

02-581

CERTIFICATE

STATE OF NEBRASKA)
)
COUNTY OF SALINE) ss.
)
CITY OF FRIEND)

I, Donald Anderson, City Clerk of the City of Friend, Nebraska (the "City"), do hereby certify that attached hereto is a true and complete copy of Ordinance No. 02-581 (the "Ordinance") of the City.

The undersigned hereby further certifies that:

(a) The Ordinance was passed on June 4, 2002, by the Council of the City at a regular meeting thereof duly held on said date;


(b) The Ordinance was approved by the Mayor on June 4, 2002;

(c) The Ordinance was published in pamphlet form on June 12, 2002;

(d) A Notice of Passage of the Ordinance was published in the Friend Sentinel, a weekly newspaper of general circulation in the City on June 12, 2002; and

(e) The Ordinance has not been amended, modified or rescinded since the passage thereof.

IN WITNESS WHEREOF, the undersigned has executed this Certificate in her official capacity this 9th day of July, 2002.



City Clerk


Attachment

CERTIFICATE

STATE OF NEBRASKA)
)
COUNTY OF SALINE) ss.
)
CITY OF FRIEND)

I, Donald Anderson, City Clerk of the City of Friend, Nebraska (the "City"), do hereby certify that the following pages contain true and correct extracts of minutes of a legally convened meeting of the Council of the City held on June 4, 2002, pertaining to the readings, passage and adoption of Ordinance No. 02-581 and the authorization of the issuance and sale of \$550,000 General Obligation Various Purpose Bonds, Series 2002, dated as of July 1, 2002, all as shown by the records and files of my said office.

IN WITNESS WHEREOF, I have hereunto set my hand officially this 9th day of July, 2002.



City Clerk as aforesaid

Attachment

Friend, Nebraska
June 4, 2002

The Mayor and City Council of the City of Friend, Nebraska met in regular session at the City Hall on the 4th day of June, 2002, at 7:00 p.m., in publicly convened session, the same being open to the public and having been preceded by advance publicized notice thereof by publication in the Friend Sentinel, a legal newspaper published and of general circulation in the City of Friend, Nebraska as evidenced by Attachment #1, said form of notice being the designated method for giving notice. Advance notice of the meeting was also given to the Mayor and City Council Members and a copy of their acknowledgment of receipt of such notice is attached to these minutes. Availability of the agenda was communicated in the advance notice and in the notice to the Mayor and City Council members. All proceedings hereafter shown were taken while the meeting was open to attendance of the public.

The Mayor, James Vossler, presided and the City Clerk, Ann Betka, recorded the proceedings. The following Council Members were present: Dan Fricke, Rhonda Bulwan, Roger Horner, Gary Tuttle

Absent: none

A quorum being present and the meeting duly convened, the following proceedings were had and done.

Council Member Roger Horner introduced an ordinance entitled:

ORDINANCE NO. 02-581

AN ORDINANCE AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION VARIOUS PURPOSE BONDS, SERIES 2002, OF THE CITY OF FRIEND, NEBRASKA, IN THE PRINCIPAL AMOUNT OF FIVE HUNDRED FIFTY THOUSAND DOLLARS (\$550,000) TO PROVIDE

FUNDS, IN ADDITION TO OTHER LEGALLY AVAILABLE FUNDS OF THE CITY, (1) TO PAY THE COSTS OF (A) IMPROVING CERTAIN STREETS, AVENUES AND ALLEYS AND THE INTERSECTIONS AND AREAS FORMED BY THE CROSSING OF STREETS, AVENUES AND ALLEYS IN STREET IMPROVEMENT DISTRICT NOS. 2001-2 AND 2002-1, AND IN STREET IMPROVEMENT PROJECTS 2001-1, 2001-2 AND 2001-3; AND (B) TO PAY THE COSTS OF CERTAIN OTHER IMPROVEMENTS TO CERTAIN STREETS AND ALLEYS IN THE CITY IN ACCORDANCE WITH SECTION 66-4,101 REISSUE REVISED STATUTES OF NEBRASKA, AS AMENDED; AND (2) TO PAY THE COSTS OF ISSUANCE OF THE BONDS; PRESCRIBING THE TERMS AND FORM OF SAID BONDS; PROVIDING FOR THE LEVY OF TAXES TO PAY THE INTEREST ON AND PRINCIPAL OF SAID BONDS; PROVIDING FOR PUBLICATION IN PAMPHLET FORM AND THE TIME WHEN THIS ORDINANCE SHALL TAKE EFFECT; AND RELATED MATTERS.

Council Member Roger Horner moved that the statutory rule requiring that ordinances be read by title on three different days be dispensed with so that Ordinance No. 02-58 might be introduced, read by title and then moved for final passage on the same day, without the same being read in full, which motion was seconded by Council Member Gary Tuttle. The yeas and nays were called and the vote was as follows: "YEA": Tuttle, Fricke, Bulwan, Horner
_____. "NAY": none
_____. Absent and not voting: none.

