

**Carson City
Agenda Report**

Date Submitted: 07/07/2015

Agenda Date Requested 07/16/2015

Time Requested: 10 minutes

To: Mayor and Supervisors

From: Nick Providenti, Finance Director

Subject Title: For Possible Action: Action to adopt Bill No. 110, on second reading, Ordinance No. _____, an Ordinance designated as the "2015 Highway Revenue Bond Ordinance" authorizing the issuance by Carson City of its fully registered "Carson City, Nevada, Highway Revenue (Motor Vehicle Fuel Tax) Refunding Bonds, Series 2015" for the purpose of refunding certain outstanding bonds of the City; providing the form, terms and conditions of the bonds and other details in connection therewith; and providing the effective date hereof. (Nick Providenti – Nprovidenti@carson.org)

Staff Summary: This ordinance will authorize the issuance of the Carson City, Nevada, Highway Revenue (Motor Vehicle Fuel Tax) Refunding Bonds Series 2015 for the purpose of refunding all or a portion of the outstanding "Carson City, Nevada, Highway Revenue (Motor Vehicle Fuel Tax) Subordinate Lien Improvement Bonds, Series 2010", and all or a portion of the outstanding "Carson City, Nevada, Highway Revenue (Motor Vehicle Fuel Tax) Improvement Bonds, Series 2008, for the purpose of effecting interest rate savings.

Type of Action Requested: (check one)

☐ Resolution

☒ Ordinance

☐ Formal Action/Motion

☐ Other (Specify)

Does this action require a Business Impact Statement: ☐ Yes ☒ No

Recommended Board Action: I move to adopt Bill No. 110, on second reading, Ordinance No. _____, an Ordinance designated as the "2015 Highway Revenue Bond Ordinance" authorizing the issuance by Carson City of its fully registered "Carson City, Nevada, Highway Revenue (Motor Vehicle Fuel Tax) Refunding Bonds, Series 2015" for the purpose of refunding certain outstanding bonds of the City; providing the form, terms and conditions of the bonds and other details in connection therewith; and providing the effective date hereof.

Explanation for Recommended Board Action: The Board has studied the desirability and feasibility of refunding the above 2008 and/or 2010 Bonds and has determined to authorize the issuance of the 2015 Bonds as it is necessary and in the best interest of the City and its inhabitants that the City undertake the Refunding Project by the issuance and sale of the 2015 Bonds to the Underwriters.

Applicable Statute, Code, Policy, Rule or Regulation: NRS Chapters 244, 348, 350, 365, 373, Carson City Charter.

Fiscal Impact: See attached debt amortization schedules.

Explanation of Impact: Varying ongoing debt service payments per attached schedules.

Funding Source: Regional Transportation Commission Fund

Alternatives: Not to issue bonds.

Supporting Material: Ordinance and debt amortization schedule.

Prepared By: Nick Providenti

Reviewed By:


(Department Head)

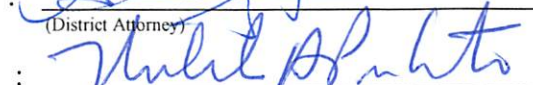
Date: 7/7/15

: 
(City Manager)

Date: 7/7/15

: 
(District Attorney)

Date: 7/7/15

: 
(Finance Director)

Date: 7/7/15

Board Action Taken:

Motion: _____	1) _____	Aye/Nay
	2) _____	_____

(Vote Recorded By)

Summary-- An ordinance authorizing the issuance of the “Carson City, Nevada, Highway Revenue (Motor Vehicle Fuel Tax) Refunding Bonds, Series 2015” and otherwise concerning the bonds and the motor vehicle fuel taxes pledged for their payment.

BILL NO. 110

ORDINANCE NO. _____

AN ORDINANCE DESIGNATED AS THE “2015 HIGHWAY REVENUE BOND ORDINANCE”; AUTHORIZING THE ISSUANCE BY CARSON CITY OF ITS FULLY REGISTERED “CARSON CITY, NEVADA, HIGHWAY REVENUE (MOTOR VEHICLE FUEL TAX) REFUNDING BONDS, SERIES 2015” FOR THE PURPOSE OF REFUNDING CERTAIN OUTSTANDING BONDS OF THE CITY; PROVIDING THE FORM, TERMS AND CONDITIONS OF THE BONDS AND OTHER DETAILS IN CONNECTION THEREWITH; 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, pursuant to NRS 373.010 through 373.200 (the “Project Act”), the Board of Supervisors (the “Governing Body”) created the Regional Transportation Commission of Carson City (the “Transportation 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 nine cents (9¢) per gallon on all motor vehicle fuel sold, distributed or used in the City (subject to certain exceptions) (the “County Motor Vehicle Fuel Tax”); and

WHEREAS, the City also has an 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, and distributed in part to the City (as well as the other counties of the State) by NRS 365.550 and 365.560 (the “State Motor Vehicle Fuel Tax”); and

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

WHEREAS, the major street and highway construction (the “Improvement Project”) to be refinanced 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 Improvement 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 “Tax Act”), the City is herein authorized to issue its “Carson City, Nevada, Highway Revenue (Motor Vehicle Fuel Tax) Refunding Bonds, Series 2015” (the “2015 Bonds” or the “Bonds”); and

WHEREAS, the 2015 Bonds are special obligations of the City payable from the Fuel Taxes (as defined herein) 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, the City has previously issued its “Carson City, Nevada, Highway Revenue (Motor Vehicle Fuel Tax) Improvement Bonds, Series 2008” (the “2008 Bonds”), its “Carson City, Nevada, Highway Revenue (Motor Vehicle Fuel Tax) Subordinate Lien Improvement Bonds, Series 2010” (the “2010 Bonds”), and its “Carson City, Nevada, Highway Revenue (Motor Vehicle Fuel Tax) Subordinate Lien Refunding Bonds, Series 2012” (the “2012 Bonds”); and

WHEREAS, the Governing Body has determined to refund all or a portion of the outstanding 2010 Bonds and all or a portion of the 2008 Bonds, if any (collectively, the

“Refunded Bonds”) as set forth in the Escrow Agreement (defined herein) to effect interest savings and effect other economies (the “Refunding Project” or the “Project”); and

WHEREAS, the 2008 Bonds have a superior lien, and the 2010 Bonds and the 2012 Bonds have a subordinate lien, on the portion of the Net Pledged Revenues derived from the State Motor Vehicle Fuel Tax and a separate and distinct four cents (4¢) per gallon portion of the County Motor Vehicle Fuel Tax (the “Four Cent County Fuel Tax”); and

WHEREAS, the ordinance authorizing the issuance of the 2008 Bonds provides that additional bonds may be issued with a lien on the portion of the Net Pledged Revenues derived from the State Motor Vehicle Fuel Tax and the Four Cent County Fuel Tax that is subordinate to the lien thereon of the 2008 Bonds; and

WHEREAS, the City has entered into Highway Agreement No. R159-97-060 dated April 1, 1997 with the State of Nevada Department of Transportation, as amended by Amendment No. 1 dated October 14, 2004, Amendment No. 2 dated December 27, 2007, and Amendment No. 3 dated September 4, 2009, and as may be further amended by the City and the Department of Transportation (as amended, the “Interlocal Agreement”); and

WHEREAS, certain of the City’s obligations under the Interlocal Agreement are payable from the portion of the Net Pledged Revenues derived from a separate and distinct three cents (3¢) per gallon portion of the County Motor Vehicle Fuel Tax (the “Three Cent County Fuel Tax”) and the lien thereon of the Interlocal Agreement, if any, is superior to the lien thereon of the 2010 Bonds and the 2012 Bonds; and

WHEREAS, the portion of the Net Pledged Revenues derived from a separate and distinct two cents (2¢) per gallon portion of the County Motor Vehicle Fuel Tax (the “Two Cent County Fuel Tax”) has been pledged to the payment of the 2010 Bonds and the 2012 Bonds; and

WHEREAS, with the exception of the 2008 Bonds, the 2010 Bonds, the 2012 Bonds and the Interlocal Agreement, the City has not pledged nor in any way hypothecated revenues derived or to be derived (directly or indirectly) from any of the Fuel Taxes to the payment of any outstanding bonds or for any other purpose, with the result that the proceeds of the Net Pledged Revenues may now be pledged lawfully and irrevocably to the 2015 Bonds, all as herein provided; and

WHEREAS, pursuant to subsection 2 of NRS 373.160, the Governing Body hereby determines that the proceeds of the County Motor Vehicle Fuel Tax are sufficient to pay the 2008 Bonds, the 2010 Bonds, the 2012 Bonds and the 2015 Bonds, and thus the limitation imposed by subsection 2 of NRS 373.160 is met and, accordingly, the City reserves the option of further securing the 2015 Bonds by Fuel Taxes generated by any excise taxes pertaining to fuel hereafter specifically authorized by statute and the Governing Body to be used or pledged, or used and pledged for the payment of the 2015 Bonds 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; and

WHEREAS, after negotiating the purchase of the 2015 Bonds, the Director of Finance of the City, as chief financial officer of the City (the "Finance Director") or, in his absence, the City Manager of the City (the "City Manager") is hereby authorized to sell the 2015 Bonds in the aggregate principal amount set forth in the Bond Purchase Agreement (as defined below) to Piper Jaffray & Co. and/or Morgan Stanley (the "Underwriters"); and to accept the bond purchase agreement for the 2015 Bonds submitted by the Underwriters (the "Bond Purchase Agreement"); and

WHEREAS, the 2015 Bonds are to bear interest at the rates per annum provided in the Bond Purchase Agreement, and are to be sold at a price equal to their principal amount set forth in the Bond Purchase Agreement, plus a premium or less a discount not exceeding 9% of the principal amount of the 2015 Bonds, all as specified in the Bond Purchase Agreement, which price does not result in an effective interest rate on the 2015 Bonds in excess of 3% over the "Index of Revenue Bonds" most recently published in The Bond Buyer prior to the time a negotiated offer is accepted for the 2015 Bonds; and

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

A. The Governing Body has studied the desirability and feasibility of refunding the Refunded Bonds and has determined to authorize the issuance of the 2015 Bonds payable from the Net Pledged Revenues for financing such purposes;

B. The notice of the request for proposals is hereby approved, and the procedure for selecting the Underwriters' proposals was conducted in an open and fair manner;

C. It is necessary and in the best interests of the City and its inhabitants that the City undertake the Refunding Project by the issuance and sale of the 2015 Bonds to the Underwriters;

D. The payment of the 2015 Bonds shall be secured by a pledge of and an irrevocable (but not necessarily an exclusive) lien on the Net Pledged Revenues;

E. Each of the limitations in the Project Act, the Bond Act, and in the acts and ordinances supplemental thereto, have been met; and pursuant to NRS 350.708, this determination of the Governing Body that the limitations therein upon the issuance of the 2015 Bonds thereunder have been met shall be conclusive in the absence of fraud or arbitrary and gross abuse of discretion;

F. The 2015 Bonds will otherwise be issued in strict compliance with the Project Act, Bond Act, this Ordinance, and all other acts, ordinances and resolutions supplemental thereto;

G. It is in the best interests of the City to issue the 2015 Bonds herein authorized, to sell the 2015 Bonds to the Underwriters in accordance with the terms hereof and the Bond Purchase Agreement; and

WHEREAS, the Board hereby elects to have NRS Chapter 348 (the "Supplemental Bond Act") apply to the 2015 Bonds; and

WHEREAS, the Governing Body has determined and does declare that this Ordinance pertains to the sale, issuance and payment of the 2015 Bonds and that the limitations in the Bond Act imposed on the issuance of the 2015 Bonds have been met; and

WHEREAS, such declaration shall be conclusive in the absence of fraud or gross abuse of discretion in accordance with the provisions of NRS 350.708; 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 DOES 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 “2015 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:

“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 of Taxation 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 2015 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 Fuel Taxes, or both, or a reasonably allocated share of a premium of any blanket policy or bond pertaining to the Pledged Revenues;

(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 pertaining to the Fuel Taxes or the Pledged Revenues, or both;

(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 pertaining to the Fuel Taxes or the Pledged Revenues, or both;

(i) Contractual services, professional services required by this Ordinance, salaries, labor and the cost of materials and supplies used for current operations pertaining to the Fuel Taxes or the Pledged Revenues, or both; 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.

