

Agenda Item: 8.

**MEMORANDUM**

**TO:** Board of Directors

**FROM:** Zach Nelson, Project Manager

**SUBJECT:** Refinance Washington County Rural Water #2 System Bank Loan – Bond  
Resolution and Closing Documents

**DATE:** June 5, 2014

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Upon recommendation of the Finance Expenditure and Legal Subcommittee, the refinancing of the Washington County Rural Water 2011B Revenue Bonds was approved in concept by the Board of Directors at the May 8, 2014 meeting. Per the recommendation of District Bond Counsel and Washington County Bank, Baird Holm LLP, was contacted to draft the final bond resolution and all necessary closing documents.

Enclosed are the bond resolution and all necessary closing documents to complete refinancing of the 2011B Revenue Bonds with Washington County Bank.

**Management recommends that the Subcommittee recommend to the Board, that the proposed Resolution be adopted in the form as presented.**

**EXTRACT FROM MINUTES OF MEETING  
OF THE BOARD OF DIRECTORS  
OF PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT**

A meeting of the Board of Directors of the Papio-Missouri River Natural Resources District, in the State of Nebraska (the “**District**”) was held at 7:00 p.m. on June 12, 2014, at the Natural Resources Center of the District, 8901 S. 154th St., Omaha, Nebraska, in a publicly convened session, the same being open to the attendance of the public and having been preceded by advance publicized notice, said advance publicized notice having been given in strict accordance with the provisions of Article 14, Chapter 84, Reissue Revised Statutes of Nebraska, as amended, and having set forth (a) the time, date, and place of this meeting; (b) that this meeting would be open to the attendance of the public; and (c) that an agenda of then known subjects to be taken up at the meeting could be obtained from the office of the District. A copy of the affidavit of publication of said advance publicized notice was ordered annexed to the minutes of this meeting. Additionally, reasonable efforts were made to provide advance notification of the meeting to all news media requesting the same of the time, date, and place of the meeting. All proceedings hereafter shown were taken while the meeting was open to the attendance of the public.

The following members were present: \_\_\_\_\_

Absent: \_\_\_\_\_.

A quorum being present and the meeting duly commenced, the following proceedings were had and done. At the beginning of the meeting the Chairperson of the Board publicly stated to all in attendance that a current copy of the Nebraska Open Meetings Act was posted for review and indicated the location of such copy in the room where the meeting was being held.

Board Member \_\_\_\_\_ then introduced the following resolution and moved its adoption:

## RESOLUTION NO. \_\_\_\_\_

BE IT RESOLVED by the Board of Directors (the “Board”) of the Papio-Missouri River Natural Resources District, in the State of Nebraska (the “District”), as follows:

Section 1. The Board hereby finds and determines as follows:

(a) pursuant to Sections 2-3252 to 2-3255, R.R.S. Neb., as amended, and appropriate notice and public hearing as provided by law, the District previously established improvement project areas designated Washington County Rural Water Project No. 1 (“WC Project No. 1”) and Washington County Rural Water Project No. 2 (“WC Project No. 2”) to serve portions of Washington County; and

(b) the District has constructed rural water system improvements to serve WC Project No. 1 (such improvements, as presently existing and all additions, extensions and improvements thereto hereafter constructed by the District to serve WC Project No. 1 and for which revenue bonds may be issued under the terms of Section 2-3226, R.R.S. Neb., as amended [the “Act”] being herein referred to and collectively designated as the “WC1 Water System”), and has constructed rural water system improvements to serve WC Project No. 2 (such improvements, as presently existing and all additions, extensions and improvements thereto hereafter constructed by the District to serve WC Project No. 2 and for which revenue bonds may be issued under the terms of the Act, being herein referred to and collectively designated as the “WC2 Water System”); and

(c) pursuant to a resolution of the Board dated May 12, 2011 (the “Senior Lien Resolution”) the District has issued and there are now outstanding its Water Project Revenue Refunding Bonds (Washington County Rural Water Project No. 2), Series 2011A (the “2011A Bonds”) in the aggregate original principal amount of \$2,425,000, presently outstanding in the principal amount of \$1,835,000, maturing serially on June 15 of the years 2014 through 2032, inclusive, and in connection with the issuance of the 2011A Bonds the revenues of the WC2 Water System were pledged for repayment of the 2011A Bonds; and

(d) pursuant to a resolution of the Board dated May 12, 2011 (the “Junior Lien Bond Resolution”) the District has issued and there are now outstanding its Junior Lien Water Project Revenue Refunding Bonds (Washington County Rural Water Project No. 2), Series 2011B (the “2011B Bonds”) in the original principal amount of \$700,000, presently outstanding in the principal amount of \$600,000, maturing on June 10, 2014 (as such date may be temporarily extended by the holder of the 2011B Bonds, the “2011B Maturity Date”), and in connection with the issuance of the 2011B Bonds the revenues of the WC2 Water System were pledged for repayment of the 2011B Bonds on a basis junior in priority to the lien with respect to the 2011A Bonds; and

(e) since the issuance of the 2011A Bonds and the 2011B Bonds, the District has taken actions to effect a financial merger of the WC1 Water System and the WC2 Water System into a combined service area (together, the “Combined Service Area”), to

adjust boundaries of WC Project No. 1 and WC Project No. 2, respectively, and to modify applicable rate structures payable by water users in the Combined Service Area; and

(f) the actions relating to the financial merger of the WC1 Water System and the WC2 Water System are the subject of pending litigation described as follows (collectively, the “WC System Litigation”):

(i) *The City of Fort Calhoun et al. v. The Papio-Missouri River Natural Resources District* (CI-13-159), which action seeks, among other things, a reversal of the decision of the Board to merge WC Project No. 1 and WC Project No. 2 and to set a rate structure for WC Project No. 2 that is a minimum of 5% higher than WC Project No. 1, until debt from the initial construction of WC Project No. 2 is paid; declare the resolution to hold a hearing on altering the boundaries of WC Project No. 1 and WC Project No. 2 void or voidable as taken in violation of the Open Meetings Act; and issue an injunction preventing any further action in furtherance of the resolution approving such combination; and

(ii) *The City of Fort Calhoun, Nebraska v. The Papio-Missouri River Natural Resources District* (CI-13-160), which action seeks, among other things, an injunction enjoining the Board from implementing the financial merger of WC Project No. 1 and WC Project No. 2 into the single Combined Service Area; and

(iii) *The City of Fort Calhoun et al. v. The Papio-Missouri River Natural Resources District* (CI-13-184), which action seeks, among other things, a declaration that the resolution of the Board was taken in violation of the Open Meetings Act and is therefore void, and a temporary and permanent injunction enjoining the Board from any further action in furtherance of the resolution approving such combination.

and

(g) each of the WC1 Water System and WC2 Water System constitutes a “revenue producing facility” within the meaning of the Act; and

(h) other than the 2011A Bonds and the 2011B Bonds, there is presently no indebtedness of the District for which the revenues of the WC1 Water System or WC2 Water System have been pledged; and

(i) pursuant to a resolution of the Mayor and Council of the City of Blair, Nebraska dated May 9, 2006 (the “Blair Bond Resolution”) the City of Blair, Nebraska has issued and there is now outstanding its Water System Revenue Bond, Series 2006 (the “Blair Bond”), presently outstanding in the principal amount of \$300,000, maturing on June 1, 2015, which was issued by the City to evidence its payment obligations under that Interlocal Cooperation Agreement executed by the City on January 13, 2004, by and among the City, the District and The County of Washington in the State of Nebraska relating to the District’s WC Project No. 2; and

(j) in order to extend the 2011B Maturity Date on favorable terms it is appropriate to proceed with refunding the 2011B Bonds as provided herein by way of a private placement of the Bond authorized herein to Washington County Bank, Blair, Nebraska (the "Purchaser"); and

(k) the proceeds of the Bond herein authorized will be sufficient to redeem in full the 2011B Bonds on the 2011B Maturity Date and to pay costs of issuance (there being no debt service reserve fund contemplated with respect to the Bond); and

(l) upon recommendation of the Finance, Expenditure and Legal Subcommittee, the refinancing of the 2011B Bonds was approved in concept by a two-thirds vote of the Board at the regular meeting of the Board on May 8, 2014; and

(m) the Board desires to adopt this resolution for the purposes of carrying out the intent of the Board expressed on May 8, 2014, in a manner which will reflect the requirements of the proposed Purchaser of the Bond authorized herein; and

(n) all conditions required to exist or to be done precedent to the issuance of the Junior Lien Water Project Revenue Refunding Bond (Washington County Rural Water Project), Series 2014, herein authorized pursuant to the Act in the principal amount of Five Hundred Fifty Thousand Dollars (\$550,000.00), do exist and have been done.

