

**Finance, Expenditure & Legal
Subcommittee Meeting
March 11, 2003
8:30 p.m.
Agenda**



8901 S. 154TH ST
OMAHA, NE 68138-3621
(402) 444-6222
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Finance, Expenditure & Legal Subcommittee Members:

Melissa Gardner, Chairperson
Dick Connealy, Vice-Chairperson
John Conley
Barb Nichols
Jim Thompson

Alternate Members: Joe Neary
Pete Rubin

Staff Liaison: Jim Becic
Martin Cleveland
Jack Lawless*
Dick Sklenar
Trent Heiser

1. Meeting Called to Order – Chairperson Gardner
2. Quorum Call
3. Adoption of Agenda
4. Review and Recommendation on Bond Resolutions for Refinancing **Loans** for Dakota and Washington Rural Water System – John Trecek, Ameritas Investment Corp., and Dick Sklenar
5. Review and Recommendation on Line of Credit Agreement with Wells Fargo Bank – Jack Lawless
6. Review and Recommendation on District Credit Card – Jack Lawless
7. Review and Recommendation on West Branch Channel Project (84th – 96th Streets) – Roger Sloderbeck Property Acquisition [*Executive Session, if needed*] – Martin Cleveland
8. Review and Recommendation on Western Sarpy/Clear Creek ROW Acquisition – Jansen Condemnation [*Executive Session, if needed*] – Roger Shiffermiller and Marlin Petermann
9. Other Items of Interest
10. Adjourn

MEMORANDUM

TO: FEL Subcommittee

FROM: Dick Sklenar

SUBJECT: Bond Resolutions for Dakota and Washington County Rural Water Systems

DATE: March 3, 2003

Attached are the draft Bond Resolutions for the Dakota and Washington County Rural Water Systems regarding the refinancing of existing loans and bonds.

The Washington County Rural Water System will be refinancing \$360,000.00. The Dakota County Rural Water System will be refinancing two GMAC loans for approximately \$710,000.00.

It is important to note that 2/3 (8) of the Board of Directors will need to approve the bond resolution at the Board Meeting of March 13, 2003.

Management recommends that the Subcommittee recommend to the Board of Directors that the bond resolutions for the Dakota and Washington County Rural Water Systems be approved and that the General Manager be authorized to any necessary documents related to this item.

DS:pz:File: 619

A meeting of the Board of Directors of Papio-Missouri River Natural Resources District was held at the _____ in said District on the ____ day of _____, 2003, at _____ o'clock ____.M.

Present were: Chairperson: _____; Directors: _____

Absent: _____ Notice of the meeting was given in advance thereof by publication in the _____ on _____, 2003, a designated method for giving notice, as shown by the publisher's affidavit of publication attached to these minutes. Notice of this meeting was given to all members of the Board of Directors and a copy of their acknowledgment of receipt of notice is attached to these minutes. Availability of the agenda was communicated in the published notice and in the notice to the Directors of this meeting. All proceedings of the Board were taken while the convened meeting was open to the attendance of the public.

Director _____ introduced the following Resolution and moved its adoption. Director _____ seconded the foregoing motion and on roll call on the passage and adoption of this Resolution, the following voted YEA: _____

_____. The following voted NAY: _____. Whereupon the Chairperson declared said motion carried and said Resolution passed and adopted. A true, correct and complete copy of said Resolution is as follows:

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BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT, IN THE STATE OF NEBRASKA:

Section 1. That the following bonds, in accordance with their option provisions, are hereby called for payment on April 15, 2003, after which date interest on the bonds will cease:

Water Revenue Bond, 1979 Series, dated September 1, 1979 (delivered October 9, 1979), in the remaining approximate principal amount of \$670,071, issued for the purpose of constructing a waterworks system for said District in Middle Missouri Rural Water Supply Project No. 1, Dakota County Area.

Section 2. This bond is to be paid at the office of the District Treasurer of Papio-Missouri River Natural Resources District, Omaha, Nebraska (formerly known as Middle Missouri Tribes Natural Resources District), being the office of the Paying Agent and Registrar.

Section 3. A true copy of this Resolution shall be filed by the District Secretary with the Paying Agent and Registrar at least thirty (30) days prior to call date and the Paying Agent and Registrar is hereby irrevocably instructed to take appropriate action to mail notice to the registered owner at least thirty days prior to the call date.

PASSED AND APPROVED this _____ day of _____, 2003

ATTEST:

By _____
Chairperson

Secretary

DRAFT

Director _____ introduced the following Resolution and moved *its* adoption. Director _____ seconded the foregoing motion and on roll call on the passage and adoption of this Resolution, the following voted **YEA:** _____

_____. The following voted **NAY:** _____ Whereupon the Chairperson declared said motion carried and said Resolution passed and adopted. A true, correct and complete copy of said Resolution is as follows:

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT, IN THE STATE OF NEBRASKA:

Section 1. That the following bonds, in accordance with their option provisions, are hereby called for payment on April 15, 2003, after which date interest on the bonds will cease:

Water Revenue Bond, 1980 Series, dated August 15, 1980 (delivered September 8, 1980), in the remaining approximate principal amount of \$69,723, issued for the purpose of constructing a waterworks system for said District in Middle Missouri Rural Water Supply Project No. 1, Dakota County Area.

Section 2. This bond is to be paid at the office of the District Treasurer of Papio-Missouri River Natural Resources District, Omaha, Nebraska (formerly known as Middle Missouri Tribes Natural Resources District), being the office of the Paying Agent and Registrar.

Section 3. A true copy of this Resolution shall be filed by the District Secretary with the Paying Agent and Registrar at least thirty (30) days prior to call date and the Paying Agent and Registrar is hereby irrevocably instructed to take appropriate action to mail notice to the registered owner at least thirty days prior to the call date.

PASSED AND APPROVED this _____ day of _____, 2003.

ATTEST:

By _____
Chairperson

Secretary

DRAFT

Director _____ introduced the following Resolution and moved its adoption. Director _____ seconded the foregoing motion and on roll call on the passage and adoption of this Resolution, the following voted YEA: _____

_____. The following voted NAY: _____. Whereupon the Chairperson declared said motion carried and said Resolution passed and adopted. A true, correct and complete copy of said resolution is as follows:

A RESOLUTION AUTHORIZING THE ISSUANCE OF WATER REVENUE REFUNDING BONDS, SERIES 2003A, OF THE PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT, IN THE PRINCIPAL AMOUNT OF SEVEN HUNDRED TWENTY-FIVE THOUSAND DOLLARS (5725,000); PRESCRIBING THE FORM OF SAID BONDS; PLEDGING AND HYPOTHECATING THE REVENUES AND EARNINGS TO BE DERIVED FROM THE MIDDLE MISSOURI RURAL WATER SUPPLY PROJECT NO. 1, DAKOTA COUNTY AREA OF THE DISTRICT FOR THE PAYMENT OF SAID BONDS; PROVIDING FOR THE COLLECTION, SEGREGATION AND APPLICATION OF THE REVENUES OF SAID SYSTEM OF WATER SUPPLY WITHIN SAID PROJECT; ENTERING INTO A CONTRACT ON BEHALF OF THE DISTRICT WITH THE REGISTERED OWNERS OF SAID BONDS; PROVIDING FOR THE SALE OF THE BONDS; AUTHORIZING THE DELIVERY OF THE BONDS TO THE PURCHASER AND PROVIDING FOR THE DISPOSITION OF THE BOND PROCEEDS

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT, IN THE STATE OF NEBRASKA

Section 1. The Chairperson and Board hereby find and determine:

(a) the District owns and operates a water supply system known as "Middle Missouri Rural Water Supply Project No. 1, Dakota County Area" for purposes of serving Dakota County in the State of Nebraska, which constitutes a revenue-producing facility (within the meaning of Section 2-3226, R.R.S. Neb. 1997) authorized by law to be owned and operated by the District. All facilities of such system, located in said Dakota County, Nebraska, together with all additions and improvements thereto hereafter made, owned and operated by the District are herein referred to as the "Water System";

(b) the District has heretofore issued interest-bearing bonds, part of which remain outstanding and unpaid and constitute a legal liability against the District payable from the Revenues of the Water System as follows:

Water Revenue Bond, 1979 Series, issued in the original principal amount of \$1,000,000, presently outstanding in the approximate principal amount of \$670,071 (the "1979 Bond"), issued pursuant to a resolution of the District adopted September 19, 1979 (the "1979 Resolution");

Water Revenue Bond, 1980 Series, issued in the original principal amount of 5100,000, presently outstanding in the approximate principal amount of \$69,723 (the "1980 Bond"), issued pursuant to a resolution of the District adopted September 8, 1980 (the "1980 Resolution");

and the 1979 Bond and the 1980 Bond (sometimes hereinafter the "Refunded Bonds") constitute the only outstanding indebtedness for which the Revenues of the Water System have been pledged;

(c) that since the issuance of the Refunded Bonds the rates of interest have so declined in the markets that by taking up and paying off the Refunded Bonds of the District, a substantial savings in the amount of yearly running interest will be made to the District; that by applying certain funds on hand and issuing its Water Revenue Refunding Bonds, Series 2003A, in the amount of \$725,000, the Refunded Bonds can be taken up and paid off on April 15, 2003 and have been called for redemption on said date; and

(d) that all things required by law to exist or to be done precedent to the issuance of refunding bonds of the District payable from the Revenues of the Water System in the amount of \$725,000 have been done in due form and time as required by law.

Section 2. Unless the context shall clearly indicate otherwise, the following terms shall have the following meanings when used in this Resolution: a) the "Water System" shall mean the Middle Missouri Rural Water Supply Project No. 1, Dakota County Area, as now existing or hereafter acquired, including, without

limitation, all improvements, extensions and enlargements thereof hereafter made in the original project area or project areas or in any adjacent project area operated as a part of said water system and specifically including the projects financed or refinanced by the Refunded Bonds; (b) "Revenues" shall mean all the rates, rentals, fees, charges, revenues, earnings and other monies from any sources whatever derived by the Papio-Missouri River Natural Resources District through its ownership and operation of the Water System; c)"Series 2003A Bonds" shall mean the \$725,000 Water Revenue Refunding Bonds, Series 2003A, date of original issue, April 15, 2003, authorized to be issued by Section 3 of this Resolution, as the principal amount of such bonds may at any time be outstanding; and d)"Additional Bonds" shall mean any bond including refunding bonds authorized and issued pursuant to the provisions of Sections 11 and 12 of this Resolution at any time outstanding, which are payable on a parity with the Series 2003A Bonds and equally and ratably secured therewith.

Section 3. For the purpose of paying the bonded debt of the District as set out in Section 1 hereof, there hereby are ordered issued Water Revenue Refunding Bonds, Series 2003A, in the aggregate principal amount of \$725,000, to bear date of original issue of April 15, 2003, in fully registered form. Said Series 2003A Bonds shall bear interest at the rates per annum and mature on April 15 of each year in the principal amounts as follows:

<u>Principal Amount</u>	<u>Maturing on April 15 Of Year</u>	<u>Interest Rate Per Annum</u>
\$65,000	2004	
65,000	2005	
65,000	2006	
70,000	2007	
70,000	2008	
70,000	2009	
75,000	2010	
80,000	2011	
80,000	2012	
85,000	2013	

The Series 2003A Bonds shall be issued in the denominations of \$5,000 or any integral multiple thereof and shall be numbered from 1 upwards in the order of their issuance as shown on the books and records of the Paying Agent and Registrar. No Series 2003A Bond shall be issued originally or upon transfer or partial redemption having more than one principal maturity. The initial bond numbering and principal amounts for each of the Series 2003A Bonds issued shall be as directed by the initial purchaser thereof. Interest on the Series 2003A Bonds shall be payable semiannually on October 15 and April 15 starting October 15, 2003. The interest due on each interest payment date shall be payable to the registered owners of record as of the close of business on the last day of the calendar month immediately preceding the calendar month in which the interest payment date occurs (the "Record Date"), subject to the provisions of Section 4 hereof. Payments of interest on the Series 2003A Bonds due prior to maturity or redemption shall be made by the Paying Agent and Registrar, as designated in Section 4 hereof, by mailing a check or draft or making a wire-transfer in the amount due for such interest on each interest payment date to the registered owner of each Series 2003A Bond as of the Record Date to such owner's registered address as shown on the books of registration as required to be maintained in Section 4 hereof. Payment of principal due at maturity or at any date fixed for redemption prior to maturity, together with any accrued interest then due, shall be made by said Paying Agent and Registrar to the registered owners upon presentation and surrender of the Series 2003A Bonds to said Paying Agent and Registrar. The District and said Paying Agent and Registrar may treat the registered owner of any Series 2003A 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 said 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 Series 2003A Bond shall be valid and effectual and shall be a discharge of the District and said Paying Agent and Registrar, in respect of the liability upon the Series 2003A Bonds or claims for interest to the extent of the sum

or sums so paid. If any Series 2003A Bond is not paid upon presentation or such bond at maturity or any interest installment is not paid when due, such delinquent bond or delinquent interest installment shall bear interest thereafter until paid at a rate equal to the rate assessed against delinquent taxes under Section 45-104.01 R.R.S. Neb. 1997, as now existing or as the same may be amended from time to time by the Nebraska Legislature.

