



STAFF REPORT

Report To: Board of Supervisors

Meeting Date: 05/04/17

Staff Contact: Nancy Paulson, Chief Financial Officer

Agenda Title: For Possible Action: To adopt Bill No. 109, on second reading, an ordinance designated as the "2017 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 2017" for the purpose of refunding certain outstanding bonds of the City; providing the form, terms and conditions of the bonds; and providing the effective date. (Nancy Paulson, npaulson@carson.org)

Staff Summary: This ordinance will authorize the issuance of the "Carson City, Nevada, Highway Revenue (Motor Vehicle Fuel Tax) Refunding Bonds, Series 2017" for the purpose of refunding 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.

Agenda Action: Ordinance - Second Reading

Time Requested: 5 minutes

Proposed Motion

I move to adopt Bill No. 109, on second reading, Ordinance No. ____, an ordinance designated as the "2017 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 2017" for the purpose of refunding certain outstanding bonds of the City; providing the form, terms and conditions of the bonds; and providing the effective date.

Board's Strategic Goal

Efficient Government

Previous Action

The Regional Transportation Commission passed a Resolution requesting the Board of Supervisors to issue Highway Revenue Refunding bonds at their meeting on April 12, 2017.

April 20, 2017 - The Board of Supervisors introduced the ordinance on first reading by a 5-0 vote.

Background/Issues & Analysis

Applicable Statute, Code, Policy, Rule or Regulation

NRS Chapters 350, 373, 268, 244, 365

Financial Information

Is there a fiscal impact? ☒ Yes ☐ No

If yes, account name/number: Regional Transportation Fund - Debt Service 250-3035-491-72-66. There will be annual debt service savings between \$28,000 and \$53,000 beginning FY 2018.

Is it currently budgeted? ☐ Yes ☒ No

Explanation of Fiscal Impact: The Carson City Budget will be amended upon confirmation of the final issuance amounts. Total debt service savings is projected to be approximately \$415,672, with present value savings of approximately \$343,644.

Alternatives

Elect to not refund bonds.

Board Action Taken:

Motion: _____

1) _____

2) _____

Aye/Nay

(Vote Recorded By)

Summary-- An ordinance authorizing the issuance of the “Carson City, Nevada, Highway Revenue (Motor Vehicle Fuel Tax) Refunding Bonds, Series 2017” and otherwise concerning the bonds and the motor vehicle fuel taxes pledged for their payment.

BILL NO. 109

ORDINANCE NO. _____

AN ORDINANCE DESIGNATED AS THE “2017 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 2017” 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 2017” (the “Bonds” or the “Bond”); and

WHEREAS, the 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 Refunding Bonds, Series 2012” (the “2012 Bonds”), and its “Carson City, Nevada, Highway Revenue (Motor Vehicle Fuel Tax) Refunding Bonds, Series 2015” (the 2015 Bonds”); and

WHEREAS, the Governing Body has determined to refund all or a portion of the outstanding 2008 Bonds, if any (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 2012 Bonds and the 2015 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, Amendment No. 3 dated September 4, 2009, and Amendment No. 4 dated August 10, 2016, 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 2012 Bonds and the 2015 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 2012 Bonds and the 2015 Bonds; and

WHEREAS, with the exception of the 2008 Bonds, the 2012 Bonds, the 2015 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 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 2012 Bonds, the 2015 Bonds and the 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 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 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, if after a sale of the Bonds pursuant to the provisions of NRS 350.105 to 350.195, inclusive, it is determined by the Chief Financial Officer, or in her absence, the City Manager as the chief administrative officer of the City, that the Project will cause the City to achieve interest rate savings or effect other economies, the Chief Financial Officer or City Manager is hereby authorized to specify in the Escrow Agreement (as defined herein) which maturities of the 2008 Bonds, if any, will be refunded (the “Refunded Bonds”); to sell the Bonds to the best bidder therefor (the “Purchaser”); and to execute the Certificate of the Chief Financial Officer (as defined herein) for the Bonds; and; and

WHEREAS, the Bonds are to bear interest at the rates per annum provided in the Certificate of the Chief Financial Officer, which rates must not exceed by more than 3% the Index of Twenty Bonds most recently published in The Bond Buyer prior to the time bids were received for the Bonds, and are to be sold at a price equal to the principal amount thereof, plus any accrued interest to the date of delivery of the Bonds, less a discount not exceeding 9% of the principal amount thereof, all as specified by the Chief Financial Officer or the City Manager in a certificate dated on or before the date of delivery of the Bonds (the “Certificate of the Chief Financial Officer”); 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 Bonds payable from the Net Pledged Revenues for financing such purposes;

B. 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 Bonds to the Purchaser;

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

D. 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 Bonds thereunder have been met shall be conclusive in the absence of fraud or arbitrary and gross abuse of discretion;

E. The 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;

F. It is in the best interests of the City to issue the Bonds herein authorized, to sell the Bonds to the Purchaser in accordance with the terms hereof and the Certificate of the Chief Financial Officer; and

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

WHEREAS, the Governing Body has determined and does declare that this Ordinance pertains to the sale, issuance and payment of the Bonds and that the limitations in the Bond Act imposed on the issuance of the 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 “2017 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 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, 2017 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 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 **“Bond”** means the securities issued hereunder and designated as the “Carson City, Nevada, Highway Revenue (Motor Vehicle Fuel Tax) Refunding Bonds, Series 2017.”