Section 2. In addition to the definitions provided in parentheses elsewhere in this Resolution, the following definitions of terms shall apply, unless the context shall clearly indicate otherwise:

(a) The term "revenues" shall mean all of the rates, rentals, fees and charges, earnings and other monies, including investment income, from any source derived by the District through its ownership and operation of the WC2 Water System, including any and all payments to be received by the District for such system under the terms of interlocal agreements related thereto, including payments under the Blair Bond; *provided, however*, the pledge of revenues in favor of the Bond herein authorized is subject and subordinate in all respects to the prior and senior pledge of revenues in favor of the Senior Bonds as described in the Senior Lien Resolution; and *provided further*, if the WC System Litigation or any portion thereof is resolved by court order or settlement (in either case, an "Order") in a manner that limits the revenues which may be pledged for the Bond authorized herein, then "revenues" as used herein, shall mean only that portion of the rates, rentals, fees and charges, earnings and other monies, including investment income, from any source derived by the District through its ownership and operation of the WC2 Water System to the extent the same may be pledged for the Bond after giving effect to the Order.

(b) The term "Additional Bonds" shall mean any and all bonds hereafter issued by the District pursuant to the terms of the Senior Lien Resolution which are equal in lien to the Senior Bonds, including all such bonds issued pursuant to Section 15 and refunding bonds issued pursuant to Section 16, each as included in the Senior Lien Resolution.

(c) The term "Deposit Securities" shall mean obligations of the United States of America, direct or unconditionally guaranteed, including any such obligations issued in book entry form.

(d) The term "Paying Agent and Registrar" shall mean the Treasurer of the District, as appointed to act as paying agent and registrar for the 2011B Bonds pursuant to Section 4 hereof, or any successor thereto.

Section 3. To provide for the payment of the 2011B Bonds on the 2011B Maturity Date as described in Section 1 hereof, there shall be and there is hereby ordered issued a single negotiable bond of the District to be designated as its "Junior Lien Water Project Revenue Refunding Bond (Washington County Rural Water Project), Series 2014" (the "Bond") in the principal amount of Five Hundred Fifty Thousand Dollars (\$550,000), with said Bond to be dated and delivered June 13, 2014 (the "Date of Delivery") and to mature on June 12, 2017 (the "Maturity Date"), to bear interest at a fixed rate of interest per annum of 4.12%, with payments of principal and interest payable monthly in arrears, on or before the first (1<sup>st</sup>) day of each month (each, a "Payment Date") based on an 18 year amortization schedule, with such payments shown on the schedule attached hereto as Exhibit "A", with all unpaid principal and accrued and unpaid interest to be due and payable on the Maturity Date. The Bond shall be issued in fully registered form as a single bond in the entire authorized principal amount. The Bond shall bear such interest from the Date of Delivery or the most recent Payment Date to which interest has been paid or provided for, whichever is later. Interest shall be computed on the basis of a 360-day year consisting of twelve 30-day months. The principal and interest due on each Payment Date shall be payable to the registered owner of record as of the fifteenth day immediately preceding the Payment Date (the "Record Date"), subject to the provisions of Section 5 hereof. The Bond shall be issued as a single bond numbered from R-1. Payments of principal and interest due on the Bond prior to maturity or earlier redemption shall be made by the Paying Agent and Registrar as designated pursuant to Section 4 hereof, by mailing a check or draft in the amount due for such amount on each Payment Date to the registered owner of the Bond, as of the Record Date for such Payment Date, to such owner's registered address as shown on the books of registration as required to be maintained in Section 4 hereof. Payments of principal due at maturity together with any unpaid interest accrued thereon shall be made by the Paying Agent and Registrar to the registered owner upon presentation and surrender of the Bond to the Paying Agent and Registrar. The District and the Paying Agent and Registrar may treat the registered owner of the Bond as the absolute owner of such Bond for the purpose of making payments thereon and for all other purposes and neither the District nor the Paying Agent and Registrar shall be affected by any notice or knowledge to the contrary whether such Bond or any installment of interest due thereon shall be overdue or not. All payments on account of interest or principal made to the registered owner of any Bond in accordance with the terms of this Resolution shall be valid and effectual and shall be a discharge of the District and the Paying Agent and Registrar, in respect of the liability upon the Bond or claims for interest to the extent of the sum or sums so paid.

Section 4. The Treasurer of the District is hereby designated to serve as Paying Agent and Registrar for the Bond. The Paying Agent and Registrar shall keep and maintain for the District books for the registration and transfer of the Bond at its office in Omaha, Nebraska. The name and registered address of the registered owner of the Bond shall at all times be recorded in such books. The Bond may be transferred pursuant to its provisions, and subject to the provisions

of this Section 4 below, at the office of said Paying Agent and Registrar by surrender of the Bond 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 District, will deliver at its office (or send by registered mail to the transferee owner thereof at such transferee owner's risk and expense), registered in the name of the transferee owner, a new Bond, of the same series, interest rate, aggregate principal amount and maturity. In every case of transfer of the Bond, the surrendered Bond shall be canceled and destroyed. Any Bond issued upon transfer of the Bond so surrendered shall be a valid obligation of the District evidencing the same obligation as the Bond surrendered and shall be entitled to all the benefits and protection of this Resolution to the same extent as the Bond upon transfer of which it was delivered. The District and the Paying Agent and Registrar shall not be required to transfer the Bond during any period from any Record Date until its immediately following Payment Date or to transfer the Bond when called for redemption, in whole or in part, for a period of 30 days next preceding the date fixed for redemption. Notwithstanding any provision of this Resolution to the contrary, no transfer of the Bond will be permitted unless the Purchaser (or any subsequent holder transferring the Bond) shall comply with all applicable federal and state securities laws applicable to such transfer, shall certify the same to the District, and shall cause acceptable investor or purchaser letters to be executed and delivered to the District prior to the effectiveness of such transfer. In addition, in connection with any such transfer, the Paying Agent shall require the holder requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer, and the Paying Agent may also require the holder requesting such transfer to pay a reasonable sum to cover expenses, including, without limitation, attorneys' fees, incurred by the Paying Agent or the District in connection with such transfer.

Section 5. In the event that payment of interest due on the Bond on an Payment Date is not timely made, such interest shall cease to be payable to the registered owner as of the Record Date for such Payment Date and shall be payable to the registered owner of the Bond as of a special date of record for payment of such defaulted interest as shall be designated by the Paying Agent and Registrar whenever monies for the purpose of paying such defaulted interest become available.

Section 6. The Bond shall be subject to redemption, in whole or in part, at any time prior to maturity at the principal amount thereof (as designated by the District in the case of partial redemption), without premium or penalty, but with accrued interest on the principal amount redeemed to the date fixed for redemption. Such redemption shall be made from time to time as shall be directed by the Board of Directors of the District. In the event that the Bond is redeemed in part, the Paying Agent shall mark such partial redemption on its books and records, confirmed in writing to the registered owner, and the registered owner shall not be required to surrender the Bond for notation of partial redemption to said Paying Agent and Registrar. The books of the Paying Agent and Registrar shall be controlling as to the outstanding principal amount of the Bond. Notice of redemption of the Bond called for partial or whole redemption shall be given at the direction of the District by said Paying Agent and Registrar by mail not less than 30 days prior to the date fixed for redemption, first class, postage prepaid, sent to the registered owner of such Bond at said owner's registered address. Such notice shall designate the Bond or portion of the principal thereof to be redeemed and the date fixed for redemption and shall state, in the case of prepayment in whole, that the Bond is to be presented for prepayment at the office of said Paying

Agent and Registrar. In case of any partial redemption of the Bond, the registered owner shall have the right to request the delivery of a replacement bond certificate evidencing and stating the outstanding principal remaining unredeemed. No defect in the mailing of notice for the Bond shall affect the sufficiency of the proceedings of the District designating the Bond or portion of the principal thereof called for redemption.

Section 7. If the date for payment of the principal of or interest on the Bond shall be a Saturday, Sunday, legal holiday or a day on which the banking institutions in the city where the office of the Paying Agent and 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 date shall have the same force and effect as if made on the nominal date of payment.

Section 8. The Bond shall be in substantially the following form:



UNITED STATES OF AMERICA  
STATE OF NEBRASKA  
PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT

JUNIOR LIEN WATER PROJECT REVENUE REFUNDING BOND  
(WASHINGTON COUNTY RURAL WATER PROJECT)  
SERIES 2014

TRANSFERS OF THIS BOND ARE RESTRICTED BY THE TERMS OF THE AUTHORIZING RESOLUTION (THE "RESOLUTION") AND ARE LIMITED TO INVESTORS WHO PROVIDE AN INVESTOR OR PURCHASER LETTER AS PROVIDED IN SECTION 4 OF THE RESOLUTION.

