

**ACKNOWLEDGEMENT OF RECEIPT OF NOTICE OF MEETING
OF THE MAYOR AND CITY COUNCIL OF
THE CITY OF DAVID CITY, NEBRASKA**

The undersigned members of the governing body of the City of David City, Nebraska, hereby acknowledge receipt of advance notice of a regular meeting of said body and the agenda for such meeting to be held at 7:00 o'clock p.m. on the **10th day of October, 2018**, in the meeting room of the City Office, 557 North 4th Street, David City, Nebraska.

This agenda is available for public inspection in the office of the City Clerk and may be modified up to twenty-four hours prior to the opening of the meeting.

Dated this 2nd day of October, 2018.

AGENDA AS FOLLOWS:

- | | |
|---|---|
| 1. Roll Call; | _____
Mayor Alan Zavodny |
| 2. Pledge of Allegiance; | |
| 3. Inform the Public about the location of the Open Meetings Act and the Citizens Participation Rules; | _____
Council President Gary D. Smith |
| 4. Minutes of the September 12 th , 2018 meeting of the Mayor and City Council; | |
| 5. Consideration of Progress Estimate #14 for Constructors, Inc. in the amount of \$430,975.23; | _____
Council member Thomas J. Kobus |
| 6. Consideration of Claims; | |
| 7. Committee and Officer Reports; | _____
Council member Dana E. Trowbridge |
| 8. Consideration of the Sanitary Sewer Rehabilitation Plans/Specifications and advertising for bids of the project; | |
| 9. Consideration of Ordinance No. 1295 entitled: An ordinance authorizing the issuance of Sanitary Sewer System Revenue Bond Anticipation Notes, Series 2018, of the City of David City, Nebraska, in the principal amount of not to exceed Three Million Dollars (\$3,000,000), for the purpose of providing interim financing for a portion of the costs of constructing improvements to the sanitary sewer system owned and operated by the City pending the issuance of permanent sewer system revenue bonds; agreeing to issue such bonds to pay the notes at maturity or to pay the notes from other available funds; prescribing the form of said notes; pledging and hypothecating the revenue and earnings of the sanitary sewer system of said City for the payment of said notes and interest thereon; provided for the collection, segregation and application of the revenue of said Sanitary Sewer System; entering into a contract on behalf of the City with the holders of said notes; and providing for publication of this ordinance in pamphlet form; | _____
Council member Kevin N. Hotovy

Council member Patrick J. Meysenburg

Council member John P. Vandenberg

City Clerk Joan E. Kovar |

10. Consideration of Resolution No. 16-2018 concerning the request by Henningsen Foods, Inc., for the City to relinquish ownership of an existing sewer line along the south side of "D" Street to Henningsen Foods, Inc., and grant Henningsen's permission to install a pumping station and forced sanitary line on City right-of-way;
11. Consideration of appointing Olsson Associates (Dave Ziska) as the Street Superintendent for fiscal year, January 1, 2019 through December 31, 2019;
12. Consideration of a Contract for Services with Marvin Planning Consultants concerning the David City North Area Blight Study;
13. Consideration of the request by the Butler County Ambassadors to install frisbee golf In the City Park area;
14. Consideration of the request by Sarah Styskal for fencing off an area in the City park for a dog park;
15. Public Hearing to consider the application of the David City Golf Club d.b.a. David City Golf Course, 899 Park Drive, for a Class C Liquor License;
16. Consideration of the application of the David City Golf Club, d.b.a. David City Golf Course, 899 Park Drive, for a Class C Liquor License;
17. Public Hearing to consider annexing an area of the Kozisek property located in the SW ¼ of the SW ¼ of Section 20 T15N R3E of the 6th P.M., Butler County, Nebraska, described as follows: Beginning at the southwest corner of Lot 4, Block 2, Kozi Addition to David City, Butler County, Nebraska, said Point being on the east line of Fourteenth Street in said David City; thence easterly, 140.11 feet to the southeast corner of said Lot 4; thence southerly, parallel with the east line of said Fourteenth Street, 379.3 feet; thence westerly, 140.11 feet, to a point on the east line of said Fourteenth Street, said point being 374.44 feet south of the southwest corner of said Lot 4; thence northerly, 374.44 feet, to the Point of Beginning, containing 1.21 acres, more or less;
18. Consideration of Ordinance No. 1296 annexing an area of the Kozisek property located in the SW ¼ of the SW ¼ of Section 20 T15N R3E of the 6th P.M., Butler County, Nebraska, as described above;
19. Public Hearing to consider amending Zoning Ordinance No. 1060, Article 8: Supplemental Regulations Section 8.03:01 Residential Fence Regulations by amending 6) All fences shall be located inside the boundaries of the property upon which constructed, unless the two property owners agree, in writing, to place the fence on the property line, and said agreement is filed with the County Clerk. In no case shall a fence be constructed and maintained within an established easement; 8) Any new fence shall not be attached to any neighboring fence, unless the two property owners agree, in writing;
20. Consideration of Ordinance No. 1297 amending Zoning Ordinance No. 1060, Article 8: Supplemental Regulations Section 8.03.01 Residential Fence Regulations as described above;
21. Consideration of Resolution No. 15 – 2018 to consider the request by Daniel J. & Janet M. Sypal to subdivide their property described: A tract of land being part of Lots 7 and 8, David City Land and Lot Company's Suburban Lots, located in the SW ¼ of the SE ¼ of Section 18, T15N, R3E of the 6th P.M. in Butler County, Nebraska, described as follows: Beginning at the southeast corner of said Lot 8, and assuming the south line of said Lot 8 to have a bearing of N 89°32'24" W; thence N 89°32'24" W, 155.00 feet; thence N 00°20'17" W, 348.83 feet; thence S 89°32'24" E, 84.35 feet, parallel with the south line of said Lot 8; thence N 00°24'47" E, 135.82 feet, parallel with the east line of said Lot 8; thence N

