

MINUTE RECORD

ORDINANCE NO. 07-703

AN ORDINANCE AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF A TAX ANTICIPATION NOTE OF THE CITY OF FRIEND, NEBRASKA IN THE PRINCIPAL AMOUNT OF \$300,000 TO PROVIDE FINANCING FOR CERTAIN OPERATING EXPENSES OF WARREN MEMORIAL HOSPITAL; PRESCRIBING THE FORM AND DETAILS OF THE NOTE; COVENANTING TO PAY SUCH NOTE FROM THE REVENUES OF WARREN MEMORIAL HOSPITAL AND, IF NECESSARY, TO LEVY TAXES IN AMOUNTS SUFFICIENT TO PAY THE PRINCIPAL AND INTEREST ON THE NOTE; PROVIDING FOR THE PUBLICATION OF THIS ORDINANCE IN PAMPHLET FORM AND RELATED MATTERS

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

Section 1. The Mayor and Council (the “**Council**”) of the City of Friend, Nebraska (the “**City**”) hereby finds and determines:

(a) The City is duly organized and validly existing as a city of the second class and political subdivision of the State of Nebraska (the “**State**”) under Chapter 17, Reissue Revised Statutes of Nebraska, as amended.

(b) It is necessary, desirable, advisable, and in the best interests of the City that the City provide an operating line of credit to pay expenses incurred at Warren Memorial Hospital (the “**Hospital**”), owned and operated by the City.

(c) The City is authorized pursuant to Section 18-1750, Reissue Revised Statutes of Nebraska, as amended (“**Section 18-1750**”), to borrow money to the amount of 70% of the unexpended balance of total anticipated receipts (as determined pursuant to Section 18-1750) for the current fiscal year and the following fiscal year.

(d) The City anticipates receipts for the current fiscal year and the following fiscal year of \$516,407.78 from the levying of taxes for the current fiscal year and the following fiscal year, determined pursuant to Section 18-1750.

(e) Based upon the most recent report of the City’s Treasurer, the total general fund expenditures from September 1, 2007 to and including the expected date of issuance of the notes herein authorized (the “**Closing Date**”) is \$65,226.91 leaving an unexpended balance of total anticipated general fund receipts of not less than \$451,180.87.

(f) As of the Closing Date, the City will have \$215,000 outstanding in notes or warrant indebtedness to be paid from the proceeds of the Notes authorized hereby.

(g) It is necessary, desirable, advisable, and in the best interest of the City to borrow money and issue its negotiable promissory note as provided under Section 18-1750, in an aggregate principal amount of \$300,000.

Section 2. (a) For the purpose of paying the costs of certain expenses of the Hospital issuing the notes herein authorized, there is hereby ordered issued a promissory note of the City in the principal amount of Three Hundred Thousand Dollars (\$300,000), designated as “Promissory Note, Series 2007” (the “**Note**”). The Note shall be fully registered as to both principal and interest on the books of the Note Registrar and Paying Agent designated in **Section 3** of this Ordinance (the “**Registrar**”), bear a Date of Original Issue of the date of execution and delivery thereof, be numbered R-1, be in any denomination, shall mature on the second anniversary of the Date of Original Issue and bear interest, calculated on the basis of a 365/366-day year and actual days elapsed. The Note shall be in the amount advanced by the Purchaser (hereinafter defined) upon request from the City from time to time up to a maximum principal amount of \$300,000, bear

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interest computed daily on the principal amount from time to time outstanding and unpaid at a rate equal to the Purchaser's base rate for such date minus 1.25%. Interest on the Note is payable on the first anniversary of the Date of Original Issue and at maturity. The outstanding unpaid principal on Note R-1 shall be due and payable at maturity.

