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BOARD OF COUNTY COMMISSIONERS, WASHOE COUNTY, NEVADA

THURSDAY

1:45 P.M.

NOVEMBER 3, 1966

66-962 The Board of County Commissioners of Washoe County, Nevada, met in Special session in full conformity with law and the by-laws and rules of said Board at the regular place of meeting in the Washoe County Courthouse, in Reno, Nevada, on Thursday, the 3rd day of November, 1966, at 1:45 o'clock p.m.

The meeting was called to order by the Chairman, and on roll call the following members were found to be present, constituting a quorum:

Present:

Chairman: J. C. McKenzie
 Other Commissioners: J. B. Cunningham
 Howard F. McKissick, Sr.
 Leo Sauer
 Richard L. Streeter

Absent:

None

constituting all the members thereof.

There were also present:

Clerk: H. K. Brown
 Chief Dep. Dist. Attorney: Clinton Wooster
 County Manager: C. B. Kinnison

Among other matters, Commissioner McKissick introduced an ordinance, which was read in full and is as follows:

Summary - An ordinance authorizing the issuance of the Washoe County, Nevada, Highway Improvement Revenue (Motor Vehicle Fuel Tax) Bonds, Series November 1, 1966, in the principal amount of \$4,000,000.00.

BILL NO. 167ORDINANCE NO. 151

(of Washoe County, Nevada)

AN ORDINANCE AUTHORIZING THE ISSUANCE BY THE COUNTY OF WASHOE, NEVADA, OF ITS NEGOTIABLE, COUPON, "WASHOE COUNTY, NEVADA, HIGHWAY IMPROVEMENT REVENUE (MOTOR VEHICLE FUEL TAX) BONDS, SERIES NOVEMBER 1, 1966," IN THE PRINCIPAL AMOUNT OF \$4,000,000.00, FOR STREET AND HIGHWAY CONSTRUCTION WITHIN THE COUNTY, IMPROVEMENTS INCIDENTAL THERETO, AND APPURTENANCES; DIRECTING THAT THE COUNTY SHALL EFFECT SAID PURPOSE; PROVIDING THE FORMS, TERMS AND CONDITIONS OF THE BONDS, THE MANNER AND TERMS OF THEIR ISSUANCE, THE MANNER OF THEIR EXECUTION, THE METHOD OF THEIR

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PAYMENT AND THE SECURITY THEREFOR, AND OTHER DETAILS IN CONNECTION THEREWITH; PROVIDING FOR THE DISPOSITION OF THE PROCEEDS OF CERTAIN MOTOR VEHICLE FUEL TAXES; PLEDGING REVENUES TO THE PAYMENT OF THE BONDS DERIVED FROM THE LEVY AND COLLECTION OF SUCH EXCISE TAXES; PROVIDING FOR THE ISSUANCE OF ADDITIONAL BONDS PAYABLE FROM SAID EXCISE TAXES; PROVIDING OTHER COVENANTS, AGREEMENTS AND OTHER DETAILS AND MAKING OTHER PROVISIONS CONCERNING SAID MOTOR VEHICLE FUEL TAXES, SAID BONDS, AND THE REVENUES PLEDGED FOR THEIR PAYMENT; RATIFYING ACTION PREVIOUSLY TAKEN TOWARD ISSUING SAID BONDS AND EFFECTING THE PURPOSE OF THEIR ISSUANCE; AND BY DECLARING AN EMERGENCY, PROVIDING THE EFFECTIVE DATE HEREOF.

WHEREAS, the County of Washoe, in the State of Nevada (herein sometimes designated as the "Issuer" and the "County," and as the "State," respectively), is a county incorporated ^{and} / operating under the laws of the State; and

WHEREAS, there has been prepared a "Regional Master Plan Study #1, as amended, Streets, & Highways, a part of the Master Plan for Washoe County, Nevada" (herein sometimes designated as the "Plan"); and

WHEREAS, the Regional Planning Commission of Reno, Sparks and Washoe County has adopted the Plan, including without limitation amendments thereto; and

WHEREAS, the Board of County Commissioners of the Issuer (herein sometimes designated as the "Governing Body" and as the "Board") has approved and adopted the Plan, including without limitation amendments thereto; and

WHEREAS, the State legislature adopted and the Governor approved on the 13th day of April, 1965, chapter 470, Statutes of Nevada 1965, re-enacted as sections 373.010 through 373.220, Nevada Revised Statutes, and cited in section 373.010 of said act as the "County Motor Vehicle Fuel Tax Law" (herein sometimes designated as the "Bond Act"); and

WHEREAS, the State legislature has amended the Bond Act by chapter 23, Statutes of Nevada 1966 (Special Session), approved by the Governor on the 30th day of May 1966; and

WHEREAS, pursuant to the Bond Act, the Governing Body created the Regional Street and Highway Commission of Washoe County, State of Nevada (herein sometimes designated as the "Highway Commission") and, in addition to any other taxes provided by law, the Governing Body levied and required to be paid an excise tax of one cent per gallon on all motor vehicle fuel sold, distributed or used in the County (subject to certain exceptions), imposed and effective commencing on the first day of August, 1965, by Ordinance No. 132, proposed and passed as an emergency measure on the 15th day of June, 1965, as amended (herein

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sometimes designated as the "Tax Ordinance"); and

WHEREAS, the first representatives of the Highway Commission were selected within thirty (30) days after the passage of the Tax Ordinance, and on the 9th day of July, 1965, the County contracted with the Nevada Tax Commission (herein sometimes designated as the "Tax Commission") to perform all functions incident to the administration or operation of the Tax Ordinance, as required by the Bond Act and the Tax Ordinance; and

WHEREAS, the street and highway construction herein authorized (herein sometimes designated as the "Project") is within the area covered by the Plan; and

WHEREAS, the Project to be financed wholly or in part with the proceeds of the bonds herein authorized to be issued (herein sometimes designated as the "1966 bonds" or merely as the "bonds") constitutes street and highway construction, the character of which is shown in more detail in the Plan; and

WHEREAS, pursuant to section 373.140, Bond Act, the Highway Commission has evaluated the Project in terms of:

- (a) The priorities established by the Plan,
- (b) The relation of the proposed Project to other projects already constructed or authorized,
- (c) The relative need for the Project in comparison with other proposed projects, and
- (d) The funds available;

and

WHEREAS, the Highway Commission has approved the Project; and

WHEREAS, the Plan embraces all the area comprising the County; and

WHEREAS, the County has never pledged nor in any way hypothecated revenues derived or to be derived (directly or indirectly) from any excise tax appertaining to motor vehicle fuel to the payment of any bonds or for any other purpose, with the result that the proceeds of such taxes as herein provided may now be pledged lawfully and irrevocably for the redemption of the bonds herein authorized and payable from revenues to be derived from such taxes, as herein provided; and

WHEREAS, subsection 6, section 373.130, Bond Act, as amended by chapter 23, Statutes of Nevada 1966 (Special Session) provides, subject to certain expressed exceptions here irrelevant, that:

"*** all bonds and other securities issued hereunder shall be payable solely from the proceeds of motor vehicle fuel taxes collected by or remitted to the county pursuant to chapter 365 of NRS, as supplemented by this chapter (i.e., chapter 373, Nevada Revised Statutes), except

for any proceeds of the excise tax of one-half cent per gallon levied on motor vehicle fuel by NRS 365.180. Receipts of the tax levied in NRS 365.190 and accounted for in the general road fund of the county may be used by the county for the payment of securities issued hereunder and may be pledged therefor. If during any period any securities payable from such tax proceeds are outstanding, such tax receipts shall not be apportioned pursuant to subsection 2 of NRS 365.560 unless, at any time such tax receipts are so apportioned, provision has been duly made in a timely manner for the payment of such outstanding securities as to the principal of, any prior redemption premiums due in connection with, and the interest on the securities as the same become due, as provided in the securities, the ordinance authorizing their issuance, and any other instruments appertaining to the securities." (Parenthetical citation added to quotation herein.)

and

WHEREAS, section 373.160, Bond Act, as so amended, reads in part:

"The ordinance or ordinances providing for the issuance of any bonds or other securities issued hereunder payable from the receipts from the motor vehicle fuel excise taxes herein designated may at the discretion of the board contain covenants or other provisions as to:

"3. The pledge of and the creation of a lien upon the receipts of the tax collected for the county hereunder (excluding any tax proceeds to be distributed directly under the provisions of NRS 373.150) or the proceeds of the bonds or other securities pending their application to defray the cost of the project, or both such tax proceeds and security proceeds, to secure the payment of revenue bonds or other securities issued hereunder.

"4. If the board determines in any ordinance authorizing the issuance of any bonds or other securities hereunder that the proceeds of the tax levied and collected pursuant to the County Motor Vehicle Fuel Tax Law are sufficient to pay all bonds and securities, including the proposed issue, from the proceeds thereof, the board may additionally secure the payment of any bonds or other securities issued pursuant to ordinance hereunder by a pledge of and the creation of a lien upon not only the proceeds of any motor fuel tax authorized at the time of the issuance of such securities to be used for such payment in subsection 6 of NRS 373.130, but also the proceeds of any such tax thereafter authorized to be used or pledged or used and pledged for the payment of such securities, whether such tax be levied or collected by the county, the State of Nevada, or otherwise, or be levied in at least an equivalent value in lieu of any

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such tax existing at the time of the issuance of such securities or be levied in supplementation thereof, except for any proceeds of the excise tax of one-half cent per gallon levied on motor vehicle fuel by NRS 365.180.

"5. The pledges and liens authorized by subsections 3 and 4 of NRS 373.160 shall extend to the proceeds of any tax collected for use by the county on any motor vehicle fuel so long as any bonds or other securities issued hereunder remain outstanding and shall not be limited to any type or types of motor vehicle fuel in use when the bonds or other securities shall be issued. Revenues pledged for the payment of any securities, as received by the county, shall immediately be subject to the lien of each such pledge without any physical delivery thereof, any filing, or further act, and the lien of each such pledge and the obligation to perform the contractual provisions made in the authorizing ordinance or other instrument appertaining thereto shall have priority over any or all other obligations and liabilities of the county, except as may be otherwise provided herein or in such ordinance or other instrument, and subject to any prior pledges and liens theretofore created; and the lien of each such pledge shall be valid and binding as against all persons having claims of any kind in tort, contract or otherwise against the county irrespective of whether such persons have notice thereof."

and

WHEREAS, under present economic conditions prices bid recently for the purchase of bonds of political subdivisions in the United States of America are quite low and the interest costs of those bonds recently sold and issued are at historic highs; and

WHEREAS, within the last several months there has been a number of issues of political subdivisions in the United States of America offered at public sale for which acceptable bids have not been received after public advertisement therefor; and

WHEREAS, representatives of the County have negotiated with several investment banking firms for the sale of the 1966 bonds; and

WHEREAS, the Governing Body has considered, found and determined, and does hereby declare:

(1) The Governing Body has studied the desirability and feasibility of the Project and of issuing the 1966 bonds payable from the Pledged Revenues (as herein defined), and pursuant to the study opinions thereabout have been formed;

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(2) It is necessary and for the best interests of the County and the inhabitants thereof that the County effect the Project and that with the principal of the 1966 bonds and any other available moneys the County shall defray the Cost of the Project (as herein defined);

(3) As required by subsection 4, section 373.160, Bond Act, the proceeds of the tax levied and collected pursuant to the Bond Act, i.e., the County Motor Vehicle Fuel Tax Law, are sufficient to pay the 1966 bonds (which constitute all bonds and securities, including the proposed issue, payable from the proceeds thereof);

(4) Pursuant to subsection 6, section 373.130, Bond Act, to subsections 3 through 6, section 373.160, Bond Act, and all provisions in the act supplemental thereto, the payment of the 1966 bonds shall be and hereby are required not only to be secured by a pledge of and by the creation of a lien upon the proceeds of the tax levied by the Issuer and collected pursuant to the Bond Act by the Tax Ordinance, as provided and subject to the exceptions stated in this Instrument, in the Tax Ordinance, and in the Bond Act, but also to be secured additionally by a pledge of and by the creation of a lien upon (but not necessarily limited to) the proceeds of the tax levied in section 365.190, Nevada Revised Statutes, and transmitted by the State to the Issuer originally to be accounted for in the general road fund of the Issuer (in the absence of such pledge and lien), pursuant to section 365.560, Nevada Revised Statutes, as provided and subject to the exceptions stated in this Instrument, in chapter 365, Nevada Revised Statutes, and in the Bond Act;

(5) The 1966 bonds shall be payable from that portion of the net proceeds of the Fuel Taxes (as herein defined) which may be pledged to secure the payment of the bonds, i.e., from the proceeds of the Fuel Taxes:

(a) Except for any deduction by any dealer or user in an amount not exceeding two per centum (2%) of the amount collected as permitted by law to cover the dealer's or user's costs of collection of the tax collected and of compliance with statute or ordinance appertaining to the tax and the dealer's or user's handling losses occasioned by evaporation, spillage or other similar causes,

(b) Except for charges payable therefrom to reimburse the Tax Commission for the collection and transmittal to the County of the Fuel Taxes and otherwise for the performance by the Tax Commission of all functions incident to the administration or operation of the Tax Ordinance and chapter 365, Nevada Revised Statutes,

(c) Except for any other Administrative Expenses, as herein

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defined, as such net proceeds are credited to the Regional Street and Highway Fund in the County Treasury or otherwise credited to the County (herein sometimes designated as the "Highway Fund"), and

(d) Except for an allocable and pro rata share of the proceeds of the tax levied by the State in Section 365.190, Nevada Revised Statutes, for the remittances and deposits required by the provisions of section 365.535, Nevada Revised Statutes;

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

(7) Under the present economic conditions which have adversely affected the municipal bond market and under all other existing factors affecting the marketability of the 1966 bonds, and in view of the competitive negotiations for their sale, they can be sold upon a negotiated basis at private sale pursuant to section 373.190, Nevada Revised Statutes, at the best price obtainable to the County, and the proposal submitted by John Nuveen & Co., (Inc.), Chicago, Illinois (herein sometimes designated as the "Purchaser"), at a price, bearing interest, and otherwise upon the terms herein provided, constitutes the best bid of a responsible bidder for the bonds and is to the best advantage of the County;

and

WHEREAS, due to the necessity of immediately issuing the 1966 bonds as presently permitted under existing market conditions and of immediately acquiring funds to defray the Cost of the Project, the improvements comprising which being urgently needed, the Governing Body has determined and does hereby declare, that an emergency exists requiring this ordinance to take effect from and after its passage and publication by title in accordance with law.