The motion to suspend the statutory rule having been agreed upon by three-fourths ($\frac{3}{4}$) of the Members of the City Council present and acting, was by the Mayor declared passed and adopted.

Following the reading of the title of said ordinance, Council Member Roger Horner then moved that said ordinance be passed, which motion was seconded by Council Member Rhonda Bulwan. The Mayor then stated, "The question is, shall Ordinance No. 02-58 be passed and adopted?" The yeas and nays were called, the vote being as follows:

"YEA": Horner, Tuttle, Bulwan, Fricke

_____ "NAY": none

_____ Absent and not voting: none

The passage and adoption of said ordinance having been agreed upon by a majority of all of the Members elected to the City Council, the Mayor declared the ordinance passed and adopted and, in the presence of the City Council, signed and approved said ordinance and the City Clerk attested its passage and approval and affixed his signature and the seal of the City thereto.

The following is a true and complete copy of Ordinance No. 02-581

ORDINANCE NO. 02-581

AN ORDINANCE AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION VARIOUS PURPOSE BONDS, SERIES 2002, OF THE CITY OF FRIEND, NEBRASKA, IN THE PRINCIPAL AMOUNT OF FIVE HUNDRED FIFTY THOUSAND DOLLARS (\$550,000) TO PROVIDE FUNDS, IN ADDITION TO OTHER LEGALLY AVAILABLE FUNDS OF THE CITY, (1) TO PAY THE COSTS OF (A) IMPROVING CERTAIN STREETS, AVENUES AND ALLEYS AND THE INTERSECTIONS AND AREAS FORMED BY THE CROSSING OF STREETS, AVENUES AND ALLEYS IN STREET IMPROVEMENT DISTRICT NOS. 2001-2 AND 2002-1, AND IN STREET IMPROVEMENT PROJECTS 2001-1, 2001-2 AND 2001-3; AND (B) TO PAY THE COSTS OF CERTAIN OTHER IMPROVEMENTS TO CERTAIN STREETS AND ALLEYS IN THE CITY IN ACCORDANCE WITH SECTION 66-4,101 REISSUE REVISED STATUTES OF NEBRASKA, AS AMENDED; AND (2) TO PAY THE COSTS OF ISSUANCE OF THE BONDS; PRESCRIBING THE TERMS AND FORM OF SAID BONDS; PROVIDING FOR THE LEVY OF TAXES TO PAY THE INTEREST ON AND PRINCIPAL OF SAID BONDS; PROVIDING FOR PUBLICATION IN PAMPHLET FORM AND THE TIME WHEN THIS ORDINANCE SHALL TAKE EFFECT; AND RELATED MATTERS.

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

Section 1. The Mayor and City Council (the "Council") of the City of Friend, Nebraska (the "City"), find and determine that: Pursuant to ordinances heretofore enacted, Street Improvement District Nos. 2001-2 and 2002-1 were created in the City and certain improvements are being constructed in each of said Districts, the estimated

aggregate cost of said completed improvements, as reported by the City's special engineers, is not less than the amounts set forth below:

<u>District Number</u>	<u>Intersections</u>	<u>District Costs</u>	<u>Total Costs</u>
2001-2	\$ 8,390.00	\$ 72,900.00	\$ 81,290.00
2002-1	18,555.00	136,050.00	154,605.00
TOTAL	\$26,945.00	\$208,950.00	\$235,895.00

The City reasonably expects to levy special assessments according to law on the real estate in said Districts specially benefitted thereby in proportion to such benefits, which special assessments will be valid liens on the real estate upon which they have been levied; after applying to the payment of said costs of said improvements all funds available for such purpose, there still remains due and payable by the City on the Districts' costs, including additional expenses incurred for interest on warrants and bond anticipation notes of the City issued to provide interim financing for the construction of improvements in such Districts and legal, fiscal, financing and miscellaneous costs, not less than \$208,950.00; and for intersection and general benefit costs, including additional expenses incurred for interest on warrants and bond anticipation notes of the City issued to provide interim financing for the construction of improvements in said intersections and general benefit improvements and legal, fiscal, financing and miscellaneous expenses, not less than \$26,945.00; all conditions, acts and things required by law to exist or to be done precedent to the issuance of District Improvement Bonds of the Districts in the amount of \$208,950 pursuant to Section 17-516, Reissue Revised Statutes of Nebraska, as amended, and precedent to the issuance of Intersection Paving Bonds in connection with said Districts in the amount of \$26,945, pursuant to Section 17-520, Reissue Revised Statutes of Nebraska, as amended, for the purpose of paying the cost of the improvements and related expenses heretofore described, do exist and have been done in due form and time as required by law.

