MUNICIPAL ENERGY AGENCY OF NEBRASKA

FIRST SUPPLEMENTAL
2003 POWER SUPPLY SYSTEM REVENUE BOND RESOLUTION

relating to

Power Supply System Revenue Bonds

2003 Series A

Adopted August 21, 2003
FIRST SUPPLEMENTAL
2003 POWER SUPPLY SYSTEM REVENUE BOND RESOLUTION

authorizing
Power Supply System Revenue Bonds
2003 Series A

WHEREAS, Municipal Energy Agency of Nebraska ("MEAN") is authorized, pursuant to the provisions of Sections 18-2401 to 18-2485, Reissue Revised Statutes of Nebraska, 1997, as amended (the "Act"), to issue its revenue bonds for the purposes of, among other things, providing funds to acquire "power projects," as such term is defined by the Act, to refund such revenue bonds, and to pay all other costs or expenses of MEAN incident to and necessary or convenient to carry out its purposes and powers; and

WHEREAS, the Board of Directors of MEAN adopted on August 21, 2003 its 2003 Power Supply System Revenue Bond Resolution (the "2003 Bond Resolution"), as supplemented and amended, including by its Second Supplemental 2003 Power Supply System Revenue Bond Resolution adopted as of the date hereof, authorizing the issuance of MEAN's Power Supply System Revenue Bonds, 2003 Series B (the "Outstanding Bonds"), and providing for the issuance, pursuant to resolutions supplemental to the 2003 Bond Resolution, of additional series of revenue bonds, the proceeds of which are to be used to pay all or a portion of the Cost of Acquisition and Construction of the System, as such term is used in the 2003 Bond Resolution; and

WHEREAS, the Board of Directors of MEAN has determined and hereby determines that it is advantageous, necessary and in the best interests of MEAN to issue, sell and deliver in accordance with the 2003 Bond Resolution a series of bonds, to be designated its Power Supply System Revenue Bonds, 2003 Series A (the "2003 Series A Bonds"), and to apply the proceeds thereof for the purposes of paying, together with the proceeds of the Outstanding Bonds, a portion of the cost of acquisition and construction of a 6.67% undivided ownership interest in an approximately 790 MW coal-fired, base load electric generating facility located in Pottawattamie County, Iowa (such ownership interest, the "CB4 Project"); and

WHEREAS, the Board of Directors of MEAN has determined and hereby determines that it is in the best interest of MEAN to explore the benefits of obtaining a municipal bond insurance policy with respect to the 2003 Series A Bonds, and in connection therewith to make such other agreements as are required by the provider of any such municipal bond insurance policy as conditions of its issuance of such municipal bond insurance policy; and

WHEREAS, it is necessary for MEAN to authorize the execution of a contract of purchase, with respect to the sale of the 2003 Series A Bonds, between MEAN on the one hand, and Morgan Stanley and Bear Stearns, as representatives of a group of underwriters, on the other hand (collectively, the "Underwriters");

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Municipal Energy Agency of Nebraska, as follows:

01-488203.9
2003 Series A
ARTICLE I

DEFINITIONS AND STATUTORY AUTHORITY

Section 1.01. Supplemental Resolution; Authority. This First Supplemental 2003 Power Supply System Revenue Bond Resolution (the “First Supplemental Resolution”) is supplemental to, and is adopted in accordance with Article II and Article X of, the 2003 Bond Resolution, and is adopted pursuant to the provisions of the Act.

Section 1.02. Definitions.

(a) All terms which are defined in Section 1.01 of the 2003 Bond Resolution shall have the same meanings for purposes of this First Supplemental Resolution, unless otherwise defined herein.

(b) In this First Supplemental Resolution:

“Certificate of Determination” shall mean a certificate or certificates of an Authorized Officer of MEAN delivered pursuant to Section 2.03 of this First Supplemental Resolution, setting forth certain terms and provisions of the 2003 Series A Bonds, as such certificate(s) may be amended and supplemented.

“Code” when used with respect to a Series of Bonds, means the Internal Revenue Code of 1986, as amended.