NOW, THEREFORE, THE BOARD OF COUNTY COMMISSIONERS OF THE COUNTY OF WASHOE, IN THE STATE OF NEVADA, DO ORDAIN:

ARTICLE I

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

Section 101. Short Title. This ordinance may be designated by the short title "11-1-66 bond ordinance" (herein sometimes designated as the "Instrument").

Section 102. Meanings and Construction.

A. Definitions. The terms in this section defined for all purposes of this Instrument and of any instrument amendatory hereof or supplemental hereto, or relating hereto, and of any other instrument or any other document appertaining hereto, except where the context by clear implication otherwise requires, shall have the meanings herein specified:

(1) "Acquisition" or "Acquire" means the opening, laying out, establishment, purchase, construction, securing, installation, reconstruction, lease, gift, grant from the United States of America, any agency, instrumentality or corporation thereof, the State of Nevada, any body corporate therein, any corporation, or any other Person, the endowment, bequest, devise, condemnation, transfer, assignment, option to purchase, other contract, or other acquirement (or any combination thereof).

(2) "Acquisition Fund" means the "Washoe County, Nevada, Highway Improvement Revenue Bonds, Series November 1, 1966, Project Acquisition Fund" created in subsection C, section 401 hereof.

(3) "Administration Expenses" means the expenses incurred in fixing and collecting the Fuel Taxes and the costs of administering and enforcing the laws, rules and regulations appertaining thereto, including without limitation deductions allowed by law to any dealer or user to cover his costs of collection of the tax and of compliance with any law appertaining thereto, statute or ordinance, and the dealer's or user's handling losses occasioned by evaporation, spillage or other similar causes, not exceeding two per centum (2%) of the amount thereby collected, the reasonable charges against the Issuer of the State acting by or through the Tax Commission 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, which charges have been initially fixed by contract between the Issuer and the State in the amount of one-half of one per centum of the gross tax collected pursuant to the Tax Ordinance, but which are subject to renegotiation and re-establishment at a different rate or different amount, and incident to the administration or operation of chapter 365, Nevada Revised Statutes, not exceeding in the aggregate one per centum (1%) of the amount collected to defray such administration and operation costs incurred by the State, and also including without limitation any such other costs appertaining

to any Fuel Taxes other than the taxes presently imposed by the Tax Ordinance or by said chapter 365 and now or hereafter subject to the pledge and lien to secure the payment of the 1966 bonds; and the term may include at the Issuer's option (except as limited by law), without limiting the generality of the foregoing, auditing, legal, and other overhead expenses of the Issuer directly or indirectly related to the administration, operation, and maintenance of the Fuel Taxes, insurance and fidelity bond premiums, the reasonable charges of the Paying Agent or other depository bank appertaining to the Fuel Taxes, any taxes, assessments, or other charges which may be lawfully imposed on the Issuer or its income or operations appertaining to the Fuel Taxes, ordinary and current rentals of equipment or other property, refunds of any revenues lawfully due to others, expenses in connection with the issuance of bonds or other securities evidencing any loan to the Issuer and payable from Pledged Revenues, the expenses and compensation of any trustee or other fiduciary, contractual services, professional services required by this Instrument, salaries, labor, and the cost of materials and supplies used for current operation, and all other administrative, general and commercial expenses appertaining to the Fuel Taxes, but:

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

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

(c) Excluding any costs of the Acquisition of any Facilities or any Improvements thereto or any other costs appertaining to any other street or highway improvements;

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

(e) 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

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

(4) "Administrator" means the county manager of Washoe County, Nevada, who is the chief executive officer of the County.

(5) "Auditor" means the county auditor of Washoe County, Nevada.

(6) "Board" means the Board of County Commissioners of Washoe County, Nevada.

(7) "Bond Act" means the act authorizing the issuance of the bonds herein authorized, which act was adopted as chapter 470, Statutes of Nevada 1965, and was re-enacted as sections 373.010 through 373.220, Nevada Revised Statutes, as amended by chapter 23, Statutes of Nevada 1966 (Special Session), and cited in section 373.010, Nevada Revised Statutes, by the short title the "County Motor Vehicle Fuel Tax Law."

(8) "Bond Fund" means the "Washoe County, Nevada, Highway Improvement Revenue Bonds, Series November 1, 1966, Interest and Bond Retirement Fund," created in subsection A, section 401, hereof.

(9) The term "bonds" or "1966 bonds" means those issued hereunder and designated as the "Washoe County, Nevada, Highway Improvement Revenue (Motor Vehicle Fuel Tax) Bonds, Series November 1, 1966."

(10) "Chairman" means the chairman of the Board.

(11) "Clerk" means the county clerk of Washoe County, Nevada.

(12) "Cost of the Project," or any phrase of similar import, means all or any part designated by the Governing Body of the cost of the Project, or interest therein, being acquired, which cost, at the option of the Governing Body (except as limited by Law) may include all or any part of the incidental costs pertaining to the Project, including without limitation preliminary expenses advanced by the Issuer from funds available for use therefor or any other source, or advanced by any city with the approval of the Issuer from funds available therefor or from any other source, or advanced by the State or the United States of America, or any corporation, agency or instrumentality thereof, with the approval of the Issuer (or any combination thereof), in the making of surveys, preliminary plans, estimates of costs, other preliminaries, the costs of appraising, printing estimates, advice, contracting for the services of engineers, architects, financial consultants, attorneys at law, clerical help, other agents or employees, the costs of making, publishing, posting, mailing and otherwise giving any notice in connection with the Project, the taking of options, the issuance of the bonds and any other securities appertaining to the Project, contingencies, the capitalization with bond proceeds of any reserves for the payment of the principal of and interest on the bonds, the filing or recordation of instruments, the costs of any emergency loans, construction loans and other temporary loans of not exceeding three years appertaining to the Project and of the incidental expenses incurred in connection with such loans, and all

other expenses necessary or desirable and appertaining to the Project, as estimated or otherwise ascertained by the Governing Body.

(13) "County" means the County of Washoe, in the State of Nevada, and constituting a political subdivision thereof.

(14) "Coupons" means those issued hereunder and evidencing interest on the applicable bond or bonds.

(15) "Direct Distributions" means the shares of the proceeds of motor vehicle fuel taxes levied and collected pursuant to the Bond Act and allocated thereunder to those cities and towns whose respective territories are not included wholly or in part in the streets and highways plan for a county in aid of approved construction projects from the regional street and highway fund, in the proportion which the total assessed valuation of those cities and towns bears to the total assessed valuation of the entire county, pursuant to section 373.150, Bond Act, which Direct Distributions the County is not obligated to make as the Plan encompasses the entire County and the territory of each city or town in the County is included wholly or in part in the Plan.

(16) The term "11-1-66 bond ordinance" means this ordinance (herein sometimes designated as the "Instrument") and designated in section 101 hereof by the short title "11-1-66 bond ordinance."

(17) "Event of default" means any of the events stated in section 1003 hereof.

(18) "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 Issuer, the State, and any other political subdivision of the State (other than the Issuer), 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 appertaining thereto.

(19) "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.

(20) "Financial Consultant" means Burrows, Smith and Company of Nevada, in Salt Lake City, Utah, which firm has been retained by the Issuer to render to it fiscal advice and to perform financial services in connection with the bonds.

(21) "Fiscal Year" for the purposes of this Instrument 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 calendar year.

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(22) "Fuel Taxes" means any excise taxes collected for use by the Issuer in connection with the privilege of selling, using or distributing motor vehicle fuel in the County, so long as the bonds issued hereunder remain Outstanding, the proceeds of which taxes now or hereafter are authorized to be pledged for the payment of the bonds, whether levied by the Issuer, the State, or otherwise, subject to the exempt transactions and the exempt sales provided by law, and subject to the credits and refunds authorized by law and appertaining thereto; such taxes are not limited to any type or types of motor vehicle fuel in use when the bonds are issued; such taxes now consist of a tax levied by the Issuer by the Tax Ordinance pursuant to the Bond Act of one cent per gallon on all motor vehicle fuel sold, distributed or used in the County as provided in the Tax Ordinance, except as therein otherwise provided, and also consist of an additional tax levied by the State in section 365.190, Nevada Revised Statutes, of one cent per gallon on all motor vehicle fuel sold, distributed or used in the County, except as otherwise provided in chapter 365, Nevada Revised Statutes (but do not now include any portion of the tax of one-half cent per gallon on such fuel levied by the State in section 365.180, Nevada Revised Statutes, nor include any portion of any such excise tax otherwise now levied by the State); and such taxes may consist of any excise taxes hereafter fixed and imposed and appertaining to motor vehicle fuel of at least an equivalent value and pledged in lieu of such present taxes or in supplementation thereof.

(23) "Governing Body" means the Board.

(24) The term "gross income" or "Gross Pledged Revenues," means all income and revenues derived directly or indirectly by the Issuer from the Fuel Taxes, or any part thereof, whether resulting from excise taxes appertaining to motor vehicle fuel hereafter authorized to be pledged to the bonds, or otherwise, and includes all revenues received for use by the Issuer or any political corporation succeeding to the rights of the Issuer from the Fuel Taxes, but excluding any moneys received as grants, appropriations or gifts from the United States of America, the State, or other sources, the use of which is limited by the grantor or donor to the construction of capital improvements for the Issuer, and excluding any other moneys which are not authorized by statute now or hereafter adopted to be pledged to the payment of the bonds.

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

and "hereafter" means after the adoption of this Instrument.

(26) "Highway Commission" means the Regional Street and Highway Commission of Washoe County, State of Nevada.

(27) "Highway Fund" means the Regional Street and Highway Fund in the County Treasury of the Issuer, which fund was created by subsection C, section 12, Tax Ordinance, pursuant to section 373.110, Bond Act, and to which fund are credited the gross proceeds of the taxes fixed by the Tax Ordinance after the deduction of the costs to the Tax Commission of its services in the performance by it of all functions incident to the administration or operation of the Tax Ordinance.

(28) The term "holder," or any similar term, when used in connection with any coupons or any bonds, means the Person in possession and the apparent owner of the designated item if such obligation is registered for payment to bearer or is not registered, or the term means the registered owner of any bonds if it shall at the time be registered for payment otherwise than to bearer.

(29) "Improvement" or "Improve" means the extension, widening, lengthening, betterment, alteration, reconstruction, repair or other improvement (or any combination thereof), but the term does not include renovation, reconditioning, patching, general maintenance or other minor repair.

(30) The term "income" means "gross income," as herein defined.

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

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

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

(c) Who is not connected with the Issuer 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 Issuer.

(32) "Instrument" means this ordinance, designated in section 101 hereof by the short title "11-1-66 bond ordinance"; and the term "instrument of the Issuer," "instrument of the Governing Body," "amendatory instrument," "supplemental instrument," or any phrase of similar import means any resolution or ordinance adopted by the Governing Body on behalf of the Issuer.

(33) "Insured Bank" means a bank which is a member of the Federal Deposit Insurance Corporation.

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(34) "Issuer" means the County.

(35) "Minimum Bond Reserve" means the amount of not less than \$320,000.00 to be deposited and maintained in the Reserve Fund pursuant to section 506 hereof.

(36) The term "net income" or "Net Pledged Revenues" means the Gross Pledged Revenues, after the deduction of the Administration Expenses and of any Direct Distributions due (of which distributions none are due), and, in the case of the tax levied by the State in section 365.190, Nevada Revised Statutes, after the deduction by the State of an allocable and pro rata share of the proceeds of the tax for the remittances and deposits required by the provisions of section 365.535, Nevada Revised Statutes.

(37) The term "newspaper" means a newspaper printed in the English language, published at least once each calendar week.

(38) The term "1966 bonds" means the "bonds," as herein defined.

(39) "Outstanding" when used with reference to the bonds and as of any particular date means all bonds payable from the Pledged Revenues or any portion thereof in any manner theretofore and thereupon being executed and delivered:

(a) Except any bond canceled by the Issuer, by the Paying Agent, or otherwise on the Issuer's behalf, at or before said date;

(b) Except any bond for the payment or the redemption of which cash at least equal to the principal amount of, any prior redemption premium due in connection with, and the interest on the bond to the date of maturity or the prior redemption date, shall have theretofore been deposited with a paying agent in escrow or in trust for that purpose, as provided in section 901 hereof; and

(c) Except any bond in lieu of or in substitution for which another bond shall have been executed and delivered pursuant to section 1108 hereof, or otherwise.

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

(41) "Paying Agent" means the County Treasurer of the County, in Reno, Nevada.

(42) "Person" means a corporation, firm, other body corporate, partnership, association or individual, and also includes an executor, administrator, trustee, receiver or other representative appointed according to law.

(43) "Plan" means the "Regional Master Plan Study #1, as amended, Streets & Highways, a part of the Master Plan for Washoe County, Nevada."

(44) "Pledged Revenues" means proceeds of the Fuel Taxes.

(45) "Project" means the street and highway construction herein authorized, as delineated in the preambles hereof and as delineated in the Plan, as from time to time amended:

(a) Including without limitation the Acquisition and Improvement of any street, avenue, boulevard, alley, highway or other public right-of-way used for any vehicular traffic,

(b) Including without limitation any sidewalk designed primarily for use by pedestrians,

(c) Including without limitation grades, regrades, gravel, oiling, surfacing, macadamizing, paving, cross-walks, sidewalks, pedestrian rights-of-way, driveway approaches, curb cuts, curbs, gutters, culverts, catch basins, drains, sewers, manholes, inlets, outlets, retaining walls, bridges, overpasses, tunnels, underpasses, approaches, sprinkling facilities, artificial lights and lighting equipment, parkways, grade separators, traffic separators, and traffic control equipment, and all appurtenances and incidentals, or any combination thereof, and

(d) Including without limitation the Acquisition and Improvement of all types of property therefor.

(46) "Project Engineer" means any registered or licensed professional engineer, or firm of such engineers:

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

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

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

(47) "Purchaser" means the investment banking firm purchasing the 1966 bonds designated as John Nuveen & Co., (Inc.), Chicago, Illinois.

(48) "Registrar" means the Treasurer, who is required to keep books for the registration and transfer of bonds, pursuant to sections 309 through 311 hereof.