No. R-1

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>CUSIP No.</u>
4.12%	June 12, 2017	June 13, 2014	N/A

Registered Owner: WASHINGTON COUNTY BANK

Principal Amount: FIVE HUNDRED FIFTY THOUSAND DOLLARS (\$550,000)

KNOW ALL PERSONS BY THESE PRESENTS: That the Papio-Missouri River Natural Resources District, in the State of Nebraska (the "District") hereby acknowledges itself to owe and for value received promises to pay, but only from the special sources hereinafter described, to the registered owner specified above, or registered assigns, the principal amount specified above in lawful money of the United States of America on the date of maturity specified above with interest thereon to maturity (or earlier redemption) from the date of original issue or most recent Payment Date to which interest has been paid or provided for, whichever is later, at the rate per annum specified above, with payments of principal and interest payable monthly in arrears, on or before the first (1st) day of each month (each, a "Payment Date") based on an 18 year amortization schedule, with such payments shown on the schedule attached hereto as Schedule 1, with all unpaid principal and accrued and unpaid interest to be due and payable on the Maturity Date. Such interest shall be computed on the basis of a 360-day year consisting of twelve 30-day months. The principal of this bond together with interest thereon unpaid and accrued at maturity (or earlier redemption in whole) is payable upon presentation and surrender of this bond at the office of the Treasurer of the District, as Paying Agent and Registrar, in Omaha, Nebraska. Interest on and principal of this bond due prior to maturity or earlier redemption will be paid on each Payment Date by a check or draft mailed by the Paying Agent and Registrar to the registered owner of this bond, as shown on the books of record maintained by the Paying Agent and Registrar, at the close of business on the fifteenth day immediately preceding the Payment Date (the "Record Date"), to such owner's address as shown on such books and records. Any interest not so timely paid shall cease to be payable to the person entitled thereto as of the Record Date, and shall be payable to the person who is the registered owner of this bond (or of one or more predecessor bonds hereto) on such special record date for payment of such defaulted interest as shall be fixed by the Paying Agent and Registrar whenever monies for such purpose become available.

This bond is the single bond of an authorized issue of fully registered bonds in the principal amount of Five Hundred Fifty Thousand Dollars (\$550,000.00) issued by the District for the purpose of refunding a portion of the District's Junior Lien Water Project Revenue Refunding Bonds (Washington County Rural Water Project No. 2), Series 2011B, which were issued for the purpose of refunding a portion of the District's Junior Lien Water Project Revenue Refunding Bonds (Washington County Rural Water Project No. 2), Series 2006B, which were issued for the purpose of paying a portion of the costs of constructing and acquiring a rural water distribution system to serve the District's Washington County Rural Water Project No. 2 and portions of the City of Blair, Nebraska, and to pay costs of issuance thereof, and is issued pursuant to the terms of a resolution (the "Resolution") adopted by the Board of Directors of said District in accordance with and under the provisions of Section 2-3226, R.R.S. Neb., as amended.

This bond is subject to redemption at the option of the District, in whole or in part, at any time prior to maturity, at the principal amount thereof designated for redemption together with accrued interest on the principal amount redeemed to the date fixed for redemption. Such redemption shall be made from time to time as shall be directed by the Board of Directors of the District. Notice of redemption shall be given by mail to the registered owner of this bond in the manner specified in the Resolution. Principal of this bond may be redeemed in part in any amount. In case of any such partial redemption, the registered owner is not required to present this bond for notation of partial redemption and the books and records of the Paying Agent and Registrar shall control as to the remaining principal balance unpaid.

Subject to the requirements of the Resolution, this bond is transferable by the registered owner or such owner's attorney duly authorized in writing at the office of the Paying Agent and Registrar upon surrender and cancellation of this bond, and thereupon a new bond of the same aggregate principal amount, interest rate and maturity will be issued to the transferee as provided in the Resolution, subject to the limitations therein prescribed. The District, the Paying Agent and Registrar and any other person may treat the person in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment due hereunder and for all other purposes and shall not be affected by any notice to the contrary, whether this bond be overdue or not.

If the day for payment of the principal of or interest on this bond shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the city where the office of the Paying Agent and 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 date shall have the same force and effect as if made on the nominal date of payment.

The revenues (as defined in the Resolution and subject to the limitations provided in such definition) are pledged and hypothecated by the District for the payment of this bond on a basis which is junior in lien to the District's Water Project Revenue Refunding Bonds (Washington County Rural Water Project No. 2), Series 2011A, issued in the original principal amount of \$2,425,000 (the "Senior Bonds"), all as described in the Resolution and the resolution authorizing the Senior Bonds (the "Senior Lien Resolution"). This Bond is expressly junior in rights as to payment and security to the Senior Bonds. This Bond is a lien only upon said revenues and is not a general obligation of the District.

The Resolution sets forth the covenants and obligations of the District with respect to the WC2 Water System and the applications of the revenues thereof, which revenues under the terms of the Senior Lien Resolution and the Resolution are required to be deposited to the "WC2 Project Fund" as established under the Senior Lien Resolution and confirmed by the Resolution and disbursed to pay costs of operation and maintenance of the WC2 Water System, to make payments of principal and interest on the Senior Bonds, on any additional bonds of equal priority with the Senior Bonds and, from the Retained Revenues Account established under and in accordance with the Senior Lien Resolution, on the Bond and other payments as specified in the Senior Lien Resolution and the Resolution. The Senior Lien Resolution also designates the terms and conditions under which additional bonds of equal priority with the Senior Bonds may be issued. The Resolution also designates the terms and conditions upon which this bond shall cease to be entitled to any lien, benefit or security under the Resolution and all covenants, agreements and obligations of the District under the Resolution may be discharged and satisfied at or prior to the maturity or redemption of this bond if monies or certain specified securities shall have been deposited with a trustee bank.

IT IS HEREBY CERTIFIED AND WARRANTED that all conditions, acts and things required by law to exist or to be done precedent to and in the issuance of this bond did exist, did happen and were done and performed in regular and due form and time as provided by law. This bond shall not be valid and binding on the District until authenticated by the Paying Agent and Registrar.

[NO FURTHER TEXT ON THIS PAGE]

IN WITNESS WHEREOF, the Board of Directors of the Papio-Missouri River Natural Resources District, in the State of Nebraska, have caused this bond to be executed on behalf of the District with the manual or facsimile signatures of the Chairperson and Secretary of the District, all as of the Date of Original Issue shown above.

PAPIO-MISSOURI RIVER NATURAL  
RESOURCES DISTRICT, IN THE STATE  
OF NEBRASKA

ATTEST:

\_\_\_\_\_  
(manual or facsimile signature)

Chairperson

\_\_\_\_\_  
(manual or facsimile signature)

Secretary

#### CERTIFICATE OF AUTHENTICATION

This bond is one of the bonds authorized by Resolution adopted by the Board of Directors of the Papio-Missouri River Natural Resources District, in the State of Nebraska, as described in said bond.

Treasurer, Papio-Missouri River Natural  
Resources District, as Paying Agent and  
Registrar

\_\_\_\_\_  
Authorized Signature

#### (FORM OF ASSIGNMENT)

For value received \_\_\_\_\_ hereby sells, assigns, and transfers unto \_\_\_\_\_ the within bond and hereby irrevocably constitutes and appoints \_\_\_\_\_, Attorney, to transfer the same on the books of registration in the office of the within mentioned Paying Agent and Registrar with full power of substitution in the premises.

Date: \_\_\_\_\_

\_\_\_\_\_  
Registered Owner

Signature Guaranteed

By: \_\_\_\_\_

\_\_\_\_\_  
Authorized Officer

Note: The signature(s) on this assignment MUST CORRESPOND with the name(s) as written on the face of the within bond in every particular, without alteration, enlargement or any change whatsoever, and must be guaranteed by a commercial bank or a trust company or by a firm having membership on the New York, Midwest or other stock exchange.

