (or send by registered mail to the transferee owner thereof at such transferee owner's risk and expense). Upon transfer of the Bond, the Bond shall be a valid obligation of the City and shall be entitled to all the benefits and protection of this Resolution to the same extent as the Bond upon transfer of which it was delivered. The City and said Paying Agent and Registrar shall not be required to transfer the Bond during any period from any Record Date until its immediately following Principal and Interest Payment Date or to transfer the Bond when called for redemption, in whole or in part, for a period of 15 days next preceding any date fixed for redemption or partial redemption.

Section 4. In the event that payments of principal and interest due on the Bond on an Principal and Interest Payment Date are not timely made, such principal and interest shall cease to be payable to the registered owner as of the Record Date for such Principal and Interest Payment Date and shall be payable to the registered owner of the Bond as of a special date of record for payment of such defaulted principal and interest as shall be designated by the Paying Agent and Registrar whenever monies for the purpose of paying such defaulted principal and interest become available.

Section 5. The Bond shall be subject to redemption, in whole or in part at any time at par plus 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 Bond for optional redemption in its sole discretion. Notice of redemption of the Bond shall be given, at the direction of the City by said Paying Agent and Registrar by mail not less than 15 days prior to the date fixed for redemption, first class, postage prepaid, sent to the registered owner of such Bond at said owner's registered address. In case of partial redemption, such notice shall specify the portion of the principal amount to be redeemed. Notice of call for redemption may be waived in writing by any registered owner. In the event of prepayment in whole the Bond shall be cancelled. The Bond shall also be subject to Mandatory Partial Redemption, without notice, on each Principal and Interest Payment Date from all funds to be available in the Bond Payment Account (which funds are referred to in the Resolution as "Available Funds"). Available Funds shall be applied to the prepayment of principal on each Principal and Interest Payment Date and shall be remitted to the registered owner of the Bond with principal and interest payments. The Paying Agent and Registrar shall mark the records with respect to each mandatory partial principal prepayment made from Available funds and it shall not be necessary for the registered owner to present the Bond for notation of such prepayment. The records of the Paying Agent and Registrar shall govern as to any determination of the principal amount of the Bond outstanding at anytime and the registered owner shall have the right to request information in writing from the Paying Agent and Registrar at any time as to the principal amount outstanding upon the Bond.

Section 6. If the date for payment of the principal of or interest on the Bond shall be a Saturday, Sunday, legal holiday or a day on which the 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 date shall have the same force and effect as if made on the nominal date of payment.

Section 7. The Bond shall be in substantially the following form:

UNITED STATES OF AMERICA
STATE OF NEBRASKA
COUNTY OF DAWSON

CITY OF LEXINGTON

ECONOMIC DEVELOPMENT FUND SALES TAX REVENUE BOND
SERIES 2002A

| | | |
|-------------------------|----------------------|----------------------|
| <u>Principal Amount</u> | <u>Interest Rate</u> | <u>Maturity Date</u> |
| \$750,000 | 6.25% | March 15, 2007 |

KNOW ALL PERSONS BY THESE PRESENTS: That the City of Lexington, in the County of Dawson, in the State of Nebraska, hereby acknowledges itself to owe and for value received promises to pay, but only from the special sources hereinafter described, to the registered owner designated on the reverse hereof, 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 Principal and Interest Payment Date, whichever is later, at the rate per annum specified above, payable in installment of principal and interest, according to the attached amortization schedule, beginning September 15, 2002, and semiannually thereafter on March 15th and September 15th of each year (each, an "Interest and Principal Payment Date"). The remaining principal of this bond together with interest thereon unpaid and accrued at maturity (or earlier redemption) is payable upon presentation and surrender of this bond at the office of the City Treasurer of the City of Lexington, Nebraska, as Paying Agent and Registrar, at such City's offices in Lexington, Nebraska. The payments of Principal and interest and of Mandatory Redemption of Principal will be paid on each Principal and Interest Payment Date (other than at final payment) 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 10th day of the month in which the Principal and Interest Payment Date occurs, to such owner's address as shown on such books and records. Any payment of Interest or Mandatory Redemption of Principal not so timely paid shall cease to be payable to the person entitled thereto as of the record date such principal and interest was payable, and shall be payable to the person who is the registered owner of this bond on such special record date for payment of such defaulted Principal and interest or Mandatory Redemption of Principal as shall be fixed by the Paying Agent and Registrar whenever monies for such purpose become available.