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

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

“2015 Bonds” means the “Carson City, Nevada, Highway Revenue (Motor Vehicle Fuel Tax) Refunding Bonds, Series 2015.”

“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.

“Chief Financial Officer” 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.

“Clerk” or **“City Clerk”** means the de jure or de facto clerk of the City, or his or her 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 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 Bond last becomes due at maturity or on a date on which any 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 Certificate of the Chief Financial Officer) 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 Chief Financial Officer 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 Chief Financial Officer 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 2017, 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 2017, 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 Bank, a division of ZB, National Association, 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.

“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 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 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 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 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 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, Amendment No. 3 dated September 4, 2009, and Amendment No. 4 dated August 10, 2016, 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 Bonds or any other designated securities and as of any particular date means all the Bonds or any such other securities payable from the Pledged Revenues in any manner theretofore or thereupon being executed and delivered:

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

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

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

“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 Bonds herein authorized to be issued, including, without limitation the 2012 Bonds and the 2015 Bonds.

“Paying Agent” means the City Treasurer, or his or her 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 2017, Rebate Account” created in Section 507 hereof.

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

“Redemption Price” means, when used with respect to a 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 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 2008 Bonds, if any, as set forth in the Escrow Agreement.

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

“Registrar” means the City Treasurer, or his or her 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 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 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 Chief Financial Officer 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 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 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 owner of the Bonds and such holders of any other securities payable from the Pledged Revenues when reference is expressly made thereto. All the covenants, stipulations, promises and agreements herein contained by and on behalf of the City shall be for the sole and exclusive benefit of the City, the Governing Body, the Paying Agent and the owner of the 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 Bonds, and
- D. Bonds. Toward the sale and delivery of the Bonds for that purpose, be, and the same hereby is, ratified, approved and confirmed.

Section 106. Ordinance Irrepealable. After any of the Bonds are issued, this Ordinance shall constitute an irrevocable contract between the City and the holder or holders of the Bonds; and this Ordinance (subject to the provisions of Section 901 (Defeasance) and Article XI (amendments) hereof), if any Bonds are in fact issued, shall be and shall remain irrepealable until the 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. 109

ORDINANCE NO. _____

AN ORDINANCE DESIGNATED AS THE “2017 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 2017” 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, 885 East Musser Street, Suite 1028, Carson City, Nevada and that such Ordinance was proposed on April 20, 2017, and will be considered for adoption at the regular meeting of the Board of Supervisors of Carson City held on May 4, 2017.

/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. 109

ORDINANCE NO. _____

AN ORDINANCE DESIGNATED AS THE “2017 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 2017” 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 April 20, 2017, and was passed and adopted at the regular meeting of the Carson City Board of Supervisors held on May 4, 2017 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 May __, 2017, i.e., the date of publication of this Ordinance by 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 May 4, 2017.

/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 Bonds is not less than 12 years from the date of the Bonds; and

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

Section 203. Necessity of 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 Bonds.

Section 204. Acceptance of Offer. In accordance with the Project Act, the Bond Act and with this Ordinance, the Chief Financial Officer, or in her absence, the City Manager, is authorized to execute the Certificate of the Chief Financial Officer and the offer of the Purchaser.

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 Bonds, excluding any such cost defrayed or to be defrayed by any source other than the proceeds of the principal amount of the Bonds.

Section 207. Ordinance to Constitute Contract. In consideration of the purchase and acceptance of the 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 a contract between the City and the owner of the 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 owner of the Outstanding 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 Bonds as to all Bond Requirements, shall be payable and collectible solely out of the Net Pledged Revenues, which revenues are so pledged; the owner thereof may not look to any general or other fund for the payment of such Bond Requirements, except the special funds herein pledged; the Bonds shall not constitute an indebtedness or a debt within the meaning of any constitutional or statutory provision or limitation; and the Bonds shall not be considered or held to be general obligations of the City but shall constitute its special obligations.

Section 210. Character of Agreement. None of the covenants, agreements, representations, and warranties contained herein or in the 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 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 Bonds. No property of the City, subject to such exception, shall be liable to be forfeited or taken in payment of the Bonds.

Section 212. No Recourse Against Officers and Agents. No recourse shall be had for the payment of the Bond Requirements of the Bonds or for any claim based thereon or otherwise upon this Ordinance against any individual member of the Governing Body or any officer or other agent of the City, past, present or future, either directly or indirectly through the Governing Body or the City, or otherwise, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any penalty or otherwise, all such liability, if any, being by the acceptance of the Bonds and as a part of their issuance specially waived and released.

ARTICLE III.