“Convertible Capital Appreciation Bonds” means those 2003 Series A Bonds, if any, designated as Convertible Capital Appreciation Bonds in the Certificate of Determination, bearing interest at the rate, issuable in the original principal amount of, and with a Current Interest Commencement Date as specified in, the Certificate of Determination.

“Current Interest Commencement Date” means the date specified in the Certificate of Determination, on and from which date accrued interest on the Accreted Value of the Convertible Capital Appreciation Bonds will accrue and be payable on the Interest Payment Dates and otherwise as if such Bonds were Interest Bearing Bonds issued under this First Supplemental Indenture.

“Defaulted Interest” has the meaning specified in Section 2.05 hereof.

“DTC” means The Depository Trust Company, New York, New York, or its successors.

“Insurer” means Financial Security Assurance Inc., a New York stock insurance company, or any successor thereto or assignee thereof.

“Interest Bearing Bonds” means those 2003 Series A Bonds, if any, designated as Interest Bearing Bonds in the Certificate of Determination, interest on bearing interest at the rates and issuable in the original principal amount as specified in the Certificate of Determination.
"Interest Payment Date" shall mean each April 1 and October 1, commencing on April 1, 2004 with respect to the Interest Bearing Bonds, and on the date specified in the Certificate of Determination with respect to the Convertible Capital Appreciation Bonds.

"Investment Securities" means, for purposes of the 2003 Series A Bonds and as used in the 2003 Bond Resolution and this First Supplemental Resolution, any of the following securities if and to the extent such securities are at the time legal for investment of MEAN's funds and are allowed pursuant to MEAN's investment policy as in effect on the date of such investment:

(i) any bonds or other obligations which as to principal and interest constitute direct obligations of, or are unconditionally guaranteed by, the United States of America, including obligations of any of the federal agencies set forth in clause (ii) below to the extent unconditionally guaranteed by the United States of America;

(ii) obligations of the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Financing Bank, the Federal Intermediate Credit Banks, Federal Banks for Cooperatives, Federal Land Banks, Federal Home Loan Banks, Farmers Home Administration, Federal Home Loan Mortgage Association, Export-Import Bank of the United States, United States Postal Service, or any other agency or instrumentality of the United States of America or any corporation wholly owned by the United States of America;

(iii) new housing authority bonds issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States of America; or project notes issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a requisition or payment agreement with the United States of America;

(iv) direct and general obligations of any state of the United States of America, to the payment of the principal of and interest on which the full faith and credit of such state is pledged, provided that at the time of their purchase under the Resolution such obligations are rated in either of the two highest rating categories by a nationally recognized bond rating agency;

(v) certificates of deposit issued by any bank or trust company organized under the laws of any state of the United States that is a member of the Federal Deposit Insurance Corporation or any national banking association (including the Trustee), provided that such certificates of deposit shall either (A) not exceed at any one time in the aggregate 10% of the total capital and surplus of such a bank, trust company or national banking association, and such a bank, trust company or national banking association has a combined capital, surplus and undivided earnings of not less than $15,000,000, or (B) be continuously and fully secured by such securities as are described in clauses (i) through (iv), inclusive, above which shall have a market value (exclusive of accrued interest) at all times at least equal to the principal amount of such certificates of deposit and shall be lodged with the Trustee (or any correspondent bank, trust company or national banking association designated by the Trustee in the case of certificates of
deposit issued by the Trustee), as custodian, by the bank, trust company or national banking association issuing such certificates of deposit, and the bank, trust company or national banking association issuing each such certificate of deposit required to be so secured shall furnish the Trustee with an undertaking satisfactory to it that the aggregate market value of all such obligations securing each such certificate of deposit will at all times be an amount equal to the principal amount of each such certificate of deposit and the Trustee shall be entitled to rely on each such undertaking;