Section 4. The District Treasurer is hereby designated as Paying Agent and Registrar for the Series 2003A Bonds. Said Paying Agent and Registrar shall keep and maintain books for the registration and transfer of the Series 2003A Bonds at the office of the District in Omaha, Nebraska, being the office of the Paying Agent and Registrar. The names and registered addresses of the registered owner or owners of the Series 2003A Bonds shall at all times be recorded in such books. Any Series 2003A Bond may be transferred pursuant to its provisions at the office of the Paying Agent and Registrar, upon surrender of such bond for cancellation, accompanied by a written instrument of transfer, in form satisfactory to such 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 will register such transfer upon said registration books and deliver to the transferee registered owner or owners (or send by registered mail to the transferee owner or owners at such owner's or owners' risk and expense), registered in the name of such transferee owner or owners, a new Series 2003A Bond or Series 2003A Bonds of the same interest rate, aggregate principal amount and maturity. To the extent of the denominations authorized for the Series 2003A Bonds by this Resolution, one such bond may be transferred for several such bonds of the same interest rate and maturity and for a like aggregate principal amount and several such bonds may be transferred for one or several such bonds of the same interest rate and maturity and for a like aggregate principal amount. In every case of transfer of a Series 2003A Bond, the surrendered Series 2003A Bond or Series 2003A Bonds shall be cancelled and destroyed. All Series 2003A Bonds issued upon transfer of the Series 2003A Bonds so surrendered shall be valid obligations of the District evidencing the same obligations as the Series 2003A Bonds surrendered and shall be entitled to all benefits and protection of this Resolution to the same extent as the Series 2003A Bonds upon transfer of which they were delivered. The District and the Paying Agent and Registrar shall not be required to transfer Series 2003A Bonds during any period from any Record Date until its immediately following interest payment date or to transfer any Series 2003A Bond called for redemption for a period of 30 days next preceding the date fixed for redemption prior to maturity. In the event that payments of interest due on the Series 2003A Bonds on an interest payment date are not timely made, such interest shall cease to be payable to the registered owners as of the Record Date for such interest payment date and shall be payable to the registered owners of the Series 2003A Bonds 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 5. Series 2003A Bonds maturing on or after April 15, 2009, shall be subject to redemption, in whole or in part, prior to maturity at any time on or after April 15, 2008, at par plus accrued interest on the principal amount redeemed to the date fixed for redemption. The District may select the Series 2003A Bonds to be redeemed in its sole discretion but Series 2003A Bonds shall be redeemed only in the amount of \$5,000 or integral multiples thereof. Any Series 2003A Bond redeemed in part only shall be surrendered to the Paying Agent and Registrar in exchange for a new Series 2003A Bond evidencing the unredeemed principal thereof. Notice of redemption of any Series 2003A Bond called for redemption shall be given at the direction of the Chairperson and Board by the Paying Agent and Registrar by mail not less than thirty days prior to the date fixed for redemption, first class, postage prepaid, sent to the registered owner of such Series 2003A Bond at said owner's registered address. Such notice shall designate the Series 2003A Bond or Series 2003A Bonds to be redeemed by number and maturity, the date of original issue and the date fixed for redemption and state that such bond or bonds are to be presented for prepayment at the office of the Paying Agent and Registrar. In case of any Series 2003A Bond partially redeemed, such notice shall specify the portion of the principal amount of such bond to be redeemed. No defect in the mailing of notice for any Series 2003A Bond shall affect the sufficiency of the proceedings of the Chairperson and Board designating the Series 2003A Bonds called for redemption or the effectiveness of such call for Series 2003A Bonds for which notice by mail has been properly given and the Chairperson and Board shall have the right to further direct notice of redemption for any such Series 2003A Bond for which defective notice has been given.

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Section 6. The Series 2003A Bonds shall be executed on behalf of the District by being signed by the Chairperson and the Secretary, both of which signatures may be facsimile signatures. The Secretary shall make and certify a transcript of proceedings had and done precedent to the issuance of said bonds which shall be delivered to the purchaser of said bonds. After being executed by the Chairperson and Secretary, said bonds shall be delivered to the Treasurer of the District who shall be responsible therefor under his/her official bond. Such Treasurer shall maintain a record of information with respect to said Series 2003A Bonds in accordance with the requirements of Section 10-140, R.R.S. Neb. 1997, as amended, and shall cause the same to be filed with the Auditor of Public Accounts. The Series 2003A Bonds are hereby sold to Ameritas Investment Corp. at 98.10% of the principal amount thereof and the District Treasurer is authorized to deliver the Series 2003A Bonds to said purchaser upon receipt of said amount ~~plus~~ accrued interest to date of payment. The Paying Agent and Registrar shall register each bond in the name of its initial registered owner as designated by the initial purchaser. Each Series 2003A Bond shall be authenticated on behalf of the District by the Paying Agent and Registrar. The Series 2003A Bonds shall be issued initially as "book-entry only" bonds using the services of The Depository Trust Company (the "Depository"), with one typewritten bond certificate per maturity being issued to the Depository. In such connection said officers of the District are authorized to execute and deliver a letter of representations and inducement (the "Letter of Representations") in the form required by the Depository (including any blanket letter previously executed and delivered by the District), for and on behalf of the District, which shall thereafter govern matters with respect to registration, transfer, payment and redemption of the Series 2003A Bonds. Upon issuance of the Series 2003A Bonds as "book-entry-only" bonds, the following provisions shall apply:

(a) The District and the Paying Agent and Registrar shall have no responsibility or obligation to any broker-dealer, bank or other financial institution for which the Depository holds Series 2003A Bonds as securities depository (each, a "Bond Participant") or to any person who is an actual purchaser of a Series 2003A Bond from a Bond Participant while the Series 2003A Bonds are in book-entry form (each a "Beneficial Owner") with respect to the following:

(i) the accuracy of the records of the Depository, any nominees of the Depository or any Bond Participant with respect to any ownership interest in the Series 2003A Bonds.

(ii) the delivery to any Bond Participant, any Beneficial Owner or any other person, other than the Depository, of any notice with respect to the Series 2003A Bonds, including any notice of redemption, or

(iii) the payment to any Bond Participant, any Beneficial Owner or any other person, other than the Depository, of any amount with respect to the Series 2003A Bonds. The Paying Agent and Registrar shall make payments with respect to the Series 2003A Bonds only to or upon the order of the Depository or its nominee, and all such payments shall be valid and effective fully to satisfy and discharge the obligations with respect to such bonds to the extent of the ~~sum~~ or sums ~~so~~ paid. No person other than the Depository shall receive an authenticated Series 2003A Bond, except as provided in (e) below.

(b) Upon receipt by the Paying Agent and Registrar of written notice from the Depository to the effect that the Depository is unable to or unwilling to discharge its responsibilities, the Paying Agent and Registrar shall issue, transfer and exchange Series 2003A Bonds requested by the Depository in appropriate amounts. Whenever the Depository requests the Paying Agent and Registrar to do so, the Paying Agent and Registrar will cooperate with the Depository in taking appropriate action after reasonable notice (i) to arrange, with the prior written consent of the District, for a substitute depository willing and

able upon reasonable and customary terms to maintain custody of the Series 2003A Bonds or (ii) to make available Series 2003A Bonds registered in whatever name or names the Beneficial Owners transferring or exchanging such bonds shall designate.

(c) If the District determines that it is desirable that certificates representing the Series 2003A Bonds be delivered to the ultimate Beneficial Owners of the Series 2003A Bonds and so notifies the Paying Agent and Registrar in writing, the Paying Agent and Registrar shall so notify the Depository, whereupon the depository will notify the Bond Participants of the availability through the Depository of bond certificates representing the Series 2003A Bonds. In such event, the Paying Agent and Registrar shall issue, transfer and exchange bond certificates representing the Series 2003A Bonds as requested by the Depository in appropriate amounts and in authorized denominations.

(d) Notwithstanding any other provision of this Resolution to the contrary, so long as any Series 2003A Bond is registered in the name of the Depository or any nominee thereof, all payments with respect to such bond and all notices with respect to such bond shall be made and given, respectively, to the Depository as provided in the Letter of Representations.

(e) Registered ownership of the Series 2003A Bonds may be transferred on the books of registration maintained by the Paying Agent and Registrar, and the Series 2003A Bonds may be delivered in physical form to the following:

(i) any successor securities depository or its nominee:

(ii) any person, upon (A) the resignation of the Depository from its functions as depository or (B) termination of the use of the Depository pursuant to this Section and the terms of the Paying Agent and Registrar's Agreement (if any).

(9) In the event of any partial redemption of a Series 2003A Bond unless and until such partially redeemed bond has been replaced in accordance with the provisions of this Resolution, the books and records of the Paying Agent and Registrar shall govern and establish the principal amount of such bond as is then outstanding and all of the Series 2003A Bonds issued to the Depository or its nominee shall contain a legend to such effect.

if for any reason the Depository resigns and is not replaced or upon termination by the District of book-entry-only form, the District shall immediately provide a supply of bond certificates for issuance upon subsequent transfers or in the event of partial redemption. 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 Series 2003A Bond shall cease to be such officer before the delivery of such bond (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 bond. The Series 2003A Bonds shall not be valid and binding on the District until authenticated by the Paying Agent and Registrar. The Series 2003A Bonds shall be delivered to the Paying Agent and Registrar for registration and authentication.

Section 7. Said Series 2003A Bonds shall be in substantially the following form:

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UNITED STATES OF AMERICA
STATE OF NEBRASKA
PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT
(MIDDLE MISSOURI RURAL WATER PROJECT
NO. 1, DAKOTA COUNTY AREA)

WATER REVENUE REFUNDING BOND, SERIES 2003A

No

5

Interest Rate
%

Maturity Date
April 15, _____

Date of Oriional Issue
April 15, 2003

CUSIP NO.

Registered Owner: _____

Principal Amount: _____

KNOW ALL PERSONS BY THESE PRESENTS: That Papio-Missouri River Natural Resources District, in the State of Nebraska, hereinafter called the "District" for value received, hereby promises to pay, but only from the net revenues derived and to be derived from the operation of the Middle Missouri Rural Water Supply Project No. 1, Dakota County Area, operated by the District which is owned exclusively by the District to the registered owner specified above the principal amount specified above in lawful money of the United States of America on the maturity date specified above, with interest thereon from date of original issue specified above or most recent interest payment date, whichever is later, to maturity (or earlier redemption) at the rate per annum specified above. Said interest shall be payable semiannually on the fifteenth day of October and April in each year, starting October 15, 2003. If this bond is not paid upon presentation at maturity or any interest installment hereon is not paid when due, the bond or interest installment shall bear interest thereafter until paid at a rate equal to the rate assessed against delinquent taxes under Section 45-104.01 R.R.S. Nebraska 1998, as now existing or as the same may be amended from time to time by the Nebraska Legislature. The interest hereon due prior to maturity or earlier redemption shall be paid on each interest payment date by the District Treasurer as Paying Agent and Registrar for the District by check or draft mailed or wire-transfer to the registered owner hereof, as of the close of business on the last day of the month immediately preceding the month in which the interest payment date occurs, at such owner's registered address as it appears on the books of registration of the District. The principal of this bond and the interest due at maturity or upon call for redemption prior to maturity are payable on presentation and surrender to said Paying Agent and Registrar at the District's office in Omaha, Nebraska. Any interest not so timely paid shall cease to be payable to the person entitled thereto as of the record date such interest was payable, and shall be payable to the person who is the registered owner of this bond (or of one or more predecessor bonds 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.

The District, however, reserves the right and option of paying bonds of this issue maturing on or after April 15, 2009, in whole or in part, on April 15, 2008, or at any time thereafter. Notice of such redemption shall be given by mail, sent to the registered owner of any bond to be redeemed at said registered owner's address in the manner provided in the Resolution authorizing said bonds. Individual bonds may be redeemed in part but only in the amount of \$5,000 or integral multiples thereof. Any bond redeemed in part only shall be surrendered to the Paying Agent and Registrar in exchange for a new bond or bonds evidencing the unredeemed principal thereof.

This bond is one of an issue of fully registered bonds of the total principal amount of \$725,000, of like tenor herewith except as to denomination, date of maturity and rate of interest issued by said District for the purpose of paying the bonded debt of said District on its legally issued Water Revenue Refunding Bond, Series 1979, dated September 1, 1979 (delivered October 9, 1979), in the approximate remaining principal amount of \$670,071 and on its Water Revenue Refunding Bonds, 1980 Series, dated August 15, 1980 (delivered September 8, 1980), in the approximate remaining principal amount of \$69,723 now existing and

unpaid, and in pursuance of the provisions of Sections 2-3226 and 10-142, R.R.S. Neb. 1997. This bond and the others of said issue have been duly authorized by a Resolution lawfully enacted (the "Resolution") and by proceedings duly had by the Chairperson and Board of Directors of said District.

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 or bonds of the same aggregate principal amount, interest rate and maturity will be issued to the transferee as provided in the Resolution authorizing said issue of bonds, subject to the limitations therein prescribed. The District, its 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 hereof and for all purposes and shall not be affected by any notice to the contrary, whether this bond be overdue or not.

AS PROVIDED IN THE RESOLUTION REFERRED TO HEREIN, UNTIL THE TERMINATION OF THE SYSTEM OF BOOK-ENTRY-ONLY TRANSFERS THROUGH THE DEPOSITORY TRUST COMPANY, NEW YORK, NEW YORK, (TOGETHER WITH ANY SUCCESSOR SECURITIES DEPOSITORY APPOINTED PURSUANT TO THE RESOLUTION, "DTC"), AND NOTWITHSTANDING ANY OTHER PROVISIONS OF THE RESOLUTION TO THE CONTRARY, A PORTION OF THE PRINCIPAL AMOUNT OF THIS BOND MAY BE PAID OR REDEEMED WITHOUT SURRENDER HEREOF TO THE PAYING AGENT AND REGISTRAR. DTC OR A NOMINEE, TRANSFEREE OR ASSIGNEE OF DTC OF THIS BOND MAY NOT RELY UPON THE PRINCIPAL AMOUNT INDICATED HEREON AS THE PRINCIPAL AMOUNT HEREOF OUTSTANDING AND UNPAID. THE PRINCIPAL AMOUNT HEREOF OUTSTANDING AND UNPAID SHALL FOR ALL PURPOSES BE THE AMOUNT DETERMINED IN THE MANNER PROVIDED IN THE RESOLUTION.