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

Section 301. Authorization of Bonds. The “Carson City, Nevada, Highway Revenue (Motor Vehicle Fuel Tax) Refunding Bonds, Series 2017,” in the principal amount set forth in the Certificate of the Chief Financial Officer (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 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 Bonds shall be issued payable in fully registered form, i.e., registered as to both principal and interest and shall be dated the date of delivery of the Bonds. The Bonds shall be issued as a single Bond. The installments of principal of the Bond shall bear interest (calculated on the basis of a 360-day year consisting of twelve 30-day months) at the rates shown in the Certificate of the Chief Financial Officer from the date of delivery of the Bond, payable on May 1 and November 1 of each year, commencing on November 1, 2017. The installments of principal of the Bond shall be payable on the dates and in the amounts as designated in the Certificate of the Chief Financial Officer (not to exceed 12 years from the date of delivery of the Bonds).

The installments of principal and interest prior to final payment shall be payable to the registered owner thereof as shown on the registration records kept by the Registrar and the registration panel appended to the Bond. The final payment shall be payable upon presentation and surrender of the Bond at the office of the Paying Agent or such other office as designated by the Paying Agent. If any installment of principal of the Bond shall not be paid on the date due, it shall continue to draw interest at the interest rate set forth in the Certificate of the Chief Financial Officer until the principal thereof is paid in full. Payment of principal of and interest on the Bond shall be made to the registered owner thereof by check or draft mailed by the Paying Agent, on or before each interest payment date (or, if such interest payment date is not a business day, on the next succeeding business day). The Paying Agent may make payments of interest on

any Bond by such alternative means as may be mutually agreed upon between the owner of such Bond and the Paying Agent. All such payments shall be made in lawful money of the United States of America.

Section 303. Prepayment. The installments of principal of the Bond, or portions thereof, payable on and after the date set forth in the Certificate of the Chief Financial Officer shall be subject to prepayment, at the option of the City, on and after the date set forth in the Certificate of the Chief Financial Officer, at a price equal to the principal amount prepaid, plus accrued interest thereon to the redemption date, plus a premium, if any, as set forth in the Certificate of the Chief Financial Officer. On the date of any partial prepayment, the principal amount prepaid together with the interest accrued thereon shall be payable to the registered owner thereof and the Paying Agent shall note the prepayment in the registration records and on the prepayment panel appended to the Bond, which notation shall be conclusive evidence of the date and amount of such prepayment.

Section 304. Prepayment Notice. Unless waived by any registered owner of a Bond to be redeemed, notice of prior redemption shall be given by the Registrar, electronically or by certified or registered mail, at least 10 days prior to the date fixed for prepayment, to the registered owner of the Bond at the address as it last appears on the registration records kept by the Registrar. Actual receipt of such notice by the registered owner of Bonds shall not be a condition precedent to redemption of such Bonds. Failure to give such notice to the registered owner of the Bond designated for redemption, or any defect therein, shall not affect the validity of the proceedings for the prepayment. A certificate by the Registrar that notice of prepayment has been given as provided in this section shall be conclusive as against all parties; and no owner may object thereto or the cessation of interest on the prepayment date on the ground that he failed actually to receive such notice of prepayment.

Notwithstanding the provisions of this section, any notice of prepayment may contain a statement that the prepayment is conditional upon the receipt by the Paying Agent of funds on or before the date fixed for prepayment sufficient to pay the prepayment price of the principal so called for prepayment, and that if such funds are not available, such prepayment shall be canceled by written notice to the owners of the Bond called for prepayment in the same manner as the original prepayment notice was given.

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

Section 306. Registration, Transfer and Exchange of Bonds.

A. Registration and Transfer. Records for the registration and transfer of the Bonds shall be kept by the Registrar. Upon the surrender for transfer 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 registered owner or his attorney duly authorized in writing, the Registrar shall register the name of the transferee on the registration panel appended to the Bond.

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

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

D. Cancellation of Bond upon Payment or Reissuance. 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, upon request.

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

A. Prior to the execution of any 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 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 registration panel, substantially in the form hereinafter provided, has been duly manually executed by the Registrar. By executing the registration panel of the Bond delivered pursuant to the Ordinance, the Registrar shall be deemed to have assented to all of the provisions of this Ordinance.

Section 308. Use of Predecessor's Signature. The Bonds bearing the signatures of the officers in office at the time of the signing thereof shall be the valid and binding obligations of the City, notwithstanding that before the delivery thereof and the payment therefor any or all of the persons whose signatures appear thereon shall have ceased to fill their respective offices. The Mayor, the Treasurer and the Clerk, at the time of the execution of the Bonds and of the signature certificate, may adopt as and for his own facsimile signature the facsimile signature of his predecessor in office in the event that such facsimile signature appears upon any of the Bonds.

Section 309. 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 Bonds and the regularity of their issuance.

Section 310. State Tax Exemption. Pursuant to NRS 350.710, the Bonds, their transfer, and the income therefrom shall forever be and remain free and exempt from taxation by the State or any subdivision thereof, except the tax on estates imposed pursuant to the provisions

of NRS Chapter 375A or the tax on generation-skipping transfers imposed pursuant to the provisions of NRS Chapter 375B.

Section 311. Bond Execution. The Mayor, the Treasurer and the Clerk are authorized and directed to prepare and to execute the Bonds as herein provided.

