

**City of Carson City  
Agenda Report**

**Date Submitted:** 5/27/08

**Agenda Date Requested:** 6/5/08

**Time Requested:** 10 minutes

**To:** Mayor and Supervisors

**From:** Nick Providenti, Finance Director

**Subject Title:** Action to adopt, on second reading, Bill No. 120, Ordinance No. \_\_\_\_\_ an ordinance designated as the "2008 Highway Revenue Bond Ordinance;" authorizing the issuance by Carson City of its fully registered, "Carson City, Nevada, Highway Revenue (motor vehicle fuel tax) Improvement Bonds, Series 2008"; providing the form, terms and conditions of the bonds, the method of their payment and the security therefor, and other details in connection therewith; providing for the pledge of the proceeds of certain motor vehicle fuel taxes; ratifying action previously taken toward issuing such bonds and effecting the purpose of their issuance; and providing the effective date hereof.

**Staff Summary:** This ordinance authorizing the sale of \$9,100,000 of twenty year bonds to fund various projects approved by the RTC. The 2008 Bonds are special obligations of the City payable from Fuel Taxes now consisting of four cents per gallon on all motor vehicle fuel sold, distributed or used in and levied by the City by the Tax Ordinance, and the City's interest in an additional five and thirty-five hundredths cents per gallon on all motor vehicle fuel sold, distributed or used in and levied by the State by NRS 365.180 and 365.190 (the "State Tax Act" or the "Tax Act"), and distributed in part to the City (as well as the other counties of the State) by NRS 365.550 and 365.560.

**Type of Action Requested:** (check one)

☐ Resolution

☒ Ordinance

☐ Formal Action/Motion

☐ Other (Specify)

**Does this action require a Business Impact Statement:** ( ) Yes ( xx ) No

**Recommended Board Action:** I move to adopt, on second reading, Bill No. 120, Ordinance No. \_\_\_\_\_ an ordinance designated as the "2008 Highway Revenue Bond Ordinance;" authorizing the issuance by Carson City of its fully registered, "Carson City, Nevada, Highway Revenue (motor vehicle fuel tax) Improvement Bonds, Series 2008"; providing the form, terms and conditions of the bonds, the method of their payment and the security therefor, and other details in connection therewith; providing for the pledge of the proceeds of certain motor vehicle fuel taxes; ratifying action previously taken toward issuing such bonds and effecting the purpose of their issuance; and providing the effective date hereof.

**Explanation for Recommended Board Action:** The Board of Supervisors has determined it necessary and in the best interests of the City and its inhabitants that the City construct the Projects on the Transportation Improvement Plan approved by RTC.

**Applicable Statute, Code, Policy, Rule or Regulation:** NRS chapters 213, 244, 268, 350, 365, and 373

**Fiscal Impact:** See attached debt service schedule.

**Explanation of Impact:** Varying on-going debt service payments per attached schedule.

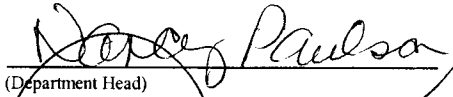
**Funding Source:** 4 cents per gallon fuel tax collected in the RTC Fund.

**Alternatives:** Elect not to borrow money and accumulate funds to do the projects on a pay as you go basis.

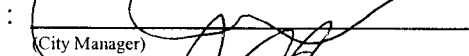
**Supporting Material:** Ordinance and Amortization Schedule

**Prepared By:** Nick Providenti

**Reviewed By:**

  
(Department Head)

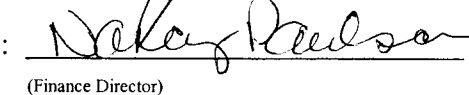
Date: 5/27/08

:   
(City Manager)

Date: 5/27/08

:   
(District Attorney)

Date: 5/27/08

:   
(Finance Director)

Date: 5/27/08

**Board Action Taken:**

Motion: \_\_\_\_\_

1) \_\_\_\_\_

Aye/Nay

2) \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
(Vote Recorded By)

Carson City, Nevada  
Regional Transportation Improvement Program Bonds, Series 2008  
Debt Service Schedule

Date	Principal	Rate	Interest	Total	Annual Debt Service
06/25/2008					
11/01/2008	282,700	4.80%	152,880.00	435,580.00	
05/01/2009			211,615.20	211,615.20	647,195.20
11/01/2009	231,500	4.80%	211,615.20	443,115.20	
05/01/2010			206,059.20	206,059.20	649,174.40
11/01/2010	240,100	4.80%	206,059.20	446,159.20	
05/01/2011			200,296.80	200,296.80	646,456.00
11/01/2011	250,000	4.80%	200,296.80	450,296.80	
05/01/2012			194,296.80	194,296.80	644,593.60
11/01/2012	266,500	4.80%	194,296.80	460,796.80	
05/01/2013			187,900.80	187,900.80	648,697.60
11/01/2013	279,200	4.80%	187,900.80	467,100.80	
05/01/2014			181,200.00	181,200.00	648,300.80
11/01/2014	293,400	4.80%	181,200.00	474,600.00	
05/01/2015			174,158.40	174,158.40	648,758.40
11/01/2015	304,000	4.80%	174,158.40	478,158.40	
05/01/2016			166,862.40	166,862.40	645,020.80
11/01/2016	321,000	4.80%	166,862.40	487,862.40	
05/01/2017			159,158.40	159,158.40	647,020.80
11/01/2017	334,400	4.80%	159,158.40	493,558.40	
05/01/2018			151,132.80	151,132.80	644,691.20
11/01/2018	354,400	4.80%	151,132.80	505,532.80	
05/01/2019			142,627.20	142,627.20	648,160.00
11/01/2019	371,100	4.80%	142,627.20	513,727.20	
05/01/2020			133,720.80	133,720.80	647,448.00
11/01/2020	389,800	4.80%	133,720.80	523,520.80	
05/01/2021			124,365.60	124,365.60	647,886.40
11/01/2021	410,300	4.80%	124,365.60	534,665.60	
05/01/2022			114,518.40	114,518.40	649,184.00
11/01/2022	427,900	4.80%	114,518.40	542,418.40	
05/01/2023			104,248.80	104,248.80	646,667.20
11/01/2023	447,800	4.80%	104,248.80	552,048.80	
05/01/2024			93,501.60	93,501.60	645,550.40
11/01/2024	905,000	4.80%	93,501.60	998,501.60	
05/01/2025			71,781.60	71,781.60	1,070,283.20
11/01/2025	949,500	4.80%	71,781.60	1,021,281.60	
05/01/2026			48,993.60	48,993.60	1,070,275.20
11/01/2026	996,200	4.80%	48,993.60	1,045,193.60	
05/01/2027			25,084.80	25,084.80	1,070,278.40
11/01/2027	1,045,200	4.80%	25,084.80	1,070,284.80	
05/01/2028					1,070,284.80
	-----		-----	-----	-----
	9,100,000		5,535,926.40	14,635,926.40	14,635,926.40

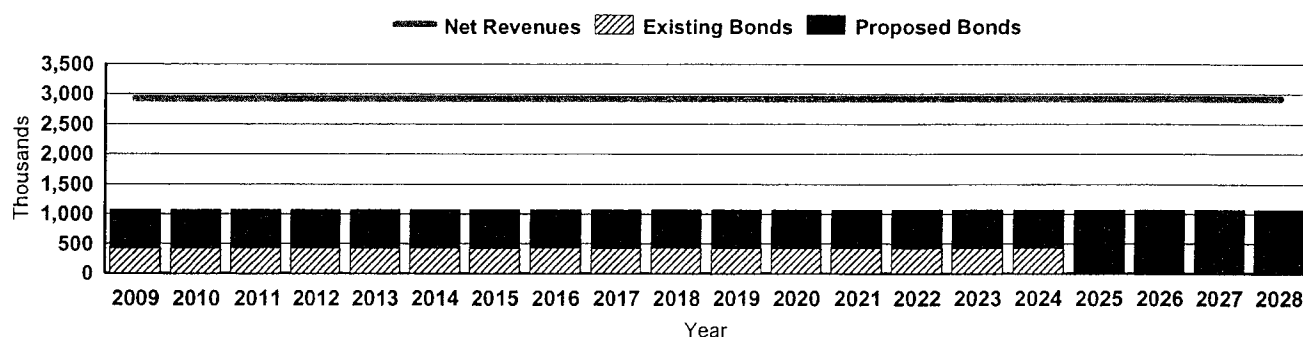
**Carson City, Nevada**  
**Regional Transportation Improvement Program Bonds, Series 2008**  
**Includes Only 2008 Bonds**

Fiscal Year	Net Revenues 1/	Existing Debt Service	Proposed Debt Service	Total Debt Service	Annual Coverage	Percent of Revenues Used
2009	2,919,391	423,100	647,195	1,070,295	2.728	36.662%
2010	2,919,391	421,125	649,174	1,070,299	2.728	36.662%
2011	2,919,391	423,803	646,456	1,070,259	2.728	36.660%
2012	2,919,391	425,670	644,594	1,070,264	2.728	36.661%
2013	2,919,391	421,655	648,698	1,070,353	2.728	36.664%
2014	2,919,391	421,980	648,301	1,070,281	2.728	36.661%
2015	2,919,391	421,595	648,758	1,070,353	2.728	36.664%
2016	2,919,391	425,305	645,021	1,070,326	2.728	36.663%
2017	2,919,391	423,305	647,021	1,070,326	2.728	36.663%
2018	2,919,391	425,645	644,691	1,070,336	2.728	36.663%
2019	2,919,391	422,155	648,160	1,070,315	2.728	36.662%
2020	2,919,391	422,808	647,448	1,070,256	2.728	36.660%
2021	2,919,391	422,470	647,886	1,070,356	2.727	36.664%
2022	2,919,391	421,113	649,184	1,070,297	2.728	36.662%
2023	2,919,391	423,590	646,667	1,070,257	2.728	36.660%
2024	2,919,391	424,753	645,550	1,070,303	2.728	36.662%
2025	2,919,391	0	1,070,283	1,070,283	2.728	36.661%
2026	2,919,391	0	1,070,275	1,070,275	2.728	36.661%
2027	2,919,391	0	1,070,278	1,070,278	2.728	36.661%
2028	2,919,391	0	1,070,285	1,070,285	2.728	36.661%

1/ Source:

MADS= 1,070,356  
Coverage of MADS= 2.727  
Minimum per Covenant= 1.700

**Regional Transportation Improvement Program Bonds, Series 2008**



Summary-- An ordinance authorizing the issuance of the "Carson City, Nevada, Highway Revenue (Motor Vehicle Fuel Tax) Improvement Bonds, Series 2008" and otherwise concerning the bonds and the motor vehicle fuel taxes pledged for their payment.

BILL NO. 120

ORDINANCE NO. \_\_\_\_  
(of Carson City, Nevada)

**AN ORDINANCE DESIGNATED AS THE "2008 HIGHWAY REVENUE BOND ORDINANCE;" AUTHORIZING THE ISSUANCE BY CARSON CITY OF ITS FULLY REGISTERED, "CARSON CITY, NEVADA, HIGHWAY REVENUE (MOTOR VEHICLE FUEL TAX) IMPROVEMENT BONDS, SERIES 2008"; PROVIDING THE FORM, TERMS AND CONDITIONS OF THE BONDS, THE METHOD OF THEIR PAYMENT AND THE SECURITY THEREFOR, AND OTHER DETAILS IN CONNECTION THEREWITH; PROVIDING FOR THE PLEDGE OF THE PROCEEDS OF CERTAIN MOTOR VEHICLE FUEL TAXES; RATIFYING ACTION PREVIOUSLY TAKEN TOWARD ISSUING SUCH BONDS AND EFFECTING THE PURPOSE OF THEIR ISSUANCE; AND PROVIDING THE EFFECTIVE DATE HEREOF.**

WHEREAS, Carson City in the State of Nevada (the "City" and the "State," respectively) is a political subdivision of the State duly organized and consolidated as a city/county under the provisions of Section 37A of Article 4 of the Nevada Constitution and operating pursuant to Nevada Revised Statutes ("NRS") chapters 244 and 268 and the general laws of the State, when not inconsistent with Statutes of Nevada 1969, Chapter 213 (the "Charter"); and

WHEREAS, there has been duly prepared and adopted a Carson City Transportation Improvement Plan (the "Plan"); and

WHEREAS, pursuant to Nevada Revised Statutes ("NRS") 373.010 through 373.200 (the "Project Act"), the Board of Supervisors (the "Governing Body") created the Regional Transportation Commission of Carson City, referred to in this ordinance as the "Transportation Commission" or the "Commission") and, in addition to any other taxes provided by law, the Governing Body now levies and requires to be paid an excise tax of four cents (4¢) per gallon on all

motor vehicle fuel sold, distributed or used in the City (subject to certain exceptions) (the "Tax Ordinance"); and

WHEREAS, the major street and highway construction (the "Improvement Project" or the "Project") to be financed in part with the proceeds of the bonds herein authorized to be issued is within the area covered by, and is shown in more detail in, the Plan; and

WHEREAS, the Transportation Commission has duly evaluated and approved the Project; and

WHEREAS, pursuant to the Project Act, and pursuant to NRS 350.500 through 350.720, inclusive, designated in NRS 350.500 thereof as the "Local Government Securities Law" (the "Bond Act") and other acts supplemental thereto, including, without limitation, NRS chapter 365, and all laws amendatory thereof, the City is herein authorized to issue its "Carson City, Nevada, Highway Revenue (Motor Vehicle Fuel Tax) Improvement Bonds, Series 2008," in the maximum aggregate principal amount of \$9,100,000 (the "2008 Bonds," the "Bond" or the "Bonds"); and

WHEREAS, the 2008 Bonds are special obligations of the City payable from Fuel Taxes (as herein defined) now consisting of four cents (4¢) per gallon on all motor vehicle fuel sold, distributed or used in and levied by the City by the Tax Ordinance, and the City's interest in an additional five and thirty-five hundredths cents (5.35¢) per gallon on all motor vehicle fuel sold, distributed or used in and levied by the State by NRS 365.180 and 365.190 (the "State Tax Act" or the "Tax Act"), and distributed in part to the City (as well as the other counties of the State) by NRS 365.550 and 365.560, but subject to the exempt sales and other exempt transactions provided by law, and subject to the credits and refunds authorized by law and pertaining thereto except those defrayed as Administration Expenses (as herein defined), after provision is made for the payment of certain Administration Expenses and any required Direct Distributions (as herein defined), including, without limitation, deductions to reimburse dealers and users for certain handling losses, to make certain refunds to taxpayers, and to make certain other remittances and deposits required by law (the "Gross Pledged Revenues," and the "Net Pledged Revenues," respectively); and

WHEREAS, pursuant to NRS 373.160, the City reserves the option of further securing the 2008 Bonds by Fuel Taxes generated by any such tax thereafter authorized to be used or

pledged or used and pledged for the payment of such securities whether such tax be levied or collected by the City, the State of Nevada, or otherwise, or be levied in at least an equivalent value in lieu of any such tax existing at the time of the issuance of such securities or be levied in supplementation thereof; and

WHEREAS, after the City Finance Director (the "Finance Director") or in his absence, the City Manager, are authorized to sell the Bonds to the best bidder therefore (the "Purchaser"), and to accept a binding bid for the Bonds; and

WHEREAS, the Bonds are to bear interest at the rates per annum provided in the bond purchase proposal submitted by the Purchaser (the "Bond Purchase Proposal"), which rates must not exceed by more than 3% "25 Bond Revenue Index" most recently published in The Bond Buyer prior to the time bids were received for the Bonds, and are to be sold at a price equal to their principal amount, accrued interest to the date of their delivery, plus a premium or less a discount not exceeding 9% of the principal amount of the Bonds, all as specified by the Finance Director, or in his absence, the City Manager, in a certificate dated on or before the date of delivery of the Bonds (the "Certificate of the Finance Director"); and

WHEREAS, other than the "Carson City, Nevada, Highway Revenue (Motor Vehicle Fuel Tax) Improvement Bonds, Series 2003" (the "2003 Bonds"), the City has not pledged nor in any way hypothecated revenues derived or to be derived (directly or indirectly) from any excise tax relating to motor vehicle fuel to the payment of any outstanding bonds or for any other purpose, with the result that the proceeds of the Pledged Revenues may now be pledged lawfully and irrevocably to the 2008 Bonds, all as herein provided; and

WHEREAS, the Governing Body has considered, has further determined, and declares:

(a) The Governing Body has studied the desirability and feasibility of street and highway construction within the area comprising the Plan and has determined to authorize the issuance of the Bonds payable from Pledged Revenues for such Improvement Project;

(b) It is necessary and in the best interests of the City and its inhabitants that the City construct the Improvement Project and defray a

portion of the Cost of the Improvement Project (as herein defined) by the issuance and sale of the 2008 Bonds to the Purchaser (as herein defined);

(c) The total of all revenue bonds and any other securities payable from Pledged Revenues issued on the behalf and in the name of the City, now consisting only of the 2008 Bonds to be issued:

(i) will not be in an amount requiring a total debt service in excess of the net receipts estimated by the Governing Body to be derived from the tax imposed pursuant to the provisions of NRS 373.030; and

(ii) will not be general obligations of the City or a charge on any real estate therein; but

(iii) will be secured as to principal and interest by a pledge authorized by the Project Act of the net receipts from the motor vehicle fuel taxes therein designated, except such portion of such receipts as may be required for Direct Distributions;

(d) Thus the limitation imposed by subsection 2, NRS 373.130 is met;

(e) Pursuant to subsection 6, NRS 373.130, and to all provisions in the act supplemental thereto, the payment of the 2008 Bonds will be and are required not only to be secured by a pledge of and by the creation of a lien on the proceeds of the tax levied by the City and collected pursuant to the Project Act but also to be secured additionally by a pledge of and by the creation of a lien on (but not necessarily limited to) the proceeds of the tax levied in NRS 365.180 and 365.190, and transmitted by the State in part to the City originally to be accounted for in the general road fund of the City (in the absence of such pledge and lien), as provided and subject to the



exceptions stated in this Ordinance, in the Tax Act, and in the Project Act;

(f) The net proceeds of the tax levied and collected pursuant to the Project Act are sufficient to pay the 2008 Bonds, from the proceeds thereof;

(g) Thus the limitation imposed by subsection 2, NRS 373.160 is met; and accordingly the Governing Body on the behalf and in the name of the City, may additionally secure the payment of the 2008 Bonds by a pledge of and the creation of a lien on not only the proceeds of any motor fuel tax authorized at the time of the issuance of such securities payable from the Pledged Revenues, and authorized in subsection 6, NRS 373.130, but also the proceeds of any such tax hereafter authorized to be used or pledged or used and pledged for the payment of such securities, whether such tax be levied or collected by the City, the State, or otherwise, or be levied in at least an equivalent value in lieu of any such tax existing at the time of the issuance of such securities or be levied in supplementation thereof;

(h) Pursuant to subsection 3, NRS 373.160, the pledges and liens authorized by subsections 1 and 2, NRS 373.160 will extend to the proceeds of any tax collected for use by the City on any motor vehicle fuel so long as any bonds or other securities issued under the Project Act remain Outstanding and will not be limited to any type or types or motor vehicle fuel in use when the Bonds or other securities are issued; and the revenues pledged for the payment of the 2008 Bonds, as received by the City, will immediately be subject to the lien of each such pledge without any physical delivery thereof, any filing, or further act, and the lien of each such pledge and the obligation to perform the contractual provisions made in this ordinance will have priority over any or all other obligations and liabilities of the City,

except as may be otherwise provided in the Project Act or in this Ordinance; and the lien of each such pledge will be valid and binding as against all Persons (as herein defined) having claims of any kind in tort, contract or otherwise against the City, whether such Persons have notice thereof;