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED OFFICER OF DTC (A) TO THE PAYING AGENT AND REGISTRAR FOR REGISTRATION OF TRANSFER OR EXCHANGE OR (B) TO THE PAYING AGENT AND REGISTRAR FOR PAYMENT OF PRINCIPAL, AND ANY BOND ISSUED IN REPLACEMENT HEREOF OR SUBSTITUTION HEREOF IS REGISTERED IN THE NAME OF DTC AND ANY PAYMENT IS MADE TO DTC OR ITS NOMINEE, ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSONS IS WRONGFUL BECAUSE ONLY THE REGISTERED OWNER HEREOF, DTC OR ITS NOMINEE, HAS AN INTEREST HEREIN.

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

The principal and interest on this bond are payable only from the net revenues derived by the District from the operation of the said "water system", as described, defined and referred to in the Resolution, including revenues derived from extensions and improvements of said waterworks system hereafter constructed or acquired by said District in Project Area No. 1 or in any adjacent project area operated as a part of said water system, and neither this bond nor the interest hereon shall be payable in whole or in part out of the funds raised by taxation. This bond shall not be or constitute a general obligation of the District nor shall it constitute an indebtedness of such District within the meaning of any constitutional or statutory limitation upon general obligation indebtedness. This bond shall constitute a lien upon the said net revenues of said water system, according to the terms of this bond and the Resolution authorizing the issuance thereof.

The District hereby covenants with the holder of this bond to keep and perform all covenants and agreements contained in the Resolution and the District agrees to fix, establish, maintain and collect such rates, fees or charges for water facilities and service furnished by or through said water system of the District, including all extensions and improvements thereof hereafter constructed or acquired by the District in said project area or in any adjacent project area operated as a part of said water system as will produce revenues sufficient to provide funds to pay the cost of the operation and maintenance of said water system and to pay the principal of and interest on this bond and the other bonds of this issue as and when the principal and interest on said bonds become due, and to provide adequate reserves therefor. The Resolution also authorizes the issuance of Additional Bonds under specified terms and conditions.

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This bond shall be registered and transferred in accordance with the provisions printed on this bond and subject to the terms and conditions set out in the authorizing Resolution.

To the extent provided in the aforesaid Resolution authorizing the issuance of this bond, the provisions of this bond, or of said Resolution, including any amendment or supplement thereto, may be modified or amended by the District only with the written consent of the holders, and it shall not be necessary to note hereon any reference to such modification or amendment. Any holder or prospective purchaser or holder of this bond shall have the right to examine the provisions of said Resolution and any and all of its amendments or supplements. A copy of said Resolution and of any and all of its amendments and supplements, will, so long as this bond is outstanding, be kept on file in the office of the Secretary of the District at the principal administrative office of the District and will be made available for examination as aforesaid, and upon payment of the reasonable cost of preparing the same a certified copy of such amendment or supplement of said Resolution will be sent by the Secretary to any such bond holder or prospective purchaser or bond holder.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this bond, in order to make the same a legal and binding obligation of said District according to the terms hereof, do exist, have happened and have been performed in due time, form and manner as required by law, and that before the issuance of this bond provisions have been duly made for the collection and segregation of the revenues of the Middle Missouri Rural Water Supply Project #1, Dakota County Area of said District including the revenues of extensions and improvements to said waterworks system hereafter constructed or acquired and operated as a part of the water system, and for the application of the same for the purpose of paying the cost of the operation and maintenance of such waterworks system and to the payment of the principal of and interest on this bond as and when the payments become due, and to provide adequate reserves therefor. The District hereby covenants and agrees that there will be prompt payment of the principal and interest on this bond, and that there will be faithful performance in due time and manner of each and every official act necessary therefor, and the District hereby pledges said net revenues of the said waterworks system for the payment of this bond and the other bonds of this issue, as aforesaid, and covenants that no other or prior pledge of or lien upon said revenues has been made or exists.

IN WITNESS WHEREOF, the Chairperson and Board of Papio-Missouri River Natural Resources District, in the State of Nebraska, have caused this bond to be executed on behalf of the District by being signed by the Chairperson and Secretary of the District, both of which signatures may be facsimile signatures, and by causing the official seal of the District to be affixed hereto, all as of the date of original issue shown above.

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

By _____
(Do not sign)
Chairperson

ATTEST:

(Do not sign)
Secretary

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CERTIFICATE OF AUTHENTICATION

This bond is one of the bonds authorized by a resolution passed and approved by the Chairperson and Board of the Papio-Missouri River Natural Resources District as described in said bonds.

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

(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

Authorized Officer

Note: The signature(s) of this assignment MUST CORRESPOND with the name 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 8. The District hereby pledges and hypothecates the Revenues derived and to be derived from the operation of the Water System (and all extensions and enlargements thereof, including any additions and improvements hereafter made in the project area or in any adjacent project area operated as a part of said Water System) for the payment of the Series 2003A Bonds and any Additional Bonds, both principal and interest as the same fall due. The pledge and hypothecation provided for the Series 2003A Bonds in this Resolution is intended to and shall provide for a first and prior pledge or lien upon and security interest in the Revenues of the Water System superior to any pledge, lien or security interest made or given with respect to any other indebtedness of the District as to the Water System and is intended as a full exercise of the powers of the District provided for in Section 2-3226, R.R.S. Neb. 1997, as now or hereafter amended, with respect to the Water System and the Revenues thereof.

Section 9. The District agrees that it shall maintain and collect rates and charges for water and water service furnished by the Water System adequate to produce Revenues sufficient at all times to provide for the payment of the interest on and principal of the Series 2003A Bonds, as the same falls due, to pay all reasonable costs of operation and maintenance of the Water System and to pay for necessary repairs, replacements and extensions to the Water System and to provide funds sufficient to make the deposits into the accounts required by Section 10 of this Resolution.

Section 10. From and after the issuance of the Series 2003A Bonds, the Water System shall be operated on the basis of a fiscal year commencing on July 1 of each year and ending on June 30 of the following year. Bills for service shall be rendered at such intervals, not less frequently than once a year, as the Board of Directors of the District shall deem appropriate and all Revenues of every nature received through the operation of the Water System shall be deposited as collected in a separate fund (previously created) which shall be kept separate and apart from all other monies of the District and which shall be designated as the "Middle Missouri Rural Water Supply Project No. 1, Dakota County Area Fund, sometimes herein referred to as the Water Revenue Fund. The District hereby agrees that all monies paid in and deposited to the Water Revenue Fund shall be applied and credited to the following accounts within said fund, as maintained on appropriate books and records of the District:

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(a) OPERATION AND MAINTENANCE ACCOUNT: The District shall set aside into this Account a sufficient portion of the Water Revenues of the Water System in the Water Revenue Fund for the proper maintenance and operation of the Water System. All costs of construction and maintenance of such system shall be paid from this Account.

(b) BOND AND INTEREST PAYMENT ACCOUNT: After providing for payments into the Operation and Maintenance Account pursuant to paragraph (a) hereof, there shall on or before the first day of each month be (1) credited to the Bond and Interest Payment Account an amount such that, if the same amount was so paid and credited to said account on the first day of each calendar month thereafter prior to the next date on which an installment of interest falls due on the Series 2003A Bonds, the aggregate of the amounts so paid and credited will on such next interest payment date equal the interest then due on all the Series 2003A Bonds then outstanding; and (2) credited to the Bond and Interest Payment Account an additional amount such that, if the same amount was so paid and credited to said account on the first day of each calendar month thereafter, the aggregate of the amounts so paid and credited to said account will on the next following April 15 equal the amount of the Series 2003A Bonds maturing on such April 15 as provided in Section 3 hereof. Any resolution authorizing the issuance of Additional Bonds shall contain provisions for monthly credits into the Bond and Interest Payment Account of amounts from time to time sufficient to pay the principal of and interest on said Additional Bonds as the same respectively fall due in the same manner as hereinabove provided for payment into said Account for the payment of the principal of and interest on the Series 2003A Bonds. The District's Treasurer is hereby authorized and directed without further authorization to withdraw from the Bond and Interest Payment Account or, if monies in such account are insufficient, then from the Bond and Interest Repayment Reserve Account (but only for those issues for which an account has been established in the Bond and Interest Repayment Reserve Account) and then any amount necessary to pay the principal of and interest due on the Series 2003A Bonds, or any Additional Bonds then outstanding, and to make payment of such monies in the manner prescribed in this Resolution and any resolution authorizing such Additional Bonds on or before each installment of principal and interest due. If at any time monies available in the Bond and Interest Payment Account, including monies in the Bond and Interest Repayment Reserve Account and monies in the Surplus Account, are not sufficient to pay in full the principal and interest falling due on the Series 2003A Bonds, or any Additional Bonds equal in lien to the Series 2003A Bonds authorized herein, the available funds shall be allocated on a pro-rata basis in proportion to the amount outstanding for unpaid principal amount that each series of bonds has to the total amount of principal and interest then due on the Series 2003A Bonds, and any Additional Bonds then outstanding.

(c) BOND AND INTEREST REPAYMENT RESERVE ACCOUNT: Within the Bond and Interest Repayment Reserve Account there shall be established a separate sub-account for the Series 2003A Bonds and for each series of Additional Bonds (as shall be deemed appropriate by the Chairman and Board in connection with each such issue of Additional Bonds). For the Series 2003A Bonds there is hereby ordered established the Series 2003A Repayment Reserve Sub-account into which there shall be deposited from funds of the District related to the Water System on hand (including amounts held with respect to the Refunded Bonds) the sum of \$72,500 which shall be maintained as the required reserve balance for the Series 2003A Bonds so long as any of the Series 2003A Bonds remain outstanding. Monies credited to the Series 2003A Repayment Reserve Sub-account may be withdrawn, as needed, to provide funds to pay, when due, the principal of and interest on the Series 2003A Bonds, if the Bond and Interest Payment Account contains insufficient funds for such purpose, and the District's Treasurer is hereby authorized and directed to make such withdrawal if and when needed. The Series 2003A Repayment Reserve Sub-account has been established with respect to and shall be maintained for the security of the Series 2003A Bonds only. In the event of any withdrawal from the Series 2003A Repayment Reserve Sub-account (but subject to allocation among other sub-accounts in the Bond and Interest Repayment Reserve Account as described below), there shall be credited to the Series 2003A Repayment Reserve Sub-account in the month following such withdrawal all monies in the Water Revenue Fund remaining after making the payments required to be made in such month to the Operation and Maintenance Account and the Bond and Interest Payment Account and each month thereafter all such remaining monies shall be credited to the Series 2003A Repayment Reserve

Sub-account until such sub-account has been restored to the required balance. In issuing any series of Additional Bonds a separate sub-account in the Bond and Interest Repayment Reserve Account may be established for such series of Additional Bonds but is not required under the terms of this Resolution. In no event shall the required balance for any such additional sub-account established for any series of Additional Bonds within the Bond and interest Repayment Reserve Account exceed an amount equal to 1.25 times the average annual debt service requirements (as determined in accordance with the terms set forth in Section 11(a) of this Resolution but separately for the specific issue of Additional Bonds) for the issue of Additional Bonds for which such reserve sub-account is established. The balance in any such additional sub-account may be funded from monies on hand or from periodic deposits from revenues in the Water Revenue Fund or from the proceeds of such Additional Bonds. Each sub-account in the Bond and Interest Repayment Reserve Account shall be of equal standing with each other sub-account in the Bond and Interest Repayment Reserve Account and available monies from the Water Revenue Fund required to be credited to each such sub-account at any time shall be allocated on a pro rata basis between sub-accounts then requiring credits in accordance with the respective unpaid principal amounts then outstanding for each such issue for which there is a sub-account requiring credits. Each sub-account in the Bond and Interest Repayment Reserve Account shall constitute a separate fund held in trust by the District's Treasurer for the separate benefit of the issue of bonds for which it is established. Anything in this Subsection 11(c) to the contrary notwithstanding, the amount required to be maintained in the Bond and Interest Repayment Reserve Account or any sub-account therein shall not at any time exceed the maximum amount permitted to be invested without yield restriction under Section 148 of the Internal Revenue Code of 1986, as amended, or any successor provision or related statutory limitation and applicable regulations of the United States Treasury Department.

(d) SURPLUS ACCOUNT: All monies remaining after making all payments required by the preceding subsections shall be credited to the Surplus Account which may be used and applied by the District for the following purposes:

- (1) To accelerate payments into any of the foregoing accounts to the required maximum account balance then required. So long as all payments are current in the foregoing accounts the District shall have discretion as to which account is to be credited. If the payments into any account are not current this deficiency must first be satisfied by payments into said Account or Accounts in the order in which such Accounts are listed in this Section 10.
- (2) As long as payments into the foregoing accounts are current the surplus may be used to make prepayments on the Series 2003A Bonds or Additional Bonds, to make payments of any principal and interest on any indebtedness junior in lien to the Series 2003A Bonds or any Additional Bonds or for any other lawful purpose related to the Water System as may be directed by the Board of Directors of the District.

Monies in any of the accounts may be invested in securities eligible for investment of other District funds. Income from profit realized from any such investment shall be credited to the respective account from which said investment has been made until such account contains the maximum amount required to be deposited therein and thereafter such income or profit shall be transferred to the Water Revenue Fund and treated as other revenues from the operation of the Water System.