Section 2. The Mayor and Council of the City further find and determine that: Pursuant to resolutions heretofore enacted, Street Improvement Project Nos. 2001-1, 2001-2 and 2001-3 were created in the City and certain improvements are being constructed in each of said Project, the estimated aggregate cost of said completed improvements, as reported by the City's special engineers, is not less than the amounts set forth below:

<u>Project Number</u>	<u>Total Costs</u>
2001-1	\$37,016.00
2001-2	46,096.00
2001-3	49,409.00
TOTAL	\$132,605.00

The City reasonably expects to levy special assessments according to law on the real estate in said Projects specially benefitted thereby in proportion to such benefits, which special assessments will be valid liens on the real estate upon which they have been levied; after applying to the payment of said costs of said improvements all funds available for such purpose, there still remains due and payable by the City on the costs of the Projects, including additional expenses incurred for interest on warrants and bond anticipation notes of the City issued to provide interim financing for the construction of improvements in such Projects and legal, fiscal, financing and miscellaneous costs, not less than \$132,605; all conditions, acts and things required by law to exist or to be done precedent to the issuance of Paving Bonds of the Projects in the amount of \$132,605 pursuant to Section 18-2003, Reissue Revised Statutes of Nebraska, as amended, for the purpose of paying the cost of the improvements and related expenses heretofore described, do exist and have been done in due form and time as required by law.

Section 3. The Mayor and Council of the City further find and determine that it is necessary, desirable and advisable that the City make improvements to certain streets, avenues and alleys of the City, including, but not limited to, the construction of improvements to the alleys between First and Second Streets west of Maple Street and east of Maple Street, Fourth Street between Race Street and Sycamore Street, Cherry Street between Fourth Street and Sixth Street and Main Street between Sixth Street and Ninth Street (collectively, the "Paving Project"), the estimated costs of which are not less than \$181,500.00. Pursuant to the provisions of Section 66-4,101, Reissue Revised Statutes of Nebraska, as amended, the City is authorized (i) to issue its Highway Allocation Fund Pledge Bonds to pay the costs of the Project, (ii) to pledge funds received from the Nebraska Highway Allocation Fund to the payment of the principal thereof and the interest thereon, and (iii) to levy and collect a tax upon all the taxable property with the City, except intangible property, which, together with receipts from the Highway Allocation Fund pledged to the payment of such Highway Allocation Fund Pledge Bonds, will be sufficient in amount to pay the principal thereof and the interest thereon when and as the same becomes due.

Section 4. 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 issuance of Various Purpose Bonds of the City pursuant to Sections 18-1801 and 18-1802, Reissue Revised Statutes of Nebraska, as amended, to pay the cost of improvements and related expenses heretofore mentioned in Sections 1, 2 and 3 hereof, do exist and have been done as required by law, and there shall be and there are hereby ordered issued General Obligation Various Purpose Bonds, Series 2002, of the City (the "Bonds") in the principal amount of Five Hundred Fifty Thousand Dollars (\$550,000), fully registered as to both principal and interest on the books of the Bond Registrar and Paying Agent appointed in Section 8 hereof (the "Registrar"), numbered from 1 upward in order of issuance, in the denomination of \$5,000 and integral multiples thereof each, dated with a Date of Original Issue of July 1, 2002, and maturing on the dates, in the principal amounts and bearing interest calculated on the basis of a 360-day year consisting of twelve 30-day months as follows:

<u>Principal Amount</u>	<u>Maturity (August 1)</u>	<u>Interest Rate</u>
\$25,000	2003	2.00%
30,000	2004	2.50
30,000	2005	3.00
30,000	2006	3.30
30,000	2007	3.60
35,000	2008	3.90
35,000	2009	4.10
35,000	2010	4.25
35,000	2011	4.40
40,000	2012	4.50
40,000	2013	4.60
45,000	2014	4.70
45,000	2015	4.80
45,000	2016	4.90
50,000	2017	5.00

The Bonds maturing on or before August 1, 2006 shall not be subject to redemption prior to their stated maturities. The Bonds maturing on or after August 1, 2007 shall be subject to redemption at the option of the City prior to the stated maturities thereof at any time on or after July 1, 2007, 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 discretion may determine, and in the event that less than all of the Bonds of any maturity are to be called for redemption, the particular Bonds of such maturity to be redeemed shall be selected by lot, at a redemption price of the principal amount thereof, together with the interest accrued on such principal amount to the date fixed for redemption.

The Bonds shall be redeemed in whole multiples of \$5,000 and if any Bond be in a denomination in excess of \$5,000, portions of the principal amount thereof in installments of \$5,000 or any multiples thereof may be redeemed, and if less than all of the principal amount thereof is redeemed, in such case upon the surrender of such Bond there shall be issued to the registered owner thereof without charge therefor, for the then unredeemed balance of the principal amount thereof, Bonds of like series, maturity and interest rates in any of the authorized denominations provided by this Ordinance.