(vi) any repurchase agreement with any bank or trust company organized under the laws of any state of the United States that is a member of the Federal Deposit Insurance Corporation or any national banking association (which may include the Trustee) or with government bond dealers reporting to, trading with, and recognized as primary dealers by, a Federal Reserve Bank, secured by any or one or more of the securities described in clause (i), (ii) or (iii) above, provided that any such underlying security shall be continuously maintained at a market value not less than the amount so invested;

(vii) bankers' acceptances and certificates of deposit (in addition to the certificates of deposit provided for by clause (v) above) of any bank or trust company organized under the laws of any state of the United States of America or any national banking association (including the Trustee) having capital and surplus in the amount of $100,000,000, provided that the aggregate maturity value of all such bankers' acceptances and certificates of deposit held at any time as investments of Funds with respect to any particular bank, trust company or national association shall not exceed 25% of its capital and surplus;

(viii) commercial paper which is rated at the time of purchase in the two highest classifications by S&P and by Moody's and which matures not more than 270 days after the date of purchase;

(ix) investment agreements with a minimum rating of "AA" by S&P and "Aa" by Moody's, supported by appropriate opinions of counsel with notice to S&P and Moody's; and

(x) obligations of any state of the United States of America, or of any agency, instrumentality or local government unit of any such state which are, at the time of purchase, rated either by Moody's or by S&P in either of its two highest whole rating categories, for comparable types of debt obligations.

(xi) any investment fund, including money market funds, which invests solely in obligations described in (i) through (x) above, or rated "AAAa-G," "AAAaM" or "AAaM" by S&P.

"Person" means any individual, corporation, partnership, limited partnership, joint venture, association, joint-stock company, trust, unincorporated association, limited liability corporation or partnership, or governmental entity or any agency or subdivision thereof, or other legal entity or group of entities.
“Policy” means the insurance policy issued by the Insurer guaranteeing the scheduled payment of principal of and interest on the 2003 Series A Bonds when due.

“Record Date” means a Regular Record Date or a Special Record Date, as appropriate.

“Regular Record Date” means the 15th day (whether or not a Business Day) of the calendar month next preceding each Interest Payment Date.

“Reserve Policy” means the municipal bond debt service reserve insurance policy issued by the Insurer in connection with the issuance of the 2003 Series A Bonds for deposit in the Debt Service Reserve Account in the Debt Service Fund.

“Securities Depository” means DTC.


“2003 Series A Bonds” means the “Power Supply System Revenue Bonds, 2003 Series A” authorized to be issued pursuant to Section 2.01 hereof.

“Special Record Date” has the meaning set forth in Section 2.05 hereof.

ARTICLE II

AUTHORIZATION OF BONDS

Section 2.01. Principal Amount, Designation, Series and Trustee. Pursuant to the provisions of the 2003 Bond Resolution, a Series of Bonds entitled to the benefit, protection and security of such provisions is hereby authorized in an aggregate principal amount not to exceed $100,000,000. Such Bonds shall be designated as and shall be distinguished from the Bonds of all other Series by the title “Power Supply System Revenue Bonds, 2003 Series A.” The aggregate principal amount of such Series of Bonds shall be determined by a Certificate of Determination, subject to the terms of Section 2.03 hereof.

Section 2.02. Purpose.

(a) The 2003 Series A Bonds are issued for the purpose of paying, together with the proceeds of the 2003 Series A Bonds, a portion of the Cost of Acquisition and Construction of the System, to wit: the acquisition of a 6.67% undivided ownership interest in an approximately 790 MW coal-fired, base load electric generating facility located in Pottawattamie County, Iowa (such ownership interest, the “CB4 Project”), pursuant to a Joint Ownership Agreement dated as of September 4, 2002, as amended, by and among MEAN, MidAmerican Energy Company and the other parties thereto.