Section 9. The Bond shall be executed on behalf of the District with the manual or facsimile signatures of the Chairperson and Secretary of the District. In the event of any transfer of the Bond, the District shall immediately provide a supply of bond certificates for issuance upon such transfer and subsequent transfers or in the event of partial redemption and request for replacement certificate or certificates. In the event that such supply of certificates shall be insufficient to meet the requirements of the Paying Agent and Registrar for issuance of replacement bond certificates upon transfer or partial redemption, the District agrees to order printed an additional supply of bond certificates and to direct their execution by manual or facsimile signature of its then duly qualified and acting officers. In case any officer whose signature or facsimile thereof shall appear on any certificate to evidence the Bond shall cease to be such officer before the delivery of such certificate (including any bond certificates delivered to the Paying Agent and Registrar for issuance upon transfer or partial redemption), 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 certificate to evidence the Bond. The Bond shall not be valid and binding on the District until authenticated by the Paying Agent and Registrar. The Bond shall be delivered to the Paying Agent and Registrar for registration and authentication. Upon execution, registration and authentication of the Bond, it shall be delivered to the District's Treasurer, acting on behalf of the District, who shall deliver it to Washington County Bank, as initial purchaser thereof (the "Purchaser"), upon receipt of the purchase price of 100% of the principal amount thereof plus accrued interest, if any, on the principal amount of the Bond to date of payment for the Bond. A record of information with respect to the Bond shall also be filed with the office of the Auditor of Public Accounts as required under Section 10-140, R.R.S. Neb., as amended. The Secretary, acting on behalf of the District, shall make and certify a transcript of the proceedings of the governing body with respect to the Bond which shall be delivered to said purchaser.

Section 10. For the payment of the Bond, both principal and interest, the District hereby pledges and hypothecates the entire revenues (as defined and described above, and subject to the limitations set out in such definition), subject in full to the payment and other rights of the Senior Bonds and to the terms and conditions of the Senior Lien Resolution. The pledge and hypothecation of the revenues provided for the Bond in this Resolution is intended to and is expressly a junior pledge or lien upon and security interest in the revenues of the WC2 Water System subject to the payment rights securing the Senior Bonds and any Additional Bonds so long as the Senior Bonds and any Additional Bonds remain outstanding and the Bond shall be payable from monies in the "Retained Revenues Account" as described in and created by the Senior Lien Resolution. The terms of the Senior Lien Resolution are hereby incorporated by reference. This Resolution, subject to the terms and conditions of the Senior Lien Resolution is intended as a full exercise of the powers of the District provided for in the Act, as now or hereafter amended, with respect to the revenues.

Section 11. The proceeds of the Bond, along with other funds of the District available for such purposes, shall be applied at the direction of the District's Treasurer to the redemption in full of the 2011B Bonds on the 2011B Maturity Date. The holder of the Bond shall be subrogated to the rights of the holders of the 2011B Bonds from and after the redemption and payment of the 2011B Bonds.

Section 12. The District hereby agrees that it will impose and maintain and shall revise from time to time when necessary and shall collect such rentals, rates, fees and charges for the use and services of the WC2 Water System which, in the aggregate and taking into consideration amounts to be received under the terms of the Interlocal Agreement, shall be sufficient at all times:

(a) to provide for the payment of interest on and principal of the Senior Bonds and any Additional Bonds as such interest and principal become due and of interest on the Bond as such interest becomes due;

(b) to pay all reasonable costs of operation and maintenance of the WC2 Water System, including adequate insurance as provided by this Resolution and the Senior Lien Resolution and to pay for the necessary and reasonable repairs, replacements and extensions of said WC2 Water System; and

(c) to establish and maintain the Debt Service Reserve Account as provided in the Senior Lien Resolution and any debt service reserve account hereafter required for Additional Bonds.

Section 13. By the incorporation of the provisions of the Senior Lien Resolution, the fund and accounts established under the terms of Section 13 of the Senior Lien Resolution are hereby confirmed with respect to the application of revenues of the WC2 Water System for the Senior Lien Bonds, and Additional Bonds and the Bond. All references to the "Junior Bond Payment Sub-account" and the "Junior Lien Resolution" in Section 13 of the Senior Lien Resolution shall be understood to refer to the Junior Bond Payment Sub-account established in this Section 13 and this Resolution, respectively. The Bond shall be payable solely from amounts deposited to the Retained Revenues Account. In accordance with the terms of the Senior Lien Resolution, the District hereby establishes for the benefit and security of the Bond, the following sub-accounts for the application of revenues in the Retained Revenues Account: (a) the Junior Bond Payment Sub-account and (b) the Junior Bond Redemption Sub-account. With respect to such sub-accounts, the District hereby agrees for the benefit of the registered owner of the Bond as follows:

(a) **Junior Bond Payment Sub-account** – Amounts available in the Retained Revenues Account shall be credited at least monthly on or before the business day immediately preceding each Payment Date in an amount sufficient to pay in full the principal of and interest falling due on the Bond on the next Payment Date. The District Treasurer is hereby authorized and directed, without further authorization, to withdraw monies credited to the Junior Bond Payment Sub-account to pay the principal of and interest on the Bond and to transfer such monies to the Paying Agent and Registrar at least two (2) business days before each Payment Date.

(b) **Junior Bond Redemption Sub-account** – Any amounts remaining in the Retained Revenues Account which (y) are

not required to be applied (i) to make up deficiencies as described in Subsection 13(e)(1) of the Senior Lien Resolution or (ii) to make the required deposit to the Junior Bond Payment Sub-account as described in Subsection 13(e)(2) of the Senior Lien Resolution and Subsection 13(a) of this Resolution and (z) which the District does not reasonably expect to be applied to any of the other permitted purposes described in Subsections 13(e)(4), 13(e)(5), 13(e)(6), and 13(e)(7) of the Senior Lien Resolution shall be credited to the Junior Bond Redemption Sub-account and applied to the prepayment (partial or whole) of the Bond at the earliest permitted redemption date.

The provisions of this Section as supplementing the provisions of Section 13 of the Senior Lien Resolution shall require the District to maintain a set of books and records in accordance with such accounting methods and procedures as are generally applicable to a utility enterprise, which books and records shall show credits to and expenditures from the several sub-accounts required by this Section 13. Monies credited to any such sub-accounts shall be deposited or invested separate and apart from other District funds. The District shall not be required to establish separate bank or investment accounts for the sub-accounts described in this Section 13.

Section 14. So long as the Bond is outstanding, the District hereby covenants and agrees as follows:

(a) The District will maintain the WC2 Water System in good condition and will continuously operate the same in a reasonable and efficient manner, and the District will punctually perform all duties with reference to said system required by the Constitution and statutes of the State of Nebraska, but this covenant shall not prevent the District from discontinuing the use and operation of all or any portion of the WC2 Water System so long as the revenue derived from the District's ownership of the properties constituting the WC2 Water System shall be sufficient to fulfill the District's obligations under Sections 11, 12 and 13 of this Resolution.

(b) The District will not grant any franchise or right to any person, firm or corporation to own or operate a water system in competition with the WC2 Water System.

(c) The District will maintain insurance on the property constituting the WC2 Water System (other than such portions of the system as are not normally insured) against risks customarily carried by similar utilities, but including fire and extended coverage insurance in an amount which would enable the District to repair, restore or replace the property damaged to the extent necessary to make the WC2 Water System operable in an efficient and proper manner to carry out the District's obligations under this Resolution. The Board of Directors shall annually examine the amount of insurance carried with respect to the WC2 Water System and shall evidence approval of such insurance by resolution. The proceeds of any such insurance received by the District shall be used to repair, replace or restore the

property damaged or destroyed to the extent necessary to make the WC2 Water System operable in an efficient and proper manner, and any amount of insurance proceeds not so used shall be credited to the Retained Revenues Account and applied as provided in the Senior Lien Resolution. In the event of any such insured casualty loss, the District may advance funds to make temporary repairs or provide for an advance on costs of the permanent repair, restoration or replacement from the Operation and Maintenance Account (as established under the terms of the Senior Lien Resolution) or other funds of the District and any such advances shall be repaid from insurance proceeds received.

(d) The District will keep proper books, records and account separate from all other records and accounts in which complete and correct entries will be made of all transactions relating to the WC2 Water System. The District will have its operating and financial statements related to the WC2 Water System audited annually by a certified public accountant or firm of certified public accountants. The District will furnish to the original purchaser of the Bond, within four months after the end of each fiscal year of the WC2 Water System, a copy of the financial statements of the WC2 Water System and the report thereon of the certified public accountants. The District agrees to provide the registered owner with such operational information concerning the WC2 Water System as such registered owner may reasonably request.

(e) The District shall cause each person handling any of the monies in the WC2 Project Fund (as established under the terms of the Senior Lien Resolution) to be bonded by an insurance company licensed to do business in Nebraska in an amount or amounts deemed sufficient by the Board of Directors to cover the amount of money belonging to said system reasonably expected to be in the possession or control of any such person. The amount of such bond or bonds shall be fixed by the Board of Directors and the costs thereof shall be paid as an operating and maintenance expense from the Operation and Maintenance Account (as established under the terms of the Senior Lien Resolution).