The City, however, reserves the right and option of redemption of this bond, in whole or in part, from any available sources at any time at the principal amount thereof plus accrued interest to the date fixed for redemption. Notice on any such optional prepayments shall be given by mail, sent

to the registered owner of this bond at said registered owner's address in the manner provided for in the resolution authorizing said bond. The principal of this Bond shall be subject to Mandatory Redemptions made in part on any Principal and Interest Payment Date from "Available Funds" (as defined in the resolution authorizing the issuance of this bond) without any requirement for notice. Such optional and mandatory redemptions shall be made upon such terms and conditions as are provided for in the resolution authorizing this Bond.

This bond is a single issue of its series of the total principal amount of Seven Hundred Fifty Thousand Dollars (\$750,000), which was issued by the City for the purpose of providing funds for the Lexington Economic Development Program as established pursuant to Ordinance No. 2123 of the City and has been duly authorized by resolution duly adopted (the "Resolution") and by proceedings duly had by the Mayor and Council of the City of Lexington, Nebraska, pursuant to Sections 18-2701 to 18-2738, R.R.S. Neb. 1943, as amended.

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 of this bond for notation of transfer as provided on the reverse hereof and subject to the conditions provided in the resolution authorizing the issuance of this bond. 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 other purposes and shall not be affected by any notice to the contrary, whether this bond be overdue or not.

If the day 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 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 date shall have the same force and effect as if made on the nominal date of payment.

Under the Resolution, the City has pledged revenues of the City received for its Economic Development Fund from that tax upon sales within the City of Lexington, Nebraska, provided for pursuant to Ordinance No. 2123 of the City of Lexington, passed and approved, after the approving vote of a majority of the electors of said City voting at the March 7, 2000, Special Election, in accordance with the provisions of Sections 77-27,142 to 77-27,148, R.R.S. Neb. 1943, as amended. The City has further agreed that in each year funds from such sales tax as deposited to such fund shall be applied to pay principal and interest on the bonds of this issue as the same fall due. The bond of this issue is a limited obligation of the City payable from such sales tax receipts as so pledged and from certain additional pledged revenues as described in the Resolution and not from any other fund or source and are not general obligations of the City of Lexington, Nebraska.

The Resolution sets forth the covenants and obligations of the City with respect to its Economic Development Fund and sales tax revenues therein and the application of such revenues which are by the terms of said Resolution to be disbursed to make payments of principal and interest

on the Bond. The City also reserves the right to issue bonds junior in lien to the bonds of this issue, the principal and interest of which are payable from such sales tax revenues on a wholly subordinate basis as described in the Resolution on the terms set forth in the Resolution. The Resolution also designates the terms and conditions upon which this bond shall cease to be entitled to any benefit or security under the Resolution and all covenants, agreements and obligations of the City under the Resolution may be discharged and satisfied at or prior to the maturity or redemption of this Bond.

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 provided by law.

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

IN WITNESS WHEREOF, the Mayor and Council of the City of Lexington, Nebraska, have caused this bond to be executed on behalf of the City with the facsimile signatures of the Mayor and City Clerk of the City, all as of the Date of Original Issue shown above.