(i) The 2008 Bonds will be payable from that portion of the net proceeds of the Fuel Taxes which may be pledged to secure the payment of the Bonds, i.e., from the Gross Pledged Revenues:

(i) Except for charges payable therefrom to reimburse the Department for the collection and transmittal to the City of the Fuel Taxes and otherwise for the performance by the Department (as hereinafter defined) of all functions incident to the administration or operation of the Tax Ordinance (as herein defined), and

(ii) Except for any other Administrative Expenses, as such net proceeds are credited to the Regional Street and Highway Fund (the "Highway Fund"), or otherwise, and

(iii) Except such portion of the net proceeds of the Fuel Taxes as may be required for Direct Distributions;

(j) The payment of the 2008 Bonds shall be secured by a pledge of and an irrevocable (but not necessarily an exclusive) lien on the Pledged Revenues;

(k) The pledge of and lien on the Pledged Revenues for the payment of securities payable therefrom and issued under the Project Act have not heretofore been extended to any Fuel Taxes other than the above designated taxes of nine and thirty-five

hundredth cents (9.35¢) per gallon; but such pledge and lien has been extended to such taxes by amendment of the Project Act, laws supplemental thereto, and the Tax Ordinance (as hereinafter defined);

(l) Each of the limitations in the Project Act, the Bond Act, and in the acts and ordinances supplemental thereto, has been met; and pursuant to NRS 350.708, this determination of the Governing Body that the limitations therein upon the issuance of the 2008 Bonds thereunder have been met shall be conclusive in the absence of fraud or arbitrary and gross abuse of discretion;

(m) The 2008 Bonds will otherwise be issued in strict compliance with the Bond Act, this Ordinance, and all other acts, ordinances and resolutions supplemental thereto;

(n) It is in the best interests of the City to issue the Bonds herein authorized, to sell the Bonds to the Purchaser in accordance with the terms hereof and of the bid submitted by the Purchaser;

(o) It is advisable and in the best interests of the City to make appropriate provisions herein for the future issuance of additional bonds or other securities payable from the Pledged Revenues to be derived hereafter, which additional bonds or other securities, if and when authorized in accordance with law, will, subject to designated conditions, occupy a position of parity and enjoy an equality of lien on the Pledged Revenues or a subordinate position with a subordinate lien on the Pledged Revenues with the Bonds herein authorized, and further to prescribe the restrictions, covenants, and limitations which shall govern the issuance of any additional bonds or any other additional securities payable from the Pledged Revenues; and

WHEREAS, the Board hereby elects to have Chapter 348, NRS (the "Supplemental Bond Act") apply to the 2008 Bonds; and

WHEREAS, the Governing Body has determined and does declare that this Ordinance pertains to the sale, issuance and payment of the 2008 Bonds; and

WHEREAS, such declaration shall be conclusive in the absence of fraud or gross abuse of discretion in accordance with the provisions of subsection 2, NRS 350.579; and

WHEREAS, pursuant to Section 2.110 of the Charter, this Ordinance shall take effect from and after its passage and publication once by title and collateral statement in accordance with law.

NOW, THEREFORE, THE BOARD OF SUPERVISORS OF CARSON CITY DO  
ORDAIN:

## ARTICLE I

### SHORT TITLE, DEFINITIONS, INTERPRETATION, RATIFICATION, TRANSMITTAL AND EFFECTIVE DATE

Section 101 Short Title. This ordinance shall be known and may be cited as the "2008 Highway Revenue Bond Ordinance" (the "Ordinance").

Section 102. Meaning and Construction.

A. Definitions. The following terms, except where the context by clear implication otherwise requires, shall have the specified meanings for all purposes of this ordinance:

(1) "Acquire" or "acquisition" means the opening, laying out, establishment, purchase, construction, securing, installation, reconstruction, lease, gift, grant from the United States of America, any agency, instrumentality or corporation thereof, the State of Nevada, any body corporate and politic therein, any corporation, the State, or any person, the endowment, bequest, devise, condemnation, transfer, assignment, option to purchase, other contract, or other acquirement (or any combination thereof) of any project or an interest therein, authorized by NRS chapter 373.

(2) "Acquisition Account" means the special account designated as the "Carson City, Nevada, Highway Revenue (Motor Vehicle Fuel Tax) Improvement Bonds, Series 2008, Acquisition Account" created in Section 401 hereof.

(3) "Administration Expenses" means the expenses incurred in fixing and collecting the Fuel Taxes and the costs of administering and enforcing laws, rules and regulations pertaining thereto, including, without limitation, the deductions allowed by law to any dealer or user to cover his costs of collection of the taxes and of compliance with any law pertaining thereto, statute or ordinance, and the dealer's or user's handling losses occasioned by evaporation, spillage or other similar causes, not exceeding two percent (2%) of the amount thereby collected, the reasonable charges against the City or the State acting by or through the Department

or otherwise to reimburse the State for the cost to it of rendering its services in the performance by it of all functions incident to the administration or operation of the Tax Ordinance, to defray such administration and operation costs incurred by the State, also so including those portions of the net proceeds of the tax levied by the State in NRS 365.180 and 365.190 needed to make the remittances and deposits required of the State by NRS 365.535 and 365.565, and also so including any such administration costs pertaining to any Fuel Taxes other than the taxes presently imposed by the Tax Ordinance and by the Tax Act and now or hereafter subject to the pledge and lien to secure the payment of the 2008 Bonds; and the term may include at the City's option (except as limited by law), without limitation:

- (a) Auditing, legal and other overhead expenses of the City directly or indirectly related to the administration, operation and maintenance of the Fuel Taxes;

- (b) Property, liability and other insurance and fidelity bond premiums pertaining to the Pledged Revenues or the Facilities, or both, or a reasonably allocated share of a premium of any blanket policy or bond pertaining to the Pledged Revenues or the Facilities, or both;

- (c) The reasonable charges of any depository bank pertaining to the Fuel Taxes or any securities payable from the Pledged Revenues;

- (d) Any general taxes, assessments, excise taxes, or other charges which may be lawfully imposed on the City or its income or operations pertaining to the Fuel Taxes;

- (e) Ordinary and current rentals of equipment or other property;

- (f) The costs of making any refunds of any Pledged Revenues lawfully due to others;

- (g) Expenses in connection with the issuance of bonds or other securities evidencing any loan to the City and payable from the Pledged Revenues;

(h) The expenses and compensation of any trustee or other fiduciary;

(i) Contractual services, professional services required by this Ordinance, salaries, labor and the cost of materials and supplies used for current operation; and

(j) All other administrative, general and commercial expenses pertaining to the Fuel Taxes, but:

(i) Excluding any operation and maintenance expenses incurred in connection with the Facilities or other streets and highways in the City and not directly pertaining to the Fuel Taxes;

(ii) Excluding any allowance for depreciation or any amounts for capital replacements, renewals, major repairs and maintenance items (or any combination thereof)

(iii) Excluding any costs of the acquisition of any Facilities or any improvements thereto or any other costs pertaining to any other street or highway improvements, or any reserves therefor;

(iv) Excluding any reserves for operation, maintenance or repair of the Facilities or other streets and highways in the City;

(v) Excluding any allowance for the redemption of any bonds or other securities evidencing a loan, or the payment of any interest thereon, or any reserve therefor; and

(vi) Excluding liabilities incurred by the City as the result of its negligence in the operation and maintenance of the Facilities or any other streets and highways in the City or any other ground of legal liability not based on contract, or any reserve therefor.

(4) The term "banking institution" or "Insured Bank" means a state or national bank or trust company which is a member of the Federal Deposit Insurance Corporation and of the Federal Reserve System, is located within the United States, and has a capital and surplus of \$10,000,000 or more, including, without limitation, any "trust bank" as herein defined.

(5) "Board" or "Governing Body" means the Board of Supervisors of Carson City, in the State of Nevada, or its successor in functions, if any, or if the context requires, the Regional Transportation Commission of Carson City, or its successor in functions, if any.

(6) "Bond Act" means NRS 350.500 through 350.720 and all laws amendatory thereof, and designated in NRS 350.500 as the Local Government Securities Law.

(7) "Bond Fund" means the "Carson City, Nevada, Highway Revenue Bonds, Bond Fund," created herein.

(8) "Bond Requirements" means the principal of, any prior redemption premiums due, if any, in connection with, and the interest on the 2008 Bonds and any additional bonds or other securities payable from the Pledged Revenues, or such part of such securities as may be designated.

(9) "Bond Year" for the purposes of this Ordinance means the twelve (12) months commencing on July 1 of any calendar year and ending on the June 30 of the next succeeding calendar year.

(10) "Bonds" or "2008 Bonds" means the securities issued hereunder and designated as the "Carson City, Nevada, Highway Revenue (Motor Vehicle Fuel Tax) Improvement Bonds, Series 2008."

(11) "Clerk" or "City Clerk" means the de jure or de facto clerk of the City, or his successor in functions, if any.

(12) The term "combined maximum annual principal and interest requirements" means the maximum sum of the principal of and interest on the Outstanding 2008 Bonds, and any other designated securities payable from the Net



Pledged Revenues, to be paid during any one Bond Year for the period beginning with the Bond Year in which such computation is made and ending with the Bond Year in which any 2008 Bond last becomes due at maturity or on a date on which any 2008 Bond thereafter maturing has been called for prior redemption, but excluding any reserve requirements to secure such payments unless otherwise expressly provided. Any such computation shall be made by the Controller or an Independent Accountant unless otherwise expressly provided.

(13) "Commission" means the Regional Transportation Commission of Carson City created pursuant to NRS Chapter 373, or the Commission's successor in functions, if any.

(14) "Comparable Bond Year" means, in connection with any Fiscal Year, the Bond Year which commences in the Fiscal Year. For example, for the Fiscal Year commencing on July 1, 2008, the Comparable Bond Year commences on July 1, 2008, and ends on June 30, 2009.

(15) "Controller" means the de jure or de facto finance director and controller of the City or his or her successor in functions, if any.

(16) "Cost of the Improvement Project," or any phrase of similar import, means all or any part designated by the Governing Body of the costs of the Improvement Project or interest in the Improvements being acquired, which cost, at the option of the Governing Body (except as limited by law) may include all or any part of the incidental costs pertaining to the Improvement Project including, without limitation:

(a) Preliminary expenses advanced by the City from funds available for use therefor or any other source, or advanced by any city or town with the approval of the City from funds available therefor or from any other source, or advanced by the State or the Federal Government, with the approval of the City (or any combination thereof);

(b) The costs in the making of surveys, audits, preliminary plans, other plans, specifications, estimates of costs, and other preliminaries;

- (c) The costs of premiums on builders' risk insurance and performance bonds, or a reasonably allocable share thereof;
- (d) The costs of appraising, printing, estimates, services of engineers, architects, financial consultants, attorneys at law, clerical help, or other agents or employees;
- (e) The costs of making, publishing, posting, mailing and otherwise giving any notice in connection with the Improvement Project the filing or recordation of instruments, the taking of options, the issuance of the Bonds and any other securities pertaining to the Improvement Project and the bank fees and expenses;
- (f) The costs of contingencies;
- (g) The costs of the capitalization with the proceeds of the 2008 Bonds of any interest on the Bonds for any period not exceeding the period estimated by the Governing Body to effect the Improvement Project plus one (1) year, of any discount on the Bonds, and of the cost of the capitalization of the amounts for immediate deposit in the Reserve Fund, (given said Reserve Fund's valid future creation and/or any other reserves for the payment of the Bond Requirements of the Bonds), of any replacement expenses, and of any other cost of the issuance of the Bonds;
- (h) The costs of amending any ordinance, resolution or other instrument authorizing the issuance of or otherwise pertaining to Outstanding securities payable from any Pledged Revenues;
- (i) The costs of funding any emergency loans, construction loans and other temporary loans of not exceeding ten (10) years pertaining to the Improvement Project and of the incidental expenses incurred in connection with such loans;
- (j) The costs of any properties, rights, easements or other interests in properties, of any licenses, privileges, agreements and franchises;

(k) The costs of demolishing, removing or relocating any buildings, structures or other facilities on land acquired for the Improvement Project, and of acquiring lands, to which such buildings, structures or other facilities may be moved or relocated; and

(l) All other expenses necessary or desirable and pertaining to the Improvement Project, as estimated or otherwise ascertained by the Governing Body.

(17) "City" or "Issuer" means Carson City, in the State of Nevada, and constituting a political subdivision thereof, or any successor municipal corporation; and where the context so indicates, either such term means the geographical area comprising Carson City.

(18) "City Treasurer" or "Treasurer" means the de jure or de facto treasurer of the City, or his or her successor in functions, if any.

(19) "Department of Taxation" or "Department" means the Nevada Department of Taxation created by section 11, chapter 748, Statutes of Nevada 1975, being the successor in functions of the Nevada Tax Commission.

(20) "Direct Distributions" means the shares of the proceeds of the Fuel Taxes levied and collected pursuant to the Project Act and the Tax Ordinance and allocated thereunder to any towns within the City, whose respective territories are not included wholly or in part in the Plan in aid of approved construction projects from the Highway Fund, in the proportion which the total assessed valuation of those towns bears to the total assessed valuation of the entire City, pursuant to NRS 373.150. "Direct Distributions" also means the shares of the unrefunded balance of the Fuel Taxes levied and collected pursuant to the Project Act and Tax Ordinance, which are subject to refund by reason of the use of such taxed fuel as aviation fuel, and allocated to the local governments which own or control any airports, landing areas and air navigation facilities within the City, pursuant to NRS 373.150.

(21) "Events of default" means the events stated in Section 1003 hereof.

(22) "Facilities" means the properties comprising the street and highway system embraced by the Plan, as from time to time amended, consisting of all properties real, personal, mixed, or otherwise, now owned or hereafter acquired by the City, the State, and any other political subdivision of the State (other than the City), through purchase, construction, or otherwise, and used in connection with the street and highways system within the Plan, as so amended, and in any way pertaining thereto.

(23) "Federal Government" means the United States, or any agency, instrumentality or corporation thereof.

(24) "Federal Securities" means bills, certificates of indebtedness, notes, bonds or similar securities which are direct obligations of or the principal and interest of which securities are unconditionally guaranteed by, the United States of America.

(25) "Fiscal Year" means the twelve (12) months commencing on the first day of July of any calendar year and ending on the last day of June of the next succeeding calendar year.

(26) "Fuel Taxes" means the excise taxes collected for use by the City in connection with the privilege of selling, using or distributing motor vehicle fuel in the City or the State, as the case may be, so long as the 2008 Bonds issued hereunder remain Outstanding, the proceeds of which taxes now or hereafter are authorized to be pledged for the payment of the 2008 Bonds, whether levied by the City, the State, or otherwise, subject to the exempt sales and to the other exempt transactions provided by law, and subject to the credits and refunds authorized by law and pertaining thereto except those defrayed as Administration Expenses. Such taxes are not necessarily limited to any type or types of motor vehicle fuel in use when the 2008 Bonds are issued; and, subject to such exempt sales and to such other exempt transactions, such taxes now consist:

(a) Of a tax levied by the City by the Tax Ordinance pursuant to the Project Act of four cents (4¢) per gallon on all motor vehicle fuel sold,

distributed or used in the City as provided by the Tax Ordinance, except as therein otherwise provided, and

(b) Of the City's interest in additional taxes levied by the State in NRS 365.180 and 365.190, of three and six-tenths (3.6¢) and one and seventy-five hundredths cents (1.75¢), respectively, per gallon on all motor vehicle fuel sold, distributed, or used in the City, as well as other counties of the State, as provided in NRS 365.550 and 365.560, except as otherwise provided in the Tax Act, but

(c) Not of any portion of any such excise tax otherwise now levied by the State and not any of the additional five cents (5¢) per gallon levied by the City on all motor vehicle fuel sold, distributed or used in the City and transmitted to the State pursuant to an interlocal agreement dated April 1, 1997, and any amendments thereto.

and such taxes may hereafter consist of any excise taxes pertaining to motor vehicle fuel of at least an equivalent value and pledged in lieu of such present taxes or of any such excise taxes of any value pledged in supplementation thereof.

(27) "Governing Body" means the Board.

(28) "Gross Pledged Revenues" means all income and revenues derived directly or indirectly by the City from the Fuel Taxes, or any part thereof, whether resulting from excise taxes pertaining to motor vehicle fuel hereafter authorized to be pledged to the Bonds, or otherwise, and includes all revenues received for use by the City or any political corporation succeeding to the rights of the City from the Fuel Taxes, but:

(a) Excluding any moneys received as grants, appropriations or gifts from the United States, the State, or other sources, the use of which is limited by the grantor or donor to the construction of capital improvements for the City, and

(b) Excluding any other moneys which are not authorized by statute heretofore or hereafter adopted to be pledged to the payment of the Bonds.

(29) The terms "hereby," "herein," "hereinabove," "hereinafter," "hereinbefore," "hereof," "hereto," "hereunder" and any similar term refer to this Ordinance and not solely to the particular portion thereof in which such word is used; "heretofore" means before the adoption of this Ordinance; and "hereafter" means after the adoption of this Ordinance.

(30) "Highway Fund" or "Transportation Fund" means the Regional Street and Highway Fund in the treasury of the City, which fund designated the Regional Street and Highway Fund was created by the Tax Ordinance, pursuant to NRS 373.110.

(31) The terms "holder" or "owner" or any similar term, when used in connection with any bonds, or any other designated securities, means the registered owner of the Bond.

(32) The terms "improve" or "improvement" means the extension, widening, lengthening, betterment, alteration, reconstruction or other major improvement, or any combination thereof, of any properties pertaining to the Facilities, or an interest therein, or any other properties herein designated; but the term does not mean renovation, reconditioning, patching, general maintenance or other minor repair.

(33) "Improvement Project" means the street and highway construction, as delineated in the Plan, including, without limitation, the acquisition and improvement of:

(a) Any street, avenue, boulevard, alley, highway or other public right-of-way used for any vehicular traffic,

(b) Sidewalks designed primarily for use by pedestrians,

(c) Grades, regrades, gravel, oiling, surfacing, macadamizing, paving, cross-walks, sidewalks, pedestrian rights-of-way,

driveway approaches, curb cuts, curbs, gutters, culverts, catch basins, drains, sewers, manholes, inlets, outlets, retaining walls, bridges, overpasses tunnels, underpasses, approaches, sprinkling facilities, artificial light and lighting equipment, parkways, grade separators, traffic separators, and traffic control equipment, and all appurtenances and incidentals, or any combination thereof, and

(d) All types of property therefor.

(34) "Improvements" means those Facilities acquired or improved by the Improvement Project.

(35) "Independent Accountant" means any certified public accountant, or firm of such certified public accountants, as from time to time determined by the Governing Body, duly licensed to practice and practicing as such under the laws of the appointed and compensated by the Governing Body on behalf and in the name of the City:

(a) Who is, in fact, independent and not under the domination of the City;

(b) Who does not have any substantial interest, direct or indirect, with the City, and

(c) Who is not connected with the City as an officer or employee thereof, but who may be regularly retained to make annual or similar audits of any books or records of the City.