89°58'34" E, 75.33 feet, parallel with the north line of said Lot 8; thence S 00°24'47" W, 36.14 feet on the east line of said Lot 8; thence S 89°35'50" E, 131.70 feet; thence S 00°32'08" W, 449.25 feet, thence N 89°32'24" W, 130.74 feet on the south line of said Lot 7, to the point of beginning, containing 2.85 acres, more or less, into two tracts, approximately 1.50 acres and 1.35 acres;

22. Discussion and Consideration of Employee Health Benefits as presented by Ryan Ruth, First State Insurance;
23. Discussion and Consideration of the following as requested by Patrick Meysenburg:
 - New weight limit on "O" Street
 - Consideration of removing the stop sign at 9th & "A" Street
 - Placing "no parking" signs on "O" Street west of 4th Street
24. Consideration of the request by Nick Schneider, 507 Oak Street, to move a house he bought from David City High School to a new lot on his property;
25. Adjourn.

CITY COUNCIL PROCEEDINGS

October 10, 2018

The City Council of the City of David City, Nebraska, met in open public session in the meeting room of the City Office, 557 North 4th Street, David City, Nebraska. The Public had been advised of the meeting by publication of notice in The Banner Press on September 27th, and an affidavit of the publisher is on file in the office of the City Clerk. The Mayor and members of the City Council acknowledged advance notice of the meeting by signing the Agenda which is a part of these minutes. The advance notice to the Public, Mayor, and Council members conveyed the availability of the agenda, which was kept continuously current in the office of the City Clerk and was available for public inspection during regular office hours. No new items were added to the agenda during the twenty-four hours immediately prior to the opening of the Council meeting.

Present for the meeting were: Mayor Alan Zavodny, Council President Gary Smith, and Council members Pat Meysenburg, John Vandenberg, Thomas Kobus, Dana Trowbridge, and Kevin Hotovy, Attorney Jim Egr, and City Clerk Joan Kovar.

Also present for the meeting were: Craig Reinsch of Olsson Associates, Philip Lorenzen of D.A. Davidson, Jean Hicks, Megan Hicks, Sarah Styskal, Jim Angell, Darci Betzen, Galen Krenk, Joe Wilson, Russell & Monica Heller, Patrick Meysenburg, Bruce Meysenburg, Kevin Stara, Greg Sabata, Randy Robeson, Nicholas Schneider, Ryan Ruth of First State Insurance Agency, Superintendent of Schools Chad Denker, Planning Commission Member Pam Kabourek, Sheriff Marcus Siebken, Park/Auditorium Supervisor Bill Buntgen, Building Inspector Ray Sueper, and Water/Sewer Supervisor Travis Hays.

The meeting opened with the Pledge of Allegiance.

Mayor Alan Zavodny informed the public of the "Open Meetings Act" posted on the east wall of the meeting room asked those present to please silence their cell phones.

The minutes of the September 12th, 2018 meeting of the Mayor and City Council were approved upon a motion by Council member Vandenberg and seconded by Council member Kobus. Voting AYE: Council members Hotovy, Smith, Meysenburg, Trowbridge, Vandenberg, and Kobus. Voting NAY: None. The motion carried.

Council member Trowbridge made a motion to approve Progress Estimate #14 for Constructors, Inc., in the amount of \$430,975.23. Council member Smith seconded the motion. Voting AYE: Council members Hotovy, Meysenburg, Vandenberg, Kobus, Trowbridge, and Smith. Voting NAY: None. The motion carried.

Mayor Zavodny asked for consideration of claims. Council member Smith made a motion to authorize the payment of claims and Council member Kobus seconded the motion. Voting AYE: Council members Meysenburg, Vandenberg, Kobus, Trowbridge, Smith, and Hotovy. Voting NAY: None. The motion carried.

Mayor Zavodny asked for any comments or questions concerning the Committee and Officer Reports.

Council member Kobus made a motion to accept the Committee and Officers Reports as presented. Council member Vandenberg seconded the motion. Voting AYE: Council members Smith, Trowbridge, Kobus, Vandenberg, Meysenburg, and Hotovy. Voting NAY: None. The motion carried.