"BAB Credit" means the credit provided in Section 6431 of the Tax Code which the City directly receives with respect to any securities payable from all or a portion of the Net Pledged Revenues in lieu of any credit otherwise available to the holders of such securities under Section 54AA(a) of the Tax Code, pursuant to an irrevocable election by the City that Section 54AA of the Tax Code shall apply to such securities and that subsection (g) of Sections 54AA will also apply to such securities and any similar or other credit received by the City from the Federal Government which is made to the City to pay interest on securities payable from all or a portion of the Net Pledged Revenues and which the City commits to use in the same manner for those securities as a BAB Credit as provided herein.

"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.

"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 Transportation Commission, or its successor in functions, if any.

"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.

"Bond Fund" means the "Carson City, Nevada, 2015 Highway Revenue Refunding Bonds, Bond Fund," created herein.

"Bond Requirements" means the principal of, any prior redemption premiums due, if any, in connection with, and the interest on the 2015 Bonds and any additional bonds or other securities payable from the Pledged Revenues, or such part of such securities as may be designated.

“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.

“Bonds” or **“2015 Bonds”** means the securities issued hereunder and designated as the “Carson City, Nevada, Highway Revenue (Motor Vehicle Fuel Tax) Refunding Bonds, Series 2015.”

“2008 Bonds” means the “Carson City, Nevada, Highway Revenue (Motor Vehicle Fuel Tax) Improvement Bonds, Series 2008.”

“2010 Bonds” means the “Carson City, Nevada, Highway Revenue (Motor Vehicle Fuel Tax) Subordinate Lien Improvement Bonds, Series 2010.”

“2012 Bonds” means the “Carson City, Nevada, Highway Revenue (Motor Vehicle Fuel Tax) Subordinate Lien Refunding Bonds, Series 2012.”

“City” 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.

“City Treasurer” or **“Treasurer”** means the de jure or de facto treasurer of the City, or his or her successor in functions, if any.

“Clerk” or **“City Clerk”** means the de jure or de facto clerk of the City, or his successor in functions, if any.

“combined maximum annual principal and interest requirements” means the maximum sum of the principal of and interest on the Outstanding 2015 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 2015 Bond last becomes due at maturity or on a date on which any 2015 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.

In calculating this amount, the principal amount of parity securities, subordinate securities or superior securities required to be redeemed prior to maturity pursuant to a mandatory redemption schedule contained in the Ordinance or other instrument

authorizing the issuance of such parity securities, subordinate securities or superior securities (e.g., the schedule, if any, set forth in the Bond Purchase Agreement) shall be treated as maturing in the Bond Year in which such parity securities, subordinate securities or superior securities are so required to be redeemed, rather than in the Bond Year in which the stated maturity of such parity securities, subordinate securities or superior securities occurs. In the case of any calculation of the combined maximum annual principal and interest requirements to be paid in the future on any parity securities, subordinate securities or superior securities with respect to which the City expects to receive a BAB Credit, "interest" for any Bond Year should be treated as the amount of interest to be paid by the City on those parity securities, subordinate securities or superior securities in that Bond Year less the amount of BAB Credit then expected to be paid by the United States with respect to interest payments on those parity securities, subordinate securities or superior securities in that Bond Year and required by the ordinance or other instrument authorizing those parity securities, subordinate securities or superior securities to be used to pay interest on those parity securities, subordinate securities or superior securities in that Bond Year or to reimburse the City for amounts already used to pay interest on those parity securities, subordinate securities or superior securities in that Bond Year. If the BAB Credit is not expected to be received as of the date of such calculation, "interest" shall be the total amount of interest to be paid by the City on the parity securities, subordinate securities or superior securities without a deduction of the BAB Credit. The Finance Director may certify in writing the expected amount and the expected date of receipt of any BAB Credit, and that certificate shall be conclusive for purposes of this Ordinance.

"Controller" means the de jure or de facto Finance Director and Controller of the City or her or successor in functions, if any.

"Cost of Issuance Account" means the account designated as the "Carson City, Nevada, Highway Revenue (Motor Vehicle Fuel Tax) Refunding Bonds, Series 2015, Cost of Issuance Account" created in Section 401 hereof.

"County Motor Vehicle Fuel Tax" means an excise tax levied by the City by the Tax Ordinance pursuant to NRS 373.030 of nine cents (9¢) 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.

“Department of Taxation” 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.

“Department of Transportation” means the State of Nevada Department of Transportation.

“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.

“Escrow Account” means the special account designated as the “Carson City, Nevada, Highway Revenue (Motor Vehicle Fuel Tax) Refunding Bonds, Series 2015, Escrow Account” to be held by the Escrow Bank and administered according to the provisions of the Escrow Agreement to pay off the Refunded Bonds.

“Escrow Agreement” means the escrow agreement between the Escrow Bank and the City relating to the Refunded Bonds.

“Escrow Bank” means Zions First National Bank, its successors and assigns.

“Events of Default” means the events stated in Section 1003 hereof.

“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.

“Federal Government” means the United States, or any agency, instrumentality or corporation thereof.

“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.

“Finance Director” means the de jure or de facto chief financial officer of the City and designated as such by the City, or his or her successor in functions, if any.

“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.

“Four Cent County Fuel Tax” means a separate and distinct four cents (4¢) per gallon portion of the County Motor Vehicle Fuel Tax.

“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 2015 Bonds issued hereunder remain Outstanding, the proceeds of which taxes now are or hereafter may be specifically authorized by statute and by the Governing Body to be pledged for the payment of the 2015 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 2015 Bonds are issued; and, subject to such exempt sales and to such other exempt transactions, such taxes now consist of:

- (a) The Four Cent County Fuel Tax;
- (b) The Three Cent County Fuel Tax;
- (c) The Two Cent County Fuel Tax; and
- (d) The State Motor Vehicle Fuel Tax;

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.

“Governing Body” means the Board.

“Gross Pledged Revenues” means all income and revenues derived directly or indirectly by the City from the Fuel Taxes, or any part thereof, and may include excise taxes pertaining to motor vehicle fuel hereafter specifically authorized by statute and by the Governing Body to be pledged to the 2015 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 heretofore or hereafter specifically authorized by statute and by the Governing Body to be pledged to the payment of the 2015 Bonds.

“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.

“Highway Fund” or **“Transportation Fund”** means the Regional Street and Highway Fund in the treasury of the City, which fund was created by the Tax Ordinance, pursuant to NRS 373.110.

“holder” or **“owner”** or any similar term, when in connection with any Bonds, or any other designated securities, means the registered owner of any Bonds or other security.

“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.

"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.

"Interlocal Agreement" means Highway Agreement No. R159-97-060 dated April 1, 1997 between the City and the Department of Transportation, as amended by Amendment No. 1 dated October 14, 2004, Amendment No. 2 dated December 27, 2007, and Amendment No. 3 dated September 4, 2009, and as may be further amended by the City and the Department of Transportation.

"Net Pledged Revenues" means the Gross Pledged Revenues, after the deduction of the Administration Expenses and Direct Distributions, including without limitation in the case of the taxes levied by the State in NRS 365.180 and 365.190, 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.

"Outstanding" when used with reference to the 2015 Bonds or any other designated securities and as of any particular date means all the 2015 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.

“parity bonds” or **“parity securities”** means bonds or securities payable from the Net Pledged Revenues and on a parity with the lien thereon of the 2015 Bonds herein authorized to be issued, including, without limitation the 2010 Bonds and the 2012 Bonds.

“Paying Agent” means Zions First National Bank, its successor and assigns.

“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.

“Plan” means the Carson City Transportation Improvement Plan, as from time to time amended and supplemented.

“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.

“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 Fuel Tax Law.

“Qualified Surety Bond” means any surety bond or any insurance policy which has the liquidity features equivalent to an irrevocable and unconditional letter of credit, or any irrevocable and unconditional letter of credit, deposited in the Reserve Fund in lieu of or in partial substitution for monies on deposit therein, the issuer of which is rated in at least the second highest rating category (without numerical or other modifiers), at the time of deposit of such Qualified Surety Bond by Standard and Poor’s Rating Services, Moody’s Investors Service or Fitch Investors Services.

“Rebate Account” means the account designated as the “Carson City, Nevada, Highway Revenue (Motor Vehicle Fuel Tax) Refunding Bonds, Series 2015, Rebate Account” created in Section 507 hereof.

“Redemption Date” means a date fixed for the redemption prior to their respective maturities of any 2015 Bonds or other designated securities payable from

Pledged Revenues in any notice of prior redemption or otherwise fixed and designated by the City.

“Redemption Price” means, when used with respect to a 2015 Bond or other designated security payable from any Pledged Revenues, the principal amount thereof plus accrued interest thereon to the Redemption Date plus the applicable premium, if any, payable upon the redemption thereof prior to the stated maturity date of such 2015 Bond or other security on a Redemption Date in the manner contemplated in accordance with the security’s terms.

“Refunded Bonds” means all or a portion of the Outstanding 2010 Bonds and all or a portion of the Outstanding 2008 Bonds, if any, as set forth in the Escrow Agreement.

“Refunding Project” means the refunding of all or a portion of the Outstanding 2010 Bonds, if any, and all or a portion of the 2008 Bonds, if any, as set forth in the Escrow Agreement.

“Registrar” means Zions First National Bank, its successor and assigns.

“Reserve Fund” means the “Carson City, Nevada, Highway Revenue Bond Reserve Fund,” created and designated in Section 506 herein.

“Reserve Fund Requirement” means an amount equal to the combined maximum annual debt service on the 2015 Bonds, any parity securities Outstanding and any parity securities proposed to be issued 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 – Payments) 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. In the case of any calculation of the combined maximum annual debt service on the 2015 Bonds and any parity securities Outstanding at the time of calculation to be paid in the future with respect to which the City expects to receive a BAB Credit, “interest” for any Bond Year should be treated as the

amount of interest to be paid by the City on those parity securities in that Bond Year less the amount of BAB Credit then expected to be paid by the United States with respect to interest payments on those parity securities in that Bond Year and required by the ordinance or other instrument authorizing those parity securities to be used to pay interest on those parity securities in that Bond Year or to reimburse the City for amounts already used to pay interest on those parity securities in that Bond Year. If the BAB Credit is not expected to be received as of the date of such calculation, "interest" shall be the total amount of interest to be paid by the City on the parity securities without a deduction of the BAB Credit. The Finance Director may certify in writing the expected amount and the expected date of receipt of any BAB Credit, and that certificate shall be conclusive for purposes of this Ordinance.

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

"State Motor Vehicle Fuel Tax" means 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 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.

"subordinate bonds" or **"subordinate securities"** means bonds or securities with a lien on all or a portion of the Net Pledged Revenues which is junior to the lien thereon of the 2015 Bonds.

"superior bonds" or **"superior securities"** means the 2008 Bonds with a lien on all or a portion of the Net Pledged Revenues which lien is superior to the lien thereon of the 2015 Bonds.

"Supplemental Bond Act" means NRS 348.010 through 348.450.

"Tax Act" means NRS 365.010 through 365.590 and all laws amendatory thereof.

"Tax Code" means the Internal Revenue Code of 1986, as amended.

"Tax Ordinance" means the ordinance adopted by the Board on June 20, 1969, as amended, and codified in Chapter 11.20 of the Carson City Municipal Code.

"Three Cent County Fuel Tax" means a separate and distinct three cents (3¢) per gallon portion of the County Motor Vehicle Fuel Tax.

“Transportation Commission” means the Regional Transportation Commission of Carson City, also known as the Regional Street and Highway Commission, or the Transportation Commission’s successor in functions, if any.

“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.

“Two Cent County Fuel Tax” means a separate and distinct two cents (2¢) per gallon portion of the County Motor Vehicle Fuel Tax.

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 owners from time to time of the 2015 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 any owner of any of the 2015 Bonds.

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

- A. Refunding Project. Toward the Refunding Project,
- B. Tax Ordinance. Toward the passage, approval and amendment of the Tax Ordinance,
- C. Fuel Taxes. Toward the levy and collection of the Fuel Taxes for repayment of the 2015 Bonds, and
- D. Bonds. Toward the sale and delivery of the 2015 Bonds for that purpose, be, and the same hereby is, ratified, approved and confirmed.