(b) The proceeds of the 2003 Series A Bonds shall be deposited and applied in accordance with the Certificate of Determination.
Section 2.03. Delegation of Authority. There is hereby delegated to Authorized Officers of MEAN, subject to the limitations contained herein, the power to determine and effectuate the following with respect to the 2003 Series A Bonds:

(a) the aggregate principal amount of the 2003 Series A Bonds, provided that such aggregate principal amount shall not exceed $100,000,000, and the principal amount of such bonds that are to be issued as Interest Bearing Bonds and as Convertible Capital Appreciation Bonds;

(b) the dated date or dates, maturity date or dates and principal amount of each maturity of the 2003 Series A Bonds to be issued as Interest Bearing Bonds, the initial Interest Payment Date or dates of such bonds, and the date or dates from which such bonds shall bear interest;

(c) the interest rate or rates of the 2003 Series A Bonds to be issued as Interest Bearing Bonds, and the basis on which such rates shall be calculated, provided, however, that the interest rate or rates to be borne by any 2003 Series A Bonds shall not exceed seven percent (7%) per annum;

(d) the dated date or dates, maturity date or dates, original principal amount of each maturity, Current Interest Commencement Date(s), the initial Interest Payment Date, and the Accreted Value of the 2003 Series A Bonds to be issued as Convertible Capital Appreciation Bonds, provided, however, that the interest rate or rates to be borne by such Convertible Capital Appreciation Bonds shall not exceed seven percent (7%) per annum;

(e) the manner and period of time that the principal and interest portions of the Accreted Value of the Convertible Capital Appreciation Bonds becoming due at maturity or by virtue of a Sinking Fund Installment are to be included in the calculations of accrued and unpaid and accruing interest or Principal Installments for purposes of the definition of “Aggregate Debt Service” under the Resolution;

(f) the application of the proceeds of the 2003 Series A Bonds, including the interest on the 2003 Series A Bonds to be funded from the proceeds thereof, if any;

(g) the 2003 Series A Bonds to be retired from Sinking Fund Installments and the dates and the amounts thereof;

(h) the redemption provisions of the 2003 Series A Bonds;

(i) the numbering or other identification of the 2003 Series A Bonds;

(j) the definitive form of the 2003 Series A Bonds, assignment and Trustee’s certificate of authentication thereon;

(k) matters contemplated by Section 3.01 hereof relating to the Policy;

(l) matters contemplated by Section 3.02 hereof relating to any insurance policy for deposit in the Debt Service Reserve Account in the Debt Service Fund; and
(m) any other provisions deemed advisable by an Authorized Officer of
MEAN not materially in conflict with the provisions of this First Supplemental
Resolution or of the 2003 Bond Resolution.

An Authorized Officer of MEAN shall execute one or more certificates evidencing
determinations or other actions taken pursuant to MEAN granted herein, an executed copy of
which shall be delivered to the Trustee. Each such certificate shall be deemed a Certificate of
Determination and shall be conclusive evidence of the action or determination of such officer as
to the matters stated therein. The provisions of each Certificate of Determination shall be
deemed to be incorporated in Article II hereof.

Section 2.04. Place of Payment and Paying Agent.

(a) MEAN hereby appoints the Trustee as the initial Paying Agent for the
2003 Series A Bonds, and reserves the right to appoint any other or additional Paying
Agents as permitted by the 2003 Bond Resolution. Except as provided in Section 2.02 of
the 2003 Bond Resolution, the principal and Redemption Price of the 2003 Series A
Bonds shall be payable at the principal corporate trust office of the Paying Agent. The
interest on 2003 Series A Bonds shall be paid by check or draft payable to the registered
owner and mailed by first class mail, postage prepaid, to the address of such Person as it
shall appear on the books of MEAN kept at the office of the Bond Registrar.

(b) Notwithstanding Section 2.05, a Holder of $1,000,000 or more in
aggregate principal amount of 2003 Series A Bonds (using the Accreted Value of 2003
Series A Bonds issued as Convertible Capital Appreciation Bonds), upon the written
request of such Holder to the Trustee, received on or prior to a Record Date, specifying
the account or accounts to which such payment shall be made, payment of interest when
due shall be made by wire transfer of immediately available funds. Any such direction or
request shall remain in effect until revoked or revised by such Holder by an instrument in
writing delivered to the Trustee.