Notice of redemption of Bonds stating their designation, date, maturity and principal amounts shall be given by the Registrar by mailing such notice by first-class mail, postage prepaid, not less than thirty (30) days prior to the date fixed for redemption to the registered owners at their most recent addresses appearing upon the books of registry, but failure to mail such notice shall not affect the proceedings for redemption. Notice of redemption need not be given to the holder of any Bond, whether registered or not, who has waived notice of redemption. Notice of redemption having been given as provided above or notice of redemption having been waived by the owners of Bonds called for redemption who have not been given such notice as provided above, the Bonds so called for redemption shall become due and payable on the designated redemption date. The City

shall give written notice to the Registrar of its election to redeem Bonds at least forty-five days prior to the said redemption date, or such shorter period as shall be acceptable to the Registrar. If on or before the said redemption date funds sufficient to pay the Bonds so called for redemption at the applicable redemption price and accrued interest to said date have been deposited or caused to have been deposited by the City with the Registrar for the purposes of such payment and notice of redemption thereof has been given or waived as hereinbefore provided, then from and after the date fixed for redemption interest on such Bonds so called shall cease to accrue and become payable. If such funds shall not have been so deposited with the Registrar as aforesaid on or before the date fixed for redemption, such call for redemption shall be revoked and the Bonds so called for redemption 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 redemption, and shall continue to be protected by this Ordinance and entitled to the benefits and security hereof.

Section 5. Interest on the Bonds at the respective rates for each maturity is payable semiannually on February 1 and August 1 of each year, commencing February 1, 2003 (each of said 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 redemption by check or draft mailed by the Registrar or its successor on such Interest Payment Date to the registered owner of each Bond at such registered owner's address as it appears on the Bond Register maintained by the Registrar or its successor at the close of business on the fifteenth day of the month preceding the month in which each Interest Payment Date occurs (the "Record Date") subject to the provisions of the following paragraph. The principal on the Bonds and the interest due at maturity or upon redemption 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 Bonds to the Registrar.

In the event that payments of interest due on the 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 as of the Record Date for such Interest Payment Date and shall be payable to the registered owners of the Bonds 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 Bonds shall be a Saturday, Sunday, legal holiday or a day in which banking institutions in the city in which the principal corporate trust office of the 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 6. The Bonds shall be executed on behalf of the City by the manual or facsimile signatures of the Mayor and the City Clerk. The Bonds shall be issued initially as "book-entry-only" bonds using 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 understanding and representation (the “Representation Letter”) in the form required by the Depository, for and on behalf of the City, which shall thereafter govern matters with respect to registration, transfer, payment and redemption of the Bonds. Upon the issuance of the Bonds as “book-entry-only” bonds, the following provisions shall apply:

(a) The City and the Registrar shall have no responsibility or obligation to any broker-dealer, bank or other financial institution for which the Depository holds Bonds as securities depository (each, a “Bond Participant”) or to any person who is an actual purchaser of a Bond from the Bond Participant while the 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 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 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 Bonds. The Registrar shall make payments with respect to the 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 Bonds to the extent of the sum or sums so paid. No person other than the Depository shall receive an authenticated Bond.

(b) Upon receipt by the Registrar of written notice from the Depository to the effect that the Depository is unable or unwilling to discharge its responsibilities, the Registrar shall issue, transfer and exchange Bonds requested by the Depository in appropriate amounts. Whenever the Depository requests the City and the Registrar to do so, the City and the 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 Bonds or (ii) to make available Bonds registered in whatever name or names the Beneficial Owners transferring or exchanging such Bonds shall designate.

(c) If the City determines that it is desirable that bonds representing the Bonds be delivered to the Bond Participants and/or Beneficial Owners of the Bonds and so notifies the City and the Registrar in writing, the Registrar shall so notify the Depository, whereupon the Depository will notify the Bond Participants of the availability through the Depository of bonds representing the Bonds. In such event, the City and the Registrar shall issue, transfer or exchange bonds representing the

Bonds as requested by the Depository in appropriate amounts and in authorized denominations.

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

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

(i) any successor securities depository or its nominee;

(ii) any persons, 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 Bond unless and until such partially redeemed Bond has been replaced in accordance with the provisions of Section 4 of this Ordinance, the books and records of the Registrar shall govern and establish the principal amount of such Bond as is then outstanding and all of the Bonds issued to the Depository or its nominee shall contain a legend to such effect.