Section 312. Bond Form. Subject to the provisions of this Ordinance, the Bond 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, 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 2017**

No. _____

\$ _____

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Dated As of</u>
___% per annum	November 1, 20___	_____, 2017

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 on the registration panel appended to this Bond, or registered assigns (the “Registered Owner”), the principal amount specified above, in installments of principal in the amounts and on the dates as provided in the ordinance authorizing the issuance of this Bond adopted by the Board of Supervisors of the City on May 4, 2017 (the “Ordinance”) and the Certificate of the Chief Financial Officer, as defined in the Ordinance, and to pay interest on the unpaid installments of principal from the date of delivery of this Bond until payment of such installments of principal shall be discharged, at the interest rate per annum stated above, payable on May 1 and November 1 of each year commencing on November 1, 2017. The final payment of principal and interest on this Bond and prepayment premium, if any, on this Bond are payable to the registered owner hereof upon presentation and surrender hereof at the office of the City Treasurer, as paying agent for the Bond (the “Paying Agent”), which is also now acting as the City’s registrar for the Bond (the “Registrar”) or such other office as designated by the Paying Agent. Installments of principal and interest on this Bond will be paid on each payment date (or, if such payment date is not a business day, on the next succeeding business day), by check or draft mailed to the Registered Owner. All payments of the principal of, interest on and prepayment premium due in connection with this Bond (the “Bond Requirements”) shall be made in lawful money of the United States of America without deduction for the services of the Paying Agent.

The Bond shall not be transferable or exchangeable, except as set forth in the Ordinance.

This Bond is 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 Bond is subject to optional prepayment as set forth in the Ordinance and the Certificate of the Chief Financial Officer.

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

The City and the Registrar and Paying Agent may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of making payment and for all other purposes.

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, 2017 Highway Revenue Refunding Bonds, Bond Fund" (the "Bond Fund") and the "Carson City, Nevada, 2017 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 this Bond is 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 this Bond, 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 2012 Bonds and the Outstanding 2015 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 2012 Bonds and the Outstanding 2015 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 2012 Bonds and the Outstanding 2015 Bonds. Bonds and other securities, in addition to this 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 registration panel appended to this Bond.

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

(End of Form of Bond)

(Form of Registration Panel)

PROVISION FOR REGISTRATION AS TO PRINCIPAL AND INTEREST

This Bond must be registered as to both principal and interest on the registration records of the City, kept by the City Treasurer, as Registrar. After registration as to principal and interest, the Registrar shall note such registration on such registration records and in the registration blank below, and the principal and interest on this Bond shall be paid to such Registered Owner. This Bond may be transferred by the Registered Owner or his or her legal representative only upon a duly executed assignment in form satisfactory to the Registrar, such transfer to be made on said registration records and endorsed hereon.

Every privilege, registration and transfer shall be exercised only in accordance with the authorizing Ordinance and such reasonable rules and regulations as the Registrar may prescribe.

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

(End of Registration Panel)

(Form of Prepayment Panel for Bond)

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 Prepayment</u>	<u>Principal</u>	<u>Signature of Authorized Representative of Paying Agent</u>

(End of Form of Prepayment Panel for Bond)

(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 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 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 2017, 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 Bonds.

B. Cost of Issuance Account. Second, the balance of the proceeds derived from the sale of the 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 2017, 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 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 Bonds.

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

Section 403. Purchaser Not Responsible. The validity of the Bonds shall not be dependent on or be affected by the validity or regularity of any proceedings relating to the Project. The Purchaser of the Bonds and any subsequent owner of the Bonds shall in no manner be responsible for the application or disposal by the City or by any of its officers, agents and

employees of the moneys derived from the sale of the Bonds or of any other moneys herein designated.

Section 404. Lien on Bond Proceeds. Until and unless the proceeds of the 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 Bonds or of any securities hereunder issued of which the lien on the Net Pledged Revenues is on a parity with the lien of the Bonds.

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 Chief Financial Officer 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 Chief Financial Officer 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 prepayment date set forth in the Escrow Agreement (the “Refunded Prepayment Date”); and to redeem, on the applicable Refunded Prepayment Date, the Refunded Bonds then outstanding and maturing on such Refunded Prepayment Date, for the principal amount thereof, accrued interest to the applicable Refunded Prepayment 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. Prepayment of Refunded Bonds. The City hereby irrevocably elects to call for prepayment the Refunded Bonds on the Refunded Prepayment 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 prepayment and defeasance of the Refunded Bonds in accordance with the terms of the Escrow Agreement, this Ordinance and the ordinance 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 Bonds, except as provided in Section 404 (Lien on Bond Proceeds) hereof; and this pledge shall be valid and binding so far as the Bonds are concerned from and after the date of the delivery of any 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 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 2012 Bonds, the Outstanding 2015 Bonds and any Outstanding parity securities hereafter issued on a parity with the Bonds (ii) the lien of the 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 2012 Bonds, the Outstanding 2015 Bonds and any Outstanding party securities hereafter issued on a parity with the 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 Bonds and (iv) bonds and securities in addition to the 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 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 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 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 2012 Bonds, any Outstanding 2015 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, 2017 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 Bonds and any parity securities, an amount in equal monthly installments necessary to pay the next maturing installment of interest on the 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 Bonds then Outstanding and any Outstanding parity securities.