Craig Reinsch of Olsson Associates stated: "Good evening. I'm here after two years of talking about relining some sewers and we're ready to proceed, so I wanted to give you a little summary before doing so. The original study we completed in September of 2016. With USDA getting involved in the funding of the Wastewater Project, we combined both of the projects together and updated the preliminary engineering report to include both of those in May of 2017. The project will include the north ½ of town, selected locations, and then also video inspection of the south ½ of town as we've discussed. There will be an impact to homeowners in certain areas and those will be coordinated by the contractor. We will be using a term called "service reinstatement" and that is when we run for those areas that are going to be lined from manhole to manhole, they will run the line through first, come back with a robot, and then cut out those services, because they form the pipe up and then do that. There will be some services that we are calling out to be dug up and replaced because they're offset or broken, and we will be lining up some services as well."

Mayor Zavodny asked: "What's the time lag between it being lined and it being rotor rooted out?"

Craig stated: "You mean the time that they're cut? We are hoping that it's within a day or two; or within hours. Again, we need to coordinate that with the contractor, make sure that they can get through certain areas because they have to pull the line, they have to inflate it, they have to cool it; so, there is a little bit of a process. But once we get the Contractor on board and have the exact process, because not all of them are quite the same, then we will have some instructions to send out to home owners so that they know what to expect when their line is addressed."

Council member Kobus stated: "I don't think you can expect any homeowner to wait a day for a sewer line. I think they need to tap what they get done, either that day, or that afternoon, or whatever."

Craig stated: "Right; and we'll have to talk to the Contractor to confirm that. There are a lot of abandoned services that we've found; those are not going to be reinstated so that will save some money for the City."

Council member Trowbridge asked: "If you need to open the ground for a connection, whose expense is that? Ours?"

Craig stated: "Yes. This is an infiltration issue that affects the City and so we are lining a few feet of the service, we are not running it all the way in. It's really just to affect the infiltration that's going on. We will be digging up and replacing some pipe so this isn't going to be completely trenchless, there will be some excavation. We will have an informational fact sheet, that we've drafted now, but will update it after bidding, and once the Contractor is there and once we have a better schedule on how they are going to leap frog this. As far as schedule goes, the project was submitted to the Department of Environmental Quality on September 28th. It is all but approved based on my conversation with them today. It is subject to USDA's (United States Department of Agriculture) review and concurrence, which means we have to wait for them to give us the thumbs up before we can go out for bid, as a condition of the funding. I am going to have a conversation with them on Friday, per their request, to make sure that we are ready to go. I've kind of let them know what the schedule is, but I will tell you, it is subject to their thumbs up. Tonight, we have a request to authorize to go out for bidding. If everything falls into place we would like to start advertising on the 18th and 25th of October as well as November 1st, we have a tentative bid opening on November 6th, for bid consideration at the Council meeting on November 14th, and then a preconstruction meeting in either December of this year or January of next year, and final construction would be towards the end of next year."

Council member Trowbridge made a motion to authorize Craig Reinsch of Olsson Associates to advertise for bids for the Sanitary Sewer Rehabilitation Project contingent upon USDA approval. Council member Kobus seconded the motion. Voting AYE: Council members Hotovy, Smith, Meysenburg, Vandenberg, Kobus, and Trowbridge. Voting NAY: None. The motion carried.

Council member Trowbridge introduced Ordinance No. 1295 entitled: An ordinance authorizing the issuance of Sanitary Sewer System Revenue Bond Anticipation Notes, Series 2018, of the City of David City, Nebraska, in the principal amount of not to exceed Three Million Dollars (\$3,000,000), for the purpose of providing interim financing for a portion of the costs of constructing improvements to the sanitary sewer system owned and operated by the City pending the issuance of permanent sewer system revenue bonds; agreeing to issue such bonds to pay the notes at maturity or to pay the notes from other available funds; prescribing the form of said notes; pledging and hypothecating the revenue and earnings of the sanitary sewer system of said City for the payment of said notes and interest thereon; provided for the collection, segregation and application of the revenue of said Sanitary Sewer System; entering into a contract on behalf of the City with the holders of said notes; and providing for publication of this ordinance in pamphlet form.

Phil Lorenzen of D.A. Davidson presented the following:



David City, NE **2018 Project Financing**

USDA Project funding : Wastewater Treatment Plant and Sliplining of portions of Sewer Collection System USDA has entered into Contract with the City of David City providing long-term, 2.00% financing upon project completion expected by Consulting Engineers to have a December 2019 USDA

D.A. Davidson will provide the interim construction financing through the issuance of Sanitary Sewer Revenue Bond Anticipation Notes, Series 2018. Adopt Bond Ordinance Oct 10, 2017. Original issue Nov 12, 2018

Consulting Engineers, Olsson Associates advises bids are awarded on the WWTP and that the City will at October 2, 2018 City Council meeting authorize bids to be taken on the collection system project.