Section 11. To provide funds for the purpose of extending, improving, enlarging, equipping and operating the Water System, the District may issue an Additional Bond or Additional Bonds of equal lien payable from the Revenues of the Water System having equal priority to and being on a par with the Series 2003A Bonds upon compliance with the following condition:

The net revenues derived from the Water System for the last completed fiscal year next preceding the issuance of such Additional Bonds shall have been at least equal to 1.25 times the average annual debt service requirements on the Series 2003A Bonds, on any Additional Bonds then outstanding and on the proposed Additional Bonds. For the purpose of such

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determination "net revenues" shall mean the gross Revenues derived from ownership and operation of the Water System including investment income, less ordinary expenses of operating and maintaining the Water System payable from the Operation and Maintenance Account. Operation and maintenance expenses for such purposes shall not include depreciation, amortization or interest on any bonds. Also, for such purposes "average annual debt service" shall be determined by adding all the principal and interest which shall become due when computed to absolute maturity of the Series 2003A Bonds and any Additional Bonds as then may be outstanding, together with the total of principal and interest which will become due when computed to absolute maturity on the proposed Additional Bonds and dividing such total by the number of years remaining that the longest bond of any such issue of bonds has to run to maturity, including the proposed Additional Bonds.

Section 12. The District may issue refunding bonds, which shall qualify as Additional Bonds of equal lien to the Series 2003A Bonds to refund any Series 2003A Bonds or Additional Bonds then outstanding, provided, that, if any such Series 2003A Bonds or Additional Bonds are to remain outstanding after the issuance of such refunding bonds, the principal payments due in any calendar year in which those bonds which are to remain outstanding mature, or in any calendar year prior thereto, shall not be increased over the amount of such principal payments due in such calendar years immediately prior to such refunding. Refunding bonds issued in accordance with this paragraph of this Section 12 may be issued as Additional Bonds of equal lien without compliance with the conditions set forth in subsection 11(a) of this Resolution.

The District may also issue refunding bonds which shall qualify as Additional Bonds of equal lien to refund any Series 2003A Bonds or Additional Bonds then outstanding, provided, that, if any Series 2003A Bonds or Additional Bonds then outstanding are to remain outstanding after the application of the proceeds of the refunding bonds to the payment of the bonds which are to be refunded, such issuance must comply with the net revenues test set forth in Subsection 11 of this Resolution. In computing average annual debt service requirements to show compliance with said net revenues test for such refunding bonds, all payments of principal and interest due on such refunding bonds from the time of their issuance to the time of application of the proceeds of such refunding bonds to the satisfaction of the bonds which are to be refunded shall be excluded from such computation to the extent that such principal and interest are payable from sources other than the Revenues of the Water System (such as bond proceeds or investment earnings thereon) or from moneys in the Surplus Account and all payments of principal and interest due on the bonds which are to be refunded from and after the time of such application shall also be excluded. For purposes of this paragraph of this Section 12, the time of application of the proceeds of the refunding bonds to the satisfaction of the bonds which are to be refunded shall be the time of deposit with the paying agent for such bonds which are to be refunded pursuant to Section 10-126, R.R.S. Neb. 1997 (or any successor statutory provisions thereto) or the time when such bonds which are to be refunded under the terms of their authorizing resolution or resolutions are no longer deemed to be outstanding, whichever occurs sooner.

Section 13. Nothing contained in this Resolution shall prohibit nor restrict the right of the District to issue revenue bonds or notes in addition to those referred to in Section 11 and Section 12 above, payable from the income, proceeds, Revenues and funds of the District derived from or held in connection with its Water System for the purpose of making further repairs, extensions, alterations, improvements or redevelopment of said system, or from using moneys in the Water Revenue Fund to pay the principal of and interest on said bonds or notes, provided that said bonds or notes shall be junior and subordinate to the Series 2003A Bonds, and any Additional Bonds authorized hereby, so that if at any time the District shall be in default in paying the principal of or interest on the Series 2003A Bonds and/or any Additional Bonds authorized hereby, or if the District shall be in default in making any of the payments required to be made into the fund and accounts hereinbefore described and as described in the Resolution, the District shall make no payments of either principal or interest on said junior or subordinate bonds or notes hereafter issued until said default or defaults be cured and no default shall exist on the part of the District under the covenants, agreements and conditions contained in this Resolution.

Section 14. The District will maintain the Water System, including extensions and improvements, in

good condition and operate the same in an efficient manner and at a reasonable cost. The District agrees with the registered owners from time to time of the Series 2003A Bonds that the District will continue to own, free from all liens and encumbrances (other than as permitted under the terms of this Resolution), and will adequately maintain and efficiently operate the Water System and the District will not create or suffer to be created any lien or charge on or pledge of the Revenues of said Water System which shall be superior to or on a parity with the lien, charge and pledge in favor of the Series 2003A Bonds except as provided in Sections 11 and 12 of this Resolution.

Section 15. The District is hereby authorized and directed to keep proper books records and accounts (separate from all other records and accounts) in which complete and correct entries shall be made on all transactions relating to the Water System. The registered owner or owners of the Series 2003A Bonds or any duly authorized agent or agents of such owners shall have the right at all reasonable times to inspect all records, accounts and data relating thereto and to inspect the Water System and all properties comprising the Water System. The District further agrees that it will within 60 days following the close of each fiscal year cause an audit of such books and accounts to be made by a public accountant, showing the receipts and disbursements for account of the Water System. Such audit shall be available for inspection by the registered owner of the Series 2003A Bonds. Each such audit, in addition to whatever matters may be thought proper by the accountant to be included therein, shall include the following:

- (a) A statement in detail of the income and expenditures of the Water System for such fiscal year.
- (b) A balance sheet as of the end of each fiscal year
- (c) The accountant's comment regarding the manner in which the District has carried out the requirements of this Resolution, and the accountant's recommendation for any changes or improvements in the operation of the Water System.
- (d) A list of the insurance policies and suretyship bonds in force at the end of the fiscal year, setting out as to each policy or bond, the risks covered in such policy or bond.

All expenses incurred in the making of the audits required by this Section shall be regarded and paid as a maintenance and operation expense. Any registered owner shall have the right to receive a copy of such audit upon written request. Any registered owners of the Series 2003A Bonds or any Additional Bonds shall have the right to discuss with the accountant making the audit the contents of the audit and to ask for such additional information as they may reasonably require. In addition the District agrees to provide the initial purchaser of the Series 2003A Bonds with any reasonable additional interim period business reports on its operations as such initial purchaser shall request in writing.

Section 16. The Chairperson, Secretary and General Manager of the District are hereby authorized and directed to procure and maintain, as long as the Series 2003A Bonds are outstanding, with reputable insurance carriers, insurance on the Water System of a kind and in an amount as would normally be carried by private utilities engaged in the operation of similar facilities. Such insurance shall include, but shall not necessarily be limited to, worker's compensation (as required by the laws of the State of Nebraska), public liability, tornado and fire insurance. The premiums of any such insurance policies shall be payable as an expense of operation and maintenance of the Water System from the Operation and Maintenance Account. In the event of any loss or damage to the Water System, the proceeds which may be collected or paid on any policy or policies shall be used by the District to retire outstanding bonds related to the Water System or to rehabilitate the Water System.

Section 17. The terms and provisions of this Resolution do and shall constitute a contract between the Papio-Missouri River Natural Resources District and the registered owners of the Series 2003A Bonds and no changes, variations or alterations of any kind (except for changes necessary to cure any ambiguity, formal defect or omission) shall be made to this Resolution without the written consent of all of said registered

owners. The registered owners of the Series 2003A Bonds, may, either in law or in equity by suit, action, mandamus or other proceedings, enforce or compel performance of any and all acts and duties required by this Resolution, and any court of competent jurisdiction may, on application of any such holder, appoint a receiver to take charge of the Water System and operate the same and apply the earnings thereof in accordance with the provisions hereof and any resolution authorizing Additional Bonds.

Section 18. The Chairperson, General Manager, Secretary and Treasurer of the Board of Directors of the District are hereby authorized to do all things and execute all such documents as may by them be deemed necessary and proper to complete the issuance and sale of the Series 2003A Bonds as contemplated by this Resolution.

Section 19. 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 20. The Board of Directors hereby approves on behalf of the District the preliminary Official Statement prepared with respect to the Series 2003A Bonds and hereby authorizes the Chairperson and Secretary or either of them to approve, execute and deliver on behalf of the District a final Official Statement relating to and describing the Series 2003A Bonds. The officers of the District are further authorized to take any and all actions deemed necessary by them in connection with the carrying out and performance of the terms of this Resolution.

Section 21. The District's obligations under this Resolution and the liens, pledges, covenants and agreements of the District herein made or provided for, shall be fully discharged and satisfied as to the Series 2003A Bonds issued pursuant to this Resolution and such 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 respective date of maturity or 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 national or state bank having trust powers or trust company, in trust solely for such payment, (i) sufficient money to make such payment and/or (ii) direct general obligations of or obligations the principal and interest of which are unconditionally guaranteed by the United States of America (herein referred to as "U.S. Government Obligations") in such amount and bearing interest and maturing or redeemable at stated fixed prices at the option of the holder as to principal, at such time or times, as will ensure the availability of sufficient money to make such payment; provided, however, that, with respect to any principal amount to be paid prior to maturity, the District shall have duly given notice of redemption of such principal as provided by law or made irrevocable provisions for the giving of such notice. Any such money so deposited with a bank or trust company may be invested and reinvested in U.S. Government obligations at the direction of the District, and all interest and income from such U.S. Government Obligations in the hands of such bank or trust company, in excess of the amount required to pay principal of and interest on such bonds for which such monies were deposited, shall be paid over to the District as and when collected.

Section 22. The Pappio-Missouri River Natural Resources District hereby covenants to the purchaser and holder of the Series 2003A Bonds, that it will make no use of the proceeds of said bond issue, including monies held in any sinking fund for the payment of said bonds, which would cause said bonds to be arbitrage bonds within the meaning of Sections 103(b) and 148 of the Internal Revenue Code of 1986, as amended (the "Code") and further covenants to comply with said Sections 103 and 148 and all applicable regulations thereunder throughout the term of said bond issue. The District hereby covenants and agrees to take all actions necessary under the Code to maintain the tax-exempt status of interest payable on the Series 2003A Bonds with respect to taxpayers generally but not including insurance companies or corporations subject to the additional minimum tax. The District hereby designates the Series 2003A Bonds as its "qualified tax-exempt obligations" pursuant to Section 265(b)(3)(B)(i)(III) of the Code and covenants and warrants that it does not anticipate issuing tax-exempt obligations in calendar 2003 in an amount in excess of \$10,000,000.

Section 23. In accordance with the requirements of Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission (the "Commission"), the District hereby agrees that it will provide to Ameritas investment Corp. (the "Underwriter") and any person making request at least annually, or in the alternative to any state information depository ("SID") for the State of Nebraska (no such SID currently exists or is presently expected to exist based upon any current pending legislation), the following financial information or operating data regarding the District:

- (a) the general financial and operating information shown under the heading "FINANCIAL STATEMENT" in the Official Statement for the bonds
- (b) any additional financial information and operating data which is customarily prepared by the District, including the District's most recently prepared audited financial statements, which shall be prepared for governmental and fiduciary fund types on the basis of generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States demonstrating compliance with the cash basis or on any other basis which is in conformity with generally accepted accounting practices and for proprietary funds on the basis of generally accepted accounting principles.

The District reserves the right to modify the type of information or the format for any such information provided pursuant to such undertaking, to the extent necessary or appropriate in the judgment of the District, so long as any such modification is consistent with the requirements of the Rule. The District further agrees to provide in a timely manner to the Underwriter, to the Municipal Securities Rulemaking Board (the "MSRB"), to the SID (if any) and to any nationally recognized municipal securities information repository for which the Underwriter makes request, notice of the occurrence of any of the following events with respect to the Series 2003A Bonds, if in the judgment of the District, such event is material:

- (a) principal and interest payment delinquencies,
- (b) non-payment related defaults,
- (c) unscheduled draws on debt service reserves reflecting financial difficulties,
- (d) unscheduled draws on credit enhancements reflecting financial difficulties,
- (e) substitution of credit or liquidity providers, or their failure to perform,
- (f) adverse tax opinions or events affecting the tax-exempt status of the Series 2003A Bonds,
- (g) modifications to rights of the registered owners of the Series 2003A Bonds,
- (h) bond calls,
- (i) defeasances,
- (j) release, substitution or sale of property securing repayment of the Series 2003A Bonds and
- (k) rating changes.

The undertakings of the District in this Section 23 are hereby declared to be for the benefit of the registered owners of the Series 2003A Bonds (including beneficial owners of Series 2003A Bonds held in nominee name, each a "Beneficial Owner") and such covenants may be enforced by the registered owner of any of the Series

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2003A Bonds or by any Beneficial Owner of the Series 2003A Bonds, provided that any right to enforcement shall be limited to specific enforcement of such covenants and any failure shall not constitute a default or an event of default under this Resolution. The District hereby designates its District's general manager as the contact person from whom the foregoing information, data and notices can be obtained.

Section 24. This Resolution shall be in force and take effect from and after its passage and adoption.

PASSED AND APPROVED this ____ day of _____, 2003

Chairperson of the Board

Secretary

I, the undersigned, Secretary of the Papio-Missouri River Natural Resources District, in the State of Nebraska, hereby certify that the foregoing is a true and correct copy of proceedings had and done by the Chairperson and Board on _____; that all of the subjects included in the foregoing proceedings were contained in the agenda for the meeting, kept continually current and readily available for public inspection at the office of the Secretary; that such subjects were contained in said agenda for at least twenty-four hours prior to said meeting; that at least one copy of all reproducible material discussed at the meeting was available at the meeting for *examination* and copying by members of the public; that the said minutes from which the foregoing proceedings have been extracted were in *written* form and available for public inspection within ten working days and prior to the next convened meeting of said body; that all news media requesting notification concerning meetings of said body were provided advance notification of the time and place of said meeting and the subjects to be discussed at said meeting.