Section 106. Ordinance Irrepealable. After any of the 2015 Bonds are issued, this Ordinance shall constitute an irrevocable contract between the City and the holder or holders of the 2015 Bonds; and this Ordinance (subject to the provisions of Section 901 (Defeasance) and Article XI (amendments) hereof), if any 2015 Bonds are in fact issued, shall be and shall remain irrepealable until the 2015 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 by 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. _____

AN ORDINANCE DESIGNATED AS THE "2015 HIGHWAY REVENUE BOND ORDINANCE"; AUTHORIZING THE ISSUANCE BY CARSON CITY OF ITS FULLY REGISTERED "CARSON CITY, NEVADA, HIGHWAY REVENUE (MOTOR VEHICLE FUEL TAX) REFUNDING BONDS, SERIES 2015" FOR THE PURPOSE OF REFUNDING CERTAIN OUTSTANDING BONDS OF THE CITY; PROVIDING THE FORM, TERMS AND CONDITIONS OF THE BONDS AND OTHER DETAILS IN CONNECTION THEREWITH; AND PROVIDING THE EFFECTIVE DATE HEREOF.

PUBLIC NOTICE IS HEREBY GIVEN that an adequate number of typewritten copies of the above-numbered and entitled proposed Ordinance are available for public inspection and distribution at the office of the City Clerk, 201 North Carson Street, Suite No. 1, Carson City, Nevada and that such Ordinance was proposed on July 2, 2015, and will be considered for adoption at the regular meeting of the Board of Supervisors of Carson City held on July 16, 2015.

/s/ Sue Merriwether
City Clerk

(End of form of Notice of Filing Ordinance)

Section 110. Effective Date and Publication. After this Ordinance is signed by the Mayor of the City (the “Mayor”) and attested and sealed by the Clerk, this Ordinance shall be in effect, after its publication once by its title only, together with the names of the members of the Board voting for or against its passage and a statement that typewritten copies of this Ordinance are available for inspection by all interested parties at the offices of the Clerk. Such publication shall be made in the Nevada Appeal, a newspaper published and having a general circulation in the City, and such publication to be in substantially the following form:

(Form for Publication after Final Adoption of Ordinance)

BILL NO. _____

ORDINANCE NO. _____

AN ORDINANCE DESIGNATED AS THE "2015 HIGHWAY REVENUE BOND ORDINANCE"; AUTHORIZING THE ISSUANCE BY CARSON CITY OF ITS FULLY REGISTERED "CARSON CITY, NEVADA, HIGHWAY REVENUE (MOTOR VEHICLE FUEL TAX) REFUNDING BONDS, SERIES 2015" FOR THE PURPOSE OF REFUNDING CERTAIN OUTSTANDING BONDS OF THE CITY; PROVIDING THE FORM, TERMS AND CONDITIONS OF THE BONDS AND OTHER DETAILS IN CONNECTION THEREWITH; AND PROVIDING THE EFFECTIVE DATE HEREOF.

PUBLIC NOTICE IS HEREBY GIVEN that the above entitled Ordinance was proposed by Supervisor _____ at the regular meeting of the Carson City Board of Supervisors held on July 2, 2015, and was passed and adopted at the regular meeting of the Carson City Board of Supervisors held on July 16, 2015 by the following vote of the Board of Supervisors:

Those Voting Aye:

Those Voting Nay: _____

Those Absent and Not Voting: _____

Those Abstaining: _____

This Ordinance shall be in full force and effect from and after July __, 2015, i.e., the date of publication of this 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 July 16, 2015.

/s/ Robert L. Crowell
Mayor

Attest:

/s/ Sue Merriwether
City Clerk

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

ARTICLE II.

GOVERNING BODY'S DETERMINATIONS, AUTHORITY FOR AND AUTHORIZATION OF REFUNDING PROJECT NECESSITY OF REFUNDING 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 Refunding 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 Improvement Project to be refinanced with the 2015 Bonds is not less than 15 years from the date of the 2015 Bonds; and

B. Bond Term. The 2015 Bonds will mature at times not exceeding such estimated life or estimated period of usefulness.

Section 203. Necessity of Project and Bonds. It is necessary and in the best interest of the City and its inhabitants that the City undertake the Project and issue the 2015 Bonds.

Section 204. Acceptance of Bond Purchase Agreement; Authorization of Use of Preliminary and Final Official Statements. In accordance with the Project Act, the Bond Act and with this Ordinance, the Finance Director, or in his absence the City Manager, is authorized to proceed with the sale of the Bonds to the Underwriters on the terms and conditions provided herein, and to execute the Bond Purchase Agreement in substantially the form now on file with the City. The preparation, distribution, use of and execution of the Preliminary Official Statement is hereby authorized; distribution, use of and execution of the Final Official Statement for the Bonds in substantially the form of the Preliminary Official Statement, with such amendments, additions and deletions as are consistent with the facts and not inconsistent herewith as may be approved by the Finance Director by his execution of the Final Official Statement, is hereby authorized. The Finance Director or his designee is authorized to deem the

official statement or preliminary official statement to be a “final” official statement on behalf of the City for the purposes of Rule 15c2-12 of the Securities and Exchange Commission.

Section 205. Authorization of Project. The Governing Body hereby authorizes the Project.

Section 206. Estimated Cost of Project. The cost of the Project is estimated not to exceed an amount received from the sale of the 2015 Bonds, excluding any such cost defrayed or to be defrayed by any source other than the proceeds of the principal amount of the 2015 Bonds.

Section 207. Ordinance to Constitute Contract. In consideration of the purchase and acceptance of the 2015 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 any owner from time to time of any 2015 Bonds.

Section 208. Bonds Equally Secured. The covenants and agreements of the City herein set forth shall be for the equal benefit, protection and security of the owners of any and all of the Outstanding 2015 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 209. Special Obligations. All of the 2015 Bonds as to all Bond Requirements, shall be payable and collectible solely out of the Net Pledged Revenues, which revenues are so pledged; any 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 2015 Bonds shall not constitute an indebtedness or a debt within the meaning of any constitutional or statutory provision or limitation; and the 2015 Bonds shall not be considered or held to be general obligations of the City but shall constitute its special obligations.

Section 210. Character of Agreement. None of the covenants, agreements, representations, and warranties contained herein or in the 2015 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 211. No Pledge of Property. The payment of the 2015 Bonds is not secured by any encumbrance, mortgage or other pledge of property of the City, except for the

Net Pledged Revenues and any other moneys pledged for the payment of the 2015 Bonds. No property of the City, subject to such exception, shall be liable to be forfeited or taken in payment of the 2015 Bonds.

Section 212. No Recourse Against Officers and Agents. No recourse shall be had for the payment of the Bond Requirements of the 2015 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 2015 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) Refunding Bonds, Series 2015,” in the principal amount set forth in the Bond Purchase Agreement (not to exceed the amount necessary to effect the Refunding Project), 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 in accordance with the terms of this Ordinance to the payment of the Bond Requirements of the 2015 Bonds, the proceeds thereof to be used (except as herein otherwise expressly provided) solely to defray the cost of the Project.

Section 302. Bond Details. The 2015 Bonds shall be issued in fully registered form, i.e., registered as to both principal and interest, in compliance with Section 149 of the Tax Code, and the regulations of the Secretary of the Treasury thereunder. The 2015 Bonds shall be dated initially as of the date of delivery thereof to the Underwriters, and except as otherwise provided in Section 305 hereof, shall be issued in denominations of \$5,000 or any integral multiple thereof (provided that no Bond may be in a denomination which exceeds the principal coming due on any maturity date, and no individual Bond will be issued with more than one maturity). The 2015 Bonds shall be numbered from 1 upward. The 2015 Bonds shall bear interest (calculated on the basis of a 360 day year consisting of twelve 30 day months) from their date until their respective maturity dates (or, if redeemed prior to maturity as provided below, their redemption dates) at the respective rates set forth in the Bond Purchase Agreement, and payable semiannually on May 1 and November 1 of each year commencing on November 1, 2015; provided that those Bonds which are reissued upon transfer, exchange or other replacement shall bear interest at the rates set forth in the Bond Purchase Agreement from the most recent interest payment date to which interest has been paid, or if no interest has been paid, from the date of the 2015 Bonds. The 2015 Bonds shall mature on the designated dates in the amounts of principal, as designated in the Bond Purchase Agreement. The principal of any Bond shall be payable to the owner thereof as shown on the registration records kept by the Registrar, upon maturity and upon presentation and surrender at the office designated by the Paying Agent.

If any Bond shall not be paid upon such presentation and surrender at or after maturity, such principal shall continue to bear interest at the interest rate borne by the Bond until the principal thereof is paid in full.

Except as otherwise provided in Section 305 hereof, payment of interest on any Bond shall be made to the 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 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 (other than a special interest payment date hereafter fixed for payment of defaulted interest) (the "Regular Record Date"); but any such interest not so timely paid or duly provided for shall cease to be payable to the owner thereof as shown on the registration records of the Registrar as of the close of business on the Regular Record Date and shall be payable to the owner thereof, at his or her address, as shown on the registration records of the Registrar as of the close of business on a date fixed to determine the names and addresses of owners for the purpose of paying defaulted interest (the "Special Record Date"). Such Special Record Date and the date for payment of defaulted interest shall be fixed by the Registrar whenever moneys become available for payment of the defaulted interest, and notice of the Special Record Date and the date for payment of defaulted interest shall be given to the owners of the 2015 Bonds not less than ten days prior thereto by first-class mail to each such owner as shown on the Registrar's registration records as of a date selected by the Registrar, stating the date of the Special Record Date and the date fixed for the payment of such defaulted interest. 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. Prior Redemption.

A. Optional Redemption. Except as otherwise provided in the Bond Purchase Agreement, the Bonds, or portions thereof (\$5,000 or any integral multiple), maturing on and after the date designated in the Bond Purchase Agreement, may be subject to redemption prior to their respective maturities, at the option of the City, on and after the date designated in the Bond Purchase Agreement, in whole or in part at any time from any maturities selected by

the City and by lot within a maturity (giving proportionate weight to Bonds in denominations larger than \$5,000), at a price equal to the principal amount of each Bond, or portion thereof, so redeemed, and the accrued interest thereon to the Redemption Date plus a premium, in the amount designated, and if so provided, in the Bond Purchase Agreement.

B. Mandatory Redemption. The Bonds maturing on the dates specified in the Bond Purchase Agreement, if any (the "Term Bonds"), are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof and accrued interest to the redemption date. As and for a sinking fund for the redemption of Term Bonds, there shall be deposited into the Bond Fund hereinafter created on or before the dates set forth in the Bond Purchase Agreement, a sum which, together with other moneys available therein, is sufficient to redeem on the years and the principal amounts of Term Bonds as set forth in the Bond Purchase Agreement.

Term Bonds being redeemed in part will be selected by lot in such manner as the Registrar may determine. Not more than 60 days nor less than 30 days prior to the sinking fund payment dates for the Term Bonds, the Registrar shall proceed to select for redemption (in the manner described above) from all Outstanding Term Bonds, a principal amount of Term Bonds equal to the aggregate principal amount of Term Bonds redeemable with the required sinking fund payments.

At the option of the City to be exercised by delivery of a written certificate to the Registrar not less than sixty days next preceding any sinking fund redemption date, it may (1) deliver to the Registrar for cancellation Term Bonds, or portions thereof (\$5,000 or any integral multiple thereof) in an aggregate principal amount desired by the City or, (2) specify a principal amount of Term Bonds, or portions thereof (\$5,000 or any integral multiple thereof) which prior to said date have been redeemed (otherwise than through the operation of the sinking fund) and canceled by the Registrar and not theretofore applied as a credit against any sinking fund redemption obligation. Each Term Bond or portion thereof so delivered or previously redeemed shall be credited by the Registrar at 100% of the principal amount thereof against the obligation of the City on the sinking fund redemption dates and any excess shall be so credited against future sinking fund redemption obligations in such manner as the City determines. In the event the City shall avail itself of the provisions of clause (1) of the first sentence of this paragraph, the certificate required by the first sentence of this paragraph shall be accompanied by

the respective Term Bonds or portions thereof to be canceled, or in the event the 2015 Bonds are registered in the name of Cede & Co. as provided in Section 305 of this Ordinance, the certificate required by the first sentence of this paragraph shall be accompanied by such direction and evidence of ownership as is satisfactory to The Depository Trust Company.