With that engineering update, it is desired to issue all of the needed Construction financing by

<u>WWTP Project Costs</u>			
Construction Cost Contract amount		\$	2,554,800
Engineering Costs			348,905
	0.689736	\$	<u>2,903,705</u>
<u>Collection System Rehab Project</u>			
Estimated Construction Cost		\$	1,061,700
Engineering Costs	0.310264	244,475	\$ 1,306,175
<u>Subtotal</u>	1.000000	\$	<u>4,209,880</u>
<u>Deduct Other Fund Sources</u>			
USDA Grant Funds		\$	(492,000)
City Funds Available Set Aside/2016 Project			(66,000)
City Cash Applied			<u>(755,500)</u>
		\$	<u>(1,313,500)</u>
<u>Net Project Construction Borrowing Requirements</u>		\$	2,896,380
<u>Add Capitalized Interest During Construction</u>		\$	75,000.00
		\$	<u>2,971,380.00</u>
<u>Add Financing Costs(Est.)</u>	Bond Counsel	\$	6,000.0
	Underwriting		22,500
	DTC/CUSIP		1,000
	PA&R		750
		\$	<u>30,250.0</u>
<u>Total Bond Anticipation Par Amount</u>		\$	3,001,630.0
<u>Round up to nearest \$5,000 Amount</u>			<u>\$ 3,000,000</u>

SOURCES AND USES OF FUNDS

**CITY of DAVID CITY, NEBRASKA
 TAXABLE BOND ANTICIPATION NOTES, SERIES 2018
 USDA WWTP Project (Sewer Revenue)
 \$2.896M Project
 Non-Rated, 7/15/2020 Final Maturity
 [Preliminary -- for discussion only]**

Dated Date 11/12/2018
 Delivery Date 11/12/2018

Sources:

Bond Proceeds:	
Par Amount	2,950,000.00
	<hr/>
	2,950,000.00
	<hr/>

Uses:

Project Fund Deposits:	
Project Fund	2,896,380.00
Cost of Issuance:	
Rating Fee (est.)	7,500.00
Bond Counsel	4,425.00
CUSIP/DTC	1,000.00
	<hr/>
	12,925.00
Delivery Date Expenses:	
Underwriter's Discount	36,875.00
Other Uses of Funds:	
Rounding Amount	3,820.00
	<hr/>
	2,950,000.00
	<hr/>



BOND PRICING

**CITY of DAVID CITY, NEBRASKA
 TAXABLE BOND ANTICIPATION NOTES, SERIES 2018
 USDA WWTP Project (Sewer Revenue)
 \$2.896M Project
 Non-Rated, 7/15/2020 Final Maturity
 [Preliminary -- for discussion only]**

Bond Component	Maturity Date	Amount	Rate	Yield	Price
BAN due 2020:	07/15/2020	2,950,000	3.750%	3.750%	100.000
		2,950,000			

Dated Date	11/12/2018		
Delivery Date	11/12/2018		
First Coupon	07/15/2019		
Par Amount	2,950,000.00		
Original Issue Discount			
Production	2,950,000.00	100.000000%	
Underwriter's Discount	-36,875.00	-1.250000%	
Purchase Price	2,913,125.00	98.750000%	
Accrued Interest			
Net Proceeds	2,913,125.00		



CALL PROVISIONS

**CITY of DAVID CITY, NEBRASKA
 TAXABLE BOND ANTICIPATION NOTES, SERIES 2018
 USDA WWTP Project (Sewer Revenue)
 \$2.896M Project
 Non-Rated, 7/15/2020 Final Maturity
 [Preliminary -- for discussion only]**

Call Table: CALL

Call Date	Call Price
01/15/2020	100.00



BOND SUMMARY STATISTICS

**CITY of DAVID CITY, NEBRASKA
 TAXABLE BOND ANTICIPATION NOTES, SERIES 2018
 USDA WWTP Project (Sewer Revenue)
 \$2.896M Project
 Non-Rated, 7/15/2020 Final Maturity
 [Preliminary -- for discussion only]**

Dated Date	11/12/2018
Delivery Date	11/12/2018
First Coupon	07/15/2019
Last Maturity	07/15/2020
Arbitrage Yield	3.744993%
True Interest Cost (TIC)	4.527266%
Net Interest Cost (NIC)	3.750000%
All-In TIC	4.804547%
Average Coupon	3.750000%
Average Life (years)	1.675
Weighted Average Maturity (years)	1.675
Duration of Issue (years)	1.641
Par Amount	2,950,000.00
Bond Proceeds	2,950,000.00
Total Interest	185,296.88
Net Interest	222,171.88
Bond Years from Dated Date	4,941,250.00
Bond Years from Delivery Date	4,941,250.00
Total Debt Service	3,135,296.88
Maximum Annual Debt Service	3,060,625.00
Average Annual Debt Service	1,871,819.03
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	12.500000
Total Underwriter's Discount	12.500000

