
THE CITY OF LINCOLN, NEBRASKA

ORDINANCE NO. _____
(passed _____, 2006)

ADOPTED UNDER
ORDINANCE NOS. 18088 AND 18171

AUTHORIZING

A WATER REVENUE OBLIGATION,
A SANITARY SEWER REVENUE OBLIGATION AND
A HIGHWAY ALLOCATION OBLIGATION
(WATERFORD PROJECT)

ORDINANCE NO. _____

AN ORDINANCE ADOPTED UNDER AND PURSUANT TO ORDINANCE NOS. 18088 AND 18171 OF THE CITY AUTHORIZING THE ISSUANCE OF (1) A WATER REVENUE OBLIGATION OF THE CITY IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED _____ DOLLARS (\$ _____) (THE "WATER OBLIGATION") (2) A SANITARY SEWER REVENUE OBLIGATION OF THE CITY IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED _____ DOLLARS (\$ _____) (THE "SEWER OBLIGATION") AND (3) A HIGHWAY ALLOCATION OBLIGATION OF THE CITY IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED _____ DOLLARS (\$ _____); FIXING IN PART AND PROVIDING FOR THE FIXING IN PART OF THE DETAILS OF THE WATER OBLIGATION, THE SEWER OBLIGATION AND THE HIGHWAY ALLOCATION OBLIGATION; TAKING OTHER ACTION IN CONNECTION WITH THE FOREGOING; AND RELATED MATTERS.

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

ARTICLE I
FINDINGS; DEFINITIONS

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

(a) The City is a city of the primary class and political subdivision duly organized and existing under the laws of the State of Nebraska, and, pursuant to Chapter 15, Reissue Revised Statutes of Nebraska, as amended, and owns and operates (1) one or more waterworks plants and a water transmission and distribution system (collectively, the "Water System") and (2) one or more sanitary sewer collection systems and one or more sanitary sewer disposal and treatment plants (collectively, the "Sewer System") for the use and benefit of the City and its inhabitants.

(b) Each of the Water System and the Sewer System is a revenue producing facility described in Sections 18-1803 to 18-1805, inclusive, Reissue Revised Statutes of Nebraska, as amended (the "Revenue Act") and Chapter IX, Sections 8 and 44 of the City's Charter (the "Charter") and the City is authorized to issue and sell revenue obligations, payable solely from the revenues derived and to be derived from the operation of the Water System and the Sewer System.

(c) The City has heretofore passed Ordinance No. 18088 (the "General Water Ordinance") under which the City issues its obligations payable from the Revenues (as defined in the General Water Ordinance) of the Water System (the "Water Revenues").

(d) The City has previously issued (a) \$18,510,000 aggregate principal amount of Water Revenue Bonds, Series 2002 dated December 10, 2002 (the "Series 2002 Water Bonds"), (b) \$32,180,000 aggregate principal amount of Water Revenue Bonds, Refunding Series 2003, dated May 20, 2003 (the "Series 2003 Water Bonds") and (c) \$40,000,000 aggregate principal amount of Water Revenue Bonds, Series 2004, dated December 1, 2004 (the "Series 2004 Water Bonds").

(e) The City has heretofore passed Ordinance No. 18171 (the “**General Sewer Ordinance**”) under which the City issues its obligations payable from the Revenues (as defined in the General Sewer Ordinance) of the Sewer System (the “**Sewer Revenues**”).

(f) The City has previously issued (a) \$55,000,000 aggregate principal amount of Sanitary Sewer Revenue and Refunding Bonds, Series 2003 dated July 31, 2003 (the “**Series 2003 Sewer Bonds**”), and (b) \$18,000,000 aggregate principal amount of Sanitary Sewer Revenue Bonds, Series 2005, dated August 3, 2005 (the “**Series 2005 Sewer Bonds**”).

(g) It is necessary, desirable, advisable and in the best interest of the City and its inhabitants that the City acquire, construct, improve, extend, equip, and furnish certain Impact Fee Facility Improvements to (a) the Water System (the “**Water Project**”), and (b) the Sewer System, as described in the Waterford Estates Conditional Annexation and Zoning Agreement (the “**Agreement**”), under which the City will pay certain costs of the Water Project from the Water Revenues and certain costs of the Sewer Project from the Sewer Revenues.

