

CITY OF CRETE, NEBRASKA
CITY COUNCIL REGULAR MEETING
October 17, 2017

Notice of the meeting was given by posting and publishing in The Crete News, the appointed method for giving notice as shown by the Proof of Publication attached to the minutes. Advance notice of the meeting was also given to the Mayor and City Council. Pursuant to Section 84-1412(8) of the Nebraska Open Meetings Act, the City has posted a current copy of the Open Meetings Act, Laws of the State of Nebraska in the back of the Council Chambers. Additional copies are available to read. The City may consider items listed on the agenda in random order. All proceedings shown were taken while the meeting was open to the attendance of the public.

Those in attendance pledged allegiance to the flag.

1. Open Meeting

Kyle
Frans: Present

Travis
Sears: Present

Dale
Strehle: Present

Present: 3.

2. Roll Call

3. Special Order of Business

3.A. Taser Purchase

10/17/17 Finance: Approve purchase of tasers as budgeted. Carried with a motion by Kyle Frans and a second by Dale Strehle.

Kyle Frans: Aye, Travis Sears: Aye, Dale Strehle: Aye
Aye: 3, No: 0

3.B. Patrol Car Purchase

10/17/17 Finance: Approve the purchase of a patrol car as budgeted. Carried with a motion by Kyle Frans and a second by Dale Strehle.

Kyle Frans: Aye, Travis Sears: Aye, Dale Strehle: Aye
Aye: 3, No: 0

3.C. LB357 Sales Tax Bonds

4. Officers' Reports

5. Adjournment

Mayor

(SEAL)

City Clerk-Treasurer

I, Jerry Wilcox, City Clerk for the City of Crete, hereby certify that the foregoing is a true and correct copy of the proceedings had and done by the Mayor and Council. I hereby certify that a copy of the Open Meetings Act was posted in the back of the Council Chambers. I certify that all of the subjects included in the foregoing proceedings were contained in the agenda for the meeting, kept continually current and available for public inspection at the office of the City Clerk. I certify that such subjects were contained in said agenda for at least twenty-four hours prior to said meeting and that at least one copy of all reproducible material discussed at the meeting was available at the meeting for examination and copying by members of the public. I certify that the minutes were in written form and available for public inspection within ten working days and prior to the next convened meeting of the City Council. I certify that all news media requesting notification concerning meetings of the City Council were provided with advance notification of the time and place of said meeting and the subjects to be discussed.

City Clerk-Treasurer

(S E A L)

Recommended Purchase

Product	Qty	Price	Total
X2	3	\$1,103.31	\$3,309.93
X2 Holster	3	\$70.54	\$211.62
X2 - APPM	8	\$70.54	\$564.32
X2 - Cartridges	12	\$33.74	\$404.88
X26 - DPM	10	\$44.94	\$449.40
		Total	\$4,940.15

STATE OF NEBRASKA CONTRACT AWARD

State Purchasing Bureau
1526 K Street, Suite 130
Lincoln, Nebraska 68508

Telephone: (402) 471-6500
Fax: (402) 471-2089

CONTRACT NUMBER
14604 OC
Primary Award
E85 Award

PAGE 1 of 4	ORDER DATE 08/28/17
BUSINESS UNIT 9000	BUYER DIANNA GILLILAND (AS)
VENDOR NUMBER: 503856	
VENDOR ADDRESS: AFL, LLC DBA ANDERSON FORD LINCOLN MERCURY MAZDA 2500 WILDCAT DR PO BOX 83644 LINCOLN NE 68501-3644	

AN AWARD HAS BEEN MADE TO THE CONTRACTOR NAMED ABOVE FOR THE FURNISHING OF MATERIALS AND/OR SERVICES AS LISTED BELOW FOR THE PERIOD:

SEPTEMBER 23, 2017 THROUGH SEPTEMBER 22, 2018

NO ACTION ON THE PART OF THE CONTRACTOR NEEDS TO BE TAKEN AT THIS TIME. ORDERS FOR THE MATERIALS AND/OR SERVICES WILL BE MADE AS NEEDED BY THE VARIOUS AGENCIES OF THE STATE.

THIS CONTRACT IS NOT AN EXCLUSIVE CONTRACT TO FURNISH THE MATERIALS AND/OR SERVICES SHOWN BELOW, AND DOES NOT PRECLUDE THE PURCHASE OF SIMILAR MATERIALS AND/OR SERVICES FROM OTHER SOURCES.

