1040 O Street, P.O. Box 80869
Lincoln, NE 68501-0869

October 27, 2014

Lincoln City Council
Lincoln, Nebraska

Subject: Lincoln Electric System (LES) 2015 Operating and Capital Budget Appropriation Request

Chair Emery and Members of the Lincoln City Council:

Enclosed for your review is the proposed 2015 LES Operating & Capital Budget. The budget was approved by the LES Administrative Board at its meeting on October 17, 2014, and is recommended for your approval. We are proposing the following schedule for your consideration of the 2015 budget and rate increase:

- Monday, November 3 - Introduction of the LES budget resolution.
- Monday, November 17 - Public Hearing on the LES budget resolution at City Council meeting.
- Monday, December 8 - City Council action on the LES budget resolution.

As reflected in the attached document which is being used to communicate with LES customers, LES is recommending a 2015 Total Operating & Capital Budget Authorization of $345.8 million, of which $275.2 million is for operating expenditures and $70.6 million is for capital expenditures. A rate adjustment is not proposed for 2015.

Over the past several weeks we have conducted meetings with customers regarding the proposed budget. In addition to a public customer meeting, a meeting was also held with LES' business advisory council (comprised of small to large commercial and industrial customers). We have also sent an invitation to members of the Council for a briefing on the budget and other relevant topics.

The proposed budget has been developed to maintain our public power commitment of providing reliable, low-cost electric service for our customers. The comparison of LES electric bills with bills from other utilities in the region reveals that LES' bills continue to be among the lowest when comparing other utilities' rates, as shown on the enclosed regional rate comparison.

p: 402.475.4211
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www.les.com

In summary LES is requesting:

1. Approval of the 2015 LES Operating Authorization of $275,195,000 and Capital Authorization of $70,618,000.

2. Approval to amortize certain costs related to the Laramie River Station 2015 outage pursuant to Governmental Accounting Standards Board (GASB) Statement Number 62.

3. Approval of a Supplemental 2014 Budget Authorization related to the accounting treatment of Southwest Power Pool (SPP) market activities. As you will recall, we moved to the new SPP integrated market earlier this year. Our experience in the market has caused some changes in the way we account for SPP activities which has resulted in increased power costs in excess of what we had budgeted. However, the power costs are offset by increased wholesale revenues, resulting in no net impact. However, this may technically result in the 2014 Budget Authorization being exceeded because the budget only takes into account the projected expenditures and does not include revenues.

   The ordinance governing LES' budget does not provide direction for how to proceed if the budget authorization is exceeded. After conferring with the City Attorney, we determined to seek approval of a Supplemental 2014 Budget Authorization. We decided it would be most expedient to address the supplemental authorization concurrent with the 2015 budget approval. We committed to work with the City Attorney to clarify an appropriate process for approval should this circumstance reoccur.

4. Approval of the 2014 Credit Facility Ordinance which authorizes one or more short-term credit facilities in an amount not to exceed $50 million. Although there is no current plan to borrow against this facility, it provides additional liquidity for LES at a low cost. Also, the financial flexibility of the facility seems prudent as we consider potential future events (such as environmental regulations) which could have a significant financial impact.

As you review these materials, please feel free to contact me, Laura, or a member of the Administrative Board with questions or comments.

Respectfully,

Kevin G. Wailes
Administrator & CEO

KGW:cls

Enclosures

cc: Mayor Chris Beutler
Laura Kapustka, Chief Financial Officer
Doug Bantam, Chief Operating Officer
Shelley Sahling-Zart, General Counsel
LES Administrative Board

2015 Operating and Capital Budget

Laura Kapustka
Vice President & Chief Financial Officer

2015 Budget Overview

- Budget process
  - Assumptions
  - Internal & Board Committee reviews
- Operating Authorization - $275.2 million
- Capital Authorization - $70.6 million
- No rate adjustment

2015 Budget Overview

2015 Budget developed in accordance with:

- Commitment to providing low-cost, reliable energy
- Core values and strategic priorities
- Input from Budget & Rates Committee and LES Administrative Board
- Financial targets

Financial Metrics	
	Target
Debt Service Coverage	2.0x
Fixed Charge Coverage	1.35 with continued upward progress
Debt to Equity	60% with continued downward progress
Liquidity Target (Cash on Hand)	Minimum of 74 days in any month 2015 Budget assumes $30 million CP issuance
Rate Stabilization Fund	$2.0 annual deposit

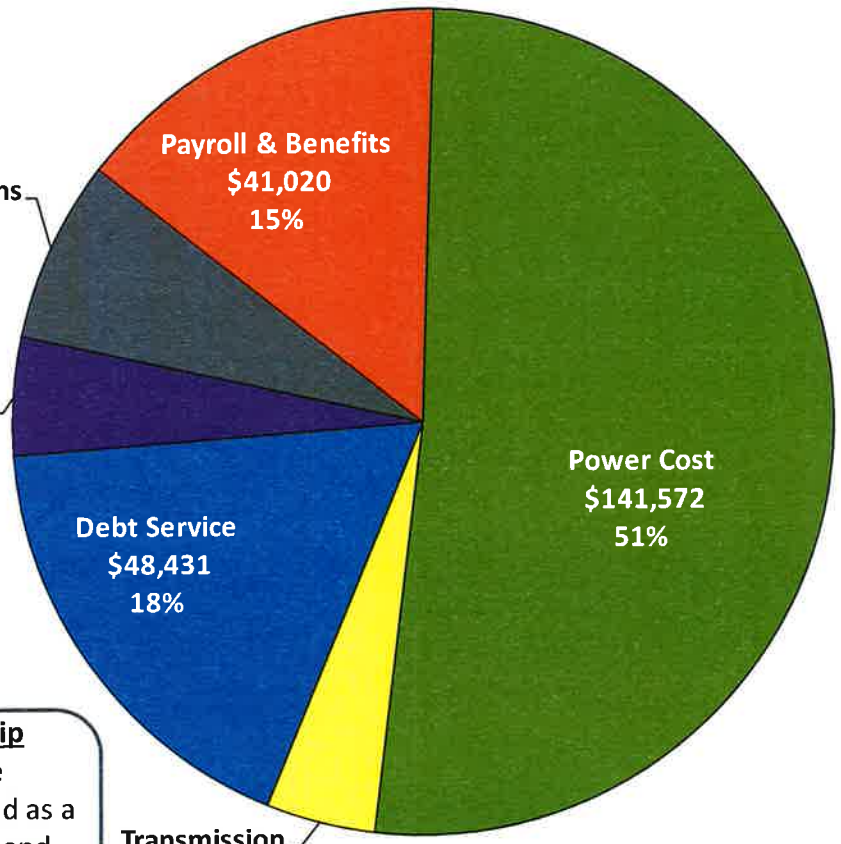
- Projected system growth

2015 Load Forecast		
Customers	134,913	+1,424/1.1% over 2014 Budget
Retail Energy Sales	3,262 GWh	$261.8 million; +$1.4 million/0.2% over 2014 Budget
Demand	768 MW	+1.2% over 2014 Budget

2015 Budget Overview

Components of the 2015 Operating Authorization

(in thousands)



Payment in Lieu of Tax

Lincoln Public Schools – 66%
City of Lincoln – 18%
Lancaster County – 14%
City of Waverly – 2%