(49) "Reserve Fund" means the "Washoe County, Nevada, Highway Improvement Revenue Bonds, Series November 1, 1966, Reserve Fund," created in subsection B, section 401 hereof, and required to be maintained in section 506 hereof.

(50) "State" means the State of Nevada, in the United States of America.

(51) The term "subordinate bonds" / ^{or} "subordinate securities" means bonds or securities payable from any Pledged Revenues and junior to the lien thereon of

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the bonds herein authorized to be issued.

(52) The term "superior bonds" or "superior securities" means bonds or securities payable from any Pledged Revenues superior to the lien thereon of the bonds herein authorized to be issued.

(53) "Tax Commission" means the Nevada Tax Commission, which is authorized by the Bond Act and by contract between the commission and the Issuer to perform all functions incident to the administration or operation of the Tax Ordinance.

(54) "Tax Ordinance" means Ordinance No. 132 of the Issuer, as amended, as more specifically delineated in the preambles hereof.

(55) "Treasurer" means the county treasurer of Washoe County, Nevada.

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

(1) Definitions include both singular and plural.

(2) Pronouns include both singular and plural and cover all genders.

(3) Any percentage of bonds is to be figured on the unpaid principal amount thereof then Outstanding.

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

(5) The titles applied to articles, sections, subsections, paragraphs and subparagraphs in this Instrument 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 Instrument.

Section 103. Successors. Whenever herein the Issuer or the Governing Body is named or is referred to, such provision shall be deemed to include any successors of the Issuer 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 Issuer 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 Issuer 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 upon or to give to any Person, other than the Issuer, the Governing Body, and the holders of the 1966 bonds and the coupons

thereunto appertaining, any right, remedy or claim under or by reason hereof or any covenant, condition or stipulation hereof. All the covenants, stipulations, promises and agreements herein contained by and on behalf of the Issuer shall be for the sole and exclusive benefit of the Issuer, the Governing Body, and any holder of any 1966 bonds and the coupons thereunto appertaining.

Section 105. Ratification. All action heretofore taken (not inconsistent with the provisions of this Instrument) by the Governing Body, the officers of the Issuer, the Financial Consultant, and otherwise by the Issuer directed toward:

A. Project. The Project, and

B. Bonds. The sale and delivery of the Issuer's bonds for that purpose, be, and the same hereby is, ratified, approved and confirmed, including without limitation the private sale of the bonds to the Purchaser.

Section 106. Transmittal of Instrument. The Clerk is hereby authorized, instructed and directed to transmit a certified copy of this Instrument:

A. To the clerk of the City of Reno for its city council,

B. To the clerk of the City of Sparks for its city council, and

C. To the Treasurer.

Section 107. Instrument Irrepealable. After any of the 1966 bonds are issued, this Instrument shall constitute an irrevocable contract between the Issuer and the holder or holders of the bonds; and this Instrument (subject to the provisions of article XI hereof), if any bonds be in fact issued, shall be and shall remain irrepealable until the bonds and the interest thereon shall be fully paid, canceled and discharged, as herein provided.

Section 108. Severability. If any section, subsection, paragraph, clause or other provision of this Instrument 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 Instrument.

Section 109. Repealer. All by-laws, orders, resolutions, ordinances, 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 by-law, order, resolution, ordinance, or other instrument, or part thereof, heretofore repealed.

Section 110. Emergency, Effective Date and Publication. The Governing Body has expressed in the preamble to this ordinance the existence of an emergency, and does hereby find and declare that such emergency does exist, and, consequently, final action shall be taken immediately, and this ordinance shall be in effect from and after its publication as hereinafter provided, and after this ordinance is signed by the Chairman and attested and sealed by the Clerk, this ordinance shall be published by title only,

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together with the names of the commissioners voting for or against its passage, and with a statement that typewritten copies of said ordinance are available for inspection by all interested parties at the office of the Clerk, such publication to be made in Reno Evening Gazette, a newspaper published and having general circulation in the County, at least once a week for a period of two (2) weeks by two (2) insertions, pursuant to section 244.100, Nevada Revised Statutes, and all laws thereunto enabling, such publication to be in substantially the following form:

(Form of Publication)

BILL NO. 167

ORDINANCE NO. 151

(of Washoe County, Nevada)

AN ORDINANCE AUTHORIZING THE ISSUANCE BY THE COUNTY OF WASHOE, NEVADA, OF ITS NEGOTIABLE, COUPON, "WASHOE COUNTY, NEVADA, HIGHWAY IMPROVEMENT REVENUE (MOTOR VEHICLE FUEL TAX) BONDS, SERIES NOVEMBER 1, 1966," IN THE PRINCIPAL AMOUNT OF \$4,000,000.00, FOR STREET AND HIGHWAY CONSTRUCTION WITHIN THE COUNTY, IMPROVEMENTS INCIDENTAL THERETO, AND APPURTENANCES; DIRECTING THAT THE COUNTY SHALL EFFECT SAID PURPOSE; PROVIDING THE FORMS, TERMS AND CONDITIONS OF THE BONDS, THE MANNER AND TERMS OF THEIR ISSUANCE, THE MANNER OF THEIR EXECUTION, THE METHOD OF THEIR PAYMENT AND THE SECURITY THEREFOR, AND OTHER DETAILS IN CONNECTION THEREWITH; PROVIDING FOR THE DISPOSITION OF THE PROCEEDS OF CERTAIN MOTOR VEHICLE FUEL TAXES; PLEDGING REVENUES TO THE PAYMENT OF THE BONDS DERIVED FROM THE LEVY AND COLLECTION OF SUCH EXCISE TAXES; PROVIDING FOR THE ISSUANCE OF ADDITIONAL BONDS PAYABLE FROM SAID EXCISE TAXES; PROVIDING OTHER COVENANTS, AGREEMENTS AND OTHER DETAILS AND MAKING OTHER PROVISIONS CONCERNING SAID MOTOR VEHICLE FUEL TAXES, SAID BONDS, AND THE REVENUES PLEDGED FOR THEIR PAYMENT; RATIFYING ACTION PREVIOUSLY TAKEN TOWARD ISSUING SAID BONDS AND EFFECTING THE PURPOSE OF THEIR ISSUANCE; AND BY DECLARING AN EMERGENCY, PROVIDING THE EFFECTIVE DATE HEREOF.

PUBLIC NOTICE IS HEREBY GIVEN that typewritten copies of the above-numbered and entitled ordinance are available for inspection by all interested parties at the office of the County Clerk of Washoe County, Nevada, at his office in the Washoe County Courthouse, Reno, Nevada; and that said ordinance was proposed by Commissioner McKissick on the 3rd day of November, 1966, and was passed on said date as an emergency measure by the following vote of the Board of County Commissioners:

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Those Voting Aye: J. B. Cunningham
 Howard F. McKissick, Sr.
 Leo Sauer
 Richard L. Streeter
 J. C. McKenzie, Chairman

Those Voting Nay: None

Those Absent and
 Not Voting: None

This ordinance shall be in full force and effect from and after the 11th day of November, 1966, i.e., the date of the second publication of said ordinance by its title only.

IN WITNESS WHEREOF, the Board of County Commissioners of Washoe County, Nevada, has caused this ordinance to be published by title only.

DATED this 3rd day of November, 1966.

/s/ J. C. McKenzie
 Chairman
 Board of County Commissioners
 Washoe County, Nevada

(SEAL)

Attest:

/s/ H. K. Brown
 County Clerk

(End of Form of Publication)

ARTICLE II

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

Section 201. Authority for this Instrument. This Instrument is adopted by virtue of the Bond Act and pursuant to its provisions; and the Issuer has ascertained and hereby determines that each and every matter and thing as to which provision is made herein is necessary in order to carry out and to effectuate the purposes of the Issuer in accordance with the Bond Act.

Section 202. Life of Improvements. The Governing Body, on behalf of the Issuer, has determined and does hereby declare:

A. That the estimated life or estimated period of usefulness of the improvements to be acquired with the proceeds of the bonds is not less than twenty-five (25) years from the date of the bonds; and

B. That the bonds shall mature at times not exceeding said estimated life or estimated period of usefulness.

Section 203. Necessity of Project and Bonds. It is necessary and for the best interests of the Issuer and the inhabitants thereof, that the Issuer effect the Project and defray the cost thereof by issuing revenue bonds therefor; and

the Governing Body hereby so determines and declares.

Section 204. Authorization of Project. The Governing Body, on behalf of the Issuer, does hereby determine to Acquire and to Improve Facilities for the Project as hereinabove delineated; and the Project is hereby so authorized. Except as may be prevented by law, the Governing Body reserves the privilege of modifying the details of the Project from time to time, subject to the approval of each such modification by the Highway Commission. It is hereby further determined that the provisions or reserves herein made for the payment of and interest on the 1966 bonds constitute and shall be a part of such cost.

Section 205. Estimated Cost of Project. The Cost of the Project is estimated not to exceed \$4,000,000.00, excluding any such cost defrayed or to be defrayed by any source other than the proceeds of the principal amount of the 1966 bonds.

Section 206. Instrument To Constitute Contract. In consideration of the purchase and the acceptance of the 1966 bonds by those who shall hold the same from time to time, the provisions hereof shall be deemed to be and shall constitute contracts between the Issuer and the holders from time to time of the bonds and coupons; and the covenants and agreements herein set forth to be performed on behalf of the Issuer shall be for the equal benefit, protection and security of the holders of any and all of the Outstanding 1966 bonds and the coupons appertaining thereto, all of which, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority or distinction of any of the bonds or coupons over any other thereof, except as otherwise expressly provided in or pursuant to this Instrument.

Section 207. Special Obligations. All of the 1966 bonds, together with the interest accruing thereon, shall be payable and collectible solely out of the net income to be derived from the Fuel Taxes, the net income of which is so pledged; the holder or holders thereof may not look to any general or other fund for the payment of principal of and interest on such obligations, except the herein-designated special funds pledged therefor; 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 Issuer but shall constitute its special obligations. None of the covenants, agreements, representations, and warranties contained herein or in the bonds issued hereunder, in the absence of any breach thereof, shall ever impose or shall be construed as imposing any liability, obligation, or charge against the Issuer (except for the special funds pledged therefor) or its general credit, payable out of its general fund or out of any funds derived from taxation.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION
AND ISSUANCE OF BONDS

Section 301. Authorization of Bonds. The "Washoe County, Nevada, Highway Improvement Revenue (Motor Vehicle Fuel Tax) Bonds, Series November 1, 1966," in the principal amount of \$4,000,000.00, payable both as to principal and interest solely out of the net income derived from the Fuel Taxes, are hereby authorized to be issued, pursuant to the Bond Act; and the Issuer pledges irrevocably, but not necessarily exclusively, such net income (excluding any Direct Distributions, of which there are none), to the payment of the bonds and the interest thereon, the proceeds thereof (except as herein otherwise expressly provided) to be used solely to defray the Cost of the Project. The bonds shall be sold and delivered to the Purchaser, bearing interest and otherwise upon the terms and conditions herein provided, at a price consisting of the principal amount of the bonds and accrued interest thereon from their date to the date of their delivery.

Section 302. Bond Details. The bonds shall be issued payable to bearer, dated as of the first day of November, 1966, consisting of 800 bonds in the denomination of \$5,000.00 each, numbered consecutively in regular numerical order from 1 through 800, bearing interest from their date until their respective maturities at the rate of five per centum (5%) per annum, interest being evidenced until the respective bond maturities by one (1) set of interest coupons payable to bearer, attached to the bonds, and payable semi-annually on the first days of May and November in each year, commencing on the first day of May, 1967, and the bonds being numbered and maturing serially in regular numerical order on the first day of November in each of the designated amounts and years, as follows:

<u>Bond Numbers</u> <u>(All Inclusive)</u>	<u>Principal</u> <u>Maturing</u>	<u>Years</u> <u>Maturing</u>
1 - 20	\$100,000.00	1967
21 - 40	100,000.00	1968
41 - 60	100,000.00	1969
61 - 80	100,000.00	1970
81 - 100	100,000.00	1971
101 - 121	105,000.00	1972
122 - 143	110,000.00	1973
144 - 166	115,000.00	1974
167 - 191	125,000.00	1975
192 - 217	130,000.00	1976
218 - 244	135,000.00	1977
245 - 272	140,000.00	1978
273 - 302	150,000.00	1979
303 - 333	155,000.00	1980
334 - 366	165,000.00	1981
367 - 400	170,000.00	1982
401 - 436	180,000.00	1983
437 - 474	190,000.00	1984
475 - 514	200,000.00	1985
515 - 556	210,000.00	1986
557 - 600	220,000.00	1987
601 - 646	230,000.00	1988
647 - 695	245,000.00	1989
696 - 746	255,000.00	1990
747 - 800	270,000.00	1991

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both principal and interest being payable in lawful money of the United States of America, upon presentation and surrender of the bonds and the annexed interest coupons as they severally become due, without deduction for exchange or collection charges, at the office of the Paying Agent. In the event any of the bonds shall not be paid upon its presentation at maturity, it shall continue to draw interest at the rate of five per centum (5%) per annum until the principal thereof is paid in full.

Section 303. Prior Redemption Option. The bonds numbered 1 through 217, maturing on and before the first day of November, 1976, shall not be subject to redemption prior to their respective maturities. Except for the purpose of refunding the bonds numbered 218 through 800, maturing on and after the first day of November, 1977, they shall be subject to redemption prior to their respective maturities, in whole, or in part in inverse numerical order, at the option of the Issuer, on the first day of November, 1976, or on any interest payment date thereafter up to and including the first day of May, 1981, at a price equal to the principal amount of each bond so redeemed, accrued interest thereon to the redemption date, and a premium consisting of three per centum (3%) of the principal amount of each bond so redeemed. Bonds numbered 218 through 366, maturing on and after the first day of November, 1977, and on and before the first day of November, 1981, shall not be subject to redemption prior to their respective maturities for the purpose of refunding them. Bonds numbered 367 through 800, maturing on and after the first day of November, 1982, shall be subject to redemption prior to their respective maturities, in whole, or in part in inverse numerical order, at the option of the Issuer, for the purpose of refunding them or otherwise, on the first day of November, 1981, or on any interest payment date thereafter, at a price equal to the principal amount of each bond so redeemed, accrued interest thereon to the redemption date, and a premium consisting of two per centum (2%) of the principal amount of each bond so redeemed.