Payments of interest due on the Note shall be made by the Registrar by mailing a check or draft on each payment date in the amount due for such interest to the Purchaser at its registered address as shown on the books of registration as required to be maintained in **Section 3** hereof. Payments of principal due at maturity shall be made by the Registrar to the Purchaser upon presentation and surrender of the Note to the Registrar in lawful money of the United States of America. All payments on account of interest or principal made to the Purchaser in accordance with the terms of this Ordinance shall be valid and effectual and shall be a discharge of the City and the Registrar, in respect of the liability upon the Note or claims for interest to the extent of the sum or sums so paid.

Section 3. (a) The Treasurer of the City is hereby designated the Registrar for the Note. The Registrar shall specify its acceptance of the duties, obligations and trusts imposed upon it by the provisions of this Ordinance by a written instrument deposited with the City prior to the issuance of the Note. The City reserves the right to remove the Registrar upon 30-days notice and upon the appointment of a successor Registrar, in which event the predecessor Registrar shall deliver all cash in its possession to the successor Registrar and shall deliver the Bond register to the successor Registrar. The Registrar shall have only such duties and obligations as are expressly specified by this Ordinance and no other duties or obligations shall be implied to the Registrar.

(b) The Registrar shall keep and maintain for the City books for the registration and transfer of the Note at its office in Friend, Nebraska. The names and registered addresses of the registered owner of the Note shall at all times be recorded in such books.

(c) The Registrar shall also be responsible for making the payments of principal and interest as the same fall due upon the Note from funds transferred to it by the City for such purpose. Payment of interest due upon the Note prior to maturity shall be made by the Registrar by mailing a check in the amount due for such interest on each interest payment date to the Purchaser addressed to Purchaser at its registered address as shown on the books of registration as required to be maintained under this **Section 3**. Payments of principal due at maturity, together with any accrued interest then due, shall be made by the Registrar upon presentation and surrender of such Note at the office of the Registrar. The City and the Registrar may treat the registered owner of any Note as the absolute owner of such Note for the purpose of making payment thereon and for all other purposes. All payments on account of interest or principal made to the registered owner of any Note shall be valid and effectual and shall be a discharge of the City and the Registrar in respect of the liability upon such Note or claims for interest to the extent of the sum or sums so paid.

Section 4. The Note is subject to prepayment at any time at the option of the City. Any prepayment shall be applied and mutually agreed between the City and the Purchaser.

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Section 5. The Note shall be in substantially the following form:

**UNITED STATES OF AMERICA
STATE OF NEBRASKA
COUNTY OF SALINE
CITY OF FRIEND, NEBRASKA
PROMISSORY NOTE, SERIES 2007**

No. R-1

\$300,000.00

<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Rate of Interest</u>
December 26, 2007	December 26, 2009	First National Bank Base Rate minus 1.25%

REGISTERED OWNER: FIRST NATIONAL BANK

PRINCIPAL AMOUNT: THREE HUNDRED THOUSAND DOLLARS

The **CITY OF FRIEND, NEBRASKA** (the "City"), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner specified above, or registered assigns, the unpaid Principal Amount then outstanding, not to exceed the Principal Amount specified above, in lawful money of the United States of America on the Date of Maturity specified above with interest on the principal amount outstanding from time to time from the Date of Issue shown above or most recent Interest Payment Date (hereinafter defined), whichever is later, at the interest rate per annum specified above, payable annually on December 26th of each year, commencing December 26, 2008 and at the Date of Maturity (each of such dates an "**Interest Payment Date**"). Such interest shall be computed daily on the then outstanding Principal Amount at the then current Rate of Interest and on the basis of a 365/366-day year and actual days elapsed. The principal of this Note is payable upon presentation and surrender of the same at the office of the Treasurer of the City, the registrar and paying agent (the "**Registrar**"). Interest on this Note will be paid by check or draft mailed on each Interest Payment Date by the Registrar to the Registered Owner of this Note, as shown on the books of record maintained by the Registrar to such owner's address as shown on such books and records.