Section 2.05. Payment of Interest on 2003 Series A Bonds; Interest Rights
Preserved. Interest on any Interest Bearing Bonds and on any Convertible Capital Appreciation
Bonds after the Current Interest Commencement Date, which is payable, and is punctually paid
or duly provided for, on any Interest Payment Date shall be paid to the Person in whose name
that 2003 Series A Bond is registered at the close of business on the Regular Record Date.

Any interest on any 2003 Series A Bond which is payable, but is not punctually paid or
duly provided for, on any Interest Payment Date (“Defaulted Interest”) shall forthwith cease to
be payable to the Holder on the relevant Regular Record Date by virtue of having been such
owner, and such Defaulted Interest shall be paid by MEAN to the Persons in whose names the
2003 Series A Bonds are registered at the close of business on a date (the “Special Record Date”)
for the payment of such Defaulted Interest, which shall be fixed in the following manner.
MEAN shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be
paid on each 2003 Series A Bond and the date of the proposed payment, and at the same time
MEAN shall deposit with the Trustee an amount of money equal to the aggregate amount
proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory
to the Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the Persons entitled to such Defaulted Interest as in this subsection provided. Thereupon, the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 nor less than 10 days prior to the date of the proposed payment notice of the proposed payment. The Trustee shall promptly notify MEAN of such Special Record Date and, in the name and at the expense of MEAN, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, to each 2003 Series A Bondholder at his address as it appears in the books of registry kept by the Bond Registrar, not less than 10 days prior to such Special Record Date. The Trustee may, in its discretion, in the name and at the expense of MEAN, cause a similar notice to be published at least once in an Authorized Newspaper, but such publication shall not be a condition precedent to the establishment of such Special Record Date.

Subject to the foregoing provisions of this Section, each 2003 Series A Bond delivered under the 2003 Bond Resolution upon transfer of or in exchange for or in lieu of any other 2003 Series A Bond shall carry the rights to interest accrued and unpaid, and to accrue, which were carried by such other 2003 Series A Bond.

Section 2.06. Regulations With Respect to Exchanges and Transfers. In all cases in which the privilege of exchanging 2003 Series A Bonds or transferring registered 2003 Series A Bonds is exercised, MEAN shall execute and the Trustee shall authenticate and deliver 2003 Series A Bonds, in accordance with the provisions of the 2003 Bond Resolution. Upon the transfer of any 2003 Series A Bond, MEAN shall issue in the name of the transferee a new 2003 Series A Bond or Bonds of the same aggregate principal amount, interest rate and maturity as the surrendered 2003 Series A Bond. All 2003 Series A Bonds surrendered in any such exchanges or transfers shall forthwith be delivered to the Trustee and canceled or retained by the Trustee. For every such exchange or transfer of 2003 Series A Bonds, MEAN or the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange, transfer or registration. Neither MEAN nor the Bond Registrar shall be required (i) to transfer or exchange any 2003 Series A Bonds between a Record Date and next succeeding Interest Payment Date for the 2003 Series A Bonds, or for a period of 15 days next preceding any selection of 2003 Series A Bonds to be redeemed or thereafter until after the first mailing of any notice of redemption, or (ii) to transfer, exchange or register any 2003 Series A Bonds called for redemption.

Section 2.07. Offices for Servicing Bonds. MEAN hereby appoints the Trustee as the Bond Registrar to maintain an agency for the registration, transfer or exchange of 2003 Series A Bonds and for the service upon MEAN of notices, demands and other documents, and the Trustee shall continuously maintain or make arrangements to provide such services.

Section 2.08. Tax Covenants. MEAN covenants that it shall not use or permit the use of any proceeds of the 2003 Series A Bonds or any other funds of MEAN from whatever source derived, directly or indirectly, to acquire any securities or obligations, and shall not take or permit to be taken any other action or actions, which would cause any 2003 Series A Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code, or which would otherwise cause interest on the 2003 Series A Bonds to become included in gross income for purposes of
federal income taxation. MEAN covenants that it shall at all times do and perform all acts and things permitted by law and which are necessary or desirable in order to assure that interest paid by MEAN on the 2003 Series A Bonds shall not be included in gross income for purposes of federal income taxation and be exempt from all income taxation, other than any applicable minimum tax, under the Code or any other valid provision of law.