C. Partial Redemption. If any Bond is in a denomination larger than \$5,000, a portion of such Bond (\$5,000 of principal amount thereof, or any integral thereof) may be redeemed pursuant to subsection A or B hereof, as appropriate, in which case the Registrar, except as provided in Section 305 hereof, shall, without charge to the owner of such Bond, authenticate and issue a replacement Bond or Bonds for the unredeemed portion thereof. In the case of a partial redemption of Bonds of a single maturity pursuant to subsection A or B hereof, the Paying Agent shall select the Bonds to be redeemed by lot at such time as directed by the City (but at least 30 days prior to the redemption date), and if such selection is more than 60 days before a redemption date, shall direct the Registrar to appropriately identify the Bonds so called for redemption by stamping them at the time any Bond so selected for redemption is presented to the Registrar for stamping or for transfer or exchange, or by such other method of identification as is deemed adequate by the Registrar and any Bond or Bonds issued in exchange for, or to replace, any Bond so called for prior redemption shall likewise be stamped or otherwise identified.

Section 304. Notice of Redemption. Unless waived by any registered owner of a Bond to be redeemed, notice of prior redemption shall be given by the Registrar, electronically as long as the nominee of The Depository Trust Company or a successor depository is the registered owner of the Bonds, and otherwise by first class mail, at least 30 days but not more than 60 days prior to the Redemption Date, to the Municipal Securities Rulemaking Board via its Electronic Municipal Market Access System (the "MSRB") and to the registered owner of any Bond (initially Cede & Co.) all or a part of which is called for prior redemption at his or her address as it last appears on the registration records kept by the Registrar. Actual receipt of such notice by the MSRB or any registered owner of Bonds shall not be a condition precedent to redemption of such Bonds. Failure to give such notice to the MSRB or the registered owner of any Bond designated for redemption, or any defect therein, shall not affect the validity of the proceedings for the redemption of any other Bond. A certificate by the Registrar that notice of call and redemption has been given as provided in this Section shall be conclusive as against all

parties; and no owner whose Bond is called for redemption or any other owner of any Bond may object thereto or may object to the cessation of interest on the Redemption Date on the ground that he failed actually to receive such notice of redemption.

All official notices of redemption shall be dated and shall state:

- A. The Redemption Date,
- B. The Redemption Prices,
- C. If less than all Outstanding Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the 2015 Bonds to be redeemed,
- D. That on the Redemption Date the Redemption Price will become due and payable upon each such Bond or portion thereof called for redemption (or installments of principal to be prepaid), and that interest thereon shall cease to accrue from and after said date, and
- E. The place where such Bonds are to be surrendered for payment of the Redemption Price, which place of payment shall be the principal office of the Paying Agent (accrued interest to the Redemption Date being payable by mail or as otherwise provided in this Ordinance).

Prior to or on any Redemption Date, the City shall deposit with the Paying Agent an amount of money sufficient to pay the Redemption Price of all the 2015 Bonds or portions of Bonds which are to be redeemed on that date.

Official notice of redemption having been given as aforesaid, the 2015 Bonds or portions of Bonds so 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 Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds 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. Upon surrender for any partial redemption of any Bond, there shall be prepared for the registered owner a new Bond or Bonds of the same maturity in the amount of the unpaid principal. All Bonds which have been redeemed shall be canceled and destroyed by the Registrar and shall not be reissued.

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 the 2015 Bonds so called for redemption, and that if such funds are not available, such redemption shall be canceled by written notice to the owners of the 2015 Bonds called for redemption in the same manner as the original redemption notice was given.

Section 305. Custodial Deposit.

A. Notwithstanding the foregoing provisions of Sections 302 to 303 hereof, the 2015 Bonds shall initially be evidenced by one or more Bonds for each aggregate principal amount maturing in denominations equal to the aggregate principal amount of the 2015 Bonds maturing or, in the case of the Bonds subject to mandatory sinking fund redemption, the 2015 Bonds shall initially be evidenced by one Bond for each term in denominations equal to the aggregate principal amount of the 2015 Bonds maturing in that term. Such initially delivered Bonds shall be registered in the name of "Cede & Co." as nominee for The Depository Trust Company, the securities depository for the 2015 Bonds. The 2015 Bonds may not thereafter be transferred or exchanged except:

(1) To any successor of The Depository Trust Company or its nominee which successor of The Depository Trust Company must be both a "clearing corporation" as defined in NRS 104.8102, and a qualified and registered "clearing agency" under Section 17A of the Securities Exchange Act of 1934, as amended;

(2) Upon the resignation of The Depository Trust Company or a successor or new depository under clause (1) or this clause (2) of this Section 305(A) or a determination of the City that The Depository Trust Company or such successor or new depository is no longer able to carry out its functions and the designation by the City of another depository institution, acceptable to the City and to the depository then holding the 2015 Bonds which new depository institution must be both a "clearing corporation" as defined in NRS 104.8102 and a qualified and registered "clearing agency" under Section 17A of the Securities Exchange Act of 1934, as amended, to carry out the functions of The Depository Trust Company or such successor or new depository; or

(3) Upon the resignation of The Depository Trust Company or a successor depository or new depository under clause (1) or (2) of this Section 305(A) or a

determination by the City that The Depository Trust Company, or such successor or new depository is no longer able to carry out its functions and the failure by the City, after reasonable investigation, to locate another qualified depository institution under clause (2) to carry out the functions of The Depository Trust Company or such successor or new depository.

B. In the case of a transfer to a successor of The Depository Trust Company or its nominee as referred to in clause (1) of Section 305(A) hereof or in the case of designation of a new depository pursuant to clause (2) of Section 305(A) hereof upon receipt of the Outstanding Bonds by the Registrar, together with written instructions for transfer satisfactory to the Registrar, a new Bond for each then Outstanding maturity of each series of the 2015 Bonds shall be issued to such successor or new depository, as the case may be, or its nominee, as is specified in such written transfer instructions. In the case of a resignation or determination under clause (3) of Section 305(A) hereof and the failure after reasonable investigation to locate another qualified depository institution for the 2015 Bonds as provided in clause (3) of Section 305(A) hereof, and upon receipt of the Outstanding Bond by the Registrar, together with written instructions for transfer satisfactory to the Registrar, new Bonds shall be issued in the denominations of \$5,000 or any integral multiple thereof, as provided in and subject to the limitations of this Section 305, registered in the names of such persons, and in such denominations as are requested in such written transfer instructions; however, the Registrar shall not be required to deliver such new Bonds within a period of less than 60 days from the date of receipt of such written transfer instructions.

C. The City and the Registrar and Paying Agent shall be entitled to treat the registered owner of any Bond as the absolute owner thereof for all purposes hereof and any applicable laws, notwithstanding any notice to the contrary received by any or all of them and the City, the Registrar and the Paying Agent shall have no responsibility for transmitting payments or notices to the beneficial owners of the Bond held by The Depository Trust Company or any successor or new depository named pursuant to Section 305(A) hereof.

D. The City, the Registrar and the Paying Agent shall endeavor to cooperate with The Depository Trust Company or any successor or new depository named pursuant to clause (1) or (2) of Section 305(A) hereof in effectuating payment of the Bond Requirements of the 2015 Bonds by arranging for payment in such a manner that funds representing such payments are available to the depository on the date they are due.

E. Upon any partial redemption of any maturity of the 2015 Bonds, The Depository Trust Company or its successor in its discretion may request the City to issue and authenticate a new Bond or shall make an appropriate notation on the Bond indicating the date and amount of prepayment, except in the case of final maturity, in which case the Bond must be presented to the Paying Agent prior to payment.

Section 306. Negotiability. Subject to the registration and payment provisions herein provided, the 2015 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 307. Registration, Transfer and Exchange of Bonds. Except as otherwise provided in Section 305 hereof, the 2015 Bonds shall be subject to the following provisions relating to their registration, transfer and exchange:

A. Records for the registration and transfer of the 2015 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 authenticate and deliver in the name of the transferee or transferees a new Bond or Bonds of a like aggregate principal amount and of the same maturity, bearing a number or numbers not previously assigned. Bonds may be exchanged at the Registrar for an equal aggregate principal amount of Bonds of the same maturity of other authorized denominations, as provided in Section 302 hereof. The Registrar shall authenticate and deliver a Bond or Bonds which the owner making the exchange is entitled to receive, bearing a number or numbers not previously assigned. For every exchange or transfer of Bonds requested by the owner thereof, the Registrar may make a sufficient charge to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and may charge a sum sufficient to pay the cost of preparing and authenticating a new Bond. No such charge shall be levied in the case of an exchange resulting from an optional or mandatory prior redemption of a Bond.

B. The Registrar shall not be required to transfer or exchange (1) any Bond subject to redemption during a period beginning at the opening of business fifteen (15) days before the day the Registrar gives notice of prior redemption of the Bonds and ending at the

close of business on the day such notice is given, or (ii) any Bond after notice is given calling such Bond or any portion thereof for redemption as herein provided.

C. 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 (except to the extent otherwise provided in Section 302 hereof with respect to interest payments); 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 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.

D. 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 or Bonds of a like aggregate principal amount and of the same maturity, bearing a number or numbers not previously assigned. If such lost, stolen, destroyed or mutilated Bond shall have matured or shall have been called for redemption, the Registrar may direct that such Bond be paid by the Paying Agent in lieu of replacement.

E. 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 the Registrar, and counterparts of a certificate of such cancellation shall be furnished by the Paying Agent or the Registrar to the City Treasurer, upon request.

Section 308. Execution of Bonds. The 2015 Bonds shall be executed as follows:

A. Prior to the execution of any 2015 Bonds by facsimile signature, and pursuant to NRS 350.638, to the act known as the Uniform Facsimile Signatures of Public Officials Act, cited as Chapter 351, NRS, and to the Supplemental Bond Act, 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 by him or her under oath.

B. The 2015 Bonds shall be approved, signed and executed in the name of and on behalf of the City with the manual or facsimile signature of the Mayor, shall be countersigned and executed with the manual or facsimile signature of the Treasurer, and shall

bear a manual impression or a facsimile of an impression of the official seal of the City attested with the manual or facsimile signature of the Clerk.

C. No Bond shall be valid or obligatory for any purpose unless the certificate of authentication thereon, substantially in the form hereinafter provided, has been duly manually executed by the Registrar. By authenticating any of the 2015 Bonds initially delivered pursuant to this Ordinance, the Registrar shall be deemed to have assented to all of the provisions of this Ordinance.

D. The Mayor, the Treasurer and the Clerk are hereby authorized and directed to prepare and to execute the Bonds as herein provided.

Section 309. Use of Predecessor's Signature. The 2015 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 2015 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 2015 Bonds.

Section 310. Incontestable Recital in Bonds. Pursuant to NRS 350.628, each Bond shall contain a recital 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 2015 Bonds and the regularity of their issuance.

Section 311. State Tax Exemption. Pursuant to NRS 350.710, the 2015 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 NRS Chapter 375A or the tax on generation-skipping transfers imposed pursuant to the provisions of NRS Chapter 375B.

Section 312. Bond Execution. The Mayor, the Treasurer and the Clerk are authorized and directed to prepare and to execute the 2015 Bonds as herein provided.

Section 313. Bond Form. Subject to the provisions of this Ordinance, the 2015 Bonds shall be in substantially the following form, with such omissions, insertions, endorsements, and variations as may be required by the circumstances, be required or permitted

by this Ordinance, including without limitation Section 305 hereof, 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)
REFUNDING BOND
SERIES 2015**

No. _____ \$ _____

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Dated As of</u>	<u>CUSIP</u>
___ % per annum	_____, 20__	_____, 2015	_____

REGISTERED OWNER: **Cede & Co.**

PRINCIPAL AMOUNT: _____ DOLLARS

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 the registered owner specified above, or registered assigns, the principal amount specified above, on the maturity date specified above (unless called for earlier redemption), and to pay interest thereon on May 1 and November 1 of each year, commencing on November 1, 2015, at the interest rate per annum specified above, until the principal sum is paid or payment has been provided for or, if such payment date is not a business day, on or before the next succeeding business day. This Bond shall bear interest (calculated on the basis of a 360 day year consisting of twelve 30 day months) from the most recent interest payment date to which interest has been paid or, if no interest has been paid, from the date of the initial delivery of the series of bonds of which this Bond is one (the "Bond"). The principal of and redemption premium, if any, on this Bond are payable upon presentation and surrender hereof at the principal office of the City's paying agent for the Bonds (as hereinafter defined) or any successor (the "Paying Agent"), presently Zions First National Bank, who is also now acting as the City's registrar for the Bonds (the "Registrar"). Interest on this Bond will be paid on or before each interest payment date (or, if such date is not a business day, on or before the next succeeding business day) by check or draft mailed to the person in whose name this Bond is registered (the "registered owner") in the registration records of the City maintained by the Registrar, at the address appearing thereon, as of the close of business on the fifteenth day of the calendar month next preceding such interest payment date (the "Regular Record Date"). Any such interest not so timely paid for shall cease to be payable to the person who is the registered owner as of the close of business on the Regular Record Date and shall be payable to the person who is the registered owner as of the close of business on a special record date for the payment of any defaulted interest (the "Special Record Date"). Such Special Record Date shall be fixed by the Registrar whenever moneys become available for payment of the defaulted interest, and notice of the Special Record Date shall be given to the registered owner

not less than ten (10) days prior thereto. Alternative means of payment of interest may be used if mutually agreed to by the registered owner and the Paying Agent, as provided in the Ordinance of the Board of Supervisors of the City (the "Board") authorizing the issuance of the Bonds and designated in Section 101 thereof as the "2015 Highway Revenue Bond Ordinance" (the "Ordinance"), duly adopted by the Board on July 16, 2015. All such payments shall be made in lawful money of the United States of America without deduction for any service charges of the Paying Agent or the Registrar. If this Bond is not paid upon presentation at its maturity, such principal shall continue to bear interest at the interest rate borne by this Bond until the principal thereof is paid in full.