Section 15. To provide funds for any purpose related to the WC2 Water System, the District may issue Additional Bonds in accordance with the terms of the Senior Lien Resolution but no such Additional Bonds shall be issued so long as the Bond is outstanding without the written consent of the registered owner of the Bond. To provide funds for any purpose related to the WC2 Water System, the District may issue junior lien bonds of equal standing with the Bond in accordance with the terms of the Senior Lien Resolution but no such additional junior lien bonds shall be issued so long as the Bond is outstanding without the written consent of the registered owner of the Bond. The District hereby covenants and agrees that so long as the Bond is outstanding, it will not issue any bonds or notes payable from the revenues of the WC2 Water System except in accordance with the provisions of the Senior Lien Resolution and this Resolution, provided, however, the District reserves the right to issue bonds or notes which are junior in lien to the Bond with the principal and interest of such bonds or notes to be payable from monies credited to the Retained Revenues Account as provided in Subsection 13(e)(7) of the Senior Lien Resolution.



Section 16. The District may issue refunding bonds which shall qualify as Additional Bonds of equal lien to refund any of the Senior Bonds or Additional Bonds then outstanding, provided, that if the Bond is to remain outstanding after the issuance of such refunding bonds, such issuance of refunding bonds as Additional Bonds may occur only with the written consent of the registered owner of the Bond.

Section 17. The District's obligations under this Resolution and the liens, pledges, dedications, covenants and agreements of the District herein made or provided for shall be fully discharged and satisfied as to the Bond and said bonds shall no longer be deemed outstanding hereunder if such bonds shall have been purchased and canceled by the District or when payment of the principal of and interest thereon to the date of maturity or earlier redemption (a) shall have been made or caused to be made in accordance with the terms thereof; or (b) shall have been provided for by depositing with a state or national bank having trust powers or trust company in trust solely for such payment (i) sufficient monies to make such payment and/or (ii) Deposit Securities in such amount and bearing interest payable and maturing or redeemable at stated fixed prices at the option of the holder as to principal at such times as will ensure the availability of sufficient monies to make such payment and such bond shall cease to draw interest from the date fixed for its redemption or maturity and, except for the purposes of such payment, shall no longer be entitled to the benefits of this Resolution; provided that, with respect to such bond as called or to be called for redemption, the District shall have duly given notice of redemption or made irrevocable provision for such notice. Any such monies so deposited with the aforesaid state or national bank or trust company as provided in this section may be invested and reinvested in Deposit Securities at the direction of the District and all interest and income from all such Deposit Securities in the hands of the aforesaid trustee bank or trust company which are not required to pay principal and interest on the Bond for which such deposit has been made shall be paid to the District as and when realized and collected.

Section 18. If any section, paragraph, clause or provision of this Resolution shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the other provisions of this Resolution.

Section 19. All resolutions or orders or parts thereof in conflict with the provisions of this Resolution are to the extent of such conflict hereby repealed.

Section 20. The District hereby covenants and agrees that it will make no use of the proceeds of the Bond which would cause the Bond to be an "arbitrage bond" within the meaning of Sections 103(b)(2) and 148 of the Internal Revenue Code of 1986, as amended (the "Code") and further covenants to comply with said Sections 103(b)(2) and 148 and all applicable regulations thereunder throughout the term of said issue, including all requirements with respect to payment and reporting of rebates, if applicable. The District hereby covenants to take all action necessary to preserve the tax-exempt status of the interest on the Bond for federal income tax purposes under the Code with respect to taxpayers generally. The District further agrees that it will not take any actions which would cause the Bond to constitute a "private activity bond" within the meaning of Section 141 of the Code. The officers of the District are hereby authorized to make any allocations, certifications and other determinations as shall be deemed necessary or appropriate in connection with the issuance of the Bond.

Section 23. This Resolution shall be in force and take effect as provided by law.

ADOPTED this 12<sup>th</sup> day of June, 2014.

ATTEST:

\_\_\_\_\_  
Chairperson

\_\_\_\_\_  
Secretary

[SEAL]

Exhibit "A"  
Payment Schedule

## Amortization

**Borrower name** Papio Missouri River NRD  
**Address**  
 Blair, NE 68008  
**Loan number**

Date	Amount	Payment	Principal	Interest	Remaining Balance
06-12-2014	Fixed Rate	4.120			
06-12-2014	Funding	550,000.00			550,000.00
07-01-2014	Regular Pmt	3,623.06	2,427.12	1,195.94	547,572.88
08-01-2014	Regular Pmt	3,623.06	1,680.39	1,942.67	545,892.49
09-01-2014	Regular Pmt	3,623.06	1,686.35	1,936.71	544,206.14
10-01-2014	Regular Pmt	3,623.06	1,754.62	1,868.44	542,451.52
11-01-2014	Regular Pmt	3,623.06	1,698.56	1,924.50	540,752.96
12-01-2014	Regular Pmt	3,623.06	1,766.47	1,856.59	538,986.49
2014 Totals:		21,738.36	11,013.51	10,724.85	
01-01-2015	Regular Pmt	3,623.06	1,710.86	1,912.20	537,275.63
02-01-2015	Regular Pmt	3,623.06	1,716.93	1,906.13	535,558.70
03-01-2015	Regular Pmt	3,623.06	1,906.89	1,716.17	533,651.81
04-01-2015	Regular Pmt	3,623.06	1,729.78	1,893.28	531,922.03
05-01-2015	Regular Pmt	3,623.06	1,796.79	1,826.27	530,125.24
06-01-2015	Regular Pmt	3,623.06	1,742.29	1,880.77	528,382.95
07-01-2015	Regular Pmt	3,623.06	1,808.95	1,814.11	526,574.00
08-01-2015	Regular Pmt	3,623.06	1,754.89	1,868.17	524,819.11
09-01-2015	Regular Pmt	3,623.06	1,761.12	1,861.94	523,057.99
10-01-2015	Regular Pmt	3,623.06	1,827.23	1,795.83	521,230.76
11-01-2015	Regular Pmt	3,623.06	1,773.85	1,849.21	519,456.91
12-01-2015	Regular Pmt	3,623.06	1,839.59	1,783.47	517,617.32
2015 Totals:		43,476.72	21,369.17	22,107.55	
01-01-2016	Regular Pmt	3,623.06	1,786.67	1,836.39	515,830.65
02-01-2016	Regular Pmt	3,623.06	1,793.01	1,830.05	514,037.64
03-01-2016	Regular Pmt	3,623.06	1,917.03	1,706.03	512,120.61
04-01-2016	Regular Pmt	3,623.06	1,806.17	1,816.89	510,314.44

05-01-2016	Regular Pmt	3,623.06	1,870.98	1,752.08	508,443.46
06-01-2016	Regular Pmt	3,623.06	1,819.22	1,803.84	506,624.24
07-01-2016	Regular Pmt	3,623.06	1,883.65	1,739.41	504,740.59
08-01-2016	Regular Pmt	3,623.06	1,832.35	1,790.71	502,908.24
09-01-2016	Regular Pmt	3,623.06	1,838.85	1,784.21	501,069.39
10-01-2016	Regular Pmt	3,623.06	1,902.72	1,720.34	499,166.67
11-01-2016	Regular Pmt	3,623.06	1,852.13	1,770.93	497,314.54
12-01-2016	Regular Pmt	3,623.06	1,915.61	1,707.45	495,398.93
2016 Totals:		43,476.72	22,218.39	21,258.33	
01-01-2017	Regular Pmt	3,623.06	1,865.49	1,757.57	493,533.44
02-01-2017	Regular Pmt	3,623.06	1,872.11	1,750.95	491,661.33
03-01-2017	Regular Pmt	3,623.06	2,047.56	1,575.50	489,613.77
04-01-2017	Regular Pmt	3,623.06	1,886.02	1,737.04	487,727.75
05-01-2017	Regular Pmt	3,623.06	1,948.53	1,674.53	485,779.22
06-01-2017	Final Pmt	487,502.66	485,779.22	1,723.44	0.00
2017 Totals:		505,617.96	495,398.93	10,219.03	
Loan Totals:		614,309.76	550,000.00	64,309.76	

Printed on: 06-05-2014

The motion for adoption was seconded by Board Member \_\_\_\_\_. The Chairperson then stated the question was, "Shall this Resolution be passed and adopted?" Upon roll call vote, the following Board Members voted YEA: \_\_\_\_\_; and the following voted NAY: \_\_\_\_\_. The passage and adoption of said resolution having been concurred in by two thirds of all members of the Board, the Chairperson declared the resolution adopted and the Chairperson, in the presence of the Board of Directors, signed and approved the resolution and the Secretary attested the passage and approval of the same and affixed his signature thereto.