Bid Price

98.750000

Bond Component	Par Value	Price	Average Coupon	Average Life	Average Maturity Date	PV of 1 bp change
BAN due 2020	2,950,000.00	100.000	3.750%	1.675	07/15/2020	501.50
	2,950,000.00			1.675		501.50

	TIC	All-In TIC	Arbitrage Yield
Par Value	2,950,000.00	2,950,000.00	2,950,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount	-36,875.00	-36,875.00	
- Cost of Issuance Expense		-12,925.00	
- Other Amounts			
Target Value	2,913,125.00	2,900,200.00	2,950,000.00
Target Date	11/12/2018	11/12/2018	11/12/2018
Yield	4.527266%	4.804547%	3.744993%



BOND DEBT SERVICE

**CITY of DAVID CITY, NEBRASKA
 TAXABLE BOND ANTICIPATION NOTES, SERIES 2018
 USDA WWTP Project (Sewer Revenue)
 \$2.896M Project
 Non-Rated, 7/15/2020 Final Maturity
 [Preliminary -- for discussion only]**

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
07/15/2019			74,671.88	74,671.88	74,671.88
01/15/2020			55,312.50	55,312.50	
07/15/2020	2,950,000	3.750%	55,312.50	3,005,312.50	3,060,625.00
	2,950,000		185,296.88	3,135,296.88	3,135,296.88

dcSWROprHist17

CITY OF DAVID CITY, NEBRASKA
SANITARY SEWER/WASTEWATER SYSTEM



HISTORICAL OPERATING RESULTS, YEAR ENDING SEPTEMBER 30

	2010	2011	2012	2013	2014	2015	2016	2017
Revenues								
Charges for Services	\$ 621,186	\$ 619,911	\$ 578,802	\$ 657,859	\$ 696,549	\$ 675,126	\$ 761,443	\$ 802,363
Other	5,923	51,237	1,348	26,915	8,955	972	4,133	81,000
	<u>\$ 627,109</u>	<u>\$ 671,148</u>	<u>\$ 580,150</u>	<u>\$ 684,774</u>	<u>\$ 705,504</u>	<u>\$ 676,098</u>	<u>\$ 765,576</u>	<u>\$ 883,363</u>
Expenses								
Personal Services	\$ 133,761	\$ 129,435	\$ 122,205	\$ 123,009	\$ 185,969	\$ 129,241	\$ 177,071	\$ 179,159
Production	-	-	-	-	-	-	-	-
General Operations	227,247	356,548	227,429	258,540	265,763	300,243	403,418	415,821
Depreciation/Amortization	153,829	155,644	141,075	138,335	140,382	146,388	143,751	150,837
	<u>\$ 514,837</u>	<u>\$ 641,627</u>	<u>\$ 490,709</u>	<u>\$ 519,884</u>	<u>\$ 592,114</u>	<u>\$ 575,872</u>	<u>\$ 724,240</u>	<u>\$ 745,817</u>
Operating Income (Loss)	\$ 112,272	\$ 29,521	\$ 89,441	\$ 164,890	\$ 113,390	\$ 100,226	\$ 41,336	\$ 117,566
Other Revenue & Expense								
Interest Income	\$ 10,430	\$ 16,324	\$ 10,855	\$ 7,632	\$ 7,089	\$ 7,573	\$ 8,218	\$ 7,298
(Interest Expense)	\$ (60,671)	\$ (54,725)	\$ (48,587)	\$ (43,491)	\$ (36,342)	\$ (28,950)	\$ (21,975)	\$ (15,502)
Other	-	-	-	-	-	-	-	-
	<u>\$ (50,241)</u>	<u>\$ (38,401)</u>	<u>\$ (37,732)</u>	<u>\$ (35,859)</u>	<u>\$ (29,253)</u>	<u>\$ (21,377)</u>	<u>\$ (13,757)</u>	<u>\$ (8,204)</u>
Net Income (Loss)	\$ 62,031	\$ (8,880)	\$ 51,709	\$ 129,031	\$ 84,137	\$ 78,849	\$ 27,579	\$ 109,362
Transfers From (To) Other Funds								
Net Income After Transfers	<u>\$ 62,031</u>	<u>\$ (8,880)</u>	<u>\$ 51,709</u>	<u>\$ 129,031</u>	<u>\$ 84,137</u>	<u>\$ 78,849</u>	<u>\$ 27,579</u>	<u>\$ 109,362</u>
Earnings Available for Debt Service	\$ 62,031	\$ (8,880)	\$ 51,709	\$ 129,031	\$ 84,137	\$ 78,849	\$ 27,579	\$ 109,362
Add Back Interest Expense	60,671	54,725	48,587	43,491	36,342	28,950	21,975	15,502
Add Back Depreciation/Amortization	153,829	155,644	141,075	141,075	141,075	141,075	143,751	150,837
Total Available For Debt Service	<u>\$ 276,531</u>	<u>\$ 201,489</u>	<u>\$ 241,371</u>	<u>\$ 313,597</u>	<u>\$ 261,554</u>	<u>\$ 248,874</u>	<u>\$ 193,305</u>	<u>\$ 275,701</u>

Last payment on outstanding original \$2,728,924 NDEQ Loan is payable in FY 2018/19
 City's annual payment share of 1998 NDEQ loan has been \$186,000
 There is no other debt for which Sewer Revenues are pledged.