THE STATE RESERVES THE RIGHT TO EXTEND THE PERIOD OF THIS CONTRACT BEYOND THE TERMINATION DATE WHEN MUTUALLY AGREEABLE TO THE CONTRACTOR AND THE STATE OF NEBRASKA.

Original/Bid Document 5370 OF

Contract to supply and deliver 2018 OR CURRENT PRODUCTION YEAR POLICE FULL SIZE SEDAN, FRONT WHEEL DRIVE OR ALL WHEEL DRIVE as per the attached specifications, for the contract period September 23, 2017 through September 22, 2018.

See attached Master Agreement Terms and Conditions page for approximate units to be purchased. The Unit Price is equal to the Base Price for items before the Option Bid List.

Make/Model: Ford Police Interceptor Sedan

IMPORTANT NOTE: Purchase Orders must have a paint line selected providing Exterior Color, Interior Color, and Seat Color. The colors and color codes are provided on a color chart attached to the contract.

The State reserves the right to extend the period of this contract beyond the termination date when mutually agreeable to the vendor and the State of Nebraska.

Vendor Contact: Bobby Colclasure
Phone: 402-617-4521
E-Mail: bobbyc@andersonautogroup.com

This is the first renewal of the contract as amended. (vc 08/28/17)

Line	Description	Estimated Quantity	Unit of Measure	Unit Price
1	POLICE FULL SIZE SEDAN FORD POLICE INTERCEPTOR 2018 or Current Production Year POLICE FULL SIZE SEDAN, FRONT WHEEL DRIVE OR ALL WHEEL DRIVE	20.0000	EA	25,243.0000
	Make: Ford			

Dianna Gilliland 8-29-17
BUYER
Deborah Wilson 31 AUG 17
MATERIAL ADMINISTRATOR

STATE OF NEBRASKA CONTRACT AWARD

State Purchasing Bureau
1526 K Street, Suite 130
Lincoln, Nebraska 68508

Telephone: (402) 471-6500
Fax: (402) 471-2089

CONTRACT NUMBER
14604 OC

PAGE 2 of 4	ORDER DATE 08/28/17
BUSINESS UNIT 9000	BUYER DIANNA GILLILAND (AS)
VENDOR NUMBER: 503856	

Line	Description	Estimated Quantity	Unit of Measure	Unit Price
	Model: Police Interceptor Sedan Front Wheel Drive or All Wheel Drive: AWD Series, Code, Trim Level: P2M, 500A, PI Engine: 3.7L V6 Delivery time after receipt of order (number/days): 90 The original manufacturer's statement of origin, a service authorization card, and a properly executed service and warranty policy shall accompany each vehicle when delivered.			
2	E85 POLICE FULL SIZE SEDAN FORD POLICE INTERCEPTOR 2018 or Current Production Year E85 Police Full Size Sedan Front Wheel Drive or All Wheel Drive E85 (Units capable of operating on a fuel mixture of up to 85% Ethanol/15% Unleaded gasoline without additional change or conversion.) Engine: 3.7L V6 Make: Ford Model: Police Interceptor Sedan Front Wheel Drive or All Wheel Drive: AWD Series, Code, Trim Level: P2M, 500A, PI Delivery time after receipt of order (number/days): 90 The original manufacturer's statement of origin, a service authorization card, and a properly executed service and warranty policy shall accompany each vehicle when delivered.	20.0000	EA	25,243.0000
	OPTIONS			
3	ENGINE (OTHER) ALTERNATE ENGINE SIZE ENGINE SIZE: 3.5L Ecoboost	20.0000	EA	3,050.0000
4	CLOTH REAR SEATS (DEDUCT)	20.0000	EA	-50.0000
5	COURTESY LAMP INOPERABLE (DEDUCT)	20.0000	EA	-10.0000
6	STANDARD PAINT ATTACH LIST AND IDENTIFY AS NO ADDITIONAL COST PAINTS SEE ATTACHED COLOR & TRIM SHEET	20.0000	EA	0.0000
7	FLOOR CARPET W/FRONT AND REAR MATS (DEDUCT)	20.0000	EA	-50.0000
8	DEEP TINT GLASS (ALL EXCEPT	20.0000	EA	375.0000


BUYER INITIALS

BUYER INITIALS (REQUIRED FOR ALL CONTRACTS)