This Note is one of an issue of fully registered Promissory Notes (the "**Notes**") of the total principal amount of Three Hundred Thousand Dollars (\$300,000), of even date which were authorized by Ordinance No. 07-703 duly passed and adopted by the Mayor and Council on December 26, 2007 (the "**Ordinance**") in strict compliance with the provisions of Sections 18-1750, Reissue Revised Statutes of Nebraska, as amended, for the purpose of providing funds to pay certain expenses of Warren Memorial Hospital, owned and operated by the City. Reference is hereby made to the Ordinance, all of the provisions of which any owner of this Note by its acceptance hereof thereby assents, for a description of the nature and extent of the security for the Notes, the covenants of the City and the taxes, funds and revenues pledged to the payment of the principal of and interest on the Notes. A certified copy of the Ordinance is on file at the office of the Council.

Prepayment of all or any portion of the principal may be made at any time at the option of the City without premium.

The Notes of the series, of which this Note is one, are issuable as fully registered Notes as provided in the Ordinance. This Note is transferable by the Registered Owner or such owner's attorney duly authorized in writing at the office of the Registrar in Friend, Nebraska upon surrender and cancellation of this Note, and thereupon a new Note or Notes of the same aggregate principal amount, interest rate and maturity will be issued to the transferee as provided in the Ordinance, subject to the limitations therein prescribed. The City, the Registrar, and any other person may treat the person in whose name this Note is registered as the absolute owner hereof for the purpose of receiving payment due hereunder and for all purposes and shall not be affected by any notice to the contrary, whether this Note be overdue or not.

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IT IS HEREBY CERTIFIED AND WARRANTED that all conditions, acts and things required by law to exist or to be done precedent to and in the issuance of this Note did exist, did happen and were done and performed in regular and due form and time as required by law and that the indebtedness of the City, including this Note, does not exceed any limitation imposed by law. The City agrees that it shall pay the principal of and interest on this Note from the net revenues of Warren Memorial Hospital and to cause to be levied and collected annually a special levy of taxes on all the taxable property in the City to pay the principal of and interest on the Notes as the same become due to the extent such net revenues are insufficient.

IN WITNESS WHEREOF, the Mayor and Council have caused this Note to be executed on behalf of the City by the manual signatures of its Mayor and Clerk, all as of the Date of Issue shown above.

CITY OF FRIEND, NEBRASKA



James W. Vassler _____ Mayor
By: *Debbie Dilmer* _____ Clerk

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ASSIGNMENT

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

Print or Type Name, Address and Social Security Number
or other Taxpayer Identification Number of Transferee

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

Dated: _____

NOTICE: The signature to this assignment must correspond with the name of the Registered Owner as it appears upon the face of the within Note in every particular.

Signature Guaranteed By:

(Name of Eligible Guarantor
Institution as defined by SEC Rule 17
Ad-15 (17 CFR 240.17 Ad-15))

By:

Title:

Section 6. The Note shall be executed on behalf of the City by the manual signatures of the Mayor and Clerk. The City agrees to order a supply of Notes and to direct their execution by manual signatures of the Mayor and Clerk upon transfer of any Note. In case any officer whose signature shall appear on any Note shall cease to be such officer before the delivery of such Note (including any Notes delivered to the Registrar for issuance upon transfer), such 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 Note.

Section 7. (a) Upon execution and registration of the Note, the Registrar is authorized to deliver them to First National Bank, Friend, Nebraska, the purchaser thereof (the "**Purchaser**"), upon receipt of 100.0% of the principal amount of the Note plus accrued interest thereon to the date of delivery thereof and payment therefor. The Purchaser shall have the right to direct the registration of the Note and the denomination thereof, subject to the restrictions of this Ordinance.

(b) All accrued interest received upon the issuance, sale and delivery of the Note shall be deposited into the Note Fund and used to pay a portion of the interest falling due on the Note on the first Interest Payment Date. The remaining proceeds of the Note shall be used by the City to pay the costs of the Equipment and the costs of issuing the Note.

Section 8. The Clerk is directed to make and certify transcripts of the proceedings of the City precedent to the issuance of the Note, one of which transcripts shall be delivered to the purchaser of the Note.