(36) "Instrument" means this Ordinance; and the terms "instrument of the Issuer," "instrument of the Governing Body," "amendatory instrument," "supplemental instrument," or any phrase of similar import mean any resolution or ordinance adopted by the Governing Body on behalf of the City.

(37) "I.R.C." or "Tax Code" means the Internal Revenue Code of 1986, as amended.

(38) "Issuer" means the City.

(39) "Net Pledged Revenues" means the Gross Pledged Revenues, after the deduction of the Administration Expenses and Direct Distributions, including without limitation in the case the taxes levied by the State in NRS 365.180 and 365.190, including without limitation, the deductions from such taxes by the State of amounts for the remittances and deposits required by the provisions of NRS 365.535 and 365.565.

(40) "Outstanding" when used with reference to the Bonds or any other designated securities and as of any particular date means all the Bonds or any such other securities payable from the Pledged Revenues in any manner theretofore or thereupon being executed and delivered:

(a) Except any Bond or other security canceled by the City or otherwise on the City's behalf, at or before such date;

(b) Except any Bond or other security for the payment of the redemption of which cash at least equal to the Bond Requirements to the date of maturity or the Redemption Date, shall have theretofore been deposited with a trust bank in escrow or in trust for that purpose; and

(c) Except any Bond in lieu of or in substitution for which another bond shall have been duly executed and delivered.

(41) The term "parity bonds" or "parity securities" means in either case bonds or securities payable from the Pledged Revenues on a parity with the Bonds herein authorized to be issued.

(42) "Paying Agent" means the City Treasurer or any successor thereof.

(43) "Person" means a corporation, firm, other body corporate (including the Federal Government, the State, or any other body corporate and politic other than the City), partnership, association or individual, and also includes an executor, administrator, trustee, receiver or other representative appointed according to law.



(44) "Plan" means the Carson City Transportation Improvement Plan, as from time to time amended and supplemented.

(45) "Pledged Revenues" means all or a portion of the proceeds of the gross Fuel Taxes, i.e., the Gross Pledged Revenues. The term indicates a source of revenues and does not necessarily indicate all or any portion or other part of such revenues in the absence of further qualification.

(46) "Project Act" means the act originally adopted as chapter 470, Statutes of Nevada 1965, designated as NRS 373.010 through 373.200, as from time to time amended, and cited in NRS 373.010, as the County Motor Vehicle Fuel Tax Law.

(47) "Project Engineer" means the Public Works Director of the City, or any registered or licensed professional engineer, or firm of such engineers, as from time to time determined by the Governing Body:

(a) Who has a wide and favorable repute for skill and experience in the field of designing, preparing plans and specifications for, and supervising the construction of facilities like those comprising the Facilities;

(b) Who is entitled to practice and is practicing under the laws of the State; and

(c) Who is selected, retained and compensated by the Governing Body, in the name and on behalf of the City, and who may be in the regular employ or control of the City.

(48) "Rebate Account" means the account designated as the "Carson City, Nevada, Highway Revenue (Motor Vehicle Fuel Tax) Improvement Bonds, Series 2008, Rebate Account" created in Section 507 hereof.

(49) "Redemption Date" means a date fixed for the redemption prior to their respective maturities of any Bonds or other designated securities payable from Pledged Revenues in any notice of prior redemption or otherwise fixed and designated by the City.

(50) "Registrar" means the Paying Agent, (i.e., the City Treasurer) or successor thereto.

(51) "Reserve Fund" means the "Carson City, Nevada, Highway Revenue Bonds, Reserve Fund," continued in Section 506 herein.

(52) "Reserve Fund Requirement" means an amount equal to the combined maximum annual debt service on the Bonds and any parity securities Outstanding at the time of calculation; provided, however, there shall be no Reserve Fund Requirement unless and until the conditions specified herein in Section 506, Contingent Reserve Fund, are met. For purposes of calculating the Reserve Fund Requirement, any variable rate indebtedness shall be assumed to bear interest at: (a) if interest on the indebtedness is excludable from gross income under the Tax Code, the most recently published Bond Buyer "Revenue Bond Index" (or comparable index if no longer published); or (b) if interest is not excludable from gross income under the Tax Code, the interest rate on direct U.S. Treasury Obligations with comparable maturities.

(53) "State" means the State of Nevada; and where the context so indicates, "State" means the geographical area comprising the State of Nevada.

(54) The term "subordinate bonds" or "subordinate securities" means in either case bonds or securities payable from the Pledged Revenues and junior to the lien thereon of the 2008 Bonds.

(55) The term "superior bonds" or "superior securities" means in either case bonds or securities payable from the Pledged Revenues and senior to the lien thereon of the Bonds herein authorized to be issued (of which there can be none).

(56) "Supplemental Bond Act" means NRS 348.010 through 348.450.

(57) "Tax Act" means section NRS 365.010 through 365.090 and all laws amendatory thereof.

(58) "Tax Ordinance" means the ordinance adopted by the Board on June 20, 1969, as amended, and codified as Chapter 11 at 11.20.050 in the Carson City Municipal Code.

(59) "Transportation Commission" means the Regional Transportation Commission of Carson City also known as the Regional Street and Highway Commission, or the commission's successor in functions, if any.

(60) The term "trust bank" means a banking institution" as defined herein, which bank is authorized to exercise and is exercising trust powers, and also means any branch of the Federal Reserve Bank.

B. Construction. This Ordinance, except where the context by clear implication herein otherwise requires, shall be construed as follows:

(1) Words in the singular number include the plural, and words in the plural include the singular.

(2) Words in the masculine gender include the feminine and the neuter, and when the sense so indicates words of the neuter gender refer to any gender.

(3) Articles, sections, subsections, paragraphs and subparagraphs mentioned by number, letter, or otherwise, correspond to the respective articles, sections, subsections, paragraphs and subparagraphs of this ordinance so numbered or otherwise so designated.

(4) The titles applied to articles, sections, subsections, paragraphs and subparagraphs in this Ordinance are inserted only as a matter of convenience and ease in reference and in no way define, limit or describe the scope of any provisions of this Ordinance.

(5) Any securities held by the City shall not be deemed Outstanding for the purpose of redemption or for the purpose of consents hereunder or for any other purpose provided herein.

Section 103. Successors. Whenever the City or the Governing Body is named or is referred to, such provisions shall be deemed to include any successors of the City or the Governing

Body, respectively, whether so expressed or not. All of the covenants, stipulations, obligations and agreements by or on behalf of and other provisions for the benefit of the City or the Governing Body contained herein shall bind and inure to the benefit of any such successors and shall bind and inure to the benefit of any officer, board, district, commission, authority, agent or instrumentality to whom or to which there shall be transferred by or in accordance with law any right, power or duty of the City or the Governing Body or of their respective successors, if any, the possession of which is necessary or appropriate in order to comply with any such covenants, stipulations, obligations, agreements or other provisions hereof.

Section 104. Parties Interested Herein. Nothing herein expressed or implied is intended or shall be construed to confer any right, remedy or claim under or by reason hereof or any covenant, condition or stipulation hereof upon or to give such to any person, other than the City, the Governing Body, and the owner of the 2008 Bonds and such holders of any other securities payable from) the Pledged Revenues when reference is expressly made thereto. All the covenants, stipulations, promises and agreements herein contained by and on behalf of the City shall be for the sole and exclusive benefit of the City, the Governing Body, the Paying Agent and the owner of the 2008 Bonds.

Section 105. Ratification. All action heretofore taken (not inconsistent with the provisions of this Ordinance) by the Governing Body, the Commission and the officers of the City, and otherwise taken by the City directed:

- A. Improvement Project. Toward the Improvement Project,
- B. Tax Ordinance. Toward the passage and approval of the Tax Ordinance,
- C. Fuel Taxes. Toward the levy and collection of the Fuel Taxes for repayment of the Bonds, and
- D. Bonds. Toward the sale and delivery of the 2008 Bonds for that purpose, be, and the same hereby is, ratified, approved and confirmed.

Section 106. Ordinance Irrepealable. After any of the 2008 Bonds are issued, this Ordinance shall constitute an irrevocable contract between the City and the holder or holders of the Bonds; and this Ordinance (subject to the provisions of section 901 (Defeasance) and article XI (amendments hereof), if any 2008 Bonds are in fact issued, shall be and shall remain irrepealable

until the 2008 Bonds, as to all Bond Requirements, shall be fully paid, canceled and discharged, as herein provided, except as herein otherwise expressly provided.

Section 107. Severability. If any section, subsection, paragraph, clause or other provision of this Ordinance shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, subsection, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance.

Section 108. Repealer. All bylaws, orders, and other instruments, or parts thereof, inconsistent herewith are hereby repealed to the extent only of such inconsistency. This repealer shall not be construed to revive any bylaw, order, or other instrument, or part thereof, heretofore repealed.

Section 109. Publication of Proposed Ordinance. When first proposed, this Ordinance must be read to the Board bly title, after which an adequate number of copies of this Ordinance must be filed with the Clerk for public distribution. Notice of the filing must be published once in a newspaper published and having general circulation in the City at least 10 days before the adoption of the Ordinance, such publication to be in substantially the following form:

(Form for Publication of Notice of Filing of Ordinance)

BILL NO. \_\_\_\_\_

ORDINANCE NO. \_\_\_\_\_  
(of Carson City, Nevada)

**AN ORDINANCE DESIGNATED AS THE "2008 HIGHWAY REVENUE BOND ORDINANCE;" AUTHORIZING THE ISSUANCE BY CARSON CITY OF ITS FULLY REGISTERED, "CARSON CITY, NEVADA, HIGHWAY REVENUE (MOTOR VEHICLE FUEL TAX) IMPROVEMENT BONDS, SERIES 2008"; PROVIDING THE FORM, TERMS AND CONDITIONS OF THE BONDS, THE METHOD OF THEIR PAYMENT AND THE SECURITY THEREFOR, AND OTHER DETAILS IN CONNECTION THEREWITH; PROVIDING FOR THE PLEDGE OF THE PROCEEDS OF CERTAIN MOTOR VEHICLE FUEL TAXES; RATIFYING ACTION PREVIOUSLY TAKEN TOWARD ISSUING SUCH BONDS AND EFFECTING THE PURPOSE OF THEIR ISSUANCE; AND PROVIDING THE EFFECTIVE DATE HEREOF.**

PUBLIC NOTICE IS HEREBY GIVEN that typewritten copies of the above-numbered and entitled ordinance are available for inspection by the interested parties at the office of the City Clerk of Carson City, 2621 Northgate Lane, No. 56, Carson City, Nevada; and that said ordinance was proposed by Supervisor \_\_\_\_\_ on May 15, 2008, and will be considered for adoption at the regular meeting of the Board of Supervisors of Carson City on June 5, 2008.

/s/ Alan Glover  
City Clerk

(End of form of Notice of Filing Ordinance)

Section 109. Effective Date and Publication. After this Ordinance is signed by the Mayor and attested and sealed by the Clerk, this ordinance shall be published by title only, together with the names of the Supervisors voting for or against its passage, and with a statement that typewritten copies of said ordinance are available for inspection by all interested parties at the office of the City Clerk, such publication to be made in the Nevada Appeal, a weekly newspaper published in Carson City and of general circulation in Carson City, for at least one publication, such publication is to be in substantially the following form:

(Form for Publication after Final Adoption of Ordinance)

BILL NO. \_\_\_\_\_

ORDINANCE NO. \_\_\_\_\_  
(of Carson City, Nevada)

**AN ORDINANCE DESIGNATED AS THE "2008 HIGHWAY REVENUE BOND ORDINANCE;" AUTHORIZING THE ISSUANCE BY CARSON CITY OF ITS FULLY REGISTERED, "CARSON CITY, NEVADA, HIGHWAY REVENUE (MOTOR VEHICLE FUEL TAX) IMPROVEMENT BONDS, SERIES 2008"; PROVIDING THE FORM, TERMS AND CONDITIONS OF THE BONDS, THE METHOD OF THEIR PAYMENT AND THE SECURITY THEREFOR, AND OTHER DETAILS IN CONNECTION THEREWITH; PROVIDING FOR THE PLEDGE OF THE PROCEEDS OF CERTAIN MOTOR VEHICLE FUEL TAXES; RATIFYING ACTION PREVIOUSLY TAKEN TOWARD ISSUING SUCH BONDS AND EFFECTING THE PURPOSE OF THEIR ISSUANCE; AND PROVIDING THE EFFECTIVE DATE HEREOF.**

PUBLIC NOTICE IS HEREBY GIVEN that typewritten copies of the above-numbered and entitled ordinance are available for inspection by the interested parties at the office of the City Clerk of Carson City, 2621 Northgate Lane, No. 56, Carson City, Nevada; and that said ordinance was proposed by Supervisor \_\_\_\_\_ on May 15, 2008, and passed and adopted without amendment at the regular meeting on June 5, 2008, by the following vote of the Board of Supervisors:

Those Voting Aye:

Shelly Aldean  
Pete Livermore  
Richard Staub  
Marv Teixiera  
Robin Williamson

Those Absent and Not Voting: \_\_\_\_\_

This ordinance shall be in full force and effect from and after June \_\_, 2008, i.e., the date of publication of such ordinance by its title only.



IN WITNESS WHEREOF, the Board of Supervisors of Carson City, Nevada, has caused this ordinance to be published by title only.

DATED this June 5, 2008.

/s/ Marv Teixeira  
Mayor  
Carson City, Nevada

Attest:

/s/ Alan Glover  
City Clerk

(End of Form of Publication of Notice of Adoption of Ordinance)

## ARTICLE II.

### GOVERNING BODY'S DETERMINATIONS, AUTHORITY FOR AND AUTHORIZATION OF IMPROVEMENT PROJECT NECESSITY OF IMPROVEMENT PROJECT AND BONDS, PROJECT COST, AND OBLIGATION OF CITY

Section 201. Authority for Ordinance. This Ordinance is adopted pursuant to the Project Act, the Bond Act, and the Supplemental Bond Act; and the City determines:

A. Compliance with Project, Bond and Supplemental Bond Acts. The provisions of this Ordinance are necessary to carry out the purposes of the City in accordance with the Project Act, the Bond Act, and the Supplemental Bond Act; and

B. Approval. The total cost of, and plans and specifications for, the Improvement Project (to the extent heretofore determined and prepared) are approved.

Section 202. Life of Improvements. The Governing Body determines:

A. Estimated Life. The estimated life or estimated period of usefulness of the Improvements is not less than twenty (20) years from the date of the 2008 Bonds; and

B. Bond Term. The Bonds will mature at times not exceeding such estimated life or estimated period of usefulness.

Section 203. Necessity of Improvement Project and Bonds. It is necessary and in the best interest of the City and its inhabitants that the City undertake the Improvement Project and issue the 2008 Bonds.

Section 204. Authorization of Project. The Governing Body, on behalf of the City, determines to better, enlarge, extend and otherwise improve the Facilities by effecting the Improvement Project; and the Improvement Project is hereby so authorized.

Section 205. Estimated Cost of Improvement Project. The Cost of the Improvement Project is estimated not to exceed an amount received from the sale of the Bonds, excluding any such cost defrayed or to be defrayed by any source other than the proceeds of the principal amount of the 2008 Bonds.

Section 206. Ordinance to Constitute Contract. In consideration of the purchase and acceptance of the 2008 Bonds by those who shall own the same from time to time, the provisions of

the Ordinance shall be deemed to be and shall constitute contracts between the City and the owner from time to time of the Bonds.

Section 207. Bonds Equally Secured. The covenants and agreements of the City herein set forth shall be for the equal benefit, protection and security of the owner of the Outstanding 2008 Bonds all of which, regardless of the time or times of their issue or maturity shall be of equal rank without preference, priority or distinction, except as otherwise expressly provided in or pursuant to this Ordinance.

Section 208. Special Obligations. All of the 2008 Bonds as to all Bond Requirements, shall be payable and collectible solely out of the Net Pledged Revenues, which revenues are so pledged; the owner thereof may not look to any general or other fund for the payment of such Bond Requirements, except the special funds herein pledged; the Bonds shall not constitute an indebtedness or a debt within the meaning of any constitutional or statutory provision or limitation; and the Bonds shall not be considered or held to be general obligations of the City but shall constitute its special obligations.

Section 209. Character of Agreement. None of the covenants, agreements, representations, and warranties contained herein or in the 2008 Bonds, in the absence of any breach thereof, shall ever impose or be construed as imposing any liability, obligation, or charge against the City (except the special funds pledged) or its general credit, payable out of its general fund or out of any funds derived from taxation other than the Fuel Taxes.

Section 210. Modifications of Improvement Project. The City reserves the right to make alterations, amendments, additions to, and deletions from the Improvement Project, subject to the approval of the Commission, prior to the withdrawal of all moneys accounted for in the Acquisition Account.

Section 211. No Pledge of Property. The payment of the Bonds is not secured by any encumbrance, mortgage or other pledge of property of the City, except for its Net Pledged Revenues and any other moneys pledged for the payment of the Bonds. No property of the City, subject to such exception, shall be liable to be forfeited or taken in payment of the Bonds.

Section 212. No Recourse Against Officers and Agents. No recourse shall be had for the payment of the Bond Requirements of the Bonds or for any claim based thereon or otherwise

upon this Ordinance against any individual member of the Governing Body or any officer or other agent of the City, past, present or future, either directly or indirectly through the Governing Body or the City, or otherwise, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any penalty or otherwise, all such liability, if any, being by the acceptance of the Bonds and as a part of their issuance specially waived and released.

### ARTICLE III.

#### AUTHORIZATION, TERMS, EXECUTION, REGISTRATION, USE OF DEPOSITORY, AND ISSUANCE OF BONDS

Section 301. Authorization of Bonds. The "Carson City, Nevada, Highway Revenue (Motor Vehicle Fuel Tax) Improvement Bonds, Series 2008," in the principal amount set forth in the Certificate of the Finance Director, not to exceed \$9,100,000, payable as to all the Bond Requirements solely out of the Net Pledged Revenues, are hereby authorized to be issued, pursuant to the Project Act, the Bond Act, and the Supplemental Bond Act. The City pledges irrevocably, but not necessarily exclusively, such revenues to the payment of the Bond Requirements of the Bonds, the proceeds thereof to be used (except as herein otherwise expressly provided) solely to defray the Cost of the Improvement Project.

Section 302. Bond Details. The Bonds shall be issued as a single Bond and dated initially as of the date of delivery thereof to the Purchaser. The installments of principal of the Bond shall bear interest (calculated on the basis of a 360 day year consisting of twelve 30 day months) at the rates per annum set forth in the Certificate of the Finance Director, and payable semiannually on May 1 and November 1 of each year commencing on November 1, 2008. The installments of principal of the Bond shall be payable on the dates and in the amounts as designated in the Certificate of the Finance Director, not to exceed 20 years from the date of delivery of the Bonds. The installments of principal and interest prior to final payment shall be payable to the registered owner thereof as shown on the registration records kept by the Registrar, as of the close of business on the 15<sup>th</sup> day of the month next preceding such payment date. The final payment shall be payable upon presentation and surrender of the Bond at the office designated by the Paying Agent. If any Bond shall not be paid upon such presentation and surrender at or after maturity, it shall continue to draw interest at the interest rate set forth in the Certificate of the Finance Director until the principal thereof is paid in full.