STATE OF NEBRASKA CONTRACT AWARD

State Purchasing Bureau
1526 K Street, Suite 130
Lincoln, Nebraska 68508

Telephone: (402) 471-6500
Fax: (402) 471-2089

CONTRACT NUMBER
14604 OC

PAGE 3 of 4	ORDER DATE 08/28/17
BUSINESS UNIT 9000	BUYER DIANNA GILLILAND (AS)
VENDOR NUMBER: 503856	

Line	Description	Estimated Quantity	Unit of Measure	Unit Price
	WINDSHIELD AND FRONT DOORS)			
9	DRIVER SIDE SPOTLIGHT (DEDUCT)	20.0000	EA	-150.0000
10	DUAL SIDE SPOTLIGHT	20.0000	EA	425.0000
11	DOME LIGHT (DEDUCT)	20.0000	EA	-25.0000
12	UNDER HOOD LIGHT (DEDUCT)	20.0000	EA	-10.0000
13	DROP SHIPMENT CHARGES OUTSIDE THE LINCOLN AREA. ADDITIONAL COSTS OF CHARGES FOR VEHICLE DROP SHIPMENT OUTSIDE THE LINCOLN AREA. DROP SHIPMENT CHARGES WOULD BE FOR VEHICLES BOUGHT BY POLITICAL ENTITIES AND OTHER DIVISIONS OF GOVERNMENT.	20.0000	EA	295.0000
14	VERTICAL MOUNTED TWO (2) CLEAR/WHITE LED MODULES. MOUNTED AT A 45 DEGREE ANGLE TO FRONT OF VEHICLE ON PUSH BUMPER. BLACK BEZEL WITH CLEAR LENSES. SHOCK AND WATER RESISTANT. LEADS TAGGED AS SUCH THAT TERMINATE IN CENTER CONSOLE AREA. LED'S MEET SAE J845, CLASS 1 SPECIFICATIONS. MINIMUM OF THREE (3) LED IN EACH MODULE. FACTORY OR DEALER INSTALLED. (DEDUCT)	20.0000	EA	-109.0000
15	TWO (2) CLEAR/WHITE LED MODULES. MOUNTED ON EITHER SIDE OF REAR LICENSE PLATE ON A LICENSE PLATE BRACKET FOR TWO (2) LIGHT HEADS. BLACK BEZEL WITH CLEAR LENSES. SHOCK AND WATER RESISTANT. LEADS TAGGED AS SUCH THAT TERMINATE IN CENTER CONSOLE AREA. LED'S MEET SAE J845, CLASS 1 SPECIFICATIONS. MINIMUM OF THREE (3) LED IN EACH MODULE. FACTORY OR DEALER INSTALLED. (DEDUCT)	20.0000	EA	-109.0000
16	REAR TRUNK COMMUNICATIONS SERVICE TRAY INSTALLED IN TRUNK. FACTORY OR DEALER INSTALLED. (DEDUCT)	20.0000	EA	-200.0000
17	100 WATT SIREN SPEAKER INSTALLED CENTERD ON PUSH BUMPER WITH SPECIFIC MOUNTING BRACKET. LEADS TAGGED AS SUCH THAT TERMINATE IN OR NEAR THE PASSENGER COMPARTMENT. FACTORY OR DEALER INSTALLED. (DEDUCT)	20.0000	EA	-120.0000
18	SETINA PB 400 PUSH BUMPER WITH INSTALLATION ON FRONT OF VEHICLE. FACTORY OR DEALER INSTALLED. (DEDUCT)	20.0000	EA	-350.0000
19	REAR DECK LED. BLACK HOUSING	20.0000	EA	-325.0000