If for any reason the Depository resigns and is not replaced, the City shall immediately provide a supply of printed bonds 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 bonds shall be insufficient to meet the requirements of the City and Registrar for issuance of replacement Bonds upon transfer or partial redemption, the City agrees to order printed an additional supply of bonds and to direct their execution by manual or facsimile signature of an authorized officer of the City and the authentication by the manual signature of an authorized officer of the Registrar. In case any officer whose signature or facsimile thereof shall appear on any Bond shall cease to be such officer before the delivery of such Bond (including any bonds 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 such Bond. No Bond shall be valid or obligatory unless and until the Certificate of Authentication thereon shall have been duly executed by the Registrar.

The Bonds shall be delivered to the Registrar for registration and authentication. Upon execution, registration and authentication of the Bonds, the Registrar is authorized to deliver them to Edward D. Jones & Co., L.P., St. Louis, Missouri, as the initial purchaser thereof, upon receipt of 98.4% of the principal amount of the Bonds plus accrued interest thereon to date of payment of the Bonds. Said initial purchaser shall have the right to direct the registration of the Bonds and the denominations thereof within each maturity, subject to the restrictions of this Ordinance.

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

UNITED STATES OF AMERICA
STATE OF NEBRASKA
COUNTY OF SALINE
CITY OF FRIEND, NEBRASKA
VARIOUS PURPOSE BOND, SERIES 2002

No. _____ \$ _____

<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Rate of Interest</u>	<u>CUSIP No.</u>
July 1, 2002	August 1, 20__	%	

REGISTERED OWNER:

PRINCIPAL AMOUNT: _____ DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That the City of Friend, in the County of Saline, in the State of 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 in lawful money of the United States of America on the Date of Maturity stated above, with interest thereon from the Date of Issue specified above at the Rate of Interest per annum stated above calculated on the basis of a 360-day year consisting of twelve 30-day months, payable semi-annually on February 1 and August 1 of each year, commencing February 1, 2003 (each of such dates an "Interest Payment Date") until maturity or earlier redemption.

The Principal Amount and the interest due at maturity or upon redemption prior to maturity is payable to the Registered Owner hereof in lawful money of the United States of America without deduction for services as paying agent at the office of the Bond Registrar and Paying Agent, Wells Fargo Bank Nebraska, National Association, in the City of Lincoln, Nebraska (the "Registrar"), upon presentation and surrender of this bond. Interest on this bond due prior to maturity or earlier redemption shall be paid by check or draft mailed on such Interest Payment Date to the Registered Owner hereof 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 of the month preceding the month in which interest on this bond 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 bond (or of one or more predecessor bonds thereto) on such special Record Date for payment of such defaulted interest as shall be fixed by the Registrar whenever moneys for such purpose become available. For the prompt payment of this bond, both principal and interest, as the same become due, the full faith, credit and resources of the City are hereby irrevocably pledged.

The bonds of the series of which this bond is one maturing on or prior to August 1, 2006, shall not be subject to redemption prior to their stated maturities. The bonds of the series of which this bond is one maturing on and after August 1, 2007 are subject to redemption at the option of the City prior to the stated maturities thereof at any time on and after July 1, 2007, 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 discretion may determine, and in the event that less than all the bonds of a maturity are to be called for redemption, the particular bonds of such maturity to be redeemed shall be selected by lot at the redemption price of the principal amount thereof, together with the interest accrued on such principal amount to the date fixed for redemption.

Bonds shall be redeemed in whole multiples of \$5,000 and if any bond be in a denomination in excess of \$5,000, portions of the principal amount thereof in installments of \$5,000 or any multiples thereof may be redeemed, and if less than all of the principal amount thereof is to be redeemed, in such case upon the surrender of such bond there shall be issued to the registered owner thereof without charge therefor, for the then unredeemed balance of the principal amount thereof, registered bonds of like series, maturity and interest rates in any of the authorized denominations provided by the Ordinance (hereinafter defined).

Notice of redemption of this bond shall be given to the Registered Owner hereof by first-class mail, postage prepaid, not less than thirty (30) days prior to the date fixed for redemption, all as more particularly set forth in the Ordinance (hereinafter defined). Notice of redemption having been given as provided in the Ordinance (hereinafter defined), or notice of redemption having been waived, and funds for the payment thereof having been deposited with the Registrar, this bond shall cease to bear interest from and after the date fixed for redemption.

This bond is one of a series of bonds numbered from 1 upwards, in order of their issuance, being in the denomination of \$5,000 and integral multiples thereof, of the total principal amount of Five Hundred Fifty Thousand (\$550,000), all of like date and tenor except as to denomination, date of maturity, rate of interest and priority of redemption which have been issued by the City for the purpose of providing funds (a) to pay a portion of the costs of (1) improving certain streets, avenues and alleys and the intersections and areas formed by the crossing of streets, avenues and alleys in Street Improvement District Nos. 2001-2 and 2002-1 and in Street Improvement Project Nos. 2001-1, 2001-2 and 2001-3; and (2) constructing certain improvements to certain streets, avenues and alleys of the City in pursuance of Section 66-4,101, Reissue Revised Statutes of Nebraska, as amended; and (b) to pay the costs of the issuance of the bonds of the series of which this bond is one under the authority of and in compliance with the laws of the State of Nebraska governing the City, and pursuant to Ordinance No. 2-581 of the City (the "Ordinance") duly enacted and by proceedings duly had by the Mayor and City Council of the City.