Payment of interest on the Bond shall be made to the registered owner thereof by check or draft mailed by the Paying Agent, on each interest payment date (or, if such interest payment date is not a business day, on the next succeeding business day), to the registered owner thereof, at his or her address as shown on the registration records kept by the Registrar as of the close

of business on the fifteenth day of the calendar month next preceding each interest payment date. The Paying Agent may make payments of interest on any Bond by such alternative means as may be mutually agreed to between the owner of such Bond and the Paying Agent. All such payments of principal and interest shall be made in lawful money of the United States of America without deduction for any service charges of the Paying Agent or Registrar.

Section 303. Prepayment. Installments of principal due on and after the date designated in the Certificate of the Finance Director shall be subject to prepayment on and after the date designated in the Certificate of the Finance Director in whole or in part, at the times and at a premium, if any, as designated in the Certificate of the Finance Director.

Section 304. Prepayment Notice. Unless waived by any owner of Bonds to be redeemed, official notice of any such redemption shall be given by the Registrar on behalf of and on direction of the Board, by mailing a copy of an official redemption notice by registered or certified mail, postage prepaid, at least 10 days prior to the date fixed for redemption to the registered owner of the Bond to be redeemed at the address shown on the registration records or at such other address as is furnished in writing by such registered owner to the Registrar. Actual receipt of mailed notice by any owner of Bond shall not be a condition precedent to redemption of such Bond. Failure to give such notice to the registered owner of any Bond, or any defect therein, shall not affect the validity of the proceedings for the redemption of the Bond. A certificate by the Registrar that such notice has been given as herein provided shall be conclusive against all parties.

Official notice of redemption having been given as aforesaid, the Bond or installments of principal of the Bond to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the City shall default in the payment of the redemption price) such Bond, or installments of principal of the Bond, shall cease to bear interest. Upon surrender of such Bond for redemption in accordance with said notice, such Bond, or installments of principal thereof, shall be paid by the Paying Agent at the redemption price. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest.

Notwithstanding the provisions of this section, any notice of redemption may contain a statement that the redemption is conditioned upon the receipt by the Paying Agent of funds on or

before the date fixed for redemption sufficient to pay the redemption price of installments of principal of the Bond so called for redemption, and that if such funds are not available, such redemption shall be cancelled by written notice to the registered owner of the Bond called for redemption in the same manner as the original redemption notice was mailed.

Section 305. Negotiability. Subject to the registration and payment provisions herein provided, the 2008 Bonds shall be fully negotiable within the meaning of and for the purposes of the Uniform Commercial Code--Investment Securities, and each registered owner shall possess all rights enjoyed by registered owners of negotiable instruments under the Uniform Commercial Code--Investment Securities.

Section 306. Registration, Transfer and Exchange of Bonds. A. Records for the registration and transfer of the Bonds shall be kept by the Registrar. Upon the surrender of any Bond at the Registrar, duly endorsed for transfer or accompanied by an assignment in form satisfactory to the Registrar duly executed by the owner or his or her attorney duly authorized in writing, the Registrar shall register the name of the transferee on the registration panel appended to the Bond.

B. The person in whose name any Bond shall be registered, on the registration records kept by the Registrar, shall be deemed and regarded as the absolute owner thereof for the purpose of payment and for all other purposes; and payment of or on account of either principal or interest on any Bond shall be made only to or upon the written order of the registered owner thereof or his or her legal representative. All such payments shall be valid and effectual to discharge the liability upon such Bond to the extent of the sum or sums so paid.

C. If any Bond shall be lost, stolen, destroyed or mutilated, the Registrar shall, upon receipt of such evidence, information or indemnity relating thereto as it or the City may reasonably require, and upon payment of all expenses in connection therewith, authenticate and deliver a replacement Bond of a like principal amount. If such lost, stolen, destroyed or mutilated Bond shall have matured, or been called for prepayment, the Registrar may direct that such Bond be paid by the Paying Agent in lieu of replacement.

D. Whenever any Bond shall be surrendered to the Paying Agent upon payment thereof, or to the Registrar for transfer, exchange or replacement as provided herein, such

Bond shall be promptly canceled by the Paying Agent or Registrar, and counterparts of a certificate of such cancellation shall be furnished by the Paying Agent or Registrar to the Board, upon request.

E. The Registrar shall maintain at his office registration records for the Single Bond showing the name and address of the registered owner, the amounts and dates of any principal prepayments on the single Bond, and the dates of any transfers of the single Bond. The Registrar shall permit at all reasonable times the transfer of ownership of the single Bond on presentation of the single Bond at his office together with a written request for transfer signed by the registered owner or his or her attorney duly authorized in writing in a form satisfactory to the Registrar. Any such transfer shall be noted on the registration records and on the registration panel appended to the single Bond. No transfer shall be permitted within 15 days of any principal or interest payment date.

Section 307. Execution of Bonds. The Bonds shall be executed as follows:

A. Filings with Secretary of State. Pursuant to NRS 350.638 and to the act cited as the Uniform Facsimile Signatures of Public officials Act, designated as chapter 351, Nevada Revised Statutes, and to the Supplemental Bond Act and prior to the execution of any 2008 Bonds by facsimile signature, the Mayor, the Treasurer, and the Clerk shall each file with the Secretary of State of the State of Nevada his or her manual signature certified under oath.

B. Manner of Execution. Each Bond shall be signed and executed in the name of and on behalf of the City with the manual or the engraved, imprinted, stamped or otherwise reproduced facsimile of the signature of the Mayor and shall be countersigned, manually subscribed and executed by the Treasurer; each Bond shall be authenticated with the manual or the printed, engraved, stamped or otherwise placed thereon facsimile of the official seal of the City; and each Bond shall be signed, executed and attested with such a manual or a facsimile of the signature of the Clerk.

C. Registration. No Bond shall be valid or obligatory for any purpose unless the registration panel thereon, substantially in the form hereinafter provided, has been duly manually executed by the Registrar. The Registrar's certificate of authentication shall be deemed to have been duly executed by it if it is manually signed by an authorized officer or employee of the Registrar. By



registering the 2008 Bonds delivered pursuant to this Ordinance, the Registrar shall be deemed to have assented to all of the provisions of this Ordinance.

Section 309. Use of Predecessor's Signature. The Bonds bearing the signatures of the officers in office at the time of the signing thereof shall be the valid and binding obligations of the City, notwithstanding that before the delivery thereof and the payment therefor any or all of the persons whose signatures appear thereon shall have ceased to fill their respective offices. The Mayor, the Treasurer and the Clerk, at the time of the execution of the Bonds and of the signature certificate, may adopt as and for his own facsimile signature the facsimile signature of his predecessor in office in the event that such facsimile signature appears upon any of the Bonds.

Section 310. Incontestable Recital in Bonds. Pursuant to NRS 350.628, each Bond shall recite that it is issued pursuant to the Project Act, to the Bond Act, and to the Supplemental Bond Act, which recital shall be conclusive evidence of the validity of the Bonds and the regularity of their issuance.

Section 311. Tax Exemption. Pursuant to section NRS 350.710, the Bonds, their transfer, and the income therefrom shall forever be and remain free and exempt from taxation by the State or any subdivision thereof, except the tax on estates imposed pursuant to the provisions of chapter 375A of NRS or the tax on generation-skipping transfers imposed pursuant to the provisions of chapter 375B of NRS.

Section 312. Bond Execution. The Mayor, the Treasurer and the Clerk are authorized and directed to prepare and to execute the Bond as herein provided.

Section 313. Registrar's Registration. In a separate book or electronic records, the Registrar shall maintain the registration records of the City for the 2008 Bonds showing the name and address of the registered owner of each Bond authenticated and delivered, the date of authentication, the maturity of the Bond and its interest rate, principal amount and Bond number and its prefix, if any.

Section 314. Bond Delivery. After such registration by the Registrar, he or she shall cause the Bond to be delivered to the Purchaser, upon due payment being made in accordance with the terms of the sale of the Bond.

Section 315. Bond Form. Subject to the provisions of this Ordinance, each Bond shall be in substantially the following form, with such omissions, insertions, endorsements and variations as to any recitals of fact or other provisions as may be required by the circumstances, be required or permitted by this Ordinance, or be consistent with this Ordinance and necessary or appropriate to conform to the rules and requirements of any governmental authority or any usage or requirement of law with respect thereto:

(Form of Bond)

TRANSFER OF THIS BOND OTHER THAN BY REGISTRATION IS NOT EFFECTIVE

CARSON CITY, NEVADA  
HIGHWAY REVENUE (MOTOR VEHICLE FUEL TAX)  
IMPROVEMENT BOND  
SERIES 2008

No. \_\_\_\_\_ \$ \_\_\_\_\_

Carson City (the "City"), in the State of Nevada (the "State") for value received hereby acknowledges itself to be indebted and promises to pay to \_\_\_\_\_, or registered assigns, the principal sum of

\_\_\_\_\_ DOLLARS (\$ \_\_\_\_\_)

in installments of principal in the amounts and on the dates listed below (unless prepaid as provided herein and noted on the Prepayment Panel appended hereto) in lawful money of the United States of America, together with interest on each unpaid installment of principal from the date of this bond appearing below until payment of such installment of principal shall have been discharged as provided in the Ordinance hereinafter mentioned, at the interest rate designated in the Certificate of the Finance Director, said interest being payable on May 1 and November 1 of each year commencing on November 1, 2008, and said installments of principal bearing interest at the rates, and being payable on the dates designated in the Certificate of the Finance Director.

The principal of, interest on and any prior redemption premiums (the "Bond Requirements") due in connection with this bond are payable by check, draft or warrant made to the order of the registered owner hereof and mailed by the Treasurer of the City or any successor thereto as paying agent for this bond (the "Paying Agent") to the address shown for the registered owner on the registration records of the Treasurer of the City or any successor thereto as registrar for this bond (the "Registrar"). If any payment date is not a business day, payment may be made on the next succeeding business day. If payment of any installment of principal of this bond is not made when due, interest on such installment shall continue at the interest rate for which installment specified above until such principal installment is paid in full. The final installment of principal of this Bond is payable only on presentation and surrender of this Bond at the office of the Paying Agent.

This single bond is issued by City (the "Bond") to defray, in part, the cost of certain street and highway construction in the City.

Installments of principal of the Bond shall be subject to optional redemption prior to maturity as provided, if so provided, in the ordinance authorizing the issuance of the Bonds and designated in Section 101 thereof as the "2008 Highway Revenue Bond Ordinance (herein the "Ordinance") and the Certificate of the Finance Director. Prepayment shall be made on not less than 10 days' prior mailed notice in the manner and upon the conditions provided in the Ordinance. If a prepayment is made on this Bond as specified in the Ordinance, interest shall cease to accrue on the amount prepaid from and after the date fixed for prepayment. If a portion of the principal of this Bond is called for prepayment, no payment of the principal of, interest on or prior redemption premium due in connection with this Bond due on and after the prepayment date shall be made unless this Bond is presented to the Paying Agent and notation of the installments of principal so called for prepayment is made on prepayment panel appended hereto.

The Bond is not transferable or exchangeable, except as set forth in the Ordinance adopted by the Board of Supervisors of Carson City (the "Board") on June 5, 2008 authorizing the issuance of the Bond.

This Bond must be registered in the name of the owner as to both principal and interest on the registration records kept by the Registrar and on the registration panel appended hereto, in conformity with the provisions stated herein and endorsed hereon and subject to the terms and conditions set forth in the Ordinance. No transfer of this Bond shall be valid unless made on the registration records maintained at the principal office of the Registrar by the registered owner or his attorney duly authorized in writing.

The Bond does not constitute a debt or an indebtedness of the City within the meaning of any constitutional or statutory provision or limitation, shall not be considered or held to be general obligations of the City, and is payable and collectible solely out of the net income derived from certain excise taxes concerning motor vehicle fuel, now consisting of four cents (4¢) per gallon levied by the City on all motor vehicle fuel sold, distributed or used in the City, and of the City's interest in an additional five and thirty-five hundredths cents (5.35¢) per gallon levied by the State on all motor vehicle fuel sold, distributed or used in the State and distributed in part to the City (as well as the other counties of the State), subject to certain exceptions, the net income of which taxes (subject to certain exceptions) is so pledged; and the owner hereof may not look to any general or other fund for the payment of the Bond Requirements of this obligation except the special funds pledged therefor.

Payment of the Bond Requirements of the Bond shall be made solely from and as security for such payment there are irrevocably pledged, pursuant to the Ordinance, two special accounts identified as the "Carson City, Nevada, Highway Revenue Bonds, Bond Fund" (the "Bond Fund") and the "Carson City, Nevada, Highway Revenues Bond Reserve Fund" (the "Reserve Fund"). The City covenants to pay into the Bond Fund, from the revenues derived from such motor vehicle fuel taxes, including, without limitation, if hereafter authorized by law, any excise taxes pertaining to motor vehicle fuel of at least an equivalent value and pledged in lieu of such present taxes or any such excise taxes of any value pledged in supplementation of such present taxes (herein

the "Gross Pledged Revenues"), after provision only for the payment of certain administration expenses and direct distributions, and except for certain unpledged portions of such net income of such motor vehicle fuel taxes (the remaining revenues being herein sometimes designated as the "Net Pledged Revenues"), sums sufficient to pay when due the Bond Requirements of the Bond. The Reserve Fund will not be funded when the Bonds are issued; however, the City has covenanted to the fund the Reserve Fund, and the monies to be deposited therein will be pledged to the payment of the Bonds, if certain conditions described in the Ordinance are met.

The Bond and the 2003 Bonds are equitably and ratably secured by a lien on such Net Pledged Revenues, and the Bond constitutes an irrevocable lien (but not necessarily an exclusive lien) upon such Net Pledged Revenues on a parity with the lien of the 2003 Bonds. Bonds and other securities, in addition to the Bond and the 2003 Bonds, subject to expressed conditions, may be issued and made payable from such Net Pledged Revenues having a lien thereon subordinate and junior to the lien or, subject to additional expressed conditions, having a lien thereon on a parity with the lien of the Bond and the 2003 Bonds, in accordance with the provisions of the Ordinance.

The City covenants and agrees with the owner of this Bond and with each and every person who may become the owner hereof that it will keep and will perform all of the covenants of the Ordinance.

Reference is made to the Ordinance and any and all modifications and amendments thereof and supplements thereto, to the Tax Ordinance therein designated, to the State's City Motor Vehicle Fuel Tax Law, now cited as NRS 373.010 through 373.200 and all laws amendatory thereof (herein the "Project Act"), to the Local Government Securities Law, now cited as NRS 350.500 through 350.720 and all laws amendatory thereof (herein the "Bond Act"), to the Supplemental Bond Act now cited as NRS 348.010 through 348.450 (herein the "Supplemental Bond Act"), to chapter 365, Nevada Revised Statutes, and all laws amendatory thereof (herein the "Tax Act"), and to all laws supplemental thereto, for an additional description of the nature and extent of the security for the Bond, the accounts, funds or revenues pledged, the nature and extent and manner of enforcement of the pledge, the rights and remedies of the owner of the Bond with respect thereto, the terms and conditions upon which the Bond is issued, and a statement of rights, duties, immunities and obligations of the City, and other rights and remedies of the owner of the Bond.

The Bond is issued pursuant to the City Motor Vehicle Fuel Tax Law, i.e., the Project Act, and to the Local Government Securities Law, i.e., the Bond Act, and the Supplemental Bond Act; pursuant to NRS 350.628, this recital is conclusive evidence of the validity of the Bond and the regularity of its issuance; and pursuant to NRS 350.710, the Bond, its transfer, and the income therefrom shall forever be and remain free and exempt from taxation by the State or any subdivision thereof, except the tax on estates imposed pursuant to the provisions of chapter 375A of NRS or the tax on generation-skipping transfers imposed pursuant to the provisions of chapter 375B of NRS.

It is further certified, recited and warranted that all the requirements of law have been fully complied with by the proper officers of the City in the issuance of this Bond, and that it is

issued pursuant to and in strict conformity with the Constitution and laws of the State, particularly the terms and provisions of the Project Act, the Bond Act, the Supplemental Bond Act, and all laws supplemental thereto.

No recourse shall be had for the payment of the Bond Requirements of this Bond or for any claim based thereon or otherwise in respect to the Ordinance, against any individual member of the Board of Supervisors of Carson City, or any officer or other agent of the City, past, present or future, either directly or indirectly through such governing body or the City, or otherwise, whether by virtue of any constitution, statute or rule of law, or by the endorsement of any penalty or otherwise, all such liability, if any, being by the acceptance of this Bond and as a part of the consideration of its issuance specifically waived and released.

This Bond shall not be valid or obligatory for any purpose until the Registrar shall have manually signed the certificate of authentication hereon.

IN WITNESS WHEREOF, the City has caused this Bond to be signed and executed in its name and upon its behalf with the manual or facsimile signature of the Mayor, and to be countersigned, manually subscribed and executed with the manual or facsimile signature of the City Treasurer; has caused the manual or facsimile of the seal of the City to be affixed hereon; has caused this Bond to be signed, executed and attested with the manual or facsimile signature of its City Clerk; all as of the first day of \_\_\_\_\_, 2008.

CARSON CITY, NEVADA

(Manual or Facsimile Signature)

Mayor

(Manual or Facsimile Signature)

City Treasurer

(MANUAL IMPRESSION OR  
FACSIMILE SEAL)

Attest:

(Manual or Facsimile Signature)

City Clerk

(End of Form of Bond)

(Form of Registration Panel on Bond)

MANDATORY REGISTRATION FOR PAYMENT  
AS TO PRINCIPAL AND INTEREST

The within single bond is registered in the office of the Treasurer of Carson City, Nevada, as Registrar in the name of the last owner listed below, and the principal amount of the bond and interest thereon shall be payable only to such owner, all in accordance with the within-mentioned Ordinance.

<u>Date of Registration</u>	<u>Name of Owner</u>	<u>Address of Owner</u>	<u>Signature of Registrar</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

(End of Form of Registration Panel on Bond)

(Form of Principal Prepayment Panel on Bond)

PREPAYMENT PANEL

The following installments of principal (or portions thereof) of this Bond have been prepaid by Carson City, Nevada, in accordance with the terms of the within-mentioned Ordinance.

<u>Date of Prepayment</u>	<u>Due Date of Installments (or portions thereof) Prepaid</u>	<u>Principal Amount Prepaid</u>	<u>Signature of Paying Agent</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

(End of Form of Principal Prepayment Panel on Bond)

(Form of Assignment for Bond)

For value received, the undersigned hereby sells, assigns and transfers unto \_\_\_\_\_ the within Bond and hereby irrevocably constitutes and appoints \_\_\_\_\_ attorney, to transfer the same on the records kept for registration of the within Bond, with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature Guaranteed:

Name and address of transferee:

Social Security or other tax  
identification number of  
transferee:

NOTE: The signature to this Assignment must correspond with the name as written on the face of the within Bond in every particular, with out alteration or enlargement or any change whatsoever.

NOTICE: TRANSFER FEES MUST BE PAID TO THE REGISTRAR IN ORDER TO TRANSFER OR EXCHANGE THIS BOND AS PROVIDED IN THE WITHIN-MENTIONED BOND ORDINANCE.