BUYER INITIALS

STATE OF NEBRASKA CONTRACT AWARD

State Purchasing Bureau
1526 K Street, Suite 130
Lincoln, Nebraska 68508

Telephone: (402) 471-6500
Fax: (402) 471-2089

CONTRACT NUMBER
14604 OC

PAGE 4 of 4		ORDER DATE 08/28/17
BUSINESS UNIT 9000		BUYER DIANNA GILLILAND (AS)
VENDOR NUMBER: 503856		

Line	Description	Estimated Quantity	Unit of Measure	Unit Price
	WITH CLEAR LENSES AND ONE RED AND ONE BLUE LED MOUNTED ON EACH SIDE OF THIRD BRAKE LIGHT. LED'S MEET SAE J845, CLASS 1 SPECIFICATIONS. MINIMUM OF SIX (6) LED IN EACH MODULE. FACTORY OR DEALER INSTALLED. (DEDUCT)			
20	AUXILIARY BATTERY (DUAL PURPOSE AGM BATTERY) WITH DUAL BATTERY SEPARATOR FOR ACCESSORY EQUIPMENT. INSTALLATION ALSO TO INCLUDE BATTERY TRAY AND BRACKET, HEAVY DUTY FUSE, 1 GAUGE OR LARGER CABLE. FACTORY OR DEALER INSTALLED. (DEDUCT)	20.0000	EA	-450.0000
21	ALTERNATING HEADLIGHT FLASHER WIG-WAG MODULE WITH FLASHER OVERRIDE FOR OPTIONAL OVERRIDE AT NIGHT INSTALLED WITH ACTIVATION LEAD TAGGED AS SUCH AND TERMINATING IN OR NEAR THE PASSENGER COMPARTMENT. FACTORY OR DEALER INSTALLED.	20.0000	EA	295.0000
22	PRO-GARD X PUSH BUMPER WITH INSTALLATION ON FRONT OF VEHICLE. FACTORY OR DEALER INSTALLED.	20.0000	EA	2,695.0000
23	SPOTLIGHT: WHITE LED LIGHTING FACTORY OR DEALER INSTALLED.	20.0000	EA	450.0000


BUYER INITIALS

Additional options

- 1- upgrade Siren speaker to Code 3 - C3500
\$ 95 - for either Engine.
- 2 - Upgrade Auxillary battery to Optima
blue top - \$ 375 - for either engine

**2016 POLICE SEDAN
COLOR & TRIM AVAILABILITY**

Police Sedan	Police Sedan	Interior Color Charcoal Black
Cloth Front Buckets / Vinyl Rear	Front – Unique Heavy-Duty Cloth, Front Bucket Seats Driver 6-way Power track (fore/aft. up/down, tilt with manual recline, 2-way manual lumbar). Passenger – 2-way manual track (fore/aft. with manual recline) Passenger – 6-way power with manual recline and lumbar (Optional) Rear – Vinyl Bench	RW
Cloth Front Buckets / Cloth Rear	Front – Unique Heavy-Duty Cloth, Front Bucket Seats Driver 6-way Power track (fore/aft. up/down, tilt with manual recline, 2-way manual lumbar). Passenger – 2-way manual track (fore/aft. with manual recline) Passenger – 6-way power with manual recline and lumbar (Optional) Rear – Cloth Bench	CW

COLOR OFFERINGS

Paint Name	Order Code	Police Charcoal Black
		RW/CW
Medium Brown Metallic	BU	■
Arizona Beige Clearcoat	E3	■
Shadow Black	G1	■
Smokestone Metallic	HG	■
Kodiak Brown Metallic	J1	■
Dark Toreador Red Metallic	JL	■
Norsea Blue Metallic	KR	■
Dark Blue	LK	■
Royal Blue	LM	■
Light Blue Metallic	LN	■
Ultra Blue Metallic	MM	■
*Blue Jeans Metallic	N1	■
Silver Gray Metallic	TN	■
Sterling Gray Metallic	UJ	■
Ingot Silver Metallic	UX	■
Medium Titanium Metallic	YG	■
Oxford White	YZ	■

NO
Charge

VINYL WRAP COLOR TREATMENT OFFERINGS*

	Accent Color Code
Police White Note: N/A with exterior paint Oxford White (YZ)	YZ

* – Accent Color Wrap for Vinyl Packages 141, 143, 144

DOOR HANDLE COLOR SCHEME

1. Oxford White (YZ) exterior painted vehicles will receive Oxford White (YZ) painted door handles	
2. "All" other exterior painted vehicles will receive Black painted door handles	

October 4, 2017

City of Crete
243 East 13th Street, PO Box 86
Crete, NE 68333
Attention: Mr. Jerry L. Wilcox, City Clerk/Treasurer

Re: ***US\$4,150,000 City of Crete, Nebraska, Tax Supported Community Facilities Bonds,
Series 2017, dated: Date of delivery, due: June 15, 2042***

Dear Mr. Wilcox:

Pursuant to your request for an S&P Global Ratings rating on the above-referenced obligations, S&P Global Ratings has assigned a rating of "A" . S&P Global Ratings views the outlook for this rating as stable. A copy of the rationale supporting the rating is enclosed.