Section 304. Notice of Prior Redemption. Notice of any prior redemption shall be given by the Treasurer in the name of the Issuer:

A. Publication. By publication of such notice at least once, not less than thirty (30) days prior to the redemption date:

(1) In a newspaper of general circulation in the City of Reno, Nevada, and

(2) In The Bond Buyer, New York, New York, or in a similar financial newspaper published therein, as the Governing Body may determine; and

B. Mail. By sending a copy of such notice by registered, first-class, postage prepaid mail, at least thirty (30) days prior to the redemption date:

(1) To the Purchaser, or to any known successor thereof, and

(2) To the Financial Consultant, or to any known successor thereof.

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Such notice shall specify the number or numbers of the bonds to be so redeemed (if less than all are to be redeemed) and the date fixed for redemption; and such notice shall further state that on such redemption date there will become and will be due and payable upon each bond so to be redeemed at the office of the Paying Agent (designated by title), the principal amount thereof, accrued interest thereon to the redemption date, and the stipulated premium, and that from and after such date interest will cease to accrue. Notice having been given in the manner hereinabove provided, the bond or bonds so called for redemption shall become due and payable on the redemption date so designated; and upon presentation thereof at the office of the Paying Agent, together with the appurtenant coupons maturing subsequent to the redemption date, the Issuer will pay the bond or bonds so called for redemption.

Section 305. Notice to Registered Owner. If any of the bonds to be called for prior redemption shall be registered, as hereinafter provided, so as to be payable otherwise than to bearer, the Treasurer shall at least thirty (30) days prior to the redemption date send by certified or registered, first-class, postage prepaid mail, a similar notice to the respective registered owners thereof at the addresses appearing on the bond registry books. The actual receipt by the owner of any bond so registered (herein included within the designation and sometimes referred to by the general designation "holder") of notice of such redemption shall not be a condition precedent to redemption, and failure to receive such notice shall not affect the validity of the proceedings for the redemption of such bonds or the cessation of interest on the date fixed for redemption.

Section 306. Certification of Notice Given. A certificate by the Treasurer that notice of call and redemption has been given to each of the following:

- A. The Purchaser, or any known successor thereof,
- B. The Financial Consultant, or any known successor thereof, and
- C. Each holder of registered bonds, if any, shall be conclusive as against all parties; and no holder whose registered bond is called for redemption or any other holder of any bond may object thereto or may object to the cessation of interest on the redemption date on the ground that he failed actually to receive such notice of call and redemption.

Section 307. Payment of Redeemed Bonds. Notice of redemption having been given by publication and by mail in the manner provided in section 304 and, to the extent applicable, in section 305, the bonds so called for redemption shall become due and payable on the redemption date stated in said notice at the applicable redemption price on said date, i.e., the principal amount of each bond so redeemed, the above-designated prior redemption premium due in connection therewith, and interest accrued and unpaid to the redemption date; and upon presentation and surrender thereof, together with (in the case of bonds registered otherwise than to

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bearer) a written instrument of transfer duly executed by the registered owner or by his duly authorized attorney, and all appurtenant coupons maturing subsequent to the redemption date, such bonds shall be paid at the applicable redemption price. All interest installments represented by coupons which shall have matured on or prior to the redemption date shall continue to be payable to the bearers of such coupons. If on the redemption date moneys for the redemption of all the bonds to be redeemed, together with interest accrued and unpaid to the redemption date, shall be held by or on behalf of the Paying Agent so as to be available therefor on said date, and if notice of redemption shall have been published and mailed as aforesaid, then from and after the redemption date the bonds so called for redemption shall cease to bear interest, the coupons for interest appertaining thereto maturing subsequent to the redemption date shall be void, and said bonds and coupons shall no longer be considered as Outstanding hereunder. All moneys held by or on behalf of the Paying Agent for the redemption of particular bonds shall be held in trust for the account of the holders of the bonds so to be redeemed.

Section 308. Negotiability. Title to any bond or to any coupon shall pass by delivery merely, as a negotiable instrument payable to bearer unless such bond is registered in the manner ^{hereinafter} provided. Subject to the provisions expressly made or necessarily implied herein, the bonds and the coupons appertaining thereto, pursuant to paragraph (b), subsection ^{1, section} 373.180 of the Bond Act, shall be negotiable in form and shall have all the qualities of negotiable paper, and the holder or holders thereof shall possess all rights enjoyed by the holders of negotiable instruments under the provisions of the Negotiable Instruments Law until the first day of March, 1967, and then under the provisions of the Uniform Commercial Code - Investment Securities, adopted as article 8, chapter 353, Statutes of Nevada 1965, and by section 56 thereof effective on the first day of March, 1967.

Section 309. Registration for Payment. Each of the bonds may be registered for payment as to principal only (but not as to interest only and not as to both principal and interest) by the original purchaser thereof or by any subsequent holder thereof, and any registered bond may be discharged from registration in the manner and with the effect set forth in the provisions for registration contained in the form of bond hereinafter set forth, and as hereinafter provided. The Issuer shall cause books for the registration and for the transfer of the bonds as provided in this Instrument to be kept by the Treasurer in his office at Reno, Nevada, as Registrar.

Section 310. Registration Procedure and Payment. At the option of the bearer any bond may be registered for payment as to principal alone on such books upon presentation thereof to the Registrar, who shall make notation of such registration thereon. Any bond so registered may thereafter be transferred only upon

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a duly executed assignment of the registered owner or of his attorney in such form as shall be satisfactory to the Registrar. Such transfer shall be made on such books and shall be endorsed on the bond by the Registrar. Such transfer may be to bearer, and thereby transferability by delivery shall be restored, subject, however, to successive registrations and transfers as before. The principal of any bond so registered, unless registered to bearer, shall be payable only to the registered owner or to his legal representatives, but the coupon appertaining thereto shall remain payable to bearer, notwithstanding such registration. The payment to the bearer of any coupon shall fully discharge the Issuer and any paying agent in respect of the interest therein mentioned, whether or not any such coupon shall be overdue. No charge shall be made to any holder of any bond for the privilege of registration or transfer as herein provided. The Registrar shall not register or change the registration of any bond under the provisions of this section during the fifteen (15) days next preceding any interest payment date.

Section 311. Effect of Registration. As to any registered bond, the person in whose name the same shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, except as provided below with respect to coupons; and payment of or on account of the principal of any such bond shall be made only to or upon the order of the registered owner thereof or of his legal representative; but such registration may be changed, as hereinabove provided. All such payments shall be valid and effectual to satisfy and to discharge the liability upon such bond to the extent of the sum or sums so paid. The Issuer, any paying agent, and the Registrar may deem and treat the bearer of any bond which shall not at the time be registered as to principal, as well as the bearer of any coupon appertaining to any bond whether such bond shall be registered as to principal or not, as the absolute owner of such bond or coupon, as the case may be, whether such bond or coupon shall be overdue or not, for the purpose of receiving payment thereof and for all other purposes whatsoever; and the Issuer, any paying agent, and the Registrar shall not be affected by any notice to the contrary.

Section 312. Execution of Bonds and Coupons. The bonds shall be executed as follows:

A. Filings with Secretary of State. Pursuant to subsection 4, section 373.180, Bond Act, and to the act cited as the Uniform Facsimile Signatures of Public Officials Act, adopted as chapter 4, Statutes of Nevada 1963, and re-enacted as chapter 351, Nevada Revised Statutes, and prior to the execution of any 1966 bonds, the Chairman, the Treasurer and the Clerk shall each file with the Secretary of State of the State of Nevada his manual signature certified by him under oath.

B. Manner of Execution. Each bond shall be signed and executed in the

name of and on behalf of the Issuer with the engraved, imprinted, stamped or otherwise reproduced facsimile of the signature of the Chairman, and shall be countersigned and executed with such a facsimile of the signature of the Treasurer; each bond shall be authenticated with the printed, engraved, stamped or otherwise placed thereon facsimile of the official seal of the Issuer; and each bond shall be signed, manually subscribed, executed and attested by the Clerk. The interest accruing to maturity on each bond shall be evidenced by interest coupons thereto attached, consecutively numbered from one upwards; and each coupon shall evidence a semi-annual installment of interest and shall be authenticated with such a facsimile signature of the Treasurer as it appears on the bonds. The bonds and coupons bearing the signatures of the officers in office at the time of the signing thereof shall be the valid and binding obligations of the Issuer, 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. Each the Chairman, the Treasurer and the Clerk, at the time of the execution of the bonds and of a signature certificate appertaining thereto by the Chairman, the Treasurer and the Clerk, respectively, 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 or coupons appertaining thereto, or upon both the bonds and coupons.

Section 313. Incontestable Recital in Bonds. Pursuant to section 373.170 of the Bond Act, each bond shall contain a recital that it is issued pursuant to the Bond Act; and such recital shall be conclusive evidence of the validity of the bonds and the regularity of their issuance.

Section 314. Reissuance of Bonds and Coupons. In case any outstanding bond or coupon shall become lost, apparently destroyed, or wrongfully taken, it may be reissued in the form and tenor of the lost, destroyed or taken bond or coupon as provided in section 8-405 of the Uniform Commercial Code - Investment Securities, adopted as article 8, chapter 353, Statutes of Nevada 1965, as from time to time amended, and all laws supplemental thereto.

Section 315. Other Reissuance. Nothing contained in the provisions of section 314 hereof shall be construed as prohibiting the Issuer from reissuing upon such terms and conditions as the Governing Body may determine any outstanding bond or coupon which shall have not become lost, apparently destroyed, or wrongfully taken.

Section 316. Bond Execution and Delivery. The Chairman, the Treasurer and the Clerk are hereby authorized and directed to prepare and to execute the bonds as herein provided. When the bonds have been duly executed and sold, the Treasurer

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shall deliver them to the lawful Purchaser thereof on receipt of the agreed purchase price.

Section 317. Bond and Coupon Form. Subject to the provisions of this Instrument, each bond and the coupons to be attached thereto, and the provisions for registration to be endorsed thereon shall be, respectively, in substantially the following form, with such omissions, insertions, endorsements and variations as to any recitals of fact or other provisions as may be required by the circumstances, be required or permitted by this Instrument, or be consistent with this Instrument 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)

UNITED STATES OF AMERICA
STATE OF NEVADA
WASHOE COUNTY
HIGHWAY IMPROVEMENT REVENUE
(MOTOR VEHICLE FUEL TAX) BOND
SERIES NOVEMBER 1, 1966

No. _____

\$5,000.00

The County of Washoe, in the State of Nevada (herein sometimes designated as the "Issuer" and as the "State," respectively), for value received hereby promises to pay to the bearer hereof, or if registered for payment as to principal, to the registered owner hereof, solely from the special funds provided therefor, as hereinafter set forth, on the first day of November, 19___, the principal sum of

FIVE THOUSAND DOLLARS

and to pay solely from said special funds interest hereon at the rate of

five per centum (5%)

per annum, payable semiannually on the first days of May and November in each year, upon presentation and surrender of this bond and of the annexed coupons as they severally become due. If upon presentation at maturity payment of this bond is not made as herein provided, interest shall continue at the rate of five per centum (5%) per annum until the principal hereof is paid in full. Both principal and interest are payable in lawful money of the United States of America without deduction for exchange or collection charges at the office of the County Treasurer of Washoe County, in Reno, Nevada.

The bonds of the series of which this is one (herein sometimes designated as the "1966 bonds" or merely the "bonds") maturing on and before the first day of November, 1976, are not subject to prior redemption. Except for the purpose of refunding the bonds maturing on and after the first day of November, 1977, they are subject to redemption prior to their respective maturities, in whole, or in part in

inverse numerical order, at the option of the Issuer, on the first day of November, 1976, or on any interest payment date thereafter up to and including the first day of May, 1981, at a price equal to the principal amount of each bond so redeemed, accrued interest thereon to the redemption date, and a premium consisting of three per centum (3%) of the principal amount of each bond so redeemed. The bonds maturing on and after the first day of November, 1977, and on and before the first day of November, 1981, are not subject to prior redemption for the purpose of refunding them. The bonds maturing on and after the first day of November, 1982, are subject to redemption prior to their respective maturities, in whole, or in part in inverse numerical order, at the option of the Issuer, for the purpose of refunding them or otherwise, on the first day of November, 1981, or on any interest payment date thereafter, at a price equal to the principal amount of each bond so redeemed, accrued interest thereon to the redemption date, and a premium consisting of two per centum (2%) of the principal amount of each bond so redeemed. Redemption shall be made upon not less than thirty days' prior published and mailed notice in the manner and upon the conditions provided in the ordinance authorizing the issuance of the bonds and sometimes designated as the "11-1-66 bond ordinance" (herein sometimes designated as the "Instrument"). A copy of the Instrument is on file in the office of the Clerk of the Issuer for public inspection.

The bonds do not constitute a debt or an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, shall not be considered or held to be general obligations of the Issuer, and are payable and collectible solely out of the net income derived from certain excise taxes concerning motor vehicle fuel, now consisting of two cents per gallon on all motor vehicle fuel sold, distributed or used in the Issuer (subject to certain exceptions), the net income of which taxes (subject to certain exceptions) is so pledged; and the holder hereof may not look to any general or other fund for the payment of the principal of and the interest on this obligation except the special funds pledged therefor. Payment of the bonds and the interest thereon shall be made solely from and as security for such payment there are irrevocably and exclusively pledged, pursuant to the Instrument, two special accounts identified as the "Washoe County, Nevada, Highway Improvement Revenue Bonds, Series November 1, 1966, Interest and Bond Retirement Fund" and as the "Washoe County, Nevada, Highway Improvement Revenue Bonds, Series November 1, 1966, Reserve Fund," into which accounts the Issuer covenants to pay, respectively, from the revenues derived from said motor vehicle fuel taxes (herein sometimes designated as the "Pledged Revenues"), after provision only for certain administration expenses, sums sufficient to pay when due the principal of and the interest on the bonds and to maintain for such purpose a reasonable and specified reserve originally capitalized with bond proceeds.

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The bonds are equitably and ratably secured by a lien on such net income, and the 1966 bonds constitute an irrevocable and first lien (but not necessarily an exclusively first lien) upon such net income. Bonds and other securities, in addition to the 1966 bonds, subject to expressed conditions, may be issued and made payable from the net revenues of said motor vehicle fuel taxes having a lien thereon subordinate and junior to the lien or, subject to additional expressed conditions, having a lien thereon on a parity with the lien, of the 1966 bonds, in accordance with the provisions of the Instrument.