Secretary

(SEAL)

A meeting of the Board of Directors of Papio-Missouri River Natural Resources District was held at the _____ in said District on the _____ day of _____, 2003, at _____ o'clock ____M.

Presentwere: Chairperson: _____; Directors: _____

Absent: _____. Notice of the meeting was given in advance thereof by publication in the _____ on _____, 2003, a designated method for giving notice, as shown by the publisher's affidavit of publication attached to these minutes. Notice of this meeting was given to all members of the Board of Directors, and a copy of their acknowledgment of receipt of notice is attached to these minutes. Availability of the agenda was communicated in the published notice and in the notice to the Directors of this meeting. All proceedings of the Board were taken while the convened meeting was open to the attendance of the public.

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Director _____ introduced the following Resolution and moved its adoption. Director _____ seconded the foregoing motion and on roll call on the passage and adoption of this Resolution, the following voted YEA: _____

_____. The following voted NAY: _____. Whereupon the Chairperson declared said motion carried and said Resolution passed and adopted. A true, correct and complete copy of said Resolution **is** as follows:

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BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT, IN THE STATE OF NEBRASKA:

Section 1. That the following bonds, in accordance with their option provisions, are hereby called for payment on April 15, 2003, after which date interest on the bonds will cease:

Water Project Revenue Refunding Bonds, Series 1993, dated October 15, 1993, (the "1993 Bonds") in the remaining principal amount of \$95,000, issued for the purpose of refunding \$245,000 principal amount of Water Project Revenue Bonds of the District, Series 1988, date of original issue - June 15, 1988, numbered as they are shown on the books and records of the Paying Agent and Registrar, maturing and bearing CUSIP numbers as follows:

Principal	Maturity Date	CUSIP Numbers
\$20,000	June 15, 2003	69887E AK8
25,000	June 15, 2004	69887E AL6
25,000	June 15, 2005	69887E AM4
25,000	June 15, 2006	69887E AN2

Section 2. This bond is to be paid at the office of the District Treasurer of Papio-Missouri River Natural Resources District, Omaha, Nebraska, being the office of the Paying Agent and Registrar.

Section 3. A true copy of this Resolution shall be filed by the District Secretary with the Paying Agent and Registrar at least thirty (30) days prior to call date and the Paying Agent and Registrar is hereby irrevocably instructed to take appropriate action to mail notice to the registered owner at least thirty days prior to the call date.

PASSED AND APPROVED this _____ day of _____, 2003.

ATTEST:

By

Chairperson _____

Secretary

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Director _____ introduced the following Resolution and moved its adoption. Director _____ seconded the foregoing motion and on roll call on the passage and adoption of this Resolution, the following voted YEA: _____

_____. The following voted NAY: _____. Whereupon the Chairperson declared said motion carried and said Resolution passed and adopted. A true, correct and complete copy of said Resolution is as follows:

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BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT, IN THE STATE OF NEBRASKA:

Section 1. That the following bonds, in accordance with their option provisions, are hereby called for payment on April 15, 2003, after which date interest on the bonds will cease:

Water Revenue Bond, 1998 Series, dated November 18, 1998, issued in the original principal amount of \$338,800, presently outstanding in the approximate principal amount of \$296,889 (the "1998 Bond") in the form of a promissory note in favor of the Nebraska Department of Environmental Quality issued to pay costs of improvements to the District's Improvement Project Area No. 1 (Washington County) and service for the City of Fort Calhoun, Nebraska.

Section 2. This bond is to be paid at the office of the District Treasurer of Papio-Missouri River Natural Resources District, Omaha, Nebraska, being the office of the Paying Agent and Registrar.

Section 3. A true copy of this Resolution shall be filed by the District Secretary with the Paying Agent and Registrar at least thirty (30) days prior to call date and further to request waiver of prepayment notice provisions for the owner of the 1998 Bond, the Paying Agent and Registrar is hereby irrevocably instructed to take appropriate action to mail notice to the registered owner at least thirty days prior to the call date.

PASSED AND APPROVED this _____ day of _____, 2003.

ATTEST:

By _____
Chairperson

Secretary

Director _____ introduced the following Resolution and moved its adoption. Director _____ seconded the foregoing motion and on roll call on the passage and adoption of this Resolution, the following voted YEA: _____

_____. The following voted NAY: _____. Whereupon the Chairperson declared said motion carried and said Resolution passed and adopted. A true, correct and complete copy of said resolution is as follows:

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A RESOLUTION AUTHORIZING THE ISSUANCE OF WATER REVENUE REFUNDING BONDS, SERIES 2003B, OF THE PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT, IN THE PRINCIPAL AMOUNT OF THREE HUNDRED SEVENTY THOUSAND DOLLARS (\$370,000); PRESCRIBING THE FORM OF SAID BONDS; PLEDGING AND HYPOTHECATING THE REVENUES AND EARNINGS TO BE DERIVED FROM THE WASHINGTON COUNTY WATER SUPPLY SYSTEM OF THE DISTRICT FOR THE PAYMENT OF SAID BONDS; PROVIDING FOR THE COLLECTION, SEGREGATION AND APPLICATION OF THE REVENUES OF SAID SYSTEM OF WATER SUPPLY WITHIN SAID PROJECT; ENTERING INTO A CONTRACT ON BEHALF OF THE DISTRICT WITH THE REGISTERED OWNERS OF SAID BONDS; PROVIDING FOR THE SALE OF THE BONDS; AUTHORIZING THE DELIVERY OF THE BONDS TO THE PURCHASER AND PROVIDING FOR THE DISPOSITION OF THE BOND PROCEEDS

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT, IN THE STATE OF NEBRASKA:

Section 1. The Chairperson and Board hereby find and determine:

(a) the District owns and operates a water supply system known as "Washington County Water Supply System" for purposes of serving portions of Washington County, in the State of Nebraska and the City of Fort Calhoun, Nebraska, which constitutes a revenue-producing facility (within the meaning of Section 2-3226, R.R.S. Neb. 1997) authorized by law to be owned and operated by the District. All facilities of such system, together with all additions and improvements thereto hereafter made, owned and operated by the District (including any adjacent project area now or hereafter operated as a part thereof) are herein referred to as the "Water System";

(b) the District has heretofore issued interest-bearing bonds, part of which remain outstanding and unpaid and constitute a legal liability against the District payable from the Revenues of the Water System as follows:

Water Project Revenue Refunding Bonds, Series 1993, issued in the original principal amount of \$250,000, presently outstanding in the principal amount of \$95,000 (the "1993 Bonds"), issued pursuant to a resolution of the District adopted September 9, 1993 (the "1993 Resolution");

Water Revenue Bond, 1998 Series, issued in the original principal amount of \$388,800, presently outstanding in the approximate principal amount of 5296,889 (the "1998 Bond"), in the form of a promissory note in favor of the Nebraska Department of Environmental Quality, pursuant to a resolution of the Chairman and Board adopted on November 12, 1998 (the "1998 Resolution");

and the 1993 Bond and the 1998 Bond (sometimes hereinafter the "Refunded Bonds") constitute the only outstanding indebtedness for which the Revenues of the Water System have been pledged;

(c) that since the issuance of the Refunded Bonds the rates of interest have so declined in the markets that by taking up and paying off the Refunded Bonds of the District, a substantial savings in the amount of yearly running interest will be made to the District; that by applying certain funds on hand and issuing its Water Revenue Refunding Bonds, Series 2003B, in the amount of 5370,000, the Refunded Bonds can be taken up and paid off on April 15, 2003 and have been called for redemption on said date; and

(d) that all things required by law to exist or to be done precedent to the issuance of refunding bonds of the District payable from the Revenues of the Water System in the principal amount of 5370,000 have been done in due form and time as required by law.

Section 2. Unless the context shall clearly indicate otherwise, the following terms shall have the

following meanings when used in this Resolution: a) the "Water System" shall mean the Washington County Water Supply System, as now existing or hereafter acquired, including, without limitation, all improvements, extensions and enlargements thereof hereafter made in the original project area or project areas or in any adjacent project area operated as a part of said water system and specifically including the projects financed or refinanced by the Refunded Bonds; (b) "Revenues" shall mean all the rates, rentals, fees, charges, revenues, earnings and other monies from any sources whatever derived by the Papio-Missouri River Natural Resources District through its ownership and operation of the Water System; c) "Series 20038 Bonds" shall mean the \$370,000 Water Revenue Refunding Bonds, Series 20038, date of original issue, April 15, 2003, authorized to be issued by Section 3 of this Resolution, as the principal amount of such bonds may at any time be outstanding; and d) "Additional Bonds" shall mean any bond including refunding bonds authorized and issued pursuant to the provisions of Sections 11 and 12 of this Resolution at any time outstanding, which are payable on a parity with the Series 20038 Bonds and equally and ratably secured therewith.

Section 3. For the purpose of paying the bonded debt of the District as set out in Section 1 hereof, there hereby are ordered issued Water Revenue Refunding Bonds, Series 20038, in the aggregate principal amount of \$370,000, to bear date of original issue of April 15, 2003, in fully registered form. Said Series 20038 Bonds shall bear interest at the rates per annum and mature on April 15 of each year in the principal amounts as follows:

<u>Principal Amount</u>	<u>Maturing on April 15 Of Year</u>	<u>Interest Rate Per Annum</u>
\$30,000	2004	
35,000	2005	
35,000	2006	
35,000	2007	
35,000	2008	
35,000	2009	
40,000	2010	
40,000	2011	
40,000	2012	
45,000	2013	

The Series 2003B Bonds shall be issued in the denominations of \$5,000 or any integral multiple thereof and shall be numbered from 1 upwards in the order of their issuance as shown on the books and records of the Paying Agent and Registrar. No Series 2003B Bond shall be issued originally or upon transfer or partial redemption having more than one principal maturity. The initial bond numbering and principal amounts for each of the Series 2003B Bonds issued shall be as directed by the initial purchaser thereof. Interest on the Series 20038 Bonds shall be payable semiannually on October 15 and April 15 starting October 15, 2003. The interest due on each interest payment date shall be payable to the registered owners of record as of the close of business on the last day of the calendar month immediately preceding the calendar month in which the interest payment date occurs (the "Record Date"), subject to the provisions of Section 4 hereof. Payments of interest on the Series 20038 Bonds due prior to maturity or redemption shall be made by the Paying Agent and Registrar, as designated in Section 4 hereof, by mailing a check or draft or making a wire-transfer in the amount due for such interest on each interest payment date to the registered owner of each Series 20038 Bond as of the Record Date to such owner's registered address as shown on the books of registration as required to be maintained in Section 4 hereof. Payment of principal due at maturity or at any date fixed for redemption prior to maturity, together with any accrued interest then due, shall be made by said Paying Agent and Registrar to the registered owners upon presentation and surrender of the Series 2003B Bonds to said Paying Agent and Registrar. The District and said Paying Agent and Registrar may treat the registered owner of any Series 20036 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 said 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 Series 2003B Bond shall be valid and effectual and shall be a discharge of the District and said Paying Agent and

Registrar, in respect of the liability upon the Series 2003B Bonds or claims for interest to the extent of the sum or sums so paid. If any Series 2003B Bond is not paid upon presentation or such bond at maturity or any interest installment is not paid when due, such delinquent bond or delinquent interest installment shall bear interest thereafter until paid at a rate equal to the rate assessed against delinquent taxes under Section 45-104.01 R.R.S. Neb. 1997, as now existing or as the same may be amended from time to time by the Nebraska Legislature.

Section 4. The District Treasurer is hereby designated as Paying Agent and Registrar for the Series 2003B Bonds. Said Paying Agent and Registrar shall keep and maintain books for the registration and transfer of the Series 2003B Bonds at the office of the District in Omaha, Nebraska, being the office of the Paying Agent and Registrar. The names and registered addresses of the registered owner or owners of the Series 2003B Bonds shall at all times be recorded in such books. Any Series 2003B Bond may be transferred pursuant to its provisions at the office of the Paying Agent and Registrar, upon surrender of such bond for cancellation, accompanied by a written instrument of transfer, in form satisfactory to such 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 will register such transfer upon said registration books and deliver to the transferee registered owner or owners (or send by registered mail to the transferee owner or owners at such owner's or owners' risk and expense), registered in the name of such transferee owner or owners, a new Series 2003B Bond or Series 2003B Bonds of the same interest rate, aggregate principal amount and maturity. To the extent of the denominations authorized for the Series 2003B Bonds by this Resolution, one such bond may be transferred for several such bonds of the same interest rate and maturity and for a like aggregate principal amount and several such bonds may be transferred for one or several such bonds of the same interest rate and maturity and for a like aggregate principal amount. In every case of transfer of a Series 2003B Bond, the surrendered Series 2003B Bond or Series 2003B Bonds shall be cancelled and destroyed. All Series 2003B Bonds issued upon transfer of the Series 2003B Bonds so surrendered shall be valid obligations of the District evidencing the same obligations as the Series 2003B Bonds surrendered and shall be entitled to all benefits and protection of this Resolution to the same extent as the Series 2003B Bonds upon transfer of which they were delivered. The District and the Paying Agent and Registrar shall not be required to transfer Series 2003B Bonds during any period from any Record Date until its immediately following interest payment date or to transfer any Series 2003B Bond called for redemption for a period of 30 days next preceding the date fixed for redemption prior to maturity. In the event that payments of interest due on the Series 2003B Bonds on an interest payment date are not timely made, such interest shall cease to be payable to the registered owners as of the Record Date for such interest payment date and shall be payable to the registered owners of the Series 2003B Bonds 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 5. Series 2003B Bonds maturing on or after April 15, 2009, shall be subject to redemption, in whole or in part prior to maturity at any time on or after April 15, 2008, at par plus accrued interest on the principal amount redeemed to the date fixed for redemption. The District may select the Series 2003B Bonds to be redeemed in its sole discretion but Series 2003B Bonds shall be redeemed only in the amount of \$5,000 or integral multiples thereof. Any Series 2003B Bond redeemed in part only shall be surrendered to the Paying Agent and Registrar in exchange for a new Series 2003B Bond evidencing the unredeemed principal thereof. Notice of redemption of any Series 2003B Bond called for redemption shall be given at the direction of the Chairperson and Board by the Paying Agent and Registrar by mail not less than thirty days prior to the date fixed for redemption, first class, postage prepaid, sent to the registered owner of such Series 2003B Bond at said owner's registered address. Such notice shall designate the Series 2003B Bond or Series 2003B Bonds to be redeemed by number and maturity, the date of original issue and the date fixed for redemption and state that such bond or bonds are to be presented for prepayment at the office of the Paying Agent and Registrar. In case of any Series 2003B Bond partially redeemed, such notice shall specify the portion of the principal amount of such bond to be redeemed. No defect in the mailing of notice for any Series 2003B Bond shall affect the sufficiency of the proceedings of the Chairperson and Board designating the Series 2003B Bonds called for redemption or the effectiveness of such call for Series 2003B Bonds for which notice by mail has been properly given and the Chairperson and Board shall have the right to further direct notice of redemption

for any such Series 2003B Bond for which defective notice has been given.