This bond is transferable by the Registered Owner hereof in person or by such Registered Owner's attorney duly authorized in writing, at the principal office of the Registrar but only in the manner and subject to the limitations and conditions provided in the Ordinance and upon presentation and surrender hereof to the Registrar for

cancellation. Upon any such registration of transfer, the City shall execute and the Registrar shall authenticate and deliver in exchange for this bond, a new registered bond or bonds, registered in the name of the transferee, of authorized denominations, in an aggregate principal amount equal to the principal amount of this bond, of the same series and maturity and bearing interest at the same rate. 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.

The City has in the Ordinance designated such issue of bonds as "qualified tax-exempt obligations" pursuant to Section 265(b)(3)(B) of the Internal Revenue Code of 1986.

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, and that the indebtedness of the City, including this bond, does not exceed any statutory limitation imposed by law. All special assessments levied upon real estate in said districts specially benefitted by said improvements shall be valid liens on the lots and tracts of land upon which they have been levied and shall, when collected, be set aside and constitute a sinking fund for the payment of the principal of and interest on said bonds. The City agrees that it will collect said special assessments and in addition thereto, will cause to be levied and collected annually a tax by valuation on all the taxable property in the City, except intangible property, in addition to all other taxes, sufficient in rate and amount to fully pay the principal and interest on said bonds as the same becomes due.

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



By: Ann L. Betka
City Clerk

CITY OF FRIEND, NEBRASKA

By: [Signature]
Mayor

BOND REGISTRAR AND PAYING AGENT'S
CERTIFICATE OF AUTHENTICATION

This bond is one of the series of bonds described in the within-mentioned Ordinance.

WELLS FARGO BANK NEBRASKA,
NATIONAL ASSOCIATION, Lincoln,
Nebraska, as Bond Registrar and Paying
Agent

By: _____
Authorized Officer

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

_____ the within bond and all rights thereunder,
and hereby irrevocably constitutes and appoints _____ attorney
to transfer the within bond on the books kept for registration thereof, with full power of
substitution in the premises.

DATED:

NOTICE: The signature on this assignment
must correspond with the name as it appears
upon the face of the within bond in every
particular, without alteration or enlargement
or any change whatsoever.

Section 8. (a) Wells Fargo Bank Nebraska, National Association, Lincoln, Nebraska,
is hereby designated to serve as Bond Registrar and Paying Agent (the "Registrar") for the
Bonds. The Registrar shall serve in such capacities under the terms of an agreement
entitled "Bond Registrar and Paying Agent's Agreement" between the City and Registrar,
the form of which is hereby approved. The Mayor and the City Clerk are hereby
authorized to execute said agreement in substantially the form presented but with such
changes as they shall deem appropriate or necessary. Upon merger or consolidation of the
Registrar with another corporation, if the resulting corporation is a bank or trust company
authorized by law to conduct such business, such corporation shall be authorized to act as
successor Registrar. The City agrees to pay the reasonable and customary charges to the
Registrar for the services performed. The City reserves the right to remove the Registrar
upon thirty (30) days' notice and upon the appointment of a successor Registrar, in which
event the predecessor Registrar shall deliver all cash and Bonds in its possession to the
successor Registrar and shall deliver the Bond Register to the successor Registrar. The

Registrar shall have only such duties and obligations as are expressly specified by this Resolution and the Bond Registrar and Paying Agent's Agreement and no other duties or obligations shall be implied to the Registrar.

(b) The Registrar shall keep and maintain for the City books for the registration and transfer of the Bonds at its office in Lincoln, Nebraska. The names and registered addresses of the registered owner or owners of the Bonds shall at all times be recorded in such books. Any Bond may be transferred pursuant to its provisions at the office of the Registrar by surrender of such Bond for cancellation, accompanied by a written instrument of transfer, in form satisfactory to the Registrar, duly executed by the registered owner in person or by such owner's duly authorized agent, and thereupon the Registrar on behalf of the City will deliver at such 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 the transferee owner or owners, a new Bond or Bonds of the same interest rate, aggregate principal amount and maturity, bearing numbers not contemporaneously then outstanding. To the extent of the denominations authorized for the Bonds by this resolution, one 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 Bond, the surrendered Bond shall be canceled and destroyed. 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. Bonds issued upon transfer or exchange of Bonds shall be dated as of the date six months preceding the Interest Payment Date next following the date of registration thereof in the office of the Registrar, unless such date of registration shall be an Interest Payment Date, in which case they shall be dated as of such date of registration; provided, however, that if, as shown by the records of the Registrar, interest on the Bonds shall be in default, the Bonds issued in lieu of Bonds surrendered for transfer or exchange may be dated as of the date to which interest has been paid in full on the Bonds surrendered; and provided further, that if the date of registration shall be prior to the first Interest Payment Date, the Bonds shall be dated as of their Date of Original Issue. All Bonds issued upon transfer of the Bonds so surrendered shall be valid obligations of the City evidencing the same obligations as the Bonds surrendered and shall be entitled to all the benefits and protection of this resolution to the same extent as the Bonds upon transfer of which they were delivered. The City and the Registrar shall not be required to transfer any Bond during any period from any Record Date until its immediately following interest Payment Date or to transfer any Bond called for redemption for a period of 30 days next preceding the date fixed for redemption.