The Issuer covenants and agrees with the holder of this bond and with each and every person who may become the holder hereof that it will keep and will perform all of the covenants of the Instrument.

This bond is one of a series of eight hundred bonds of like tenor, amount and date, except as to number, prior redemption option, and maturity, authorized for the purpose of defraying the costs of certain street and highway construction in the Issuer.

Reference is made to the Instrument and any and all modifications and amendments thereof, to the State's County Motor Vehicle Fuel Tax Law, now cited as sections 373.010 through 373.220, Nevada Revised Statutes, and all laws amendatory thereof (herein sometimes designated as the "Bond Act"), and to all laws supplemental thereto, for an additional description of the nature and extent of the security for the 1966 bonds, the accounts, funds or revenues pledged, the nature and extent and manner of enforcement of the pledge, the rights and remedies of the holder of the 1966 bonds with respect thereto, the terms and conditions upon which the 1966 bonds are issued, and a statement of rights, duties, immunities and obligations of the Issuer, and other rights and remedies of the holders of the 1966 bonds.

To the extent and in the respects permitted by the Instrument, the provisions of the Instrument or any instrument amendatory thereof or supplemental thereto may be modified or amended by action of the Issuer taken in the manner and subject to the conditions and exceptions prescribed in the Instrument. The pledge of revenues and other obligations of the Issuer under the Instrument may be discharged at or prior to the respective maturities or prior redemption of the 1966 bonds upon the making of provision for the payment thereof on the terms and conditions set forth in the Instrument.

This bond is transferable by delivery unless registered for payment as to principal at the office of the County Treasurer of Washoe County, in Reno, Nevada, and unless such registration is noted thereon by the Treasurer, all in accordance with the Instrument.

Subject to the provisions for registration for payment endorsed hereon, this bond is subject to the conditions, and every holder hereof by accepting the same agrees with the obligor and with every subsequent holder hereof that (a) the delivery of

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this bond to any transferee shall vest title in this bond and in the interest coupons attached hereto in such transferee to the same extent for all purposes as would the delivery under like circumstances of any negotiable instrument payable to bearer; (b) the obligor and any agent of the obligor may treat the bearer of this bond as the absolute owner hereof for all purposes and shall not be affected by any notice to the contrary; (c) the principal of and the interest on this bond shall be paid, and this bond and each of the coupons appertaining thereto are transferable, free from and without regard to any equities between the obligor and the original or any intermediate holder hereof or any set-offs or cross-claims; and (d) the surrender to the obligor or to any agent of the obligor of this bond and of each of the coupons shall be a good discharge to the obligor for the same.

It is further certified, recited and warranted that all the requirements of law have been fully complied with by the proper officers of the Issuer 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 under the terms and provisions of the Bond Act and all laws supplemental thereto.

It is also certified, recited and warranted that this bond and each of the other 1966 bonds are issued pursuant to the Bond Act; pursuant to section 373.210 thereof 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; and pursuant to section 373.170 of the Bond Act and to section 313 of the Instrument this recital is conclusive evidence of the validity of the 1966 bonds and the regularity of their issuance.

IN WITNESS WHEREOF, the Issuer has caused this bond to be signed and executed in its name and upon its behalf with the facsimile signature of the Chairman of its board of county commissioners and to be countersigned and executed with a facsimile signature of its County Treasurer; has caused the facsimile of the seal of the Issuer to be affixed hereon; has caused this bond to be signed, manually subscribed, executed and attested by its County Clerk; and has caused the coupons hereto annexed to be authenticated with the facsimile signature of its County Treasurer, all as of the first day of November, 1966.

COUNTY OF WASHOE, NEVADA

By (For Facsimile Signature)
Chairman
Board of County Commissioners

Countersigned:

(For Facsimile Signature)
County Treasurer

(FACSIMILE SEAL)

Attest:

(For Manual Signature)
County Clerk

(End of Form of Bond)

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(Form of Coupon)

Coupon

No. _____ \$ _____

On the first day of ~~November~~ ^{May}, 19____, the County of Washoe, in the State of Nevada, upon surrender of this coupon, unless the bond to which this coupon is attached, if callable, has been previously called for prior redemption, will pay to bearer in lawful money of the United States of America, without deduction for exchange or collection charges, at the office of the County Treasurer of Washoe County, in Reno, Nevada, the amount herein stated, solely from and secured by a pledge of two special accounts created from a portion of the net revenues derived from certain excise taxes concerning motor vehicle fuel, and being the interest then due on its Washoe County, Nevada, Highway Improvement Revenue (Motor Vehicle Fuel Tax) Bond, Series November 1, 1966, and bearing

Bond

No. _____

(For Facsimile Signature)
County Treasurer

(End of Form of Coupon)

(Form of Registration Grid on Back of Bonds)

PROVISIONS FOR REGISTRATION FOR PAYMENT

The within bond is registered in the office of the County Treasurer of Washoe County, in Reno, Nevada, in the name of the owner listed below; and the principal amount of said bond shall be payable to such owner unless the last registration shall be to bearer, all in accordance with the ordinance authorizing its issuance.

Date	Owner	Address	Signature of County Treasurer

(End of Form of Registration Grid)

ARTICLE IV

USE OF BOND PROCEEDS

Section 401. Disposition of Bond Proceeds. The proceeds of the 1966 bonds, upon the receipt thereof, shall be deposited promptly by the Treasurer in an Insured

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Bank designated by the Governing Body and shall be accounted for in the following manner and priority and are hereby pledged therefor:

A. Bond Fund. Firstly, there shall be credited to a separate account hereby created and to be known as the "Washoe County, Nevada, Highway Improvement Revenue Bonds, Series November 1, 1966, Interest and Bond Retirement Fund" (herein sometimes designated as the "Bond Fund"), all moneys received, if any, as accrued interest on the bonds from their sale by the Issuer from the date of the bonds to the date or respective dates of their delivery to the Purchaser, and any premium from said sale, to apply on the payment of interest on the bonds as the same becomes due after their delivery, in accordance with section 505 hereof.

B. Reserve Fund. Secondly, there shall be credited to a separate account hereby created and to be known as the "Washoe County, Nevada, Highway Improvement Revenue Bonds, Series November 1, 1966, Reserve Fund," the sum of \$320,000.00, to be held as a reserve, in accordance with section 506 hereof.

C. Acquisition Fund. Thirdly, 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 "Washoe County, Nevada, Highway Improvement Revenue Bonds, Series November 1, 1966, Project Acquisition Fund" (herein sometimes designated as the "Acquisition Fund").

Section 402. Use of Acquisition Fund. The moneys in the Acquisition Fund, except as herein otherwise expressly provided, shall be used and paid out solely for the purpose of paying the Cost of the Project.

Section 403 Application of Acquisition Fund. Moneys, except as herein otherwise expressly provided, shall be withdrawn from the Acquisition Fund for the Project only upon warrants approved by the Governing Body, drawn by the Auditor, and countersigned by the Treasurer, in the same manner that other claims against the Issuer are presented and paid. No such warrant for any sum for construction work shall be issued until the Governing Body has received a certificate from the Project Engineer certifying that such a sum is due and owing for materials supplied or work satisfactorily completed in substantial accordance with the plans and specifications for the work involved, nor until the Governing Body has adopted a resolution accepting such certificate and directing the drawing of such warrant.

Section 404. Prevention of Bond Default. The Treasurer shall use any bond proceeds credited to the Acquisition Fund, without further order or warrant, to pay the interest on and the principal of the bonds as the same become due whenever and to the extent moneys in the Bond Fund or otherwise available therefor are insufficient for that purpose, unless such bond proceeds shall be needed to defray obligations accrued and to accrue under any contracts then existing and appertaining to the Project. The Treasurer shall promptly notify the Governing Body of any such use. Any moneys so

used shall be restored to the Acquisition Fund, as permitted by section 510 hereof, from the first Pledged Revenues thereafter received and not needed to meet the requirements provided in sections 504 through 509 hereof.

Section 405. Completion of Project. When the Project shall have been completed in accordance with the relevant plans and specifications and all amounts due therefor, including all proper incidental expenses, shall have been paid, or for which full provision shall have been made, the Treasurer, upon the receipt from the Project Engineer of a certificate so stating, and upon the receipt of a resolution adopted by the Governing Body so ordering, shall cause to be transferred to the Bond Fund all surplus moneys remaining in the Acquisition Fund, if any, except for any moneys designated in the resolution to be retained to pay any unpaid accrued costs or contingent obligations. Nothing herein contained shall be construed as preventing the Treasurer from causing to be transferred from the Acquisition Fund to the Bond Fund at any time prior to the termination of the Acquisition Fund any moneys which the Project Engineer by certificate and the Governing Body by resolution determine will not be necessary for the Project.

Section 406. Purchaser Not Responsible. The validity of the bonds shall not be dependent on nor be affected by the validity or regularity of any proceedings relating to the Project, or any part thereof. The Purchaser of the 1966 bonds, any associate thereof, and any subsequent holder of any 1966 bond shall in no manner be responsible for the application or disposal by the Issuer 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 407. Lien on Bond Proceeds. Until the proceeds of the 1966 bonds are applied as hereinabove provided and used to pay the Cost of the Project from time to time, the bond proceeds shall be secured by a lien thereon and pledge thereof for the benefit of the holder of the bonds from time to time as provided in section 501 hereof.

ARTICLE V

ADMINISTRATION OF AND ACCOUNTING FOR PLEGGED REVENUES

Section 501. Pledge Securing Bonds. Subject only to the right of the Issuer to cause amounts to be withdrawn therefrom and paid on account of Administration Expenses (but not to make any Direct Distributions), and to pay the Cost of the Project as provided herein, the Pledged Revenues (except for those portions not received by the Issuer as hereinafter provided in section 502 hereof) and all moneys and securities paid or to be paid to or held or to be held in any account under article V of this Instrument and under section 401 hereof are hereby pledged to secure the payment of the principal of and the interest on the 1966 bonds; and this pledge shall be valid and binding

from and after the date of the first delivery of any bonds, and the moneys, as received by the Issuer 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 Issuer, 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 Issuer irrespective of whether such parties have notice thereof.

Section 502. Highway Fund Deposits. So long as any of the 1966 bonds shall be Outstanding, either as to principal or interest, or both, the entire gross income of the Fuel Taxes, except for such amounts withheld by dealers and users and the Tax Commission to reimburse themselves (excluding the Tax Commission) for handling losses occasioned by evaporation, spillage or other similar causes, and to reimburse themselves (including the Tax Commission) for the costs of their respective services in the performance by them of all functions incident to the administration or operation of the Fuel Taxes, and constituting a portion of the Administration Expenses, pursuant to the Bond Act, to chapter 365, Nevada Revised Statutes, to the Tax Ordinance, and to the contract appertaining thereto between the Issuer and the State acting by and through the Tax Commission, except for amounts refunded to taxpayers as therein provided, and except for an allocable and pro rata share of the net proceeds of the tax levied by the State in section 365.190, Nevada Revised Statutes, needed to make the remittances and deposits required of the State in section 365.535, Nevada Revised Statutes, shall be set aside upon the receipt of such income by the Issuer and credited to a special fund in the County Treasury of the Issuer created by subsection C, section 12, Tax Ordinance, pursuant to section 373.110, Bond Act, and designated as the "Regional Street and Highway Fund" (herein sometimes designated as the "Highway Fund").

Section 503. Administration of Highway Fund. So long as any of the bonds hereby authorized shall be Outstanding, either as to principal or interest, or both, the following payments shall be made from the Highway Fund, as provided herein in sections 504 through 510.

Section 504. First Charges. Firstly, as a first charge on the Highway Fund, there shall be withdrawn from time to time sufficient moneys to pay any Administration Expenses not withheld by dealers, users and the Tax Commission as permitted in section 502 hereof. Nothing herein contained shall be construed to permit the payment of any Administration Expenses with any proceeds of the tax levied by the State in section 365.190, Nevada Revised Statutes, in contravention of subsection 3, section 365.560, Nevada Revised Statutes, or otherwise, nor construed to require the withdrawal from the Highway Fund of any moneys allocated for the payment of Administration Expenses

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until obligations appertaining 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 shall be transferred back to the Highway Fund and shall be used for the purposes thereof, as herein provided.

Section 505. Bond Fund Payments. Secondly, and subject to the aforesaid provisions, from any moneys remaining in the Highway Fund, i.e., from the Net Pledged Revenues, there shall be credited to the Bond Fund, created in subsection A of section 401 hereof, the following:

A. Interest Payments. Monthly, commencing on the first day of the month immediately succeeding the delivery of any of the bonds, an amount in equal monthly installments necessary, together with any other moneys from time to time available therefor from whatever source, including without limitation the moneys, if any, provided in subsection A, section 401, and in section 405 hereof, to pay the next maturing installment of interest on the 1966 bonds then Outstanding, and monthly thereafter, commencing on each interest payment date, one-sixth of the amount necessary to pay the next maturing installment of interest on the Outstanding 1966 bonds, except to the extent any other moneys are available therefor.

B. Principal Payments. Monthly, commencing on the first day of the month immediately succeeding the delivery of any of the bonds, an amount in equal monthly installments necessary, together with any other moneys from time to time available therefor from whatever source, to pay the next maturing installment of principal of the Outstanding 1966 bonds, and monthly thereafter, commencing on each principal payment date, one-twelfth of the amount necessary to pay the next maturing installment of principal on the Outstanding 1966 bonds, except to the extent any other moneys are available therefor.

The moneys credited to the Bond Fund shall be used to pay the principal of and interest on the 1966 bonds as the same become due.

Section 506. Reserve Fund Payments. Thirdly, and subsequent to the payments into the Bond Fund required by section 505 hereof, except as provided in section 507 and 508 hereof, and in addition to the moneys required to be deposited in the Reserve Fund by subsection B, section 401, from any moneys remaining in the Income Fund there shall be credited to the Reserve Fund, created in subsection B, section 401 hereof, such sums necessary, together with the moneys deposited therein pursuant to subsection B, section 401, to maintain the Reserve Fund as a continuing reserve in an amount not less than \$320,000.00 (herein sometimes designated as the "Minimum Bond Reserve") to meet possible deficiencies in the Bond Fund. No payment need be made into the Reserve Fund so long

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as the moneys therein shall equal not less than the Minimum Bond Reserve. The moneys in the Reserve Fund shall be accumulated and maintained as a continuing reserve to be used, except as hereinafter provided in section 507 and in section 508 hereof, only to prevent deficiencies in the payment of the principal of and the interest on the 1966 bonds resulting from the failure to deposit into the Bond Fund sufficient funds to pay said principal and interest as the same accrue.