Section 6. The Series 2003B Bonds shall be executed on behalf of the District by being signed by the Chairperson and the Secretary, both of which signatures may be facsimile signatures. The Secretary shall make and certify a transcript of proceedings had and done precedent to the issuance of said bonds which shall be delivered to the purchaser of said bonds. After being executed by the Chairperson and Secretary, said bonds shall be delivered to the Treasurer of the District who shall be responsible therefor under his/her official bond. Such Treasurer shall maintain a record of information with respect to said Series 2003B Bonds in accordance with the requirements of Section 10-140, R.R.S. Neb. 1997, as amended, and shall cause the same to be filed with the Auditor of Public Accounts. The Series 2003B Bonds are hereby sold to Ameritas Investment Corp. at 98.10% of the principal amount thereof and the District Treasurer is authorized to deliver the Series 2003B Bonds to said purchaser upon receipt of said amount plus accrued interest to date of payment. The Paying Agent and Registrar shall register each bond in the name of its initial registered owner as designated by the initial purchaser. Each Series 2003B Bond shall be authenticated on behalf of the District by the Paying Agent and Registrar. The Series 2003B Bonds shall be issued initially as "book-entry only" bonds using the services of The Depository Trust Company (the "Depository"), with one typewritten bond certificate per maturity being issued to the Depository. In such connection said officers of the District are authorized to execute and deliver a letter of representations and inducement (the "Letter of Representations") in the form required by the Depository (including any blanket letter previously executed and delivered by the District), for and on behalf of the District, which shall thereafter govern matters with respect to registration, transfer, payment and redemption of the Series 2003B Bonds. Upon issuance of the Series 2003B Bonds as "book-entry-only" bonds, the following provisions shall apply:

(a) The District and the Paying Agent and Registrar shall have no responsibility or obligation to any broker-dealer, bank or other financial institution for which the Depository holds Series 2003B Bonds as securities depository (each, a "Bond Participant") or to any person who is an actual purchaser of a Series 2003B Bond from a Bond Participant while the Series 2003B Bonds are in book-entry form (each a "Beneficial Owner") with respect to the following:

(i) the accuracy of the records of the Depository, any nominees of the Depository or any Bond Participant with respect to any ownership interest in the Series 2003B Bonds.

(ii) the delivery to any Bond Participant, any Beneficial Owner or any other person, other than the Depository, of any notice with respect to the Series 2003B Bonds, including any notice of redemption, or

(iii) the payment to any Bond Participant, any Beneficial Owner or any other person, other than the Depository, of any amount with respect to the Series 2003B Bonds. The Paying Agent and Registrar shall make payments with respect to the Series 2003B Bonds only to or upon the order of the Depository or its nominee, and all such payments shall be valid and effective fully to satisfy and discharge the obligations with respect to such bonds to the extent of the sum or sums so paid. No person other than the Depository shall receive an authenticated Series 2003B Bond, except as provided in (e) below.

(b) Upon receipt by the Paying Agent and Registrar of written notice from the Depository to the effect that the Depository is unable to or unwilling to discharge its responsibilities, the Paying Agent and Registrar shall issue, transfer and exchange Series 2003B Bonds requested by the Depository in appropriate amounts. Whenever the Depository requests the Paying Agent and Registrar to do so, the Paying Agent and Registrar will cooperate with the Depository in taking appropriate action after reasonable notice (i) to

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arrange, with the prior written consent of the District, for a substitute depository willing and able upon reasonable and customary terms to maintain custody of the Series 2003B Bonds or (ii) to make available Series 2003B Bonds registered in whatever name or names the Beneficial Owners transferring or exchanging such bonds shall designate.

(c) If the District determines that it is desirable that certificates representing the Series 2003B Bonds be delivered to the ultimate Beneficial Owners of the Series 2003B Bonds and so notifies the Paying Agent and Registrar in writing, the Paying Agent and Registrar shall so notify the Depository, whereupon the depository will notify the Bond Participants of the availability through the Depository of bond certificates representing the Series 2003B Bonds. In such event, the Paying Agent and Registrar shall issue, transfer and exchange bond certificates representing the Series 2003B Bonds as requested by the Depository in appropriate amounts and in authorized denominations.

(d) Notwithstanding any other provision of this Resolution to the contrary, so long as any Series 2003B Bond is registered in the name of the Depository or any nominee thereof, all payments with respect to such bond and all notices with respect to such bond shall be made and given, respectively, to the Depository as provided in the Letter of Representations.

(e) Registered ownership of the Series 2003B Bonds may be transferred on the books of registration maintained by the Paying Agent and Registrar, and the Series 2003B Bonds may be delivered in physical form to the following:

(i) any successor securities depository or its nominee:

(ii) any person, upon (A) the resignation of the Depository from its functions as depository or (B) termination of the use of the Depository pursuant to this Section and the terms of the Paying Agent and Registrar's Agreement (if any).

(f) In the event of any partial redemption of a Series 2003B Bond unless and until such partially redeemed bond has been replaced in accordance with the provisions of this Resolution, the books and records of the Paying Agent and Registrar shall govern and establish the principal amount of such bond as is then outstanding and all of the Series 2003B Bonds issued to the Depository or its nominee shall contain a legend to such effect.

If for any reason the Depository resigns and is not replaced or upon termination by the District of book-entry-only form, the District shall immediately provide a supply of bond certificates for issuance upon subsequent transfers or in the event of partial redemption. 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 Series 2003B Bond shall cease to be such officer before the delivery of such bond (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 bond. The Series 2003B Bonds shall not be valid and binding on the District until authenticated by the Paying Agent and Registrar. The Series 2003B Bonds shall be delivered to the Paying Agent and Registrar for registration and authentication.

Section 7. Said Series 2003B Bonds shall be in substantially the following form:

UNITED STATES OF AMERICA
STATE OF NEBRASKA
PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT
(WASHINGTON COUNTY WATER SUPPLY SYSTEM)

WATER REVENUE REFUNDING BOND, SERIES 20038

No.

\$

Interest Rate
%

Maturity Date
April 15, _____

Date of Original Issue
April 15, 2003

CUSIP NO.

Registered Owner: _____

Principal Amount: _____

KNOW ALL PERSONS BY THESE PRESENTS: That Papio-Missouri River Natural Resources District, in the State of Nebraska, hereinafter called the "District", for value received, hereby promises to pay, but only from the net revenues derived and to be derived from the operation of the Washington County Water Supply System (as described in the authorizing Resolution), operated by the District, which is owned exclusively by the District to the registered owner specified above the principal amount specified above in lawful money of the United States of America on the maturity date specified above, with interest thereon from date of original issue specified above or most recent interest payment date, whichever is later, to maturity (or earlier redemption) at the rate per annum specified above. Said interest shall be payable semiannually on the fifteenth day of October and April in each year, starting October 15, 2003. If this bond is not paid upon presentation at maturity or any interest installment hereon is not paid when due, the bond or interest installment shall bear interest thereafter until paid at a rate equal to the rate assessed against delinquent taxes under Section 45-104.01 R.R.S. Nebraska 1998, as now existing or as the same may be amended from time to time by the Nebraska Legislature. The interest hereon due prior to maturity or earlier redemption shall be paid on each interest payment date by the District Treasurer as Paying Agent and Registrar for the District by check or draft mailed or wire-transfer to the registered owner hereof, as of the close of business on the last day of the month immediately preceding the month in which the interest payment date occurs, at such owner's registered address as it appears on the books of registration of the District. The principal of this bond and the interest due at maturity or upon call for redemption prior to maturity are payable on presentation and surrender to said Paying Agent and Registrar at the District's office in Omaha, Nebraska. Any interest not so timely paid shall cease to be payable to the person entitled thereto as of the record date such interest was payable, and shall be payable to the person who is the registered owner of this bond (or of one or more predecessor bonds 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.

The District, however, reserves the right and option of paying bonds of this issue maturing on or after April 15, 2009, in whole or in part, on April 15, 2008, or at any time thereafter. Notice of such redemption shall be given by mail, sent to the registered owner of any bond to be redeemed at said registered owner's address in the manner provided in the Resolution authorizing said bonds. Individual bonds may be redeemed in part but only in the amount of \$5,000 or integral multiples thereof. Any bond redeemed in part only shall be surrendered to the Paying Agent and Registrar in exchange for a new bond or bonds evidencing the unredeemed principal thereof.

This bond is one of an issue of fully registered bonds of the total principal amount of \$370,000, of like tenor herewith except as to denomination, date of maturity and rate of interest issued by said District for the purpose of paying the bonded debt of said District on its legally issued Water Project Revenue Refunding Bonds, Series 1993, dated October 15, 1993, in the remaining principal amount of 595,000 and on its Water Revenue Bond, 1998 Series, dated November 19, 1998, in the approximate remaining principal amount of \$296,889 now existing and unpaid, and in pursuance of the provisions of Sections 2-3226 and 10-142, R.R.S. Neb. 1997. This bond and the others of said issue have been duly authorized by a Resolution lawfully enacted

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(the "Resolution") and by proceedings duly had by the Chairperson and Board of Directors of said District.

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 or bonds of the same aggregate principal amount, interest rate and maturity will be issued to the transferee as provided in the Resolution authorizing said issue of bonds, subject to the limitations therein prescribed. The District, its 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 hereof and for all purposes and shall not be affected by any notice to the contrary whether this bond be overdue or not.

AS PROVIDED IN THE RESOLUTION REFERRED TO HEREIN, UNTIL THE TERMINATION OF THE SYSTEM OF BOOK-ENTRY-ONLY TRANSFERS THROUGH THE DEPOSITORY TRUST COMPANY, NEW YORK, NEW YORK, (TOGETHER WITH ANY SUCCESSOR SECURITIES DEPOSITORY APPOINTED PURSUANT TO THE RESOLUTION, "DTC"), AND NOTWITHSTANDING ANY OTHER PROVISIONS OF THE RESOLUTION TO THE CONTRARY, A PORTION OF THE PRINCIPAL AMOUNT OF THIS BOND MAY BE PAID OR REDEEMED WITHOUT SURRENDER HEREOF TO THE PAYING AGENT AND REGISTRAR. DTC OR A NOMINEE, TRANSFEREE OR ASSIGNEE OF DTC OF THIS BOND MAY NOT RELY UPON THE PRINCIPAL AMOUNT INDICATED HEREON AS THE PRINCIPAL AMOUNT HEREOF OUTSTANDING AND UNPAID. THE PRINCIPAL AMOUNT HEREOF OUTSTANDING AND UNPAID SHALL FOR ALL PURPOSES BE THE AMOUNT DETERMINED IN THE MANNER PROVIDED IN THE RESOLUTION.

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED OFFICER OF DTC (A) TO THE PAYING AGENT AND REGISTRAR FOR REGISTRATION OF TRANSFER OR EXCHANGE OR (B) TO THE PAYING AGENT AND REGISTRAR FOR PAYMENT OF PRINCIPAL, AND ANY BOND ISSUED IN REPLACEMENT HEREOF OR SUBSTITUTION HEREOF IS REGISTERED IN THE NAME OF DTC AND ANY PAYMENT IS MADE TO DTC OR ITS NOMINEE, ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSONS IS WRONGFUL BECAUSE ONLY THE REGISTERED OWNER HEREOF, DTC OR ITS NOMINEE, HAS AN INTEREST HEREIN.

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

The principal and interest on this bond are payable only from the net revenues derived by the District from the operation of the said waterworks system, including revenues derived from extensions and improvements of water system, as described, defined and referred to in the Resolution (sewing areas in Washington County Nebraska and the City of Fort Calhoun, Nebraska), hereafter constructed or acquired by said District in Washington County Water Supply System or in any adjacent project area operated as a part of said water system, and neither this bond nor the interest hereon shall be payable in whole or in part out of the funds raised by taxation. This bond shall not be or constitute a general obligation of the District nor shall it constitute an indebtedness of such District within the meaning of any constitutional or statutory limitation upon general obligation indebtedness. This bond shall constitute a lien upon the said net revenues of said water system, according to the terms of this bond and the Resolution authorizing the issuance thereof.

The District hereby covenants with the holder of this bond to keep and perform all covenants and agreements contained in the Resolution and the District agrees to fix, establish, maintain and collect such rates, fees or charges for water facilities and service furnished by or through said water system of the District, including all extensions and improvements thereof hereafter constructed or acquired by the District in said project area or in any adjacent project area operated as a part of said water system as will produce revenues sufficient to provide funds to pay the cost of the operation and maintenance of said water system and to pay the principal of and interest on this bond and the other bonds of this issue as and when the principal and interest on said bonds become due, and to provide adequate reserves therefor. The Resolution also authorizes the issuance of Additional Bonds under specified terms and conditions.