CITY OF LEXINGTON, NEBRASKA

Mayor

ATTEST:

City Clerk

| Date | | Payment | Principal | Interest | Balance |
|---------|-------------------|---------------|---------------|--------------|---------------|
| 3/15/02 | Beginning Balance | | | | \$ 750,000.00 |
| 9/15/02 | Payment | \$ 60,298.13 | \$ 36,667.99 | \$ 23,630.14 | \$ 713,332.01 |
| 3/15/03 | Payment | \$ 60,298.13 | \$ 38,189.72 | \$ 22,108.41 | \$ 675,142.28 |
| 9/15/03 | Payment | \$ 60,298.13 | \$ 39,026.52 | \$ 21,271.61 | \$ 636,115.76 |
| 3/15/04 | Payment | \$ 60,298.13 | \$ 40,473.97 | \$ 19,824.16 | \$ 595,641.79 |
| 9/15/04 | Payment | \$ 60,298.13 | \$ 41,531.33 | \$ 18,766.80 | \$ 554,110.45 |
| 3/15/05 | Payment | \$ 60,298.13 | \$ 43,124.50 | \$ 17,173.63 | \$ 510,985.95 |
| 9/15/05 | Payment | \$ 60,298.13 | \$ 44,198.57 | \$ 16,099.56 | \$ 466,787.38 |
| 3/15/06 | Payment | \$ 60,298.13 | \$ 45,830.92 | \$ 14,467.21 | \$ 420,956.46 |
| 9/15/06 | Payment | \$ 60,298.13 | \$ 47,035.12 | \$ 13,263.01 | \$ 373,921.34 |
| 3/15/07 | Payment | \$ 385,510.34 | \$ 373,921.34 | \$ 11,589.00 | \$ - |

PROVISION FOR REGISTRATION

The ownership of this Bond shall be registered as to both principal and interest on the books and records of the City of Lexington, Nebraska, kept by the Paying Agent and Registrar identified in the foregoing bond, who shall make notation of such registration in the registration blank below, and the transfer of this Bond may thereafter be registered only upon an assignment duly executed by the registered owner or owner's attorney or legal representative, in such form as shall be satisfactory to said Paying Agent and Registrar, such registration of transfer to be made on such books and endorsed hereon by said Paying Agent and Registrar.

| Date of Registration | Name of Registered Owner | Signature of Paying Agent and Registrar |
|----------------------|--------------------------|---|
| | | |
| | | |
| | | |
| | | |

Section 8. The Bond shall be executed on behalf of the City with signatures of the Mayor and City Clerk of the City and shall be sealed with the City's seal. Upon execution, registration and authentication of the Bonds, they shall be delivered to the City's Treasurer, acting on behalf of the City, who is authorized to deliver them to United Nebraska Bank, Lexington, Nebraska, as initial purchaser thereof, upon receipt of the purchase price of equal to the principal amount thereof. The City Clerk shall make and certify a transcript of the proceedings of the Mayor and Council with respect to the Bond which shall be delivered to said purchaser.

Section 9. The City hereby covenants and agrees that monies received by the City from sales tax revenues imposed under Ordinance No. 2123 and deposited to the Economic Development Fund of the City of Lexington, Nebraska, shall be set aside in a separate special account in the Economic Development Fund designated as the "Series 2002A Economic Development Fund Sales Tax Bond Payment Account" (the "Bond Payment Account") which shall constitute a separate and special fund and account held by the City Treasurer of the City of Lexington in the Economic Development Fund for the benefit of the registered owner of the Bond. Monies in the Bond Payment Account in amounts sufficient for such purpose shall be transferred to the Paying Agent and Registrar on or before each Principal and Interest Payment Date shall be applied to the payments of principal and interest on the Bond as the same fall due. All revenues from the sales tax imposed under Ordinance No. 2123 (up to the limit of \$167,500 per year set in the authorizing election proposition) shall be credited in each year first to the Bond Payment Account until there has been accumulated and remains on hand an amount sufficient to provide for all payments on the Bonds falling due within the next twelve months and thereafter any surplus amounts (up to the limit of \$167,500 per year set in the authorizing election proposition) shall be transferred to the Economic