(h) The obligations of the City under the Agreement constitute Subordinated Indebtedness (as defined in the General Water Ordinance and the General Sewer Ordinance) and are incurred by the City in accordance with the terms and conditions of the General Water Ordinance and the General Sewer Ordinance.

(i) It is necessary, desirable, advisable and in the best interest of the City and its inhabitants that the City construct improvements to certain highways and roads of the City in connection with the Agreement (collectively, the “**Street Project**”):

(j) The estimated costs for the improvements constituting the Street Project are not less than \$_____.

(k) Pursuant to the provisions of Section 66-4,101, Reissue Revised Statutes of Nebraska, as amended (the “**Street Act**”), the City is authorized to issue its highway allocation fund obligations to pay the costs of the Street Project.

(l) All conditions, acts and things required by law to exist or to be done precedent to the execution and delivery of the issuance of the Agreement and incurring the obligations therein payable from the sources provided in the Agreement do exist and have been done and performed in regular and due course and time as provided by law.

Section 1.02. Definitions. In addition to the words and terms defined elsewhere herein, the following words and terms shall have the specified meanings:

“**Agreement**” means the Waterford Estates Conditional Annexation and Zoning Agreement by and among the City, Ridge Development Company, Southview, Inc., Developments Unlimited, L.L.P., Accommodation Titleholder Fourteen, L.L.C., Thomas O. Meginnis and Karen M. Meginnis, Richard W. Meginnis and Lisa J. Meginnis, Daniel H. Meginnis and Jill M. Meginnis, Mark W. Meginnis and Sesostris Temple Holding Corporation.

“**Business Day**” means a day other than a Saturday, Sunday or holiday on which City offices are scheduled in the normal course of operations to be open to the public for the conduct of its operations.

“**Ordinance**” means this Ordinance as from time to time amended in accordance with the terms hereof.

“**Payment Date**” means any date on which principal of or interest on the Sewer Obligation, the Street Obligation or the Water Obligation is payable in accordance with the provisions of the Agreement.

“**Permitted Investments**” means any securities and obligations that are at the time permitted by the laws of the State of Nebraska for investment of the City’s moneys held in the funds referred to in **Section 401** hereof.

“**Sewer Obligation**” means the Sewer Revenue Obligation of the City in substantially the form appended hereto as **Exhibit A** issued in accordance with the provisions of this Ordinance and the Agreement.

“**Sewer Obligation Fund**” means the fund by that name created by **Section 401** hereof.

“**Street Obligation**” means the Street Obligation of the City in substantially the form appended hereto as **Exhibit B** issued in accordance with the provisions of this Ordinance and the Agreement.

“**Street Obligation Fund**” means the fund by that name created by **Section 401** hereof.

“**Water Obligation**” means the Water Revenue Obligation of the City in substantially the form appended hereto as **Exhibit C** issued in accordance with the provisions of this Ordinance and the Agreement.

“**Water Obligation Fund**” means the fund by that name created by **Section 401** hereof.

In addition to the words and terms defined herein, all words and terms that are defined in the Agreement have the same meanings, respectively, in this Ordinance as such terms are given in the Agreement, except as such terms may be otherwise defined herein.

ARTICLE II

AUTHORIZATION OF AGREEMENT

Section 201. Authorization of Agreement. The City is authorized to enter into the Agreement in substantially the form presented to and reviewed by the Council at the meeting at which this Ordinance was passed and adopted (a copy of which shall be filed in the records of the City). The Mayor is authorized to execute the Agreement with such changes therein as such official deems appropriate, for and on behalf of and as the act and deed of the City.

In connection with the execution and delivery of the Agreement, and to evidence the City’s payment obligations thereunder, the City is authorized and directed to execute and deliver (a) the Sewer Obligation in a principal amount not to exceed \$ _____, (b) the Street Obligation in a principal amount not to exceed \$ _____, and (c) the Water Obligation in a principal amount not to exceed \$ _____.