Section 9. City represents, warrants, agrees and covenants with and for the benefit of the registered owner of the Note as follows:

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(a) It has duly adopted an operating budget for the current fiscal year with respect to the general fund within the time required by law and levy ad valorem taxes on all of the taxable property within the City as required by law.

(b) The receipts from the levy of taxes together with other sources for the current fiscal year and the following fiscal year legally available for the payment of the principal of and interest on the Note will be sufficient to pay such principal and interest in full when and as the same become due.

(c) It will have on deposit in the Warren Memorial Hospital Fund and the general fund of the City amounts sufficient to pay the principal of and interest on the Note in full when and as the same become due.

(d) It will pay the principal of and interest on the Note from the net revenues of Warren Memorial Hospital. To the extent the same is insufficient for such purposes, it will cause to be levied and collected annually a special levy of taxes upon the taxable value of all the taxable property in the City, in addition to all other taxes, sufficient in rate and amount to pay the principal of and interest on the Note in full when and as the same become due.

(e) In preparing, approving and adopting a budget which controls or provides for the expenditure of its funds, the City will appropriate, allot and approve, in the manner required by law, from the Warren Memorial Hospital Fund and the general fund of the City amounts sufficient to pay the principal of and interest on the Note in full when and as the same become due.

Section 10. There is hereby established with the Registrar a Note Fund (the “**Note Fund**”) to be used solely for the purpose of paying the principal of and interest on the Note. Beginning January 1 of each year, the City shall deposit into the Note Fund such proceeds from the net revenues of Warren Memorial Hospital and the levy of taxes authorized pursuant to **Section 9** of this Ordinance as shall be sufficient to pay the principal of and interest on the Note when and as the same shall become due.

Section 11. Without in any way limiting the power, authority, or discretion elsewhere herein granted or delegated, the Council hereby authorizes and directs the Mayor and all other officers, employees, and agents of the City to carry out, or cause to be carried out, and to perform such obligations of the City and such other actions as they, or any one of them shall consider necessary, advisable, desirable, or appropriate in connection with this Ordinance, and the issuance, sale, and delivery of the Note, including, without limitation and whenever appropriate, the execution and delivery thereof and of all other related documents, instruments, certifications, and opinions; and delegates, authorizes, and directs the Mayor the right, power, and authority to exercise his own independent judgment and absolute discretion in determining and finalizing the terms, provisions, form and contents of each of the foregoing. The execution and delivery by the Mayor or by any such other officer, officers, agent or agents of the City of any such documents, instruments, certifications, and opinions, or the doing by them of any act in connection with any of the matters which are the subject of this Ordinance, shall constitute conclusive evidence of both the City’s and their approval of all changes, modifications, amendments, revisions, and alterations made therein, and shall conclusively establish their absolute, unconditional, and irrevocable authority with respect thereto from the City and the authorization, approval, and ratification by the City of the documents, instruments, certifications, and opinions so executed and the action so taken.

Section 12. If any one or more of the provisions of this Ordinance should be determined by a court of competent jurisdiction to be contrary to law, then such provisions shall be deemed severable from the remaining provisions of this Ordinance and the invalidity thereof shall in no way affect the validity of the other provisions of this Ordinance or of the Note and the owner of the Note shall retain all the rights and benefits accorded to it under this Ordinance and under any applicable provisions of law.

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If any provisions of this Ordinance shall be held or deemed to be or shall, in fact, be inoperative or unenforceable or invalid in any particular case in any jurisdiction or jurisdictions, or in all cases because it conflicts with any constitution or statute or rule of public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable or invalid in any other case or circumstances, or of rendering any other provision or provisions herein contained inoperative or unenforceable or invalid to any extent whatever.

Section 13. This Ordinance shall take effect and be in force from and after its passage and publication in pamphlet form as provided by law.

DATED: December 26, 2007.



ATTEST

By: Debbie Gilmer
Clerk

CITY OF FRIEND, NEBRASKA

By: James W. Vassler
Mayor