City Dividend for Utility Ownership

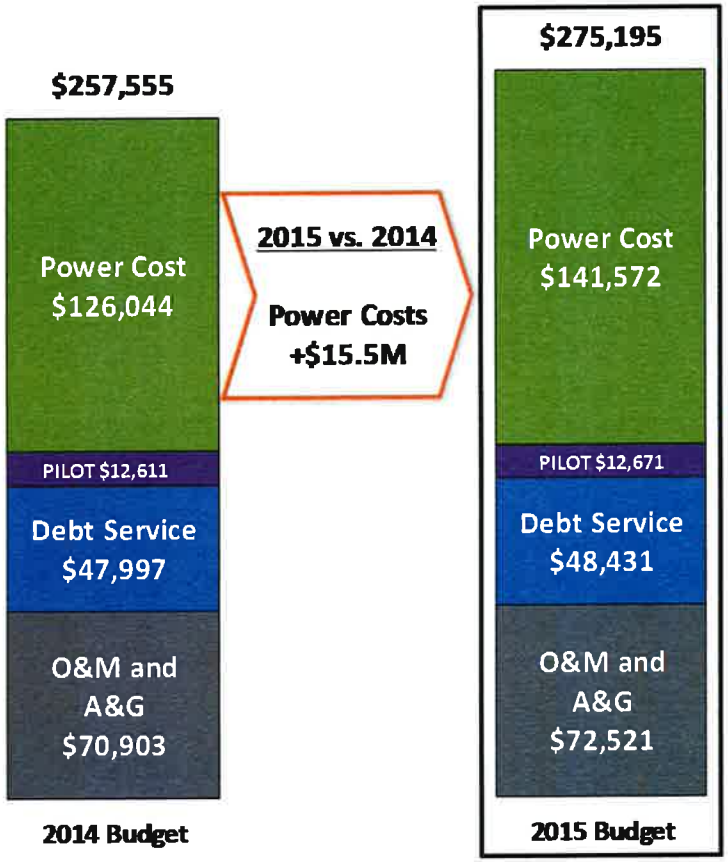
Although it is not included in the Authorization, LES collects the dividend as a separate line item on customer bills and remits it to the City. The 2015 city dividend for utility ownership (CDFUO) budget is $7.1 million.

Power Costs represent the largest component of LES' 2015 Operating Authorization. Because Power Costs constitute such a large percentage of the total budget, any fluctuation in fuel, transportation or purchased power can have a significant impact on the budget. Nearly all of the annual debt service expense is also related to Power Costs as the debt was issued in support of generation and transmission facilities. Power Costs, Transmission and Debt Service make up approximately 73% of the Operating Authorization; LES' ability to impact these costs is limited.

2015 Budget Overview

Operating Authorization

(in thousands)



Wholesale Revenue *(in thousands)*	
2015 Budget	$34,891
2014 Budget	18,296
Difference	**$16,595**

Increased Power Cost is offset by increased Wholesale Revenue

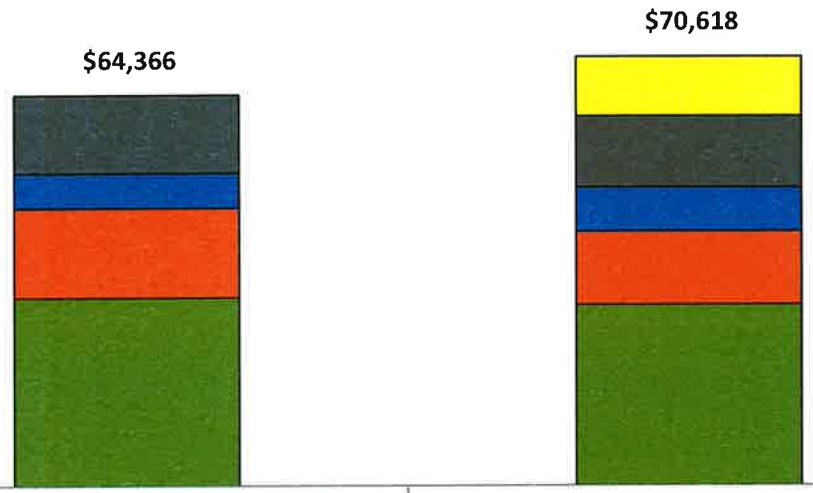
- Total Operating Authorization is budgeted to increase $17.6 million or 6.8% compared to the 2014 Budget.
- The increase in Power Cost is primarily attributable to an accounting methodology change related to the SPP Integrated Marketplace which increases both Power Cost and Wholesale Revenues.
- The 2015 Budget assumes the use of $2.0 million of Rate Stabilization Funds to offset Power Cost related to an extended outage at Laramie River Station.

2015 Budget Overview

Major Programs/Projects	2015 Budget
Mobile Meter Reading Project	$9.3M
Laramie River Station	$5.6M
Future LES Facilities	$4.8M
Duct Installation Program	$3.5M
Southwest Reliability Program	$2.9M
84th & Leighton 115-12kV Source	$2.2M

Capital Authorization

(thousands)

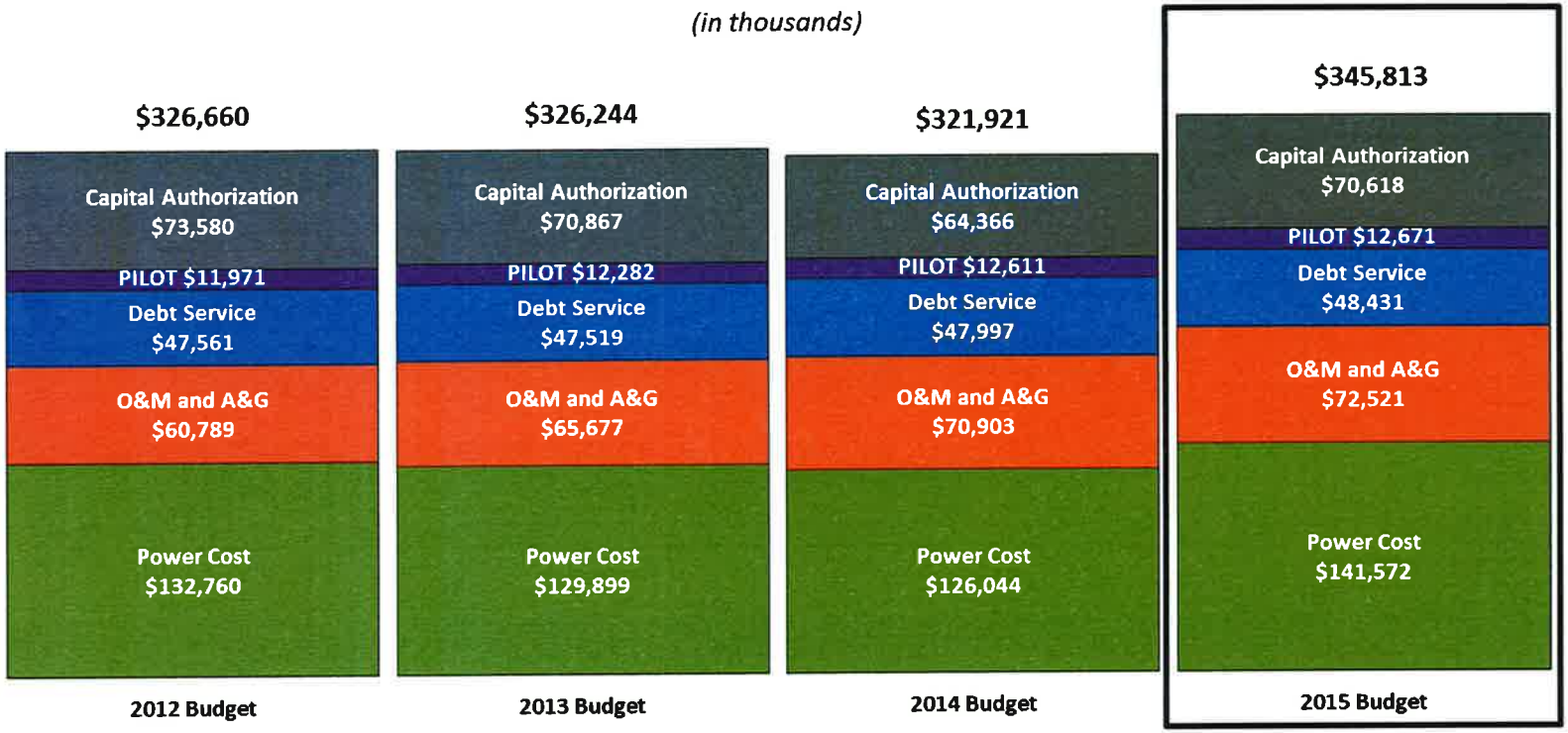


	2014 Budget	2015 Budget
Communications & Customer Services (Meters)	$-	$9,820
General Equipment & Facilities Purchases	$12,856	$11,732
Indirect Overhead Costs	$5,705	$7,263
Power Supply	$14,753	$12,026
Transmission & Distribution	$31,052	$29,777
Total	$64,366	$70,618

2015 Budget Overview

2015 Total Authorization

(in thousands)