Phil Lorenzen September 2018

At 2.00% USDA Loan has ESTIMATED debt service of:	
WWTP City Share of Annual Debt Service 25-Year payment	\$ 94,176
Sewer Collection Sliplining project 40-Year payment	\$ 22,456
Estimated USDA Loan Debt Service, annually	\$ 116,632
Current NDEQ Loan requires approx \$186,000 annual payment	

Phil Lorenzen stated: "I would like to see the ordinance adopted to allow, not to exceed, three million dollars (\$3,000,000) with the understanding that we are not going to saddle the City with a rate that you and I think is unacceptable. It seems to me we could go ahead and do this in pieces. So maybe we do a million and a half (\$1,500,000) now, and a million and a half (\$1,500,000) later. Not only would that maybe catch a lower interest rate in the near future but it would cut out 6, 7, or 8 months of interest on the market, so that's kind of my game plan. I'm suggesting that we would name an interest rate somewhere around 3.75% which brings me to my second topic of complication, and that is, that given the major participation of this project to Henningsen, it becomes a private purpose activity in the eyes of Bond Counsel. We've been talking about this for 60 days or so, and they, and I've checked with another Bond Counsel firm, have determined that this would be private purpose, and Jim could address that matter. The easiest solution would appear to Bond Counsel and me if we would do this transaction as a taxable transaction. Interest costs would probably be 1% to 1.25% higher than it would be on a tax exempt, but we save some costs in the long run and it makes it a lot easier transition to go through this process. This loan is only out for a year, a year and a half at the most, and so it

seems to me that is the most reasonable course to follow and that is my recommendation, plus the 3.75% estimate of rate.”

Discussion followed with additional information being shared by Phil Lorenzen. Phil stated that an ordinance had been distributed previously, however, an updated ordinance has been provided with changes to Page 9 as follows:

Section 2. For the purpose of providing interim financing for the costs set out in Section 1 hereof pending the issuance of permanent Sanitary Sewer System Revenue bonds by the City of David City, there shall be and there are hereby ordered issued bond anticipation notes of the City of David City, Nebraska, to be known as “Sanitary Sewer System Revenue Bond Anticipation Notes, Series 2018” of the aggregate principal amount of not to exceed Three Million Dollars (\$3,000,000) (herein referred to as the “Notes”), consisting of fully registered notes numbered from 1 upwards in the order of issuance, in the denomination of \$5,000 each, or integral multiples thereof; said Notes shall bear as date of original issue their date of delivery and each of said Notes shall mature on July 15, 2020; *provided, that the Notes shall mature and bear interest at the rate per annum as shall be determined in a written designation (the “Designation”) signed by the Mayor or City Clerk of the City (the “Authorized Officers”) on behalf of the City Council of the City and which may be agreed to by the initial purchaser, D.A. Davidson & Co. as underwriter, or via underwriting or direct placement (the “Purchaser”) in consultation with D.A. Davidson & Co. acting as placement agent (the “Purchaser”), which Designation may also determine or modify the principal amount of the Notes, date of maturity of the Notes, and pricing terms as set forth in Section 6 below, all within the following limitations:*

- (a) *the aggregate principal amount of the Notes shall not exceed \$3,000,000, provided, however, the Notes may be sold with original issue discount or original issue premium, and in the event the Notes are sold with an aggregate net original issue discount such aggregate principal amount may be increased in an amount necessary to compensate for any such net original issue discount;*
- (b) *the maturity of the Notes may not be later than December 31, 2020;*
- (c) *the true interest cost of the Notes shall not exceed ~~5.00~~ 5.75%;*
- (d) *the Notes may be issued with taxable interest (“Taxable Notes”) or tax-exempt interest (“Tax-Exempt Notes”);*

The Authorized Officers (or any one of them) are hereby authorized to make such determinations on behalf of the City Council and to evidence the same by execution and delivery of the Designation and such determinations, when made and agreed to by the Purchaser, shall constitute the action of the City Council without further action of the City Council.

Also provided, however, the City reserves the right to redeem any or all of said Notes prior to maturity any time on or after January 15, 2020 (or on such other date as may be determined in the Designation), upon not less than thirty

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Council Member Trowbridge moved that the statutory rule requiring an ordinance to be fully and distinctly read on three different days be suspended. Council Member Hotovy seconded the motion to suspend the rules and upon roll call vote, the following Council Members voted YEA: Meysenburg, Smith, Vandenberg, Trowbridge, Hotovy, and Kobus. The following voted NAY: None. The motion to suspend the rules was adopted by three-fourths of the members elected to the Council and the statutory rule was declared suspended for consideration of said Ordinance.