Section 202. Description of Obligations. The Sewer Obligation, the Street Obligation and the Water Obligation (collectively, the “**Obligations**”) shall be dated the date of the Agreement, shall be due

and payable on the dates and in the amounts, and shall bear interest as set forth in **Section 10** of the Agreement payable as provided in **Section 10** of the Agreement. The City shall obligated under the Obligations only to the extent provided in the Agreement.

Section 203. Method and Place of Payment of Obligations. The principal of and interest on the Obligations shall be payable in any coin or currency of the United States of America that, on the respective dates of payment thereof, is legal tender for the payment of public and private debts.

The principal and interest on the Obligations payable on each Payment Date shall be paid by check or draft to the registered owner thereof on the Business Day prior to such Payment Date by check or draft mailed by the City to such registered owner at the address on file with the City.

Section 204. Execution, Authentication and Delivery of Obligations. The Mayor and City Clerk are hereby authorized and directed to prepare and execute the Obligations as herein specified.

Section 205. Delivery of Obligations. The City shall issue and deliver the Obligations to the Developer to evidence its obligations under the Agreement. The Finance Director is authorized to execute and deliver such documents as may be appropriate for and on behalf of the City to effect the issuance and delivery of the Obligations as provided herein, such officer's signature thereon being conclusive evidence of such official's and the City's approval thereof.

ARTICLE III

SECURITY FOR OBLIGATIONS

Section 301. Security for Sewer Obligation. The Sewer Obligation is a special obligation of the City payable solely and only from the Sewer Revenues to the extent provided in the Agreement. The Sewer Obligation shall be Subordinate Indebtedness issued under and pursuant to the provisions of the General Sewer Ordinance payable from the Sewer Revenues to the extent provided in the Agreement. The Sewer Obligation shall not be or constitute a general obligation of the City, nor shall it constitute an indebtedness of the City within the meaning of any constitutional, statutory or charter provision, limitation or restriction, and the taxing power of the City is not pledged to the payment of the Sewer Obligation, either as to principal or interest.

Section 302. Security for Street Obligation. The Street Obligation is a special obligation of the City payable solely and only from the sources and to the extent provided in the Agreement. The Street Obligation shall not be or constitute a general obligation of the City, nor shall it constitute an indebtedness of the City within the meaning of any constitutional, statutory or charter provision, limitation or restriction, and the taxing power of the City is not pledged to the payment of the Street Obligation, either as to principal or interest.

Section 303. Security for Water Obligation. The Water Obligation is a special obligation of the City payable solely and only from the Water Revenues to the extent provided in the Agreement. The Water Obligation shall be Subordinate Indebtedness issued under and pursuant to the provisions of the General Water Ordinance payable from the Water Revenues to the extent provided in the Agreement. The Water Obligation shall not be or constitute a general obligation of the City, nor shall it constitute an indebtedness of the City within the meaning of any constitutional, statutory or charter provision, limitation or restriction, and the taxing power of the City is not pledged to the payment of the Water Obligation, either as to principal or interest.

ARTICLE IV

FUNDS

Section 401. Establishment of Funds. In addition to the funds and accounts established by the General Sewer Ordinance and the General Water Ordinance, there are hereby created and ordered to be established and maintained in the treasury of the City the following separate funds to be known respectively as the:

- (a) Sewer Obligation Fund (Waterford Project) (the “**Sewer Obligation Fund**”).
- (b) Street Obligation Fund (Waterford Project) (the “**Street Obligation Fund**”).
- (c) Water Obligation Fund (Waterford Project) (the “**Water Obligation Fund**”).

Each fund referred to in **Sections 401(a) to (c)**, inclusive, shall be maintained and administered by the City solely for the purposes and in the manner as provided in this Ordinance and the Agreement so long as any part of the Obligation for which such fund is established remains unpaid.

Section 402. Deposits into Funds; Payments from Funds. The City covenants and agrees that from and after the delivery of the Obligations, and continuing as long as any balance of the Obligations remains unpaid, the City shall deposit into the Sewer Obligation Fund, the Street Obligation Fund and the Water Obligation Fund, respectively, when and as received by the City all amounts that the City is obligated to pay to the Developer under the Agreement.

