

ance of refunding bonds which I will explain to you shortly. But the major change that this bill is making and which must be made according to the federal government is that all bonds issued in the State of Nebraska now will be fully registered bonds. The practice in Nebraska up until this present time has by and large with the exception of a few revenue issues been to issue what we call coupon bonds, that is bonds that have attached to them an interest coupons usually in six months interval, one coupon for a six month period, and you would simply clip these off and send them in and that is the way you were paid your interest on the bonds but the government now says that instead of using that method our traditional method, we must have fully registered bonds, that is each bond has to be registered in somebody's name. The analogy I guess is to stocks. Now we are going to start issuing bonds in the same manner that we issue stocks. They have to be registered in somebody's name. Okay, when you change that basic concept then it is almost like changing the heart in a body. There are a number of other things that will not any longer function unless you change them also, so in addition to that one major requirement that is required by the federal government, we have made a number of secondary changes to accommodate the new system required by the federal government. For example, if you have fully registered bonds, now you are going to have to have somebody who is going to be bond registrar, somebody who is going to act in the capacity and do the administrative work related to the transfer of bonds. So we have a whole bunch of provisions in here relating to bond registrars. Another example of what we are doing, it used to be that warrants be the short term form of indebtedness that cities would incur until such time as projects were completed and bonds could be issued but now the federal government has said that anything that is outstanding over a year he is ipso facto, a bond that must be registered. So our system of using warrants has to be changed and to accommodate that there are provisions in here for interim bonds, for what they call bond anticipation notes, other forms which will take the place of some of the current forms that we are using today. So that is the...those things, the registered bonds and the related items are the major part of the bill and then there is one minor part of the bill that is not required by the federal government but which we are doing to make the law uniform and to clarify it for some of the bond lawyers and that is to change the advance refunding provisions. Right now under the law of some political subdivisions you have two types of things you can do. You can issue refunding bonds and you can issue advance refunding bonds. A refunding bond is simply this. If you issue a bond at a particular point in time and the interest rate is very high for example, it may be that two or three years