(End of Form of Assignment for Bond)



## ARTICLE IV.

### USE OF BOND PROCEEDS

Section 401. Disposition of Bond Proceeds. The proceeds of the 2008 Bonds, upon their receipt, shall be accounted for and credited to a separate account hereby created and to be known as the "Carson City, Nevada, Highway Revenue (Motor Vehicle Fuel Tax) Improvement Bonds, Series 2008, Acquisition Account" (the "Acquisition Account"). Moneys in the Acquisition Account shall be used solely to defray wholly or in part the Cost of the Improvement Project including, without limitation, as provided in NRS 350.516, all costs of issuing the Bonds, all issuance costs related to the Bonds, and the costs of rebates to the United States under § 148 of the Tax Code, which the Board hereby determines are necessary and desirable and appertain to the Project. After the Improvement Project is complete and after all expenses have been paid or adequate provision therefor is made, pursuant to NRS 350.650, any unexpended balance of Bond proceeds (or, unless otherwise required by law, any other moneys) remaining in the Acquisition Account shall be deposited into the separate account hereby created and to be known as the "Carson City, Nevada, Highway Revenue Bonds, Bond Fund" (the "Bond Fund") to be used to pay the principal of and interest on the Bonds.

Section 402. Prevention of Bond Default. The Treasurer shall use any Bond proceeds credited to the Acquisition Account, without further order or warrant, to pay the Bond Requirements of the 2008 Bonds as the same become due whenever and to the extent moneys in the Bond Fund or otherwise available therefor are insufficient for that purpose, unless such Bond proceeds shall be needed to defray obligations accrued and to accrue under any contracts then existing and pertaining to the Improvement Project. The Treasurer shall promptly notify:

- A. Mayor of Carson City. The Mayor of Carson City,
- B. Chairman of the Commission. The Chairman of the Commission,
- C. Manager. The City Manager, and
- D. Board of Supervisors. The Clerk of the Board of Supervisors, for the Board of Supervisors,

of any such use. Any moneys so use shall be restored to the Acquisition Account from the first Pledged Revenues thereafter received and not needed to meet the requirements provided in Sections 504 (First Charges) through 512 (Use of Remaining Revenues) hereof.

Section 403. Completion of Improvement Project. When the Improvement Project shall have been completed in accordance with the relevant plans and specifications and all amounts due therefor, including all proper incidental expenses, shall have been paid, or for which full provision shall have been made, the Treasurer, upon notice from the Project Engineer so stating the completion of the Improvement Project, shall cause to be transferred to the Bond Fund, for the payment of the Bond requirements of the 2008 Bonds, all surplus moneys remaining in the Acquisition Account, if any, except for any moneys designated to be retained to pay any unpaid accrued costs or contingent obligations. Nothing herein contained:

A. Periodic Transfers. Prevents the Treasurer from causing to be transferred from the Acquisition Account to the Bond Fund at any time prior to the termination of the Acquisition Account any moneys which the Project Engineer determines will not be necessary for the Improvement Project; or

B. Limitations Upon Transfers. Requires the transfer to the Bond Fund of any surplus moneys (other than Bond proceeds) received as grants, appropriations or gifts, the use of which moneys is limited by grantor or donor to the construction of capital improvements or otherwise so that such surplus moneys (other than Bond proceeds) may not be properly transferred grants, appropriations or gifts.

Section 404. Purchaser Not Responsible. The validity of the Bonds shall not be dependent on or be affected by the validity or regularity of any proceedings relating to the Improvement Project. The Purchaser of the 2008 Bonds, and any subsequent owner of the 2008 Bonds shall in no manner be responsible for the application or disposal by the City or by any of its officers, agents and employees of the moneys derived from the sale of the Bonds or of any other moneys herein designated.

Section 405. Lien on Bond Proceeds. Until and unless the proceeds of the 2008 Bonds in the Acquisition Account are applied as hereinabove provided and used to defray the Cost of the Improvement Project from time to time, the Bond proceeds in the Acquisition Account shall be

subject to a lien thereon and pledge thereof for the benefit solely of the holders of the 2008 Bonds or of any securities hereunder issued of which the lien on the Net Pledged Revenues is on a parity with the lien of the Bonds.

## ARTICLE V.

### ADMINISTRATION OF AND ACCOUNTING FOR PLEDGED REVENUES

Section 501. Pledge Securing Bonds. Subject only to the rights and obligations of the City to cause amounts to be withdrawn therefrom and paid on account of Administration Expenses, to make the Direct Distributions, and to pay the Cost of the Improvement Project as provided herein, the Gross Pledged Revenues and all moneys and securities paid or to be paid to or held or to be held in any account under Article V of this Ordinance and under Section 401 (Disposition of Bond Proceeds) hereof, except moneys required to be deposited in the Rebate Account (hereafter created), are hereby pledged to secure the payment of the Bond Requirements of the 2008 Bonds, except as provided in Section 405 (Lien on Bond Proceeds) hereof; and this pledge shall be valid and binding so far as the 2008 Bonds are concerned from and after the date of the delivery of any 2008 Bonds, and the moneys, as received by the City and hereby pledged, shall immediately be subject to the lien of this pledge without any physical delivery thereof, any filing, or further act, and the lien of this pledge and the obligation to perform the contractual provisions hereby made shall have priority over any or all other obligations and liabilities of the City, except for any other securities hereafter authorized, the liens of which on the Pledged Revenues are on a parity with the lien thereon of the 2008 Bonds and the 2003 Bonds; and the lien of this pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the City (except as herein otherwise provided), irrespective of whether such parties have notice thereof.

Section 502. Highway Fund Deposits. So long as any of the 2008 Bonds shall be Outstanding, as to any Bond Requirements, the entire Gross Pledged Revenues, except for such amounts withheld by dealers, users and the Department to reimburse themselves (excluding the Department) for handling losses occasioned by evaporation, spillage and other similar causes, and to reimburse themselves (including the Department) for the costs of their respective services in the performance by them of all functions incident to the administration of the Fuel Taxes, and constituting Administration Expenses, pursuant to the Project Act, to the Tax Act, to the Tax Ordinance, except for amounts refunded to taxpayers as provided in such statutes and ordinance, and except for the required share of the Net Proceeds of the taxes levied by the State in NRS 365.180 and

365.190 needed to make the remittances and deposits required of the State by NRS 365.535 and 365.565, shall be set aside upon the receipt of such revenues by the City and credited to the special account in the Treasury of the City created by the Tax Ordinance, pursuant to NRS 373.110 and designated as the "Regional Street and Highway Fund" (the "Highway Fund").

Section 503. Administration of Highway Fund. So long as any of the Bonds hereby authorized shall be Outstanding, as to any Bond Requirements, the following payments shall be made from the Highway Fund as provided in Sections 504 (First Charges) through 511 (Use of Remaining Revenues) hereof.

Section 504. First Charges. First, as a first charge on the Highway Fund, there shall from time to time be withdrawn and set aside:

A. Administration Expenses. Initially, as a first charge thereon, sufficient moneys to pay any Administration Expenses not withheld by dealers, users and the Department or otherwise defrayed by other than the City as permitted in Section 502 (Highway Fund Deposits) hereof; and

B. Direct Distribution. Thereafter, as the next charge thereon, sufficient moneys to make the required Direct Distributions, if any.

Nothing herein contained permits the payment of any Administration Expenses incurred by the City with any proceeds of the taxes levied by the State in NRS 365.180 and 365.190, or otherwise, or requires the withdrawal from the Highway Fund of any moneys allocated for the payment of Administration Expenses or Direct Distributions until obligations pertaining thereto have accrued and become due, and any such moneys so allocated may be retained in the Highway Fund pending withdrawals for the payment of such obligations. Any such withdrawals becoming surplus and remaining at the end of the Fiscal Year and not needed for Administration Expenses or Direct Distributions shall be transferred back to the Highway Fund and shall be used for the purposes thereof, as herein provided.

Section 505. Bond Fund Payments. Second, subject to the aforesaid provisions from any moneys remaining in the Highway Fund, i.e., from the Net Pledged Revenues, and concurrently with the deposits to the bond fund required by the ordinance authorizing the issuance of

the 2003 Bonds, there shall be credited to the Bond Fund created in Section 401 of this Ordinance the following:

(i) Semiannually, before each interest payment date, succeeding the delivery of any of the 2008 Bonds and any parity securities hereafter issued, an amount together with any other moneys from time to time available therefor from whatever source, including without limitation the moneys, if any, provided in Section 405 hereof, to pay, when due, the next maturing installment of interest on the Outstanding 2008 Bonds and any Outstanding parity securities hereafter issued, except to the extent any other moneys are available therefor.

(ii) Annually, before each principal payment date, an amount together with any other moneys from time to time available therefor from whatever source, to pay the next maturing installment of principal of the Outstanding 2008 Bonds and any Outstanding parity securities hereafter issued, except to the extent any other moneys are available therefor.

The moneys credited to the Bond Fund shall be used to pay the Bond Requirements of the 2008 Bonds, the 2003 Bonds and any Outstanding parity securities, as the same become due.

Section 506. Contingent Reserve Fund -- Payments. Third, from the Net Pledged Revenues, there shall be credited to a reserve fund for the Outstanding Bonds and any Outstanding parity securities in the amount and at such time as a reserve fund is reasonably required in accordance with the provisions of this section. At the time of issuance of the Bonds, no funds shall be required to be on deposit in the Carson City, Nevada Highway Revenue Bonds Reserve Fund (the "Reserve Fund") previously created and contained herein. No later than December 31 of each year, the Finance Director shall calculate the coverage of the Net Pledged Revenues received over the annual principal and interest requirements paid in the preceding Fiscal Year. Such calculation shall be performed using audited financial information. In the event that, according to such calculation, the Net Pledged Revenues received in any Fiscal Year are less than two times the annual principal and interest requirements paid in such Fiscal Year with respect to the Bonds and all parity bonds Outstanding, the City shall fund the Reserve Fund with twenty-four equal monthly payments commencing on January 1 of the following calendar year. The monthly payments shall be in an

amount sufficient that upon the completion of the payments, the Reserve Fund shall be funded at the Reserve Fund Requirement.

If the Reserve Fund is required to be funded as described in the preceding paragraph, the payments to fund the Reserve Fund shall be made concurrently with the transfers required to be made to the Bond Fund, and before the payments required to be made to the Rebate Fund. Transfers shall also be made to the Reserve Fund to reaccumulate funds up to the Reserve Fund Requirement, with twenty-four substantially equal monthly payments, beginning on the first day of the month following a withdrawal from the Reserve Fund or a valuation of the investments therein which shows that the amounts therein are less than the Reserve Fund Requirement. No transfer need be made to the Reserve Fund so long as the moneys therein shall equal not less than the Reserve Fund Requirement. The moneys in the Reserve Fund, to the extent it is required to be funded as herein described, shall continue to be accumulated and maintained as a continuing reserve, except as provided in Sections 508, 509, 606 and 901 hereof, and other provisions herein supplemental to such sections, only to prevent deficiencies in the payment of the principal of and the interest on the Outstanding 2008 Bonds, 2003 Bonds and any Outstanding parity securities hereafter issued resulting from the failure to deposit in the Bond Fund sufficient funds to pay such principal and interest as the same accrue.

Section 507. Rebate Account. Fourth, and after the payments hereinabove required to be made by Sections 504 through 506 hereof are made, the City shall deposit Net Pledged Revenues into the "Carson City, Nevada, Highway Revenue (Motor Vehicle Fuel Tax) Improvement Bonds, Series 2008, Rebate Account" (the "Rebate Account") as required under Section 148 of the Internal Revenue Code of 1986, as amended (the "Tax Code") and regulations promulgated thereunder and shall apply such funds to the extent required to comply with the covenant in Section 823 (Tax Covenant) hereof to make payments to the United States. Any moneys in such account not needed for such purpose shall be transferred to the Highway Fund. Payments into similar rebate accounts for additional parity bonds shall be made concurrently with payments into the Rebate Account.

Section 508. Termination of Deposits. No payment need be made into the Bond Fund, the Reserve Fund, or both, if the amount in the Bond Fund and the Reserve Fund totals a sum

at least equal to the entire amount of the Outstanding 2008 Bonds, the 2003 Bonds and any Outstanding parity securities as to all Bond Requirements to their respective maturities or to any redemption date on which the City shall have exercised or shall have obligated itself to exercise its option to redeem prior to their respective maturities the Outstanding 2008 Bonds, Outstanding 2003 Bonds or any such Outstanding parity securities thereafter maturing, and both accrued and not accrued, in which case moneys in those two accounts in an amount, except for any interest or other gain to accrue from any investment of moneys in Federal Securities from the time of any such deposit to the time or respective times the proceeds of any such investment shall be needed for such payment, at least equal to such Bond Requirements, shall be used together with any such gain from investments solely to pay such Bond Requirements as the same become due; and any moneys in excess thereof in those two accounts and any other moneys derived from the Pledged Revenues may be used in any lawful manner determined by the Governing Body.

Section 509. Defraying Delinquencies. If the City shall for any reason fail to pay into the Bond Fund the full amount above stipulated from the Net Pledged Revenues, then, to the extent the Reserve Fund has been funded as described in Section 506, an amount shall be paid into the Bond Fund in such month from the Reserve Fund at such time equal to the difference between that paid from the Net Pledged Revenues and the full amount so stipulated. The moneys in the Bond Fund and in the Reserve Fund shall be used solely and only for the purpose of paying the Bond Requirements of the 2008 Bonds, the 2003 Bonds and any Outstanding parity securities hereafter issued; but any moneys at any time in excess of the Reserve Fund Requirement in the Reserve Fund, including, without limitation, any such excess resulting from investment gain as provided in Section 606 hereof, may be withdrawn therefrom, and transferred from time to time to the Bond Fund, and used as herein provided for the redemption of the Outstanding 2008 Bonds and any such Outstanding parity securities as they become due at maturity, on any redemption date, or as they otherwise are made available for payment by purchase in the open market or otherwise; and also any moneys in the Bond Fund and in the Reserve Fund in excess of the Bond Requirements, both accrued and not accrued, to the respective maturities or designated redemption date of the Outstanding 2008 Bonds and any such Outstanding parity securities may be used as hereinabove provided.



Section 510. Payment of Additional Subordinate Securities. Fourth, and subject to the provisions hereinabove in this Article V, but subsequent to the payments hereinabove required to be made, as provided. in Article VII hereof, any moneys remaining in the Highway Fund may be used by the City for the payment of Bond Requirements of additional Bonds or other additional securities payable from the Pledged Revenues having a lien on the Net Pledged Revenues subordinate to the lien of the 2008 Bonds, 2003 Bonds and any securities hereafter issued on a parity with the 2008 Bonds which are hereafter authorized to be issued in accordance with Article VII and any other provisions herein supplemental thereto, including any reasonable reserves required for such securities, as the same accrue; but the lien of such additional Bonds or other additional securities on the Pledged Revenues and the pledge thereof for the payment of such additional securities shall be subordinate to the lien and pledge of the 2008 Bonds and any Bonds on a parity with the 2008 Bonds, as herein provided. (Any additional securities on a parity with the 2008 Bonds shall be payable from the Bond Fund pursuant to Sections 505 (Bond Fund Payments) through 507 (Rebate Account) hereof.)

Section 511 Use of Remaining Revenues. After the transfers hereinabove required to be made are made, any remaining Net Pledged Revenues in the Highway Fund may be used at the end of any Fiscal Year or whenever in any Fiscal Year there shall have been credited to the Bond Fund, to the Rebate Account, and to each other bond account and reserve account, if any, for the payment of any additional subordinate securities, all amounts required to be credited to those special accounts for all of that Fiscal Year, both accrued and thereafter becoming due in the balance of the Fiscal Year, as hereinabove provided in this Article V, for any one or any combination of lawful purposes, as the Governing Body may from time to time determine, including, without limitation:

A. State Tax of 3.60¢. The use of the proceeds received by the City pursuant to NRS 365.550 (or such part thereof as may remain after there are made the payments hereinabove required to be made in the preceding sections of this article) of the tax of three and six-tenths cents (3.60¢) per gallon levied by the State on motor vehicle fuel by NRS 365.180, for any one or combination of purposes (other than the payment of securities issued pursuant to the Project Act or any law

supplemental thereto) permitted by section 365.550, as from time to time amended, and by all laws supplemental thereto; and

B. State Tax of 1.75¢. The apportionment by the City of the proceeds received pursuant to NRS 365.560 (or such part thereof as may remain after there are made the payments hereinabove required to be made in the preceding sections of this article) between the City, towns with town boards organized under NRS 269.016 to 269.019 (Town Board Form of Government), and the incorporated cities, if any, within the City pursuant to NRS 365.560 from the tax of one and three quarter cent (1.75¢) per gallon levied by the State in NRS 365.190, as allocated by the State to the City and received by it, and the use of the part remaining to the City after such allocation for any one or combination of purposes (other than the payment of securities issued pursuant to the Project Act or any law supplemental thereto) permitted by subsection 3, NRS 365.560, as from time to time amended, and by all laws supplemental thereto.

For the purpose of accounting for such remaining revenues to meet the requirements of NRS 365.550 and 365.560, there shall be deemed to have been used in any Fiscal Year from the moneys accounted for in the Highway Fund to meet the requirements provided above as to the use of the Net Pledged Revenues in the preceding sections of this article, the proceeds of the taxes levied by the State in NRS 365.180 and 365.190, only to the extent that the proceeds of the Fuel Taxes levied by the City are insufficient for that purpose. If the proceeds of such State taxes are so used in any Fiscal Year, the proceeds of the State tax designated above in subsection A of this Section and the proceeds of the State tax designated above in subsection B of this Section shall respectively be reduced to the extent of such use for such Fiscal Year on a pro rata basis related to the amount received in the Fiscal Year by the City from each such State tax, prior to the use of any such tax proceeds pursuant to subsections A and B of this Section as moneys become available therefor.

## ARTICLE VI.

### GENERAL ADMINISTRATION

Section 601. Administration of Accounts. The special accounts designated in Articles IV and V hereof shall be administered as provided in this Article VI.

Section 602. Places and Times of Deposits. Each of such special accounts shall be maintained as a book account and kept separate from all other accounts as a trust account solely for the purpose herein designated therefor, and the moneys accounted for in such special bond accounts shall be deposited in one bank account or more in an Insured Bank or Insured Banks as determined and designated by the Governing Body (except as otherwise expressly stated herein). Nothing herein shall prevent the commingling of moneys accounted for in any two (2) or more book accounts pertaining to the Pledged Revenues or to any such fund and any other funds of the City (each of which funds consists of a self-balancing group of accounts and constitutes an independent fiscal and accounting entity) in any investments permitted under State law and also set forth in Exhibit I appended hereto (the "Authorized Investments"). Each such bank account shall be continuously secured to the fullest extent required or permitted by the laws of the State for the securing of public funds and shall be irrevocable and not withdrawable by anyone for any purpose other than the respective designated purposes. Each periodic payment shall be credited to the proper account not later than the date therefor herein designated, except that when any such date shall be a Saturday, a Sunday or a legal holiday, then such payment shall be made on or before the next preceding secular day.

Section 603. Investment of Moneys. Any moneys in any such account, and not needed for immediate use, may be invested or reinvested by the Treasurer in Authorized Investments. Authorized Investments shall be immediately available in lawful money of the United States on demand, or shall be subject to redemption at any time at a fixed value by the holder thereof at the option of such holder, or shall mature on or prior to the date or respective dates on which the proceeds are to be expended as estimated by the Treasurer upon each date of such investment or reinvestment, but in no event exceeding 10 years from the date of the investment or reinvestment, but Authorized Investments in the Reserve Fund shall be subject to redemption at the holder's option at face value, shall mature within 5 years of the date of the investment or reinvestment and shall mature at least 5 days prior to the last maturity date of the Bonds or any other Outstanding

parity securities. For the purpose of any such investment or reinvestment, Authorized Investments shall be deemed to mature at the earliest date on which the obligor is, on demand, obligated to pay a fixed sum in discharge of the whole of such obligations. Authorized Investments shall be valued as frequently as deemed necessary, but not less often than quarterly, at the market value thereof, exclusive of accrued interest. Deficiencies in any fund or account shall be remedied no later than the succeeding valuation date.