Thereupon said Ordinance No. 1295 was then read by title and Council Member Hotovy moved for its final passage, which motion was seconded by Council Member Trowbridge. The Mayor stated the question “Shall Ordinance No. 1295 be passed and adopted?” Upon roll call, the following voted YEA: Meysenburg, Vandenberg, Smith, Kobus, Hotovy, and Trowbridge. The following voted NAY: None. The passage and adoption of said Ordinance having been concurred

in by a majority of all the members of the Council, the Mayor declared the Ordinance adopted and the Mayor, in the presence of the Council, signed and approved the Ordinance and the Clerk attested the passage and approval of the same and affixed her signature thereto.

A true, correct and complete copy of the said Ordinance is as follows:

ORDINANCE NO. 1295

AN ORDINANCE AUTHORIZING THE ISSUANCE OF SANITARY SEWER SYSTEM REVENUE BOND ANTICIPATION NOTES, SERIES 2018, OF THE CITY OF DAVID CITY, NEBRASKA, IN THE PRINCIPAL AMOUNT OF NOT TO EXCEED THREE MILLION DOLLARS (\$3,000,000), FOR THE PURPOSE OF PROVIDING INTERIM FINANCING FOR A PORTION OF THE COSTS OF CONSTRUCTING IMPROVEMENTS TO THE SANITARY SEWER SYSTEM OWNED AND OPERATED BY THE CITY PENDING THE ISSUANCE OF PERMANENT SANITARY SEWER SYSTEM REVENUE BONDS; AGREEING TO ISSUE SUCH BONDS TO PAY THE NOTES AT MATURITY OR TO PAY THE NOTES FROM OTHER AVAILABLE FUNDS; PRESCRIBING THE FORM OF SAID NOTES; PLEDGING AND HYPOTHECATING THE REVENUE AND EARNINGS OF THE SANITARY SEWER SYSTEM OF SAID CITY FOR THE PAYMENT OF SAID NOTES AND INTEREST THEREON; PROVIDING FOR THE COLLECTION, SEGREGATION AND APPLICATION OF THE REVENUE OF SAID SANITARY SEWER SYSTEM; ENTERING INTO A CONTRACT ON BEHALF OF THE CITY WITH THE HOLDERS OF SAID NOTES; AND PROVIDING FOR PUBLICATION OF THE ORDINANCE IN PAMPHLET FORM.

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

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

- (a) that the City owns and operates a sanitary sewer system (the "Sanitary Sewer System"), which represents a revenue-producing undertaking of the City. Reference herein to the Sanitary Sewer System shall include all additions and improvements thereto hereafter acquired by the City;
- (b) that other than the loan from the Nebraska Department of Environmental Quality, dated December 15, 1998, that matures on December 15, 2018 (the "NDEQ Loan") the City has no other indebtedness outstanding payable from revenues of the Sanitary Sewer System;
- (c) that improvements to the City's Sanitary Sewer System are necessary in order to continue to provide the City and its residents with adequate sanitary sewer service;
- (d) that the City has approval for future financial assistance for the costs of such improvements in an amount up to \$4,399,500 from the United States Department of Agriculture pursuant to a Letter of Conditions dated July 31, 2017;
- (e) that to provide for the costs of improving the Sanitary Sewer System of the City it is necessary to issue Sanitary Sewer System Revenue Bond Anticipation Notes of the City of David City, Nebraska, pursuant to Section 18-1803 to 18-1805, Reissue Revised Statutes of Nebraska, 2012, in the aggregate principal amount of not to exceed \$3,000,000;

- (f) that all conditions, acts and things required to exist or to be done precedent to the issuance of Sanitary Sewer System Revenue Bond Anticipation Notes, Series 2018, in the principal amount of not to exceed \$3,000,000 (the "Notes") do exist and have been done as required by law and there shall be and there are hereby ordered issued Sanitary Sewer System Revenue Bond Anticipation Notes, Series 2018, of the city of David City, Nebraska, as provided herein.

Section 2. For the purpose of providing interim financing for the costs set out in Section 1 hereof pending the issuance of permanent Sanitary Sewer System Revenue bonds by the City of David City, there shall be and there are hereby ordered issued bond anticipation notes of the City of David City, Nebraska, to be known as "Sanitary Sewer System Revenue Bond Anticipation Notes, Series 2018" of the aggregate principal amount of not to exceed Three Million Dollars (\$3,000,000) (herein referred to as the "Notes"), consisting of fully registered notes numbered from 1 upwards in the order of issuance, in the denomination of \$5,000 each, or integral multiples thereof; said Notes shall bear as date of original issue their date of delivery and each of said Notes shall mature on July 15, 2020; *provided, that the Notes shall mature and bear interest at the rate per annum as shall be determined in a written designation (the "Designation") signed by the Mayor or City Clerk of the City (the "Authorized Officers") on behalf of the City Council of the City and which may be agreed to by the initial purchaser, D.A. Davidson & Co. as underwriter, or via direct placement with D.A. Davidson & Co. acting as placement agent (the "Purchaser"), which Designation may also determine or modify the principal amount of the Notes, date of maturity of the Notes, and pricing terms as set forth in Section 6 below, all within the following limitations:*