In particular, but without limitation, MEAN further represents, warrants and covenants to comply with the following restrictions of the Code, unless such compliance is not necessary in the opinion of nationally recognized bond counsel, as follows:

(a) Proceeds of the 2003 Series A Bonds will not be used in a manner which will cause the 2003 Series A Bonds to be considered “private activity bonds” within the meaning of Section 141 of the Code.

(b) The 2003 Series A Bonds shall not become directly or indirectly federally guaranteed. The 2003 Series A Bonds will be considered to be “federally guaranteed” if the payment of principal or interest with respect to any such 2003 Series A Bonds is guaranteed (in whole or in part) by the United States (or any agency or instrumentality thereof) or 5% or more of the proceeds of any such 2003 Series A Bonds are used in making loans the payment of principal or interest with respect to which are guaranteed or invested (directly or indirectly) in federally insured deposits or accounts.

(c) The Trustee shall establish a trust fund (the “2003 Series A Rebate Fund”) pursuant to this First Supplemental Resolution for the purpose of accepting deposits of rebate amounts which may occur by operation of the limitations desired in the Tax Certificate executed and delivered by MEAN in connection with the issuance, sale and delivery of the 2003 Series A Bonds. The Trustee is hereby authorized to deposit moneys in the 2003 Series A Rebate Fund or withdraw moneys from the 2003 Series A Rebate Fund in order to administer the 2003 Series A Rebate Fund and comply with the Tax Certificate. MEAN shall provide not later than 30 days after the fifth Bond Year and every five years thereafter for payment to the United States of 90% of the amounts deposited to the corresponding account of the 2003 Series A Rebate Fund and 100% of the investment earnings on said deposits. Not later than 60 days after the final retirement of the 2003 Series A Bonds, MEAN shall pay 100% of the remaining balance of the corresponding account of the 2003 Series A Rebate Fund to the United States. Each payment shall be filed with the Internal Revenue Service Center, Ogden, Utah 84201. Each payment shall be accompanied by a copy of Form 8038-T and a statement summarizing the determination of the amounts paid and to be paid to the United States.

ARTICLE III

BOND AND RESERVE INSURANCE

Section 3.01. Authorization of Bond Insurance. In connection with the issuance of the 2003 Series A Bonds, MEAN proposes to purchase the Policy relating to the 2003 Series A Bonds from the Insurer. The obtaining of the Policy, and the payment of the premium therefor and any bond rating fee required to be paid by MEAN relating thereto, are hereby authorized and
approved. The Certificate of Determination may include any provisions necessary or desirable to satisfy conditions imposed by the Insurer on the issuance of the Policy.

Section 3.02. Authorization of Debt Service Reserve Insurance. In connection with the issuance of the 2003 Series A Bonds, MEAN proposes to purchase a Reserve Policy. The obtaining of the Reserve Policy, and the payment of the premium therefor, and the execution and delivery of any agreement relating thereto, are hereby authorized and approved. The Certificate of Determination shall identify the Reserve Policy Provider and may include any provisions necessary or desirable to satisfy conditions imposed by the provider of the Reserve Policy upon its issuance.
ARTICLE IV

EFFECTIVE DATE

Section 4.01. Effective Date. This First Supplemental Resolution shall take effect immediately upon the filing with the Trustee of (i) a copy of this First Supplemental Resolution, certified by an Authorized Officer of MEAN, and (ii) the Opinion of Counsel required by Section 10.03(b) of the 2003 Bond Resolution with respect to this First Supplemental Resolution.

Passed and approved on August 21, 2003.

(SEAL) MUNICIPAL ENERGY AGENCY OF NEBRASKA

Chairperson

Attest:

Secretary–Treasurer
ARTICLE IV

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Passed and approved on August 21, 2003.

(SEAL)

MUNICIPAL ENERGY AGENCY OF
NEBRASKA

Attest:

Chairperson

Secretary-Treasurer