(c) The Registrar shall also be responsible for making the payments of principal and interest as the same fall due upon the Bonds from funds transferred to it by the City for such purpose. Payment of interest due upon the Bonds prior to maturity 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 Bond addressed to such owner's registered address as of the Record Date as shown on the books of registration as required to be

maintained under this Section 8. Payments of principal due at maturity, together with any accrued interest then due, shall be made by the Registrar upon presentation and surrender of such Bond at the office of the Registrar in Lincoln, Nebraska. The City and the Registrar may treat the registered owner of any Bond as the absolute owner of such Bond for the purpose of making payment thereon and for all other purposes. All payments on account of interest or principal made to the registered owner of any Bond shall be valid and effectual and shall be a discharge of the City and the Registrar in respect of the liability upon such Bond or claims for interest to the extent of the sum or sums so paid.

Section 9. For the prompt payment of the Bonds issued to pay the costs of the Paving Project, both principal and interest, when and as the same shall become due, the City hereby pledges all receipts now or hereafter received by the City from the State of Nebraska Highway Allocation Fund, as described and referred to in Section 66-4,101. The pledge provided for in this Section 9 shall not prevent the City from applying receipts from said Fund in any year so long as sufficient receipts from such Fund have been set aside for the payment of the principal of and interest on such Bonds falling due in such year. In addition, the City further reserves the right to issue additional high way allocation fund pledge bonds payable on part with and equal and ratably secured by a pledge of receipts from the Highway Allocation Fund. The City warrants that special assessments shall be lawfully levied upon the real estate specially benefitted by the improvements heretofore referred and shall be valid liens on the respective lots and tracts of land upon which they shall be levied and that such assessments and the interest thereon shall, when collected, constitute a sinking fund for the payment of the principal of and interest on the Bonds. The City agrees that it will collect said special assessments and, in addition thereto, will cause to be levied and collected annually a tax by valuation on all the taxable property in the City, except intangible property, in addition to all other taxes, which with the amount of assessments collected and other funds of the City available therefor, shall be sufficient in rate and amount to fully pay the principal of and interest on said Bonds as the same become due. The provisions of this Resolution shall constitute a contract between the County and the registered owners of the Bonds and any registered owners of any Bond may either in law or equity, by suit, action, mandamus or other proceedings enforce or compel performance of this Resolution.

Section 10. The City Clerk shall make and certify in duplicate a complete transcript of the proceedings had and done by the City precedent to the issuance of said Bonds, one of which transcripts shall be filed with the Auditor of Public Accounts of the State of Nebraska and the other of which shall be delivered to the initial purchaser of the Bonds. After being executed by the Mayor and the City Clerk, said Bonds shall be delivered to the City Treasurer who shall be responsible therefor under his official Bond.

Section 11. (a) The Bond Purchase Agreement (the "Purchase Agreement") to be entered into between the City and Edward D. Jones & Co., L.P., St. Louis, Missouri, as Underwriter with respect to the purchase of the Bonds from the City, in the form or substantially the form presented to the meeting, but with such changes, modifications, amendments, revisions, and alterations therein, thereof, or thereto, and bearing such date, as Mayor shall in the exercise of his or her own independent judgment and absolute discretion determine to be necessary, proper, appropriate, advisable, or desirable in order

to effectuate the issuance, sale, and delivery of the Bonds, be and the same is hereby in all respects authorized, adopted, specified, accepted, ratified, approved, and confirmed. The Mayor is hereby authorized to execute the Purchase Agreement.

(b) Sale of the Bonds to the Underwriter pursuant to the Purchase Agreement is hereby in all respects authorized, adopted, specified, accepted, ratified, approved, and confirmed.

Section 12. (a) The Bonds shall be delivered to the Registrar for registration and authentication. Upon execution, registration and authentication of the Bonds, the Registrar is authorized to deliver them to Edward D. Jones & Co., L.P., as underwriter (the "Underwriter") thereof, upon receipt of the purchase price specified in the Purchase Agreement with respect to the Bonds approved in Section 11 hereof. The Underwriter shall have the right to direct the registration of the Bonds and the denominations thereof within each maturity, subject to the restrictions of this Resclution.