This letter constitutes S&P Global Ratings' permission for you to disseminate the above-assigned ratings to interested parties in accordance with applicable laws and regulations. However, permission for such dissemination (other than to professional advisors bound by appropriate confidentiality arrangements) will become effective only after we have released the rating on standardandpoors.com. Any dissemination on any Website by you or your agents shall include the full analysis for the rating, including any updates, where applicable.

To maintain the rating, S&P Global Ratings must receive all relevant financial and other information, including notice of material changes to financial and other information provided to us and in relevant documents, as soon as such information is available. Relevant financial and other information includes, but is not limited to, information about direct bank loans and debt and debt-like instruments issued to, or entered into with, financial institutions, insurance companies and/or other entities, whether or not disclosure of such information would be required under S.E.C. Rule 15c2-12. You understand that S&P Global Ratings relies on you and your agents and advisors for the accuracy, timeliness and completeness of the information submitted in connection with the rating and the continued flow of material information as part of the surveillance process. Please send all information via electronic delivery to: pubfin_statelocalgovt@spglobal.com. If SEC rule 17g-5 is applicable, you may post such information on the appropriate website. For any information not available in electronic format or posted on the applicable website,

Please send hard copies to:
S&P Global Ratings
Public Finance Department
55 Water Street
New York, NY 10041-0003

The rating is subject to the Terms and Conditions, if any, attached to the Engagement Letter applicable to the rating. In the absence of such Engagement Letter and Terms and Conditions, the rating is subject to the attached Terms and Conditions. The applicable Terms and Conditions are incorporated herein by reference.

S&P Global Ratings is pleased to have the opportunity to provide its rating opinion. For more information please visit our website at www.standardandpoors.com. If you have any questions, please contact us. Thank you for choosing S&P Global Ratings.

Sincerely yours,

S&P Global Ratings
a division of Standard & Poor's Financial Services LLC

mc
enclosures

cc: ***Mr. Scott Keene, Vice President and Managing Director
Ameritas Investment Corporation***

S&P Global Ratings
Terms and Conditions Applicable To Public Finance Credit Ratings

General. The credit ratings and other views of S&P Global Ratings are statements of opinion and not statements of fact. Credit ratings and other views of S&P Global Ratings are not recommendations to purchase, hold, or sell any securities and do not comment on market price, marketability, investor preference or suitability of any security. While S&P Global Ratings bases its credit ratings and other views on information provided by issuers and their agents and advisors, and other information from sources it believes to be reliable, S&P Global Ratings does not perform an audit, and undertakes no duty of due diligence or independent verification, of any information it receives. Such information and S&P Global Ratings' opinions should not be relied upon in making any investment decision. S&P Global Ratings does not act as a "fiduciary" or an investment advisor. S&P Global Ratings neither recommends nor will recommend how an issuer can or should achieve a particular credit rating outcome nor provides or will provide consulting, advisory, financial or structuring advice. Unless otherwise indicated, the term "issuer" means both the issuer and the obligor if the obligor is not the issuer.

All Credit Rating Actions in S&P Global Ratings' Sole Discretion. S&P Global Ratings may assign, raise, lower, suspend, place on CreditWatch, or withdraw a credit rating, and assign or revise an Outlook, at any time, in S&P Global Ratings' sole discretion. S&P Global Ratings may take any of the foregoing actions notwithstanding any request for a confidential or private credit rating or a withdrawal of a credit rating, or termination of a credit rating engagement. S&P Global Ratings will not convert a public credit rating to a confidential or private credit rating, or a private credit rating to a confidential credit rating.

Publication. S&P Global Ratings reserves the right to use, publish, disseminate, or license others to use, publish or disseminate a credit rating and any related analytical reports, including the rationale for the credit rating, unless the issuer specifically requests in connection with the initial credit rating that the credit rating be assigned and maintained on a confidential or private basis. If, however, a confidential or private credit rating or the existence of a confidential or private credit rating subsequently becomes public through disclosure other than by an act of S&P Global Ratings or its affiliates, S&P Global Ratings reserves the right to treat the credit rating as a public credit rating, including, without limitation, publishing the credit rating and any related analytical reports. Any analytical reports published by S&P Global Ratings are not issued by or on behalf of the issuer or at the issuer's request. S&P Global Ratings reserves the right to use, publish, disseminate or license others to use, publish or disseminate analytical reports with respect to public credit ratings that have been withdrawn, regardless of the reason for such withdrawal. S&P Global Ratings may publish explanations of S&P Global Ratings' credit ratings criteria from time to time and S&P Global Ratings may modify or refine its credit ratings criteria at any time as S&P Global Ratings deems appropriate.