This Bond is one of a series of Bonds (the "Bonds") issued by the City upon its behalf and upon the credit thereof for the purpose of defraying wholly or in part the cost of refunding, paying and discharging certain outstanding bonds of the City (the "Project"), all as more fully described in the Ordinance, under the authority of and in full compliance with the Constitution and laws of the State and pursuant to the Ordinance. Capitalized terms used herein and not otherwise defined shall have the meanings assigned to such terms in the Ordinance.

The Bonds, or portions thereof, are subject to redemption prior to their maturity date as provided in the Ordinance and the Bond Purchase Agreement. Redemption shall be made upon not less than 30 days' prior notice in the manner and upon the conditions provided in the Ordinance. If this Bond is called for redemption and payment is duly provided for as specified in the Ordinance, interest shall cease to accrue hereon from and after the date fixed for redemption.

This 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 nine cents (9¢) per gallon levied by the City on all motor vehicle fuel sold, distributed or used in the City (the "County Motor Vehicle Fuel Tax"), 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 "State Motor Vehicle Fuel Tax"), the net income and revenue of which taxes after provision for the payment of certain administrative expenses and direct distributions (subject to certain exceptions) is so pledged (as more specifically defined in the Ordinance, the "Net Pledged Revenues"); 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 this Bond shall be made solely from and as security for such payment there is irrevocably pledged, pursuant to the Ordinance, two special accounts identified as the "Carson City, Nevada, 2015 Highway Revenue Refunding Bonds, Bond Fund" (the "Bond Fund") and the "Carson City, Nevada, 2015 Highway Revenue Bond Reserve Fund" (the "Reserve Fund"). The City covenants to pay into the Bond Fund, from the Net Pledged Revenues sums sufficient to pay when due the Bond Requirements of this 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 moneys to be deposited therein will be pledged to the payment of the Bonds, if certain conditions described in the Ordinance are met.

This Bond is equitably and ratably secured by a lien on such Net Pledged Revenues and this Bond constitutes an irrevocable lien (but not necessarily an exclusive lien) upon such Net Pledged Revenues. The lien of this Bond on the portion of the Net Pledged Revenues derived from the State Motor Vehicle Fuel Tax and a separate and distinct four cents (4¢) per gallon portion of the County Motor Vehicle Fuel Tax, is subordinate to the lien thereon of the Outstanding 2008 Bonds, and is on a parity with the lien thereon of the Outstanding 2010 Bonds and the Outstanding 2012 Bonds. The lien of this Bond on the portion of the Net Pledged Revenues derived from a separate and distinct three cents (3¢) per gallon portion of the County Motor Vehicle Fuel Tax is subordinate to the lien thereon, if any, of the Interlocal Agreement, and is on a parity with the lien thereon of the Outstanding 2010 Bonds and the Outstanding 2012 Bonds. This Bond has a prior lien on the portion of the Net Pledged Revenues derived from a separate and distinct two cents (2¢) per gallon portion of the County Motor Vehicle Fuel Tax Bonds, and is on a parity with the lien thereon of the Outstanding 2010 Bonds and the Outstanding 2012 Bonds. Bonds and other securities, in addition to the Bond, subject to expressed conditions, may be issued and made payable from the 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 or superior to the lien of the Bond, 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 County 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 this Bond with respect thereto, the terms and conditions upon which this Bond is issued, and a statement of rights, duties, immunities and obligations of the City, and other rights and remedies of the owner of this Bond.

This Bond is issued pursuant to the Project Act, 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 NRS Chapter 375A or the tax on generation-skipping transfers imposed pursuant to the provisions of NRS Chapter 375B.

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.

This Bond shall not be entitled to any benefit under the Ordinance, or be valid or obligatory for any purpose until the Registrar shall have manually signed the certificate of authentication hereon.

The Bonds are issuable solely in fully registered form in denominations of \$5,000 each or any integral multiple thereof, and are exchangeable for fully registered Bonds of the same maturity in equivalent aggregate principal amounts and in authorized denominations at the aforesaid office of the Registrar but only in the manner, subject to the limitations, and on payment of charges provided in the Ordinance.

This Bond is fully transferable by the registered owner in person or by his or her duly authorized attorney on the registration records kept by the Registrar upon surrender of this Bond together with a duly executed written instrument of transfer satisfactory to the Registrar. Upon such transfer a new fully registered Bond of authorized denomination or denominations of the same aggregate principal amount and maturity will be issued to the transferee in exchange for this Bond, on payment of the charges and subject to the terms and conditions as set forth in the Ordinance. The City, the Registrar and the Paying Agent may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of payment and for all other purposes, except to the extent otherwise provided hereinabove and in the Ordinance with respect to Regular and Special Record Dates for the payment of interest.

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the City or its agent for registration or transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

The Registrar will not be required to transfer or exchange (i) any Bond subject to redemption during a period beginning at the opening of business 15 days before the day the Registrar gives notice of prior redemption of the Bonds and ending at the close of business on the day such notice is given, or (ii) any Bond after notice is given calling such Bond or any portion thereof for prior redemption.

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 or her attorney duly authorized in writing.

The Bonds are not transferable or exchangeable, except as set forth in the Ordinance.

***Certain of the Bonds shall be subject to optional or mandatory sinking fund redemption as provided in the Ordinance and the Bond Purchase Agreement. ***

Upon any partial prior redemption of this Bond, Cede & Co., in its discretion, may request the City to issue and authenticate a new Bond or shall make an appropriate notation on this Bond indicating the date and amounts of prepayment, except in the case of final maturity, in which case this Bond must be presented to the Paying Agent prior to payment.

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.

IN WITNESS WHEREOF, Carson City, Nevada, has caused this Bond to be executed in its name with the manual or facsimile signature of the Mayor, to be attested with the manual or facsimile signature of the City Clerk, has caused a manual or facsimile impression of the seal of the City to be affixed hereon, and has caused this Bond to be countersigned with the manual or facsimile signature of the City Treasurer, all as of date hereof.

CARSON CITY, NEVADA

By: (Manual or Facsimile Signature)
Mayor

Countersigned:

By: (Manual or Facsimile Signature)
City Treasurer

(MANUAL OR FACSIMILE
CITY SEAL)

Attest:

(Manual or Facsimile Signature)
City Clerk

- * Insert only if issued as serial bonds pursuant to Section 305(A) hereof.
- ** Insert only if issued as book entry bonds pursuant to Section 305(A) hereof.
- *** Insert only if any of the Bonds are subject to mandatory redemption.

(End of Form of Bond)

(Form of Registrar's Certificate of Authentication for Bonds)

Date of authentication
and registration _____

This is one of the Bonds described in the within-mentioned Ordinance, and this Bond has been duly registered on the registration records kept by the undersigned as Registrar for such Bonds.

ZIONS FIRST NATIONAL BANK, as Registrar

By (Manual Signature) _____

(End of Form of Registrar's Certificate of Authentication for Bonds)

(Form of Prepayment Panel)

The following installments of principal (or portions thereof) of this Bond have been prepaid by the City, in accordance with the terms of the Ordinance authorizing the issuance of this Bond.

<u>Date of</u> <u>Prepayment</u>	<u>Principal</u>	<u>Signature of</u> <u>Authorized</u> <u>Representative of DTC</u>

(End of Form of Prepayment Panel)

(Form of Assignment for Bonds)

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 of Transferee:

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, without 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 ORDINANCE.

(End of Form of Assignment for Bonds)

ARTICLE IV.

USE OF BOND PROCEEDS

Section 401. Disposition of Bond Proceeds. The proceeds of the 2015 Bonds, upon their receipt, shall be accounted for in the following manner and priority and are hereby pledged therefor:

A. **Escrow Account.** First, there shall be deposited from the proceeds of the 2015 Bonds (or other available moneys of the City) into the separate account hereby created and designated as the "Carson City, Nevada, Highway Revenue (Motor Vehicle Fuel Tax) Refunding Bonds, Series 2015, Escrow Account" (the "Escrow Account") in an amount sufficient to refund, pay and discharge the Refunded Bonds to be held by the Escrow Bank and administered according to the provisions of the Escrow Agreement. The moneys in the Escrow Account shall be applied to the Refunding Project. After completion of the Refunding Project, or after adequate provision is made therefore, any unexpended balance of Bond proceeds in the Escrow Account shall be deposited in the Bond Fund to be used to pay the principal of and interest on the 2015 Bonds.

B. **Cost of Issuance Account.** Second, the balance of the proceeds derived from the sale of the 2015 Bonds, except as herein otherwise expressly provided, shall be credited to a separate account hereby created and to be known as the "Carson City, Nevada, Highway Revenue (Motor Vehicle Fuel Tax) Refunding Bonds, Series 2015, Cost of Issuance Account" (the "Cost of Issuance Account"). After completion of the Project, or after adequate provision is made therefore, any unexpended balance of 2015 Bond proceeds in the Cost of Issuance Account shall be deposited in the Bond Fund to be used to pay the principal of and interest on the 2015 Bonds.

Section 402. Completion of Project. The City, with the proceeds derived from the sale of the 2015 Bonds, shall proceed to complete the Project with due diligence to the best of the City's ability hereinabove provided.

Section 403. Underwriters Not Responsible. The validity of the 2015 Bonds shall not be dependent on or be affected by the validity or regularity of any proceedings relating to the Project. The Underwriters of the 2015 Bonds and any subsequent owner of the 2015 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 2015 Bonds or of any other moneys herein designated.

Section 404. Lien on Bond Proceeds. Until and unless the proceeds of the 2015 Bonds in the Cost of Issuance Account are applied as hereinabove provided and used to defray the cost of the Project from time to time, the Bond proceeds in the Cost of Issuance Account shall be subject to a lien thereon and pledge thereof for the benefit solely of the holders of the 2015 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 2015 Bonds.

Section 405. Use of Escrow Account.

A. The amounts deposited into the Escrow Account shall be used to acquire the Federal Securities identified in Exhibit 1 to the Escrow Agreement and to establish the beginning cash balance in the Escrow Account designated in the Escrow Agreement, if any. All amounts received from such Federal Securities and such beginning cash balance shall be applied solely to the payment of the principal of and interest on the Refunded Bonds until the Refunded Bonds have been paid in full and discharged as to all principal and interest. No further warrant, resolution or other action of the Board shall be necessary for the Escrow Bank to transfer moneys for the payment of the Refunded Bonds such amounts received from such Federal Securities and beginning cash balance to so pay the Refunded Bonds. The uninvested cash and Federal Securities deposited in the Escrow Account shall at all times be sufficient to fully pay all the principal of and interest on the Refunded Bonds.

B. The sufficiency of the Escrow Account for the purposes set forth in this Section and in Section 401 hereof shall be verified by a certified public accountant as provided in NRS 350.698. The Escrow Agreement shall be in substantially the form on file with the City, and the Finance Director is hereby authorized to execute it in final form. After payment in full of the Refunded Bonds, or after adequate provision has been made therefor, the Escrow Account shall terminate, and any funds remaining in the Escrow Account shall be applied to any lawful purpose or purposes of the City as the Finance Director may determine.

Section 406. Maintenance of Escrow Account.

A. The Escrow Account shall be maintained by the City in an amount at the time of those initial deposits therein and at all times subsequently at least sufficient, together with the known minimum yield to be derived from the initial investment and any

temporary reinvestment of the deposits therein or any part thereof in Federal Securities, to pay the interest due in connection with the Refunded Bonds, both accrued and not accrued, as the same become due up to and including the redemption date set forth in the Escrow Agreement (the "Refunded Redemption Date"); and to redeem, on the applicable Refunded Redemption Date, the Refunded Bonds then outstanding and maturing on such Refunded Redemption Date, for the principal amount thereof, accrued interest to the applicable Refunded Redemption Date, and the required premium, if any.