	2012 Budget	2013 Budget	2014 Budget	2015 Budget	2015 vs. 2014 Variance	
Power Cost	$ 132,760	$ 129,899	$ 126,044	$ 141,572	$ 15,527	12.3%
Other Operating	60,789	65,677	70,903	72,521	1,618	2.3%
Debt Service	47,561	47,519	47,997	48,431	434	0.9%
PILOT	11,971	12,282	12,611	12,671	60	0.5%
Operating Authorization	**$ 253,080**	**$ 255,377**	**$ 257,555**	**$ 275,195**	**$ 17,640**	**6.8%**
Capital Authorization	**$ 73,580**	**$ 70,867**	**$ 64,366**	**$ 70,618**	**$ 6,252**	**9.7%**
Total Authorization	**$ 326,660**	**$ 326,244**	**$ 321,921**	**$ 345,813**	**$ 23,892**	**7.4%**

2015 Budget Resolution

1. Approve the 2015 Budget.
    - Operating Authorization - $275.2 million.
    - Capital Authorization - $70.6 million.

2. Provide LES the ability to reimburse itself for 2015 capital expenditures through the future issuance of bonds.

3. Approve a 2014 Supplemental Authorization.
    - Related to the change in the accounting treatment for Southwest Power Pool.
    - Increased purchased power expenses may cause LES to exceed its budget authorization for 2014.
    - Budget authorization does not include offsetting wholesale revenues.

4. Approval for amortizing a portion of the 2015 extended outage costs at Laramie River Station through the use of GASB 62.

Credit Facility Ordinance

1. Authorize issuance of one or more short-term credit facilities in an amount not to exceed $50.0 million.

Lincoln Electric System
Regional Utility Rate Comparison

The following tables reflect the average monthly bill by rate class for cities in the region. The average bills are calculated (at the demand and energy levels identified) by LES using 2014 electric rates as shown on the utility's website for the respective city. Announced or proposed rate adjustments for 2015 are included where appropriate.

Residential (Monthly Average)

Electric Bills using 2014 Rates, applicable Franchise Fees and LES' City Dividend		Electric Bills using 2015 Rates, applicable Franchise Fees and LES' City Dividend	
City	Residential 1,000 kWh	City	Residential 1,000 kWh
Lincoln	$94	Lincoln	$94
Des Moines	$105	Denton, NE	$105
Denton, NE	$105	Des Moines	$110
Colorado Springs	$110	Omaha	$111
Omaha	$111	Denver	$117
Denver	$111	Kansas City, MO	$118
Kansas City, MO	$118	Wichita	$125
Wichita	$120	Colorado Springs	$126
Kansas City, KS	$126	Kansas City, KS	$128
Kearney, NE	$130	Kearney, NE	$130
Minneapolis	$143	Minneapolis	$151

LLP Commercial (Monthly Average)

Electric Bills using 2014 Rates, applicable Franchise Fees and LES' City Dividend		Electric Bills using 2015 Rates, applicable Franchise Fees and LES' City Dividend	
City	500 kW 180,000 kWh	City	500 kW 180,000 kWh
Des Moines	$10,798	Des Moines	$11,425
Omaha	$13,631	Omaha	$13,631
Denton, NE	$14,127	Denton, NE	$14,127
Lincoln	$15,123	Lincoln	$15,153
Colorado Springs	$15,635	Kearney, NE	$16,579
Wichita	$15,892	Wichita	$16,825
Denver	$16,238	Kansas City, MO	$17,107
Kearney, NE	$16,579	Denver	$17,139
Kansas City, MO	$17,107	Colorado Springs	$18,445
Minneapolis	$17,902	Minneapolis	$18,924
Kansas City, KS	$19,657	Kansas City, KS	$20,148

Small Commercial (Monthly Average)

Electric Bills using 2014 Rates, applicable Franchise Fees and LES' City Dividend		Electric Bills using 2015 Rates, applicable Franchise Fees and LES' City Dividend	
City	40 kW 10,000 kWh	City	40 kW 10,000 kWh
Lincoln	$784	Lincoln	$784
Colorado Springs	$820	Omaha	$842
Omaha	$842	Denton, NE	$908
Des Moines	$896	Des Moines	$941
Denton, NE	$908	Colorado Springs	$974
Kearney, NE	$1,132	Kearney, NE	$1,132
Wichita	$1,142	Kansas City, MO	$1,142
Kansas City, MO	$1,142	Wichita	$1,174
Denver	$1,162	Denver	$1,223
Minneapolis	$1,189	Minneapolis	$1,255
Kansas City, KS	$1,244	Kansas City, KS	$1,271

LLP Industrial (Monthly Average)

Electric Bills using 2014 Rates, applicable Franchise Fees and LES' City Dividend		Electric Bills using 2015 Rates, applicable Franchise Fees and LES' City Dividend	
City	1,000 kW 650,000 kWh	City	1,000 kW 650,000 kWh
Des Moines	$28,714	Des Moines	$30,610
Lincoln	$36,401	Lincoln	$36,511
Omaha	$36,667	Omaha	$36,667
Colorado Springs	$36,743	Denton, NE	$38,065
Denton, NE	$38,065	Wichita	$44,297
Wichita	$42,474	Kansas City, MO	$44,734
Kansas City, MO	$44,734	Kearney, NE	$45,849
Kearney, NE	$45,849	Colorado Springs	$46,004
Denver	$47,448	Denver	$50,424
Kansas City, KS	$53,836	Kansas City, KS	$55,608
Minneapolis	$54,860	Minneapolis	$57,968

GSD Commercial (Monthly Average)

Electric Bills using 2014 Rates, applicable Franchise Fees and LES' City Dividend		Electric Bills using 2015 Rates, applicable Franchise Fees and LES' City Dividend	
City	75 kW 50,000 kWh	City	75 kW 50,000 kWh
Des Moines	$2,507	Lincoln	$2,658
Lincoln	$2,668	Des Moines	$2,664
Denton, NE	$2,897	Denton, NE	$2,897
Omaha	$3,030	Omaha	$3,030
Colorado Springs	$3,286	Denver	$3,593
Denver	$3,389	Kearney, NE	$3,696
Kearney, NE	$3,696	Kansas City, MO	$3,723
Kansas City, MO	$3,723	Colorado Springs	$4,019
Minneapolis	$3,950	Minneapolis	$4,175
Kansas City, KS	$4,228	Kansas City, KS	$4,365
Wichita	$4,859	Wichita	$5,015

The first column lists bills using 2014 rates (LES' 1/1/2014 City Dividend). Bills in the second column use 2015 rates (LES' 1/1/2015 City Dividend). Kearney (NPPD), Des Moines (MEC), Denver (Xcel), Kansas City, MO (KCP&L), Wichita (Westar) and Minneapolis (Xcel) bills include franchise fees. Seasonal rates are factored into the bills using the same energy and demand for each month. Lincoln bills average four summer bills and eight winter bills.

Announced 2015 rate changes: Lincoln 0.0%; Kearney (NPPD) 0.0%; Des Moines 3.6%

Proposed or unknown 2015 rate changes: Omaha 0.0%; Colorado Springs 1.8% to 7.3%; Denton (Norris) 0.0%; Wichita 0.0%; Kansas City, KS 0.0%; Denver 4.9%; Minneapolis 5.8%; Kansas City, MO 0.0%.

Proposed 2015 operating budget and rates

September 2014

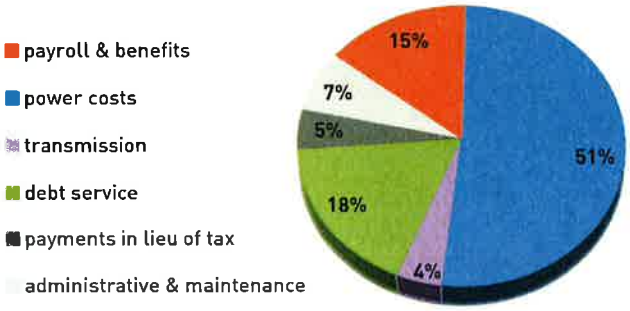
No rate adjustment for 2015

Lincoln Electric System is proposing to keep rates at current levels for 2015. As a public power utility, LES' rates are set to cover costs and do not include a profit margin. Keeping rates low while maintaining reliable electric service is a key objective of LES, which continues to have rates among the lowest in the nation. LES is mindful that regulatory uncertainty could impact future costs.

LES proposes 2015 budget

LES is proposing a 2015 Total Budget Authorization of $345.8 million. The Total Budget Authorization includes the operating ($275.2 million) and capital ($70.6 million) budget, debt service payments and LES' annual in lieu of tax payment to the city.

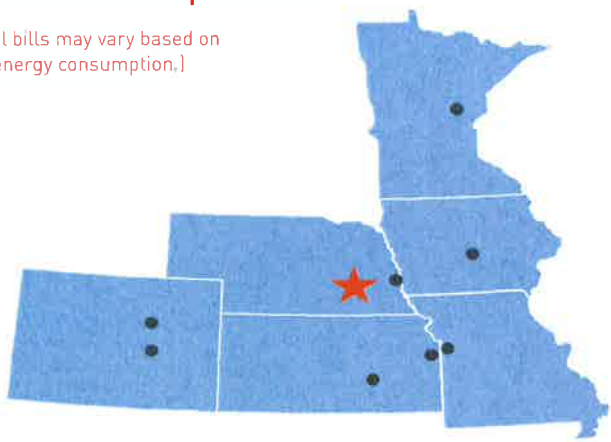
2015 LES Operating Budget Authorization



Power costs represent the largest component of LES' 2015 Operating Budget Authorization. Because power costs constitute such a large percentage of the total budget, any fluctuation in fuel, transportation or purchased power can have a significant impact on the budget. Nearly all of the annual debt service expense is also related to power costs as the debt was issued in support of generation and transmission facilities. Power costs, transmission and debt service make up approximately 73 percent of the 2015 Operating Budget Authorization. LES' ability to impact these costs is limited.

Regional rate comparison:

(Residential bills may vary based on individual energy consumption.)



Residential 1,000 kWh	
Lincoln	$94
Des Moines	$110
Colorado Springs	$110
Denver	$111
Omaha	$111
Wichita	$120
Kansas City, Mo.	$118
Kansas City, Kan.	$126
Minneapolis	$143

Includes LES' 2015 proposed rates and city dividend as well as Des Moines' announced 2015 rate adjustment (all others are based on 2014 rates) plus applicable franchise fees.

The LES Administrative Board will hold a public meeting Oct. 2 at 7 p.m. at the Center for People in Need, 3901 N. 27th St., to hear from customers regarding the proposed budget and rates. The Board is scheduled to forward its recommendation to the City Council Oct. 17. Additional information is at **www.les.com**. Email questions to **finance@les.com**.

Want to lower your bill?

Year-round energy-saving tips

- ***Caulk and seal.*** *Seal air leaks by caulking and weather-stripping windows, doors and building penetrations.*
- ***Insulate.*** *Make sure the attic roof, walls and floors are properly insulated and have enough ventilation.*
- ***Clean or replace the furnace air filter*** *regularly.*
- ***Have you furnace serviced*** *every fall by a licensed heating contractor.*
- ***Remove obstructions*** *from vents such as furniture, carpeting or window coverings.*
- ***Close fireplace damper*** *unless in use.*
- ***Dress in appropriate clothing*** *for comfort: sweater for winter warmth and short-sleeve shirt for summer heat.*
- ***Change the direction of your ceiling fan.*** *Fans should run clockwise so air is drawn upward to circulate warm air during the winter. Run fans counter-clockwise during the summer. Use fans in occupied rooms, which allow you to set the thermostat for more comfort.*
- ***Wash full loads****, but don't overload the dishwasher. Use "air dry" or turn off the control after the final rinse, and prop the door open slightly so dishes dry more quickly.*
- ***Replace traditional incandescent light bulbs with CFLs or LEDs.*** *They last longer, produce less heat and can save up to 80 percent on lighting costs.*
- ***Don't place refrigerators or freezers in unconditioned spaces*** *such as the garage. Evaluate whether the second appliance is worth the extra cost to operate.*

Easy ways to pay

Pay your bill online or over the phone with no fee

Go to **www.les.com** and use our convenient online system or call **866.462.8432** to make your payment. Our system accepts multiple payment types: Visa®, MasterCard®, Discover®, and your checking or savings account.

Automatic bank billing

Save time and postage with free automatic bank billing. The bill amount is automatically withdrawn from your bank account on the due date.

Budget billing

To manage your household budget with the convenience of a predictable monthly bill, sign up for our free budget billing program.

Budget billing and automatic bank billing details and forms are available at **www.les.com** or by calling **402.475.4211**.

KUTAK ROCK LLP
DRAFT 10/24/14

CITY OF LINCOLN, NEBRASKA

ORDINANCE NO. _____

constituting the

2014 Credit Facility Ordinance

Authorizing one or more short–term credit facilities
and the issuance of related Electric System Revenue Notes
in an Aggregate Principal Amount of
Not To Exceed $50,000,000 From Time to Time Outstanding

Adopted _____

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CITY OF LINCOLN, NEBRASKA

ORDINANCE NO. _____

AN ORDINANCE AUTHORIZING AND PROVIDING AUTHORITY FOR THE ADMINISTRATOR OF THE LINCOLN ELECTRIC SYSTEM TO ENTER INTO ONE OR MORE CREDIT AGREEMENT(S) AND FOR THE ISSUANCE OF CORRESPONDING ELECTRIC SYSTEM REVENUE NOTES OF THE CITY OF LINCOLN, NEBRASKA, IN AN AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED $50,000,000 FROM TIME TO TIME OUTSTANDING; COVENANTING AS TO THE ESTABLISHMENT, MAINTENANCE, REVISION AND COLLECTION OF CHARGES AND RATES FOR THE USE AND SERVICES OF SAID ELECTRIC SYSTEM AND THE APPLICATION, COLLECTION AND DISBURSEMENT OF THE REVENUES DERIVED THEREFROM; LIMITING THE PAYMENT OF THE, PRINCIPAL AND INTEREST ON SUCH NOTES DELIVERED HEREUNDER SOLELY TO THE SOURCES SPECIFIED HEREIN; MAKING VARIOUS OTHER COVENANTS, AGREEMENTS AND PROVISIONS IN CONNECTION WITH THE FOREGOING; AND PROVIDING FOR SEVERABILITY.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LINCOLN, NEBRASKA:

ARTICLE I

DEFINITIONS; CONTENT OF CERTIFICATES AND OPINIONS

Section 1.01. Definitions. Unless the context shall clearly indicate some other meaning or unless otherwise defined in this 2014 Credit Facility Ordinance, for all purposes of this 2014 Credit Facility Ordinance, all words and terms used in this 2014 Credit Facility Ordinance which are defined in Ordinance No. 17879 (the "Bond Ordinance") shall have the respective meanings given to them in the Bond Ordinance. Unless the context otherwise requires, the terms defined in this Section shall, for all purposes of the Bond Ordinance, this 2014 Credit Facility Ordinance and of any certificate, opinion or other document herein mentioned, have the meanings herein specified, to be equally applicable to both the singular and plural forms of any of the terms herein defined. Unless otherwise defined in the Bond Ordinance or this 2014 Credit Facility Ordinance, all terms used herein shall have the meanings assigned to such terms in the Act (hereinafter defined).

"*Act*" means Sections 15-244, 18-1750, 18-1803 to 18-1805, inclusive, Reissue Revised Statutes of Nebraska, as amended, and Section 44 of Article IX of the Charter of the City, as each may be amended from time to time.

"*Administrator*" means the Administrator and Chief Executive Officer of Lincoln Electric System appointed by the Board and approved by the Mayor and Council pursuant to

Section 4.24.010 of the Lincoln Municipal Code and shall include any person designated by the Administrator to act on his or her behalf with respect to the Administrator's duties or responsibilities under this Credit Facility Ordinance.

"*Advance*" means a loan to the City made under and subject to the conditions set forth in a Credit Facility.

"*Bond Counsel*" means Kutak Rock LLP or any other attorney or firm of attorneys designated by the Board having a national reputation for skill in connection with the authorization and issuance of municipal obligations under Sections 103, 141 and 150 (or any successor provisions of the Code).

"*Bond Ordinance*" means Ordinance No. 17879 of the City, as the same shall be amended and supplemented from time to time.

"*Business Day*" means any day other than (a) a Saturday, Sunday or a day on which the Federal Reserve Banks or the banking institutions in the State of Nebraska or the State of New York are authorized or obligated by law or executive order to be closed, (b) for purposes of payments and other actions relating to a Credit Facility, a day upon which commercial banks in the city in which is located the office of the Credit Facility Provider at which demands for payment under the credit document with respect to such Credit Facility are to be presented are authorized or obligated by law or executive order to be closed and (c) a day on which the New York Stock Exchange is closed.

"*Code*" means the Internal Revenue Code of 1986, as amended, including regulations, rulings and judicial decisions promulgated thereunder.

"*Council*" means the City Council, as governing body of the City.

"*Credit Facility*" means a liquidity facility, standby credit facility, revolving credit facility or line of credit, or similar arrangement as authorized herein.

"*Credit Facility Construction Fund*" means the fund so designated as created pursuant to Section 4.03 hereof.

"*Credit Facility Note*" means any promissory note or notes issued by the City pursuant to the provisions of this 2014 Credit Facility Ordinance and a Credit Facility having the terms and characteristics contained therein and issued in accordance therewith.

"*Credit Facility Obligations*" has the meaning set forth in Section 4.05 hereof.

"*Credit Facility Operating Fund*" means the fund so designated as created pursuant to Section 4.04 hereof.

"*Credit Facility Provider*" means the lender to or counterparty of the City on any Credit Facility authorized hereunder.

"*Final Maturity Date*" means December 1, 2044.

"*Maximum Interest Rate*" means the maximum interest rate, if any, then permitted by the Constitution and the laws of the State of Nebraska, and the City's Home Rule Charter applicable to any series of Notes. As of the date of adoption of this 2014 Credit Facility Ordinance, no such maximum interest rate is specified by the Constitution and the laws of the State of Nebraska and the City's Home Rule Charter.

"*Net Revenues*" shall have the meaning set forth in the Bond Ordinance.

"*Opinion of Bond Counsel*" means an unqualified opinion of Bond Counsel to the effect that interest on the applicable Notes is excludable from income for purposes of federal income taxation.

"*Outstanding*," when used as of any particular time with reference to the Credit Facility Notes, means all the Notes theretofore issued and delivered by the City under this 2014 Credit Facility Ordinance except those that have matured and been fully paid.

"*Project Costs*" means all capital costs and expenses authorized to be incurred under the Act to be payable from the proceeds of the Notes.

"*Short-Term Note Ordinance*" means Ordinance 18584 of the City adopted August 1, 2005, as the same may be amended or supplemented from time to time.

"*Short-Term Notes*" means notes or other obligations of the City issued and outstanding under or pursuant to the Short-Term Note Ordinances.

"*Subordinated Indebtedness*" means all obligations of the City payable solely from the Net Revenues of the Electric System after prior payment of amounts due and owing under the Bond Ordinance and Short Term Note Ordinance.

"*Taxable Credit Facility Notes*" means Credit Facility Notes, the interest on which is includable in gross income for federal income tax purposes.

"*Tax-Exempt Credit Facility Notes*" means Credit Facility Notes, the interest on which is excludable from gross income for federal income tax purposes.

"*Working Capital Costs*" means all Expenses or any other costs which are not Project Costs authorized to be incurred under the Constitution and laws of the State of Nebraska which are payable from the proceeds of Notes.

Section 1.02. Content of Certificates and Opinions. Every certificate or opinion provided for in this 2014 Credit Facility Ordinance with respect to compliance with any provision hereof shall include (a) a statement that the person making or giving such certificate or opinion has read such provision and the definitions herein relating thereto, (b) a brief statement as to the nature and scope of the examination or investigation upon which the certificate or opinion is based, (c) a statement (i) that, in the opinion of such person, he or she has made or caused to be made such examination or investigation as is necessary to enable him or her to express an informed opinion with respect to the subject matter or (ii) that he or she had made or caused to be made his or her examination or investigation with respect to the subject matter in

accordance with specified professional standards and (d) a statement as to whether, in the opinion of such person, such provision has been complied with.

Any such certificate or opinion made or given by an officer or employee of either the City or the Board may be based, insofar as it relates to legal or accounting matters, upon a certificate or opinion of or representation by counsel, an accountant or an independent consultant, unless such officer or employee knows, or in the exercise of reasonable care should have known, that the certificate, opinion or representation with respect to the matters upon which such certificate or statement may be based, as aforesaid, is erroneous. Any such certificate or opinion made or given by counsel, an accountant or an independent consultant may be based, insofar as it relates to factual matters (with respect to which information is in the possession of the City or the Board) upon a certificate or opinion of or representation by an officer or employee of the City or the Board, respectively, unless such counsel, accountant or independent consultant knows, or in the exercise of reasonable care should have known, that the certificate or opinion or representation with respect to the matters upon which such person's certificate or opinion or representation may be based, as aforesaid, is erroneous. The same officer or employee of the City or the Board, or the same counsel or accountant or independent consultant, as the case maybe, need not certify to all of the matters required to be certified under any provision of this 2014 Credit Facility Ordinance, but different officers, employees, counsel, accountants or independent consultants may certify to different matters, respectively.

Section 1.03. References to the Liquidity Provider, a Revolving Short-Term Note or a Liquidity Facility. References to the Credit Facility Provider, a Credit Facility Note or a Credit Facility shall only be operative with respect to a specific Credit Facility Note or a Credit Facility then in effect.

ARTICLE II

FINDINGS AND DETERMINATIONS

Section 2.01. Implementation of Financial Plan. The Board has previously approved the development of a financial plan (as amended and supplemented from time to time, the "Plan") to provide guidance concerning the business and finances of the Electric System, and the financial advisors to the Board have recommended the development of a program for the acquisition of one or more short–term credit facilities which may be drawn upon from time to time to (a) pay costs associated with capital projects as may be determined by the Board and the City from time to time and (b) provide short-term working capital in accordance with the Constitution and laws of the State of Nebraska, as amended from time to time, as may be determined by the Board to be in the best interests of the Electric System. Each such Credit Facility shall be secured by one or more Notes issued as provided herein, which Notes may be taxable or tax exempt.

Section 2.02. Adoption of Credit Facility Ordinance. To provide for the implementation of the Plan and borrowing on a short-term basis by the City for the purpose of (a) paying the costs of capital improvements to its Electric System and (b) financing working capital needs, the City hereby adopts this 2014 Credit Facility Ordinance to authorize the negotiation and acquisition of one or more Credit Facilities under and pursuant to this 2014

Credit Facility Ordinance to implement the Plan for the benefit of the City and its Electric System ratepayers.

ARTICLE III

THE CREDIT FACILITIES

Section 3.01. Authorization of Credit Facilities. At any time after the passage, approval and effective date of this 2014 Credit Facility Ordinance, the Administrator may from time to time solicit proposals for, negotiate and agree to terms for one or more Credit Facilities. Each Credit Facility shall be in a form approved by the Administrator. The aggregate amount of all Credit Facilities (including amounts borrowed and amounts available to lend) in effect any one time shall not exceed $50,000,000. No Credit Facility may terminate later than December 1, 2044.

Section 3.02. Authorization of Credit Facility Credit Facility Notes. Each Credit Facility shall be secured by one or more Credit Facility Notes issued by the City. Each Credit Facility Note shall be in the form as set forth in the related Credit Facility. The Credit Facility Notes shall bear interest, if any, at such rate or rates or determined in such manner and payable on such dates as may be determined by the Administrator in accordance with the provisions of the related Credit Facility and this 2014 Credit Facility Ordinance, not to exceed the Maximum Interest Rate. The City may execute and deliver Credit Facility Notes to the Credit Facility Provider from time to time in connection with and pursuant to the terms of each Credit Facility. Each Credit Facility Note shall be executed on behalf of the City by the manual or facsimile signature of its Mayor and countersigned by the manual or facsimile signature of its Finance Director, and shall have the seal of the City affixed thereto or imprinted thereon. In case any officer whose signature or facsimile thereof appears on any Credit Facility Note shall cease to be such officer before the delivery of such Credit Facility Note, such signature or facsimile thereof shall nevertheless be valid and sufficient for all purposes, the same as if such person had remained in office until delivery. Any Credit Facility Note may be signed by such persons as at the actual time of the execution of such Credit Facility Note shall be the proper officers to sign such Credit Facility Note although at the date of such Credit Facility Note such persons may not have been such officers. The aggregate principal amount of Credit Facility Notes outstanding at any time shall not exceed $50,000,000.

(b) The principal of and interest on the Credit Facility Notes shall be payable in any coin or currency of the United States of America which on the respective dates of payment thereof is legal tender for the payment of public and private debts.

Section 3.03. Authority of Administrator With Respect to Credit Facilities and Credit Facility Notes. The Administrator is hereby authorized to hereafter, from time to time, specify, set, designate, determine, and establish, as the case may be, and in each case in accordance with and subject to the provisions of this 2014 Credit Facility Ordinance, (a) the amount available under any Credit Facility from time to time (subject to the limitations set forth in Section 3.02 hereof), (b) any fees payable by the City in connection with any Credit Facility, (b) the interest rate or rates, or the formula for determining such interest rates, for amounts drawn under a Credit Facility, (c) the identity of the Credit Facility Provider (if any), and the form and content of any Credit Facility between the City and such Credit Facility Provider, (d) the fees

payable, or the formula for determining the fees payable, for any undrawn amounts available under a Credit Facility, and (e) all of the other terms and provisions of a Credit Facility or the Credit Facility Notes not otherwise specified or fixed by the provisions of this 2014 Credit Facility Ordinance.

ARTICLE IV

USE OF PROCEEDS; FUNDS AND ACCOUNTS; SECURITY FOR THE NOTES

Section 4.01. Proceeds of Advances. Any Advances under a Credit Facility shall be applied for any or all of the following purposes in the following fashion as directed by the Administrator:

(a) for the payment of amounts owed by the City under a prior Credit Facility and related Credit Facility Note;

(b) advances may be used to pay Project Costs and such advances shall be transferred and deposited to the Credit Facility Construction Fund and used and applied in accordance with the provisions of Section 4.03 hereof; and

(c) advances may be used to pay Working Capital Costs and such advances shall be transferred and deposited to the Credit Facility Operating Fund and used and applied in accordance with the provisions of Section 4.04 hereof.

Section 4.02. Payment of Credit Facility Notes and Amounts Due Under Credit Facilities; Credit Facility Payment Funds and Accounts.

(a) To the extent the Credit Facility Notes or other amounts payable under a Credit Facility are not to be paid from the proceeds of other Advances, the City, subject to Section 4.05 hereof, shall make payments from such amounts as may from time to time be available for such purposes in the Electric Revenue Fund established by the Bond Ordinance (the "Electric Revenue Fund"); provided, however, that any such payment shall be subordinated in all respects to the payments made into the Bond Fund and the Bond Reserve Fund established by the Bond Ordinance and payments required to be made pursuant to the Short-Term Note Ordinance. Such payments shall be made on a par with any other payments on Subordinated Indebtedness issued by the City payable from the Electric Revenue Fund.

(b) The Administrator is hereby authorized and directed to establish such funds and accounts as the Administrator deems necessary or appropriate to assist in providing for payments due under a Credit Facility.

Section 4.03. Credit Facility Construction Fund. There is hereby established with the City a separate account designated as the "Credit Facility Construction Fund," which the City shall maintain and hold in trust as herein provided. The Administrator may direct the establishment therein of accounts and sub-accounts. Moneys deposited in the Credit Facility Construction Fund shall remain therein until from time to time expended to pay the Project Costs for which the Advance was made, and shall not be used for any other purposes whatsoever,

except as otherwise provided below. Pending such expenditure moneys in said fund may be invested at the direction of the Administrator in such investments as are authorized investments for funds of the City at the time of investment thereof. Any income received from such investments in the Credit Facility Construction Fund shall be deposited, as received, into the Credit Facility Construction Fund, and if applicable to a tax-exempt Advance, the appropriate account therein.

Any amounts remaining in the Credit Facility Construction Fund and not necessary for the payment of Project Costs shall be used for the repayment of Advances and/or payment of such Credit Facility Notes as may be designated by the Administrator. In the event no Credit Facility Notes are Outstanding and there are no Outstanding Advances, any amounts in the Credit Facility Construction Fund not anticipated to be needed to pay Project Costs may be expended by the City for any lawful purpose with respect to the Electric System.

Section 4.04. Credit Facility Operating Fund. There is hereby established with the City a separate account designated as the "Credit Facility Operating Fund," which the City shall maintain and hold in trust as herein provided. The Administrator may direct the establishment therein of accounts and sub-accounts. Moneys deposited in the Credit Facility Operating Fund shall remain therein until from time to time expended to pay the Working Capital Costs for which the Advance was made, and shall not be used for any other purposes, except as otherwise provided below. Pending such expenditure moneys in said fund may be invested at the direction of the Administrator in such investments as are authorized investments for funds of the City at the time of investment thereof. Any income received from such investments in the Credit Facility Operating Fund shall be deposited, as received, into the Credit Facility Operating Fund.

Any amounts remaining in the Credit Facility Operating Fund and not necessary for the payment of Working Capital Costs shall be used for the repayment of Advances and/or payment of Credit Facility Note as may be designated by the Administrator. In the event no Credit Facility Notes are Outstanding and there are no Outstanding Advances, any amounts in the Credit Facility Operating Fund not anticipated to be needed to pay Working Capital Costs may be expended by the City for any lawful purpose with respect to the Electric System.

Section 4.05. Pledge; Payments. Amounts due under each Credit Facility and related Credit Facility Notes (collectively, "Credit Facility Obligations") are special obligations of the City payable from and secured solely by the funds and revenues pledged therefor pursuant to this Credit Facility Ordinance. To provide security for the payment of the Credit Facility Obligations as the same shall become due and payable, there is hereby granted a lien and pledge of the Net Revenues, subject to the prior liens of the Bond Ordinance and the Short-Term Note Ordinance permitting the application thereof for purposes and on the terms and conditions set forth therein, and any Credit Facility Obligations incurred pursuant to this Credit Facility Ordinance shall be Subordinated Indebtedness with respect to the Bond Ordinance and Short-Term Note Ordinances. The Credit Facility Obligations are payable solely from the Net Revenues and are junior and subordinate with respect to the prior payment of principal and interest from the Net Revenues and in all other respects to the Bonds and Parity Obligations issued pursuant to the Bond Ordinance and any obligations issued pursuant to and/or outstanding under the Short-Term Note Ordinance ("CP Notes") and, in the event of any default in the payment of either principal of or interest on any of the Bonds, Parity Obligations or CP Notes, all of the Net Revenues will

be applied solely to the payment of the principal of and interest on the Bonds, Parity Obligations and CP Notes until such default is cured. No Credit Facility Notes shall have any priority with respect to the payment of principal or interest from the Net Revenues or otherwise over any other Credit Facility Note issued in accordance with the provisions of this Credit Facility Ordinance.

To provide security for the payment of Credit Facility Obligations as the same shall become due and payable, in addition to the subordinate lien on Net Revenues created hereby there is hereby granted a lien on and pledge of, subject only to the provisions hereof permitting the application thereof for purposes and on the terms and conditions set forth herein, (a) the proceeds from Advances made pursuant to a Credit Facility for the purpose of refinancing, renewing or refunding Credit Facility Notes, (b) the amounts held in the funds and accounts created hereunder for payment of Credit Facility Obligations, if any, (c) amounts held in the Credit Facility Construction Fund derived from the proceeds of Advances, (d) amounts held in the Credit Facility Operating Fund derived from the proceeds of Advances, (e) the proceeds of any other evidences of indebtedness of the City issued or incurred solely for the payment of principal of and interest on Credit Facility Notes, and (f) any other moneys of the City hereafter pledged by the City to the payment of principal of and interest on Credit Facility Notes; and the principal of and interest on such Credit Facility Notes shall be and are hereby equally and ratably secured by and payable from a lien on and pledge of the sources hereinabove identified in clauses (a) through (f) above, subject and subordinate only to the exceptions noted therein.

Section 4.06. Investment of Moneys in Funds and Accounts. All moneys in any of the funds and accounts held by the City and established pursuant to this Credit Facility Ordinance shall be invested solely in such investments (a) as are authorized investments for funds of the City at the time of investment thereof and (b) that conform to the investment policy established from time to time by the Board maturing or available not later than the date on which it is estimated that such moneys will be required by the City.

The City may commingle any of the accounts established pursuant to this Credit Facility Ordinance and any other funds or accounts of the City into a separate fund or funds for investment purposes only, provided that all funds or accounts held by the City hereunder shall be accounted for separately as required by this Credit Facility Ordinance. The City may sell at the best price obtainable, or present for redemption, any investment so purchased whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which such investment is credited.

The City shall keep proper books of record and accounts containing complete and correct entries of all transactions made by each, respectively, relating to the receipt, investment, disbursement, allocation and application of the moneys related to the Credit Facilities, including moneys derived from, pledged to, or to be used to make payments on the Credit Facility Obligations. Such records shall specify the account to which each investment (or portion thereof) held by the City is to be allocated and shall set forth, in the case of each investment, (a) its purchase price, (b) identifying information, including par amount, coupon rate, and payment dates, (c) the amount received at maturity or its sale price, as the case may be, including accrued interest, (d) the amounts and dates of any payments made with respect thereto, and (e) the dates of acquisition and disposition or maturity.

Section 4.07. Additional Funds and Accounts. The Administrator is hereby authorized to establish such additional funds and accounts as may be necessary, desirable or advisable in connection with the Credit Facilities, including, without limitation, a fund or account for any rebate to the United States of America which may be required under the Code with respect to the Credit Facilities.

ARTICLE V

COVENANTS OF THE CITY

Section 5.01. Covenants. The City covenants with the Credit Facility Providers as set forth in this Article V. Each of said covenants shall remain in full force and effect so long as any of the Credit Facility Notes shall be outstanding and unpaid or any Credit Facility remains in force and effect.

Section 5.02. Punctual Payment. The City covenants that it will duly and punctually pay or cause to be paid the Credit Facility Obligations, including the principal of and interest on every Credit Facility Note issued hereunder, on the date, at the place and in the manner mentioned in the Credit Facility Notes, Credit Facility and each in accordance with this Credit Facility Ordinance, all in strict conformity with the terms of said Credit Facility Notes, the related Credit Facility and of this Credit Facility Ordinance, and that it will faithfully observe and perform all of the conditions, covenants and requirements of this Credit Facility Ordinance and all ordinances supplemental hereto and of the Credit Facility Notes issued hereunder and the Credit Facilities entered into pursuant hereto, and that time of such payment and performance is of the essence of the City's contracts with the Credit Facility Providers.

Section 5.03. Records and Accounts. The City covenants that it shall keep proper books of record and account.

The City further covenants that it will cause its books and accounts to be audited annually by an independent certified public accountant or firm of certified public accountants.

Section 5.04. Rates, Fees and Charges.

(a) The City shall establish, maintain, revise and collect charges and rates for so long as any Credit Facility or Credit Facility Note is Outstanding at least sufficient to provide for all costs associated with the ownership, operation, maintenance, renewal and replacement of the Electric System, the payment of the principal of and interest on all indebtedness (including the Credit Facility Obligations incurred with respect to the Electric System) to maintain such coverage for the payment of such indebtedness as the City from time to time may deem advisable, to maintain such other reserves as may be provided in the Bond Ordinance, the Short-Term Note Ordinance and this 2014 Credit Facility Ordinance and to carry out all provisions of the Bond Ordinance, the Short-Term Note Ordinance and this 2014 Credit Facility Ordinance. Without limiting the generality of the foregoing, the charges and rates shall be so as to produce Revenues, together with other available funds, at least sufficient:

(i) to pay all Operation and Maintenance Expenses;

(ii) to produce Net Revenues equal to an amount sufficient to pay the annual debt service due and payable in such Fiscal Year of the then Outstanding Bonds, CP Notes, Parity Obligations and Credit Facility Obligations, which are payable from and secured by the Net Revenues of the Electric System; and

(iii) to pay, after deducting the amounts determined in (i) and (ii) above, all other financial obligations of the Electric System reasonably anticipated to be paid from Revenues.

(b) The Board will enforce the payment of any and all accounts owing to the City by reason of the ownership and operation of the Electric System by discontinuing such use, output, capacity, or service, or by taking such action as the Board shall determine in accordance with usual and customary business practice.

Section 5.05. Absolute Obligation of City. Nothing in this Credit Facility Ordinance or in the Credit Facilities or Credit Facility Notes shall affect or impair the obligation of the City, which is absolute and unconditional, to pay the Credit Facility Obligations to the respective Credit Facility Providers, as herein provided, but only out of the Net Revenues and other assets herein pledged therefor, and not otherwise, or affect or impair the right of such Holders, which is also absolute and unconditional, to enforce such payment by virtue of the contract embodied in the Credit Facility Notes.

ARTICLE VI

MODIFICATION OR AMENDMENT OF THIS 2014 CREDIT FACILITY ORDINANCE

Section 6.01. Amendments or Modifications Without Consent of Holders of Credit Facility Notes. This Credit Facility Ordinance and the rights and obligations of the City and of the Credit Facility Providers may be modified or amended at any time by a Supplemental Ordinance, without notice to or the consent of the Credit Facility Providers, but only to the extent permitted by law, and, subject to the rights of the Credit Facility Providers, only for any one or more of the following purposes:

(a) to add to the covenants and agreements of the City contained in this 2014 Credit Facility Ordinance other covenants and agreements thereafter to be observed, or to surrender any right or power herein reserved to or conferred upon the City; or

(b) to cure any ambiguity, or to cure or correct any defective provisions contained in this Credit Facility Ordinance, upon receipt by the City of an approving opinion of Bond Counsel selected by the Board, that the same is needed for such purpose, and will more clearly express the intent of this Credit Facility Ordinance; or

(c) to supplement the security for the Credit Facility Obligations, or make such other changes in the provisions hereof as the Board and the City may deem necessary or desirable and which shall not materially adversely affect the interests of the Credit Facility Providers; or

(d) to increase the aggregate principal amount of Credit Facilities and Credit Facility Notes which may be Outstanding from time to time under this Credit Facility Ordinance; or

(e) to provide for any modification or amendment to this Credit Facility Ordinance which will apply only to the Credit Facilities and related Credit Facility Notes issued after the effective date of such modification or amendment; provided, however, that nothing herein contained shall permit or be construed to permit the amendment of the terms and conditions of this Credit Facility Ordinance or of the Notes so as to:

(i) reduce the rate of interest borne by any of the Outstanding Credit Facility Notes;

(ii) reduce the amount of the principal payable on any of the Outstanding Credit Facility Notes;

(iii) modify the terms of payment of principal of or interest on the Outstanding Credit Facility Notes, or impose any conditions with respect to such payment; or

(iv) reduce or restrict the pledge made pursuant to Section 4.05 hereof for payment of the Credit Facility Obligations.

Section 6.02. Effect of Supplemental Ordinance. Upon the adoption of any Supplemental Ordinance pursuant to this Article, this 2014 Credit Facility Ordinance shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this 2014 Credit Facility Ordinance of the City and all Credit Facility Providers shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any such Supplemental Ordinance shall be deemed to be part of the terms and conditions of this 2014 Credit Facility Ordinance for any and all purposes.

ARTICLE VII

MISCELLANEOUS

Section 7.01. Liability of City Limited to Net Revenues. Notwithstanding anything contained in this 2014 Credit Facility Ordinance or in the Credit Facilities or Credit Facility Notes, the City shall not be required to advance any moneys derived from any source other than the funds and other assets pledged under this 2014 Credit Facility Ordinance for any of the purposes mentioned in this 2014 Credit Facility Ordinance, whether for the payment of the principal of or interest on the Credit Facility Notes or for any other purpose of this 2014 Credit Facility Ordinance. Nevertheless, the City may, but shall not be required to, advance for any of the purposes hereof any funds of the City which may be made available to it for such purposes.

Section 7.02. Limitation of Rights to City and Credit Facility Providers. With the exception of the rights or benefits herein expressly conferred, nothing expressed or contained herein or implied from the provisions of this 2014 Credit Facility Ordinance or the Credit

Facility Notes is intended or should be construed to confer upon or give to any Person other than the City, the Holders of the Credit Facility Notes and each Credit Facility Provider, any legal or equitable right, remedy or claim under or by reason of or in respect to this 2014 Credit Facility Ordinance or any covenant, condition, stipulations, promise, agreement or provisions herein contained. This 2014 Credit Facility Ordinance and all of the covenants, conditions, stipulations, promises, agreements and provisions hereof are intended to be and shall be for and inure to the sole and exclusive benefit of the City, the Holders of the Credit Facility Notes and the Credit Facility Providers as herein and therein provided.

Section 7.03. Severability of Invalid Provisions. If any one or more of the covenants, agreements or provisions herein contained shall be held contrary to any express provisions of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions and shall in no way affect the validity of any of the other provisions hereof or of the Credit Facilities entered into pursuant hereto or Credit Facility Notes issued hereunder.

Section 7.04. Funds and Accounts. Any fund required by this 2014 Credit Facility Ordinance to be established and maintained by the City may be established and maintained in the accounting records of the City either as a fund or an account, and may, for the purposes of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account, but all such records with respect to all such funds shall at all times be maintained in accordance with customary standards of the industry, to the extent practicable, for the protection of the security of the Credit Facility Providers.

Section 7.05. 2014 Credit Facility Ordinance To Constitute a Contract; Equal Security. In consideration of the delivery of each Credit Facility, this 2014 Credit Facility Ordinance shall be deemed to be and shall constitute a contract between the City and the Credit Facility Providers from time to time and the pledge made in this 2014 Credit Facility Ordinance by the City and the covenants and agreements set forth in this 2014 Credit Facility Ordinance to be performed by the City shall be for the equal and proportionate benefit, security and protection of all Credit Facility Providers, without preference, priority or distinction as to security or otherwise of any of the Credit Facilities and Credit Facility Notes authorized hereunder over any of the others by reason of time of issuance or maturity thereof or otherwise for any cause whatsoever, except as expressly provided in or permitted by this 2014 Credit Facility Ordinance.

Section 7.06. Article and Section Headings and References; Interpretation. The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this 2014 Credit Facility Ordinance.

All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Short-Term Note Ordinance; the words "herein," "hereof," "hereby," "hereunder" and other words of similar import refer to this 2014 Credit Facility Ordinance as a whole and not to any particular Article, Section or subdivision

hereof; and words of the masculine gender mean and include words of the feminine and neuter genders.

Section 7.07. Waiver of Personal Liability. No Mayor, Council member, Board member, officer, agent or employee of the City or the Board shall be individually or personally liable for the payment of the Credit Facility Obligations or be subject to any personal liability or accountability by reason of the execution of any Credit Facility or the delivery of the Credit Facility Notes, but nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law or by this 2014 Credit Facility Ordinance. No Mayor, Council member, Board member, officer, agent or employee of the City or the Board shall be deemed to be included, as an individual, in the definition of Person when acting in their official capacity.

Section 7.08. Governing Law. This 2014 Credit Facility Ordinance shall be construed in accordance with and governed by the Constitution and the laws of the State.

Section 7.09. Authorization of Officers and Officials. Each officer, agent, employee or elected official of the City or the Board is hereby authorized and directed to execute and deliver such documents, agreements or certificates as are necessary or appropriate, in the judgment of such person, to implement the provisions hereof or to further the purposes hereof.

Section 7.10. Publication and Effectiveness of 2014 Credit Facility Ordinance. This 2014 Credit Facility Ordinance, after its passage, shall in lieu of and in place of newspaper publication, be posted by the City Clerk in the manner provided for in Article VII, Section 7 of the Charter of the City, and shall take effect and be in force from and after its passage and posting in accordance with Article VII, Section 7 of the Charter of the City. Further, the City Clerk shall publish once, in a newspaper published and of general circulation in the City, a notice of such passage in substantially the following form:

> Notice is hereby given that on _____, 2014, the City Council of the City of Lincoln, Nebraska passed Ordinance No. _____ entitled: [here shall be set forth the title of this Ordinance].
>
> Notice is hereby further given that said Ordinance No. _____ was approved by the Mayor of the City of Lincoln, Nebraska, on _____.
>
> Copies of said Ordinance No. _____ are on file in the office of the City Clerk of the City of Lincoln, Nebraska, Room ____, County-City Building, 555 South 10th Street, Lincoln, Nebraska 68508, and are available for examination by the public.

ORDINANCE NO. _____

AN ORDINANCE Authorizing and providing for the issuance of Electric System Revenue Notes in an aggregate principal amount of not to exceed $50,000,000 from time to time outstanding.

Read First Time _____
Read Second Time _____
Read Third Time _____
Passed _____
Published in _____
on _____

CERTIFICATE

State of Nebraska)
) ss.
County of Lancaster)

I, the undersigned, City Clerk of the City of Lincoln, Nebraska, do hereby certify that the within ordinance is the original Ordinance No. _____ as passed by the City Council of said City, as indicated above, and as approved by the Mayor of said City and as the same appears of record in my office and is now in my charge remaining as City Clerk aforesaid.

IN WITNESS WHEREOF, I have hereunto set my hand officially and affixed the seal of the City of Lincoln, Nebraska this _____ day of _____, 20___.

_____
City Clerk of Lincoln, Nebraska

Introduce:

RESOLUTION NO. A-_____

WHEREAS, under the provisions of Section 4.24.090 of the Lincoln Municipal Code, a proposed annual budget for the operation of the Lincoln Electric System (LES) for 2015 was approved by the LES Administrative Board on October 17, 2014; and

WHEREAS, pursuant to the above-cited code section, a public hearing on the proposed budget was held on November 17, 2014, notice thereof having been published in one issue of the Lincoln Journal Star newspaper published and of general circulation in the City more than five (5) days before such hearing.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Lincoln, Nebraska:

1. That pursuant to the provisions of Section 4.24.090 of the Lincoln Municipal Code, the Lincoln Electric System Annual Budget for the fiscal year beginning January 1, 2015, is hereby adopted, and all funds listed therein are hereby appropriated for the several purposes therein stated.

2. That all money received in any of the aforesaid funds in excess of the estimated balances and receipts set forth in said budget shall be credited to the surplus of such funds.

3. That all monies received and set apart for the operation and maintenance of the Lincoln Electric System and all monies received from any source that are required to be applied to the costs of said operation and maintenance, shall be deposited in the appropriate operation and maintenance account, and paid out upon the order of those persons designated by the LES Administrative Board.

4. That LES is authorized to utilize Governmental Accounting Standards Board (GASB) Statement Number 62 to amortize extended outage costs for Laramie River Station over three years in an amount not to exceed $3,000,000.

5. That a 2014 supplemental Operating and Capital Appropriation is hereby adopted due to treatment of revenues and expenses related to Southwest Power Pool market activity that may result in the 2014 Budget Authorization being exceeded from increased operating expenses which are offset by increased wholesale revenues

6. That the City Council approves the "2014 Credit Facility Ordinance" authorizing the issuance of one or more short-term credit facilities in an amount not to exceed $50,000,000 to fund capital or operating expenses of LES.

7. That by adoption of the Capital Budget, the City Council hereby authorizes the acquisition of all necessary right-of-way, easements, or other interests in land, by purchase if possible, by condemnation if necessary, for those projects included within the Capital Budget.

8. That, to the extent capital improvements of LES are made from LES revenue and other funds, it is intended that the amount of such expenditures, which is not reasonably expected to exceed $95 million, shall be reimbursable to the LES revenue fund and other funds through the issuance of future electric system revenue bonds, there being no funds of LES or the City reserved, allocated on a long-term basis or otherwise set aside (or reasonably expected to be reserved, allocated on a long-term basis or otherwise set aside) to provide permanent financing for the expenditures related to such expenditures, other than pursuant to the issuance of such electric system revenue bonds, this Resolution being determined to be consistent with the budgetary and financial circumstances of LES and the City as they exist or are reasonably foreseeable on the date hereof. The proper officers of LES shall keep and maintain records at

least annually to determine the amount of such capital expenditures that may be reimbursed from electric system revenue bond proceeds.

9. There is hereby appropriated all money received from any source as grants or donations received for public purposes.

Introduced by:

_____

Approved as to Form & Legality:

_____

City Attorney

Staff Review Completed:

_____

Administrative Assistant

DRAFT