(b) Accrued interest, if any, received upon the issuance, sale and delivery of the Bonds shall be used to pay a portion of the interest falling due on the Bonds in the first Interest Payment Date. The remaining net proceeds of the Bonds shall be held by the County Treasurer in a separate fund and applied to pay the costs of the Project and the costs of issuance of the Bonds upon order of the Board.

Section 13. The Preliminary Official Statement is hereby approved and the Mayor and the City Clerk are hereby authorized to approve on behalf of the City a final Official Statement with any changes deemed appropriate by them.

Section 14. The City hereby covenants with the registered owners of the Bonds hereby authorized that it shall comply with all applicable provisions of the Internal Revenue Code of 1986 (the "Code"), as amended prior to the date of issuance and delivery of the Bonds, and with all applicable provisions of any other tax laws, existing as of such date, and any regulations, published rulings and court decisions pursuant thereto, which relate to the exclusion from gross income for Federal income tax purposes of the interest on the Bonds, to the extent necessary to comply with such Code, laws, regulations, published rulings and court decisions or otherwise to preserve such exemption.

The City hereby represents and warrants that (i) it reasonably anticipates issuing not more than \$10,000,000 of tax-exempt obligations (other than private activity bonds as defined in the Code) during the 2002 calendar year, (ii) it has not designated more than \$10,000,000 of obligations (including the Bonds herein authorized) during the 2002 calendar year to the date of this Ordinance as qualified tax-exempt obligations, (iii) the Bonds herein authorized are not "private activity bonds" as such term is defined in Section 141(a) of the Code and (iv) it hereby designates the Bonds, as "qualified tax-exempt obligations" pursuant to Section 265(b)(3)(8)(i) of the Code.

Section 15. The City's obligation under this Ordinance shall be fully discharged and satisfied as to the Bonds authorized and issued hereunder, and said Bonds shall no longer be deemed outstanding hereunder when payment of the principal of such Bonds plus

redemption premium, if any, and interest thereon to the date of maturity or redemption 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 for such Bonds, 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 Bonds shall cease to draw interest from the date of their redemption 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 Bonds called or to be called for redemption prior to the stated maturity thereof, notice of redemption shall have been duly given. If moneys shall have been deposited in accordance with the terms hereof with the Registrar or escrow agent in trust for that purpose sufficient to pay the principal of such Bonds, together with the redemption premium, if any, and all interest due thereon to the due date thereof or to the date fixed for the redemption thereof, as the case may be, all liability of the City for such payment shall forthwith cease, determine and be completely discharged, and such Bonds shall no longer be considered outstanding.

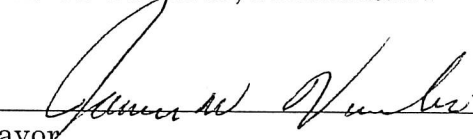
Section 16. Without in any way limiting the power, authority or discretion elsewhere herein granted or delegated, the Council hereby (a) authorizes and directs the Mayor, Treasurer, Clerk, Assistant Clerk, City Attorney and all other officers, officials, employees and agents of the City to carry out or caused to be carried out, and to perform such obligations of the City and such other actions as they, or any of them, in consultation with bond counsel, the initial purchaser of the Bonds and its counsel, shall consider necessary, advisable, desirable or appropriate in connection with this Ordinance and issuance, sale and delivery of the Bonds, 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 the terms, provisions, form and contents of any official statement utilized in offering the Bonds for sale to the public, (ii) determining and finalizing all other terms and provisions to be carried by the Bonds not specifically set forth in this Ordinance, and (iii) the taking of all actions and the making of all arrangements necessary, proper, appropriate, advisable or desirable in order to effectuate issuance, sale and delivery of the Bonds. 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 17. This Ordinance shall be published in pamphlet form with notice thereof published in the designated newspaper of general circulation in the City as provided by law and shall be in full force and effect from and after its passage as provided by law.

PASSED AND APPROVED THIS 4th day of June, 2002.



CITY OF FRIEND, NEBRASKA

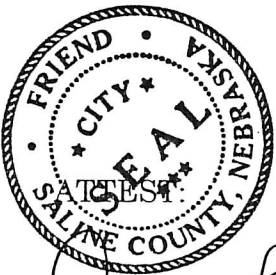


Mayor

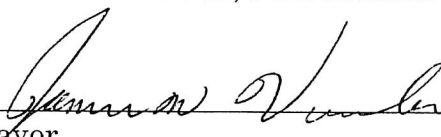


City Clerk

Motion for adjournment and meeting adjourned.



CITY OF FRIEND, NEBRASKA



Mayor



City Clerk

(S E A L)