Section 604. Scheduling Disbursements. Before the Treasurer invests or reinvests any moneys accounted for in the Acquisition Account, the Project Engineer shall furnish to the Treasurer a certificate setting forth a schedule of amounts and times when funds are estimated by the Project Engineer to be needed to pay the Cost of the Improvement Project. The Treasurer may conclusively rely upon the estimates contained in such certificate or any addendum thereto, and shall have no liability or responsibility for any loss on any investment or reinvestment made or changed in accordance with any such certificate or any addendum thereto.

Section 605. Required and Permissive Investments. The Treasurer shall have no obligation to make any investment or reinvestment hereunder, unless any moneys on hand and accounted for in any one account exceeds \$5,000 and at least \$5,000 therein will not be needed for a period of not less than sixty (60) days. In such event the Treasurer shall invest or reinvest in Authorized Investments not less than substantially all the amount which will not be needed during such sixty-day period, except for any moneys on deposit in an interest-bearing account in any Insured Bank, regardless whether such moneys are evidenced by certificate of deposit or otherwise, pursuant to Sections 603 (Investments of Moneys) and 608 (Character of Funds) hereof. The Treasurer may invest or reinvest any moneys on hand at any time as provided in Section 603 (Investment of Moneys) hereof even though he is not obligated to do so.

Section 606. Accounting for Investments. The Authorized Investments so purchased as an investment or reinvestment of moneys in any such account shall be deemed at all times to be a part of the account and held in trust therefor. Except as herein otherwise provided, any interest or other gain in any account from any investments and reinvestment in Authorized Investments and from any deposits of moneys in any Insured Bank pursuant to this article shall be credited to the account, and any loss in any account resulting from any such investments and reinvestments in Authorized Investments and from any such deposits in any Insured Bank shall be charged or debited to the account; but any gain from any such investments or reinvestments of

moneys in any reserve fund in excess of any minimum bond reserve (as well as any such excess resulting from other than any investments or reinvestments) may be withdrawn from the reserve fund and transferred and credited from time to time to the bond fund, and pursuant to Section 509 (Defraying Delinquencies) hereof. Except as provided in Section 603 (Investment of Moneys) hereof, no loss or profit in any account on any investments or reinvestments in Authorized Investments or any certificates of deposit shall be deemed to take place as a result of fluctuations in the market quotations of the investments, reinvestments or certificates prior to the sale or maturity thereof. The expenses of purchase, safekeeping, sale and all other expenses accident to any investment or reinvestment of moneys pursuant to this Article VI shall be accounted for as Administrative Expenses, as permitted by Section 504 (First Charges) hereof.

Section 607. Redemption or Sale of Authorized Investments. The Treasurer shall present for redemption at maturity or sale on the prevailing market at the best price obtainable any Authorized Investments so purchased as an investment or reinvestment of moneys in any account whenever it shall be necessary so to do in order to provide moneys to meet any withdrawal, payment or transfer from such account. Neither the Treasurer nor any other officer of the City shall be liable or responsible for any loss resulting from any such investment or reinvestment made in accordance with this Ordinance.

Section 608. Character of Funds. The moneys in any account herein authorized shall consist either of lawful money of the United States or Authorized Investments.

Section 609. Accelerated Payments. Nothing contained in Article V hereof prevents the accumulation in any account herein designated of any monetary requirements at a faster rate than the rate or minimum rate, as the case may be, provided in Article V; but no payment shall be accelerated if such acceleration shall cause the Governing Body to default in the payment of any obligation of the City pertaining to the Pledged Revenues. Nothing herein contained requires in connection with the Pledged Revenues received in any Fiscal Year the accumulation of monetary requirements in any account for the payment in the Comparable Bond Year of Bond Requirements due in connection with any series of Bonds or other securities payable from the Pledged Revenues and heretofore, herein or hereafter authorized, in excess of such Bond Requirements due in such Comparable Bond Year, or of any reserves required to be accumulated and maintained therefor, and of any existing deficiencies, and payable from such account, as the case may be, except as may be otherwise provided herein.

Section 610. Payment of Securities Requirements. The moneys credited to any account designated in Article V hereof for the payment of the Bond Requirements due in connection with any series of bonds or other securities payable from the Pledged Revenues and heretofore, herein or hereafter authorized shall be used, without requisition, voucher, warrant or further order or authority (other than is contained herein) or any other preliminaries, to pay promptly the Bond Requirements payable from such account as such securities become due, upon the respective redemption dates, if any, on which the City is obligated to pay such securities, or upon the respective interest payment and bond maturity dates of such securities, as provided therefor herein or otherwise, except to the extent any other moneys are available therefor, including, without limitation, moneys accounted for in the Bond Fund.

## ARTICLE VII.

### SECURITIES LIENS AND ADDITIONAL SECURITIES

Section 701. Lien on the Bonds. The 2008 Bonds authorized herein, subject to the payment of Administrative Expenses and Direct Distributions, constitute an irrevocable lien (but not necessarily an exclusive lien) upon the Gross Pledged Revenues.

Section 702. Equality of Bonds. The 2008 Bonds, the 2003 Bonds and any securities hereafter authorized to be issued with a lien on the Net Pledged Revenue on a parity with the lien of the 2008 Bonds and the 2003 Bonds and from time to time Outstanding are equitably and ratably secured by a lien on the Pledged Revenues and shall not be entitled to any priority one over the other in the application of the Pledged Revenues regardless of the time or times of the issuance of such securities, it being the intention of the Governing Body that there shall be no priority among the 2008 Bonds, the 2003 Bonds and any such parity securities regardless of the fact that they may be actually issued and delivered at different times, except as expressly set forth herein.

Section 703. Issuance of Parity Securities. Nothing in this Ordinance contained prevents the issuance by the City of additional bonds or other additional securities payable from the Pledged Revenues and constituting a lien thereon on a parity with, but not prior nor superior to, the lien thereon of the 2008 Bonds or prevents the issuance of Bonds or other securities refunding all or a part of the 2008 Bonds, except as provided in Sections 708 through 712 hereof; but before any such additional parity bonds or other additional parity securities are authorized or actually issued (excluding any parity refunding bonds or other parity refunding securities other than any securities refunding subordinate bonds or other subordinate securities, as permitted in Section 709 hereof).

A. Absence of Default. At the time of the adoption of the supplemental instrument authorizing the issuance of the additional securities as provided in Section 712 hereof, the City shall not be in default in the maintenance of the fuel tax covenant as set forth in Section 816 herein or in default in making any payments required by Article V hereof.

B. Earnings Test. Except as hereinafter otherwise expressly provided, the Net Pledged Revenues derived in the Fiscal Year immediately preceding the date of the issuance of such additional parity securities were at least sufficient to pay an amount equal to 170% of the combined

maximum annual principal and interest requirements of the Outstanding 2008 Bonds and any other Outstanding parity securities of the City and the Bonds or other securities proposed to be issued (excluding any reserves therefor). For purposes of calculating the combined maximum annual principal and interest requirements under this paragraph B, any variable rate indebtedness shall be assumed to bear interest at the maximum permissible rate.

C. Adjustment of Pledged Revenues. If any Fuel Tax constituting supplemental Pledged Revenues had not accrued and been payable for the full Fiscal Year immediately preceding the date of the issuance of any such additional parity securities, any amount of Net Pledged Revenues which was actually collected for the designated Fiscal Year may be increased to an amount which it is estimated would have been collected if such Fuel Tax had accrued and been payable for the full Fiscal Year designated based upon the known collections of Net Pledged Revenues preceding such adjustment. The aforementioned estimation is to be effected by either the Controller or an Independent Accountant.

D. Reduction of Annual Requirements. The respective annual Bond Requirements (including as such a requirement for the purposes of this Section 703 the amount of any prior redemption premiums due on any prior redemption date as of which the City shall have exercised or shall have obligated itself to exercise its prior redemption option) shall be reduced to the extent such Bond Requirements are scheduled to be paid in each of the respective Bond Years with moneys held in trust or in escrow for that purpose by any trust bank within or without the State, including the known minimum yield from any investment in Federal Securities.

Section 704. Certification of Revenues. A written certification or written opinion by the Controller or an Independent Accountant, based upon estimates thereby as provided in subsection C of Section 703 hereof, that such Net Pledged Revenues, when adjusted as hereinabove provided in subsections C and D of Section 703 hereof, are sufficient to pay such amounts, as provided in subsection B of Section 703 hereof, shall be conclusively presumed to be accurate in determining the right of the City to authorize, issue, sell and deliver additional bonds or other additional securities on a parity with the 2008 Bonds.

Section 705. Subordinate Securities Permitted. Nothing herein contained prevents the City from issuing additional bonds or other additional securities payable from the Pledged



Revenues and having a lien thereon subordinate, inferior and junior to the lien thereon of the 2008 Bonds.

Section 706. Superior Securities Prohibited. Nothing herein contained permits the City to issue additional bonds or other additional securities payable from the Pledged Revenues and having a lien thereon prior and superior to the lien thereon of the 2008 Bonds.

Section 707. Use of Proceeds. The proceeds of any additional bonds or other additional securities (other than any funding or refunding securities) payable from the Pledged Revenues shall be used only for bettering, enlarging, extending and otherwise improving the facilities (or any combination thereof).

Section 708. Issuance of Refunding Securities. At any time after the 2008 Bonds, or any part thereof, are issued and remain Outstanding, if the Governing Body shall find it desirable to refund any Outstanding Bonds or other Outstanding securities payable from and constituting a lien upon the Pledged Revenues, such Bonds or other securities, or any part thereof, may be refunded (but only with the consent of the owner of all such Outstanding securities unless the Bonds or other securities at the time or times of their required surrender for payment shall then mature or shall be then callable for prior redemption for refunding purposes at the City's option upon proper call), regardless whether the priority of the lien for the payment of the refunding securities on the Pledged Revenues is changed (except as provided in Sections 706 and 709 through 712 hereof).

Section 709. Partial Refundings. The refunding bonds or other refunding securities so issued shall enjoy complete equality of lien with the portion of any Bonds or other securities of the same issue which is not refunded, if there are any; and the owner of such refunding bonds or such other refunding securities shall be subrogated to all of the rights and privileges enjoyed by the owner of the unrefunded Bonds or other unrefunded securities of the same issue partially refunded by the refunding securities.

Section 710. Limitations Upon Refundings. Any refunding bonds or other refunding securities payable from the Pledged Revenues shall be issued with such details as the Governing Body may by instrument provide, subject to the provisions of Section 712 hereof, and subject to the inclusion of any such rights and privileges designated in Section 709 hereof, but without any impairment of any contractual obligation imposed upon the City by any proceedings

authorizing the issuance of any unrefunded portion of such Outstanding securities of any one or more issues (including but not necessarily limited to the 2008 Bonds).

Section 711. Protection of Securities Not Refunded. If only a part of the Outstanding Bonds and any other Outstanding securities of any issue or issues payable from the Pledged Revenues is refunded, then such securities may not be refunded without the consent of the owner of the unrefunded portion of such securities:

A. Requirements Not Increased. Unless the refunding bonds or other refunding securities do not increase for any Bond Year the aggregate principal and interest requirements evidenced by such refunding securities and by the Outstanding securities not refunded on and prior to the last maturity date of such unrefunded securities, and the lien of any refunding bonds or other refunding securities on the Pledged Revenues is not raised to a higher priority than the lien thereon of the Bonds or other securities thereby refunded; or

B. Subordinate Lien. Unless the lien on the Pledged Revenues for the payment of the refunding securities is subordinate to each such lien for the payment of any securities not refunded; or

C. Default and Earnings Test. Unless the refunding bonds or other refunding securities are issued in compliance with Sections 703 and 704 hereof.

Section 712. Supplemental Instrument. Additional bonds or other additional securities payable from the Pledged Revenues shall be issued only after authorization thereof by a supplemental instrument of the Governing Body stating the purpose or purposes of the issuance of such additional securities, directing the application of the proceeds thereof to such purpose or purposes, directing the execution thereof, and fixing and determining the date, principal amount, maturity or maturities, designation and numbers thereof, the maximum rate or the rate or rates of interest to be borne thereby, any prior redemption privileges of the City with respect thereto and any other provisions thereof in accordance with this Ordinance. All additional securities shall bear such date, shall bear such numbers and series designation, letters or symbols prefixed to their numbers

distinguishing them from each other security, shall be payable at such place or places, may be subject to redemption prior to maturity on such terms and conditions, and shall bear interest at such rate or at such different or varying rates per annum, as may be fixed by instrument or other document of the Governing Body.

## ARTICLE VIII.

### MISCELLANEOUS PROTECTIVE COVENANTS

Section 801. General. The City particularly covenants and agrees with the owner of the Bonds pertaining thereto and makes provisions which shall be a part of its contract with such owner to the effect and with the purpose set forth in the following provisions and sections of this Article.

Section 802. Performance of Duties. The City, acting by and through the Governing Body or otherwise, will faithfully and punctually perform or cause to be performed all duties with respect to the Pledged Revenues and the Facilities required by the Constitution and laws of the State and the various instruments of the City, including, without limitation, the proper segregation of the proceeds of the 2008 Bonds and Pledged Revenues and their application to the respective accounts provided from time to time therefor.

Section 803. Contractual Obligations. The City, shall perform all contractual obligations undertaken by it under the contract to purchase the Bonds with the Purchaser and any other agreements relating to the Bonds, the Pledged Revenues and the Improvement Project (or any combination thereof) with all other Persons.

Section 804. Further Assurances. At any and all times the City shall, so far as it may be authorized by law, pass, make, do, execute, acknowledge, deliver and file or record all and every such further instruments, acts, deeds, conveyances, assignments, transfers, other documents, and assurances as may be necessary or desirable for the better assuring, conveying, granting, assigning and confirming all and singular the rights, the Pledged Revenues, and other moneys and accounts hereby pledged or assigned, or intended so to be, or which the City may hereafter become bound to pledge or to assign, or as may be reasonable and required to carry out the purposes of this Ordinance and to comply with the Project Act and the Bond Act. The City, acting by and through the Governing Body, or otherwise, shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Pledged Revenues and other moneys and accounts pledged hereunder and all the rights of the owner of the Bond hereunder against all claims and demands of all Persons whomsoever.

Section 805. Conditions Precedent. Upon the date of issuance of any 2008 Bonds, all conditions, acts and things required by the Federal or State Constitution or Federal or State statutes to exist, to have happened, and to have been performed precedent to or in the issuance of the Bonds shall exist, have happened, and have been performed; and the Bonds, together with all other obligations of the City shall not contravene any debt or other limitation prescribed by the State Constitution or statutes.

Section 806. Rules, Regulations and Other Details. The City, acting by and through the Governing Body, shall establish and enforce reasonable rules and regulations governing the Fuel Taxes. All compensation, salaries, fees and other charges paid by it in connection with the Fuel Taxes shall be reasonable. The City shall observe and perform all of the terms and conditions contained in the Project Act and the Bond Act and shall comply with all valid acts, rules, regulations, orders and directions of any legislative, executive, administrative or judicial body applicable to the Fuel Taxes or to the City.

Section 807. Payment of Governmental Charges. The City shall pay or cause to be paid all taxes and assessments or other municipal or governmental charges, if any, lawfully levied or assessed upon or in respect of the Fuel Taxes, or upon any portion of the Pledged Revenues, when the same shall become due, and shall duly observe and comply with all valid requirements of any municipal or governmental authority relative to any part of the Fuel Taxes, except for any period during which the same is being contested in good faith by proper legal proceedings. The City shall not create or suffer to be created any lien or charge upon the Pledged Revenues, except the pledge and lien created by this Ordinance for the payment of the Bond Requirements due in connection with the 2008 Bonds, and except as herein otherwise permitted. The City shall pay or cause to be discharged or shall make adequate provision to satisfy and to discharge, within sixty (60) days after the same shall become payable, all lawful claims and demands for labor, materials, supplies of other objects which, if unpaid, might by law become a lien upon the Facilities, or any part thereof, or the Pledged Revenues; but nothing in this section contained requires the City to pay or to cause to be discharged or to make provision for any such lien or charge, so long as the validity thereof is contested in good faith and by appropriate legal proceedings.

Section 808. Protection of Security. The City, the officers, agents and employees of the City, and the Governing Body shall not take any action in such manner or to such extent as might prejudice the security for the payment of the Bond Requirements of the securities payable from the Pledged Revenues according to the terms of such securities. No contract shall be entered into nor any other action taken by which the rights of any owner of any Bond or any other security payable from the Pledged Revenues might be impaired or diminished.

Section 809. Accumulation of Interest Claims. In order to prevent any accumulation of claims for interest after maturity, the City shall not directly or indirectly extend or assent to the extension of the time for the payment of any claim for interest on any of the 2008 Bonds or any other securities payable from the Pledged Revenues; and the City shall not directly or indirectly be a party to or approve any arrangements for any such extension or for the purpose of keeping any of such claims for interest. If the time for the payment of any such installment of interest is extended in contravention of the foregoing provisions, such installment or installments of interest after such extension or arrangement shall not be entitled in case of default hereunder to the benefit or the security of this Ordinance, except upon the prior payment in full of the principal of all Bonds and any other securities then Outstanding and of all matured interest on such securities the payment of which has not been extended.

Section 810. Prompt Payment of Bonds. The City shall promptly pay the Bond Requirements of every 2008 Bond issued hereunder and secured hereby at the place, on the dates, and in the manner specified herein and in the Bonds according to the true intent and meaning hereof.

Section 811. Use of Bond and Reserve Funds. The Bond Fund and the Reserve Fund shall be used solely and only, and the moneys credited to such accounts are hereby pledged, for the purpose of paying the Bond Requirements of the 2008 Bonds, the 2003 Bonds and any parity securities hereafter authorized, except for those moneys in the Bond Fund and in the Reserve Fund as are in excess of such Bond Requirements, both accrued and not accrued, to their respective maturities or any other due dates, and except for those moneys in the Reserve Fund in excess of the Reserve Fund Requirement, as herein provided.

Section 812. Additional Securities. The City shall not hereafter issue any Bonds or other securities payable from the Pledged Revenues so long as any 2008 Bonds herein authorized are

Outstanding, unless such additional Bonds or other securities are issued in conformance with the provisions of Articles V and VII hereof.

Section 813. Other Liens. Other than as provided by this Ordinance, there are no liens or encumbrances of any nature whatsoever on or against the Pledged Revenues.

Section 814. Corporate Existence. The City shall maintain its corporate identity and existence so long as any of the Bonds issued hereunder remain Outstanding, unless another body corporate and politic by operation of law succeeds to the powers, privileges, rights, liabilities, disabilities, duties and immunities of the City and is obligated by law to levy and collect or cause to be levied and collected the Fuel Taxes herein provided without adversely affecting to any substantial degree the privileges and rights of the owner of the Outstanding Bond at any time.

Section 815. Fidelity Bonds. Each official of the City or other person having custody of any Pledged Revenues or of any other moneys pertaining thereto, including, without limitation, Bond proceeds, or responsible for the handling of such moneys, shall be bonded at all times in an amount of at least \$500,000, which bond shall be conditioned upon the proper application of such funds (but need not necessarily be limited thereto). The costs of each such bond or a reasonably allocated share of the costs of any such blanket bond may be considered and paid as Administrative Expenses.