Section 507. 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 amount in the Reserve Fund total a sum at least equal to the entire amount of the Outstanding 1966 bonds, both as to principal and interest to their respective maturities, or to any prior redemption date on which the Issuer shall have exercised or shall have obligated itself to exercise its option to redeem prior to their respective maturities the 1966 bonds then Outstanding and thereafter maturing, in which case moneys in said 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 principal and interest requirements, shall be used together with any such gain from investments solely to pay such as the same become due; and any moneys in excess thereof in said two accounts and any other moneys derived from the Fuel Taxes may be used in any lawful manner determined by the Governing Body.

Section 508. Defraying Delinquencies. If in any month the Issuer shall for any reason fail to pay into the Bond Fund the full amount above stipulated from the Net Pledged Revenues, then an amount shall be paid into the Bond Fund in such month from the Reserve Fund equal to the difference between that paid from the net income and the full amount so stipulated. The money so used shall be replaced in the Reserve Fund from the first revenues thereafter received from the Net Pledged Revenues not required to be otherwise applied by sections 505 and 509 hereof, but excluding any payments required for any subordinate securities. In the event other bonds or other securities are Outstanding any lien to secure the payment of which on the Pledged Revenues is on a parity with the lien thereon of the 1966 bonds, and the proceedings authorizing the issuance of those securities require the replacement of moneys in a reserve fund therefor, then the moneys replaced in the Reserve Fund for the 1966 bonds and in each such other reserve fund shall be replaced on a pro rata basis as moneys become available therefor. If in any month the Issuer shall for any reason fail to pay into the Reserve Fund the full amount above stipulated from the Net Pledged Revenues, the difference between the amount paid and the amount so stipulated shall in a like manner be paid therein from the first Net Pledged Revenues thereafter received and not required to be applied otherwise by sections 505 and 509 hereof, but excluding any payments required for any subordinate securities. The moneys in the Bond Fund and in the Reserve Fund

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for the purpose of paying the principal of and the interest shall be used solely and only/on the 1966 bonds; provided, however, that any moneys at any time in excess of the Minimum Bond Reserve in the Reserve Fund may be withdrawn therefrom and used as herein provided for the redemption of the 1966 bonds as they become due or on any prior redemption date; and provided, further, that any moneys in the Bond Fund and in the Reserve Fund in excess of principal and interest requirements to the respective maturities or designated prior redemption date of the Outstanding 1966 bonds may be used as hereinabove provided in section 507 hereof.

Section 509. Payment of Additional Securities. Fourthly, but either concurrently with or subsequent to the payments required respectively by sections 505 and 506 hereof, as provided in section 703 through section 714 hereof, any moneys remaining in the Highway Fund after making the payments hereinabove provided may be used by the Issuer for the payment of interest on and principal of additional bonds or other additional securities hereafter authorized to be issued and payable from the Pledged Revenues, including reasonable reserves therefor, as the same accrue; provided, however, that the lien of such additional bonds or other additional securities on the net income of the Fuel Taxes and the pledge thereof for the payment of such additional securities shall be on a parity with or subordinate to the lien and pledge of the bonds herein authorized, as hereinafter provided.

Section 510. Use of Remaining Revenues. After the payments hereinabove required to be made by sections 504 through 509 hereof are made, any remaining income and revenues derived from the Fuel Taxes in the Highway Fund may be used for any one or any combination of lawful purposes, as may be required or permitted by law and as the Governing Body may from time to time determine, including without limitation the apportionment between the Issuer and the incorporated cities therein pursuant to section 365.560, Nevada Revised Statutes, of that portion of the proceeds (or such part thereof as may remain after there are made the payments hereinabove required to be made) of the tax levied by the State in section 365.190, Nevada Revised Statutes, and allocated by the State to the Issuer and received by it, and for such use of the part remaining to the Issuer after such allocation as may be provided by subsection 3, section 365.560, Nevada Revised Statutes, 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 section 365.560, Nevada Revised Statutes, there shall be deemed to have been used at any time from the moneys accounted for in the Highway Fund to meet the requirements hereinabove provided the proceeds of the tax levied by the State in section 365.190, Nevada Revised Statutes, only to the extent the proceeds of the other Fuel Taxes are insufficient for that purpose.

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.

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Section 602. Places and Times of Deposits. Each of the special accounts hereinabove designated in article IV and article V hereof shall be maintained and kept separate from all other accounts as a trust account solely for the purposes herein designated therefor, which special accounts shall be 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). Each such trust 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 Sunday or a legal holiday, then such payment shall be made on or before the next preceding secular day. Notwithstanding any other provision herein to the contrary, moneys shall be deposited with the Paying Agent at least five (5) days prior to each interest payment date herein designated sufficient to pay the interest, any principal, and any prior redemption premiums then becoming due on the 1966 bonds.

Section 603. Investment of Moneys. Any moneys in any account designated in articles IV and V hereof, and not needed for immediate use, may be invested or reinvested by the Treasurer:

A. Bank Deposits. By deposit in one or more Insured Banks, as hereinafter provided in section 608 hereof, and

B. Federal Securities. In Federal Securities which:

(1) Optional Redemption. Either shall be subject to redemption at any time at a fixed value by the holder thereof at the option of such holder, or

(2) Scheduled Maturities. Shall mature not later than five (5) days prior to the date or respective dates on which the proceeds are to be expended as estimated upon each date of such investment or reinvestment, except that Federal Securities in the Reserve Fund shall so be subject to redemption at the holder's option at face value or shall mature at least five (5) days prior to the last maturity date of the Outstanding 1966 bonds but in no event exceeding ten (10) years from the date of the investment or reinvestment. For the purpose of any such investment or reinvestment, Federal Securities 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.

Section 604. Scheduling Disbursements. Before the Treasurer invests or reinvests any moneys accounted for in the Acquisition Fund, the Project Engineer shall furnish to the Treasurer a certificate setting forth a schedule of the amounts and times when funds are estimated to be needed to pay the cost of the Facilities and

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otherwise to pay any Cost of the Project. The Treasurer may conclusively rely upon the estimates contained in such certificate or any addendum thereto, and shall have no liability or responsibility for any loss on any investment or reinvestment made or changed in accordance with any such certificate or addendum.

Section 605. Required and Permissive Investments. The Treasurer shall have no obligation to make any investment or reinvestment hereunder, unless any moneys on hand and accounted for in any one account exceeds \$5,000.00 and at least \$5,000.00 therein will not be needed for a period of not less than sixty (60) days, in which event the Treasurer shall invest or reinvest not less than substantially all the amount which will not be needed during such sixty-day period. The Treasurer may invest or reinvest any moneys on hand even though he is not obligated to do so.

Section 606. Accounting for Investments. The Federal Securities 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 any interest accruing thereon and any other gain realized therefrom shall be credited to the account, and any loss resulting from such investment or reinvestment shall be charged to the account; provided, however, that any yield from investments or reinvestments of moneys in the Reserve Fund in excess of the Minimum Bond Reserve may be credited to the Bond Fund as the same is received. No loss or profit on any investment or reinvestment shall be deemed to take place as a result of fluctuations in the market quotations of the investment or reinvestment prior to the sale or maturity thereof. In the computation of the amount in any such account for any purpose hereunder, except as herein otherwise expressly provided, such obligation shall be valued at the cost thereof (including any amount paid as accrued interest at the time of purchase of the obligation), exclusive of any accrued interest or any other gain to the Issuer until such gain be realized by the presentation of matured coupons for payment or otherwise. 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 Administration Expenses.

Section 607. Redemption or Sale of Federal Securities. The Treasurer shall present for redemption or sale on the prevailing market at the best price obtainable any Federal Securities so purchased as an investment or reinvestment of moneys in the account whenever it shall be necessary so to do in order to provide moneys to meet any withdrawal, payment or transfer from such account. The Treasurer shall not be liable or responsible for any loss resulting from any such investment or reinvestment made in accordance with this Instrument. The Treasurer shall promptly notify the Administrator and the Governing Body of any gain or loss in any account.

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

Securities, or both such money and such securities. Moneys deposited in a demand or time deposit account in or evidenced by a certificate of deposit of an Insured Bank pursuant to section 602 hereof, appropriately secured according to the laws of the State, shall be deemed lawful money of the United States of America.

Section 609. Accelerated Payments. Nothing contained in article V hereof shall be construed to prevent 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; provided, however, no payment shall be so accelerated if such acceleration shall cause the Governing Body to default in the payment of any obligation of the Issuer appertaining to the Pledged Revenues. Nothing herein contained shall be construed to require in any twelve (12) month period commencing on the first day of November in any calendar year and ending on the last day of October of the next succeeding calendar year the accumulation in any account for the payment of the principal of, the interest on, and any prior redemption premiums due in connection with any series of bonds or other securities payable from Pledged Revenues and herein or hereafter authorized, in excess of any principal, the interest, and any prior redemption premiums due on the first day of May in that twelve (12) month period and on the next succeeding first day of November, but excluding any reserves required to be accumulated and maintained therefor.

Section 610. Payment of Securities Requirements. The moneys credited to any account designated in article V hereof for the payment of the principal of, the interest on, and any prior redemption premiums due in connection with any series of bonds or other securities herein or hereafter authorized shall be used, without requisition, voucher or other direction or further authority than is contained herein, to pay promptly the principal of, the interest on, and any prior redemption premiums due in connection with the bonds or other securities payable therefrom as the same become due, as herein provided, except to the extent any other moneys are available therefor, including without limitation moneys accounted for in the Bond Fund.

Section 611. Payment of Redemption Premiums. Nothing herein contained shall be construed as not requiring the accumulation in any account designated in article V hereof for the payment of any series of bonds or other securities payable from Pledged Revenues of amounts sufficient to pay not only the principal thereof and interest thereon but also the prior redemption premiums due in connection therewith, as the same become due, whenever the Issuer shall have exercised or shall have obligated itself to exercise a prior redemption option appertaining thereto, except to the extent provision is otherwise made therefor, if any prior redemption premium be due in connection therewith.

ARTICLE VII

SECURITIES LIENS AND ADDITIONAL SECURITIES

Section 701. First Lien Bonds. The 1966 bonds authorized herein, subject

to the payment of the Administration Expenses and to the deduction by the State of an allocable and pro rata share of the proceeds of the tax levied by the State in section 365.190, Nevada Revised Statutes, for the remittances and deposits required by the provisions of section 365.535, Nevada Revised Statutes, constitute an irrevocable and first lien (but not necessarily an exclusively first lien) upon the gross income derived from the Fuel Taxes.

Section 702. Equality of Bonds. The 1966 bonds authorized to be issued hereunder and from time to time Outstanding are equitably and ratably secured by a lien on the Net Pledged Revenues and shall not be entitled to any priority one over the other in the application of the Net Pledged Revenues regardless of the time or times of the issuance of the bonds, it being the intention of the Governing Body that there shall be no priority among the 1966 bonds regardless of the fact that they may be actually issued and delivered at different times.

Section 703. Issuance of Parity Securities. Nothing in this Instrument contained shall be construed in such a manner as to prevent the issuance by the Issuer of additional bonds or other additional securities payable from any Net Pledged Revenues and constituting a lien thereupon on a parity with, but not prior nor superior to, the lien of the 1966 bonds, nor to prevent the issuance of bonds or other securities refunding all or a part of the 1966 bonds; provided, however, that 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 711 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 714 hereof, the Issuer shall not be in default in making any payments required by article V hereof.

B. Historic Earnings Test. The annual Net Pledged Revenues for the fiscal year immediately preceding the date of the issuance of such additional parity securities shall have been sufficient to pay an amount representing two hundred per centum (200%) of the combined maximum annual principal and interest requirements to be paid during any one fiscal year of the Outstanding bonds and other securities of the Issuer payable from and constituting a lien upon the Net Pledged Revenues and the bonds or other securities proposed to be issued (excluding any reserves therefor), except as hereinafter otherwise expressly provided.

C. Reduction of Annual Requirements. The respective annual principal and interest requirements (including as a principal requirement the amount of any prior redemption premiums due on any prior redemption date as of which

any outstanding bonds have been called or have been ordered to be called for prior redemption) shall be reduced to the extent such requirements are scheduled to be paid each of the respective fiscal years with moneys held in trust or in escrow for that purpose by any Insured Bank located within or without the State and exercising trust powers, including the known minimum yield from any investment in Federal Securities.

Section 704. Certification of Revenues. A written certification by an Independent Accountant that said annual revenues, when adjusted as hereinabove provided in subsection C of section 703 hereof, are sufficient to pay said amounts, as provided in subsection B of section 703 hereof, shall be conclusively presumed to be accurate in determining the right of the Issuer to authorize, issue, sell and deliver additional bonds or other additional securities on a parity with the 1966 bonds.

Section 705. Subordinate Securities Permitted. Nothing herein contained, subject to the limitations stated in section 708 hereof, shall be construed so as to prevent the Issuer from issuing additional bonds or other additional securities payable from the Net Pledged Revenues and having a lien thereon subordinate, inferior and junior to the lien of the bonds authorized to be issued by this Instrument.

Section 706. Superior Securities Prohibited. Nothing herein contained shall be construed so as to permit the Issuer to issue additional bonds or other additional securities payable from the Net Pledged Revenues and having a lien thereon prior and superior to the 1966 bonds.

Section 707. Use of Proceeds. The proceeds of any additional bonds or other additional securities (other than any refunding securities) payable from any Net Pledged Revenues shall be used only to Acquire or to Improve, or both to Acquire and to Improve the Facilities, as the Governing Body may determine.

Section 708. Payment Dates of Additional Securities. Any additional parity or subordinate bonds or other additional parity or subordinate securities (including any refunding securities) issued in compliance with the terms hereof shall bear interest payable semiannually on the first days of May and November in each year, except that the first interest payment date may be for interest accruing for any period not in excess in the aggregate of one year; and such additional securities shall mature on the first day of November in the years designated by the Governing Body during the term of the additional bonds or other additional securities.

Section 709. Refunding Bonds and Other Securities. The provisions of sections 703 and 704 hereof are subject to the exceptions provided in sections 710 through 713 hereof for the issuance of refunding bonds and other refunding securities.