(2) Monthly, commencing on the first of the month following the date of delivery of the Bonds and any parity securities, an amount in equal monthly installments necessary to pay the next installment of principal of the 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 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 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 Chief Financial Officer 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 Chief Financial Officer 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 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 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 2017, 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 821 (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 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 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 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 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 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 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

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 be 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 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 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 2012 Bonds and the Outstanding 2015 Bonds. The lien of the 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 2012 Bonds and the Outstanding 2015 Bonds. The 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 2012 Bonds and the Outstanding 2015 Bonds.

Section 702. Equality of Bonds. The 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 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 Bonds or prevents the issuance of bonds or other securities refunding all or a part of the 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 Bonds, the Outstanding 2015 Bonds, the Outstanding 2012 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 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 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 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 Bonds, or any part thereof, are issued and remain Outstanding, if the Governing Body shall find it desirable to refund any Outstanding Bonds or other Outstanding securities payable from and constituting a lien upon the Pledged Revenues, such Bonds or other securities, or any part thereof, may be refunded (but only with the consent of the owner or owners of all such Outstanding securities unless the Bonds or other securities at the time or times of their required surrender for payment shall then mature or shall be then callable for prior redemption for

refunding purposes at the City's option upon proper call), regardless 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 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 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 Bonds or other securities thereby refunded; or

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

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

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

ARTICLE VIII.

MISCELLANEOUS PROTECTIVE COVENANTS

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

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

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

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

Section 805. Conditions Precedent. Upon the date of issuance of any Bonds, all conditions, acts and things required by the Federal or State Constitution or Federal or State statutes to exist, to have happened, and to have been performed precedent to or in the issuance of

the Bonds shall exist, have happened, and have been performed; and the Bonds, together with all other obligations of the City shall not contravene any debt or other limitation prescribed by the State Constitution or statutes.

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

Section 807. Payment of Governmental Charges. The City shall pay or cause to be paid all taxes and assessments or other municipal or governmental charges, if any, lawfully levied or assessed upon or in respect of the Fuel Taxes, or upon any portion of the Pledged Revenues, when the same shall become due, and shall duly observe and comply with all valid requirements of any municipal or governmental authority relative to any part of the Fuel Taxes, except for any period during which the same is being contested in good faith by proper legal proceedings. The City shall not create or suffer to be created any lien or charge upon the Pledged Revenues, except the pledge and lien created by this Ordinance for the payment of the Bond Requirements due in connection with the 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 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 Bond issued hereunder and secured hereby at the place, on the dates, and in the manner specified herein and in the Bonds according to the true intent and meaning hereof.

Section 811. Use of Bond and Reserve Funds. The Bond Fund and the Reserve Fund shall be used solely and only, and the moneys credited to such accounts are hereby pledged, for the purpose of paying the Bond Requirements of the 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 Bonds or other securities payable from the Pledged Revenues so long as any Bonds herein authorized are Outstanding, unless such additional Bonds or other securities are issued in conformance with the provisions of Articles V and VII hereof.

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

Section 814. Corporate Existence. The City shall maintain its corporate identity and existence so long as any of the Bonds issued hereunder remain Outstanding, unless

another body corporate and politic by operation of law succeeds to the powers, privileges, rights, liabilities, disabilities, duties and immunities of the City and is obligated by law to levy and collect or cause to be levied and collected the Fuel Taxes herein provided without adversely affecting to any substantial degree the privileges and rights of the owner of the Outstanding Bond at any time.

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

Section 816. Maintenance of Fuel Taxes. While the Bonds or any of them remain Outstanding and unpaid, the City shall (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 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 Bonds or any other securities payable from the Pledged Revenues or any duly authorized agent or agents of such owners, or the Purchaser shall have the right at all reasonable times to inspect all records, accounts and data of the City relating thereto, concerning the Pledged Revenues, and to make copies of such records, accounts and data.

Section 820. Superior Securities Covenant. The City covenants that, so long as the 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 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 821. Tax Covenant. The City covenants for the benefit of the owners of the Bonds that it will not take any action or omit to take any action with respect to the Bonds, the proceeds thereof, any other funds of the City or any facilities refinanced with the proceeds of the Bonds if such action or omission (i) would cause the interest on the Bonds to lose its exclusion from gross income for federal income tax purposes under Section 103 of the Tax Code, or (ii) would cause interest on the Bonds to lose its exclusion from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code, except 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 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 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 Bonds, as the same become due to the final maturity of the 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 Bonds;
- B. Final Certificates. The execution of such certificates as may be reasonably required by the Purchaser, relating, inter alia, to:
 - (1) The signing of the 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 Bonds from gross income for purposes of federal income taxation,
 - (4) The delivery of the Bond to the Purchaser upon 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 Bonds as of the date of delivery of the Bonds,

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

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

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 Chief Financial Officer in the form approved by the Chief Financial Officer;