B. Moneys shall be withdrawn by the Escrow Bank from the Escrow Account in sufficient amounts and at such times to permit the payment without default of interest due in connection with the Refunded Bonds.

C. If for any reason the amount in the Escrow Account shall at any time be insufficient for its purpose, the City shall forthwith from the first moneys available therefor deposit in such account such additional moneys as shall be necessary to permit the payment in full of the principal, interest and redemption premium due in connection with the Refunded Bonds as herein provided.

Section 407. Redemption of Refunded Bonds. The City hereby irrevocably elects to call for prior redemption the Refunded Bonds on the Redemption Date, at the price and premium, if any, all as set forth in the Escrow Agreement. The Registrar for the Refunded Bonds is authorized to give notices of prior redemption and defeasance of the Refunded Bonds in accordance with the terms of the Escrow Agreement, this Ordinance and the ordinances authorizing the issuance of the Refunded 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 Project as provided herein, the Gross Pledged Revenues (i.e. the Net Pledged Revenues) and all moneys and securities paid or to be paid to or held or to be held in the Cost of Issuance Account and the Bond Fund are hereby pledged to secure the payment of the Bond Requirements of the 2015 Bonds, except as provided in Section 404 (Lien on Bond Proceeds) hereof; and this pledge shall be valid and binding so far as the 2015 Bonds are concerned from and after the date of the delivery of any 2015 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 that (i) the lien of the 2015 Bonds on the portion of the Net Pledged Revenues derived from the State Motor Vehicle Fuel Tax and the Four Cent County Fuel Tax is subordinate to the lien thereon of the Outstanding 2008 Bonds, and on a parity with the lien thereon of the Outstanding 2010 Bonds, the Outstanding 2012 Bonds and any Outstanding parity securities hereafter issued on a parity with the 2015 Bonds (ii) the lien of the 2015 Bonds on the portion of the Net Pledged Revenues derived from the Three Cent County Fuel Tax is subordinate to the lien thereon, if any, of the Interlocal Agreement, and on a parity with the lien thereon of the Outstanding 2010 Bonds, the Outstanding 2012 Bonds and any Outstanding party securities hereafter issued on a parity with the 2015 Bonds (iii) any other securities hereafter authorized the liens of which on the Net Pledged Revenues are on a parity with the lien thereon of the 2015 Bonds and (iv) bonds and securities in addition to the 2015 Bonds, subject to expressed conditions in this Ordinance, may hereafter be issued and made payable from the Net Pledged Revenues having a lien thereon on a parity with the lien of the 2015 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 2015 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 of Taxation to reimburse themselves (excluding the Department of Taxation) for handling losses occasioned by evaporation, spillage and other similar causes, and to reimburse themselves (including the Department of Taxation) 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"). The City shall maintain the following subaccounts in the Highway Fund:

A. The Two Cent County Fuel Tax Subaccount, into which the Net Pledged Revenues resulting from the Two Cent County Fuel Tax shall be deposited;

B. The Three Cent County Fuel Tax Subaccount, into which the Three Cent County Fuel Tax shall be deposited;

C. The Four Cent County Fuel Tax Subaccount, into which the Net Pledged Revenues resulting from the Four Cent County Fuel Tax shall be deposited; and

D. The State Motor Vehicle Fuel Tax Subaccount, into which the Net Pledged Revenues resulting from the State Motor Vehicle Fuel Tax shall be deposited.

Section 503. Administration of Highway Fund. So long as any of the 2015 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 of Taxation 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. Payments for Superior Securities and Parity Securities.

A. Second, and subject to the aforesaid provisions, from any moneys remaining in the Highway Fund, i.e., from the Net Pledged Revenues together with any other moneys from time to time available therefor from whatever source, the following transfers shall be made for the payment of the obligations and securities hereinafter designated in the following order of priority:

(1) Monthly, from the portion of the Net Pledged Revenues in the Four Cent County Fuel Tax Subaccount and the State Motor Vehicle Fuel Tax Subaccount to be credited to the following funds for the 2008 Bonds:

(i) 2008 Bond Fund.

(a) An amount in equal monthly installments necessary to pay the next maturing installment of interest on the 2008 Bonds, and monthly thereafter, commencing on each interest payment date, one-sixth of the amount necessary, together with any other moneys from time to time available therefor and on deposit therein from whatever source, to pay the next maturing installment of interest on the 2008 Bonds then Outstanding.

(b) An amount in equal monthly installments necessary to pay the next installment of principal of the 2008 Bonds coming due, and monthly thereafter, commencing on each principal payment date, one-twelfth of the amount necessary, together with any other moneys from time to time available therefor and on deposit therein from

whatever source, to pay the next installment of principal of the 2008 Bonds coming due, or, if any, an amount sufficient to pay the principal of, interest on and any prior redemption premiums due on the Outstanding 2008 Bonds.

(ii) 2008 Reserve Fund. There shall be credited to the reserve fund for the 2008 Bonds such amount as is required by the ordinance authorizing the 2008 Bonds.

(iii) 2008 Rebate Fund. There shall be credited to the rebate fund for the 2008 Bonds such amount as is required by the ordinance authorizing the 2008 Bonds.

Moneys in the Four Cent County Fuel Tax Subaccount and the State Motor Vehicle Fuel Tax Subaccount shall be expended on the amounts required under Sections 505(A)(1)(i), (ii) and (iii) before payment of amounts required under Section 505(B), below.

(2) Monthly, from the portion of the Net Pledged Revenues in the Three Cent County Fuel Tax Subaccount, to meet the City's obligations under the Interlocal Agreement, in the amounts and on the dates provided by the Interlocal Agreement.

Moneys in the Three Cent County Fuel Tax Subaccount shall be first expended to meet the City's obligations under the Interlocal Agreement and then shall be expended on the amounts required under Section 505(B), below, before payment under Sections 505(A)(1)(i), (ii) and (iii) above for the 2008 Bonds, which do not have lien on moneys in the Three Cent County Fuel Tax Subaccount.

B. Third, concurrently with the payments into the bond funds for any Outstanding 2010 Bonds, the Outstanding 2012 Bonds and any Outstanding parity securities hereafter issued, and subject to the aforesaid provisions, from any moneys remaining in the Highway Fund, i.e., from the Net Pledged Revenues together with any other moneys from time to time available therefor from whatever source, there shall be credited to the separate account hereby created and designated as the "Carson City, Nevada, 2015 Highway Revenue Refunding Bonds, Bond Fund" (the "Bond Fund") the following:

(1) Monthly, commencing on the first of the month following the date of delivery of the 2015 Bonds and any parity securities, an amount in equal monthly installments necessary to pay the next maturing installment of interest on the 2015 Bonds and any Outstanding parity securities, and monthly thereafter, commencing on each interest payment

date, one-sixth of the amount necessary, together with any other moneys from time to time available therefor and on deposit therein from whatever source, to pay the next maturing installment of interest on the 2015 Bonds then Outstanding and any Outstanding parity securities.

(2) Monthly, commencing on the first of the month following the date of delivery of the 2015 Bonds and any parity securities, an amount in equal monthly installments necessary to pay the next installment of principal of the 2015 Bonds and any Outstanding parity securities coming due, and monthly thereafter, commencing on each principal payment date, one-twelfth of the amount necessary, together with any other moneys from time to time available therefor and on deposit therein from whatever source, to pay the next installment of principal of the Bonds and any Outstanding parity securities coming due.

The moneys credited to the Bond Fund and respective bond funds for any Outstanding parity securities shall be used to pay the Bond Requirements of the 2015 Bonds and Outstanding parity securities. Moneys in the Two Cent County Fuel Tax Subaccount shall be expended on the amounts required under this subsection B before the following (which do not have a lien on the moneys in the Two Cent County Fuel Tax Subaccount): (i) payment on the 2008 Bonds, and (ii) to meet the City's obligations under the Interlocal Agreement.

Section 506. Contingent Reserve Fund -- Payments. Fourth, from the Net Pledged Revenues, monthly, 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 2015 Bonds, no funds shall be required to be on deposit in the "Carson City, Nevada Highway Revenue Bond Reserve Fund" (the "Reserve Fund") hereby created and designated.

No later than December 31 of each year and at any time that additional parity securities are issued by the City, the Finance Director shall calculate the coverage of the Net Pledged Revenues received in the preceding Fiscal Year over the annual principal and interest requirements outlined below. Such calculation shall be performed using audited financial information, if available, and if unavailable, using unaudited financial information supplied by the City. In the event that audited financial information is not available when any such calculation is initially performed, and any such initial calculation shows that coverage is sufficient as described below to avoid the requirement of funding the Reserve Fund, the Finance Director shall re-calculate such coverage once audited financial information becomes available

for the preceding Fiscal Year. In the event that, according to any such calculation, the Net Pledged Revenues received in the preceding Fiscal Year are less than two times the sum of (1) the annual principal and interest requirements paid in such Fiscal Year with respect to all superior securities Outstanding, the Interlocal Agreement, the 2015 Bonds, and all parity securities Outstanding, and (2) the annual principal and interest requirements in the current Fiscal Year with respect to any parity securities proposed to be issued, the City shall fund the Reserve Fund with twenty-four equal monthly payments (the "Reserve Funding Period") commencing on the first calendar day of the first calendar month immediately succeeding such calculation. The monthly payments shall be in an amount sufficient that upon the completion of the payments, less the available balance of any Qualified Surety Bond which is accounted for in the Reserve Fund, the Reserve Fund shall be funded at the Reserve Fund Requirement. If additional parity securities are issued by the City during the Reserve Funding Period, any remaining payments in the Reserve Funding Period shall be adjusted pro rata to ensure that upon completion of payments, the Reserve Fund shall be funded at the Reserve Fund Requirement. If additional parity securities are issued by the City following completion of the Reserve Funding Period, upon the issuance of such additional parity securities, the City shall make a lump-sum payment into the Reserve Fund to ensure that the Reserve Fund is funded at the Reserve Fund Requirement. The City may fund all or a portion of the Reserve Fund Requirement with a Qualified Surety Bond. If the Reserve Fund contains a Qualified Surety Bond and cash, the cash in the Reserve Fund must be drawn down completely before any demand is made on a Qualified Surety Bond. The money so used shall be reimbursed to the provider of a Qualified Surety Bond which has been drawn upon and then replaced in the Reserve Fund from the first revenues thereafter received from the Net Pledged Revenues not required to be otherwise applied by Section 505 hereof.

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 plus the available balance of any Qualified Surety Bond which is accounted for in the Reserve Fund 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, 605 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 2015 Bonds, and any Outstanding parity securities 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. Fifth, and after the payments hereinabove required to be made by Sections 504 through 506 hereof are made, monthly, the City shall deposit Net Pledged Revenues into the "Carson City, Nevada, Highway Revenue (Motor Vehicle Fuel Tax) Refunding Bonds, Series 2015, Rebate Account" (the "Rebate Account") as required under Section 148(f) of the Tax Code and regulations promulgated thereunder and shall apply such funds to the extent required to comply with the covenant in Section 822 (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 securities 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 2015 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 2015 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 hereof, 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 2015 Bonds and any Outstanding parity securities; 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 605 (Accounting for Investments) 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 2015 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 2015 Bonds and any such Outstanding parity securities may be used as hereinabove provided.

Section 510. Payment of Additional Subordinate Securities. Sixth, 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, monthly, any moneys remaining in the Highway Fund may be used by the City for the payment of Bond Requirements of Outstanding subordinate securities hereafter 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 Outstanding subordinate securities on all or a portion of the Net Pledged Revenues and the pledge thereof for the payment of such additional securities shall be subordinate to the lien and pledge of the 2015 Bonds and any Outstanding parity securities, as herein provided. (Any Outstanding parity securities shall be payable from the Bond Fund pursuant to Sections 505 (Payments for Superior Securities and Parity Securities) 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 Reserve Fund, to the Rebate Account, and to each other bond

fund and reserve fund, if any, for the payment of any 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 NRS 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 of 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 Motor Vehicle Fuel Tax are so used in any Fiscal Year, the proceeds of the State Motor Vehicle Fuel Tax designated above in subsection A of this Section and the

proceeds of the State Motor Vehicle Fuel 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 Motor Vehicle Fuel 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, except the Escrow Account which shall be administered as provided in the Escrow Agreement.