Reliance on Information. S&P Global Ratings relies on issuers and their agents and advisors for the accuracy and completeness of the information submitted in connection with credit ratings and the surveillance of credit ratings including, without limitation, information on material changes to information previously provided by issuers, their agents or advisors. Credit ratings, and the maintenance of credit ratings, may be affected by S&P Global Ratings' opinion of the information received from issuers, their agents or advisors.

Confidential Information. S&P Global Ratings has established policies and procedures to maintain the confidentiality of certain non-public information received from issuers, their agents or advisors. For these purposes, "Confidential Information" shall mean verbal or written information that the issuer or its agents or advisors have provided to S&P Global Ratings and, in a specific and particularized manner, have marked or otherwise indicated in writing (either prior to or promptly following such disclosure) that such information is "Confidential."

S&P Global Ratings Not an Expert, Underwriter or Seller under Securities Laws. S&P Global Ratings has not consented to and will not consent to being named an "expert" or any similar designation under any applicable securities laws or other regulatory guidance, rules or recommendations, including without limitation, Section 7 of the U.S. Securities Act of 1933. S&P Global Ratings has not performed and will not perform the role or tasks associated with an "underwriter" or "seller" under the United States federal securities laws or other regulatory guidance, rules or recommendations in connection with a credit rating engagement.

Disclaimer of Liability. S&P Global Ratings does not and cannot guarantee the accuracy, completeness, or timeliness of the information relied on in connection with a credit rating or the results obtained from the use of such information. S&P GLOBAL RATINGS GIVES NO EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE. S&P Global Ratings, its affiliates or third party providers, or any of their officers, directors, shareholders, employees or agents shall not be liable to any person for any inaccuracies, errors, or omissions, in each case regardless of cause, actions, damages (consequential, special, indirect, incidental, punitive, compensatory, exemplary or otherwise), claims, liabilities, costs, expenses, legal fees or losses (including, without limitation, lost income or lost profits and opportunity costs) in any way arising out of or relating to a credit rating or the related analytic services even if advised of the possibility of such damages or other amounts.

No Third Party Beneficiaries. Nothing in any credit rating engagement, or a credit rating when issued, is intended or should be construed as creating any rights on behalf of any third parties, including, without limitation, any recipient of a credit rating. No person is intended as a third party beneficiary of any credit rating engagement or of a credit rating when issued.

RatingsDirect®

Summary:

Crete, Nebraska; General Obligation

Primary Credit Analyst:

Helen Samuelson, Chicago (1) 312-233-7011; helen.samuelson@spglobal.com

Secondary Contact:

Blake E Yocom, Chicago (1) 312-233-7056; blake.yocom@spglobal.com

Table Of Contents

Rationale

Outlook

Related Research

Summary:

Crete, Nebraska; General Obligation

Credit Profile

US\$4.15 mil tax supported comnty facs bnds ser 2017 due 06/15/2042

Long Term Rating

A/Stable

New

Rationale

S&P Global Ratings assigned its 'A' rating to Crete, Neb.'s tax supported community facilities bonds. The outlook is stable.

The bonds are payable from sales taxes generated by the city's 0.5 cent sales and use tax imposed within the city. Furthermore, the debt is secured by the city's limited tax general obligation pledge, an ad valorem property tax levy limited to 45 cents per \$100 of taxable value. We rate the bonds based on its general obligation (GO) pledge, which we believe is the stronger of the two pledges. Although the bonds are limited tax general obligations, we view the obligation as being equivalent to the city's GO pledge, as it is under its 0.45 levy limit and has additional capacity under its levy cap. The bonds will be used to fund a library construction project. The city currently has no other debt plans.