F. Bond Issuance. The execution of the Certificate of the Chief Financial Officer and sale and issuance of the Bonds pursuant to the provisions of this Ordinance and to any supplemental instrument; and

Section 903. Statute of Limitations. No action or suit based upon any Bond, or other obligation of the City shall be commenced after it is barred by any statute of limitations pertaining thereto. Any trust or fiduciary relationship between the City and the owner of the 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 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 Bonds may be in one or more instruments of similar tenor and shall be signed or shall be executed by each such owner in person or by his attorney appointed in writing. Proof

of the execution of any such instrument or of an instrument appointing any such attorney, or the holding by any Person of the Bonds, shall be sufficient for any purpose of this Ordinance (except as otherwise herein expressly provided) if made in the following manner:

A. Proof of Execution. The fact and the date of the execution by the owner of the Bonds or his attorney of such instrument may be provided by the certificate, which need not be acknowledged or verified, of an officer of a bank or trust company satisfactory to the Clerk or of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he purports to act, that the individual signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer; the authority of the individual or individuals executing any such instrument on behalf of a corporate owner of the Bonds may be established without further proof if such instrument is signed by an individual purporting to be the president or vice president of such corporation with a corporate seal affixed and attested by an individual purporting to be its secretary or an assistant secretary; and the authority of any Person or Persons executing any such instrument in any fiduciary or representative capacity may be established without further proof if such instrument is signed by a Person or Persons purporting to act in such fiduciary or representative capacity; and

B. Proof of Holdings. The amount of the 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 Bonds, may be proved by reference to the registration records kept by the Registrar.

Section 905. Warranty Upon Issuance of Bonds. Any 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 Bonds that the 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 2012 Bonds, the 2015 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 the owner of the 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. The owner of the 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 Bonds.

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

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

A. Nonpayment of Principal. Payment of the principal of the 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 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;

D. Nonperformance of Duties. The City shall have failed to carry out and, to perform (or in good faith to begin the performance of) all acts and things lawfully required to be carried out or to be performed by it under any contract relating to the Pledged Revenues, or otherwise, including, without limitation, this Ordinance, and such failure shall continue for sixty (60) days after receipt of notice from the registered owner of the 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 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 Bonds or in this Ordinance on its part to be performed, and if such default shall continue for sixty (60) days after written notice specifying such default and requiring the same to be remedied shall have been given to the City by the registered owner of the Bonds 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 registered owner of the 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 the 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 may deem most effectual to protect and to enforce the rights aforesaid, or thereby to enjoin any act or thing which may be unlawful or in violation of any right of the owner of the 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 the owner of the Bonds.

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

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

right or privilege by or on behalf of the 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 owner of the Bonds to protect and to preserve the security created for the payment of their Bonds and to insure the payment of the Bond Requirements promptly as the same become due. During any period of default, so long as any of the Bonds issued hereunder, as to any Bond Requirements, are Outstanding, except to the extent it may be unlawful to do so, all Pledged Revenues shall be paid into the Bond Fund. If the City fails or refuses to proceed as in this Section provided, the owner of the Bonds then Outstanding, after demand in writing, may proceed to protect and to enforce the rights of the owner of the Bonds as hereinabove provided; and to that end any such owner of the Bonds shall be subrogated to all rights of the City under any agreement or contract involving the Pledged Revenues entered into prior to the effective date of this Ordinance or thereafter while any of the Bonds are Outstanding.

Section 1008. Duties in Bankruptcy Proceedings. If any Person obligated to pay any Fuel Tax proceeds under any laws of the United States relating to bankruptcy, including, without limitation, any action under any law providing for corporate reorganization, it shall be the duty of the City, and its appropriate officers are hereby authorized and directed, to take all necessary steps for the benefit of the owner of the 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 owner of the Outstanding 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 owner of the 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 owner of the Bonds for the purpose of curing any ambiguity or formal defect or omission herein;

B. Without the consent of or notice to the registered owner of the Bonds for the purpose of modifying the lien of the 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 registered owner of the Bond

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

A. Changing Payment. A change in the maturity or in the terms of redemption of the principal of any Outstanding 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 owner of which is required for any such modification or amendment.

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

Whenever at any time there shall be filed in the office of the Clerk an instrument or instruments executed by the owner, which instrument or instruments shall refer to the

proposed amendatory instrument described in such notice and shall specifically consent to and approve the adoption of such instrument, thereupon, but not otherwise, the Governing Body may adopt such amendatory instrument and such instrument shall become effective.

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

Section 1105. Time Consent Binding. Any consent given by the owner of the 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 owner of the Bonds thereunder may be modified or amended in any respect upon the adoption by the City and upon the filing with the Clerk of an instrument to that effect and with the consent of the owner of the Bonds, such consent to be given as provided in Section 904 hereof; and no notice to owner of 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 MAY 4, 2017.

Proposed on April 20, 2017.

Passed on the May 4, 2017.

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 May__, 2017, 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 April 20, 2017, and passed and adopted by the Board of Supervisors of the City (the “Board”) at a meeting of the Board held on May 4, 2017; 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 April 20, 2017 and May 4, 2017.