Section 816. Maintenance of Fuel Taxes. While the Bonds or any of them remain Outstanding and unpaid, the City shall cause Fuel Taxes to be levied and collected in amounts of not less than nine and thirty-five hundredths cents (9.35¢) per gallon on all motor vehicle fuel sold, distributed or used in the City as provided in this Ordinance, in the Tax Ordinance, in the Project Act, and in the Tax Act, except as otherwise provided in this Ordinance, such Ordinance and such acts, including, without limitation, provisions therein for any deductions and any refunds not constituting Administrative Expenses or Direct Distributions, and so including provisions in this Ordinance, such Ordinance and such acts pertaining to exempt sales and other exempt transactions or to amounts derived from any other excise taxes pertaining to motor vehicle fuel of at least an equivalent value and pledged in lieu of such present taxes, regardless of whether now or hereafter fixed and imposed.

Section 817. Collection of Fuel Taxes. The City shall cause all proceeds of the Fuel Taxes to be collected as soon as reasonable, shall prescribe and enforce rules and regulations for the payment thereof, and shall provide methods of collection, by the Department, or otherwise, and penalties, to the end that the Net Pledged Revenues shall be adequate to meet the requirements hereof. So long as any 2008 Bonds remain Outstanding, the Governing Body on the behalf and in the name of the City shall not exercise any option granted pursuant to subsection 3, NRS 365.190, or otherwise, to decline to accept the tax levied by the State in NRS 365.190 of one and three-quarter cents (1.75¢) per gallon on motor vehicle fuel sold, distributed or used in the City; and during the period the 2008 Bonds remain Outstanding, the Governing Body shall not adopt any resolution or other instrument declining to accept such tax, wholly or in part.

Section 818. Records. So long as any of the Bonds and any other securities payable from the Pledged Revenues remain Outstanding, proper records and accounts will be kept by the City, separate and apart from other records and accounts, showing complete and correct entries of all transactions relating to the Fuel Taxes upon their receipt by the City from the State or otherwise. Such records shall include (but not necessarily be limited to) monthly or quarterly records showing:

A. Gross Pledged Revenues. The Gross Pledged Revenues, to the extent of their receipt by the City,

B. Classification. The revenues received from the Fuel Taxes by classes of customers, to the extent it is practicable to show such information,

C. Expenses and Distributions. A detailed statement of the Administrative Expenses, both the amounts retained by the Department and any other such expenses, and of any Direct Distributions, to the extent reflected by the books and other records of the City, including, without limitation, reports received from the State,

D. Securities Payments. A detailed statement of amounts credited to various accounts for the payment of Bonds and any other securities payable from the Pledged Revenues, and any reserves therefor, including, without limitation, the Bond Fund, and



B. Other Withdrawals. The amounts of any other withdrawals from the proceeds of the Fuel Taxes to the extent reflected by reports from the State to the City and by other records of City.

All requisitions, requests, certificates, opinions and other documents received by any Person on behalf of the City in connection with the Fuel Taxes under the provisions of this Ordinance shall be retained in his possession or in the City's official records.

Section 819. Rights Concerning Records and Facilities. The owner of the 2008 Bonds or any other securities payable from the Pledged Revenues or any duly authorized agent or agents of such owner, or the Purchaser shall have the right at all reasonable times to inspect all records, accounts and data of the City relating thereto, concerning the Pledged Revenues, and to make copies of such records, accounts and data.

Section 820. Audits Required. The City within one hundred eighty (180) days following the close of the Fiscal Year, commencing with the Fiscal Year ending on the last day of June, 2008, shall order an audit for the Fiscal Year of such records and accounts to be made forthwith by an Independent Accountant, and shall order an audit report showing the receipts and disbursements for each account of the City pertaining to the Pledged Revenues, and such audit report will be available for inspection by the Purchaser, or any owner of any of the securities payable from the Pledged Revenues. Nothing herein contained requires an audit of any records and accounts of the Department.

Section 821. Contents of Audit Reports. Each such audit report, in addition to whatever matters may be thought proper by the accountant to be included therein, shall follow generally accepted principles of accounting.

Section 822. Completion of Improvement Project. The Board, with the proceeds derived from the sale of the Bonds, shall proceed to complete the Improvement Project without delay and with due diligence to the best of the Board's ability, as hereinabove provided.

Section 823. Tax Covenant. The City covenants for the benefit of the owner of the Bonds that it will not take any action or omit to take any action with respect to the Bonds, the proceeds thereof, any other funds of the City or any facilities financed with the proceeds of the Bonds if such action or omission (i) would cause the interest on the Bonds to lose its exclusion from

gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Tax Code"), or (ii) would cause interest on the Bonds to lose its exclusion from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except to the extent such interest is required to be included in the adjusted current earnings adjustment applicable to corporations under Section 56 of the Tax Code in calculating corporate alternative minimum taxable income. The foregoing covenant shall remain in full force and effect notwithstanding the payment in full or defeasance of the Bonds until the date on which all obligations of the City in fulfilling the above covenant under the Tax Code have been met.

ARTICLE IX.  
MISCELLANEOUS

Section 901. Defeasance. When all Bond Requirements of any 2008 Bond have been duly paid, the pledge and lien and all obligations hereunder as to that Bond shall thereby be discharged and the Bond shall no longer be deemed to be Outstanding within the meaning of this Ordinance. There shall be deemed to be such due payment when the City has placed in escrow or in trust with a trust bank located within or without the State, an amount sufficient (including the known minimum yield available for such purpose from Federal Securities in which such amount wholly or in part may be initially invested) to meet all Bond Requirements of the 2008 Bond, as the same become due to the final maturity of the Bond or upon any prior redemption date as of which the City shall have exercised or shall have obligated itself to exercise its prior redemption option. The Federal Securities shall become due prior to the respective times on which the proceeds thereof shall be needed, in accordance with a schedule established and agreed upon between the City and such bank at the time of the creation of the escrow or trust. Any such Federal Securities shall not be subject to redemption prior to maturity.

Section 902. Delegated Powers. The officers of the City be, and they hereby are, authorized and directed to take all action necessary or appropriate to effectuate the provisions of this ordinance, including, without limitation:

- A. Printing Bonds. The printing of the Bonds;
- B. Final Certificates. The execution of such certificates as may be reasonably required by the Purchaser, relating, inter alia, to:
  - (i) The signing of the 2008 Bonds,
  - (ii) The tenure and identity of the officials of the Governing Body and of the City, and of the Commission,
  - (iii) The exclusion of interest on the 2008 Bonds from gross income for purposes of federal income taxation,
  - (iv) The delivery of the 2008 Bonds to the Purchaser upon receipt of the Bond purchase price, and

(v) If it is in accordance with fact, the absence of litigation, pending or threatened, affecting the validity thereof.

C. Information. The assembly and dissemination of financial and other information concerning the City, the Board, the Commission and the 2008 Bonds.

Section 903. Statute of Limitations. No action or suit based upon any 2008 Bond, or other obligation of the City shall be commenced after it is barred by any statute of limitations pertaining thereto. Any trust or fiduciary relationship between the City and the owner of the 2008 Bond or other obligee regarding any such obligation shall be conclusively presumed to have been repudiated on the maturity date or other due date thereof unless the 2008 Bond is presented for payment or demand before the expiration of the applicable limitation period. Any moneys from whatever source derived remaining in any account reserved, pledged or otherwise held for the payment of any such obligation, action or suit shall revert to the Highway Fund, unless the Governing Body shall otherwise provide by instrument of the City. Nothing hereby contained prevents the payment of any such obligation after any action or suit for its collection has been barred if the Governing Body deems it in the best interests of the public so to do and orders such payment to be made.

Section 904. Evidence of Bondowners. Any request, consent or other instrument which this Ordinance may require or may permit to be signed and to be executed by the owner of any 2008 Bonds may be in one or more instruments of similar tenor and shall be signed or shall be executed by each such owner in person or by his attorney appointed in writing. Proof of the execution of any such instrument or of an instrument appointing any such attorney, or the holding by any Person of the Bonds, shall be sufficient for any purpose of this Ordinance (except as otherwise herein expressly provided) if made in the following manner:

A. Proof of Execution. The fact and the date of the execution by the owner of the 2008 Bonds or his attorney of such instrument may be provided by the certificate, which need not be acknowledged or verified, of an officer of a bank or trust company satisfactory to the Clerk or of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he purports to act, that the individual signing such request or other instrument

acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer; the authority of the individual or individuals executing any such instrument on behalf of a corporate owner of the Bonds may be established without further proof if such instrument is signed by an individual purporting to be the president or vice president of such corporation with a corporate seal affixed and attested by an individual purporting to be its secretary or an assistant secretary; and the authority of any Person or Persons executing any such instrument in any fiduciary or representative capacity may be established without further proof if such instrument is signed by a Person or Persons purporting to act in such fiduciary or representative capacity; and

B. Proof of Holdings. The amount of the 2008 Bonds owned by any Person executing any instrument as an owner of Bonds and the numbers, date and other identification thereof, together with the date of his holding the 2008 Bonds, may be proved by reference to the registration records kept by the Registrar.

Section 905. Warranty Upon Issuance of Bonds. Any 2008 Bonds, when duly executed and delivered for the purpose provided in this Ordinance, shall constitute a warranty by and on behalf of the City for the benefit of each and every future owner of any of the 2008 Bonds that the 2008 Bonds have been issued for a valuable consideration in full conformity with law.

Section 906. Prior Contracts. Nothing herein contained impairs the City's obligation of contracts with any Person in connection with the City, including, without limitation, the Pledged Revenues, this Ordinance, the Facilities or the Improvement Project (or any combination thereof). If any provision herein is inconsistent with any provision in any existing contract pertaining to the City in such a manner as to effect prejudicially and materially the rights and privileges thereunder, so long as such contract shall remain viable and in effect such provision therein shall control such inconsistent provision herein and the latter provision shall be subject and subordinate to such provision in such existing contract.

Section 907. Replacement of Registrar or Paying Agent. If the Registrar or Paying Agent initially appointed hereunder shall resign, or if the Board, on the behalf and in the name of the City, shall reasonably determine that it is in the best interests of the City to appoint a successor to the

Registrar or Paying Agent, the Board for the City may, upon notice mailed to the owner of the Bond at his address last shown on the registration record, appoint a successor Registrar or Paying Agent, or both. No resignation or dismissal of the Registrar or Paying Agent may take effect until a successor is appointed. Every such successor Registrar or Paying Agent shall be a trust bank. It shall not be required that the same institution serve as both Registrar and Paying Agent hereunder, but the Board shall have the right to have the same institution serve as both Registrar and Paying Agent hereunder.

Any corporation or association into which a successor Registrar or Paying Agent may be converted or merged, or with which they may be consolidated, or to which they may sell or transfer their corporate trust 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 they are a party, shall be and become the successor Registrar or Paying Agent under this Ordinance, without the execution or filing of any instrument or any further act, deed, or conveyance on the part of any of the parties hereto, anything in this Ordinance to the contrary notwithstanding.

Section 908. Governmental Powers. The enforceability of the obligations of the City is:

A. State and U.S. Powers. Subject to the reasonable exercise in the future by the State and its governmental bodies of the police power inherent in the sovereignty of the State and to the exercise by the United States of the powers delegated to it by the Constitution of the United States,

B. Limitations upon Suits. Subject to the limitations stated in the 11th Amendment, Constitution of the United States, upon suits against states in federal courts by citizens of other states or citizens or subjects of foreign states, and

C. Sovereign Immunity. Subject to the possible passage hereafter of a State statute re-establishing the doctrine of sovereign immunity (heretofore waived by the State subject to certain exceptions and conditions) of the State, the City, and any other political subdivision of the State from liability and suits thereagainst in the absence of the State's consent thereto.

Nothing herein prohibits or limits the exercise by the Federal Government, the State, the City, or any other governmental entity of their respective sovereign powers. Generally, the City can neither contract away any such sovereign powers nor limit or inhibit by contract the proper exercise of such powers, and this Ordinance does not purport to do so.

## ARTICLE X.

### PRIVILEGES, RIGHTS AND REMEDIES

Section 1001. Bondowner's Remedies. The owner of the 2008 Bond shall be entitled to all of the privileges, rights and remedies provided herein, in the Project Act, the Bond Act, the Supplemental Bond Act and this Ordinance, and as otherwise provided or permitted at law or in equity or by other statute, except as provided in Sections 209 (Character of Agreement) through 212 (No Bond Election Nor Other Preliminaries) hereof, but subject to the provisions herein concerning the Pledged Revenues and the proceeds of the 2008 Bonds.

Section 1002. Right to Enforce Payment. Nothing in this article affects or impairs the right of the owner of the Bond issued hereunder to enforce the payment of the Bond Requirements of the Bond or the obligation of the City to pay the Bond Requirements of the Bond to the owner thereof at the time and the place expressed in the Bond.

Section 1003. Events of Default. Each of the following events is hereby declared an "event of default":

A. Nonpayment of Principal. Payment of the principal of the 2008 Bonds, shall not be made when the same shall become due and payable, either at maturity or otherwise;

B. Nonpayment of Interest. Payment of any installment of interest shall not be made when the same becomes due and payable;

C. Incapable to Perform. The City shall for any reason be rendered incapable of fulfilling its obligations hereunder;

D. Nonperformance of Duties. The City shall have failed to carry out and, to perform (or in good faith to begin the performance of) all acts and things lawfully required to be carried out or to be performed by it under any contract relating to the Pledged Revenues, or otherwise, including, without limitation, this Ordinance, and such failure shall continue for sixty (60) days after receipt of notice from the registered owner of the 2008 Bonds.



E. Appointment of Receiver. An order or decree shall be entered by a court of competent jurisdiction with the consent or acquiescence of the City appointing a receiver or receivers for the Pledged Revenues and any other moneys subject to the lien to secure the payment of the 2008 Bonds, or if an order or decree having been entered without the consent or acquiescence of the City, shall not be vacated or discharged or stayed on appeal within sixty (60) days after entry; and

F. Default of Any Provision. The City shall make default in the due and punctual performance of any other of the representations, covenants, conditions, agreements and other provisions contained in the 2008 Bonds or in this Ordinance on its part to be performed, and if such default shall continue for sixty (60) days after written notice specifying such default and requiring the same to be remedied shall have been given to the City by the registered owner of the Bonds.

Section 1004. Remedies for Default. Upon the happening and continuance of any of the events of default, as provided in Section 1003 (Events of Default) hereof, then and in every case the registered owner of the 2008 Bonds including, without limitation, a trustee or trustees therefore: may proceed against the City and its agents, officers and employees to protect and to enforce the rights of the registered owner of Bonds under this Ordinance by mandamus or by other suit, action or special proceedings in equity or at law, in any court of competent jurisdiction, either for the appointment of a receiver or for the specific performance of any covenant or agreement contained herein or in an award of execution of any power herein granted for the enforcement of any proper, legal or equitable remedy as such registered owner may deem most effectual to protect and to enforce the rights aforesaid, or thereby to enjoin any act or thing which may be unlawful or in violation of any right of the owner of the 2008 Bonds, or to require the City to act as if it were the trustee of an expressed trust, or any combination of such remedies. All such proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of the registered owner of the 2008 Bonds.

Section 1005. Receiver's Rights and Privileges. Any receiver appointed in any proceedings to protect the rights of such owner hereunder, the consent of any such appointment being hereby expressly granted by the City, may collect, receive and apply all Pledged Revenues arising after the appointment of such receiver in the same manner as the City itself might do.

Section 1006. Rights and Privileges Cumulative. The failure of any owner of the Outstanding Bond to proceed in any manner herein provided shall not relieve the City, its Governing Body, or any of its officers, agents or employees of any liability for failure to perform or carry out any duty, obligation or other commitment. Each right or privilege of any such owner is in addition and is cumulative to any other right or privilege, and the exercise of any right or privilege by or on behalf of any of them shall not be deemed a waiver of any other right or privilege thereof.

Section 1007. Duties Upon Defaults. Upon the happening of any of the events of default as provided in Section 1003 (Events of Default) hereof, the City, in addition, shall do and perform all proper acts on behalf of and for the owner of Bonds to protect and to preserve the security created for the payment of their Bonds and to insure the payment of the Bond Requirements promptly as the same become due. During any period of default, so long as any of the Bonds issued hereunder, as to any Bond Requirements, are Outstanding, except to the extent it may be unlawful to do so, all Pledged Revenues shall be paid into the Bond Fund. If the City fails or refuses to proceed as in this Section provided, the registered owner of the 2008 Bonds, after demand in writing, may proceed to protect and to enforce the rights of the owner of the Bonds as hereinabove provided; and to that end any such owner of the 2008 Bonds shall be subrogated to all rights of the City under any agreement or contract involving the Pledged Revenues entered into prior to the effective date of this Ordinance or thereafter while any of the Bonds are Outstanding.

Section 1008. Duties in Bankruptcy Proceedings. If any Person obligated to pay any Fuel Tax proceeds under any laws of the United States relating to bankruptcy, including, without limitation, any action under any law providing for corporate reorganization, it shall be the duty of the City, and its appropriate officers are hereby authorized and directed, to take all necessary steps for the benefit of the owner of the 2008 Bonds in such proceedings, so including the filing of any claims for unpaid Fuel Tax proceeds and other payments to or otherwise arising from the breach of any of the covenants, terms or conditions of any instrument or obligation pertaining to the Pledged Revenues, except to the extent that the State acting by and through the Department or otherwise takes such action, unless the Governing Body by resolution or other instrument determines that the costs of such action are likely to exceed the amounts thereby recovered from such taxpayer.

Section 1009. Prejudicial Action Unnecessary. Nothing in this article requires the City to proceed as provided herein if the Governing Body determines in good faith and without any abuse of its discretion that if the City so proceeds it is more likely than not to incur a net loss rather than a net gain or such action is otherwise likely to affect materially and prejudicially the owner of the Outstanding 2008 Bonds and of any Outstanding securities on a parity with the 2008 Bonds.

## ARTICLE XI.

### AMENDMENT OF ORDINANCE

Section 1101. Privilege of Amendment. This Ordinance may be amended or supplemented by instruments adopted by the Governing Body in accordance with the laws of the State, without receipt by the City of any additional consideration:

A. Without the consent of or notice to the registered owner of the Bonds for the purpose of curing any ambiguity or formal defect or omission herein; and

B. With the written consent of the registered owner of the 2008 Bonds.

Section 1102. Limitations Upon Amendments. No such instrument shall permit without the consent of the owner of the Bonds adversely affected thereby:

A. Changing Payment. A change in the maturity of the principal of any Outstanding 2008 Bond or any installment of interest thereon; or

B. Reducing Return. A reduction in the principal amount of the Bond, or the rate of interest thereon, without the consent of the owner of the Bond; or

C. Prior Lien. The creation of a lien upon or a pledge of revenues ranking prior to the lien or to the pledge created by this Ordinance except as herein specifically provided; or

D. Modifying Any Bond. A reduction of the principal amount or percentages or otherwise affecting the description of Bonds or the consent of the owner of which is required for any such modification or amendment.

Section 1103. Notice of Amendment. Whenever the Governing Body proposes to amend or modify this Ordinance under the provisions of this article, it shall cause notice of the proposed amendment to be mailed within thirty (30) days to the registered owner of the Bonds. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy of the proposed amendatory instrument is on file in the office of the Clerk for public inspection.