- (a) *the aggregate principal amount of the Notes shall not exceed \$3,000,000, provided, however, the Notes may be sold with original issue discount or original issue premium, and in the event the Notes are sold with an aggregate net original issue discount such aggregate principal amount may be increased in an amount necessary to compensate for any such net original issue discount;*
- (b) *the maturity of the Notes may not be later than December 31, 2020;*
- (c) *the true interest cost of the Notes shall not exceed 5.75%;*
- (d) *the Notes may be issued with taxable interest ("Taxable Notes") or tax-exempt interest ("Tax-Exempt Notes");*

The Authorized Officers (or any one of them) are hereby authorized to make such determinations on behalf of the City Council and to evidence the same by execution and delivery of the Designation and such determinations, when made and agreed to by the Purchaser, shall constitute the action of the City Council without further action of the City Council.

Also provided, however, the City reserves the right to redeem any or all of said Notes prior to maturity any time on or after January 15, 2020 (or on such other date as may be determined in the Designation), upon not less than thirty days written notice, at par and accrued interest to the date fixed for redemption. Such notice of call for redemption shall be sufficient if it has been sent to a registered holder of said Note or Notes by first class mail addressed to the registered address of said registered holder. If less than all of the Notes are called and redeemed, such Notes shall be called in increments of \$5,000 or integral multiples thereof. If less than all of the principal amount of any outstanding Note is called for redemption, in such case upon the surrender of such Note

called for payment, there shall be issued to the registered owner of said Note, without charge therefor, a registered Note or Notes for the unpaid principal balance in any of the authorized denominations authorized by this ordinance.

The principal of said Notes and any interest due on said Notes upon maturity or earlier call for redemption shall be payable at the office of the Treasurer of the City of David City, Nebraska, as Paying Agent and Registrar designated in Section 3 hereof, upon presentation and surrender of the Note or Notes when due or when called for payment prior to maturity.

Section 3. The City Treasurer is hereby designated as the Paying Agent and Registrar for the Notes. The Paying Agent and Registrar shall keep and maintain for the City books for the registration and transfer of the Notes at the City's administrative offices in David City, Nebraska. The names and registered addresses of the registered owner or owners of the Notes shall at all times be recorded in such books. Any Note may be transferred pursuant to its provisions at the office of the Paying Agent and Registrar by surrender or such Note for cancellation, accompanied by a written instrument of transfer, in form satisfactory to said Paying Agent and Registrar, duly executed by the registered owner in person or by such owner's duly authorized agent and thereupon the Paying Agent and Registrar on behalf of the City will register such transfer and 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 such transferee owner or owners, a new Note or Notes of the same interest rate, aggregate principal amount and maturity. To the extent of the denominations authorized for the Notes by this Ordinance, one Note may be transferred for several such Notes of the same interest rate and maturity and for a like aggregate principal amount, and several such Notes may be transferred for one or several such Notes, respectively, of the same interest rate and maturity and for a like aggregate principal amount. In every case of transfer of a Note, the surrendered Note or Notes shall be canceled and destroyed. All Notes issued upon transfer of the Notes so surrendered shall be valid obligations of the City evidencing the same obligations as the Notes surrendered and shall be entitled to all the benefits and protection of this Ordinance to the same extent as the Notes upon transfer of which they were delivered. Notwithstanding the foregoing, the Notes and any interest therein may be transferred only upon the note register and only if (1) the transferor has submitted to the City the transferred Note accompanied by an assignment in substantially the form attached to the Note duly executed by the transferor or the transferor's attorney or legal representative; which assignment shall disclose the name, address and tax identification number of the assignee; (2) the City shall consent to such assignment, and (3) the assignee is a bank or a qualified institutional buyer as defined in Rule 144A promulgated by the Securities and Exchange Commission and the transferor has obtained and provided to the City, prior to such transfer and assignment, an investor letter approved by the City. Upon any transfer meeting the requirements of this section, the City shall execute and deliver in exchange for the Note a new Note, registered in the name of the transferee, of the same series, of the same outstanding principal amount, maturing in the same amount at the same time and bearing interest at the same rate.

Section 4. Said Notes shall be executed on behalf of the City with the manual or facsimile signatures of the Mayor and Clerk and shall have the City's seal imprinted or impressed on each Note. Said Notes shall not be valid and binding on the City until authenticated by the Paying Agent and Registrar. The City and the Paying Agent and Registrar shall not be required to transfer any Note called for redemption for a period of 30 days next preceding the date fixed for redemption. If the date for payment of the principal of or interest on the Notes shall be a Saturday, Sunday, legal holiday or a day on which the banking institutions in the City of David City, 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 5. Said Notes shall be substantially in the following form:

[THIS NOTE MAY BE TRANSFERRED ONLY IN THE MANNER AND ON THE TERMS AND CONDITIONS AND SUBJECT TO THE RESTRICTIONS STATED IN SECTION 3 OF THE ORDINANCE (AS DEFINED IN THIS NOTE)]