The 'A' rating reflects our view of the city's:

- Very weak economy, with a concentrated employment base, yet a local stabilizing institutional influence;
- Adequate management, with "standard" financial policies and practices under our financial management assessment (FMA) methodology;
- Strong budgetary performance, with operating surpluses in the general fund and at the total governmental fund level in fiscal 2016;
- Very strong budgetary flexibility, with an available cash reserve in fiscal 2016 of 79% of operating expenditures;
- Very strong liquidity, with total government available cash at 95.3% of total governmental fund expenditures and 10.5x governmental debt service, and access to external liquidity we consider strong, but an exposure to a non-remote contingent liability risk;
- Very weak debt and contingent liability position, with debt service carrying charges at 9.1% of expenditures and net direct debt that is 179.4% of total governmental fund revenue; and
- Strong institutional framework score.

Very weak economy

We consider Crete's economy very weak. The city, with an estimated population of 7,083, is located in Saline County. The city has a projected per capita effective buying income (EBI) of 58.5% of the national level and per capita market value of \$37,233. Overall, the city's market value grew by 3.4% over the past year to \$263.7 million in 2018.

Weakening Crete's economy is a concentrated employment base, with a single sector accounting for more than 30% of total county employment. The county unemployment rate was 3.2% in 2016.

Crete's area economy is predominantly rural. Saline County employment is concentrated in manufacturing, which accounts for 28% of total county employment. Leading employers in the county include Smithfield Farmland, Walmart Supercenter, Nestle Purina, and Crete Public Schools. Doane University is also located in Crete on a 300-acre campus, and has a total enrollment of about 1,000.

Adequate management

We view the city's management as adequate, with "standard" financial policies and practices under our FMA methodology, indicating the finance department maintains adequate policies in some but not all key areas.

Management looks at three years of historic trends as well as outside sources of information when constructing its biennial budget. The council receives detailed monthly reports showing budget to actual and year to date performance. The city adopts a biennium budget that spans two years, but does not produce any other formal longer-term financial planning. The city does not produce a formal capital improvement plan (CIP), but departments create their own capital plans, which span multiple years and are built into the biennial budget. Crete does not have a debt management policy, nor does it have an investment policy. However, the city abides by state statutes and the council receives monthly treasurer's reports, which show investment holdings and earnings. The city does not have a formal fund balance policy, but targets 25% as an operating reserve and 25% as a capital reserve.

Strong budgetary performance

Crete's budgetary performance is strong in our opinion. The city had operating surpluses of 7.6% of expenditures in the general fund and of 24.7% across all governmental funds in fiscal 2016. Our assessment accounts for the fact that we expect budgetary results could deteriorate somewhat from 2016 results in the near term.

The city's practice has been to adopt breakeven general fund budgets, and the past three years, positive budget variances have led to mild surpluses. Fiscal 2016 ended with a \$270,294 surplus, due in part to some staff positions being held open, the timing of expenditures on a project, and other positive budget variances. We adjusted the city's general fund revenues to reflect annual transfers from the electric fund, an enterprise fund, and the expenditures to reflect annual transfers to the streets fund. We also adjusted total governmental fund revenues to reflect the annual payments in lieu of taxes from the electric fund, and the expenses to reflect bond proceed spending. The city's general fund relies heavily on property taxes (about 28% of adjusted revenues), sales taxes (21%), charges for services (14%), and intergovernmental sources (14%). The city is levying near its maximum operating tax rate; if it levied up to the maximum permitted rate, it would generate an additional \$200,000 in annual property tax revenue. We expect the city's budgetary performance to deteriorate in the sense that the surplus for 2017 will likely be smaller than that of fiscal 2016, and based on the budgeted breakeven results during the 2018-2019 biennium. As a result, we believe the city will still exhibit strong budgetary performance for the current and following year.

Very strong budgetary flexibility

Crete's budgetary flexibility is very strong, in our view, with an available cash reserve in fiscal 2016 of 79% of operating expenditures, or \$2.8 million. We expect the available cash reserve to remain above 30% of expenditures for the current and next fiscal years, which we view as a positive credit factor. Negatively affecting budgetary flexibility, in our view, is Crete's use of cash accounting, which reduces clarity about the amount of funds that are truly available.

We expect the city's budgetary flexibility to remain very strong based on its plans to report at least breakeven

operations for fiscal 2017, and its plans for breakeven operations in the coming biennium.

Very strong liquidity

In our opinion, Crete's liquidity is very strong, with total government available cash at 95.3% of total governmental fund expenditures and 10.5x governmental debt service in 2016. In our view, the city has strong access to external liquidity if necessary. Weakening Crete's liquidity position, in our assessment, is the city's exposure to a non-remote contingent liability that could come due within 12 months.