Whenever at any time there shall be filed in the office of the Clerk an instrument or instruments executed by the owner, which instrument or instruments shall refer to the proposed amendatory instrument described in such notice and shall specifically consent to and approve the adoption of such instrument, thereupon, but not otherwise, the Governing Body may adopt such amendatory instrument and such instrument shall become effective.

Section 1104. Binding Consent to Amendment. If the owner of the 2008 Bonds, at the time of the adoption of such amendatory instrument, or the predecessors in title of such owner, shall have consented to and approved the adoption thereof as herein provided, no owner of any Bond whether or not such owner shall have consented to or shall have revoked any consent as in this article provided, shall have any right or interest to object to the adoption of such amendatory instrument or to object to any of the terms or provisions therein contained or to the operation thereof or to enjoin or restrain the City from taking any action pursuant to the provisions thereof.

Section 1105. Time Consent Binding. Any consent given by the owner of the 2008 Bonds pursuant to the provisions of this article shall be irrevocable and shall be conclusive and binding upon all future owners of the same Bond.

Section 1106. Unanimous Consent. Notwithstanding anything contained in the foregoing provisions of this article, the terms and the provisions of this Ordinance or of any instrument amendatory thereof or supplemental thereto, the rights and the obligations of the City and of the owner of the 2008 Bonds thereunder may be modified or amended in any respect upon the adoption by the City and upon the filing with the Clerk of an instrument to that effect and with the consent of the owner of the 2008 Bonds, such consent to be given as provided in Section 904 hereof; and no notice to owner of 2008 Bonds shall be required, nor shall the time of consent be limited except as may be provided in such consent.

Proposed on May 15, 2008.

Proposed by Supervisor \_\_\_\_\_

Passed on June 5, 2008.

Ayes:

Shelly Aldean  
Pete Livermore  
Richard Staub  
Marv Teixeira  
Robin Williamson

Absent:

\_\_\_\_\_  
\_\_\_\_\_

(SEAL)

Attest:

\_\_\_\_\_  
Mayor  
Carson City, Nevada

\_\_\_\_\_  
City Clerk

This ordinance shall be in force and effect from and after June \_\_\_\_, 2008, i.e., the date of publication of such ordinance by its title only.

## EXHIBIT I

### AUTHORIZED INVESTMENTS

The following shall constitute "Authorized Investments" under this Ordinance:

1. Direct obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America ("U.S. Government Securities").
2. Direct obligations\* of the following federal agencies which are fully guaranteed by the full faith and credit of the United States of America:
  - (a) Export-Import Bank of the United States – Direct obligations and fully guaranteed certificates of beneficial interest
  - (b) Federal Housing Administration – debentures
  - (c) General Services Administration – participation certificates
  - (d) Government National Mortgage Association ("GNMAs") – guaranteed mortgage-backed securities and guaranteed participation certificates
  - (e) Small Business Administration – guaranteed participation certificates and guaranteed pool certificates
  - (f) U.S. Department of Housing & Urban Development – local authority bonds
  - (g) U.S. Maritime Administration – guaranteed Title XI financings
  - (h) Washington Metropolitan Area Transit Authority – guaranteed transit bonds
3. Direct obligations\* of the following federal agencies which are not fully guaranteed by the faith and credit of the United States of America:
  - (a) Federal National Mortgage Association ("FNMAs") – senior debt obligations rated Aaa by Moody's Investors Service ("Moody's") and AAA by Standard & Poor's Ratings Services ("S&P")
  - (b) Federal Home Loan Mortgage Corporation ("FHLMCs") – participation certificates and senior debt obligations rated Aaa by Moody's and AAA by S&P
  - (c) Federal Home Loan Banks – consolidated debt obligations
  - (d) Student Loan Marketing Association – debt obligations
  - (e) Resolution Funding Corporation – debt obligations
4. Direct, general obligations of any state of the United States of America or any subdivision or agency thereof whose uninsured and unguaranteed general obligation debt is rated, at the time of purchase, A2 or better by Moody's and A or better by S&P, or any obligation fully and unconditionally guaranteed

---

\* The following are explicitly excluded from the securities enumerated in 2 and 3:

- (i) All derivative obligations, including without limitation inverse floaters, residuals, interest-only, principal-only and range notes;
- (ii) Obligations that have a possibility of returning a zero or negative yield if held to maturity;
- (iii) Obligations that do not have a fixed par value or those whose terms do not promise a fixed dollar amount at maturity or call date; and
- (iv) Collateralized Mortgage-Backed Obligations ("CMOs").

by any state, subdivision or agency whose uninsured and unguaranteed general obligation debt is rated, at the time of purchase, A2 or better by Moody's and A or better by S&P.

5. Commercial paper (having original maturities of not more than 270 days) rated, at the time of purchase, P-1 by Moody's and A-1 or better by S&P.
6. Certificates of deposit, savings accounts, deposit accounts or money market deposits in amounts that are continuously and fully insured by the Federal Deposit Insurance Corporation ("FDIC"), including the Bank Insurance Fund and the Savings Association Insurance Fund.
7. Certificates of deposit, deposit accounts, federal funds or bankers' acceptances (in each case having maturities of not more than 365 days following the date of purchase) of any domestic commercial bank or United States branch office of a foreign bank, provided that such bank's short-term certificates of deposit are rated P-1 by Moody's and A-1 or better by S&P (not considering holding company ratings).
8. Investments in money-market funds rated AAAm or AAAm-G by S&P.
9. State-sponsored investment pools rated AA- or better by S&P.
10. Repurchase agreements that meet the following criteria:
  - (a) A master repurchase agreement or specific written repurchase agreement, substantially similar in form and substance to the Public Securities Association or Bond Market Association master repurchase agreement, governs the transaction.
  - (b) Acceptable providers shall consist of (i) registered broker/dealers subject to Securities Investors' Protection Corporation ("SIPC") jurisdiction or commercial banks insured by the FDIC, if such broker/dealer or bank has an uninsured, unsecured and unguaranteed rating of A3/P-1 or better by Moody's and A-/A-1 or better by S&P, or (ii) domestic structured investment companies approved by Financial Guaranty and rated Aaa by Moody's and AAA by S&P.
  - (c) The repurchase agreement shall require termination thereof if the counterparty's ratings are suspended, withdrawn or fall below A3 or P-1 from Moody's, or A- or A-1 from S&P. Within ten (10) days, the counterparty shall repay the principal amount plus any accrued and unpaid interest on the investments.
  - (d) The repurchase agreement shall limit acceptable securities to U.S. Government Securities and to the obligations of GNMA, FNMA or FHLMC described in 2(d), 3(a) and 3(b) above. The fair market value of the securities in relation to the amount of the repurchase obligation, including principal and accrued interest, is equal to a collateral level of at least 104% for U.S. Government Securities and 105% for GNMA's, FNMA's or FHLMC's. The repurchase agreement shall require (i) the Trustee or the Agent to value the collateral securities no less frequently than weekly, (ii) the delivery of additional securities if the fair market value of the securities is below the required level on any valuation date, and (iii) liquidation of the repurchase securities if any deficiency in the required percentage is not restored within two (2) business days of such valuation.



- (e) The repurchase securities shall be delivered free and clear of any lien to the bond trustee (herein, the "Trustee") or to an independent third party acting solely as agent ("Agent") for the Trustee, and such Agent is (i) a Federal Reserve Bank, or (ii) a bank which is a member of the FDIC and which has combined capital, surplus and undivided profits or, if appropriate, a net worth, of not less than \$50 million, and the Trustee shall have received written confirmation from such third party that such third party holds such securities, free and clear of any lien, as agent for the Trustee.
  - (f) A perfected first security interest in the repurchase securities shall be created for the benefit of the Trustee, and the issuer and the Trustee shall receive an opinion of counsel as to the perfection of the security interest in such repurchase securities and any proceeds thereof.
  - (g) The repurchase agreement shall have a term of one year or less, or shall be due on demand.
  - (h) The repurchase agreement shall establish the following as events of default, the occurrence of any of which shall require the immediate liquidation of the repurchase securities, unless Financial Guaranty directs otherwise:
    - (i) insolvency of the broker/dealer or commercial bank serving as the counterparty under the repurchase agreement;
    - (ii) failure by the counterparty to remedy any deficiency in the required collateral level or to satisfy the margin maintenance call under item 10(d) above; or
    - (iii) failure by the counterparty to repurchase the repurchase securities on the specified date for repurchase.
11. Investment agreements (also referred to as guaranteed investment contracts) that meet the following criteria:
- (a) A master agreement or specific written investment agreement governs the transaction.
  - (b) Acceptable providers of uncollateralized investment agreements shall consist of (i) domestic FDIC-insured commercial banks, or U.S. branches of foreign banks, rated at least Aa2 by Moody's and AA by S&P; (ii) domestic insurance companies rated Aaa by Moody's and AAA by S&P; and (iii) domestic structured investment companies approved by Financial Guaranty and rated Aaa by Moody's and AAA by S&P.
  - (c) Acceptable providers of collateralized investment agreements shall consist of (i) registered broker/dealers subject to SIPC jurisdiction, if such broker/dealer has an uninsured, unsecured and unguaranteed rating of A1 or better by Moody's and A+ or better by S&P; (ii) domestic FDIC-insured commercial banks, or U.S. branches of foreign banks, rated at least A1 by Moody's and A+ by S&P; (iii) domestic insurance companies rated at least A1 by Moody's and A+ by S&P; and (iv) domestic structured investment companies approved by Financial Guaranty and rated Aaa by Moody's and AAA by S&P. Required collateral levels shall be as set forth in 11(f) below.
  - (d) The investment agreement shall provide that if the provider's ratings fall below Aa3 by Moody's or AA- by S&P, the provider shall within ten (10) days either (i) repay the principal

amount plus any accrued and interest on the investment; or (ii) deliver Permitted Collateral as provided below.

- (e) The investment agreement must provide for termination thereof if the provider's ratings are suspended, withdrawn or fall below A3 from Moody's or A- from S&P. Within ten (10) days, the provider shall repay the principal amount plus any accrued interest on the agreement, without penalty.
- (f) The investment agreement shall provide for the delivery of collateral described in (i) or (ii) below ("Permitted Collateral") which shall be maintained at the following collateralization levels at each valuation date:
  - (i) U.S. Government Securities at 104% of principal plus accrued interest; or
  - (ii) Obligations of GNMA, FNMA or FHLMC (described in 2(d), 3(a) and 3(b) above) at 105% of principal and accrued interest.
- (g) The investment agreement shall require the Trustee or Agent to determine the market value of the Permitted Collateral not less than weekly and notify the investment agreement provider on the valuation day of any deficiency. Permitted Collateral may be released by the Trustee to the provider only to the extent that there are excess amounts over the required levels. Market value, with respect to collateral, may be determined by any of the following methods:
  - (i) the last quoted "bid" price as shown in Bloomberg, Interactive Data Systems, Inc., The Wall Street Journal or Reuters;
  - (ii) valuation as performed by a nationally recognized pricing service, whereby the valuation method is based on a composite average of various bid prices; or
  - (iii) the lower of two bid prices by nationally recognized dealers. Such dealers or their parent holding companies shall be rated investment grade and shall be market makers in the securities being valued.
- (h) Securities held as Permitted Collateral shall be free and clear of all liens and claims of third parties, held in a separate custodial account and registered in the name of the Trustee or the Agent.
- (i) The provider shall grant the Trustee or the Agent a perfected first security interest in any collateral delivered under an investment agreement. For investment agreements collateralized initially and in connection with the delivery of Permitted Collateral under 11(f) above, the Trustee and Financial Guaranty shall receive an opinion of counsel as to the perfection of the security interest in the collateral.
- (j) The investment agreement shall provide that moneys invested under the agreement must be payable and putable at par to the Trustee without condition, breakage fee or other penalty, upon not more than two (2) business days' notice, or immediately on demand for any reason for which the funds invested may be withdrawn from the applicable fund or account established under the authorizing document, as well as the following:
  - (i) In the event of a deficiency in the debt service account;
  - (ii) Upon acceleration after an event of default;

- (iii) Upon refunding of the bonds in whole or in part;
- (iv) Reduction of the debt service reserve requirement for the bonds; or
- (v) If a determination is later made by a nationally recognized bond counsel that investments must be yield-restricted.

Notwithstanding the foregoing, the agreement may provide for a breakage fee or other penalty that is payable in arrears and not as a condition of a draw by the Trustee if the issuer's obligation to pay such fee or penalty is subordinate to its obligation to pay debt service on the bonds and to make deposits to the debt service reserve fund.

- (k) The investment agreement shall establish the following as events of default, the occurrence of any of which shall require the immediate liquidation of the investment securities, unless:

- (i) Failure of the provider or the guarantor (if any) to make a payment when due or to deliver Permitted Collateral of the character, at the times or in the amounts described above;
- (ii) Insolvency of the provider or the guarantor (if any) under the investment agreement;
- (iii) Failure by the provider to remedy any deficiency with respect to required Permitted Collateral;
- (iv) Failure by the provider to make a payment or observe any covenant under the agreement;
- (v) The guaranty (if any) is terminated, repudiated or challenged; or
- (vi) Any representation of warranty furnished to the Trustee or the issuer in connection with the agreement is false or misleading.

- (l) The investment agreement must incorporate the following general criteria:

- (i) "Cure periods" for payment default shall not exceed two (2) business days;
- (ii) The agreement shall provide that the provider shall remain liable for any deficiency after application of the proceeds of the sale of any collateral, including costs and expenses incurred by the Trustee or Financial Guaranty;
- (iii) Neither the agreement or guaranty agreement, if applicable, may be assigned (except to a provider that would otherwise be acceptable under these guidelines) or amended without the prior consent of Financial Guaranty;
- (iv) If the investment agreement is for a debt service reserve fund, reinvestments of funds shall be required to bear interest at a rate at least equal to the original contract rate.
- (v) The provider shall be required to immediately notify Financial Guaranty and the Trustee of any event of default or any suspension, withdrawal or downgrade of the provider's ratings;
- (vi) The agreement shall be unconditional and shall expressly disclaim any right of set-off or counterclaim;
- (vii) The agreement shall require the provider to submit information reasonably requested by Financial Guaranty, including balance invested with the provider, type and market value of collateral and other pertinent information.

- 12. Forward delivery agreements in which the securities delivered mature on or before each interest payment date (for debt service or debt service reserve funds) or draw down date (construction funds) that meet the following criteria:

- (a) A specific written investment agreement governs the transaction.
  - (b) Acceptable providers shall be limited to (i) any registered broker/dealer subject to the Securities Investors' Protection Corporation jurisdiction, if such broker/dealer or bank has an uninsured, unsecured and unguaranteed obligation rated A3/P-1 or better by Moody's and A-/A-1 or better by S&P; (ii) any commercial bank insured by the FDIC, if such bank has an uninsured, unsecured and unguaranteed obligation rated A3/P-1 or better by Moody's and A-/A-1 or better by S&P; and (iii) domestic structured investment companies approved by Financial Guaranty and rated Aaa by Moody's and AAA by S&P.
  - (c) The forward delivery agreement shall provide for termination or assignment (to a qualified provider hereunder) of the agreement if the provider's ratings are suspended, withdrawn or fall below A3 or P-1 from Moody's or A- or A-1 from S&P. Within ten (10) days, the provider shall fulfill any obligations it may have with respect to shortfalls in market value. There shall be no breakage fee payable to the provider in such event.
  - (d) Permitted securities shall include the investments listed in 1, 2 and 3 above.
  - (e) The forward delivery agreement shall include the following provisions:
    - (i) The permitted securities must mature at least one (1) business day before a debt service payment date or scheduled draw. The maturity amount of the permitted securities must equal or exceed the amount required to be in the applicable fund on the applicable valuation date.
    - (ii) The agreement shall include market standard termination provisions, including the right to terminate for the provider's failure to deliver qualifying securities or otherwise to perform under the agreement. There shall be no breakage fee or penalty payable to the provider in such event.
    - (iii) Any breakage fees shall be payable only on debt service payment dates and shall be subordinated to the payment of debt service and debt service reserve fund replenishments.
    - (iv) The provider must submit at closing a bankruptcy opinion to the effect that upon any bankruptcy, insolvency or receivership of the provider, the securities will not be considered to be a part of the provider's estate, and otherwise acceptable to Financial Guaranty.
    - (v) The agreement may not be assigned (except to a provider that would otherwise be acceptable under these guidelines) or amended without the prior written consent of Financial Guaranty.
13. Forward delivery agreements in which the securities delivered mature after the funds may be required but provide for the right of the issuer or the Trustee to put the securities back to the provider under a put, guaranty or other hedging arrangement, only with the prior written consent of Financial Guaranty.
14. Maturity of investments shall be governed by the following:
- (a) Investments of monies (other than reserve funds) shall be in securities and obligations maturing not later than the dates on which such monies will be needed to make payments.

- (b) Investments shall be considered as maturing on the first date on which they are redeemable without penalty at the option of the holder or the date on which the Trustee may require their repurchase pursuant to repurchase agreements.
- (c) Investments of monies in reserve funds not payable upon demand shall be restricted to maturities of five years or less.

STATE OF NEVADA       )  
                                      ) ss.  
CARSON CITY            )

I, Alan Glover, the duly chosen, qualified and acting City Clerk of Carson City, in the State of Nevada, do hereby certify:

1. The foregoing pages constitute a true, correct, complete and compared copy of an ordinance adopted by the Board on June 5, 2008.

2. The original of the ordinance has been approved and authenticated by the signatures of the Mayor of the Board and myself as City Clerk and has been recorded in the records of the Board kept for that purpose in my office, which records have been duly signed by the officers and properly sealed.

3. The members of the Board voted on the introduction of the ordinance on May 15, 2008, as follows:

Those Voting Aye:

Shelly Aldean  
Pete Livermore  
Richard Staub  
Marv Teixeira  
Robin Williamson

4. All members of the Board voted on the passage of the ordinance on June 5, 2008 as set forth following the ordinance.

5. All members of the Board were given due and proper notice of such meeting. Pursuant to and in full compliance with NRS 241.020, written notice of the meeting including the time, place, location, and agenda of the meeting was given:

(a) By mailing a copy of the notice to each member of the Board;

(b) By posting a copy of the notice on the City's website; at the principal office of the Board; or if there is not a principal office, at the building in which the meeting is to be held; and at least three other separate, prominent places within the jurisdiction of the Board, to-wit:

- (i) Community Center  
851 East Williams  
Carson City, Nevada
- (ii) Executive Offices  
2621 Northgate Lane  
Carson City, Nevada
- (iii) Bulletin Board at Courthouse  
198 North Carson Street  
Carson City, Nevada
- (iv) Bulletin Board at the  
Carson City Public Library  
900 North Roop Street  
Carson City, Nevada

and

(c) By mailing a copy of the notice to each person, if any,  
who has requested notice of the meetings of the Board as provided in  
Chapter 241 of NRS.

6. A copy of such notice as posted and mailed is attached hereto as Exhibit A.

**IN WITNESS WHEREOF**, I have hereunto set my hand this June 5, 2008.

---

City Clerk

Exhibit "A"

(Attach Copy of Notices of May 15, 2008 and June 5, 2008 Meetings)



Exhibit "B"

(Attach Affidavit of Publication of Notice of Filing of Bond Ordinance)

Exhibit "C"

(Attach Affidavit of Publication of Adoption of Bond Ordinance)