DATED THIS 12<sup>th</sup> day of June, 2014.

\_\_\_\_\_  
Chairperson

ATTEST:

\_\_\_\_\_  
Secretary

DOCS/1257475.9

State Auditor of Public Accounts  
Capitol Building, Suite 2303  
P.O. Box 98917  
Lincoln, Nebraska 68509

From:

Baird Holm LLP  
1500 Woodmen Tower  
Omaha, Nebraska 68102  
Attention: T. Parker Schenken

**Filing Information**

Name of Underwriter: N/A – Private Placement to Washington County Bank, Blair, Nebraska

Name of Issuer: Papio-Missouri River Natural Resources District

Title or Designation of Bonds: Junior Lien Water Project Revenue Refunding Bond (Washington County Rural Water Project), Series 2014

Date of Bonds: June 13, 2014

Principal Amount of Bonds Initially Issued: \$550,000

Date(s) of maturity of principal, and the amount of principal maturing on such date(s):

See attached schedule

Interest rates and the dates such interest is payable (or attach schedule of interest rates):

4.12% per annum; see attached schedule for payment dates

Paying Agent and Registrar where principal and interest are payable:

The Treasurer of the Papio-Missouri River Natural Resources District, Omaha, Nebraska

Principal purpose for which Bonds were issued:

For the purpose of refunding a portion of the District's Junior Lien Water Project Revenue Refunding Bonds (Washington County Rural Water Project No. 2), Series 2011B.

Form showing costs of bond issuance attached.

Form 8038-G attached.

### Cost of Bond Issuance

Junior Lien Water Project Revenue Refunding Bond (Washington County Rural Water Project), Series 2014

Cost Item	Paid From Bond Proceeds	Paid From Other Issuer Funds
Underwriter's Fee (including expenses, management fee and underwriter's discount)		\$ _____
Name of Underwriter(s): Washington County Bank, Blair, Nebraska	\$ _____ -0-	
Bond Counsel Name: BAIRD HOLM LLP	\$ _____ -0-	\$2,500.00
Other Counsel (eg. underwriter's counsel, special counsel, etc., please specify type, if any) Name and type:	\$ _____ N/A	\$ _____
Financial Advisor Fee Name:	\$ _____ N/A	\$ _____
Rating Agency Fee Name:	\$ _____ N/A	\$ _____
Bond Insurance/Credit Enhancement Fee Name:	\$ _____ N/A	\$ _____
Registration Fees (eg. CUSIP fees, Blue Sky, etc.)	\$ _____ N/A	\$ _____
Trustee Fees (eg. opening trustee fee, escrow agent fee, paying agent fee):	\$ _____ N/A	\$ _____
Other costs (eg. publication fees, cash flow fees, travel expenses, other professional fees, if any, etc.)	\$ _____ N/A	\$ _____
<b>Total (1 through 9)</b>	<b>\$ _____ -0-</b>	<b>\$ <u>2,500.00</u></b>

## **PURCHASER'S RECEIPT, ACKNOWLEDGEMENT AND CERTIFICATE**

The undersigned, Washington County Bank, Blair, Nebraska, hereby acknowledges receipt of a \$550,000 Junior Lien Water Project Revenue Refunding Bond (Washington County Rural Water Project), Series 2014, dated June 13, 2014 (the "Bond"), issued by Papio-Missouri River Natural Resources District, in the State of Nebraska (the "Issuer") pursuant to a resolution duly passed and adopted by the Board of Directors of the Issuer on June 12, 2014 (the "Resolution"). Said Bond is evidenced by a single bond certificate issued in fully registered form, maturing and bearing interest as provided in the Resolution. Said Bond has been duly executed by the Chairperson and Secretary of the Board of Directors of the Issuer, has been registered by The Treasurer of the Issuer as Paying Agent and Registrar, and conforms in all respects to the specifications for such Bond set forth in said Resolution.

The undersigned Purchaser further certifies that the Bond was sold to the undersigned for a purchase price of \$550,000, being the par amount thereof (plus accrued interest, if any, from the date of delivery of the Bond to the date of this Certificate). Such purchase price was established by a bona fide placement without regard to any amounts which would increase the yield on the Bond above a fair market yield. The Purchaser is the holder of the Issuer's outstanding Junior Lien Water Project Revenue Bonds (Washington County Rural Water Project No. 2), Series 2011B, (the "2011B Bonds") which mature June 10, 2014 (as extended to June 13, 2014, the "Maturity Date") in the outstanding principal amount of \$600,000 on the date hereof. The Bond, together with \$65,706.24 provided to the undersigned by the District on this date, is hereby accepted on the date hereof in full payment and satisfaction of principal and accrued interest on the 2011B Bonds.

Delivered herewith is a separate letter incorporating representations and understandings related to our purchase of the Bond.

DATED this 13th day of June, 2014.

WASHINGTON COUNTY BANK

By: \_\_\_\_\_

Name:

Title:



## RECEIPT OF PAYING AGENT FOR 2011B BONDS

First National Bank of Omaha, formerly The Fremont National Bank and Trust Company (the "Paying Agent"), as Paying Agent and Registrar for \$600,000 of outstanding Junior Lien Water Project Revenue Bonds (Washington County Rural Water Project No. 2), Series 2011B (the "2011B Bonds") issued by the Papio-Missouri Natural Resources District, in the State of Nebraska (the "District") hereby certifies based on the Purchaser's Receipt, Acknowledgment and Certificate delivered on this date by Washington County Bank, the registered owner of the 2011B Bonds, that it has on this date received the sum of \$550,000.00 of proceeds of the District's Junior Lien Water Project Revenue Refunding Bond (Washington County Rural Water Project), Series 2014, date of original issue – June 13, 2014 (the "2014 Bond"), and also certifies that it has on this date received the sum of \$65,706.24 from the District. Such funds are to be applied to the payment and redemption in full of the 2011B Bonds maturing on June 10, 2014 (as extended to June 13, 2014, the "Maturity Date"), all in accordance with the resolution of the District authorizing the issuance of the 2011B Bonds. Such funds shall be held and applied to pay the 2011B Bonds in full on the Maturity Date.

IN WITNESS WHEREOF, First National Bank of Omaha, formerly The Fremont National Bank and Trust Company, Fremont, Nebraska, as Paying Agent for the 2011B Bonds, has caused this instrument to be executed by its duly authorized officer on this 13<sup>th</sup> day of June, 2014.

FIRST NATIONAL BANK OF OMAHA,  
FORMERLY THE FREMONT NATIONAL BANK  
AND TRUST COMPANY, FREMONT  
NEBRASKA

As Paying Agent and Registrar

By: \_\_\_\_\_  
Title: \_\_\_\_\_

## **CERTIFICATE WITH RESPECT TO TAX MATTERS**

The undersigned hereby certifies that the undersigned is the Chairperson of the Board of Directors of Papio-Missouri River Natural Resources District, in the State of Nebraska (the "District"), and hereby further certifies as follows:

1. The District is issuing and delivering simultaneously with the delivery of this Certificate \$550,000 in principal amount of its Junior Lien Water Project Revenue Refunding Bond (Washington County Rural Water Project), Series 2014 (the "Bond"). The Bond was authorized by a resolution adopted by the Board of Directors of the District on June 12, 2014 (the "2014 Resolution"). The Bond is being issued for the purpose of refunding a portion of the District's Junior Lien Water Project Revenue Refunding Bonds (Washington County Rural Water Project No. 2), Series 2011B, which were issued for the purpose of refunding a portion of the District's Junior Lien Water Project Revenue Refunding Bonds (Washington County Rural Water Project No. 2), Series 2006B, which were issued for the purpose of paying a portion of the costs of constructing and acquiring a rural water distribution system (the "Project") to serve the District's Washington County Rural Water Project No. 2 and portions of the City of Blair, Nebraska (the "City"), and to pay costs of issuance thereof. The Bond has been sold to a financial institution (the "Private Placement Purchaser") for the par amount thereof. None of the proceeds of the Bond will be applied to pay issuance costs. The Private Placement Purchaser has made representations set forth in its certificate of even date herewith concerning the issue price for the Bonds. Such representations are to be relied upon by the District in reporting under Section 149(e) of the Internal Revenue Code of 1986, as amended, (the "Code") and in reporting and payment of rebate amounts under Section 148(f) of the Code.