Section 710. Issuance of Refunding Securities. If at any time after the 1966 bonds, or any part thereof, shall have been issued and remain Outstanding, the Governing Body shall find it desirable to refund any Outstanding bonds or other Outstanding

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securities payable from and constituting a lien upon any Net Pledged Revenues, said bonds or other securities, or any part thereof, may be refunded (but only with the consent of the holder or holders thereof, 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 at the Issuer's option upon proper call), regardless of whether the priority of the lien for the payment of the refunding securities on the Net Pledged Revenues is changed (except as provided in sections 706, 711 and 712 hereof).

Section 711. Issuance of Parity Refunding Securities. No refunding bonds or other refunding securities payable from any Net Pledged Revenues shall be issued on a parity with the bonds herein authorized:

A. Parity Lien. Unless the lien on any Net Pledged Revenues of the Outstanding securities so refunded is on a parity with the lien thereon of the bonds herein authorized; or

B. Default and Earnings Tests. Unless the refunding bonds or other refunding securities are issued in compliance with section 703 hereof (including subsections A, B, and C thereof).

Section 712. 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 any there be; and the holder or holders of such refunding bonds or such other refunding securities shall be subrogated to all of the rights and privileges enjoyed by the holder or holders of the unrefunded bonds or other unrefunded securities of the same issue partially refunded by the refunding securities.

Section 713. Limitations Upon Refundings. Any refunding bonds or other refunding securities payable from any Net Pledged Revenues shall be issued with such details as the Governing Body may by instrument provide, subject to the provisions of section 708 hereof, and subject to the inclusion of any such rights and privileges designated in section 712 hereof, but without any impairment of any contractual obligation imposed upon the Issuer 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 1966 bonds herein authorized). If only a part of the Outstanding bonds and any other Outstanding securities of any issue or issues payable from any Net Pledged Revenues is refunded, then such securities may not be refunded without the consent of the holder or holders of the unrefunded portion of such securities:

A. Requirements Not Increased. Unless the refunding bonds or other refunding securities do not increase for any fiscal 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 Net 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 any Net Pledged Revenues for the payment of the refunding securities is subordinate to each such lien for the payment of any securities not refunded.

Section 714. Supplemental Instrument. Additional bonds or other additional securities payable from any Net 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, 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 Issuer with respect thereto and other provisions thereof in accordance with this Instrument. 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 of the Governing Body.

ARTICLE VIII

MISCELLANEOUS PROTECTIVE COVENANTS

Section 801. General. The Issuer hereby particularly covenants and agrees with the holders of the bonds and coupons appertaining thereto and makes provisions which shall be a part of its contract with such holders to the effect and with the purpose set forth in the following provisions and sections of this article VIII hereof.

Section 802. Performance of Duties. The Issuer, 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 Issuer, including but not limited to the proper segregation of the Pledged Revenues and their application to the respective accounts of funds provided from time to time therefor.

Section 803. Further Assurances. At any and all times the Issuer shall, so far as it may be authorized by law, pass, make, do, execute, acknowledge and deliver 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 funds and accounts hereby pledged or assigned, or intended so to be, or which the Issuer may hereafter become bound to pledge or to assign, or as may be reasonable and required to carry out the purposes of this Instrument and to comply with the Bond Act. The Issuer, 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 funds and accounts pledged hereunder and all the rights of every holder of any bond hereunder against all claims and demands of all persons whomsoever.

Section 804. Conditions Precedent. Upon the date of issuance of any 1966 bonds, all conditions, acts and things required by the Constitution or statutes of the State or this Instrument 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 Issuer shall be within every debt and other limitation prescribed by the State Constitution or statutes.

Section 805. Rules, Regulations and Other Details. The Issuer, 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 Issuer shall observe and perform all of the terms and conditions contained in 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 Issuer.

Section 806. Payment of Governmental Charges. The Issuer shall pay 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; and the Issuer shall not create or suffer to be created any lien or charge upon the Net Pledged Revenues, except the pledge and lien created by this Instrument for the payment of the principal of, any prior redemption premium due in connection with, and the interest on the 1966 bonds, and except as herein otherwise permitted. The Issuer shall pay or cause to be discharged or will 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 or other objects which, if unpaid, might by law become a lien upon the Facilities, or any part thereof, or the Pledged Revenues; provided, however, that nothing in this section contained shall require the Issuer to pay or to cause to be discharged or to make provision for any such lien or charge, so long as the validity thereof shall be contested in good faith and by appropriate legal

proceedings.

Section 807. Prejudicial Action Prohibited. No contract will be entered into nor any other action taken by which the rights of any holder of any bond might be impaired or diminished.

Section 808. Protection of Security. The Issuer, the officers, agents and employees of the Issuer, 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 bonds and the interest thereon according to the terms thereof.

Section 809. Accumulation of Interest Claims. In order to prevent any accumulation of coupons or claims for interest after maturity, the Issuer will not directly or indirectly extend or assent to the extension of the time for the payment of any coupon or claim for interest on any of the 1966 bonds; and the Issuer will not directly or indirectly be a party to or approve any arrangements for any such extension or for the purpose of keeping alive any of said coupons. In case the time for the payment of any such coupons shall be extended, such coupon or 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 Instrument, except upon the prior payment in full of the principal of all bonds then Outstanding and of all matured interest on such bonds the payment of which has not been extended.

Section 810. Prompt Payment of Bonds. The Issuer will promptly pay the principal of and the interest on every 1966 bond issued hereunder and secured hereby at the place, on the dates, and in the manner specified herein and in the bonds and in the coupons thereto appertaining according to the true intent and meaning hereof.

Section 811. Use of Bond and Reserve Funds. The 1966 Bond Fund and the 1966 Reserve Fund shall be used solely and only and the moneys credited to said accounts are hereby pledged for the purpose of paying the interest on and the principal of the 1966 bonds, except for those moneys in the Bond Fund and in the Reserve Fund as are in excess of the interest on and the principal of the 1966 bonds, both accrued and not accrued, to their respective maturities (subject to the provisions of section 901 hereof), and except for those moneys in the Reserve Fund in excess of the Minimum Bond Reserve, as hereinabove provided.

Section 812. Additional Securities. The Issuer shall not hereafter issue any bonds or other securities payable from the Net Pledged Revenues and having a lien on a parity with the bonds herein authorized so long as any bonds herein authorized are Outstanding, unless such additional bonds or other securities (other than bonds or other securities issued pursuant to section 710 through 713 hereof and refunding bonds or other securities on a parity with the 1966 bonds) on a parity with the bonds herein authorized are issued in such manner as provided in sections 703, 704, 707, 708, 711 and 712 hereof. Any other securities hereafter authorized to be issued and payable

from any Net Pledged Revenues shall not hereafter be issued, unless such additional securities are also issued in conformance with the provisions of articles V and VII hereof.

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

Section 814. Corporate Existence. The Issuer will maintain its corporate identity and existence so long as any of the bonds herein authorized remain Outstanding, unless another body corporate and politic by operation of law succeeds to the duties, privileges, powers, liabilities, disabilities, immunities and rights of the Issuer and is obligated by law to levy and collect the Fuel Taxes herein provided without adversely affecting to any substantial degree the privileges and rights of any holder of any Outstanding bond at any time.

Section 815. Fidelity Bonds. Each official of the Issuer or other person having custody of any Pledged Revenues or of any other moneys appertaining thereto, including without limitation bond proceeds, or responsible for the handling of such moneys, shall be fully bonded at all times, which bond shall be conditioned upon the proper application of said funds. The costs of each such bond or a reasonably allocated share of the costs of any such blanket bond may be considered as Administration Expenses.

Section 816. Maintenance of Fuel Taxes. While the bonds or any of them remain Outstanding and unpaid, the Issuer shall cause Fuel Taxes to be levied and collected in amounts of not less than two (2) cents per gallon on all motor vehicle fuel sold, distributed or used in the County as provided in this Instrument, in the Tax Ordinance, in the Bond Act, and in chapter 365, Nevada Revised Statutes, except as therein otherwise provided, or in amounts derived from any other excise taxes appertaining to motor vehicle fuel of at least an equivalent value and pledged in lieu of such present taxes or in supplementation thereof, regardless of whether now or hereafter fixed and imposed.

Section 817. Collection of Fuel Taxes. The Issuer 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 Tax Commission, or otherwise, and penalties, to the end that the Net Pledged Revenues shall be adequate to meet the requirements hereof. So long as any 1966 bonds remain Outstanding, the Governing Body on the behalf and in the name of the Issuer shall not exercise any option granted pursuant to subsection 3, section 365.190, Nevada Revised Statutes, or otherwise, to decline to accept the tax levied by the State in said section 365.190 of one cent per gallon on motor vehicle fuel sold, distributed or used in the Issuer; and during the period the 1966 bonds remain Outstanding the Governing Body shall not adopt any resolution or other instrument declining to accept said

tax, wholly or in part.

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

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

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. A detailed statement of the Administration Expenses, both the amounts retained by the Tax Commission and any other such expenses, to the extent reflected by the books and other records of the Issuer, including without limitation reports received from the State,

D. 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 Issuer and by other records of the Issuer, and

E. Securities Payments. A detailed statement of amounts credited to accounts and funds for the payment of bonds and any other securities payable from the Net Pledged Revenues, and reserves therefor, including without limitation the Bond Fund and the Reserve Fund.

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

Section 819. Rights Concerning Records and Facilities. Any holder of any of the bonds or any duly authorized agent or agents of such holder shall have the right at all reasonable times to inspect all records, accounts and data relating thereto, concerning the Pledged Revenues, and to make copies of such records, accounts and data.

Section 820. Audits Required. The Issuer shall within ninety (90) days following the close of each Fiscal Year order an audit for the Fiscal Year of such books and accounts to be made forthwith by an Independent Accountant, showing the receipts and disbursements for each account appertaining to the Pledged Revenues, and such audit will be available for inspection by any holder of any of the bonds. Nothing herein contained shall be construed as requiring an audit of any books and accounts of the Tax Commission.

Section 821. Contents of Audits. Each such audit, in addition to whatever matters may be thought proper by the accountant to be included therein, shall include

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the following:

A. Statement. A statement in detail of the income and expenditures concerning the Fuel Taxes for the audit period, including but not necessarily limited to a statement of Gross Pledged Revenues (at least to the extent of their receipt by the Issuer) and of the Net Pledged Revenues;

B. Balance Sheet. A balance sheet as of the end of such Fiscal Year, including the amounts on hand, both cash and investments, in each of the funds or accounts created by the various instruments and other proceedings authorizing the issuance of Outstanding bonds and other securities payable from any Pledged Revenues;

C. Accountant's Comment. The accountant's comment regarding the Issuer's methods of operation and accounting practice and the manner in which the Issuer has carried out the requirements of this Instrument and any other instrument and other proceedings authorizing the issuance of Outstanding bonds or other Outstanding securities payable from any Pledged Revenues, as the accountant deems appropriate;

D. Insurance List. A list of any insurance policies in force at the end of the audit period, setting out as to each policy the amount of the policy, the risks covered, the name of the insurer, and the expiration date of the policy; and

E. Recapitulation. A recapitulation of each fund or account created by the various instruments, and any other proceedings authorizing the issuance of Outstanding bonds and other securities payable from any Pledged Revenues, into which fund or account are put moneys derived from the Fuel Taxes, derived from any sale of Federal Securities, and derived from any sale of such Outstanding bonds and other securities of the Issuer, or any other properties thereof, such analysis to show the balance in such fund or account at the beginning of the audit period, the deposits and withdrawals during said period, and the balance at the end of said period.

Section 822. Distribution of Audits and Reports. The Issuer agrees to furnish by first-class mail, postage prepaid, forthwith, and in any event within ninety (90) days from the time each audit and report is filed with the Issuer, a copy of each of such audits and reports to the holder of any of the bonds at his request and without request to:

- A. Purchaser. The Purchaser, or any known successor thereof,
- B. Consultant. The Financial Consultant, or any known successor thereof,
- C. Paying Agent. The Paying Agent, or any known successor thereof, and
- D. Others. Any other person designated in any instrument or other proceedings appertaining to any Outstanding securities payable from any Net

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Pledged Revenues other than the 1966 bonds, after each such audit and report has been prepared; and any such holder shall have the right to discuss with the Independent Accountant or with the person making the audit and report the contents thereof and to ask for such additional information as he may reasonably require.

Section 823. Completion of Project. The Issuer, with the proceeds derived from the sale of the bonds herein authorized, will proceed to complete the Project without delay, as hereinabove provided. Contracts for the construction and other acquisition of the improvements to be acquired by the Project will be let as soon as practicable after the delivery of any 1966 bonds.

Section 824. Title to Sites. Each of the improvements comprising the Project will be constructed on land owned in fee simple by the Issuer or over which the Issuer has a perpetual easement, free and clear of all liens and encumbrances of whatsoever nature, except for any facilities located in a public street or highway or upon other lands of any public body politic and corporate which lands in the opinion of counsel for the Issuer is sufficient for its purposes.

Section 825. Performance Bonds. In order to insure the completion of the Project, the Issuer will require each firm, corporation or other Person with whom it may contract for labor or for materials of construction to furnish a performance bond in the full amount of any contract exceeding \$5,000.00 in amount or, in lieu thereof, to deposit with the Treasurer to insure completion and performance, marketable securities having a market value equal to the amount of such contracts, eligible as security for the deposit of trust funds under the regulations of the Board of Governors of the Federal Reserve System. In the event of default under such contract and upon being notified in writing of such default by the Administrator, the Treasurer shall sell any securities so deposited at the prevailing market to the extent requested by the Administrator and will apply the proceeds to the removal of such default as directed by the Administrator. Any such contract for labor and materials will provide that payment thereunder shall not be made by the Issuer in excess of ninety per centum (90%) of current estimates until the said completion of the construction under the contract and the acceptance of the construction by the Issuer; provided, however, that in case of any contract under which the Project Engineer shall estimate a total payment to the contractor of \$200,000.00 or more and under which not less than fifty per centum (50%) of the labor or materials shall have been done satisfactorily, as determined by the Governing Body, payment thereunder for any remaining labor or materials of construction or both such labor and materials may be made up to one hundred per centum (100%) of current estimates prior to the completion of the construction under the contract, as determined by the Governing Body by contract or otherwise. Any sum or sums derived from said performance bond or performance bonds shall be used within six (6) months

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after such receipt for the completion of said construction and, if not so used within said period, shall be placed in and shall be subject to the provisions of the Highway Fund provided for herein.