This bond shall be registered and transferred in accordance with the provisions printed on this bond and subject to the terms and conditions set out in the authorizing Resolution.

To the extent provided in the aforesaid Resolution authorizing the issuance of this bond, the provisions of this bond, or of said Resolution, including any amendment or supplement thereto, may be modified or amended by the District only with the written consent of the holders, and it shall not be necessary to note hereon any reference to such modification or amendment. Any holder or prospective purchaser or holder of this bond shall have the right to examine the provisions of said Resolution and any and all of its amendments or supplements. A copy of said Resolution and of any and all of its amendments and supplements, will, so long as this bond is outstanding, be kept on file in the office of the Secretary of the District at the principal administrative office of the District and will be made available for examination as aforesaid, and upon payment of the reasonable cost of preparing the same, a certified copy of such amendment or supplement of said Resolution will be sent by the Secretary to any such bond holder or prospective purchaser or bond holder.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this bond, in order to make the same a legal and binding obligation of said District according to the terms hereof, do exist, have happened and have been performed in due time, form and manner as required by law, and that before the issuance of this bond provisions have been duly made for the collection and segregation of the revenues of the Cedar Knox Rural water system of said District (including the revenues of extensions and improvements to said water system hereafter constructed or acquired and operated as a part of the water system), and for the application of the same for the purpose of paying the cost of the operation and maintenance of such water system and to the payment of the principal of and interest on this bond as and when the payments become due, and to provide adequate reserves therefor. The District hereby covenants and agrees that there will be prompt payment of the principal and interest on this bond, and that there will be faithful performance in due time and manner of each and every official act necessary therefor, and the District hereby pledges said net revenues of said water system for the payment of this bond and the other bonds of this issue, as aforesaid, and covenants that no other or prior pledge of or lien upon said revenues has been made or exists.

IN WITNESS WHEREOF, the Chairperson and Board of Papio-Missouri River Natural Resources District, in the State of Nebraska, have caused this bond to be executed on behalf of the District by being signed by the Chairperson and Secretary of the District, both of which signatures may be facsimile signatures, all as of the date of original issue shown above.

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

By _____ (Do not sign)
Chairperson

ATTEST:

(Do not sign)
Secretary

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CERTIFICATE OF AUTHENTICATION

This bond is one of the bonds authorized by a resolution passed and approved by the Chairperson and Board of the Papio-Missouri River Natural Resources District as described in said bonds.

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

(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.

Registered Owner

SIGNATURE GUARANTEED

By _____
Authorized Officer

Note: The signature(s) of this assignment MUST CORRESPOND with the name 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 8. The District hereby pledges and hypothecates the Revenues derived and to be derived from the operation of the Water System (and all extensions and enlargements thereof, including any additions and improvements hereafter made in the project area or in any adjacent project area operated as a part of said Water System) for the payment of the Series 2003B Bonds and any Additional Bonds, both principal and interest as the same fall due. The pledge and hypothecation provided for the Series 2003B Bonds in this Resolution is intended to and shall provide for a first and prior pledge or lien upon and security interest in the Revenues of the Water System superior to any pledge, lien or security interest made or given with respect to any other indebtedness of the District as to the Water System and is intended as a full exercise of the powers of the District provided for in Section 2-3226, R.R.S. Neb. 1997, as now or hereafter amended, with respect to the Water System and the Revenues thereof.

Section 9. The District agrees that it shall maintain and collect rates and charges for water and water service furnished by the Water System adequate to produce Revenues sufficient at all times to provide for the payment of the interest on and principal of the Series 2003B Bonds, as the same falls due, to pay all reasonable costs of operation and maintenance of the Water System and to pay for necessary repairs, replacements and extensions to the Water System and to provide funds sufficient to make the deposits into the accounts required by Section 10 of this Resolution.

Section 10. From and after the issuance of the Series 2003B Bonds, the Water System shall be operated on the basis of a fiscal year commencing on July 1 of each year and ending on June 30 of the following year. Bills for service shall be rendered at such intervals, not less frequently than once a year, as the Board of Directors of the District shall deem appropriate and all Revenues of every nature received through the operation of the Water System shall be deposited as collected in a separate fund (previously created) which shall be kept separate and apart from all other monies of the District and which shall be designated as the "Washington County Water Supply System Area Fund", sometimes herein referred to as the Water Revenue Fund. The District hereby agrees that all monies paid in and deposited to the Water Revenue Fund shall be applied and credited to the following accounts within said fund, as maintained on appropriate books and records of the District:

() OPERATION AND MAINTENANCE ACCOUNT: The District shall set aside into the Water Revenue Fund monthly a sufficient portion of the income and Revenues of the Water System in the Water Revenue Fund for the proper maintenance and operation of the Water System. The expenses for the operating such system shall be paid from this Account

() BOND AND INTEREST PAYMENT ACCOUNT: After providing for payments into the Operation and Maintenance Account pursuant to paragraph (a) hereof, the amount on or before the first day of each month be (1) credited to the Bond and Interest Payment Account an amount such that, if the same amount was so paid and credited to said account on the first day of each succeeding calendar month thereafter prior to the next date upon which an installment of interest falls due on the Series 2003B Bonds, the aggregate of the amounts so paid and credited will on such next interest payment date equal the interest then due on all the Series 2003B Bonds then outstanding; and (2) credited to the Bond and Interest Payment Account an additional amount such that, if the same amount was so paid and credited to said account on the first day of each calendar month thereafter, the aggregate of the amounts so paid and credited to said account will on the next following April 15 be equal to the amount of the Series 2003B Bonds maturing on such April 15 as provided in Section 3 hereof. Any resolution authorizing the issuance of Additional Bonds shall contain provisions for monthly credits into the Bond and Interest Payment Account of amounts from time to time sufficient to pay the principal of and interest on such Additional Bonds as the same respectively fall due in the same manner as hereinabove provided for payment into said Account for the payment of the principal of and interest on the Series 2003B Bonds. The District's Treasurer is hereby authorized and directed without further authorization to withdraw from the Bond and Interest Payment Account or, if monies in such account are insufficient, then from the Bond and Interest Repayment Reserve Account (but only for those issues for which a sub-account has been established in the Bond and Interest Repayment Reserve Account) and then any monies in the Surplus Account, an amount sufficient to pay when due the principal of and interest on the Series 2003B Bonds, or any Additional Bonds then outstanding, and to make payment of such monies to the registered owner of the Series 2003B Bonds, or such Additional Bonds in the manner prescribed in this Resolution and any resolution authorizing such Additional Bonds on or before each installment of principal and interest becomes due. If at any time the monies available in the Bond and Interest Payment Account, including monies in the Bond and Interest Repayment Reserve Account and monies in the Surplus Account, are not sufficient to pay in full the principal and interest falling due on the Series 2003B Bonds, or any Additional Bonds equal in lien to the Series 2003B Bonds authorized herein, the available funds shall be allocated on a pro-rata basis in proportion to the amount outstanding for unpaid principal amount that each series of bonds has to the total amount of principal and interest then due on the Series 2003B Bonds and any Additional Bonds then outstanding.

(c) BOND AND INTEREST REPAYMENT RESERVE ACCOUNT: Within the Bond and Interest Repayment Reserve Account there shall be established a separate sub-account for the Series 2003B Bonds and for each series of Additional Bonds (as shall be deemed appropriate by the Chairman and Board in connection with each such issue of Additional Bonds. For the Series 2003B Bonds there is hereby ordered established the Series 2003B Repayment Reserve Sub-account into which there shall be deposited from funds of the District related to the Water System on hand (including amounts held with respect to the Refunded Bonds) the sum of \$37,000 which shall be maintained as the required reserve balance for the Series 2003B Bonds so long as any of the Series 2003B Bonds remain outstanding. Monies credited to the Series 2003B Repayment Reserve Sub-account may be withdrawn, as needed, to provide funds to pay, when due, the principal of and interest on the Series 2003B Bonds, if the Bond and Interest Payment Account contains insufficient funds for such purpose, and the District's Treasurer is hereby authorized and directed to make such withdrawal if and when needed. The Series 2003B Repayment Reserve Sub-account has been established with respect to and shall be maintained for the security of the Series 2003B Bonds only. In the event of any withdrawal from the Series 2003B Repayment Reserve Sub-account (but subject to allocation among other sub-accounts in the Bond and Interest Repayment Reserve Account as described below), there shall be credited to the Series 2003B Repayment Reserve Sub-account in the month following such withdrawal all monies in the Water Revenue Fund remaining after making the payments required to be made in such month to the Operation and Maintenance Account and the Bond and Interest Payment Account and each month thereafter all such remaining monies shall be credited to the Series 2003B Repayment Reserve

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Sub-account until such sub-account has been restored to the required balance. In issuing any series of Additional Bonds a separate sub-account in the Bond and Interest Repayment Reserve Account may be established for such series of Additional Bonds but is not required under the terms of this Resolution. In no event shall the required balance for any such additional sub-account established for any series of Additional Bonds within the Bond and Interest Repayment Reserve Account exceed an amount equal to 1.25 times the average annual debt service requirements (as determined in accordance with the terms set forth in Section 11(a) of this Resolution but separately for the specific issue of Additional Bonds) for the issue of Additional Bonds for which such reserve sub-account is established. The balance in any such additional sub-account may be funded from monies on hand or from periodic deposits from revenues in the Water Revenue Fund or from the proceeds of such Additional Bonds. Each sub-account in the Bond and Interest Repayment Reserve Account shall be of equal standing with each other sub-account in the Bond and Interest Repayment Reserve Account and available monies from the Water Revenue Fund required to be credited to each such sub-account at any time shall be allocated on a pro rata basis between sub-accounts then requiring credits in accordance with the respective unpaid principal amounts then outstanding for each such issue for which there is a sub-account requiring credits. Each sub-account in the Bond and Interest Repayment Reserve Account shall constitute a separate fund held in trust by the District's Treasurer for the separate benefit of the issue of bonds for which it is established. Anything in this Subsection 11(c) to the contrary notwithstanding, the amount required to be maintained in the Bond and Interest Repayment Reserve Account or any sub-account therein shall not at any time exceed the maximum amount permitted to be invested without yield restriction under Section 148 of the Internal Revenue Code of 1986, as amended, or any successor provision or related statutory limitation and applicable regulations of the United States Treasury Department.

(d) SURPLUS ACCOUNT All monies remaining after making all payments required by the preceding subsections shall be credited to the Surplus Account which may be used and applied by the District for the following purposes:

(1) To accelerate payments into any of the foregoing accounts to the required maximum account balance then required. So long as all payments are current in the foregoing accounts the District shall have discretion as to which account is to be credited. If the payments into any account are not current this deficiency must first be satisfied by payments into said Account or Accounts in the order in which such Accounts are listed in this Section 10.

(2) As long as payments into the foregoing accounts are current the surplus may be used to make prepayments on the Series 2003B Bonds or Additional Bonds, to make payments of any principal and interest on any indebtedness junior in lien to the Series 2003B Bonds or any Additional Bonds or for any other lawful purpose related to the Water System as may be directed by the Board of Directors of the District.

Monies in any of the accounts may be invested in securities eligible for investment of other District funds. Income from profit realized from any such investment shall be credited to the respective account from which said investment has been made until such account contains the maximum amount required to be deposited therein and thereafter such income or profit shall be transferred to the Water Revenue Fund and treated as other revenues from the operation of the Water System.

Section 11. To provide funds for the purpose of extending, improving, enlarging, equipping and operating the Water System, the District may issue an Additional Bond or Additional Bonds of equal lien payable from the Revenues of the Water System having equal priority to and being on a par with the Series 2003B Bonds upon compliance with the following condition:

The net revenues derived from the Water System for the last completed fiscal year next preceding the issuance of such Additional Bonds shall have been at least equal to 1.25 times the average annual debt service requirements on the Series 2003B Bonds, on any Additional Bonds then outstanding and on the proposed Additional Bonds. For the purpose of such

determination "net revenues" shall mean the gross Revenues derived from ownership and operation of the Water System including investment income, less ordinary expenses of operating and maintaining the Water System payable from the Operation and Maintenance Account. Operation and maintenance expenses for such purposes shall not include depreciation, amortization or interest on any bonds. Also, for such purposes "average annual debt service" shall be determined by adding all the principal and interest which shall become due when computed to absolute maturity of the Series 2003B Bonds and any Additional Bonds as then may be outstanding, together with the total of principal and interest which will become due when computed to absolute maturity on the proposed Additional Bonds and dividing such total by the number of years remaining that the longest bond of any such issue of bonds has to run to maturity, including the proposed Additional Bonds.

Section 12. The District may issue refunding bonds, which shall qualify as Additional Bonds of equal lien to the Series 2003B Bonds to refund any Series 2003B Bonds or Additional Bonds then outstanding, provided, that, if any such Series 2003B Bonds or Additional Bonds are to remain outstanding after the issuance of such refunding bonds, the principal payments due in any calendar year in which those bonds which are to remain outstanding mature, or in any calendar year prior thereto, shall not be increased over the amount of such principal payments due in such calendar years immediately prior to such refunding. Refunding bonds issued in accordance with this paragraph of this Section 12 may be issued as Additional Bonds of equal lien without compliance with the conditions set forth in subsection 11(a) of this Resolution.