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 May 4, 2017.

(SEAL)

City Clerk

EXHIBIT “A”

(Attach Copy of Notices of Meetings on April 20, 2017 and May 4, 2017)

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 2017
Sources & Uses of Funds

Issue Summary

Dated Date	05/25/2017
Par Amount	\$5,947,000
Refunded Par	\$5,549,500
Avg Annual Savings	\$37,718
Total Savings	\$415,672
Present Value Savings	\$343,644
% of Refunding Par	5.778%
% of Refunded Par	6.192%
Underwriter's Spread	0.126%
Total Costs as % of Par	1.430%
True-Interest-Cost	3.01948%
AYL	3.00019%
Escrow Yield	1.15755%
Weighted Average Maturity	7.432 years
Refunded Weighted Average Maturity	7.797 years
Negative Arbitrage	\$147,621

Sources of Funds:

Par Amount	\$5,947,000.00
Original Issue Premium	0.00
DSF Cash Contribution	<u>0.00</u>
Total	\$5,947,000.00

Uses of Funds:

2012 Bond Payoff	\$0.00
Initial Escrow Deposit	10.00
Unrestricted Escrow Cost	0.00
Restricted Escrow Cost	5,861,970.00
Net Underwriting	7,500.00
Insurance	0.00
Issuance Costs	<u>77,520.00</u>
Total	\$5,947,000.00

Carson City, Nevada
Highway Revenue (Motor Vehicle Fuel Tax)
Refunding Bonds, Series 2017
Debt Service Schedule

Date	Principal	Rate	Interest	Semi-Annual Debt Service	Annual Debt Service
05/25/2017					
11/01/2017	\$74,000	3.000%	\$77,311.00	\$151,311.00	
05/01/2018			88,095.00	88,095.00	\$239,406.00
11/01/2018	65,000	3.000%	88,095.00	153,095.00	
05/01/2019			87,120.00	87,120.00	240,215.00
11/01/2019	69,000	3.000%	87,120.00	156,120.00	
05/01/2020			86,085.00	86,085.00	242,205.00
11/01/2020	453,000	3.000%	86,085.00	539,085.00	
05/01/2021			79,290.00	79,290.00	618,375.00
11/01/2021	469,000	3.000%	79,290.00	548,290.00	
05/01/2022			72,255.00	72,255.00	620,545.00
11/01/2022	479,000	3.000%	72,255.00	551,255.00	
05/01/2023			65,070.00	65,070.00	616,325.00
11/01/2023	494,000	3.000%	65,070.00	559,070.00	
05/01/2024			57,660.00	57,660.00	616,730.00
11/01/2024	916,000	3.000%	57,660.00	973,660.00	
05/01/2025			43,920.00	43,920.00	1,017,580.00
11/01/2025	947,000	3.000%	43,920.00	990,920.00	
05/01/2026			29,715.00	29,715.00	1,020,635.00
11/01/2026	975,000	3.000%	29,715.00	1,004,715.00	
05/01/2027			15,090.00	15,090.00	1,019,805.00
11/01/2027	1,006,000	3.000%	15,090.00	1,021,090.00	
05/01/2028			0.00	0.00	1,021,090.00
	<u>\$5,947,000</u>		<u>\$1,325,911.00</u>	<u>\$7,272,911.00</u>	<u>\$7,272,911.00</u>

Carson City, Nevada
Highway Revenue (Motor Vehicle Fuel Tax)
Refunding Bonds, Series 2017
Savings Calculation

Date	Refunding Debt Service	Refunded Debt Service	Cashflow Savings/(Loss)	PV Savings/(Loss) @ 3.00019%	Annual Savings/(Loss)
05/25/2017		\$0.00	\$0.00	\$0.00	
11/01/2017	\$151,311.00	135,962.75	(15,348.25)	(15,151.46)	
05/01/2018	88,095.00	135,962.75	47,867.75	46,555.64	\$32,519.50
11/01/2018	153,095.00	135,962.75	(17,132.25)	(16,416.37)	
05/01/2019	87,120.00	135,962.75	48,842.75	46,110.14	31,710.50
11/01/2019	156,120.00	135,962.75	(20,157.25)	(18,748.27)	
05/01/2020	86,085.00	135,962.75	49,877.75	45,705.69	29,720.50
11/01/2020	539,085.00	521,562.75	(17,522.25)	(15,819.29)	
05/01/2021	79,290.00	126,515.55	47,225.55	42,005.63	29,703.30
11/01/2021	548,290.00	532,815.55	(15,474.45)	(13,560.61)	
05/01/2022	72,255.00	116,561.20	44,306.20	38,252.70	28,831.75
11/01/2022	551,255.00	540,761.20	(10,493.80)	(8,926.14)	
05/01/2023	65,070.00	106,168.30	41,098.30	34,442.01	30,604.50
11/01/2023	559,070.00	550,468.30	(8,601.70)	(7,102.03)	
05/01/2024	57,660.00	95,282.95	37,622.95	30,604.45	29,021.25
11/01/2024	973,660.00	997,282.95	23,622.95	18,932.13	
05/01/2025	43,920.00	73,183.95	29,263.95	23,106.37	52,886.90
11/01/2025	990,920.00	1,020,483.95	29,563.95	22,998.25	
05/01/2026	29,715.00	49,975.10	20,260.10	15,527.71	49,824.05
11/01/2026	1,004,715.00	1,044,875.10	40,160.10	30,324.54	
05/01/2027	15,090.00	25,600.05	10,510.05	7,818.76	50,670.15
11/01/2027	1,021,090.00	1,070,500.05	49,410.05	36,214.45	
05/01/2028	0.00	0.00	0.00	0.00	49,410.05
	<u>\$7,272,911.00</u>	<u>\$7,687,813.45</u>	<u>\$414,902.45</u>	<u>\$342,874.31</u>	<u>\$414,902.45</u>
		Plus: Miscellaneous	<u>770.00</u>	<u>770.00</u>	<u>770.00</u>
		Net Savings	<u>\$415,672.45</u>	<u>\$343,644.31</u>	<u>\$415,672.45</u>