We adjusted the city's cash by deducting unspent ban proceeds. The city has a history of accessing the capital markets. Its most recent bond issues have been in the form of bond anticipation notes or certificates of participation (COPs). Recent issuances have been directly placed with local banks. We note that some of the city's direct-purchase COPs have permissive events of default, such as covenant violations, and the remedies do include acceleration. The city has not defaulted on any of its direct purchase debt, nor are any of its counterparties pursuing remedies under the legal documents. However, if there were accelerations, they could potentially be significant, roughly \$1.6 million, which is 41% of fiscal year 2016 audited, adjusted general fund revenues, and lead to significant downward rating pressure. The city's investments are primarily in money market funds and time deposits, which we do not consider aggressive.

Very weak debt and contingent liability profile

In our view, Crete's debt and contingent liability profile is very weak. Total governmental fund debt service is 9.1% of total governmental fund expenditures, and net direct debt is 179.4% of total governmental fund revenue.

The city has nearly \$26 million of total debt outstanding. Of this amount, \$16 million consists of enterprise system revenue bonds. The remainder consists mainly of GO debt, bond anticipation notes (BANs), and COPs. The series 2014 and 2015 BANS were purchased by Pinnacle Bank, but there are no accelerations imbedded in the legal documents we reviewed. The city entered into direct purchase agreements relating to its series 2011 COPs, 2012 COPs, and 2016 COPs with a remaining, combined principal balance of nearly \$2 million. Remedies on the COPs include accelerations of amounts due and payable. If the banks were to exercise this remedy, it could potentially increase the city's debt payments to above 20% of expenditures.

Eligible city employees have retirement plans that are defined contribution plans. The city does not participate in any defined benefit pension plans.

Strong institutional framework

The institutional framework score for Nebraska class I and II cities is strong.

Outlook

The stable outlook reflects our opinion that Crete will produce strong financial performance and maintain very strong budgetary flexibility over the two-year outlook horizon, and as such, we do not expect to change the rating.

Downward scenario

If the budget falls out of structural balance, leading to a material decrease in budgetary flexibility, or if liquidity as well as cash reserves weaken due to payment provisions in the city's direct-purchase debt, we could potentially lower the

rating by multiple notches.

Upside scenario

In our view, the rating is constrained by the city's very weak economic profile and its weak debt profile. All other credit factors remaining equal, a structural improvement in these aspects of the credit could positively impact the rating.

Furthermore, if the city's cash reserves remain consistently above 75%, and we believe this level is sustainable, it could positively impact the rating.

Related Research

- S&P Public Finance Local GO Criteria: How We Adjust Data For Analytic Consistency, Sept. 12, 2013
- Alternative Financing: Disclosure Is Critical To Credit Analysis In Public Finance, Feb. 18, 2014
- Incorporating GASB 67 And 68: Evaluating Pension/OPEB Obligations Under Standard & Poor's U.S. Local Government GO Criteria, Sept. 2, 2015
- 2016 Update Of Institutional Framework For U.S. Local Governments

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.standardandpoors.com for further information. Complete ratings information is available to subscribers of RatingsDirect at www.globalcreditportal.com. All ratings affected by this rating action can be found on the S&P Global Ratings' public website at www.standardandpoors.com. Use the Ratings search box located in the left column.

Copyright © 2017 by Standard & Poor's Financial Services LLC. All rights reserved.

No content (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of Standard & Poor's Financial Services LLC or its affiliates (collectively, S&P). The Content shall not be used for any unlawful or unauthorized purposes. S&P and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. S&P's opinions, analyses and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P does not act as a fiduciary or an investment advisor except where registered as such. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, S&P reserves the right to assign, withdraw or suspend such acknowledgment at any time and in its sole discretion. S&P Parties disclaim any duty whatsoever arising out of the assignment, withdrawal or suspension of an acknowledgment as well as any liability for any damage alleged to have been suffered on account thereof.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, www.standardandpoors.com (free of charge), and www.ratingsdirect.com and www.globalcreditportal.com (subscription), and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at www.standardandpoors.com/usratingsfees.

STANDARD & POOR'S, S&P and RATINGSDIRECT are registered trademarks of Standard & Poor's Financial Services LLC.