Development Fund. If at any time there shall be on hand in the Bond Payment Account amounts sufficient to provide for all payments to fall due upon the Bonds from the date of any such determination until the final maturity of the Bond, no further deposits to the Bond Payment Account shall be required and thereupon all such monies, as then deposited, shall be held and applied by the City Treasurer solely for the payment or early redemption of the Bonds, as the Mayor and Council shall direct. The City hereby pledges receipts from the sales tax revenues received pursuant to Ordinance No. 2123 (up to the limit of \$167,500 per year set in the authorizing election proposition) for the payment of the Bond, both principal and interest, but on a basis prior to any or all other claims or obligations of the City of Lexington and its Economic Development Fund. The City agrees that it shall not issue any other bonds or notes of equal right and standing to the Bond without the written consent of the registered owner of the Bonds. So long as the Bond remains outstanding, the City agrees that it shall not amend Ordinance No. 2123 in any manner to reduce the rate of tax provided for therein or reduce the anticipated revenues from such tax. As additional security for the Bond the City hereby pledges and grants all income whether by lease rentals or sale of land (the "Additional Collateral") for the further securing of the City's obligations with respect to and under the Bond. Amounts received by the City attributable to the Additional Collateral shall in each year be deposited to the Bond Payment Account unless and until there is accumulated in said account an amount sufficient to provide for all payments on the Bonds falling due within the next twelve months and may thereafter be credited to the Economic Development Fund and applied to other purposes and requirements for such fund.

Section 10. The City's obligations under this Resolution and the pledges, covenants and agreements of the City herein made or provided for, shall be fully discharged and satisfied as to the

Bond issued pursuant to this Resolution and such bond shall no longer be deemed outstanding hereunder if such bond shall have been purchased and cancelled by the City, or when payment of the principal of and interest thereon to the respective date of maturity or redemption shall have been made or caused to be made in accordance with the terms thereof.

Section 11. The terms and provisions of this Resolution do and shall constitute a contract between the City and the registered owner of the Bond and no changes, variations or alterations of any kind, except for changes necessary to cure any ambiguity, formal defect or omission, shall be made to this Resolution without the written consent of the registered owner of the Bond then outstanding. The registered owner of Bond may by mandamus or other appropriate action or proceedings at law or in equity in any court of competent jurisdiction enforce and compel performance of this Resolution and every provision and covenant hereof, including without limiting the generality of the foregoing, the enforcement of the performance of all duties required of the City by this Resolution and the applicable laws of the State of Nebraska, including in such duties the collecting of revenues pursuant to Ordinance No. 2123 and the segregation of such revenues in the Bond Payment Account of the City's Economic Development Fund for the Bond as described in this Resolution.

Section 12. The Mayor and City Clerk and City Treasurer of the City are hereby authorized to do all things and execute all documents as may by them be deemed necessary and proper to complete the issuance and sale of the Bond contemplated by this Resolution. The Preliminary Official Statement is hereby approved and such officers are further authorized to approve a final Official Statement on behalf of the City.

Section 13. The net principal proceeds of the Bond shall be held in a separate account in the

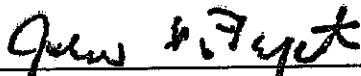
Economic Development Fund of the City of Lexington and shall be applied to the Project directly for purposes of paying such costs, upon order of the Mayor and Council.

Section 14. If any section, paragraph, clause or provision of this Resolution shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the other provisions of this Resolution.

Section 15. The Bonds are being sold upon the basis of interest which is taxable for purposes of state and federal income taxation and no Form 8038-G shall be filed with respect to the Bonds.


Section 16. This Resolution shall be in force and take effect from and after its adoption as provided by law.

PASSED AND APPROVED this 12th day of March, 2002.



Mayor

ATTEST:



City Clerk