The District may also issue refunding bonds which shall qualify as Additional Bonds of equal lien to refund any Series 2003B Bonds or Additional Bonds then outstanding, provided, that, if any Series 2003B Bonds or Additional Bonds then outstanding are to remain outstanding after the application of the proceeds of the refunding bonds to the payment of the bonds which are to be refunded, such issuance must comply with the net revenues test set forth in Subsection 11 of this Resolution. In computing average annual debt service requirements to show compliance with said net revenues test for such refunding bonds, all payments of principal and interest due on such refunding bonds from the time of their issuance to the time of application of the proceeds of such refunding bonds to the satisfaction of the bonds which are to be refunded shall be excluded from such computation to the extent that such principal and interest are payable from sources other than the Revenues of the Water System (such as bond proceeds or investment earnings thereon) or from moneys in the Surplus Account and all payments of principal and interest due on the bonds which are to be refunded from and after the time of such application shall also be excluded. For purposes of this paragraph of this Section 12, the time of application of the proceeds of the refunding bonds to the satisfaction of the bonds which are to be refunded shall be the time of deposit with the paying agent for such bonds which are to be refunded pursuant to Section 10-126, R.R.S. Neb. 1997 (or any successor statutory provisions thereto) or the time when such bonds which are to be refunded under the terms of their authorizing resolution or resolutions are no longer deemed to be outstanding, whichever occurs sooner.

Section 13. Nothing contained in this Resolution shall prohibit nor restrict the right of the District to issue revenue bonds or notes in addition to those referred to in Section 11 and Section 12 above, payable from the income, proceeds, Revenues and funds of the District derived from or held in connection with its Water System for the purpose of making further repairs, extensions, alterations, improvements or redevelopment of said system, or from using moneys in the Water Revenue Fund to pay the principal of and interest on said bonds or notes, provided that said bonds or notes shall be junior and subordinate to the Series 2003B Bonds, and any Additional Bonds authorized hereby, so that if at any time the District shall be in default in paying the principal of or interest on the Series 2003B Bonds and/or any Additional Bonds authorized hereby, or if the District shall be in default in making any of the payments required to be made into the fund and accounts hereinbefore described and as described in the Resolution, the District shall make no payments of either principal or interest on said junior or subordinate bonds or notes hereafter issued until said default or defaults be cured and no default shall exist on the part of the District under the covenants, agreements and conditions contained in this Resolution.

Section 14. The District will maintain the Water System, including extensions and improvements, in

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good condition and operate the same in an efficient manner and at a reasonable cost. The District agrees with the registered owners from time to time of the Series 2003B Bonds that the District will continue to own, free from all liens and encumbrances (other than as permitted under the terms of this Resolution), and will adequately maintain and efficiently operate the Water System and the District will not create or suffer to be created any lien or charge on or pledge of the Revenues of said Water System which shall be superior to or on a parity with the lien, charge and pledge in favor of the Series 2003B Bonds except as provided in Sections 11 and 12 of this Resolution.

Section 15. The District is hereby authorized and directed to keep proper books records and accounts (separate from all other records and accounts) in which complete and correct entries shall be made on all transactions relating to the Water System. The registered owner or owners of the Series 2003B Bonds or any duly authorized agent or agents of such owners shall have the right at all reasonable times to inspect all records, accounts and data relating thereto and to inspect the Water System and all properties comprising the Water System. The District further agrees that it will within 60 days following the close of each fiscal year cause an audit of such books and accounts to be made by a public accountant, showing the receipts and disbursements for account of the Water System. Such audit shall be available for inspection by the registered owner of the Series 2003B Bonds. Each such audit, in addition to whatever **matters** may be thought proper by the accountant to be included therein, shall include the following:

- (a) A statement in detail of the income and expenditures of the Water System for such fiscal year.
- (b) A balance sheet as of the end of each fiscal year.
- (c) The accountant's comment regarding the manner in which the District has carried out the requirements of this Resolution, and the accountant's recommendation for any changes or improvements in the operation of the Water System.
- (d) A list of the insurance policies and suretyship bonds in force at the end of the fiscal year, setting out as to each policy or bond, the risks covered in such policy or bond.

All expenses incurred in the making of the audits required by this Section shall be regarded and paid as a maintenance and operation expense. Any registered owner shall have the right to receive a copy of such audit upon written request. Any registered owners of the Series 2003B Bonds or any Additional Bonds shall have the right to discuss with the accountant making the audit the contents of the audit and to ask for such additional information as they may reasonably require. In addition the District agrees to provide the initial purchaser of the Series 2003B Bonds with any reasonable additional interim period business reports on its operations as such initial purchaser shall request in writing.

Section 16. The Chairperson, Secretary and General Manager of the District are hereby authorized and directed to procure and maintain, as long as the Series 2003B Bonds are outstanding, with reputable insurance carriers, insurance on the Water System of a kind and in an amount as would normally be carried by private utilities engaged in the operation of similar facilities. Such insurance shall include, but shall not necessarily be limited to, worker's compensation (as required by the laws of the State of Nebraska), public liability, tornado and fire insurance. The premiums of any such insurance policies shall be payable as an expense of operation and maintenance of the Water System from the Operation and Maintenance Account. In the event of any loss or damage to the Water System, the proceeds which may be collected or paid on any policy or policies shall be used by the District to retire outstanding bonds related to the Water System or to rehabilitate the Water System.

Section 17. The terms and provisions of this Resolution do and shall constitute a contract between the Papio-Missouri River Natural Resources District and the registered owners of the Series 2003B Bonds and no changes, variations or alterations of any kind (except for changes necessary to cure any ambiguity, formal defect or omission) shall be made to this Resolution without the written consent of all of said registered

owners. The registered owners of the Series 2003B Bonds, may, either in law or in equity, by suit, action, mandamus or other proceedings, enforce or compel performance of any and all acts and duties required by this Resolution, and any court of competent jurisdiction may, on application of any such holder, appoint a receiver to take charge of the Water System and operate the same and apply the earnings thereof in accordance with the provisions hereof and any resolution authorizing Additional Bonds.

Section 18. The Chairperson, General Manager, Secretary and Treasurer of the Board of Directors of the District are hereby authorized to do all things and execute all such documents as may by them be deemed necessary and proper to complete the issuance and sale of the Series 2003B Bonds as contemplated by this Resolution.

Section 19. 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 20. The Board of Directors hereby approves on behalf of the District the preliminary Official Statement prepared with respect to the Series 2003B Bonds and hereby authorizes the Chairperson and Secretary or either of them to approve, execute and deliver on behalf of the District a final Official Statement relating to and describing the Series 2003B Bonds. The officers of the District are further authorized to take any and all actions deemed necessary by them in connection with the carrying out and performance of the terms of this Resolution.

Section 21. The District's obligations under this Resolution and the liens, pledges, covenants and agreements of the District herein made or provided for, shall be fully discharged and satisfied as to the Series 2003B Bonds issued pursuant to this Resolution and such 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 respective date of maturity or 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 national or state bank having trust powers or trust company, in trust solely for such payment, (i) sufficient money to make such payment and/or (ii) direct general obligations of or obligations the principal and interest of which are unconditionally guaranteed by the United States of America (herein referred to as "U.S. Government Obligations") in such amount and bearing interest and maturing or redeemable at stated fixed prices at the option of the holder as to principal, at such time or times, as will ensure the availability of sufficient money to make such payment; provided, however, that, with respect to any principal amount to be paid prior to maturity, the District shall have duly given notice of redemption of such principal as provided by law or made irrevocable provisions for the giving of such notice. Any such money so deposited with a bank or trust company may be invested and reinvested in U.S. Government obligations at the direction of the District, and all interest and income from such U.S. Government Obligations in the hands of such bank or trust company, in excess of the amount required to pay principal of and interest on such bonds for which such monies were deposited, shall be paid over to the District as and when collected.

Section 22. The Pappo-Missouri River Natural Resources District hereby covenants to the purchaser and holder of the Series 2003B Bonds, that it will make no use of the proceeds of said bond issue, including monies held in any sinking fund for the payment of said bonds, which would cause said bonds to be arbitrage bonds within the meaning of Sections 103(b) and 148 of the Internal Revenue Code of 1986, as amended (the "Code") and further covenants to comply with said Sections 103 and 148 and all applicable regulations thereunder throughout the term of said bond issue. The District hereby covenants and agrees to take all actions necessary under the Code to maintain the tax-exempt status of interest payable on the Series 2003B Bonds with respect to taxpayers generally but not including insurance companies or corporations subject to the additional minimum tax. The District hereby designates the Series 2003B Bonds as its "qualified tax-exempt obligations" pursuant to Section 265(b)(3)(B)(i)(III) of the Code and covenants and warrants that it does not anticipate issuing tax-exempt obligations in calendar 2003 in an amount in excess of \$10,000,000.

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Section 23. In accordance with the requirements of Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission (the "Commission"), the District hereby agrees that it will provide to Ameritas Investment Corp. (the "Underwriter") and any person making request at least annually, or in the alternative to any state information depository ("SID") for the State of Nebraska (no such SID currently exists or is presently expected to exist based upon any current pending legislation), the following financial information or operating data regarding the District:

- (a) the general financial and operating information shown under the heading "FINANCIAL STATEMENT" in the Official Statement for the bonds
- (b) any additional financial information and operating data which is customarily prepared by the District, including the District's most recently prepared audited financial statements, which shall be prepared for governmental and fiduciary fund types on the basis of generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States demonstrating compliance with the cash basis or on any other basis which is in conformity with generally accepted accounting practices and for proprietary funds on the basis of generally accepted accounting principles.

The District reserves the right to modify the type of information or the format for any such information provided pursuant to such undertaking, to the extent necessary or appropriate in the judgment of the District, so long as any such modification is consistent with the requirements of the Rule. The District further agrees to provide in a timely manner to the Underwriter, to the Municipal Securities Rulemaking Board (the "MSRB"), to the SID (if any) and to any nationally recognized municipal securities information repository for which the Underwriter makes request, notice of the occurrence of any of the following events with respect to the Series 2003B Bonds, if in the judgment of the District, such event is material:

- (a) principal and interest payment delinquencies,
- (b) non-payment related defaults,
- (c) unscheduled draws on debt service reserves reflecting financial difficulties,
- (d) unscheduled draws on credit enhancements reflecting financial difficulties,
- (e) substitution of credit or liquidity providers, or their failure to perform,
- (f) adverse tax opinions or events affecting the tax-exempt status of the Series 2003B Bonds,
- (g) modifications to rights of the registered owners of the Series 2003B Bonds,
- (h) bond calls,
- (i) defeasances,
- (j) release, substitution or sale of property securing repayment of the Series 2003B Bonds and
- (k) rating changes.

The undertakings of the District in this Section 23 are hereby declared to be for the benefit of the registered owners of the Series 2003B Bonds (including beneficial owners of Series 2003B Bonds held in nominee name, each a "Beneficial Owner") and such covenants may be enforced by the registered owner of any of the Series

2003B Bonds or by any Beneficial Owner of the Series 2003B Bonds, provided that any right to enforcement shall be limited to specific enforcement of such covenants and any failure shall not constitute a default or an event of default under this Resolution. The District hereby designates its District's general manager as the contact person from whom the foregoing information, data and notices can be obtained.

Section 24, This Resolution shall be in force and take effect from and after its passage and adoption.

PASSED AND APPROVED this ____ day of _____, 2003.

Chairperson of the Board

Secretary

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I, the undersigned, Secretary of the Papio-Missouri River Natural Resources District, in the State of Nebraska, hereby certify that the foregoing is a true and correct copy of proceedings had and done **by** the Chairperson and Board on _____; that all of the subjects included in the foregoing proceedings were contained in the agenda for the meeting, kept continually current and readily available for public inspection at the office of the Secretary; that such subjects were contained in said agenda for at least twenty-four hours prior to said meeting; that at least one copy of all reproducible material discussed at the meeting **was** available at the meeting for examination and copying by members of the public; that the said minutes from which the foregoing proceedings have been extracted were in written form and available for public inspection within ten working days and prior to the next convened meeting of said body; that all news media requesting notification concerning meetings of said body were provided advance notification of the time and place of said meeting and the subjects to be discussed at said meeting.

Secretary

Memo to the Finance, Expenditure, and Legal Subcommittee

Subject: Line of Credit Agreement with Wells Fargo Bank

Date: February 27, 2003

From: Jack Lawless

Periodically, the District cash flow during the months of January, February, and March puts us in a negative cash situation. The property tax revenue during this period of time is very small compared to our normal operating expenses. During April and May we receive nearly half of our Property Tax income for the year, and our cash position will dramatically change to the positive side.

We recommend opening a temporary line of credit. In order to open a temporary line of credit with Wells Fargo Bank, we will need to execute three documents: The Promissory Note, The Certificate of Authority, and the Line of Credit Agreement. This will allow us to have a line of credit up to \$1,000,000 available to us until April property tax funding puts us back into a favorable cash position.

Staff recommends that the Subcommittee recommend to the Board that the General Manager be authorized to execute the agreements necessary to open a \$1,000,000 line of credit with Wells Fargo Bank, subject to approval as to form by District legal counsel.

Memo to the Finance, Expenditure, and Legal Subcommittee

Subject: District Credit Card

Date: February 27, 2003

From: Jack Lawless

The District is currently using credit cards for fuel purchases only. We have problems from time to time that would be greatly relieved with a District credit card. Our travel agency (AAA Travel) is one example. Starting March 1, 2003 we will only be able to book travel with a credit card. Another problem is booking room reservations with individual hotels where nearly all ask for a credit card number. The most recent problem was attempting to purchase computer equipment on the internet. **As** e-commerce becomes more and more prevalent, this will become a bigger problem. This card would be held and secured in the accounting department and only used when other options are not available.

Staff recommends that the Subcommittee recommend to the Board that the General Manager be authorized to execute the agreements necessary to secure a District credit card.

Memo regarding Sloderbeck
property posted under
“Confidential.”

Map of Roger Sloderbeck
property mailed to Directors
3/4/03.