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 (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

2015 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. 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 607 (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 605. 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 incident 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 606. 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 607. Character of Funds. The moneys in any account herein authorized shall consist either of lawful money of the United States or Authorized Investments.

Section 608. 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 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 required to accumulated in that Fiscal 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 609. 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 of the Bonds. The 2015 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 Net Pledged Revenues. The lien of the 2015 Bonds on the portion of the Net Pledged Revenues derived from the State Motor Vehicle Fuel Tax and the Four Cent County Fuel Tax is subordinate to the lien thereon of the Outstanding 2008 Bonds, and on a parity with the lien thereon of the Outstanding 2010 Bonds and the Outstanding 2012 Bonds. The lien of the 2015 Bonds on the portion of the Net Pledged Revenues derived from the Three Cent County Fuel Tax is subordinate to the lien thereon, if any, of the Interlocal Agreement, and on a parity with the lien thereon of the Outstanding 2010 Bonds and the Outstanding 2012 Bonds. The 2015 Bonds have a prior lien on the portion of the Net Pledged Revenues derived from the Two Cent County Fuel Tax, on a parity with the lien thereon of the Outstanding 2010 Bonds and the Outstanding 2012 Bonds.

Section 702. Equality of Bonds. The 2015 Bonds and any Outstanding parity securities with a lien on the Net Pledged Revenues 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 2015 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 Net Pledged Revenues and constituting a lien thereon on a parity with, but not prior nor superior to, the lien thereon of the 2015 Bonds or prevents the issuance of bonds or other securities refunding all or a part of the 2015 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 (including, without limitation, required Reserve Fund payments pursuant to Section 506, if any).

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 shall have been at least sufficient to pay an amount equal to 170% of (i) the combined maximum annual principal and interest requirements of (a) the Outstanding 2008 Bonds, (b) the Outstanding 2015 Bonds, the Outstanding 2012 Bonds, the Outstanding 2010 Bonds and any other Outstanding parity securities, and (c) the additional parity securities proposed to be issued (excluding, in each case, any reserves therefor), and (ii) the annual principal and interest paid with respect to the Interlocal Agreement in the Fiscal Year immediately preceding the date of the issuance of such additional parity securities (to the extent payments have been made on the Interlocal Agreement in such Fiscal Year). 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 Net Pledged Revenues. If any Fuel Tax constituting supplemental Net 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 2015 Bonds.

Section 705. Subordinate Securities Permitted. Nothing herein contained prevents the City from issuing additional bonds or other additional securities payable from all or a portion of the Net Pledged Revenues and having a lien thereon subordinate, inferior and junior to the lien thereon of the 2015 Bonds.

Section 706. Superior Securities. Nothing herein contained permits the City to issue additional bonds or other additional securities payable from all or a portion of the Net Pledged Revenues and having a lien thereon prior and superior to the lien thereon of the 2015 Bonds; except that all of the City's obligations under the Interlocal Agreement, including obligations payable from the Three Cent County Fuel Tax, may be amended, increased and expanded, including amendments to the Interlocal Agreement in the City's sole discretion.

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 2015 Bonds, or any part thereof, are issued and remain Outstanding, if the Governing Body shall find it desirable to refund any Outstanding 2015 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 or owners of all such Outstanding securities unless the 2015 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 of 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 2015 Bonds or other securities of the same issue which is not refunded, if there are any; and the owner or owners of such refunding bonds or such other refunding securities shall be subrogated to all of the rights and privileges enjoyed by the owner or owners 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 2015 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 or owners 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 2015 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 owners of the 2015 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 2015 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 2015 Bonds with the Underwriters and any other agreements relating to the 2015 Bonds, the Pledged Revenues and the 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 every owner of any 2015 Bonds hereunder against all claims and demands of all Persons whomsoever.

Section 805. Conditions Precedent. Upon the date of issuance of any 2015 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 2015 Bonds shall exist, have happened, and have been performed; and the 2015 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 2015 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 2015 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 2015 Bond issued hereunder and secured hereby at the place, on the dates, and in the manner specified herein and in the 2015 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 2015 Bonds and any parity securities, 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 2015 Bonds or other securities payable from the Pledged Revenues so long as any 2015 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 2015 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 any owners of the Outstanding Bonds 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 2015 Bonds or any of them remain Outstanding and unpaid, the City shall (i) not decline to accept the State Motor Vehicle Fuel Tax levied by the State in the amounts not less than five and thirty-five hundredths cents (5.35¢) and (ii) cause the County Motor Vehicle Fuel Tax to be levied and collected by the City in amounts of not less than nine cents (9¢) 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

of Taxation, or otherwise, and penalties, to the end that the Net Pledged Revenues shall be adequate to meet the requirements hereof.

Section 818. Records. So long as any of the 2015 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 of Taxation 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

E. **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. The owners of any of the 2015 Bonds or any other securities payable from the Pledged Revenues or any duly authorized agent or agents of such owners, or the Underwriters 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. Continuing Disclosure Undertaking. The City covenants for the benefit of the holders and beneficial owners of the 2015 Bonds to comply with the provisions of the final Continuing Disclosure Certificate in substantially the form now on file with the City and is hereby authorized to be executed by the Finance Director, or in his absence the City Manager, and delivered in connection with the delivery of the 2015 Bonds.

Section 821. Superior Securities Covenant. The City covenants that, so long as the 2015 Bonds are Outstanding, it will not issue additional bonds or other additional securities payable from all or a portion of the Net Pledged Revenues and having a lien thereon prior and superior to the lien thereon of the 2015 Bonds; except that all of the City's obligations under the Interlocal Agreement, including obligations payable from the Three Cent County Fuel Tax, may be amended, increased and expanded, including amendments to the Interlocal Agreement in the City's sole discretion.

Section 822. Tax Covenant. The City covenants for the benefit of the owners of the 2015 Bonds that it will not take any action or omit to take any action with respect to the 2015 Bonds, the proceeds thereof, any other funds of the City or any facilities refinanced with the proceeds of the 2015 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 Tax Code, or (ii) would cause interest on the 2015 Bonds to lose its exclusion from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code, except that such interest is required to be included in calculating the adjusted current earnings adjustment applicable to corporations for the purposes of computing the alternative minimum taxable income of corporations. The foregoing covenant shall remain in full force and effect notwithstanding the payment in full or defeasance of the 2015 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 2015 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 irrevocably in escrow or in trust with a Trust Bank, cash and Federal Securities in 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 2015 Bonds, as the same become due to the final maturity of the 2015 Bonds 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. For purposes of this Section 901, a Trust Bank shall be a national banking association located in the United States or a state bank or trust company organized under the laws of a state of the United States, qualified as a depository of public funds.

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 2015 Bonds, including, without limitation, and if appropriate, a statement of insurance, if any;

B. **Final Certificates.** The execution of such certificates as may be reasonably required by the Underwriters, relating, inter alia, to:

- (1) The signing of the 2015 Bonds,
- (2) The tenure and identity of the officials of the Governing Body and of the City, and of the Transportation Commission,
- (3) The exclusion of interest on the 2015 Bonds from gross income for purposes of federal income taxation,

(4) The delivery of the 2015 Bonds and the receipt of the Bond purchase price,

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

(6) The completeness and accuracy of any information provided in connection with the 2015 Bonds as of the date of delivery of the 2015 Bonds,

C. Information. The assembly and dissemination of financial and other information concerning the City, the Board, the Transportation Commission and the 2015 Bonds;

D. Escrow Agreement. The completion and execution of the Escrow Agreement by the Finance Director in substantially the form on file with the City, with such amendments as consented to by the Finance Director;

E. Paying Agent Agreement. The completion and execution of any agreement relating to the duties and obligations of the Paying Agent and Registrar hereunder by the Finance Director in the form approved by the Finance Director;

F. Bond Issuance. The execution of the Bond Purchase Agreement and the sale and issuance of the 2015 Bonds pursuant to the provisions of this Ordinance and to any supplemental instrument; and

G. Continuing Disclosure Certificate. The execution of the Continuing Disclosure Certificate by the Finance Director or in his absence, the City Manager.

Section 903. Statute of Limitations. No action or suit based upon any 2015 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 any 2015 Bonds 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 2015 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 2015 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 2015 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 any owner of any 2015 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 2015 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 2015 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 2015 Bonds, may be proved by reference to the registration records kept by the Registrar.

Section 905. Warranty Upon Issuance of Bonds. Any 2015 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

2015 Bonds that the 2015 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 Project (or any combination thereof). If any provision herein is inconsistent with any provision in any existing contract pertaining to the City (other than the bond ordinances authorizing the 2008 Bonds, the 2010 Bonds, the 2012 Bonds, the Tax Ordinance and the Interlocal Agreement) 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 City Treasurer, 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 City Treasurer for the City may, upon notice given to each owner of any Bond at his or her 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 City Treasurer 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. Each owner of any 2015 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 210 (Character of Agreement) through 212 (No Recourse Against Officers and Agents) hereof, but subject to the provisions herein concerning the Pledged Revenues and the proceeds of the 2015 Bonds.

Section 1002. Right to Enforce Payment. Nothing in this article affects or impairs the right of any owner of any Bond to enforce the payment of the Bond Requirements due in connection with his Bond or the obligation of the City to pay the Bond Requirements of each 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 any of the 2015 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 on the 2015 Bonds 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, excluding however, any obligations pursuant to Section 820 of this Ordinance;

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, excluding, however, the provisions of Section 820 of this Ordinance, and such failure shall continue for sixty (60) days after receipt of notice from the insurer of the 2015 Bonds, if any, or the owners of 10% in principal amount of the 2015 Bonds then Outstanding;

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 2015 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 2015 Bonds or in this Ordinance on its part to be performed, except with respect to the provisions of Section 820 of this Ordinance, 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 insurer of the 2015 Bonds, if any, or the owners of 10% in principal of the 2015 Bonds then Outstanding.

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 owner or owners of not less than 10% in principal amount of the 2015 Bonds then Outstanding, 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 any 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 the owner or owners 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 any owner of any Bond, 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 all owners of the 2015 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 any 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 owner 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 owners of the 2015 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 2015 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 owner or owners of not less than 10% in principal amount of the 2015 Bonds then Outstanding, after demand in writing, may proceed to protect and to enforce the rights of the owners of the 2015 Bonds as hereinabove provided; and to that end any such owners of the 2015 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 2015 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 owners of the 2015 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 of Taxation 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 owners of the Outstanding 2015 Bonds and of any Outstanding parity securities.

Section 1010. Fees and Costs of Enforcement of Remedies. The City shall also be responsible for the reasonable fees and costs, including attorney's fees, of the owners of any of the 2015 Bonds including, without limitation, a trustee or trustees therefor, and any receiver incurred in the enforcement of the remedies under this Article X in the Event of Default by the City.

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 owners of the 2015 Bonds for the purpose of curing any ambiguity or formal defect or omission herein;

B. Without the consent of or notice to the registered owners of the 2015 Bonds for the purpose of modifying the lien of the 2015 Bonds on the Three Cent County Fuel Tax and amending or modifying the Interlocal Agreement in the City's sole discretion; and

C. With the written consent of the insurer of the 2015 Bonds, if any, or the owners of a majority in aggregate principal amount of the 2015 Bonds authorized by this Ordinance and Outstanding at the time of the adoption of the amendatory or supplemental instrument, excluding, pursuant to Section 102(B) hereof, any 2015 Bonds which may then be held or owned for the account of the City, but including such refunding securities as may be issued for the purpose of refunding any of the 2015 Bonds if the refunding securities are not owned by the City.

Section 1102. Limitations Upon Amendments. No such instrument shall permit without the consent of all owners of the 2015 Bonds adversely affected thereby:

A. Changing Payment. A change in the maturity or in the terms of redemption of the principal of any Outstanding 2015 Bond or any installment of interest thereon; or

B. Reducing Return. A reduction in the principal amount of any Bond, 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 owners 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 insurer of the 2015 Bonds, if any, and the owner of each of the 2015 Bonds then Outstanding. 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 the insurer of the 2015 Bonds, if any, shall specifically consent to approve the amendments, or there shall be filed in the office of the Clerk an instrument or instruments executed by the owners of a majority in aggregate principal amount of the 2015 Bonds then Outstanding, 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 insurer of the 2015 Bonds, if any, or the owners of a majority in aggregate principal amount of the 2015 Bonds then Outstanding, at the time of the adoption of such amendatory instrument, or the predecessors in title of such owners, shall have consented to and approved the adoption thereof as herein provided, no owner of any Bond whether or not the 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 insurer of the 2015 Bonds, if any, or the owner of a 2015 Bond 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 owners of the 2015 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 insurer of the 2015 Bonds, if any, or the owners of all the 2015

Bonds then Outstanding, such consent to be given as provided in Section 904 hereof; and no notice to owners of 2015 Bonds shall be required, nor shall the time of consent be limited except as may be provided in such consent.