The City shall on January 1 and July 1 of each year pay all amounts then on deposit in the Sewer Obligation Fund, the Street Obligation Fund and the Water Obligation Fund to the registered owners of the Sewer Obligation, the Street Obligation and the Water Obligation, respectively.

Section 403. Payments Due on Saturdays, Sundays and Holidays. In any case where a Payment Date is not a Business Day, then payment of principal or interest need not be made on such Payment Date but may be made on the next succeeding Business Day with the same force and effect as if made on such Payment Date, and no interest shall accrue for the period after such Payment Date.

ARTICLE V

DEPOSIT AND INVESTMENT OF MONEY

(a) Money in each of the funds and accounts created by and referred to in this Ordinance shall be deposited in a bank or banks located in the State of Nebraska that are members of the Federal Deposit Insurance Corporation. All such deposits shall be continuously and adequately secured by the banks holding such deposits as provided by the laws of the State of Nebraska.

(b) Money held in any fund or account referred to in this Ordinance may be invested in Permitted Investments; provided, however, that no such investment shall be made for a period extending longer than the date when the money invested may be needed for the purpose for which such fund or account was created. All earnings on any investments held in any fund or account shall accrue to and

become a part of such fund or account. In determining the amount held in any fund or account under any of the provisions of this Ordinance, obligations shall be valued at the lower of the cost or the market value thereof.

ARTICLE VI

DEFEASANCE

When all of the Obligations and the interest payments thereon have been paid and discharged, then the requirements contained in this Ordinance and the pledge of revenues made hereunder and all other rights granted hereby shall terminate with respect to the Obligations.

ARTICLE VII

MISCELLANEOUS PROVISIONS

Section 701. Amendments. The rights and duties of the City, and the terms and provisions of the Obligations, the Agreement or this Ordinance, may be amended or modified at any time in any respect by Ordinance of the City with the consent of the registered owners of the Obligations.

Every amendment or modification of the provisions of the Obligations or of this Ordinance shall be expressed in an ordinance adopted by the City amending or supplementing the provisions of this Ordinance and the Agreement and shall be deemed to be a part of this Ordinance. A certified copy of every such amendatory or supplemental Ordinance and each such amendment or supplement to the Agreement, if any, and a certified copy of this Ordinance shall always be kept on file in the office of the City Clerk.

Section 702. Further Authority. The officers of the City, including the Mayor, Finance Director and Clerk, shall be, and they hereby are, authorized and directed to execute all documents and take such actions as they may deem necessary or advisable in order to carry out and perform the purposes of this Ordinance and to make ministerial alterations, changes or additions in the foregoing agreements, statements, instruments and other documents herein approved, authorized and confirmed which they may approve and the execution or taking of such action shall be conclusive evidence of such necessity or advisability.

Section 703. Relationship of Agreement. In the event that any conflict arises between the provisions of the Agreement and the provisions of this Ordinance, the provisions of the Agreement shall prevail.

Section 704. Severability. If any section or other part of this Ordinance, whether large or small, is for any reason held invalid, the invalidity thereof shall not affect the validity of the other provisions of this Ordinance.

Section 705. Governing Law. This Ordinance shall be governed by and constructed in accordance with the applicable laws of the State of Nebraska.

Section 706. Effective Date. This Ordinance shall take effect and be in full force from and after passage by the Council, approval by the Mayor and publication as provided by law.

INTRODUCED BY:

PASSED _____, 2006.

AYES: _____

NAYS: _____

ABSENT OR NOT VOTING:

Approved as to Form:

City Attorney

Bond Counsel

CONFLICT OF INTEREST:

APPROVED: _____, 2006.