2. The District will apply the net sale proceeds of the Bond (after making the payments and deposits described in paragraph 1 above), along with funds on hand of the District, to the payment in full of the 2011B Bonds on June 13, 2014 (the "Maturity Date"). All of the proceeds of the 2011B Bonds and any indebtedness refinanced by the 2011B Bonds have been expended to pay or redeem bond, note or warrant indebtedness of the District which was incurred to pay costs of the Project or to pay the costs of the Project and costs of issuance. The District has on hand no debt service, reserve or sinking funds for the payment of the 2011B Bonds, other than monies (a) which are to be applied to pay debt service on or redeem the 2011B Bonds on the Maturity Date, or (b) which are to be applied to pay debt service due on the Bond within not less than thirteen months from the time of first accumulation by the District.

3. The District does not now intend nor have reasonable expectations to sell or otherwise dispose of the Project or any part thereof prior to the last maturity of the Bond. The average expected remaining economic life of the Project exceeds fifteen (15) years. The weighted average maturity for the Bond is 3.000 years.

4. No reserve or replacement account has been established for the payment of the Bond. Under the 2014 Resolution a Junior Bond Payment Sub-account is established for the payment of the Bond from the Project Revenues available after satisfying the debt service requirements for the 2011A Bonds. The District has agreed in the 2014 Resolution to make periodic credits to said sub-account sufficient to cover periodic payments of principal and interest on the Bond as the same fall due. Monies accumulated in said account are to be fully expended for payment of principal and

interest on the Bond on a monthly basis, with monies in the Junior Bond Payment Sub-account being fully expended once each year. Any investment earnings received on monies held in the Junior Bond Payment Sub-account are not to be credited to such sub-account so long as such sub-account contains the amount then required to be deposited, but rather are to be transferred out and commingled with other funds of the District and are reasonably expected to be expended for general purposes of the District within not less than six months from the time of receipt. The District does not expect to receive investment earnings or monies in the Junior Bond Payment Sub-account in excess of \$100,000 in any bond year. Principal of the 2011B Bonds is expected to be paid from the proceeds of refunding bonds to be issued to pay such principal.

5. The District has issued and there are now outstanding its Water Project Revenue Refunding Bonds (Washington County Rural Water Project No. 2), Series 2011A (the "Senior Bonds"), authorized and issued pursuant to a resolution of the District adopted on May 12, 2011 (the "Senior Lien Resolution"). Based upon the requirements for the Bond Payment Account, the Debt Service Reserve Account and the Junior Bond Payment Sub-account as described above and the provisions of the Senior Lien Resolution and the 2014 Resolution, the District does not expect that it will have on hand monies in any sinking fund attributable to the Bonds which will not be expended for payment of principal and interest on the Bonds within thirteen months from the time of the first accumulation.

6. As and to the extent applicable, the District will report and pay rebate amounts in accordance with the requirements of Section 148 of the Code.

7. The District has not been notified of any listing of it by the Internal Revenue Service as an issuer that may not certify its bonds.

8. To the best of my knowledge, information and belief, the above expectations are reasonable.

9. This Certificate is being executed and delivered pursuant to Section 1.148-2(b)(2) of the Income Tax Regulations under the Internal Revenue Code of 1986, as amended, and to show compliance with the Internal Revenue Code of 1986, as amended and the undersigned Chairperson is one of the officers of the District charged by the Senior Lien Resolution and the 2014 Resolution with the responsibility for issuing the Bonds.

10. The Project consists of a rural water distribution system and certain related improvements also serving the City of Blair. The Project, including all parts thereof, has been owned, is owned by and is to be owned by the District so long as any of the 2011B Bonds or the Bond have been or will remain outstanding. There have been, are and will be no persons with rights to the Project other than as members of the general public or, as in the case of the City, as a governmental unit serving the general public as to those portions of the Project providing service for the City. The District has had, has and will have no output or other similar contracts, or any requirement contract calling for payment without respect to usage, except for contracts with other governmental units which serve the general public for service for the general public. None of the proceeds of the 2011B Bonds or the Bond have been or will be loaned to any persons. There are no governmental units subordinate to the District.

11. The District expects that the universal cap for in Section 1.148-6(b)(2) of the Income Tax Regulations under the Internal Revenue Code of 1986, as amended, will not reduce the amount of gross proceeds allocable to the Bonds during the term of the Bonds.

12. No other bonds or obligations of the District have been offered for sale or sold within sixteen days before or after the sale of the Bonds.

DATED this 13th day of June, 2014.

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Chairperson

## CLOSING CERTIFICATE

The undersigned hereby certify that they are the Chairperson, Secretary and Treasurer, respectively, of the Papio-Missouri River Natural Resources District, in the State of Nebraska (the "District"), and hereby further certify as follows:

1. Annexed to this certificate is a true and correct transcript of the proceedings of the members of the Board of the District (the "Board") relating to the issuance of \$550,000 in principal amount of the District's Junior Lien Water Project Revenue Refunding Bond (Washington County Rural Water Project), Series 2014 (the "Bond"). All of the proceedings of the District and of the Board thereof which are set out in the annexed and foregoing transcript have been fully recorded in the journal of proceedings of the District and the Board thereof and the undersigned Secretary has carefully compared the annexed and foregoing transcript with said journal and with the records and files of the District which are in said Secretary's official custody and said transcript is a full, true and complete copy of said journal, records and files which are set out therein.

2. The undersigned Secretary has made a diligent search and examination of said journal, records and files which are in said Secretary's official custody and finds and certifies that the same contain no proceedings of the District or of the Board thereof had precedent to or referring to the issuance of the Bond other than the proceedings set out in said transcript.

3. Said transcript contains all of the proceedings had or done by the District and the Board thereof previous to the issuance of the Bond relative thereto.

4. Advance notice for each of the meetings shown in said transcript was given by publication as set forth in the foregoing transcript. All of the subjects included in said transcript were contained in the agenda for the meetings shown, which agenda were kept continually current and readily available for public inspection at the Secretary's office for each of the respective meetings; such subjects were contained in said agenda for at least 24 hours prior to each respective meeting; at least one copy of all resolutions and other reproducible written materials, for which actions are shown in said proceedings, was made available for examination and copying by members of the public at the meeting in which such actions were taken; at the beginning of each meeting reflected in the foregoing proceedings, the public was informed of the location of at least one posted, current copy of the Open Meetings Act available and accessible to the public in the room in which each meeting was held; the minutes of the Board from which the foregoing proceedings have been extracted were in written form and available for public inspection within 10 working days and prior to the next convened meeting of said body; and all news media requesting notification of meetings of said body were provided with advance notice of the times and places of such meetings and the subjects to be discussed.

5. Advance notice for each meeting shown in said transcript, including notice of agenda subjects, was given to all members of the Board, as and to the extent required by law. The members of the Board were for each meeting those persons shown in said transcript for such offices for each respective meeting.

6. The undersigned Chairperson and Secretary did officially sign the Bond by their manual or facsimile signatures on behalf of the District, being on the date of such signatures and on the date of the actual delivery of the Bond to the purchaser thereof, the duly chosen, qualified and acting officers indicated therein and authorized to execute the same. The undersigned Chairperson and Secretary hereby adopt as and for their own official signatures any and all facsimile signatures used in connection with such execution as above described.

7. Except as described in the Resolution: no litigation is now pending or threatened to restrain or enjoin the execution, issuance and delivery of the Bond nor in any manner questioning the proceedings and authority under which the Bond is issued or affecting the validity of the Bond thereunder; no litigation is now pending or threatened in any way questioning the District's authority to issue such Bond or in any way questioning the validity of any indebtedness being refinanced or the authority for any improvement whose cost is being financed or refinanced; neither the corporate existence nor boundaries of the District nor the title of its present officers to their respective offices is being contested; no authority or proceedings for the issuance of the Bond have been repealed, revoked or rescinded as of the date hereof. All actions taken by the Board referred to in said transcript were taken at a public meeting while open to the attendance of the public.

8. The undersigned Treasurer of the District hereby acknowledges that such Treasurer has received (including receipt as a credit on repayment of the indebtedness reflected by the District's outstanding 2011B Bonds) from Washington County Bank, as purchaser of the Bond (the "Purchaser"), the amount of \$550,000 plus accrued interest (if any) on the Bond to the date of this certificate.

IN WITNESS WHEREOF, we have hereunto affixed our official signatures this 13th day of June, 2014.