Carson City, Nevada
Highway Revenue (Motor Vehicle Fuel Tax)
Refunding Bonds, Series 2017
Refunded 2008 Bonds' Debt Service

Call Date: 11/01/2018
Call Price: 100

Date	Principal	Rate	Interest	Semiannual Debt Service	Annual Debt Service	Debt Service to Call
05/01/2017						
11/01/2017			\$135,962.75	\$135,962.75		\$135,962.75
05/01/2018			135,962.75	135,962.75	\$271,925.50	135,962.75
11/01/2018	0		135,962.75	135,962.75		5,685,462.75
05/01/2019			135,962.75	135,962.75	271,925.50	
11/01/2019	0		135,962.75	135,962.75		
05/01/2020			135,962.75	135,962.75	271,925.50	
11/01/2020	385,600	4.900%	135,962.75	521,562.75		
05/01/2021			126,515.55	126,515.55	648,078.30	
11/01/2021	406,300	4.900%	126,515.55	532,815.55		
05/01/2022			116,561.20	116,561.20	649,376.75	
11/01/2022	424,200	4.900%	116,561.20	540,761.20		
05/01/2023			106,168.30	106,168.30	646,929.50	
11/01/2023	444,300	4.900%	106,168.30	550,468.30		
05/01/2024			95,282.95	95,282.95	645,751.25	
11/01/2024	902,000	4.900%	95,282.95	997,282.95		
05/01/2025			73,183.95	73,183.95	1,070,466.90	
11/01/2025	947,300	4.900%	73,183.95	1,020,483.95		
05/01/2026			49,975.10	49,975.10	1,070,459.05	
11/01/2026	994,900	4.900%	49,975.10	1,044,875.10		
05/01/2027			25,600.05	25,600.05	1,070,475.15	
11/01/2027	1,044,900	4.900%	25,600.05	1,070,500.05		
05/01/2028			0.00	0.00	1,070,500.05	
	<u>\$5,549,500</u>		<u>\$2,138,313.45</u>	<u>\$7,687,813.45</u>	<u>\$7,687,813.45</u>	<u>\$5,957,388.25</u>

Carson City, Nevada
Highway Revenue (Motor Vehicle Fuel Tax)
Refunding Bonds, Series 2017
Senior & Subordinate Bonded Debt Service (9¢ CMVFT Pledge)

Fiscal Year	Net Revenues ¹	Senior Lien Debt Service ²	Subordinate Lien Debt Service			Total Debt Service	Annual Coverage
			Existing	Proposed	Total		
2017	\$4,662,274						
2018	4,662,274	\$372,896	\$991,440	\$239,406	\$1,230,846	\$1,603,742	2.907
2019	4,662,274	376,446	987,461	240,215	1,227,676	1,604,122	2.906
2020	4,662,274	375,787	985,493	242,205	1,227,698	1,603,485	2.908
2021	4,662,274	0	985,244	618,375	1,603,619	1,603,619	2.907
2022	4,662,274	0	983,408	620,545	1,603,953	1,603,953	2.907
2023	4,662,274	0	987,571	616,325	1,603,896	1,603,896	2.907
2024	4,662,274	0	987,498	616,730	1,604,228	1,604,228	2.906
2025	4,662,274	0	586,800	1,017,580	1,604,380	1,604,380	2.906
2026	4,662,274	0	583,300	1,020,635	1,603,935	1,603,935	2.907
2027	4,662,274	0	583,675	1,019,805	1,603,480	1,603,480	2.908
2028	4,662,274	0	582,800	1,021,090	1,603,890	1,603,890	2.907
2029	4,662,274	0	584,838	0	584,838	584,838	7.972
2030	4,662,274	0	585,063	0	585,063	585,063	7.969
2031	4,662,274	0	0	0	0	0	n/a
		\$1,125,128	\$10,414,591	\$7,272,911	\$17,687,502	\$18,812,630	

¹ Based upon FY2017 budgeted revenues.

² Depicts impact of refunding bonds.

MADS = 1,604,380
Occurs in: 2025
Coverage of MADS = 2.906
Minimum per Covenant = 1.700