PASSED AND ADOPTED BY THE BOARD OF SUPERVISORS OF CARSON CITY, THIS JULY 16, 2015.

Proposed on July 2, 2015.

Passed on the July 16, 2015.

Those Voting Aye:

Those Voting Nay:

Those Absent and Not Voting:

Those Abstaining:

Mayor

(SEAL)

City Clerk

This Ordinance shall be force and effect from and after July__, 2015, i.e., the date of publication of this Ordinance by its title only.

STATE OF NEVADA)
) **ss.**
CARSON CITY)

I, Sue Merriwether, the duly chosen, qualified and acting City Clerk of Carson City (herein "City"), Nevada, do hereby certify:

1. The foregoing pages constitute a true, correct and compared copy of an ordinance introduced at a meeting on July 2, 2015, and passed and adopted by the Board of Supervisors of the City (the "Board") at a meeting of the Board held on July 16, 2015; and the original ordinance has been approved and authenticated by the signature of the Mayor and myself as City Clerk, and sealed with the seal of the City, and has been recorded in the minute book of the Board kept for that purpose in my office, which record has been duly signed by such officers and properly sealed.

2. Members of the Board voted on the passage of the ordinance as set forth in such ordinance.

3. All members of the Board were given due and proper notice of such meetings held on July 2, 2015 and July 16, 2015.

4. Public notice of such meetings was given and such meetings were held and conducted in full compliance with the provisions of NRS 241.020. A copy of the notices of meetings and excerpts from the agendas for the meetings relating to the ordinance, as posted at least 3 working days in advance of the meetings at the City's website, the State of Nevada's official website, and at the:

- (i) Community Center
851 East William Street
Carson City, Nevada
- (ii) Public Safety Complex
885 East Musser Street
Carson City, Nevada
- (iii) City Hall
201 North Carson Street
Carson City, Nevada
- (iv) Carson City Library
900 North Roop Street
Carson City, Nevada

(v) Business Resource & Innovation Center (BRIC)
108 East Proctor Street
Carson City, Nevada

are attached as Exhibit A hereto.

5. Prior to 9:00 a.m. at least 3 working days before such meetings, such notices were given to each person, if any, who has requested notice of the meetings of the Board in accordance with the provisions of Chapter 241 of NRS.

6. An affidavit of publication of the notice of filing of the ordinance is attached hereto as Exhibit B.

7. An affidavit of publication of the notice of adoption of the ordinance is attached hereto as Exhibit C.

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of Carson City, Nevada, this July 16, 2015.

(SEAL)

City Clerk

EXHIBIT "A"

(Attach Copy of Notices of Meetings on July 2, 2015 and July 16, 2015)

EXHIBIT "B"

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

EXHIBIT "C"

(Attach Affidavit of Publication of Notice of Adoption of the Ordinance)

Carson City, Nevada
Highway Revenue (Motor Vehicle Fuel Tax)
Refunding Bonds, Series 2015
Sources & Uses of Funds

Issue Summary

Dated Date	08/03/2015
Par Amount	\$6,390,000
Refunded Par	\$6,390,000
Avg Annual Savings	\$53,648
Total Savings	\$807,941
Present Value Savings	\$641,316
% of Refunding Par	10.036%
% of Refunded Par	10.036%
Underwriter's Spread	0.703%
Total Costs as % of Par	2.564%
True-Interest-Cost	3.26989%
Bond Yield	3.06890%
Escrow Yield	0.00000%
Weighted Average Maturity	8.261 years
Refunded Weighted Average Maturity	8.604 years
Negative Arbitrage	\$48,976

Sources of Funds:

Par Amount	\$6,390,000.00
Original Issue Premium	376,962.40
DSF Cash Contribution	<u>85,306.50</u>
Total	\$6,852,268.90

Uses of Funds:

Initial Escrow Deposit	\$1.50
Unrestricted Escrow Cost	85,305.00
Restricted Escrow Cost	6,603,108.00
Net Underwriting	44,949.00
Insurance	0.00
Issuance Costs	<u>118,905.40</u>
Total	\$6,852,268.90

Carson City, Nevada
Highway Revenue (Motor Vehicle Fuel Tax)
Refunding Bonds, Series 2015
Debt Service Schedule

Date	Principal	Rate	Interest	Semi-Annual Debt Service	Annual Debt Service
08/03/2015					
11/01/2015	\$50,000	2.000%	\$60,631.38	\$110,631.38	
05/01/2016			123,518.75	123,518.75	\$234,150.13
11/01/2016	350,000	2.000%	123,518.75	473,518.75	
05/01/2017			120,018.75	120,018.75	593,537.50
11/01/2017	360,000	3.000%	120,018.75	480,018.75	
05/01/2018			114,618.75	114,618.75	594,637.50
11/01/2018	370,000	3.000%	114,618.75	484,618.75	
05/01/2019			109,068.75	109,068.75	593,687.50
11/01/2019	380,000	4.000%	109,068.75	489,068.75	
05/01/2020			101,468.75	101,468.75	590,537.50
11/01/2020	395,000	4.000%	101,468.75	496,468.75	
05/01/2021			93,568.75	93,568.75	590,037.50
11/01/2021	415,000	4.000%	93,568.75	508,568.75	
05/01/2022			85,268.75	85,268.75	593,837.50
11/01/2022	430,000	5.000%	85,268.75	515,268.75	
05/01/2023			74,518.75	74,518.75	589,787.50
11/01/2023	455,000	5.000%	74,518.75	529,518.75	
05/01/2024			63,143.75	63,143.75	592,662.50
11/01/2024	480,000	5.000%	63,143.75	543,143.75	
05/01/2025			51,143.75	51,143.75	594,287.50
11/01/2025	500,000	5.000%	51,143.75	551,143.75	
05/01/2026			38,643.75	38,643.75	589,787.50
11/01/2026	525,000	3.250%	38,643.75	563,643.75	
05/01/2027			30,112.50	30,112.50	593,756.25
11/01/2027	540,000	3.500%	30,112.50	570,112.50	
05/01/2028			20,662.50	20,662.50	590,775.00
11/01/2028	560,000	3.625%	20,662.50	580,662.50	
05/01/2029			10,512.50	10,512.50	591,175.00
11/01/2029	580,000	3.625%	10,512.50	590,512.50	
05/01/2030			0.00	0.00	590,512.50
11/01/2030	0	4.000%	0.00	0.00	
05/01/2031			0.00	0.00	0.00
	\$6,390,000		\$2,133,168.88	\$8,523,168.88	\$8,523,168.88

Carson City, Nevada
Highway Revenue (Motor Vehicle Fuel Tax)
Refunding Bonds, Series 2015
Pricing Schedule

Call Date: 11/01/2025

Call Price: 100

Date	Principal	Coupon	Yield	Price	Prem/(Disc)	Production
08/03/2015						
11/01/2015	\$50,000.00	2.000%	0.400%	100.390	\$195.00	\$50,195.00
11/01/2016	350,000.00	2.000%	0.920%	101.332	4,662.00	354,662.00
11/01/2017	360,000.00	3.000%	1.330%	103.679	13,244.40	373,244.40
11/01/2018	370,000.00	3.000%	1.680%	104.149	15,351.30	385,351.30
11/01/2019	380,000.00	4.000%	1.940%	108.352	31,737.60	411,737.60
11/01/2020	395,000.00	4.000%	2.210%	108.815	34,819.25	429,819.25
11/01/2021	415,000.00	4.000%	2.510%	108.559	35,519.85	450,519.85
11/01/2022	430,000.00	5.000%	2.710%	114.967	64,358.10	494,358.10
11/01/2023	455,000.00	5.000%	2.850%	115.693	71,403.15	526,403.15
11/01/2024	480,000.00	5.000%	2.980%	116.213	77,822.40	557,822.40
11/01/2025	500,000.00	5.000%	3.100%	116.562	82,810.00	582,810.00
11/01/2026	525,000.00	3.250%	3.580%	96.963	(15,944.25)	509,055.75
11/01/2027	540,000.00	3.500%	3.720%	97.847	(11,626.20)	528,373.80
11/01/2028	560,000.00	3.625%	3.820%	97.983	(11,295.20)	548,704.80
11/01/2029	580,000.00	3.625%	3.880%	97.225	(16,095.00)	563,905.00
11/01/2030	<u>0.00</u>	4.000%	3.660%	102.878	<u>0.00</u>	<u>0.00</u>
					\$376,962.40	\$6,766,962.40
\$6,390,000.00 Par Amount						
<u>332,013.40</u> + Premium Bid						
6,722,013.40 = Amount Bid						
<u>44,949.00</u> + Underwriter's Spread						
\$6,766,962.40 = Price to Public						

Carson City, Nevada
Highway Revenue (Motor Vehicle Fuel Tax)
Refunding Bonds, Series 2015
Savings Calculation

Date	Refunding Debt Service	Refunded Debt Service	Cashflow Savings/(Loss)	PV Savings/(Loss) @ 3.0689%	Annual Savings/(Loss)
08/03/2015		(\$85,306.50)	(\$85,306.50)	(\$85,306.50)	
11/01/2015	\$110,631.38	170,613.00	59,981.62	59,536.73	
05/01/2016	123,518.75	170,613.00	47,094.25	46,038.51	\$21,769.37
11/01/2016	473,518.75	485,813.00	12,294.25	11,837.01	
05/01/2017	120,018.75	162,197.16	42,178.41	39,996.01	54,472.66
11/01/2017	480,018.75	494,697.16	14,678.41	13,708.57	
05/01/2018	114,618.75	153,319.41	38,700.66	35,597.38	53,379.07
11/01/2018	484,618.75	504,019.41	19,400.66	17,575.30	
05/01/2019	109,068.75	143,955.72	34,886.97	31,126.91	54,287.63
11/01/2019	489,068.75	513,955.72	24,886.97	21,869.12	
05/01/2020	101,468.75	134,076.72	32,607.97	28,220.82	57,494.94
11/01/2020	496,468.75	524,376.72	27,907.97	23,788.15	
05/01/2021	93,568.75	123,655.71	30,086.96	25,257.91	57,994.93
11/01/2021	508,568.75	535,355.71	26,786.96	22,147.72	
05/01/2022	85,268.75	112,663.32	27,394.57	22,307.80	54,181.53
11/01/2022	515,268.75	546,963.32	31,694.57	25,419.30	
05/01/2023	74,518.75	101,067.51	26,548.76	20,970.54	58,243.33
11/01/2023	529,518.75	559,167.51	29,648.76	23,065.26	
05/01/2024	63,143.75	88,836.24	25,692.49	19,685.42	55,341.25
11/01/2024	543,143.75	572,036.24	28,892.49	21,802.69	
05/01/2025	51,143.75	75,934.80	24,791.05	18,424.96	53,683.54
11/01/2025	551,143.75	585,634.80	34,491.05	25,246.70	
05/01/2026	38,643.75	62,325.81	23,682.06	17,072.78	58,173.11
11/01/2026	563,643.75	600,025.81	36,382.06	25,832.03	
05/01/2027	30,112.50	47,969.22	17,856.72	12,487.04	54,238.78
11/01/2027	570,112.50	615,169.22	45,056.72	31,031.59	
05/01/2028	20,662.50	32,824.98	12,162.48	8,249.98	57,219.20
11/01/2028	580,662.50	631,124.98	50,462.48	33,712.13	
05/01/2029	10,512.50	16,850.37	6,337.87	4,170.11	56,800.35
11/01/2029	590,512.50	647,950.37	57,437.87	37,221.09	
05/01/2030	0.00	0.00	0.00	0.00	57,437.87
11/01/2030	0.00	0.00	0.00	0.00	
05/01/2031	0.00	0.00	0.00	0.00	
	\$8,523,168.88	\$9,327,886.44	\$804,717.56	\$638,093.03	\$804,717.56
		Plus: Miscellaneous	3,223.40	3,223.40	3,223.40
		Net Savings	\$807,940.96	\$641,316.43	\$807,940.96