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Chairperson

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Secretary

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Treasurer

**EXHIBIT A  
TO UCC-1 FINANCING STATEMENT**

**BY PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT,  
IN THE STATE OF NEBRASKA,  
AS DEBTOR**

**TO THE**

**TREASURER OF THE PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT  
PAYING AGENT AND REGISTRAR FOR SERIES 2014 BOND**

**Item 4—Description of Property:** All Revenues, as hereinafter defined.

“Revenues” shall mean all of the rates, rentals, fees and charges, earnings and other monies, including investment income, from any source derived by the District through its ownership and operation of the WC2 Water System, including any and all payments to be received by the District for such system under the terms of interlocal agreements related thereto, including payments under the Blair Bond; provided, however, the pledge of revenues in favor of the Bond herein authorized is subject and subordinate in all respects to the prior and senior pledge of revenues in favor of the Senior Bonds as described in the Senior Lien Resolution; and provided further, if the WC System Litigation, as defined in the Resolution, or any portion thereof is resolved by court order or settlement (in either case, an “Order”) in a manner that limits the revenues which may be pledged for the Bond authorized herein, then “revenues” as used herein, shall mean only that portion of the rates, rentals, fees and charges, earnings and other monies, including investment income, from any source derived by the District through its ownership and operation of the WC2 Water System to the extent the same may be pledged for the Bond after giving effect to the Order.

“WC2 Water System” means the rural water system improvements to serve WC Project No. 2 and as called for under the terms of the Interlocal Agreement, which taken together constitute single and separate water facilities.

“WC Project No. 2” means the improvement project area of the District created to serve portions of Washington County and to provide for certain facilities to serve areas of the City of Blair, Nebraska, separate and apart from the District’s previously created Washington County Rural Water Project No. 1, which project area has been designated as the District’s “Washington County Rural Water Project No. 2”.

“Interlocal Agreement” means an agreement between the County of Washington in the State of Nebraska, the City of Blair, Nebraska, and the District entitled “Interlocal Cooperation Act Agreement” executed by the District on January 15, 2004, by the County on January 13, 2004 and by the City on January 13, 2004.

“Resolution” means that resolution adopted by the Board of Directors of the District (the Debtor) on June 12, 2014, authorizing the issuance of \$550,000 in stated principal amount of its Junior Lien Water Project Revenue Refunding Bond (Washington County Rural Water Project), Series 2014.

“Senior Bonds” means the District’s Water Project Revenue Refunding Bonds (Washington County Rural Water Project No. 2), Series 2011A, issued in the original principal amount of \$2,425,000.

“Senior Lien Resolution” means that resolution adopted by the Board of Directors of the District (the Debtor) on May 12, 2011, authorizing the issuance of \$2,425,000 in state principal amount of its Water Project Revenue Refunding Bonds (Washington County Rural Water Project No. 2), Series 2011A.

“Blair Bond” means the Water System Revenue Bond, Series 2006, issued by the City of Blair, Nebraska, presently outstanding in the principal amount of \$300,000.

**THIS FILING IS MADE AS A PRECAUTIONARY MEASURE IF FOR ANY REASON A COURT OF COMPETENT JURISDICTION SHOULD DETERMINE THE NEBRASKA UNIFORM COMMERCIAL CODE APPLIES TO ANY SECURITY INTERESTS PROVIDED FOR IN THE RESOLUTION. IN ANY SUCH EVENT “REVENUES” SHALL INCLUDE ALL ACCOUNTS OF DEBTOR ATTRIBUTABLE TO THE WC2 WATER SYSTEM AND DEBTOR’S INTEREST IN THE BLAIR BOND. DEBTOR BELIEVES THAT THE PERFECTION, PRIORITY AND ENFORCEMENT OF THE SECURITY INTERESTS CREATED UNDER THE RESOLUTION ARE GOVERNED BY SECTION 2-3226, R.R.S. NEB. 2012, AS AMENDED, AND EXCLUDED FROM THE SCOPE OF THE NEBRASKA UNIFORM COMMERCIAL CODE BY VIRTUE OF SECTION 9-109(c)(2) AND THE NEBRASKA GOVERNMENTAL UNIT SECURITY INTEREST ACT, SECTIONS 10-1101 ET SEQ., R.R.S. NEB. 2012, AS AMENDED (THE “ACT”), AND THAT THE SECURITY INTERESTS OF THE SECURED PARTY IN THE REVENUES HAVE BEEN PERFECTED BY THE ADOPTION OF THE RESOLUTION.**



June 13, 2014

Washington County Bank  
Blair, Nebraska

RE: JUNIOR LIEN WATER PROJECT REVENUE REFUNDING BOND (WASHINGTON COUNTY RURAL WATER PROJECT), SERIES 2014, OF PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT, IN THE STATE OF NEBRASKA, DATE OF ORIGINAL ISSUE – JUNE 13, 2014

Ladies and Gentlemen:

We have examined the certified transcript of proceedings of Papio-Missouri River Natural Resources District, in the State of Nebraska (the "Issuer"), for the issuance of a Junior Lien Water Project Revenue Refunding Bond (Washington County Rural Water Project), Series 2014, date of original issue - June 13, 2014, in the principal amount of Five Hundred Fifty Thousand Dollars (\$550,000) (the "Bond") in pursuance of Sections 2-3226 and 10-142, Reissue Revised Statutes of Nebraska, 2012, as amended, for the purpose of refunding a portion of the District's Junior Lien Water Project Revenue Refunding Bonds (Washington County Rural Water Project No. 2), Series 2011B, which were issued for the purpose of refunding a portion of the District's Junior Lien Water Project Revenue Refunding Bonds (Washington County Rural Water Project No. 2), Series 2006B, which were issued for the purpose of paying a portion of the costs of constructing and acquiring a rural water distribution system to serve the District's Washington County Rural Water Project No. 2 and portions of the City of Blair, Nebraska, and to pay costs of issuance thereof. This transcript shows, among other things, certain covenants and certifications relating to the status of interest on said issue of bond with respect to state and federal tax law. Said transcript has been certified by the Secretary of the Issuer and is identified by a stamp bearing our name on each page. We have relied upon this certified transcript without undertaking to verify the same by independent investigation.

The Bond is being issued in fully registered numbered R-1 and bears date of original issue of June 13, 2014; the Bond bears interest at the rate, becomes due at the times and is redeemable prior to maturity as set out in the Bond and as provided for in a resolution of the Chairperson and Board of Directors of the Issuer adopted June 12, 2014 (the "Resolution"). In the Resolution, the Issuer has pledged the revenue and earnings of its WC2 Water System (the "Water System") for the payment of the Bond, subject to the prior lien and rights of the District's Water Project Revenue Refunding Bonds (Washington County Rural Water Project No. 2), Series 2011A, date of original issue – June 10, 2011, issued pursuant to a resolution adopted contemporaneously with the Resolution, in the original principal amount of \$2,425,000 (the "2011A Bonds"), and subject to other limitations set out in the Resolution (particularly in the definition of "revenues" therein).

No opinion is expressed herein with respect to the accuracy, adequacy, or completeness of any statements or information used in the placement of the Bond and we have not undertaken responsibility for any such statements or information. Further, we express no opinion regarding tax consequences arising with respect to the Bond other than as expressly set forth herein.

Based upon such examination of the transcript, we are of the opinion, as of the date hereof and under existing law, that:

A. The Issuer has lawful authority for the issuance of the Bond and the Bond is the valid and binding obligation of the Issuer.

B. The Bond is in proper form and has been duly authorized and issued in accordance with the Constitution and laws of the State of Nebraska; the Bond does not constitute a general obligation of the District and is not payable in any manner by taxation but, in our opinion, the Bond constitutes a valid and binding special obligation of the District, according to the import thereof, payable both as to principal and interest only and solely from the "revenues" (as defined in the Resolution) and secured by a pledge of said revenues as set forth in the Resolution, subject to the prior lien and pledge in favor of the 2011A Bonds. We refer to the Resolution for a description of the rights, duties and obligations of the District with respect to the security for payment of the Bond and otherwise.

C. Interest on the Bond is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, no opinion is expressed herein with respect to the treatment of such interest under the additional corporate minimum tax on "adjusted current earnings" as provided for in Section 56(c) and (g) of the Internal Revenue Code of 1986, as amended (the "Code") or with respect to any other tax based thereon or with respect to any other consequences affecting the federal income tax liability of a recipient of the interest on the Bond. The Bond is not a "private activity bond" as described in the Code. The opinions set forth in this paragraph are subject to the condition that the Issuer comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bond in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The Issuer has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Bond to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bond.

D. Under existing laws with respect to Nebraska state income taxes, such state income taxes are based upon the federal income taxes and federal taxable income and interest on the Bond in the hands of the holders thereof will be subject to Nebraska state income taxes only to the extent that it may be subject to federal income taxes.

It is to be understood that the rights of the holders of the Bond and the priorities and enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium, extension, compromise and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent applicable and that their priorities and enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

Very truly yours,

BAIRD HOLM LLP

By: