

## CERTIFICATE

The undersigned hereby certify that they are the Chairperson and Clerk of Sanitary and Improvement District Number 299 of Sarpy County, Nebraska, (the "District") and hereby further certify as follows:

1. Annexed to this certificate is a true and correct transcript of the proceedings of the Board of Trustees of the District relating to a meeting of said District held on the date and at the time reflected in the meeting minutes contained in said foregoing transcript (the "Meeting"). All of the proceedings of the District and of the Board of Trustees thereof which are set out in the annexed and foregoing transcript have been fully recorded in the journal of proceedings of the District and the undersigned District Clerk has carefully compared the annexed and foregoing transcript with said journal and with the records and files of the District which are in such Clerk's official custody and said transcript is a full, true and complete copy of said journal, records and files which are set out therein.

2. Advance notice for the Meeting was given by publication as set forth in the affidavit of publication contained in the foregoing transcript and was mailed to the Clerk of the municipality or county within whose zoning jurisdiction the District is located at least seven days prior to the date of the Meeting. Advance notice for the Meeting, including notice of agenda subjects, was given to all members of the Board of Trustees. All news media requesting notification of meetings of said body were provided with advance notice of the times and places of such meetings and the subjects to be discussed.

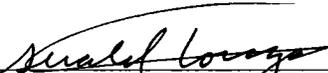
3. All of the subjects addressed at the Meeting were contained in the agenda for the Meeting, which agenda was kept continually current and readily available for public inspection at the address listed in the meeting notice for the Meeting and a copy of which is attached to this Certificate; such subjects were contained in said agenda for at least 24 hours prior to the Meeting and each agenda item was sufficiently descriptive to give the public reasonable notice of the matters to be considered at the Meeting.

4. A current copy of the Nebraska Open Meetings Act was available and accessible to members of the public, posted during the Meeting in the room in which such Meeting was held and all in attendance at the Meeting were informed that such copy of the Nebraska Open Meetings Act was available for review and were informed of the location of such copy in the room in which such Meeting was being held. At least one copy of all resolutions and other reproducible written materials, for which actions are shown in said proceedings, was made available for examination and copying by members of the public at the Meeting.

5. The minutes of the Meeting were in written form and available for public inspection within ten (10) working days after the Meeting or prior to the next convened meeting, whichever occurred earlier, at the office of the District; within thirty (30) days after the date of the Meeting, a copy of the minutes of the Meeting was sent to the Clerk of the municipality or county within whose zoning jurisdiction the District is located.

6. No litigation is now pending or threatened to restrain or enjoin the District from the issuance and delivery of any warrants or other obligations issued by the District or the levy and collection of tax or other revenues or relating to any of the improvements for which any such warrants or other obligations were or are issued nor in any manner questioning the proceedings and authority under which any such warrants or other obligations were or are issued or affecting the validity thereof; neither the corporate existence or boundaries of the District nor the title of its present officers to their respective offices is being contested; no authority or proceedings for the issuance of any warrants or other obligations by the District have been repealed, revoked or rescinded as of the date hereof. All actions taken by the Board of Trustees referred to in said transcript were taken at a public meeting while open to the attendance of the public.

IN WITNESS WHEREOF, we have hereunto affixed our official signatures this ~~15<sup>th</sup>~~<sup>13<sup>th</sup></sup> day of May  
2014.

  
\_\_\_\_\_  
Gerald L. Torczon, Chairperson

  
\_\_\_\_\_  
Doris Nicholson, Clerk

SANITARY IMPROVEMENT DISTRICT NO. 299

OF

SARPY COUNTY, NEBRASKA

BOARD OF TRUSTEES MEETING

May 13, 2014

MINUTES

PRESENT: Gerald L. Torczon, Doris Nicholson, John Torczon, Jeff Torczon and Neil Smith

ABSENT: None

LOCATION: Birchwood Homes, Inc., 11205 S. 150<sup>th</sup> Street, Suite 100, Omaha, Nebraska

TIME: 2:00 p.m.

Notice was given in advance thereof by publication in the Papillion Times, a designated method for giving notice on May 7, 2014, a copy of the Proof of Publication being attached to these minutes. Notice of this meeting was given to all members of the Board of Trustees, and a copy of their acknowledgment of receipt of notice is attached to these minutes. Availability of the agenda was communicated in the notice to the Trustees of this meeting. All proceedings of the Board were taken while the convened meeting was open to the attendance of the public. The agenda was at all times available at the office for the District at 1246 Golden Gate Drive, Ste #1, Papillion, Nebraska 68046.

The Attorney for the District publicly stated to all in attendance that a current copy of the Nebraska Open Meetings Act was available for review and indicated the location of such copy in the room where the meeting was being held.

Trustee Gerald L. Torczon then advised the Board that due to the negotiations with the City of Gretna, it is necessary for the District to enter into a new agreement with Smith Hayes Financial for the financing of the District. After some discussion trustee John Torczon moved for the approval of the following Resolution:

BE IT RESOLVED by the Chairperson and Board of Trustees of Sanitary and Improvement District No. 299 of Sarpy County, Nebraska that the revised agreement to provide financing for the District provided by Smith Hayes Financial as attached hereto is accepted by the District and that the Chairperson and Clerk are hereby authorized and directed to enter into said Agreement with Smith Hayes Financial.

Trustee Jeff Torczon seconded the motion and on roll call the following voted in favor of the same: Gerald L. Torczon, Doris Nicholson, John Torczon, Jeff Torczon and Neil Smith.

The following vote nay: None.

Thereupon, the Chairperson declared the motion carried, passed and adopted.

Trustee Gerald L. Torczon then advised the Board that it is necessary for the District to enter into a new Paying Agreement and Dissemination Agreement with Bankers Trust Company for the District. After some discussion trustee John Torczon moved for the approval of the following Resolution:

BE IT RESOLVED by the Chairperson and Board of Trustees of Sanitary and Improvement District No. 299 of Sarpy County, Nebraska that the Paying Agent Agreement and Dissemination Agreement with Bankers Trust Company as attached hereto is accepted by the District and that the Chairperson and Clerk are hereby authorized and directed to enter into said Agreement with Bankers Trust Company.

Trustee Jeff Torczon seconded the motion and on roll call the following voted in favor of the same: Gerald L. Torczon, Doris Nicholson, John Torczon, Jeff Torczon and Neil Smith.  
The following vote nay: None.

Thereupon, the Chairperson declared the motion carried, passed and adopted.

The Board's attention was then directed to agenda item no. 5, the Offering Circular provided by the fiscal agent for the District. The attorney for the District advised the Board that the Offering Circular was required for the financing of the improvement projects of the District. After some further discussion Trustee John Torczon introduced the following Resolution and moved its adoption:

BE IT RESOLVED that the Offering Circular dated May 13, 2014 (the "Offering Circular") pertaining to the offering by the District from time to time of its construction fund warrants is: (1) hereby approved in substantially the form attached hereto; (2) the Chairman of the Board of Trustees is hereby authorized and directed to execute the Offering Circular in substantially the form and content attached hereto, but with such changes, modifications, deletions or additions therein as shall to the Chairman seem necessary, desirable or appropriate (provided that Smith Hayes Financial, acting as fiscal agent to the District, and without further approving action by the Chairman or this Board, is hereby authorized to insert on behalf of the District into each Addendum relating to an offering of construction fund warrants, the numerical and statistical information specific to each such offering); (3) the Offering Circular as of its date is hereby deemed final within the meaning of Rule 15c2-12 under the Securities Exchange Act of 1934 (the "Rule"), as amended (except for any one or more of the permitted omissions specified by paragraph (b)(1) of the Rule); and (4) the distribution of the Offering Circular by Smith Hayes Financial, as underwriter, with respect to each offering of construction fund warrants described by an Addendum is hereby authorized and approved.

The District hereby authorizes, approves and enters into the continuing disclosure undertaking for the benefit of the holders of the District's construction fund warrants, as required by the Rule and set out as Appendix C of the Offering Circular, which is hereby incorporated by reference into this resolution as if set forth herein.

Trustee Jeff Torczon seconded the motion and on roll call the following voted in favor of the same: Gerald L. Torczon, Doris Nicholson, John Torczon, Jeff Torczon and Neil Smith.  
The following vote nay: None.

Thereupon, the Chairperson declared the motion carried and said resolution was passed and adopted.

The Chairperson then advised the Board that it is necessary for the District to approve the Post Issuance Compliance Procedures as provided by the fiscal agent. After some discussion trustee John Torczon moved for the approval of the following Resolution:

BE IT RESOLVED by the Chairperson and Board of Trustees of Sanitary and Improvement District No. 299 of Sarpy County, Nebraska that the Post Issuance Compliance Procedures as attached

hereto are hereby adopted by the Board of Trustees of the District in all respects and shall be in full force and effect, immediately upon its adoption by the Board of Trustees.

Trustee Jeff Torczon seconded the motion and on roll call the following voted in favor of the same: Gerald L. Torczon, Doris Nicholson, John Torczon, Jeff Torczon and Neil Smith.

The following vote nay: None.

Thereupon, the Chairperson declared the motion carried, passed and adopted.

The Chairperson then directed the Board's attention to the Warrant Absorption Breakdown and advised that no official action is required by the Board but the information is being provided for informational purposes for the Board.

The Chairperson then presented the Board with the final Subdivision Agreement with the City of Gretna and requested the Board to ratify the signing of the same by the Chairperson. After some discussion, Trustee Jeff Torczon moved the following Resolution:

BE IT RESOLVED by the Chairperson and Board of Trustees of Sanitary and Improvement District No. 299 of Sarpy County, Nebraska that the execution by the Chairperson of the Subdivision Agreement with the City of Gretna as presented to the Board is hereby ratified and affirmed.

Trustee John Torczon seconded the motion and on roll call the following voted in favor of the same: Gerald L. Torczon, Doris Nicholson, John Torczon, Jeff Torczon and Neil Smith.

The following vote nay: None.

Thereupon, the Chairperson declared the motion carried, passed and adopted.

Trustee Gerald L. Torczon offered the following Resolution of Necessity for fees due to the City of Gretna pursuant to the Subdivision Agreement and moved that it be proposed for adoption:

#### RESOLUTION FOR NECESSITY

BE IT RESOLVED that the Board of Trustees of Sanitary and Improvement District No. 299 of Sarpy County, Nebraska find and determine that it is advisable and necessary for the District to enter into a Subdivision Agreement with the City of Gretna with payment of the fees required therein including Interceptor Sewer Connection Fees, Sub-Basin Interceptor Fees, Water Capital Facility Fees, first payment on Water Main Extension and Plan Review Fees in the total amount of \$725,642.62 to the City of Gretna.

The outer boundaries of the areas which may become subject to special assessment for said improvements are proposed to be the same as the outer boundaries of Sanitary and Improvement District No. 299 of Sarpy County, Nebraska.

Said Agreement has been reviewed by Lamp Rynerson & Associates, engineers employed by the District and said engineers have filed with the Clerk of the District, prior to the first publication of this Resolution, an estimate of the total costs of said improvements, including engineering fees, legal fees, fiscal fees, interest and other miscellaneous costs, which estimate is in the sum of \$853,000.00.

To pay the cost of said improvements the Board of Trustees shall have the power to issue negotiable bonds of the District after such improvements have been completed and accepted; said bonds

to be called "Sanitary and Improvement District Bonds" and shall be payable and bear interest as provided by the Statutes of the State of Nebraska.

The Board of Trustees shall assess to the extent of special benefits, the cost of such improvements upon properties specially benefitted thereby. All special assessments which may be levied upon the properties specially benefitted by such improvements shall, when collected, be set aside and constitute a sinking fund for the payment of interest and principal of said bonds. The District shall also cause to be levied annually a tax upon the assessed value of all of the taxable property in the District except intangible property, which together with said sinking fund derived from special assessments shall be sufficient to meet payment of the interest and principal of said bonds as the same become due; said tax shall be known as the Sanitary and Improvement District Tax and shall be payable annually in money.

Said resolution contingent upon the Subdivision Agreement being approved and executed by the City of Gretna and the final plat of the District being filed with the Register of Deeds.

Trustee Doris Nicholson seconded the motion and on roll call the following voted in favor of the same: Gerald L. Torczon, Doris Nicholson, John Torczon, Jeff Torczon and Neil Smith

The following voted NAY: None.

Thereupon, the Chairperson declared the motion carried and said resolution was passed and adopted.

Trustee Jeff Torczon then offered the following resolution and moved its adoption:

BE IT FURTHER RESOLVED that a hearing be had upon the proposed Resolutions of Necessity at Birchwood Homes, Inc., 11205 S. 150<sup>th</sup> Street, Suite 100, Omaha, Nebraska on June 5, 2014, at the hour of 2:00 p.m., at which time the owners of property in the District which might become subject to assessments for the special improvements contemplated by the proposed Resolution of Necessity may appear and make objections to the proposed improvements and if a Petition opposing any of the resolutions signed by the property owners representing a majority of the front footage which may become subject to assessment for the cost of the improvements set out in the Resolutions of Necessity is filed with the Clerk of the District before three days before the date of the meeting for the hearing on said resolution, such resolution shall not be passed. At said meeting, any of the resolutions may be amended or passed as proposed.

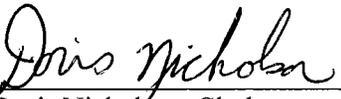
BE IT FURTHER RESOLVED that notice of said hearing be given by publication in the Papillion Times, a legal newspaper of general circulation in Sarpy County, Nebraska, for two consecutive weeks, and that the notice be posted in three conspicuous places in the District as required by Section 31-745, Reissue Revised Statutes of Nebraska, 1943.

Trustee John Torczon seconded the motion and on roll call the following voted in favor of same: Gerald L. Torczon, Doris Nicholson, John Torczon, Jeff Torczon and Neil Smith

The following voted against the same: None.

Thereupon, the Chairperson declared the motion carried and said resolution was passed and adopted.

There being no further business to come before the Board, the meeting was adjourned.

  
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Doris Nicholson, Clerk

  
\_\_\_\_\_  
Gerald L. Torczon, Chairperson

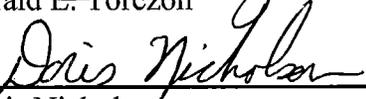


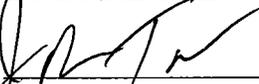
ACKNOWLEDGMENT OF RECEIPT OF NOTICE OF MEETING

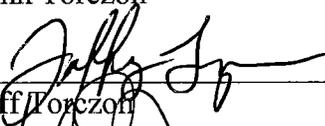
The undersigned Trustees of Sanitary and Improvement District No. 299 of Sarpy County, Nebraska, hereby acknowledge receipt of advance notice of a meeting of the Board of Trustees of said district and the agenda for such meeting held at 2:00 p.m. on May 13<sup>th</sup>, 2014, at Birchwood Homes, Inc., 11205 S. 150<sup>th</sup> Street, Suite 100, Omaha, Nebraska.

Dated this 13<sup>th</sup> day of May 2014.

  
\_\_\_\_\_  
Gerald L. Forczon

  
\_\_\_\_\_  
Doris Nicholson

  
\_\_\_\_\_  
John Forczon

  
\_\_\_\_\_  
Jeff Forczon

  
\_\_\_\_\_  
Neil Smith

## AGREEMENT

THIS AGREEMENT (“Agreement”) made and entered into this 13<sup>th</sup> day of May, 2014, by and between SMITH HAYES FINANCIAL SERVICES CORPORATION (“SMHS”), and SANITARY AND IMPROVEMENT DISTRICT NO. 299 OF SARPY COUNTY, NEBRASKA (“District”).

The District is a sanitary and improvement district organized under Neb. Rev. Stat. §§31-727 et seq. as amended (“Act”) and is a body corporate and politic with the powers set forth therein. The District issued a request for proposals (“RFP”) in connection with the proposed financing of public improvements by the District. SMHS responded to the RFP and received the right to serve as placement agent and or underwriter for the offering of bonds and warrants by the District (“Offering”), the proceeds of which will be used to make such public improvements.

NOW, THEREFORE, in consideration of the foregoing and the mutual agreements and covenants of the parties hereto, it is hereby agreed as follows:

1. SMHS shall work with the District to structure the Offering to meet the timelines and plans of the District and in so doing will provide a variety of services in relation to the Offering.

2. Public Improvements: The public improvements to be installed and financed by Construction Fund Warrants (“Construction Fund Warrants”) which shall serve as construction phase financing and which shall be redeemed with general obligation bonds of the District, and estimates of these costs are as follows:

<u>Item</u>	<u>General Obligation</u>	<u>Special Assessment</u>	<u>Reimbursable</u>	<u>Totals</u>
Sanitary Sewer – Interior	\$ -	\$ 878,500.00	\$ -	\$ 878,500.00
Sanitary Sewer – Outfall	\$ 93,200.00	\$ -	\$ 279,300.00	\$ 372,500.00
Sanitary Sewer – Connection Fees – Gretna	\$ -	\$ 82,200.00	\$ 445,400.00	\$ 527,600.00
Sanitary Sewer – Connection Fees – Sub-Basin	\$ 64,500.00	\$ -	\$ -	\$ 64,500.00
Storm Sewer – Interior	\$ 468,600.00	\$ -	\$ -	\$ 468,600.00
Storm Sewer - Acquisition (Water Quality)	\$ 27,500.00	\$ -	\$ -	\$ 27,500.00
Paving – Minor	\$ 647,600.00	\$ 1,262,400.00	\$ 209,300.00	\$ 2,119,300.00
Paving – Major (192 <sup>nd</sup> Street)	\$ 325,300.00	\$ -	\$ 650,400.00	\$ 975,700.00
Parks - Sidewalks	\$ -	\$ -	\$ -	\$ -
Parks – Acquisition (Parks)	\$ -	\$ -	\$ -	\$ -
Parks – Improvements	\$ 114,200.00	\$ -	\$ -	\$ 114,200.00
Water – Interior	\$ 55,400.00	\$ 832,100.00	\$ -	\$ 887,500.00
Water – Off-Site	\$ 183,300.00	\$ -	\$ 581,700.00	\$ 765,000.00
Water – Capital Facility Fees	\$ -	\$ 105,400.00	\$ -	\$ 105,400.00
Power – Service	\$ -	\$ 197,600.00	\$ -	\$ 197,600.00
Civil Defense Siren - Service	\$ 42,400.00	\$ -	\$ -	\$ 42,400.00
Plan Review Fee	\$ 56,000.00	\$ -	\$ -	\$ 56,000.00
<b>TOTALS:</b>	<b>\$ 2,078,000.00</b>	<b>\$ 3,358,200.00</b>	<b>\$ 2,166,100.00</b>	<b>\$ 7,602,300.00</b>

Total District costs shall be allocated between reimbursables, general obligation, and special assessments, as required by statutes, and approved by the municipality with jurisdiction. Special assessments will be levied by the District against the benefitted property in accordance with Nebraska statutes after the installation of public improvements has been completed.

The District will request from SMHS written approval of each contract for the construction of any of the public improvements set forth above (or as revised with SMHS' written consent) in excess of the cost figures shown in the estimate for such improvements. No contract shall be amended to bring the total price payable thereon to an amount in excess of the estimated cost for such improvement without SMHS' prior written consent nor will the District install, or in any manner become obligated for, any improvement not identified in the estimate without SMHS' prior written consent.

The District agrees to have the District's Engineer provide a summary of actual costs versus the estimates on the Engineer's Source and Use of Funds shown in Section 2 when the improvements are twenty-five percent (25%) complete, fifty percent (50%) complete, seventy-five percent (75%) complete and one hundred percent (100%) complete.

3. Placement of Warrants: In order to facilitate the construction of the public infrastructure in the District as required by the Act, SMHS will act as Placement Agent for the Warrants issued by the District. SMHS agrees to use its best efforts to sell, at such times and in such amounts as SMHS shall determine, duly registered Construction Fund Warrants in the approximate aggregate amount of \$7,602,300 (but not to exceed \$8,500,000 issued by the District for construction progress payments and General Fund Warrants ("General Fund Warrants" and together with the Construction Fund Warrants, the "Warrants") for usual and customary operating expenses.

Warrants will be purchased from the payees thereof at the principal amount shown on each Warrant without accrued interest. Such Warrants shall bear interest from date of registration to date of redemption at a rate mutually acceptable to SMHS and the District, which rate shall initially be seven percent (7 %) per annum on all Warrants, subject to change from time to time by mutual agreement of the parties.

As compensation to SMHS for acting as Placement Agent, the District shall pay to SMHS a fee equal to five percent (5 %) of the principal amount of Warrants purchased from the payees thereof. The District shall pay such fee by issuing a Construction Fund Warrant in the amount of the fee to SMHS at the time other Warrants are to be purchased by SMHS. In addition, SMHS shall be entitled to retain any accrued interest on Warrants paid by any warrant purchaser.

The principal on said Warrants, plus accrued interest, is payable upon presentation and surrender thereof at the office of a mutually agreed upon Paying Agent and Registrar for the Warrants.

The District will pay accrued interest on all Construction Fund Warrants issued by it on May 15, 2015 and on each May 15 thereafter so long as any such Warrants are unpaid and outstanding; provided, however, that such Warrants shall not be deemed to be outstanding which were called for redemption and for the payment of which the Paying Agent has adequate funds on the date fixed for redemption. Such payment of interest shall be paid on each annual interest payment date by check or draft mailed by the Paying Agent to the person in whose name the ownership of each Construction Fund Warrant is registered on the books of the Registrar at the close of

business 15 calendar days preceding each such interest payment date. In the event that the District does not have adequate funds on each interest payment date to pay the interest due thereon, SMHS shall have no obligation hereunder to directly place or to arrange for third party to purchase or place such Construction Fund Warrants to provide cash for any interest payments. In the event that SMHS elects not to purchase Construction Fund Warrants issued to make interest payments, such warrants shall be issued directly to the holders of the District's Construction Fund Warrants. The District will take such action from time to time as may be required by the County Treasurer or SMHS to make the interest payments on Construction Fund Warrants as above provided.

Construction Fund Warrants shall be accompanied by approving legal opinion of recognized bond counsel ("Bond Counsel") engaged by the District and satisfactory to SMHS stating that such Warrants have been legally issued, are valid obligations to the District, and are tax exempt.

The District shall furnish to Bond Counsel all proceedings and contracts which shall be subject to Bond Counsel's approval and the District shall take all actions and do all things required by such Bond Counsel in order to obtain Bond Counsel's approval of the proceedings, contracts, warrants and bonds of the District. The District will furnish to SMHS one complete certified transcript of all proceedings and contracts of the District in form satisfactory to Bond Counsel.

If SMHS purchases General Fund or Construction Fund Warrants, for its own account or for sale to third parties, SMHS shall be acting for its own account and risk. All profit and loss which may result from the purchase and resale by SMHS of General Fund or Construction Fund Warrants, as well as the benefit of any accrued interest, if any, shall be SMHS' to keep or bear, as the case may be. It is understood that the price at which SMHS sells securities which are the subject of this Agreement may be greater or less than the principal amount of such securities.

4. Purchase of the Bonds: SMHS agrees to either:

- (a) purchase at such times and in such amounts as SMHS determines, as principal and for its own account or,
- (b) at the sole election of SMHS, arrange for a third party (hereinafter "third party") to purchase, as principal and for its own account or affiliates,

the District's registered bonds (the "Bonds") at a price of par (subject to the discount as compensation provided herein) of the face amount plus accrued interest and in an amount which, with other available funds to the District, will be sufficient to refund the Construction Fund Warrants issued to pay for the cost of public improvements, interest and related costs and expenses incidental thereto. The amount of Bonds that SMHS is obligated to purchase or arrange to be purchased by a third party hereunder shall not exceed \$5,000,000 in aggregate principal amount, less any portion of the Construction Fund Warrants, as described in this Agreement, which were redeemed from cash revenues of the District.

The Bonds shall be issued at one time or from time to time as and when SMHS determines, and such determination would be evidenced by written notice to the District recommending the

amount, maturity, interest rates, and other terms and conditions of the Bonds to be issued. The times, amount, and terms shall be dependent upon the sole judgment of SMHS as to market conditions and financial condition of the District at the time of the proposed issuance. The recommended bond interest rates will be adjusted to reflect a variety of market conditions that may exist at the time of issuance. The District understands and agrees that the District's effective interest rate will be higher than the average yield offered to investors on the Bonds because the discount provided for below.

5. Right of First Refusal: In consideration of the foregoing, SMHS shall have the right of first refusal, exercisable in accordance with the terms hereinafter set forth, to purchase or arrange for a third party to purchase any of the following bonds or warrants issued by the District.

(a) bonds or warrants issued with respect to any additional improvements requiring financing by the District which are installed within ten (10) years from the date of this Agreement; or

(b) bonds issued with respect to the refunding of any Bonds previously issued by the District.

The District agrees that no bonds or warrants described in (a) or (b) above shall be sold by the District to anyone other than SMHS or the third party arranged by SMHS, without first complying with the requirement of this section. The District shall submit to SMHS the specific terms of any proposal which it has received and which it wishes to accept with regard to the purchase by any other person of any such bonds or warrants as are described in (a) or (b) above, and SMHS shall have the option to purchase or arrange for a third party to purchase such bonds or warrants on the same terms as the terms set forth in the proposal. If SMHS intends to exercise such option, SMHS shall give the District written notice of such intent within thirty (30) days of receiving such a proposal, and SMHS shall purchase or arrange for a third party to purchase such bonds or warrants on a date which is mutually agreeable to the District and SMHS (which date shall in no event be later than thirty (30) days following SMHS' receipt of the proposal). If SMHS has not given notice of its intent to purchase or arrange for a third party to purchase within the thirty (30) day period, the District shall be free for a period of thirty (30) days thereafter to sell the bonds or warrants described in the proposal to someone other than SMHS, or the third party so arranged by SMHS, but only in strict accordance with the terms as were outlined in the proposal submitted to SMHS. For purposes of this section, notice shall be deemed to be given by SMHS upon deposit by SMHS of such notice in the mail or upon personal delivery of such notice to the District.

6. Compensation for Bonds: As compensation to SMHS for purchasing the District's Bonds, or for arranging for a third party to purchase the District's Bonds and such third party purchasing the District's Bonds, SMHS will receive the following fees out of the proceeds of the Bonds:

(a) Ten percent (10%) on original issues (Construction Fund Warrant to Bonds);

(b) Six percent (6%) when previous bond issues are refunded or advance refunded;  
and

(c) Four percent (4%) when refunded bond issues are refunded or advance refunded.

In the event SMHS arranges for a third party to purchase the District's Bonds, the District and SMHS agree that SMHS shall be compensated as set forth above and it will be the responsibility of SMHS to pay the third party any fees owed such third party out of said compensation. If the District is annexed prior to the final issuance of Bonds committed to be purchased by SMHS hereunder, a fee shall be paid to SMHS as stated in paragraph 5 below.

SMHS' obligation to purchase or arrange for a third party to purchase the District's Bonds is also subject to receipt of the unqualified opinion of Bond Counsel, in form satisfactory to SMHS, that the Bonds have been legally and validly issued, are general obligations of the District and that the interest thereon is exempt from United States and Nebraska State income taxes. Furthermore, SMHS' obligation to purchase the District's Bonds is also subject to receipt of a satisfactory opinion of SMHS's underwriter's counsel ("Underwriter's Counsel") regarding the sufficiency of the offering documents, including without limitation the Official Statement under and in compliance with Federal and Nebraska Securities law requirements. The District will pay the fee and expenses of bond printing, registration, the opinion of Bond Counsel, and the opinion of Underwriter's Counsel. The District understands and agrees that if SMHS or such third party is purchasing the District's Bonds for resale to investors, that the resale offering price may be either greater or lesser than the principal amount of each Bond, and any profits resulting from the resale of said Bonds shall inure to the benefit of SMHS or such third party. Any losses shall be borne by SMHS or such third party.

7. Annexation, Termination or Renegotiation: This Agreement shall at any time be subject to termination or renegotiation by SMHS if:

(a) Legislation, court decision, or any ruling, regulation or release of an official statement shall be enacted or rendered which shall adversely affect the tax exempt status of obligations of the general character of the Construction Fund Warrants or Bonds; or

(b) Legislation, court decision, or any ruling or regulation shall be enacted or rendered which shall, in the opinion of SMHS, materially affect the market price of the Warrants or the Bonds, or a war involving the United States, or other national calamity, shall have occurred, or any conflict involving the armed forces of the United States shall be escalated to such a magnitude which adversely affects the marketability of the Warrants or Bonds; or

(c) In the judgment of SMHS, the market price of Warrants and the Bonds are adversely affected because additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any government authority or by any national securities exchange; or

(d) An ordinance to annex the District is passed by the authoritative municipality prior to the issuance of a final series of Bonds to redeem all outstanding Construction Fund Warrants of the District.

The District agrees that annexation, termination or renegotiation shall not affect or reduce the right of SMHS to receive compensation as provided herein for Warrants or Bonds. The District agrees that SMHS is the District's fiscal agent as such term is used in the Act, however, the District and SMHS further acknowledge and agree that SMHS will not receive and does not receive a fee or other compensation for the rendering of any services as a fiscal agent.

In the event that the District is annexed prior to the issuance of all Bonds for the redemption of all outstanding Construction Fund Warrants listed in Section 2, SMHS is entitled to a fee for services provided to the date of termination of this Agreement as if Bonds to retire all outstanding Construction Fund Warrants were issued at the time of annexation.

In connection with the aforementioned fee, the amount of Construction Fund Warrants outstanding at the time of annexation will be determined by subtracting the net cash assets (cash in bond fund plus uncollected special assessments) from the principal amount of outstanding Construction Fund Warrants plus accrued interest to the date of annexation. The fee will then be calculated by multiplying the amount of Construction Fund Warrants outstanding by fee stated in Section 3 of this Agreement. The fee to SMHS may be payable in construction fund warrants.

8. Other Provisions:

(a) If any provisions of this Agreement shall be held or deemed by any court to be illegal, inoperative or unenforceable, SMHS may, at its option, terminate the Agreement in whole or terminate or renegotiate the provisions involved.

(b) Any amendment hereto, whether by mutual agreement or renegotiation as set forth herein, shall be accomplished by a written document specifically referring to the amendments to be made and approved by the District and SMHS.

(c) SMHS shall have the right to assign its respective interest in this Agreement to any subsidiary or other corporation with which the present principal officers of SMHS are affiliated and upon such assignment, the assignor shall be released from any responsibility hereunder.

(d) No real property within the boundaries of the District may be sold to tax exempt or non-property tax paying entities without prior consent of SMHS.

(e) The total amount of Special Assessments will be paid by BHI Development Inc. with respect to their respective properties within the District over a period not to exceed ten (10) years in ten (10) equal annual installments plus accrued interest on each parcel assessed.

SMITH HAYES FINANCIAL SERVICES  
CORPORATION

By: \_\_\_\_\_  
Blaine Spady, Vice President Public Finance

SANTARY AND IMPROVEMENT DISTRICT  
NO. 299 OF SARPY COUNTY, NEBRASKA

By: *Gerald L. Torczon*  
Gerald L. Torczon, Chairman

**PAYING AGENT AND REGISTRAR AGREEMENT  
FOR WARRANTS**

**THIS PAYING AGENT AND REGISTRAR AGREEMENT FOR WARRANTS** (this "Agreement") made and entered into the \_\_\_\_\_ day of \_\_\_\_\_, 2013 by and between **SANITARY AND IMPROVEMENT DISTRICT NO. 299 OF SARPY COUNTY, NEBRASKA** (the "District") and **BANKERS TRUST COMPANY ("BTC")**, as Paying Agent and Registrar (the "Registrar").

**WITNESSETH:**

WHEREAS, the District, from time to time, will issue warrants (the "Warrants"), which will accrue interest until they are called for redemption, drawn on: the Construction Fund of the District which will all mature within five years from the date of issuance, unless extended in accordance with applicable law, and/or the General Fund of the District which will all mature within three years from the date of issuance, but may continue accruing interest beyond maturity without being extended, and requires the services of a paying agent and registrar for said warrants; and

WHEREAS, the Registrar is willing to provide services as paying agent and registrar pursuant to the terms of this Agreement in consideration of the compensation described in this Agreement;

NOW, THEREFORE, the District and the Registrar do hereby agree as follows:

**Section 1.** The District hereby designates the Registrar as the registrar and paying agent for all of the warrants, and determines that this Agreement shall replace and supersede any prior such paying agent and registrar agreement to which it is party, which agreement or agreements if any, have been duly cancelled or terminated.

**Section 2.** The Registrar hereby accepts the designation as such registrar and paying agent with such duties as are provided for herein.

**Section 3.** The District agrees that it shall deliver all warrants to the Registrar in such a manner, in such a form and bearing such signatures as the Registrar shall reasonably require.

**Section 4.** The District and the Registrar agree that the Registrar shall maintain such books and records as are deemed reasonably necessary by the Registrar to record the ownership of the warrants and to record any payments of principal of or interest on the warrants and that the Registrar shall have no duty to and shall not be required to invest any funds delivered or transferred to the Registrar under and in accordance with this Agreement.

**Section 5.** The District and the Registrar may treat the person in whose name any warrant is registered on the books and records of the Registrar as the absolute owner of such warrant for the purpose of making payment thereof and for all other purposes and neither the District nor the Registrar shall be bound by any notice or knowledge to the contrary, whether such warrant shall be overdue or not. All payments of or on account of interest to any registered owner of any warrant and all payments of or on account of principal to the registered owner of any warrant shall be valid and effectual and shall be a discharge of the District and the Registrar, in respect to the liability upon the warrant or claim for interest, as the case may be, to the extent of the sum or sums paid. Any warrant may be

transferred at the principal office of the Registrar by surrender of such warrant for transfer, accompanied by a written instrument of transfer, in form satisfactory to the Registrar, duly executed by the registered owner of record in person or by his duly authorized agent, and thereupon the Registrar will authenticate and deliver at the office of the Registrar (or send by certified mail to the owner thereof), in the name of the transferee or transferees, the registered warrant with the same interest rate, principal amount and maturity, dated so there shall result no gain or loss of interest as a result of such transfer.

As a condition of any registration or transfer, the Registrar may at its option require the payment of a sum sufficient to reimburse it or the District for any tax or other governmental charge that may be imposed thereon, but no fee shall be charged for any such registration or transfer.

The Registrar shall not be required (a) to transfer or register warrants (i) from the fifteenth day of the month next preceding any interest payment date that falls on the first day of a month or (ii) from the first day of the month in which occurs an interest payment date that falls on the fifteenth day of such month, until such interest payment date, (b) to register or transfer any warrants for a period of 15 days next preceding any selection of warrants for payment or for a period of 15 days thereafter or (c) to register or transfer any warrants which have been designated for payment within a period of 30 days next preceding the date fixed for payment.

**Section 6.** Transfer of the warrants shall be registered, pursuant to the limitations, prescribed in Section 5, upon surrender to the Registrar of any outstanding warrant accompanied by an assignment for transfer in such manner and form as the Registrar may require and by such assurances as the Registrar shall deem necessary or appropriate to evidence the genuineness and effectiveness of each necessary signature and, if deemed appropriate by the Registrar, satisfactory evidence of compliance with all applicable laws relating to the collection of taxes. In registering transfer of the warrants, the Registrar may rely upon the Uniform Commercial Code or any other statutes which in the opinion of counsel protect the Registrar and the District in not requiring complete documentation, in registering warrants without inquiry into adverse claims, in delaying registration for purposes of such inquiry, or in refusing registration where in Registrar's judgment and adverse claim, requires such refusal.

**Section 7.** The Registrar shall, as Paying Agent for the District, pay the principal of and interest on the warrants of the District, but only to the extent that the District and only when the District shall have delivered or transferred to the Registrar sufficient sums for the payment of said principal or interest. The District agrees and hereby directs that the County Treasurer of the above referred-to County in Nebraska, as ex officio treasurer of the District, is hereby authorized and directed to pay, from time to time, to the Registrar from funds of the District, such amount of money as the Registrar shall certify in writing to said County Treasurer as shall be needed for payment of principal or interest on the warrants of the District, such Certificate of the Registrar to show the amounts needed for payment of principal or interest on warrants drawn on the General Fund or warrants drawn on the Construction Fund, the date on which such amount is due and the date when such transfer shall be made by the County Treasurer to the Registrar, such certification to be made by the Registrar to the County Treasurer for each transfer of funds requested by the Registrar. It is further agreed by the District, that this Agreement shall constitute a continuing authorization by the District for the County Treasurer to make transfers to the Registrar as provided above.

**Section 8.** As provided by law, the records of ownership maintained by the Registrar shall not be deemed public records and shall be available for inspection solely pursuant to a court order or a subpoena of any governmental agency having jurisdiction to issue such subpoena.

**Section 9.** At any time the Registrar may apply to the District for instructions and may consult with the District's attorney or the Registrar's own counsel in respect to any matter arising in connection with its duties under this Agreement and the Registrar shall not be liable or accountable for any action taken or omitted by it in good faith in accordance with such instructions or with the opinion of such counsel. The Registrar may rely on any paper or document reasonably believed by it to be genuine and to have been signed by the proper person or persons.

**Section 10.** The Registrar shall receive compensation for its services in accordance with this agreement with the District, and in addition shall receive reimbursement for any expenses reasonably incurred by the Registrar in connection with the performance of its duties hereunder, including counsel fees.

**Section 11.** If otherwise qualified under the laws of the State of Nebraska, any corporation or association into which the Registrar may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party, shall, ipso facto, be and become successor Registrar hereunder and vested with all of the powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instruments or any further act, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

**Section 12.** The District shall have the right to remove the Registrar under this Agreement upon 60 days' notice in writing to the Registrar and the District. In the event of such removal, the District shall have the right to designate a successor and the Registrar hereby agrees that it shall turn over all of its books and records with respect to the warrants to any such successor upon written request by the District.

**Section 13.** This Agreement shall automatically terminate if the District is annexed, or when all outstanding warrants have been paid in full and the District remains on a cash basis. Alternatively, the Registrar may resign as the paying agent and registrar for the warrants and terminate this Agreement by written notice delivered to the District at least 60 days prior to the resignation and termination date. The Registrar agrees in such event that it shall turn over all of its books and records with respect to the warrants to any successor upon written request by the District. The Registrar shall have no duties with respect to the investment of moneys under this Agreement otherwise agreed between the Registrar and the District.

**Section 14.** If any one or more of the covenants or agreements to be performed by either of the parties to this Agreement shall be determined by a court of competent jurisdiction to be unenforceable, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements contained herein and shall in no way affect the validity of the remaining provisions of this Agreement.

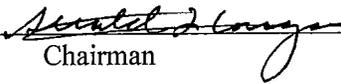
**Section 15.** This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

**Section 16.** This Agreement shall be governed by and construed in accordance with the laws of the State of Nebraska.

IN WITNESS WHEREOF, the parties hereto have each caused this Paying Agent and Registrar Agreement for Warrants to be executed by their duly authorized officers and attested as of the date first above written.

SANITARY AND IMPROVEMENT DISTRICT  
NO. 299 OF SARPY COUNTY, NEBRASKA

(SEAL)

By:   
Chairman

Attest:

  
Clerk

BANKERS TRUST COMPANY  
Paying Agent and Registrar

By: \_\_\_\_\_  
Authorized Officer

## DISSEMINATION AGENT AGREEMENT

This Dissemination Agent Agreement (the “**Agreement**”) is executed and delivered by Sanitary and Improvement District No. 299 of Sarpy County, Nebraska (the “**Issuer**”) and Bankers Trust Company, as dissemination agent (the “**Dissemination Agent**”), in connection with the outstanding debt obligations as listed in Exhibit A( the “**Indebtedness**”).

**Section 1. Purpose of the Disclosure Agreement.** This Disclosure Agreement is being executed and delivered by the Issuer and the Dissemination Agent for the benefit of the Bondholders/Warrantholders (including any beneficial owners thereof when the bonds are held in a book-entry system) of the Indebtedness.

**Section 2. Duties, Immunities and Liabilities of the Dissemination Agent.** The Dissemination Agent shall, on behalf of the Issuer, make the filings with the Municipal Securities Rulemaking Board (“**MSRB**”), through the Electronic Municipal Market Access (“**EMMA**”) centralized online system, necessary to comply with the Issuer’s undertakings in relation to the Indebtedness adopted by the resolutions of the Issuer (collectively, the “**Undertakings**”). The Undertakings are hereby incorporated by reference into this Agreement as if set forth herein. The Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent’s negligence or willful misconduct. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Agreement.

**Section 3. Termination of Reporting Obligations.** The Issuer’s obligations under this Agreement shall terminate immediately once all of the Indebtedness is no longer outstanding by reason of legal defeasance, redemption, or payment at maturity thereof. This Agreement, or any provision hereof, shall be null and void in the event that the Issuer obtains an opinion of nationally recognized bond counsel to the effect that those portions of the Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (17 C.F.R. § 240.15c2 12) (the “**Rule**”) which require the Undertakings, are invalid, have been repealed retroactively or otherwise do not apply to the Indebtedness; provided that the Issuer shall have provided notice of such delivery and the cancellation of the Undertakings to the MSRB.

**Section 4. Beneficiaries.** This Agreement shall inure solely to the benefit of the Issuer, Dissemination Agent, and the Bondholders/Warrant holders (including any beneficial owners thereof when the Bonds are held in a book-entry system) from time to time of the Indebtedness, and shall create no rights in any other person or entity.

**Section 5. Compensation.** The Issuer hereby agrees to compensate the Dissemination Agent for the services provided and the expenses incurred pursuant to this Agreement, in the amount of \$250 annually and \$100 per material event filing (see Fee Schedule attached as Exhibit B).

**Section 6. Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of Nebraska.

**Section 7. Counterparts.** This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

BANKERS TRUST COMPANY, as Dissemination Agent

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

Authorized Officer

ISSUER Gerald Troczon

By: Gerald L. Troczon, Chairperson

Authorized Signer

Dated: May 13, 2014

OFFERING CIRCULAR

NEW ISSUE

NOT RATED

*In the opinion of Bond Counsel, assuming compliance with certain covenants, under existing law, the interest on the Construction Fund Warrants described by the Addendum attached hereto is not includable in the gross income of the holders thereof under the Internal Revenue Code of 1986, as amended (the "Code"), and such interest is exempt from Nebraska state income taxation. The District has designated the Construction Fund Warrants as "qualified tax-exempt obligations" under Section 265(b)(3) of the Code. No tax opinion has been delivered in connection with the issuance of the General Fund Warrants. Purchasers of the General Fund Warrants are advised to consult their tax advisors as to the tax consequences of purchasing or holding the General Fund Warrants. See "TAX MATTERS" herein.*

Sanitary and Improvement District No. 299  
of Sarpy County, Nebraska  
(Aspen Creek)  
Construction Fund Warrants

Sanitary and Improvement District No. 299  
of Sarpy County, Nebraska  
(Aspen Creek)  
General Fund Warrants

Dated: See Addendum attached hereto.

Due: See Addendum attached hereto.

**THIS OFFERING CIRCULAR MUST BE READ TOGETHER WITH THE ADDENDUM ATTACHED HERETO AND MADE A PART HEREOF.**

The Construction Fund Warrants (the "Construction Fund Warrants") and the General Fund Warrants (the "General Fund Warrants" and collectively with the Construction Fund Warrants, the "Warrants") of Sanitary and Improvement District No. 299 of Sarpy County, Nebraska (the "District") offered hereby, as more fully described in the Addendum attached hereto (the "Addendum"), are being issued by the District to (i) in the case of the Construction Fund Warrants, pay the costs of acquiring, constructing and installing streets, utilities and other infrastructure improvements within the District and (ii) in the case of the General Funds Warrants, pay operating and maintenance costs of the District, each as authorized by applicable statutes of the State of Nebraska (the "State") and resolutions of the Board of Trustees of the District. The Addendum sets forth the interest rates, the maturity dates, the aggregate principal amounts and the offering price of the Warrants, as well as the current aggregate principal amount of the District's outstanding debt obligations, including earlier issues of construction fund warrants and general fund warrants.

The Construction Fund Warrants are obligations of the District payable solely from moneys of the District available for such purpose, including collections of special assessments on the real property within the District benefited by the improvements, ad valorem taxes levied and collected against all real property within the District and the proceeds of the District's bonds, if and when issued for such purpose. The District is not pledging its full faith and credit to the payment of the Construction Fund Warrants. Delinquencies in the payment of special assessments are to be expected in sanitary and improvement districts generally.

The General Fund Warrants are obligations of the District payable solely from moneys of the District available for such purpose, including ad valorem taxes levied and collected against all real property within the District. The District has not pledged its full faith and credit to the payment of the General Fund Warrants.

The Warrants are not secured by any mortgage, lien or other interest on any property in the District and are not obligations of Sarpy County, Nebraska (the "County"), the State or any other political subdivision thereof (other than the District). See "WARRANTHOLDERS' RISKS" herein.

The Warrants are being issued in fully registered form in varying denominations. Interest is payable annually on the Construction Fund Warrants each March 15 of every year until maturity, commencing on the date set forth in the Addendum, by warrant or check mailed to the registered owner of record, except as described below and herein. Interest on the General Fund Warrants is payable at maturity. Principal of the Warrants is payable at the local office of Bankers Trust Company, Omaha, Nebraska, as Paying Agent and Registrar (the "Paying Agent"), in the order registered with the Sarpy County Treasurer.

Interest on the Construction Fund Warrants may be paid in the form of additional interest-bearing construction fund warrants issued for such purpose by the District, and not by check or cash. The maturity date of the Construction Fund Warrants may be extended from that set forth in the Addendum by order of the Sarpy County District Court.

The Warrants are redeemable by the District at any time in the principal amounts thereof on or before their stated maturity dates in the order registered with the Sarpy County Treasurer, from funds available for such purpose. Under certain circumstances, the Warrants may be redeemed at less than the principal amount thereof. See "WARRANTHOLDERS' RISKS."

**SEE "WARRANTHOLDERS' RISKS" HEREIN FOR A DISCUSSION OF CERTAIN RISK FACTORS THAT SHOULD BE CONSIDERED (IN ADDITION TO THE OTHER MATTERS SET FORTH HEREIN) IN EVALUATING THE INVESTMENT QUALITY OF THE WARRANTS. THE WARRANTS ARE OFFERED BY THIS OFFERING CIRCULAR SUBJECT TO THE CONDITIONS SET FORTH HEREIN, INCLUDING IN CONNECTION WITH THE GENERAL FUND WARRANTS, THE RECEIPT OF A FULLY COMPLETED AND SIGNED INVESTMENT LETTER, THE FORM OF WHICH IS ATTACHED TO THIS OFFERING CIRCULAR AS APPENDIX E.**

*This cover page contains information for quick reference only. It is not a summary of the issue. Investors must read the entire Offering Circular (including the Addendum) to obtain information essential to the making of an informed investment decision.*

*The Construction Fund Warrants are offered when, as and if issued, subject to approval as to their legality by Baird Holm LLP, Omaha, Nebraska, Bond Counsel, and certain other conditions. No opinion or approval will be given with respect to the legality of the General Fund Warrants. The Addendum states the anticipated delivery date in Omaha, Nebraska, of the Warrants.*

SMITH HAYES FINANCIAL SERVICES CORPORATION

Date: May 13, 2014

**SANITARY AND IMPROVEMENT DISTRICT  
NO. 299  
OF SARPY COUNTY, NEBRASKA**

**BOARD OF TRUSTEES**

Gerald L. Torczon ..... Chairman  
Doris J. Nicholson ..... Clerk  
John R. Torczon ..... Trustee  
Jeff Torczon ..... Trustee  
Neil Smith ..... Trustee

**BOND COUNSEL**

Baird Holm LLP

**ATTORNEY FOR DISTRICT**

Adams & Sullivan, P.C., L.L.O.

**DEVELOPER**

B.H.I. Development, Inc.

**ENGINEER**

Lamp Rynearson & Associates, Inc.

**PAYING AGENT AND REGISTRAR**

Bankers Trust Company

**ACCOUNTANT**

Lutz & Company, PC

**UNDERWRITER**

Smith Hayes Financial Services Corp

**UNDERWRITER'S COUNSEL**

Kutak Rock LLP

NO DEALER, BROKER, SALESPERSON OR OTHER PERSON HAS BEEN AUTHORIZED BY THE DISTRICT OR THE UNDERWRITER TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS WITH RESPECT TO THE WARRANTS REFERRED TO HEREIN OTHER THAN THOSE CONTAINED IN THIS OFFERING CIRCULAR, AND, IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY ANY OF THE FOREGOING. THIS OFFERING CIRCULAR DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THE WARRANTS BY ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE SUCH OFFER, SOLICITATION OR SALE. THE INFORMATION SET FORTH HEREIN HAS BEEN FURNISHED BY THE DISTRICT AND IS BELIEVED TO BE RELIABLE, BUT SUCH INFORMATION IS NOT GUARANTEED AS TO ACCURACY OR COMPLETENESS, AND IS NOT TO BE CONSTRUED AS A REPRESENTATION, BY THE UNDERWRITER. THE INFORMATION AND EXPRESSIONS OF OPINION HEREIN ARE SUBJECT TO CHANGE WITHOUT NOTICE, AND NEITHER THE DELIVERY OF THIS OFFERING CIRCULAR NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE DISTRICT SINCE THE DATE HEREOF. THIS OFFERING CIRCULAR IS SUBMITTED IN CONNECTION WITH THE SALE OF THE WARRANTS REFERRED TO HEREIN AND MAY NOT BE REPRODUCED OR USED, IN WHOLE OR IN PART, FOR ANY OTHER PURPOSE. THE UNDERWRITER MAY OFFER AND SELL WARRANTS TO CERTAIN DEALERS AND TO OTHERS AT PRICES LOWER THAN THE OFFERING PRICES STATED ON THE ADDENDUM HERETO. THE OFFERING PRICE MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

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IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE DISTRICT AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE WARRANTS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY, AND THE WARRANTS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION BY REASON OF THE PROVISIONS OF SECTION 3(a)(2) OF THE SECURITIES ACT OF 1933, AS AMENDED. THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

**CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS**

THIS OFFERING CIRCULAR CONTAINS STATEMENTS WHICH SHOULD BE CONSIDERED "FORWARD-LOOKING STATEMENTS," MEANING THEY REFER TO FORECASTED, EXPECTED OR PROJECTED FUTURE EVENTS OR CONDITIONS. SUCH STATEMENTS ARE GENERALLY IDENTIFIABLE BY WORDS SUCH AS "PLAN," "EXPECT," "ESTIMATE" AND "BUDGET" OR SIMILAR WORDS. THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE DISTRICT DOES NOT EXPECT OR INTEND TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED, OCCUR.

**Sanitary and Improvement District No. 299  
of Sarpy County, Nebraska  
(Aspen Creek)  
Construction Fund Warrants**

**Sanitary and Improvement District No. 299  
of Sarpy County, Nebraska  
(Aspen Creek)  
General Fund Warrants**

**INTRODUCTORY STATEMENT**

The purpose of this Offering Circular, including the Addendum attached hereto (the "Addendum" and, collectively with this Offering Circular, the "Offering Circular") relating to the particular issue of (i) the Construction Fund Warrants (the "Construction Fund Warrants") or (ii) the General Fund Warrants (the "General Fund Warrants" and together with the Construction Fund Warrants, the "Warrants") of Sanitary and Improvement District No. 299 of Sarpy County, Nebraska (the "District") identified by the Addendum, is to provide certain information concerning the issuance by the District of the Warrants.

**INVESTORS MUST READ THE ENTIRE OFFERING CIRCULAR, INCLUDING THE ADDENDUM, BEFORE MAKING AN INVESTMENT DECISION.**

By authority of Sections 31-727 et seq., Reissue Revised Statutes of Nebraska, as amended (the "Act"), sanitary and improvement districts may be established for the purpose of, among other things, financing the capital costs of acquiring, constructing and installing public improvements within the boundaries of the district and paying the costs of other operational services performed in and for the district. Such districts typically are sponsored and established by or on behalf of the developer of the particular subdivision that is, at the creation of the district, the owner of the district's undeveloped property. In the case of the District, B.H.I. Development, Inc. is the developer (the "Developer"). See "THE DISTRICT—The Developer".

Once duly established, a sanitary and improvement district is a body corporate and politic and a political subdivision of the State of Nebraska (the "State"), with the powers to issue warrants and bonds for its authorized purposes and to assess special assessments and levy ad valorem taxes to repay such indebtedness.

In particular, the Act authorizes the District to issue the Construction Fund Warrants for paying amounts owed by the District to contractors and vendors with respect to the financing of public improvements and infrastructure in the District. The Construction Fund Warrants and all other construction fund warrants hereafter issued by the District are obligations of the District payable from the moneys of the District available for such purpose, including its special assessments, bond fund ad valorem tax levy and proceeds of the District's bonds. It is expected that delinquencies in the collection of special assessments will occur, which could adversely affect the payment of principal on the stated maturity date of the Construction Fund Warrants. The stated maturity date of the Construction Fund Warrants may be extended by order of the County District Court (the "County District Court"). The annual interest payment on the Construction Fund Warrants may be in the form of additional construction fund warrants issued for such purpose, and not a check or cash.

Additionally, the Act authorizes the District to issue the General Fund Warrants to pay operating and maintenance expenses of the District. The General Fund Warrants and all other general fund warrants hereafter issued by the District are obligations of the District payable from the moneys of the District available for such purpose, particularly the tax revenues from the District's general fund ad valorem tax levy.

The Warrants are not secured by any mortgage, lien or other interest on any property in the District and are not obligations of Sarpy County, Nebraska (the "County"), the State or any other political subdivision thereof (other than the District). In addition, the Warrants may, under certain circumstances, be redeemed at less than the principal amount thereof. Prospective investors are advised to read carefully "WARRANTHOLDERS' RISKS" herein for a description of certain risk factors that should be considered (in addition to other matters set forth herein) in evaluating the investment quality of the Warrants.

The principal of individual Warrants (together with all unpaid interest accrued thereon) is payable in full in the order of registration with the County Treasurer by Bankers Trust Company, as paying agent and registrar (the "Paying Agent"), at its local office in Omaha, Nebraska. The Addendum describing each issue of Warrants states

the aggregate principal amount of construction fund warrants, general fund warrants and other District debt outstanding at the time of issuance of such Warrants.

The purchase of the General Fund Warrants offered by this Offering Circular is subject to the receipt of a fully completed and signed investment letter, the form of which is attached to this Offering Circular as Appendix E.

Brief descriptions of the Warrants, the security therefor and the District are included in this Offering Circular together with summaries of certain provisions of the Warrants and the District's related resolutions. Such descriptions do not purport to be comprehensive or definitive. All references herein to the Warrants and the District's related resolutions and agreements are qualified in their entirety by reference to the complete documents, copies of which are available for inspection at the office of Smith Hayes Financial Services Corporation, 1225 L Street, Suite 200, Lincoln, Nebraska, during normal business hours.

## **WARRANT PAYMENT PROCEDURES**

### **General Information**

Warrants are orders of the District to the County Treasurer, as ex-officio Treasurer of the District, to pay debts of the District. All claims against the District must be paid by warrant, and the Board of Trustees (the "Board") of the District must authorize all warrants. Warrants are drawn on the District's general fund, which is used to pay operating expenses of the District, or its bond fund, which is used to pay costs of capital improvements within the District, such as streets, utilities and other public infrastructure improvements. The Construction Fund Warrants are not payable from the general fund tax levy and the General Fund Warrants are not payable from the bond fund tax levy. The Construction Fund Warrants may also be repaid from the levy and collection of special assessments.

Construction fund warrants must be presented for payment to the paying agent named on such construction fund warrant or to the County Treasurer, who will issue a check if money is available in the bond fund. General fund warrants must be presented for payment to the County Treasurer, who will issue a check or cash if money is available in the general fund. Warrants so presented and not paid because adequate funds are not then on hand in the particular fund, including warrants offered for investment such as the Warrants, are then registered and bear interest at the rate shown on the warrant from the date of registration until paid. Interest on construction fund warrants is paid annually and at redemption or final maturity, while interest on general fund warrants is paid at maturity or redemption of the warrant.

The Warrants are issued in fully registered form, with principal and interest payments made by the Paying Agent from its local office in Omaha, Nebraska. Warrants are paid or redeemed by the Paying Agent from moneys obtained from the County Treasurer. The Paying Agent pays warrant holders in the order in which such warrants were initially registered with the County Treasurer, so that warrants first registered are paid in full before any principal payment is made on later registered warrants. No warrant holder has any right or claim to any particular special assessment, tax levy or other source of payment, and warrants are not paid on a pro rata basis but rather by priority based on their respective dates of registration with the County Treasurer.

The District will issue additional interest-bearing construction fund warrants to provide cash to pay interest on its outstanding construction fund warrants, but the actual availability of any cash for such purpose will depend upon the District being able to find a purchaser for the additional interest warrants. If a purchaser is not found, the additional construction fund warrants for interest due will be issued directly to the warrant holders in lieu of cash. See "UNDERWRITING" and "WARRANTHOLDERS' RISKS" herein.

### **Redemption**

The Warrants are subject to redemption by the District in whole at any time in advance of their stated maturity (or maturity as extended by court order in the case of the Construction Fund Warrants) at the principal amount thereof plus accrued interest to the redemption date. If the General Fund Warrants are not redeemed or paid prior to or on their maturity date, they will continue to accrue interest at the stated rate until they are paid.

### **Notice of Redemption**

The District shall mail or cause to be mailed notice of redemption prior to maturity of a Warrant to the registered owner thereof at least seven days prior to the redemption date.

### **Transfer and Registration**

The ownership of a Warrant may be transferred only by presentation thereof to the Paying Agent, accompanied by an assignment in form satisfactory to the Paying Agent duly executed by the registered owner or its duly authorized agent, and in connection with the transfer of any General Fund Warrants, by delivery of an investment letter from the transferee in a form substantially the same as that executed by the original purchaser of the General Fund Warrants, such form is attached hereto as Appendix E.

### **Warrants Payable in Order Registered**

As set forth in the Addendum, the District may have other warrants outstanding and expects to issue from time to time additional warrants, including construction fund warrants issued to provide cash to pay interest on outstanding construction fund warrants. Warrants are payable in the order in which registered with the County Treasurer. No warrant holder has any right or claim to any particular special assessments (if applicable), tax levy or other source of payment, and warrants are not paid on a pro rata basis but rather by priority based on their respective dates of registration with the County Treasurer. Consequently, the earlier the registration date of a particular warrant, the more likely it is that such warrant will be paid or called for redemption in advance of maturity for payment from the proceeds of special assessment collections (if applicable) and tax revenues. In the event of significant delinquencies in the collection of special assessments (if applicable) and ad valorem taxes, the principal of an earlier registered warrant is more likely to be paid than that of subsequently registered warrants. See "WARRANTHOLDERS' RISKS" herein.

## **THE CONSTRUCTION FUND WARRANTS**

The Construction Fund Warrants must become due within five years from their date of issuance, except that the County District Court may extend the maturity date (with such extension not constituting a default) upon application of the District. The County District Court may extend the maturity date if it finds that the District does not have funds to retire the Construction Fund Warrants and either (a) the District cannot sell bonds in an amount sufficient to retire the Construction Fund Warrants or (b) an unreasonably high tax levy, as compared to the levy on other similar property within the County, would be required to cover debt service requirements on bonds issued to retire the Construction Fund Warrants. Upon making such a determination, the County District Court may make such orders concerning retirement of the Construction Fund Warrants as it shall determine proper under the circumstances of the District, including ordering an increase in the tax levy of the District to provide funds for construction fund warrant redemption. However, the County District Court may not order a tax levy for such purpose that would cause the total tax levy of the District to be unreasonably high as compared with the tax levy of other similar property in the County. Notice of any such extension application must be published three weeks before the County District Court hearing and mailed to each construction fund warrant holder known to the District. Construction Fund Warrant holders may appear before the County District Court at such hearing.

The Construction Fund Warrants are paid from special assessment collections, if any, ad valorem tax revenues and other funds available for the purpose, including, if and when issued, the proceeds of the District's bonds issued for such purpose. Construction fund warrants generally are retired at the time of a bond issue using bond proceeds, special assessment collections, if any, and other available moneys, if any. Bonds to redeem construction fund warrants are issued at one time or from time to time as the development and taxable valuation of the District increase so that the debt service on the bonds can be covered by future special assessment collections, if any, and a reasonable bond fund ad valorem tax levy. The issuance of bonds by the District will depend on numerous factors, including the availability of a purchaser therefor. See "UNDERWRITING" and "WARRANTHOLDERS' RISKS" herein.

### **Authority for Issuance**

The Board must adopt a resolution authorizing each issue of the Construction Fund Warrants in order to finance the costs of the public improvements in the District. Such costs, with respect to each such issuance, may include, among other things, hard construction costs identified to the Board by the District's engineer, and bills submitted by the District's counsel, the Underwriter and other professional service providers.

### **Description of the Construction Fund Warrants**

The Construction Fund Warrants shall have the specific terms set out in the Addendum attached to this Offering Circular. The Construction Fund Warrants will be issued as fully registered warrants without coupons in varying denominations. Interest on the Construction Fund Warrants shall be payable annually on May 15, accruing from the date of registration with the County Treasurer by check mailed by the Paying Agent to the registered owners thereof at the owner's address as it appears on the registration books to be kept by the Paying Agent in its capacity as Paying Agent at its local office in Omaha, Nebraska, or at such other address as is furnished to the Paying Agent by the registered owner. If the District does not then have on hand sufficient funds from the sale of additional District construction fund warrants issued for such purpose to make such interest payment by check or cash, the interest on the Construction Fund Warrants shall be payable by such additional construction fund warrants in lieu of cash. Any such additional construction fund warrants shall bear interest until paid at the interest rate per annum set at the time of issuance of such additional construction fund warrants. The principal of the Construction Fund Warrants shall be payable in lawful money of the United States of America at the local office of the Paying Agent upon presentation of the Construction Fund Warrants to the Paying Agent and shall be paid in the order of registration with the County Treasurer to the extent that the Paying Agent has sufficient funds to make such payment.

### **Warrants Junior to Bonds**

The District expects to issue general obligation bonds and apply the proceeds thereof to the payment of its outstanding construction fund warrants, including the Construction Fund Warrants. The payment of the principal of and interest on the District's construction fund warrants, including the Construction Fund Warrants, will be subordinate to that of any bonds issued by the District, regardless of the respective issuance and registration dates of such warrants and of such bonds. See "WARRANTHOLDERS' RISKS—Risks Specific to Construction Fund Warrants".

### **Sources of Payments on the Construction Fund Warrants**

The Construction Fund Warrants and the interest payable thereon are payable from the collections of special assessments on specially benefited properties within the District and ad valorem taxes levied annually by the District against all real property within the District and collected by the County on behalf of the District and by other available moneys of the District, including the proceeds of bonds, if and when issued for such purpose. The Construction Fund Warrants are not secured by a lien or mortgage interest on any property located within the District's boundaries. No landowner in the District is personally liable for the special assessments or ad valorem taxes relating to such landowner's properties. Neither the full faith and credit nor the taxing power of the District is pledged to the payment of the Construction Fund Warrants, and the Construction Fund Warrants are not obligations of the County.

*Special Assessments.* Under the Act, a portion of the costs of the improvements for which the District issues construction fund warrants is assessed against the benefited properties. After the Board of the District levies such assessments, the County Treasurer collects the special assessments on behalf of the District. Special assessments relating to the District's improvements constitute a lien in favor of the District on the assessed property, but do not constitute a personal or corporate indebtedness of the owners of property within the District. Such special assessments, as levied by the District, are payable at the time of sale of the benefitted property or in annual installments during a period of not more than 10 years. The lien of the District is inferior only to the general taxes levied by the State and its political subdivisions, including the District. If an annual installment of assessments is not paid by the property owner when due, the installment becomes delinquent. Interest accrues on nondelinquent installments at the interest rate per annum of the greater of (a) the rate of interest accruing on the construction fund

warrants registered against the District 60 days prior to the actual levy of the special assessments or (b) the average rate of interest accruing on the District's construction fund warrants issued to pay for the improvements for which the special assessments are to be levied adjusted to the next greater ½%. Delinquent installments bear interest at the rate of 2% per annum above the rate set by the District on such installments before delinquency, subject to a 14% per annum ceiling (subject to adjustment from time to time by the Legislature). If three or more installments become delinquent, the Board may declare all remaining installments due and payable and increase to 14% per annum (subject to adjustment from time to time by the Legislature) the interest rate on all installments.

**Ad Valorem Tax.** The District was formed in December of 2013 and is a start-up district. As such, the District expects to levy its first ad valorem tax during the fiscal year beginning July 1, 2014. Start-up districts, such as the District, generally allocate their entire initial ad valorem tax levy to the general fund. Thus, the District expects its general fund levy to be \$0.9000 and its bond fund levy to be \$0.00000 per \$100 of taxable valuation upon all real property within the District. The County Treasurer collects ad valorem taxes on behalf of the District in the same manner and at the same time as it collects all other ad valorem taxes levied against real property within the County. Ad valorem tax revenues generated by the District's bond fund portion of its overall property tax levy, if any and available, may also be applied to the payment of the principal of the Construction Fund Warrants.

## **THE GENERAL FUND WARRANTS**

### **Authority for Issuance**

General fund warrants, must become due within three years of their date of issuance and are payable from the proceeds of the District's general fund tax levy budgeted for that purpose and other sources of revenue for the District's operating budget for the year. The District will authorize the issuance of the General Fund Warrants pursuant to resolutions of the District contained in the District's minutes and adopted at publicly held meetings.

### **Description of the General Fund Warrants**

The General Fund Warrants shall have the specific terms set out in the Addendum attached to this Offering Circular. The General Fund Warrants will be issued as fully registered general fund warrants without coupons in varying denominations. Interest on the General Fund Warrants shall be payable at maturity, accruing from the date of registration with the County Treasurer. The principal of the General Fund Warrants shall be payable in lawful money of the United States of America at the local office of the Paying Agent upon presentation of the General Fund Warrants to the Paying Agent and shall be paid in the order of registration with the County Treasurer to the extent the Paying Agent has sufficient funds to make such payment.

### **Sources of Payments on the General Fund Warrants**

The General Fund Warrants and the interest payable thereon are payable from the collection of ad valorem taxes levied annually by the District against all real property within the District and collected by the County on behalf of the District and by other legally available moneys of the District. The General Fund Warrants are not secured by a lien or mortgage interest on any property located within the District's boundaries. No landowner in the District is personally liable for the ad valorem taxes relating to such landowner's properties. Neither the full faith and credit nor the taxing power of the District is pledged to the payment of the General Fund Warrants, and the General Fund Warrants are not obligations of the County.

**Ad Valorem Tax.** The District was formed in December of 2013, and is a start-up District. As such, the District expects to levy its first ad valorem tax during the fiscal year beginning July 1, 2014. Start-up districts, such as the District, generally allocate their entire initial ad valorem levy to the general fund. Thus, the District expects its general fund levy to be \$0.90000 and its bond fund levy to be \$0.00000 per \$100 of taxable valuation upon all real property within the District. The County Treasurer collects ad valorem taxes on behalf of the District in the same manner and at the same time as it collects all other ad valorem taxes levied against real property within the County. The District applies the portion of ad valorem tax revenues generated by the general fund levy to pay the District's administrative costs in accordance with its budget, including the payment of the District's general fund warrants, such as the General Fund Warrants.

## NEBRASKA DEVELOPMENTS RELATED TO BUDGETS AND DELINQUENCIES

### Remedies for Delinquencies

**Tax Certificate Sale.** State law provides two statutory schemes for removing the liens of delinquent special assessment installments and ad valorem taxes. Both processes can require several years to reach conclusion. The first method is the sale of tax certificates by the county in which the property in question is located. County treasurers are empowered to sell tax certificates for real estate on which taxes or assessments have not been paid as provided by law for an amount equal to all of the taxes and, if so requested by the levying district, special assessments. The county treasurer conducts tax certificate sales in March following three weekly notice publications in a general circulation newspaper in the county. If taxes or assessments are delinquent for three years or more, the county must conduct a tax certificate sale or foreclose as described below in order to recapture anticipated proceeds from property taxes and special assessments. For the tax certificate sale to occur, the county treasurer must receive a sale price at least equal to the sum of the delinquent assessments, delinquent ad valorem taxes, if any, and certain statutory expenses. If a tax certificate is sold, the liens of the special assessments and any other taxes are transferred to the purchaser, and the county treasurer will distribute to the district that portion of the sale price attributable to the delinquent special assessment installments and the district's share of unpaid ad valorem taxes. Subject to the priority of outstanding bonds, the district then may retire warrants in full in the order registered to the extent of the amount of the proceeds of the tax certificate sale. The owner of the property will have three years from the tax certificate sale date to redeem the tax certificates, after which time the purchaser of the tax certificates, if not so redeemed, may obtain a tax deed or foreclose on the tax lien via a sheriff's sale; however, the purchaser must act to foreclose on the property within six months of the end of the three-year period. If a tax certificate is not sold, the owner retains the property, but interest still will accrue as aforesaid. The county treasurer conducts the tax certificate sale and maintains the records.

**Foreclosure Proceedings.** The second statutory method for clearing liens of taxes or assessments is foreclosure against the property in question. Either the sanitary and improvement district or the county may exercise the right to foreclose; however, the district may only foreclose its lien in the case of delinquent special assessments. A district's board of trustees may initiate foreclosure proceedings once special assessment installments are delinquent for three years running and may bid its lien in the amount of delinquent special assessments at the sheriff sale. A district will take the property if there are no other adequate bids and may resell the property, in which case the proceeds of the resale must be divided among the affected taxing jurisdictions, including the district, in proportion to their respective liens. However, the district is not entitled to any surplus unless the county treasurer has first offered the special assessments for sale.

Alternatively, the county may foreclose the lien of delinquent taxes or special assessments against property within a district. If the special assessments are not requested by a district to be included in the tax foreclosure proceeding and the county treasurer has not previously offered the delinquent special assessments for sale via the tax certificate sale described above, then a district's special assessment lien will survive the tax foreclosure sale.

Confirmation of the sale of foreclosed property pursuant to a sheriff's sale is not available until the passage of a two-year redemption period (during which time the delinquent property owner may satisfy the delinquency and remove the outstanding lien of taxes or special assessments), running from the sale date. Thus, the winning bidder must wait two years before receiving clear title. However, the purchaser of a tax certificate may foreclose its lien at the conclusion of the three year redemption period specifically associated with the tax certificate sale and will not be subject to an additional two year redemption period. There is no requirement that the auction price equal or exceed the special assessments and ad valorem taxes then owing; the recovery, if any, can be insufficient to make Warrantholders whole.

Warrantholders are paid the principal of and the interest on warrants issued by sanitary and improvement district's generally from ad valorem taxes and special assessments. Individual warrantholders do not enjoy a lien on the real property within a district. The remedies of a tax certificate sale and foreclosure available to the district or the county may accrue to the benefit of the warrantholders, but are not directly available to warrantholders.

If there is warrantholder unanimity, the warrantholders may waive or otherwise settle any defaults or delinquencies with the district. If the payment of warrant principal has been in default for over 90 days, a majority

of the warrant holders may also petition for the appointment of an administrator in lieu of the district's board of trustees. The board of trustees or the new administrator, if any, may negotiate agreements to compromise the indebtedness, including the issuance of new bonds and warrants in conjunction with a workout. This effort can include a voluntary Chapter 9 bankruptcy filing by a district. There is no assurance under such circumstances that warrant holders will receive full payment of amounts owed to them on their warrants. See "WARRANTHOLDERS' RISKS."

### **Budget and Levy Limitations**

The State Legislature has imposed budget limitations and property tax restrictions on Nebraska political subdivisions, including sanitary and improvement districts, intended to reduce the level of property taxation and expenditures in the State. State law prohibits governmental units, including sanitary and improvement districts in existence for more than five years, from adopting budgets in excess of 102.5% of the prior fiscal year's budget plus allowable growth (which includes increases in taxable valuation for such things as new construction and annexations). However, such budgetary limitations do not apply, among other things, to revenues pledged to retire bonded indebtedness, or budgeted for capital improvements, such as the proceeds of the Construction Fund Warrants. Provision also is made for a governmental unit to exceed the budget limit for a given fiscal year by up to an additional 1% upon the affirmative vote of at least 75% of the governing body or in such amount as is approved by a majority vote of the electorate. State law also limits the maximum rates that may be levied by each type of governmental unit. The general fund levy by a sanitary and improvement district in existence for more than five years is limited to a maximum of 40¢ per \$100 of taxable valuation (districts in existence less than five years are not subject to any maximum general fund levy until they reach their fifth anniversary). The levy limit does not apply to tax levies for bonds or warrants approved according to law and secured by a levy on property (such as the bond fund levy of the District). Taxable value of motor vehicles no longer constitutes a portion of the ad valorem tax base of sanitary and improvement districts and districts do not receive motor vehicle taxes. Special assessments are not property taxes subject to the levy limitation. State law permits a political subdivision to exceed its levy limitation for a period of up to five years by majority vote of the electorate.

There can be no assurance that State's system of assessing and taxing real property will remain substantially unchanged. Such changes could materially and adversely affect the amount of property tax revenues the District could collect in future years. The District does not believe that the State Legislature, subject to constitutional restrictions, if any, would leave the District without adequate taxing resources to pay for its programs and meet its financial obligations, including the repayment of its warrants, bonds and other obligations.

### **Description of Budget Process**

A sanitary and improvement district is required by State law to file its budget with the county clerk and the State Auditor on or before September 20 of each year. Each district's accountant prepares a budget draft in July of each year based on actual expenses and revenues for the three preceding fiscal years and proposed expenses and revenues for the coming fiscal year. District budgets as proposed and adopted can frequently differ substantially from actual figures reviewed after the fact, especially in those years with major changes in tax rates or valuation. Such differences are principally due to the fact that while the fiscal year for a district begins on July 1, tax dollars generated by the budget are not received by the district until the following calendar year. The first half of such tax receipts is received during the spring of the following calendar year (April 1). The second half tax receipts are not received until the late summer of the following calendar year (August 1), several weeks into the ensuing fiscal year.

The proposed budget contains line items detailing, among other things, revenues and expenses in both the general fund and the bond fund. Revenues in the general fund cover noncapital expenses (i.e., operating expenses) including insurance, streetlights, legal and accounting fees and maintenance expenses. Revenues in the bond fund cover principally construction expenses (including associated professional fees), interest on registered construction fund warrants and payments of principal and interest on outstanding bond issues. Revenues in the general fund are generated primarily by ad valorem taxes, with a small amount coming from various state and local sources. Bond fund revenues are generated in the same way, plus special assessments and interest thereon. The proposed budget compares total anticipated expenses with total anticipated revenues, other than those to be collected from property taxes, to arrive at a net amount that must be generated from ad valorem taxes.

The proposed budget is reviewed by the board of trustees of a district, in consultation with the district's attorney, accountant and fiscal agent. Prior to its adoption, a budget summary is published in a local legal newspaper one time at least five days prior to the budget meeting, with a copy of the meeting notice being given at least one week prior to the meeting. At the meeting, the budget is discussed in open and public session, after which it can be adopted as proposed or as modified at the meeting. If modified, a summary of the modifications must be published one time in a legal newspaper within 20 days of adoption of the budget.

While district budgets must "balance," that balance is often accomplished through the registration of warrants. Under the warrant registration process, a warrant drawn on a district is not paid when presented to the county treasurer if adequate funds are not then on hand in that particular district fund to pay the warrant. It is then registered with the date of presentment for payment determining the date when interest begins to accrue and determining the priority of payment. Warrants are paid in the order of registration.

## THE DISTRICT

### General

The Developer established the District, commonly known as Aspen Creek, on December 31, 2013, pursuant to the Act. The District lies at the intersection of 192<sup>nd</sup> Street & Highway 370. The District lies within the zoning jurisdiction of the City of Gretna, Nebraska (the "City"). The District and the Developer have entered into a Development Agreement with the City of Gretna pursuant to which the City has approved the zoning and platting of the District and the District agrees to levy special assessments with respect to the District's public improvements and to levy ad valorem taxes.

The City provides sanitary sewer and water services to the District. Black Hills Energy, Inc. and Omaha Public Power District provide the District with natural gas and electric utility services, respectively.

The District lies within the Gretna Public School District, which operates an elementary school, a middle school and a high school, all within approximately three miles of the District. The District is zoned as a residential development. Development in the District will progress in phases. Phase I of the District consists of 160 platted single-family home lots.

Development commences with the installation of streets, sewers, utilities and other public improvements required for the construction and sale of residential properties for which the District issues its construction fund warrants, including the Construction Fund Warrants.

A location map of the District and related information about the County are included in Appendix A and Appendix B, respectively, attached hereto.

### Board of Trustees

A five-member Board of Trustees governs the District, of which the current members are as follows:

Gerald L. Torczon ..... Chairman  
Doris J. Nicholson ..... Clerk  
John R. Torczon..... Trustee  
Jeff Torczon..... Trustee  
Neil Smith..... Trustee

The members of the Board of Trustees are all associated with the Developer. Under the Act, the members of the Board of Trustees are elected every two years. The next election is scheduled for September 2015. As provided by the Act, over a period of six to eight years, the control of the District by the Developer through the Board of Trustees may shift to resident property owners of the District.

**Financial Information**

The District was formed on December 31, 2013. The District's 2013 taxable valuation is \$2,264,259. In addition to the tax levy of the District, which is expected to begin in fiscal year 2014, the tax levy payable by District property owners will also include (the levies listed are the 2013/2014 levies for each taxing entity):

Fund #	Fund Description	Levy
1	COUNTY LEVY	0.2999
137	GRETNA SCHOOL	0.097846
138	GRETNA SCH BOND	0.314849
139	GRETNA SPECIAL BLDG	0.002154
199	LEARN COMM-GENERAL	0.95
202	ELEM LEARN COM	0.01
303	GRETNA RURAL FIRE	0.015056
307	GRETNA FIRE BOND	0.027733
501	PAPIO NATURAL RESRCE	0.024224
502	PAPIO NRD BOND	0.008529
801	METRO COMMUNITY COLL	0.095
901	AGRICULTURAL SOCIETY	0.002104
1003	ED SERVICE UNIT 3	0.015

**The Developer**

**Total 1.862395**

The District's Developer is B.H.I. Development, Inc. Mr. Gerald L. Torczon is the president and sole owner of the Developer and is the Chairman of the District's Board of Trustees. At present, the Developer effectively controls the decisions of the Board of Trustees relating to District matters, including the letting of construction contracts and the issuance of bonds and warrants. See "Board of Trustees."

Mr. Torczon has been involved in many residential and commercial developments in the past ten years in Douglas and Sarpy Counties in the metropolitan Omaha, Nebraska area. These developments have included Mission Park (Douglas County SID #376), Cinnamon Creek (Douglas County SID #392), Western Springs (Douglas County SID #411), Falcon Ridge (Douglas County SID #434), Shadow View (Douglas County SID #464), Whispering Ridge (Douglas County SID #470), Whitehawk (Douglas County SID #476), Castle Creek (Douglas County SID #501), Southwind (Sarpy County SID #200), Shadow Lake (Sarpy County SID #264), North Shores (Sarpy County SID #292) and Ashbury Farm (Sarpy County SID #293).

The Developer is critical to the development of the District as a residential subdivision and to the ultimate payment of the District's warrants, including the Warrants. *This is particularly the case of the District because of its start-up nature.* The Developer is responsible for the planning and organization of the District and for the sale of lots in the District. As the sole landowner in the District, the ability of the Developer to pay timely the special assessments and ad valorem taxes will be crucial to the timely payment of the Warrants. The real property of the Developer in the District is subject to a lien for the payment of all special assessments and ad valorem taxes levied upon its properties within the District. The Developer is not personally liable for the payment of any such assessments or taxes, and the District has no recourse in the event of delinquency against any assets of the Developer (or any other property owner) other than its real property located in the District on which the taxes are levied. PERSONAL FINANCIAL STATEMENTS OF THE DEVELOPER ARE NOT AVAILABLE, HAVE NOT BEEN PROVIDED TO THE UNDERWRITER, AND WILL NOT BE PROVIDED IN THE FUTURE.

**Plan of Financing**

The District is a start-up district for which the level of residential housing demand is untested. The District expects residential building to be substantially complete within five to seven years. However, because of the start-up nature of the District, the District and Underwriter are unable to determine whether in fact there will be sufficient demand to realize such plans.

The District's engineer estimates that the construction costs for the public infrastructure in the District approximate \$5,601,600, with total costs (i.e., including soft costs) approximating \$7,602,300. The District's

engineer estimates that approximately \$3,356,400 of these costs will be specially assessed, approximately \$2,166,100 of such costs will be reimbursed, and the remainder of such costs approximating \$2,078,000 will be paid from ad valorem taxes collected within the District.

## **WARRANTHOLDERS' RISKS**

### **Adverse Property Development Conditions**

The full and timely payment of the principal of and the interest on the Warrants is subject to the successful development of the District and the sale and continued occupation of developed properties. The development and sale of sanitary and improvement district properties is contingent upon numerous factors. *The District is a start-up district and, as such, is particularly susceptible to impediments to development.* Prospective owners of the Warrants should consider such factors in evaluating the investment quality of the Warrants. In general, the development of the District may be adversely affected by changes in general economic conditions, fluctuations in the local real estate market, interest rates on construction loans, the availability of mortgage money and other similar factors. Other factors influencing decisions to buy property in the District will include the overall tax levels, the proximity and reputation of schools, the convenience to local shopping and employment and the availability and cost of utility services. The financial strength, ability and reputation of the Developer are critical, because, although the Developer is not directly obligated on the Warrants, business problems or business failure on the part of the Developer would likely cause delays of indefinite duration in the development of the District. The Developer owns all of the real property within the District. Because of this concentration of ownership and development responsibilities in the Developer, the District is particularly exposed to the business risks of the Developer. See "THE DISTRICT—The Developer" herein. Furthermore, land development is subject to comprehensive federal, state and local regulations. There can be no assurance that land development operations within the District will not be adversely affected by future government policies. The ultimate consequence of such adverse conditions may be an inability by the District to pay its debts, including the Warrants. See "Bankruptcy of District" below.

### **Bankruptcy of District**

Significant delays in the development of a sanitary and improvement district after the incurrence of debt for public improvements while interest on the debt continues to compound can result in a debt burden that discourages sales of undeveloped property and impedes the ability of such district to provide services to its current residents. For such reasons, among others, several State sanitary and improvement districts have over the years filed bankruptcy petitions under Chapter 9 of the United States Bankruptcy Code. Such a filing by the District would result in an automatic stay of certain District payments, including its debt service payments, and enforcement actions against the District or its property. The consequences for the District's warrant holders of a Chapter 9 filing could include material modification of the terms of the Warrants and related documents and significant delays in the payment of, or the loss of, all or a portion of the principal of and interest on the Warrants. The Nebraska Supreme Court has held that the payment of a district's bonds would have priority over the payment of such district's warrants, including those warrants issued before the bonds.

### **Bankruptcy of Property Owners**

The payment of property owners' assessments and taxes and the ability of the District or the County to foreclose the lien of a delinquent unpaid assessment or tax, as discussed in "NEBRASKA DEVELOPMENTS RELATED TO BUDGETS AND DELINQUENCIES," may be limited by bankruptcy, insolvency or other laws generally affecting creditors' rights or by the laws of the State relating to judicial foreclosure and tax certificate sales. Bond Counsel's approving legal opinion regarding the Construction Fund Warrants will be qualified, as to the enforceability of the various legal instruments, by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

Although personal bankruptcy proceedings would not directly cause the special assessments or ad valorem taxes to become extinguished, the bankruptcy of the Developer or other property owners could result in a delay in prosecuting foreclosure proceedings. Such delay would increase the likelihood of a delay or default in payment of the principal of and interest on the Warrants and the possibility of delinquent tax or assessment installments not

being paid in full. The Developer currently owns all of the property within the District; this risk of delay in payment of principal and interest on the Warrants due to a bankruptcy filing of a single property owner (namely, the Developer) will decrease as the ownership of the undeveloped property within the District is dispersed to a larger number of property owners.

### **Challenges to Property Tax System**

The levy and collection of ad valorem taxes by taxing jurisdictions in the State is the object of frequent legislative, judicial and elector action. Ad valorem tax revenues are a source of payment of the Warrants; any diminution in the legal authority to levy and collect such taxes could adversely affect the timely payment of the Warrants.

### **Absence of Rating**

Neither the Warrants nor any other debt obligations of the District are rated by a securities rating agency. The District has not applied, and does not intend to apply, for any such rating. The absence of a rating may adversely affect the marketability of the Warrants.

### **Lack of Secondary Market**

The Underwriter has not agreed to maintain a secondary market for the Warrants, and the District does not anticipate that such a market will exist. Prospective purchasers of the Warrants should be prepared, therefore, to hold their Warrants until retired by the District.

### **Risks Specific to Construction Fund Warrants**

***Delinquent Special Assessments.*** Even in the absence of adverse property development conditions, the District anticipates that, from time to time, the payment of special assessments, with respect to various parcels of property in the District, will be delinquent. The District does not expect to collect a special assessment unless and until the lot to which it relates is developed, built upon and sold, at which time the sale price may include the amount of the special assessments. Alternatively, the owner may assume the obligation to repay the special assessments in installments. Installments of special assessments are due and payable annually, but the development and sales of District properties (and related collection of special assessments) may not occur by the time necessary to avoid delinquencies. Amounts available to the District from ad valorem tax revenues and other sources may not be sufficient to make up any special assessment shortfall. See "Extension of Warrant Maturity" below and "THE CONSTRUCTION FUND WARRANTS —Sources of Payments on Construction Fund Warrants" herein.

***Interest Payable in Warrants.*** The District expects to annually issue additional construction fund warrants representing the interest due on the Construction Fund Warrants and will seek to sell such construction fund warrants through the Underwriter to obtain funds to pay Construction Fund Warrant interest when due. The Underwriter is not obligated, however, to offer such warrants for sale, and there can be no assurance that any such sale will be possible otherwise. If the District is unable for any reason to sell the interest warrants, the District will issue such warrants directly to Construction Fund Warrant holders in lieu of checks or cash. Interest on all construction fund warrants, including the Construction Fund Warrants paid in the form of cash or check is paid by the Paying Agent to the holders thereof in order of their registration with the County Treasurer.

***Extension of Warrant Maturity.*** Construction fund warrants, such as the Construction Fund Warrants, must become due no later than five years after their date of issuance. The Act permits the extension of such maturity (without the construction fund warrant being in default) upon petition by the District to the County District Court, for a period determined by the court (often three years). The District may file such a petition if, for any reason, there are insufficient funds to pay Construction Fund Warrant principal at the original maturity. Subsequent to such issuance, additional construction fund warrants have been offered by the District with each such construction fund warrants coming due five years from the their date of issuance, unless such maturity date has been extended as described in this section.

Warrantholders receive notice of and may appear at the hearing held by the County District Court preliminary to the issuance of the court's order. Because the Construction Fund Warrants will be paid and retired in the order registered, the holders of later registered Construction Fund Warrants are more exposed to delay in or nonpayment of the payment of their principal than are the holders of the Construction Fund Warrants first registered.

***Inability to Issue Bonds.*** The Act authorizes sanitary and improvement districts to issue bonds for retiring construction fund warrants. The District expects to issue its bonds to retire the Construction Fund Warrants; however, the District may be unable to issue such bonds or, if issued, be insufficient in amount (together with other available moneys) to retire all the Construction Fund Warrants. General market conditions or changes in federal or State laws, including income tax laws, may preclude such an issuance. See "NEBRASKA DEVELOPMENTS RELATED TO BUDGETS AND DELINQUENCIES—Budget and Levy Limitations". The District also may not issue such bonds unless and until the District has sufficient taxable value to support (together with special assessments and other available moneys) the payment of debt service on the bonds. There can be no assurance that the District in fact will be able to issue bonds for the purpose of retiring the Construction Fund Warrants, in which case the timely payment of the Construction Fund Warrants will remain dependent on the collection of special assessments and ad valorem taxes.

#### **Risks Specific to General Fund Warrants**

***No Legal Opinion.*** No opinion has been delivered in connection with the issuance and sale of the General Fund Warrants. Purchasers of the General Fund Warrants are advised to consult their tax advisors as to the tax consequences of purchasing or holding the General Fund Warrants.

### **UNDERWRITING**

Smith Hayes Financial Services Corporation, as Underwriter, is purchasing the Warrants from the District for resale at a purchase price of 100% of the principal amount plus accrued interest, if any. The Underwriter will receive a fee (payable in additional construction fund warrants) from the District equal to 5.0% of the aggregate principal amount of the Warrants.

The Underwriter shall make a public offering of the Warrants at prices not in excess of the public offering prices set forth on the Addendum. The Warrants may be offered and sold to certain dealers at prices other than such public offering prices, and the Underwriter may change such public offering prices from time to time.

Pursuant to its agreement with the District, the Underwriter has agreed to place or purchase all of the District's construction fund warrants, in an aggregate principal amount not to exceed \$10,000,000. Such agreement is subject, among other factors, to the continued availability of unqualified Bond Counsel opinions as to the tax exemption of any construction fund warrants issued by the District.

From time to time, employees of the Underwriter may be offered and may purchase general fund warrants issued by the District. The Underwriter has the right to purchase warrants for its own account, and any profit made or loss suffered on any subsequent resale of such warrants shall be for the account of the Underwriter.

The District is required to pay annual interest upon the Construction Fund Warrants, and the District expects to issue additional construction fund warrants to pay such interest. The Underwriter has no obligation to purchase or place such construction fund warrants to provide cash for interest payments on construction fund warrants that are outstanding. If cash is not available for payment of interest on the construction fund warrants, such additional construction fund warrants for interest due will be issued directly to the Warrantholder.

### **TAX MATTERS**

#### **Legal Opinion**

The legal opinion of Baird Holm LLP, Omaha, Nebraska ("Bond Counsel"), approving the validity of the Construction Fund Warrants only will be provided to purchasers at the time of original delivery. No opinion will be

delivered with respect to the General Fund Warrants. Bond Counsel has examined a transcript of the District's proceedings and relied thereon without undertaking to verify the same by independent investigation. Bond Counsel has not reviewed, and undertakes no responsibility for, this Offering Circular or any of the information contained herein.

### **Tax Exemption**

In the opinion of Bond Counsel, under existing laws and assuming compliance by the District with certain covenants:

- (a) the interest on the Construction Fund Warrants is not includable in the gross income of the holders thereof under the Internal Revenue Code of 1986, as amended (the "Code"); and
- (b) the Construction Fund Warrants are not "private activity bonds" as defined in the Code.

Bond Counsel also is of the opinion that the Construction Fund Warrants are not "arbitrage bonds" under Sections 103(b)(2) and 148 of the Code and regulations applicable thereto. Such opinion, however, is subject to qualification that certain intentional actions on the part of the District under the terms of the Code could result in the classification of the Construction Fund Warrants as arbitrage bonds.

No opinion is expressed by Bond Counsel with respect to the validity of the General Fund Warrants or the treatment of interest on the General Fund Warrants.

No opinion is expressed by Bond Counsel with respect to the treatment of interest on Construction Fund Warrants under the additional corporate minimum tax on "adjusted current earnings" as provided for in Sections 56(c) and (g) of the Code or with respect to any other tax based thereon or with respect to any other consequences affecting the federal income tax liability of a recipient of the interest on the Construction Fund Warrants.

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

The opinions set forth above are subject to continuing compliance by the District with its covenants regarding federal tax laws in the respective resolutions. Failure to comply with such covenants could cause interest on the Construction Fund Warrants to be included in gross income retroactive to the date of issue of the Construction Fund Warrants.

The accrual or receipt of interest on the Construction Fund Warrants may otherwise affect the federal income tax liability of certain recipients such as banks, thrift institutions, property and casualty insurance companies, corporations (including S corporations and foreign corporations operating branches in the United States), Social Security or Railroad Retirement benefit recipients, taxpayers otherwise entitled to claim the earned income credit or taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations, among others. The extent of these other tax consequences will depend upon the recipients' particular tax status or other items of income or deduction. Bond Counsel expresses no opinion regarding any such consequences and investors should consult their own tax advisors regarding the tax consequences of purchasing or holding the Construction Fund Warrants.

The District has designated the Construction Fund Warrants as its "qualified tax exempt obligations" under Section 265(b)(3)(B)(i)(III) of the Code and has covenanted and warranted that the District does not reasonably expect to issue warrants or bonds or other obligations aggregating in the principal amount of more than \$10,000,000 during the current calendar year. Financial institutions considering investing in the Construction Fund Warrants should consult their tax advisors regarding the tax consequences of investing in the Construction Fund Warrants.

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to above or adversely affect the market value of the Warrants. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds or warrants issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Warrants. Purchasers of the Warrants should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Construction Fund Warrants, and Bond Counsel has expressed no opinion as of any date subsequent hereto or with respect to any pending legislation, regulatory initiatives or litigation.

The rights of the holders of the Warrants and the priorities and enforceability thereof may be subject to valid bankruptcy, insolvency, reorganization, moratorium, extension, compromise and other similar laws for the relief of debtors.

#### **NO LITIGATION**

No litigation is pending or, to the knowledge of the District, threatened in any court to restrain or enjoin the issuance or delivery of any of the Warrants or in any way contesting or affecting the validity of the Warrants or the District's resolutions approving the Warrants or contesting the powers or authority of the District to issue the Warrants or to adopt such resolutions.

#### **ONGOING DISCLOSURE**

The District has undertaken (the "Undertaking") on behalf of the Warrantholders to provide to the Municipal Securities Rulemaking Board ("MSRB"), in an electronic format accompanied by identifying information as prescribed by the MSRB, (a) financial information and operating data about the District and (b) notices of the material events specified by the Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (the "Rule"). See "APPENDIX C—Continuing Disclosure Undertaking".

A failure by the District to comply with the Undertaking will not constitute an event of default with respect to the Warrants, although any holder will have any available remedy at law or in equity, including seeking specific performance by court order, to cause the District to comply with its obligations under the Undertaking.

The District is required by the Act annually to file its independently audited financial statements with the Nebraska State Auditor of Public Accounts, where they are available as public records for inspection during normal business hours. See "FINANCIAL STATEMENTS".

#### **FINANCIAL STATEMENTS**

The District was organized in December of 2013 and does not have any audited financial statements. The State Auditor often waives the formal audit requirements with respect to the early years of a district, and the District expects the State Auditor to do so in its case. Once prepared, the audited financial statements for the District will be available for inspection at the offices of the attorney for the District in Omaha, Nebraska and at the offices of the State Auditor of Public Accounts in Lincoln, Nebraska. The District has retained Lutz & Company, PC, as its accountant.

#### **MISCELLANEOUS**

This Offering Circular has been executed and delivered by the Chairman of the Board of Trustees of the District, on behalf of the District. At the date of this Offering Circular and at the date of delivery of the Warrants, (a) the information and statements, including financial statements, of or pertaining to the District, contained in this Offering Circular were and are correct in all material respects; and (b) insofar as the District and its affairs, including its financial affairs, are concerned, this Offering Circular did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements

therein, in the light of the circumstances under which they were made, not misleading. The District further confirms that insofar as the descriptions and statements, including financial data, contained in this Offering Circular of or pertaining to nongovernmental bodies or governmental bodies other than the District are concerned, such descriptions, statements and data have been obtained from sources believed by the District to be reliable, and that the District has no reason to believe that they are untrue or incomplete in any material respect.

The appendices and the Addendum attached hereto are an integral part of this Offering Circular and must be read in conjunction with the foregoing material.

So far as any statements made in this Offering Circular involve matters of opinion, forecasts or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact.

**AUTHORIZATION OF OFFERING CIRCULAR**

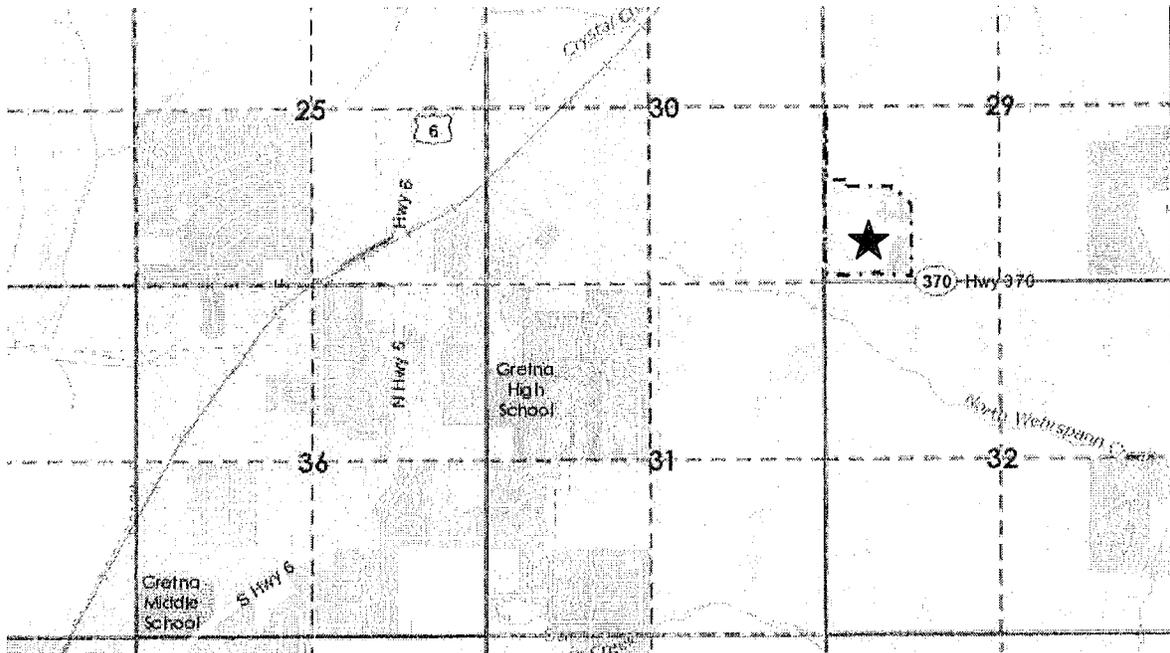
The District has duly authorized this Offering Circular and its distribution and use by the Underwriter.

SANITARY AND IMPROVEMENT  
DISTRICT NO. 299 OF SARPY COUNTY,  
NEBRASKA

By /s/  \_\_\_\_\_  
Chairman, Board of Trustees

APPENDIX A

LOCATION MAP OF THE DISTRICT



## APPENDIX B

### SARPY COUNTY, NEBRASKA INFORMATION

The following information about Sarpy County, Nebraska is included because the District is located within the County. *The Warrants are not a debt of, nor are they payable by, Sarpy County.*

#### GENERAL DESCRIPTION OF THE COUNTY

The County encompasses approximately 249 square miles, or 159,360 acres in area, and is located on the eastern border of Nebraska. Sarpy County is surrounded by Douglas County on the north, Saunders County on the west, Cass County on the south, and borders with the State of Iowa on the east. The Missouri River separates Iowa and Nebraska on Sarpy County's eastern edge. Papillion, the county seat of Sarpy County, is located ten miles from Omaha, Nebraska, and 45 miles from Lincoln, Nebraska. The current population of the County is estimated at 162,561.

Sarpy County, unlike most of Nebraska, does not have an agriculturally oriented economy. Offutt Air Force Base is located in the County, making the U.S. military the County's largest employer. Offutt is the headquarters for the Strategic Command ("STRATCOM").

The major highways serving Sarpy County include Interstate I-80 running from the north-center County line to the southwest corner of the County and connecting Omaha with Lincoln. U.S. Routes 73/75, and 6, and the Kennedy Freeway run north-south along with Nebraska Routes 50 and 85. The major east-west thoroughfare is Nebraska Route 370.

Rail facilities serving the County include the Union Pacific Railroad and the Burlington Northern Santa Fe Railroad. Residents of the County use Omaha's Eppley Field for air transportation.

*Source: 2010 US Census*

#### THE ECONOMY

The economy of Sarpy County can be described as follows:

Labor Force. According to the Nebraska Department of Labor, the average monthly civilian labor force in Sarpy County in 2011 was 82,002. According to Offutt Air Force Base, there are 9,657 military and civilian personnel employed on the base in Bellevue.

*Source: State of Nebraska; Sarpy County Department of Labor Planning and Development, Toby Churchill (for military assigned).*

Per Capita Personal Income. In 2011, the per capita personal income of Sarpy County residents was \$41,865, which was 98.6% of the Nebraska average per capita income of \$42,450. Sarpy County's 28.5% population under age 18 explains the lower per capita income.

*Source: US Census and Sarpy County*

Median Household Income. In 2011, the median income of households in Sarpy County was \$69,018.

*Source: US Census*

Sales. Net taxable sales (excluding motor vehicles) within the County increased from \$1,073,751,329 in 2010 to \$1,118,043,437 in 2011, representing a 4.1% increase over the prior year.

*Source: Nebraska Department of Revenue Research Department*

## **INDEBTEDNESS**

The County by law may assess taxes in an amount not to exceed \$0.50 per \$100 of actual valuation without an approving vote of the citizens of the County. The County's total tax levy for fiscal year 2011-2012 is 29.990 cents per \$100 of actual valuation.

### **LIMITED TAX BUILDING BONDS, SERIES 2007 (Courthouse Addition)**

The County issued \$7,000,000 Limited Tax Building Bonds dated February 6, 2007 to finance the construction of a Courthouse Administrative Addition. Refunding bonds were issued on August 8, 2011 in the amount of \$4,165,000, of which \$3,150,000 remain outstanding.

### **LIMITED TAX BUILDING BONDS, SERIES 2008 (Courthouse Remodel)**

The County issued \$5,700,000 Limited Tax Building Bonds dated June 5, 2008 to finance the remodel of the existing Courthouse, \$3,615,000 of which remain outstanding.

### **HIGHWAY ALLOCATION BONDS, SERIES 2009 (96TH STREET)**

The County issued \$6,075,000 in Highway Allocation Bonds dated February 18, 2009 to finance the repayment of the 96th Street Project, of which \$1,250,000 remain outstanding.

### **LIMITED TAX BUILDING BONDS, SERIES 2009 (Law Enforcement Center)**

The County issued \$7,790,000 Limited Tax Building Bonds dated December 8, 2009 to finance the construction of a Law Enforcement Center, \$5,620,000 of which remain outstanding.

### **SARPY COUNTY LEASING CORPORATION LEASE RENTAL REVENUE BONDS (OMAHA ROYALS STADIUM PROJECT) (DEBT ISSUED BY SARPY COUNTY LEASING CORPORATION)**

The Sarpy County Leasing Corporation issued bonds dated October 15, 2009 in the aggregate principal amount of \$18,985,000 to pay the costs of acquiring, constructing, equipping and furnishing a baseball stadium owned by Sarpy County and leased to Omaha Royals Limited Partnership for use by the Omaha Storm Chasers Baseball Team.

The aggregate principal amount consists of the following:

- **Series 2009A** Bonds \$4,195,000, of which \$3,860,000 remain outstanding.
- **Taxable Series 2009B** (Build America Bonds) \$9,290,000, of which \$9,290,000 remain outstanding.
- **Taxable Series 2009C** \$5,500,000, of which \$5,500,000 remain outstanding.

The Sarpy County Leasing Corporation issued bonds dated November 23, 2010 to pay the costs of acquiring, constructing, equipping and furnishing a baseball stadium owned by Sarpy County and leased to Omaha Royals Limited Partnership for use by the Omaha Storm Chasers Baseball Team. The aggregate principal amount consists of the following:

- **Series 2010** (Recovery Zone Facility Bonds) \$8,070,000, of which \$8,070,000 remain outstanding.

*Source: Bond Debt Service Schedules*

## **EMPLOYERS**

The twenty largest employers located in the County and the nature of their business are as follows:

<b>COMPANY</b>	<b>ADDRESS</b>	<b>PHONE</b>	<b>INDUSTRY</b>
Offutt Air Force Base	205 Looking Glass Ave. #121	402-294-5533	Government
PayPal, Inc.	12312 Port Grace Blvd. LaVista, NE 68128	402-935-2000	Service
Bellevue Public Schools	1600 Hwy 370 Bellevue, NE 68005	402-293-4000	Education
Werner Enterprises	14507 Frontier Road Omaha, NE 68145	402-895-6640	Trucking
Papillion-LaVista Schools	420 South Washington Street, Papillion, NE 68046	402-537-6200	Education
InfoGroup Compilation Center	1020 East First Street Papillion, NE 68046	402-593-4500	Service
Bellevue University	1000 Galvin Road S. Bellevue, NE 68005	402-293-3800	Education
Ehrling Bergquist Clinic	2501 Capehart Road Offutt AFB, NE 68113	402-294-5533	Military Healthcare
Hillcrest Health Systems	1702 Hillcrest Drive Bellevue, NE 68005	402-682-4800	Healthcare
Oriental Trading Company	4206 South 108th Street Omaha, NE 68137	402-331-5511	Warehouse/ Distribution
TD Ameritrade	1001 Fort Crook Road N. Bellevue, NE 68005	402-970-7000	Financial
Sarpy County Government	1210 Golden Gate Dr. Papillion, NE 68046	402-593-2346	Gov't
Northrup Grumman	3200 Sampson Way Bellevue, NE 68005	402-291-8300	Service
Alegent Health Midlands Hospital	1111 South 84th Street Papillion, NE 68046	402-593-3000	Healthcare
Bellevue Medical Center	2500 Bellevue Med Ctr Dr. Bellevue, NE 68123	402-763-3000	Healthcare
Wal-Mart Super Center (Bellevue, Gretna & Papillion)	10504 S. 15th Street Bellevue, NE 68005	402-299-0156	Retail
Gretna Public Schools	11717 S. 216 <sup>th</sup> Street Gretna, NE 68028	402-332-3265	Education
Securities America, Inc.	12325 Port Grace Blvd. LaVista, NE 68128	402-339-9111	Financial
Super Target Stores (Bellevue & Papillion)	716 N. Washington Street Papillion, NE 68046	402-597-9990	Retail
TSL Cos.	9902 S. 148 <sup>th</sup> Street Omaha, NE 68138	402-895-6692	Trucking

*Source: Sarpy County Department of Labor Planning & Development, Toby Churchill*

## 20 LARGEST TAXPAYERS

The largest taxpayers located in the County, the actual taxes of their property and the type of their business include the following:

BUSINESS NAME	2011 Taxes*	NATURE OF BUSINESS
Shadow Lake Towne Center LLC	\$2,135,828.00	Retail Business
JQH LaVista Conference/CY Dev/III Dev	\$1,332,916.00	Conference Center & Hotel
Offutt AFB America	\$993,100.00	Base Housing
Walmart Real Estate/Stores	\$927,555.00	Retail Business
Werner Leasing, Inc./Werner Enterprises	\$889,780.00	Lease/Trucking Company
PayPal	\$786,715.00	Commercial Business
Wells Exchange-Maass Rd/Samson Way	\$777,356.00	Foreign LLC
Harrison Hills Apartments	\$642,309.00	Apartments
Toys NE QRD 15-74 Inc.	\$604,457.00	Distribution
Cole Mt. Papillion NE LLC	\$520,314.00	Retail Business
Shopko Properties/Real Estate	\$462,575.00	Distribution
Edward Rose Development	\$434,077.00	Apartments
NS OVLK LLC	\$415,875.00	Apartments
Rock Creek Apartments	\$406,604.00	Apartments
Hillcrest Development	\$389,226.00	Healthcare & Apartments
Pointe Partnership	\$385,534.00	Apartments
Nebraska Machinery	\$359,117.00	Retail Business
Twin Creek Apartments, LLC	\$354,527.00	Apartments
Cox Communications	\$333,980.00	Telecommunications
MFR Partners IX LLC	\$328,801.00	Apartments

\*Totals based on names on file

Source: Sarpy County Treasurer's Office

## SARPY COUNTY BUILDING PERMITS\*

Year	Single Family		Multi Family	
	Permits	Value	Permits	Value
2000	258	\$26,190,175	10	\$14,040,000
2001	281	\$28,562,177	0	\$ -
2002	340	\$35,253,309	0	\$ -
2003	467	\$49,115,417	2	\$ 460,880
2004	696	\$71,447,719	0	\$ -
2005	685	\$72,518,595	0	\$ -
2006	689	\$75,054,119	1	\$ 1,080,000
2007	400	\$48,871,958	1	\$ 1,000,000
2008	359	\$58,579,543	1	\$ 1,080,000
2009	216	\$43,714,130	1	\$ 1,617,941
2010	78	\$34,085,230	1	\$ 1,238,465
2011	169	\$36,527,462	0	\$ -
2012	195	\$38,787,474	0	\$ -

\* Includes only areas outside city zoning jurisdictions.

**Commercial/Industrial Permits**

<u>Year</u>	<u>Permits</u>	<u>Value</u>
2000	12	\$18,421,674
2001	20	\$15,780,009
2002	18	\$10,553,549
2003	16	\$ 8,074,954
2004	10	\$ 6,265,000
2005	29	\$20,637,828
2006	25	\$15,496,200
2007	20	\$18,089,880
2008	12	\$13,027,139
2009	7	\$ 3,061,475
2010	4	\$ 2,742,806
2011	12	\$ 1,727,142
2012	17	\$ 6,540,526

Source: Sarpy County Building and Planning Department

**LEVIES, COLLECTIONS AND VALUATIONS**

**History of Levied and Collected Taxes**

	<b>2009</b>	<b>2010</b>	<b>2011</b>
<b>TAX CERTIFIED BY THE ASSESSOR-</b>			
<b>Including Interest and Publication Fees:</b>			
Real Estate	\$220,153,177	\$223,763,709	\$229,114,944
Personal	6,543,243	6,418,201	5,689,567
Centrally Assessed	<u>1,306,095</u>	<u>1,210,009</u>	<u>1,088,752</u>
	\$228,002,515	\$231,391,919	\$235,893,263
<b>NET TAX COLLECTED BY THE COUNTY</b>			
<b>TREASURER AS OF JUNE 30, 2012-</b>			
<b>Including Interest and Publication Fees:</b>			
Real Estate	\$220,061,421	\$223,459,975	\$124,789,534
Personal	6,395,665	6,349,004	3,832,127
Centrally Assessed	<u>1,306,095</u>	<u>1,207,451</u>	<u>669,043</u>
	\$227,763,181	\$231,016,430	\$129,290,704
<b>TOTAL UNCOLLECTED TAX</b>			
<b>AS OF JUNE 30, 2012:</b>			
Real Estate	\$ 91,756.00	\$303,734.00	\$104,325,410.00
Personal	147,578.00	69,197.00	1,857,440.00
Centrally Assessed	<u>-</u>	<u>2,558.00</u>	<u>419,709.00</u>
	\$239,334.00	\$375,489.00	\$106,602,559.00
<b>PERCENTAGE</b>	<u><b>0.10%</b></u>	<u><b>0.16%</b></u>	<u><b>45.19%</b></u>

Source: Sarpy County Unaudited Financial Statements

**Actual Value of Taxable Property**

<b>Tax Year</b>	<b>Actual Valuation</b>	<b>Percentage of Increase</b>
2000	\$5,073,481,790.00	--
2001	\$5,693,368,879.00	12.22%
2002	\$6,211,567,033.00	9.10%
2003	\$6,693,775,606.00	7.76%
2004	\$7,262,349,503.00	8.49%
2005	\$8,105,260,699.00	11.61%
2006	\$9,053,018,756.00	11.69%
2007	\$9,969,144,239.00	10.12%
2008	\$10,716,813,121.00	7.50%
2009	\$10,977,324,419.00	2.43%
2010	\$11,076,469,531.00	0.90%
2011	\$11,197,886,358.00	1.10%
2012	\$11,451,696,861.00	2.30%

Source: Sarpy County Assessor

**History of County Tax Levies (Cents per \$100 of Assessed Valuation)**

<b>Year</b>	<b>Amount</b>
2000	29.008
2001	29.008
2002	29.990
2003	29.990
2004	29.990
2005	29.990
2006	29.990
2007	29.990
2008	29.990
2009	29.990
2010	29.990
2011	29.990
2012	29.990

Source: Sarpy County

**POPULATION**

**Sarpy County Population (2000-2011)**

<b>Year</b>	<b>Population</b>
July 1, 2000 (census)	122,595
October 24, 2002 (estimate)	125,836
July 2003 (estimate)	132,476
July 2004 (estimate)	135,973
July 2005 (estimate)	139,371
July 2006 (estimate)	142,637
July 2007 (estimate)	146,756
July 2008 (estimate)	150,467
July 2009 (estimate)	153,504
July 2010 (Census)	158,840
July 2011 (estimate)	162,561

Source: U.S. Census

## APPENDIX C

### CONTINUING DISCLOSURE UNDERTAKING

*The following is the District's continuing disclosure undertaking pursuant to Securities and Exchange Commission Rule 15c2-12(d)(2) which the District has incorporated by reference into the resolution approving this Offering Circular.*

- a) The District does hereby covenant and agree and enters into this written undertaking (the "Undertaking") for the benefit of the holders of the District's general fund warrants (the "General Fund Warrants") and construction fund warrants (the "Construction Fund Warrants" and together with the General Fund Warrants, the "Warrants") required by Section (d)(2) of Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (17 C.F.R. § 240.15c2-12) (the "Rule"). Capitalized terms used in this Undertaking and not otherwise defined in this Undertaking shall have the meanings assigned such terms in subsection (f) hereof. It being the intention of the District that there be full and complete compliance with the Rule, this Undertaking shall be construed in accordance with the written interpretative guidance and no-action letters published from time to time by the Securities and Exchange Commission and its staff with respect to the Rule.
- b) The District represents and warrants that the aggregate amount of its outstanding construction fund warrants, its outstanding general fund warrants and its outstanding bonds does not exceed \$10,000,000.
- c) The District undertakes to provide Financial Information about the District to the MSRB, via Bankers Trust Company, as Dissemination Agent pursuant to a Dissemination Agent Agreement between the District and Bankers Trust Company (the "Dissemination Agent"), in an electronic format accompanied by identifying information as prescribed by the MSRB, to the extent that the District customarily prepares such Financial Information and makes it publicly available. The District shall provide any information or notice required by this Undertaking to the Dissemination Agent. The Dissemination Agent will not be responsible for compiling any of the information required to be provided by this Undertaking.
- d) The District designates as the person from whom its Financial Information and Material Event Notices can be obtained: Ms. Melissa Stover, Bankers Trust Company, as Dissemination Agent, 453 7th Street, Des Moines, Iowa, 50309, Telephone: (515) 245-5269.
- e) If a Material Event occurs while any Warrants are Outstanding, the District shall provide a Material Event Notice in a timely manner, not in excess of 10 business days after the occurrence of the event, to the MSRB. Each Material Event Notice shall be so captioned and shall prominently state the date and title of the Warrants.
- f) The following are the definitions of the capitalized terms used in this Undertaking and not otherwise defined in this Undertaking:
  - i) "*Financial Information*" means the financial information or operating data with respect to the District, which is customarily prepared by the District and is publicly available. The District customarily prepares and makes publicly available its Audited Financial Statements. In connection with its issues of warrants and bonds, the District from time to time prepares and makes publicly available its offering documents containing, among other things, financial information and operating data about the District.
  - ii) "*Audited Financial Statements*" means the District's annual financial statements, prepared in accordance with GAAP for governmental units as prescribed by GASB, which financial statements shall have been audited by such auditor as shall then be required or permitted by the laws of the State of Nebraska.
  - iii) "*Material Event*" means any of the following events with respect to the Warrants:
    - (a) Principal and interest payment delinquencies;

- (b) Non-payment related defaults, if material;
  - (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, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the Construction Fund Warrants;
  - (g) Modifications to rights of Warrantholders, if material;
  - (h) Warrant calls, if material;
  - (i) Defeasances;
  - (j) Release, substitution or sale of property securing repayment of the Warrants, if material;
  - (k) Rating changes;
  - (l) Bankruptcy, insolvency, receivership or similar event of District;
  - (m) The consummation of a merger, consolidation or acquisition involving the District or the sale of all or substantially all of the assets of the District other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
  - (n) Appointment of a successor or additional paying agent or the change of name of a paying agent, if material
- iv) *“Material Event Notice”* means an electronic notice of a Material Event.
- v) *“MSRB”* means the Municipal Securities Rulemaking Board. As of July 1, 2009, the MSRB is the sole repository to which the District must electronically submit Financial Information, Audited Financial Statements, if any, and Material Event Notices pursuant to this Undertaking. Reference is made to Commission Release No. 34-59062, December 8, 2008 (the “Release”) relating to the MSRB’s Electronic Municipal Market Access (“EMMA”) system for municipal securities disclosure that became effective on July 1, 2009. To the extent applicable to its Undertakings, the District shall comply with the Release and with EMMA.
- g) The continuing obligation hereunder of the District to provide Financial Information, Audited Financial Statements, if any, and Material Event Notices shall terminate immediately once the Warrants no longer are outstanding. This Undertaking, or any provision hereof, shall be null and void in the event that the District obtains an opinion of nationally recognized bond counsel to the effect that those portions of the Rule which require this Undertaking, or any such provision, are invalid, have been repealed retroactively or otherwise do not apply to the Warrants, provided that the District shall have provided notice of such delivery and the cancellation of this Undertaking to the MSRB.
- h) This Undertaking may be amended, without the consent of the Warrantholders, but only upon the District obtaining an opinion of nationally recognized bond counsel to the effect that such amendment, and giving effect thereto, will not adversely affect the compliance of this Undertaking with the Rule, provided that the District shall have provided notice of such delivery and of the amendment to the MSRB. Any such amendment shall satisfy, unless otherwise permitted by the Rule, the following conditions:

- i) The amendment may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the District or type of business conducted;
  - ii) This Undertaking, as amended, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and
  - iii) The amendment does not materially impair the interests of Warranholders, as determined either by parties unaffiliated with the District (such as nationally recognized bond counsel), or by approving vote of Warranholders pursuant to the terms of this Undertaking at the time of the amendment.
- i) The initial Financial Information after the amendment shall explain, in narrative form, the reasons for the amendment and the effect of the change, if any, in the type of operating data or financial information being provided.
  - j) Any failure by the District to perform in accordance with this Undertaking shall not constitute an event of default with respect to the Warrants. If the District fails to comply herewith, any Warranholder may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the District to comply with its obligations hereunder.

**APPENDIX D**  
**INDEPENDENT AUDITOR'S REPORT AND FINANCIAL**  
**STATEMENTS OF THE DISTRICT**

## APPENDIX E

### FORM OF INVESTOR LETTER FOR GENERAL FUND WARRANTS

[DATE]

SMITH HAYES Financial Services Corporation  
Lincoln, Nebraska 68508

Sanitary and Improvement District Warrants

Ladies and Gentlemen:

The undersigned (the "Buyer") hereby agrees to purchase from SMITH HAYES Financial Services Corporation/SMITH HAYES Companies acting as principal \$\_\_\_\_\_ aggregate principal amount of various Sanitary and Improvement Districts the ("Districts") general fund warrants (the "Warrants") at par as listed on the attached schedule.

In connection with the purchase of the Warrants, the Buyer hereby makes the following representations, upon which you may rely:

1. The Buyer acknowledges and represents that it has been advised that the Warrants are not registered under the Securities Act of 1933, as amended (the "1933 Act"). The Buyer therefore recognizes and agrees that no trading market now exists for the Warrants and will not likely exist in the future. The Buyer also understands that transfer of the Warrants is restricted. Accordingly, the Buyer understands and agrees that it may need to hold and bear the risks of this investment for an indefinite time, since any sale prior to the maturity of the Warrants may not be possible and even if permitted may be at a price below the purchase price.

2. The Buyer acknowledges and agrees that it has been offered copies of or full access to all documents relating to the Warrants and all records, reports, financial statements, and other information concerning the Districts pertinent to the source of payment for the Warrants to which a reasonable sophisticated investor like the Buyer would attach significance in making investment decisions. The Buyer acknowledges and agrees that no opinion has been furnished regarding whether interest to be paid on the Warrants is exempt from tax under federal or state tax law and that SMITH HAYES and its representatives have made no assurances or representations to Buyer regarding the same.

3. The Buyer is familiar with and has invested in other warrants issued by other sanitary and improvement districts in the past and is otherwise sufficiently knowledgeable and experienced in financial and business matters to be able to evaluate the risks and merits of the investment in the Warrants. Buyer is aware of the risks, including the risks arising out of the illiquid nature of the Warrants, the dependency of the Districts on sales of real estate or the ability to levy taxes to pay the principal and or interest on the Warrants and the tax risks arising from an investment in the Warrants. The Buyer has a net worth over \$1.5 million excluding their personal residence and has over \$750,000 of other investments, prior to buying the Warrants. An investment in the Warrants will constitute less than 25% of the Buyer's current securities investment portfolio.

4. The Buyer understands and agrees that the Warrants are not secured by any obligation or pledge of any money received or to be received from taxation from the State of Nebraska or any political subdivision or taxing authority thereof, except property taxes to be levied and moneys appropriated by the District, nor will the Warrants ever represent, or constitute a general obligation, debt, bonded

indebtedness, or pecuniary obligation of the State of Nebraska or any political subdivision thereof, except to the extent of the District's obligation to levy taxes and appropriate funds. The Buyer understands that the District's obligation is limited by constitutional and statutory limits on levy and appropriation.

5. The Warrants are being acquired by the Buyer for investment and not with a view to or for resale. The Buyer intends to hold the Warrants for its own account for an indefinite period of time, and does not intend to dispose of all or any portion of the Warrants.

6. The Buyer will not offer, sell, or otherwise dispose of all or any part of or interest in the Warrants, except (i) in full good faith compliance with all securities registration, broker-dealer, anti-fraud, and other provisions of applicable state and federal laws, (ii) with full and accurate disclosure of all material facts to the prospective purchaser(s) or transferee(s), (iii) either under effective federal and state registration statements (which the Districts shall in no way be obligated to provide) or pursuant to exemptions from such registrations; and (iv) such purchaser agrees to sign an investment letter in form satisfactory to the Districts.

7. The Buyer has been informed and agrees that (i) stop transfer notations may be made on the Districts' transfer records, and (ii) a legend may be placed on the Warrants or any other documents evidencing ownership of the Warrants to the effect that the Warrants have not been registered under the Securities Act of 1933 or the applicable state "Blue Sky" laws and that the Warrants may not be disposed of unless they are registered there under or resold or otherwise disposed of pursuant to an exemption from such registration.

It is understood that the Buyer has independently undertaken to verify the accuracy, completeness, and truth of any statements made concerning any of the material facts relating to this transaction, including information regarding the business and financial condition of the Districts. The Buyer has been offered an opportunity to have made available to it any and all such information it might request from the Districts. The Buyer agrees that it is not relying on SMITH HAYES, or any other party or person other than the Districts, to undertake the furnishing or verification of information relating to this transaction.

Very truly yours,

BUYER

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

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

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

Authorized Officer of SMITH HAYES

**Procedures  
Federal Tax Law and Disclosure Requirements for  
Outstanding Bonds and Warrants**

**POLICY**

It is the policy of Sanitary and Improvement No. 299 of Sarpy County, Nebraska, (the "District") to comply with all Federal tax requirements and securities law continuing disclosure obligations for its outstanding tax-exempt bonds and warrants (the "Tax-Exempt Obligations") to ensure (a) that interest on its Tax-Exempt Obligations remains exempt from Federal income tax and (b) compliance with any continuing disclosure obligations of the District with respect to its outstanding Tax-Exempt Obligations.

**PROCEDURES**

Compliance Officer. Review of compliance with Federal tax requirements and securities law continuing disclosure obligations as generally outlined below shall be conducted by the Clerk of the District (the "Compliance Officer").

Training. The Compliance Officer shall evaluate and review educational resources regarding post-issuance compliance with Federal tax and securities laws, including periodic review of resources published for Districts of tax-exempt obligations by the Internal Revenue Service (either on its website at <http://www.irs.gov/taxexemptbond>, or elsewhere) and the Municipal Securities Rulemaking Board (either on its Electronic Municipal Market Access website ["EMMA"] at <http://www.emma.msrb.org/>, or elsewhere).

Compliance Review. A compliance review shall be conducted at least annually by or at the direction of the Compliance Officer. The review shall occur at the time the District's annual audit takes place, unless the Compliance Officer otherwise specifically determines a different time period or frequency of review would be more appropriate.

Scope of Review.

*Document Review.* At the compliance review, the following documents (the "Bond Documents") shall be reviewed for general compliance with covenants and agreements and applicable regulations with respect to each outstanding Tax-Exempt Obligation:

- (a) the resolution(s) adopted by the governing body of the District authorizing the issuance of its outstanding Tax-Exempt Obligations, together with any documents setting the final rates and terms of such Tax-Exempt Obligations (the "Authorizing Proceedings"),
- (b) the tax documentation associated with each Tax-Exempt Obligation (the "Tax Documents"),
- (c) the District's continuing disclosure obligations, if any, contained in the Authorizing Proceedings or in a separate agreement, as the case may be (the "Continuing Disclosure Obligations"), and
- (d) any communications or other materials received by the District or its counsel, from bond counsel, the underwriter or placement agent or its counsel, the Internal Revenue Service (the "IRS"), or any other material correspondence relating to the tax-exempt status of the District's Tax-Exempt Obligations, or relating to the District's Continuing Disclosure Obligations.

*Use and Timely Expenditure of Bond Proceeds.* Expenditure of proceeds of outstanding Tax-Exempt Obligations shall be reviewed by the Compliance Officer to ensure (a) such proceeds are spent for the purpose stated in the Authorizing Proceedings and as described in the Tax

Documents and (b) that the proceeds, together with investment earnings on such proceeds, are spent within the timeframes described in the Tax Documents and (c) that any mandatory redemptions from excess proceeds of Tax-Exempt Obligations are timely made if required under the Authorizing Proceedings and the Tax Documents.

*Arbitrage Yield Restrictions and Rebate Matters.* The Tax Documents shall be reviewed by the Compliance Officer to ensure compliance with any applicable yield restriction requirements under Section 148(a) of the Internal Revenue Code (the "Code") and timely calculation and payment of any rebate and the filing of any associated returns pursuant to Section 148(f) of the Code. A qualified rebate analyst shall be engaged as appropriate or as may be required under the Tax Documents.

*Use of Bond Financed Property.* Findings, expectations, representations, warranties, covenants and agreements contained in the Bond Documents regarding private use shall be reviewed by the Compliance Officer to ensure compliance. Property financed with Tax-Exempt Obligations shall be clearly identified (by mapping or other reasonable means). Prior to execution, the Compliance Officer (and the District's counsel, if deemed appropriate by the Compliance Officer) shall review (a) all proposed leases, contracts related to operation or management of property financed with Tax-Exempt Obligations, take-or-pay contracts or other agreements or arrangements or proposed uses which have the potential to give any entity any special legal entitlement to the property financed with Tax-Exempt Obligations, (b) all proposed agreements which would result in disposal of any property financed with Tax-Exempt Obligations, and (c) all proposed uses of property financed with Tax-Exempt Obligations which were not anticipated at the time the Tax-Exempt Obligations were issued. Such actions could be prohibited by the Authorizing Proceedings, the Tax Documents or Federal tax law.

*Continuing Disclosure.* Compliance with the Continuing Disclosure Obligations with respect to each Tax-Exempt Obligation issue shall be evaluated (a) to ensure timely compliance with any annual disclosure requirement, and (b) to ensure that any material events have been properly disclosed as required by the Continuing Disclosure Obligation.

Record Keeping. If not otherwise specified in the Bond Documents, all records related to each Tax-Exempt Obligation shall be kept for the life of the indebtedness associated with such Tax-Exempt Obligation (including all tax-exempt refundings) plus six (6) years.

Incorporation of Tax Documents. The requirements, agreements and procedures set forth in the Tax Documents, now or hereafter in existence, are hereby incorporated into these procedures by this reference and are adopted as procedures of the District with respect to the series of Tax-Exempt Obligations to which such Tax Documents relate.

Consultation Regarding Questions or Concerns. Any questions or concerns which arise as a result of any review by the Compliance Officer shall be raised by the Compliance Officer with the District's counsel or with bond counsel to determine whether non-compliance exists and what measures should be taken with respect to any non-compliance.

VCAP and Remedial Actions. The District is aware of (a) the Voluntary Closing Agreement Program (known as "VCAP") operated by the IRS which allows Districts under certain circumstances to voluntarily enter into a closing agreement in the event of certain non-compliance with Federal tax requirements and (b) the remedial actions available to Districts of certain obligations under Section 1.141-12 of the Income Tax Regulations for private use of property financed with Tax-Exempt Obligations which was not expected at the time the Tax-Exempt Obligations were issued.

**Estimated Constuction Fund Warrant Absorption  
Aspen Creek  
Phase 1**

Proposed Improvement	Quantity	Unit	Construction Cost
<b><u>SANITARY SEWER</u></b>			
Interior	10510	LF	\$ 610,900
Outfall	1250	LF	\$ 259,000
Connection Fees-Gretna/Interceptor	160	Lots	\$ 447,200
Connection Fees - Sub-Basin/Interceptor	71.705	AC	\$ 54,700
<b><u>STORM SEWER</u></b>			
Interior	4600	LF	\$ 320,800
Acquisition (Water Quality)	0.48	AC	\$ 23,000
<b><u>PAVING</u></b>			
Minor	45000	SY	\$ 1,522,000
Major (192nd Street)	12896	SY	\$ 677,900
<b><u>PARKS</u></b>			
Improvements			\$ 79,400
<b><u>WATER</u></b>			
Interior	13740	LF	\$ 637,400
Off-Site	2640	LF	\$ 659,300
Capital Facility Fees	160	Lots	\$ 89,300
<b><u>POWER</u></b>			
Service	160	Lots	\$ 140,800

**CIVIL DEFENSE SIREN**

Service	1 LS	\$	30,000
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**PLAN REVIEW FEE**

1 %	\$	49,900
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Total	\$	5,601,600
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**Notes:**

LS = Lump Sum Payment by SID

Sanitary Sewer Connection Fees will need to be paid prior to recording the final plat

Total Cost	Estimated Working Days				
		5/15/2014	6/16/2014	7/15/2014	8/15/2014
\$ 878,500	75		\$ 87,850	\$ 307,475	\$ 307,475
\$ 372,500	25				\$ 37,250
\$ 527,600	LS	\$ 527,600			
\$ 64,500	LS	\$ 64,500			
\$ 468,600	40			\$ 46,860	\$ 164,010
\$ 27,500	LS	\$ 27,500			
\$ 2,119,300	50				\$ 423,860
\$ 975,700	50			\$ 195,140	\$ 341,495
\$ 114,200					
\$ 887,500	45				
\$ 765,000		\$ 92,755			
\$ 105,400	LS	\$ 105,400			
\$ 197,600	LS			\$ 197,600	

\$ 42,400 LS

\$ 56,000 LS \$ 56,000

\$ 7,602,300 \$ 873,755 \$ 87,850 \$ 747,075 \$ 1,274,090

				Total
9/15/2014	10/15/2014	11/15/2014	12/15/2014	12/15/2014
\$ 175,700				\$ 878,500
\$ 149,000	\$ 149,000	\$ 37,250		\$ 372,500
				\$ 527,600
				\$ 64,500
\$ 164,010	\$ 93,720			\$ 468,600
				\$ 27,500
\$ 741,755	\$ 741,755	\$ 211,930		\$ 2,119,300
\$ 341,495	\$ 97,570			\$ 975,700
			\$ 114,200	\$ 114,200
				\$ -
\$ 177,500	\$ 310,625	\$ 310,625	\$ 88,750	\$ 887,500
	\$ 336,123	\$ 336,123		\$ 765,000
				\$ 105,400
				\$ -
				\$ 197,600

\$ 42,400

\$ 42,400

\$ 56,000

\$ 1,749,460 \$ 1,771,193 \$ 895,928 \$ 202,950 \$ - \$ 7,602,300