Mayor

EXHIBIT A

FORM OF SEWER OBLIGATION

**UNITED STATES OF AMERICA
STATE OF NEBRASKA
COUNTY OF LANCASTER
THE CITY OF LINCOLN**

**SEWER REVENUE OBLIGATION
(WATERFORD PROJECT)**

_____, 2006

\$ _____

REGISTERED OWNER:

PRINCIPAL AMOUNT:

FOR VALUE RECEIVED, THE CITY OF LINCOLN, NEBRASKA (the "City") promises to pay to the order of the Registered Owner specified above the Principal Amount stated above, and to pay interest on the outstanding principal balance, in installments ("**Payments**") at the times and in the amounts specified in the Waterford Estates Conditional Annexation and Zoning Agreement dated _____ (the "**Agreement**") authorized to be executed and delivered by the City pursuant to Ordinance No. _____ (the "**Ordinance**") adopted by the Council on _____, 2006 and approved by the Mayor on _____, 2006.

The City promises to make all payments required to be made under the Agreement in accordance with the provisions of and in the manner referred to in the Agreement, the terms and provisions of which are incorporated herein by reference, but only from the sources specified in the Ordinance, the terms and provisions of which are incorporated herein by reference.

If an event of default under the Agreement occurs, the Registered Owner shall have such remedies as are set forth in the Agreement.

The laws of the State of Nebraska shall govern this Obligation.

Dated: _____, 2006.

THE CITY OF LINCOLN, NEBRASKA,

ATTEST:

By: _____

Mayor

By: _____

Clerk

EXHIBIT B

FORM OF STREET OBLIGATION

**UNITED STATES OF AMERICA
STATE OF NEBRASKA
COUNTY OF LANCASTER
THE CITY OF LINCOLN**

**STREET OBLIGATION
(WATERFORD PROJECT)**

_____, 2006 \$ _____

REGISTERED OWNER:

PRINCIPAL AMOUNT:

FOR VALUE RECEIVED, THE CITY OF LINCOLN, NEBRASKA (the "City") promises to pay to the order of the Registered Owner specified above the Principal Amount stated above, and to pay interest on the outstanding principal balance, in installments ("**Payments**") at the times and in the amounts specified in the Waterford Estates Conditional Annexation and Zoning Agreement dated _____ (the "**Agreement**") authorized to be executed and delivered by the City pursuant to Ordinance No. _____ (the "**Ordinance**") adopted by the Council on _____, 2006 and approved by the Mayor on _____, 2006.

The City promises to make all payments required to be made under the Agreement in accordance with the provisions of and in the manner referred to in the Agreement, the terms and provisions of which are incorporated herein by reference, but only from the sources specified in the Ordinance, the terms and provisions of which are incorporated herein by reference.

If an event of default under the Agreement occurs, the Registered Owner shall have such remedies as are set forth in the Agreement.

The laws of the State of Nebraska shall govern this Obligation.

Dated: _____, 2006.

THE CITY OF LINCOLN, NEBRASKA,

ATTEST:

By: _____
Mayor

By: _____

Clerk

EXHIBIT C

FORM OF WATER OBLIGATION

**UNITED STATES OF AMERICA
STATE OF NEBRASKA
COUNTY OF LANCASTER
THE CITY OF LINCOLN**

**WATER REVENUE OBLIGATION
(WATERFORD PROJECT)**

_____, 2006

\$ _____

REGISTERED OWNER:

PRINCIPAL AMOUNT:

FOR VALUE RECEIVED, THE CITY OF LINCOLN, NEBRASKA (the "City") promises to pay to the order of the Registered Owner specified above the Principal Amount stated above, and to pay interest on the outstanding principal balance, in installments ("**Payments**") at the times and in the amounts specified in the Waterford Estates Conditional Annexation and Zoning Agreement dated _____ (the "**Agreement**") authorized to be executed and delivered by the City pursuant to Ordinance No. _____ (the "**Ordinance**") adopted by the Council on _____, 2006 and approved by the Mayor on _____, 2006.

The City promises to make all payments required to be made under the Agreement in accordance with the provisions of and in the manner referred to in the Agreement, the terms and provisions of which are incorporated herein by reference, but only from the sources specified in the Ordinance, the terms and provisions of which are incorporated herein by reference.

If an event of default under the Agreement occurs, the Registered Owner shall have such remedies as are set forth in the Agreement.

The laws of the State of Nebraska shall govern this Obligation.

Dated: _____, 2006.

THE CITY OF LINCOLN, NEBRASKA,

ATTEST:

By: _____

Mayor

By: _____

Clerk