ARTICLE IX

MISCELLANEOUS

Section 901. Defeasance. When all principal, interest, and any prior redemption premiums due in connection with the 1966 bonds have been duly paid, the pledge and lien and all obligations hereunder shall thereby be discharged and the bonds shall no longer be deemed to be Outstanding within the meaning of this Instrument. There shall be deemed to be such due payment when the Issuer has placed in escrow or in trust with a commercial bank located within or without the State and exercising trust powers, an amount sufficient (including the known minimum yield from Federal Securities in which such amount wholly or in part may be initially invested) to meet all requirements of principal, interest, and any prior redemption premiums due, as the same become due to the final maturities of the bonds or upon any prior redemption date as of which the Issuer shall have exercised or shall have obligated itself to exercise its prior redemption option by a call of bonds for payment then. 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 Issuer and such bank at the time of the creation of the escrow or trust, or the Federal Securities shall be subject to redemption at the option of the holders thereof to assure such availability as so needed to meet such schedule.

Section 902. Delegated Powers. The officers of the Issuer be, and they hereby are, authorized and directed to take all action necessary or appropriate to effectuate the provisions of this Instrument, including without limiting the generality of the foregoing:

A. Printing Bonds. The printing of the bonds, including without limitation the printing on each bond of a certified true copy of bond counsel's approving opinion; and

B. Final Certificates. The execution of such certificates as may be reasonably required by the Purchaser, relating, inter alia, to the signing of the bonds, the tenure and identity of the officials of the Governing Body, and of the Issuer, the delivery of the bonds, the receipt of the bond purchase price, and if it be in accordance with fact, the absence of litigation, pending or threatened, affecting the validity thereof.

Section 903. Statute of Limitations. No action or suit based upon any bond, coupon or other obligation of the Issuer shall be commenced after it is barred by any statute of limitations appertaining thereto. Any trust or fiduciary relationship between the Issuer and the holder of any bond or coupon 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 or coupon is presented for payment or demand for payment of any such other obligation is otherwise made before the expiration of the applicable limitation period. Any moneys from whatever source derived remaining in any fund or account reserved, pledged or otherwise held for the payment of any such obligation, action or suit for the collection of which has been barred, shall revert to the Highway Fund, unless the Governing Body shall otherwise provide by instrument of the Issuer. Nothing herein contained shall be so construed as to prevent 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 Bondholders. Any request, consent or other instrument which this Instrument may require or may permit to be signed and to be executed by the holder of any bonds may be in one or more instruments of similar tenor and shall be signed or shall be executed by each such holder in person or by his attorney appointed in writing. Proof of:

A. Execution. The execution of any such instrument or of an instrument appointing any such attorney, or

B. Holding. The holding by any Person of the bonds or coupons appertaining thereto,

shall be sufficient for any purpose of this Instrument (except as otherwise herein expressly provided) if made in the following manner:

(a) Proof of Execution. The fact and the date of the execution by any holder of any 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 person 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 person or persons executing any such instrument on behalf of a corporate holder of any bonds may be established without further proof if such instrument is signed by a person purporting to be the president or vice president of such corporation with a corporate seal affixed and attested by a person 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

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(b) Proof of Holdings. The amount of bonds transferable by delivery held by any Person executing any instrument as a holder of bonds and the numbers, date and other identification thereof, together with the date of his holding the bonds, may be proved by a certificate which need not be acknowledged or verified, in form satisfactory to the Clerk, executed by a member of a financial firm or by an officer of a bank or trust company, insurance company or financial corporation or other depository satisfactory to the Clerk, or by any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he purports to act, showing at the date therein mentioned that such Person exhibited to such member, officer, notary public or other officer so authorized to take acknowledgments of deeds or had on deposit with such depository the bonds described in such certificate; and such certificate may be given by a member of a financial firm or by an officer of any bank, trust company, insurance company or financial corporation or depository satisfactory to the Clerk or by a notary public or other officer so authorized to take acknowledgments of deeds with respect to bonds owned by such holder, if acceptable to the Clerk;

but the Clerk may nevertheless in his discretion require further or other proof in cases where he deems the same advisable.

Section 905. Warranty upon Issuance of Bonds. Any bonds authorized as herein provided, when duly executed and delivered for the purpose provided for in this Instrument shall constitute a warranty by and on behalf of the Issuer for the benefit of each and every future holder of any of the bonds that the bonds have been issued for a valuable consideration in full conformity with law.

Section 906. State Tax Exemption. Pursuant to section 373.210 of the Bond Act, the 1966 bonds, their transfer, and the income therefrom, shall forever be and remain free and exempt from taxation by the State or any subdivision thereof.

ARTICLE X

PRIVILEGES, RIGHTS AND REMEDIES

Section 1001. Bondholder's Remedies. Each holder of any bond issued hereunder shall be entitled to all of the privileges, rights and remedies provided in the Bond Act, and as otherwise provided or permitted at law or in equity or by statute, except no real or personal property appertaining to the Facilities or otherwise has been conveyed to secure the payment of the bonds by deed of trust, or mortgage to a trustee for the benefit and the security of the holder or holders from time to time of the bonds authorized under the terms of the Bond Act, or by any other encumbrance or other pledge of property, subject to the provisions herein concerning the pledge of and the covenants and the other contractual provisions concerning the Pledged Revenues.

Section 1002. Right To Enforce Payment. Nothing in this article contained shall affect or impair the right of any holder of any bond issued hereunder to enforce

the payment of the principal of and the interest on his bond or the obligation of the Issuer to pay the principal of and the interest on each bond issued hereunder to the holder thereof at the time and the place expressed in the bond and in the appurtenant coupons.

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

A. Nonpayment of Principal and Premium. Payment of the principal of any of the bonds, or any prior redemption premium due in connection therewith, or both, shall not be made when the same shall become due and payable, either at maturity or by proceedings for prior redemption or otherwise.

B. Nonpayment of Interest. Payment of any installment of interest shall not be made when the same becomes due and payable or within thirty (30) days thereafter.

C. Incapable To Perform. The Issuer shall for any reason be rendered incapable of fulfilling its obligations hereunder.

D. Nonperformance of Duties. The Issuer 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 to the Facilities, or otherwise, and such failure shall continue for sixty (60) days after receipt of notice from either the Purchaser of the bonds or from the holders of ten per centum (10%) in principal amount of the bonds authorized by this Instrument and 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 Issuer appointing a receiver or receivers for the Pledged Revenues, or if an order or decree having been entered without the consent or acquiescence of the Issuer, shall not be vacated or discharged or stayed on appeal within sixty (60) days after entry.

F. Default of Any Provision. The Issuer shall make default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the bonds or in this Instrument 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 Issuer by either the Purchaser of the bonds or by the holders of ten per centum (10%) in principal amount of the bonds then Outstanding.

Section 1004. Remedies for Defaults. Upon the happening and continuance of any of the events of default, as provided in section 1003 hereof, then and in every case the holder or holders of not less than ten per centum (10%) in principal amount of the bonds then Outstanding, including but not limited to a trustee or trustees therefor, may proceed against the Issuer and its agents, officers and employees to protect and to enforce the rights of any holder of bonds or coupons under this Instrument by mandamus

or by other suit, action, or special proceedings in equity or at law, in any court of competent jurisdiction, either for the appointment of a receiver or for the specific performance of any covenant or agreement contained herein or in an award of execution of any power herein granted for the enforcement of any proper, legal, or equitable remedy as such holder or holders may deem most effectual to protect and to enforce the rights aforesaid, or thereby to enjoin any act or thing which may be unlawful or in violation of any right of any holder of any bond, or to require the Issuer to act as if it were the trustee of an expressed trust, or any combination of such remedies. All such proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all holders of the bonds and coupons then Outstanding.

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

Section 1006. Rights and Privileges Cumulative. The failure of any holder of any Outstanding bond to proceed in any manner herein provided shall not relieve the Issuer, 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 holder (or trustee thereof) is in addition and is cumulative to any other right or privilege, and the exercise of any right or privilege by or on behalf of any holder 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 hereof, the Issuer, in addition, will do and perform all proper acts on behalf of and for the holders of bonds and coupons to protect and to preserve the security created for the payment of their bonds and coupons and to insure the payment of the principal of and the interest on the bonds promptly as the same become due. During any period of default, so long as any of the bonds herein authorized, either as to principal or as to interest, are Outstanding, except to the extent it is unlawful to do so, all Pledged Revenues shall be paid into the Bond Fund, or, in the event of securities hereafter issued and Outstanding during said period of time on a parity with the bonds herein authorized, shall be paid into such bond funds for all parity securities on an equitable and prorated basis, and used for the purposes therein provided. In the event the Issuer fails or refuses to proceed as in this section provided, the holder or holders of not less than twenty-five per centum (25%) in principal amount of the bonds then Outstanding, after demand in writing, may proceed to protect and to enforce the rights of the holders of the bonds as hereinabove provided; and to that end any such holders of Outstanding bonds shall be subrogated to all

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rights of the Issuer under any agreement, lease or other contract involving the Facilities entered into prior to the effective date of this Instrument or thereafter while any of the bonds herein authorized are Outstanding.

Section 1008. Duties in Bankruptcy Proceedings. In the event any payer of Fuel Taxes proceeds under any laws of the United States relating to bankruptcy, including any action under any law providing for corporate reorganization, it shall be the duty of the Issuer, and its appropriate officers are hereby authorized and directed, to take all necessary steps for the benefit of the holders of the bonds in said proceedings, including the filing of any claims for unpaid Fuel Taxes or otherwise arising from the breach of any of the covenants, terms or conditions of any contract involving the Fuel Taxes, except to the extent the State acting by and through the Tax Commission 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.

ARTICLE XI

AMENDMENT OF INSTRUMENT

Section 1101. Limitations upon Amendments. This Instrument may be amended or supplemented by instruments adopted by the Governing Body in accordance with the laws of the State, without receipt by the Issuer of any additional consideration, but with the written consent of the holders of seventy-five per centum (75%) of the bonds authorized by this Instrument and Outstanding at the time of the adoption of such amendatory or supplemental instrument (not including in any case any bonds which may then be held or owned for the account of the Issuer, but including such refunding securities as may be issued for the purpose of refunding any of the bonds herein authorized if such refunding securities are not owned by the Issuer); provided, however, that no such instrument shall have the effect of permitting:

- 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, or any prior redemption premium payable in connection therewith, without the consent of the holder 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 Instrument; or
- D. Modifying Any Bond. A reduction of the principal amount of percentages or otherwise affecting the description of bonds, the consent of the holder of which is required for any such modification or amendment; or
- E. Priorities Between Bonds. The establishment of priorities as between bonds issued and Outstanding under the provisions of this Instrument; or

F. Partial Modification. The modification of or otherwise affecting the rights of the holders of less than all of the bonds then Outstanding.

Section 1102. Notice of Amendment. Whenever the Governing Body shall propose to amend or modify this Instrument under the provisions of this article, it shall cause notice of the proposed amendment to be published one time in each a newspaper of general circulation in the Issuer, and to be mailed within thirty (30) days to the Purchaser, or to any known successor thereof, and to the Financial Consultant, or to any known successor thereof. 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.

Section 1103. Time for Amendment. Whenever at any time within one year from the date of the publication of said notice there shall be filed in the office of the Clerk an instrument or instruments executed by the holders of at least seventy-five per centum (75%) in aggregate amount of the bonds then Outstanding as in this article defined, which instrument or instruments shall refer to the proposed amendatory instrument described in said notice and shall specifically consent to and approve the adoption thereof, 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 holders of at least seventy-five per centum (75%) in aggregate principal amount of the bonds Outstanding as in this article defined, at the time of the adoption of such amendatory instrument, or the predecessors in title of such holders, shall have consented to and approved the adoption thereof as herein provided, no holder of any bond whether or not such holder 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 Issuer from taking any action pursuant to the provisions thereof.

Section 1105. Time Consent Binding. Any consent given by the holder of a bond pursuant to the provisions of this article shall be irrevocable for a period of six (6) months from the date of the publication of the notice above provided for and shall be conclusive and binding upon all future holders of the same bond during said period. Such consent may be revoked at any time after six (6) months from the date of the publication of such notice in a newspaper or journal published in the Issuer, by the holder who gave such consent or by a successor in title by filing notice of such revocation with the Clerk, but such revocation shall not be effective if the holders of seventy-five per centum (75%) in aggregate principal amount of the bonds Outstanding as in this article defined have, prior to the attempted revocation, consented to and approved the amendatory instrument referred to in such revocation.

Section 1106. Unanimous Consent. Notwithstanding anything contained in the foregoing provisions of this article, the terms and the provisions of this Instrument or of any instrument amendatory thereof or supplemental thereto and the rights and the obligations of the Issuer and of the holders of the bonds and coupons thereunder may be modified or amended in any respect upon the adoption by the Issuer and upon the filing with the Clerk of an instrument to that effect and with the consent of the holders of all the then Outstanding bonds, such consent to be given as provided in section 904 hereof; and no notice to holders of bonds, either by mailing or by publication, shall be required as provided in section 1102 hereof, nor shall the time of consent be limited except as may be provided in such consent.

Section 1107. Exclusion of Issuer's Bonds. Bonds owned or held by or for the account of the Issuer shall not be deemed Outstanding and shall be excluded for the purpose of consent or of other action or of any calculation of Outstanding bonds provided for in this article, and the Issuer shall not be entitled with respect to such bonds to give any consent or to take any other action provided for in this article. At the time of any consent or of other action taken under this article, the Issuer shall furnish the Clerk a certificate of the Treasurer, upon which the Issuer may rely, describing all bonds so to be excluded.

Section 1108. Notation on Bonds. Bonds authenticated and delivered after the effective date of any action taken as in this article provided may bear a notation by endorsement or otherwise in form approved by the Governing Body as to such action; and if any such bond so authenticated and delivered shall bear such notation, then upon demand of the holder of any bond Outstanding at such effective date and upon presentation of his bond for the purpose at the principal office of the Clerk, suitable notation shall be made on such bond by the Clerk as to any such action. If the Governing Body shall so determine, new bonds so modified as in the opinion of the Governing Body to conform to such action shall be prepared, authenticated and delivered; and upon demand of the holder of any bond then Outstanding, shall be exchanged without cost to such holder for bonds then Outstanding upon surrender of such bonds with all unpaid coupons appertaining thereto.

Section 1109. Proof of Instruments. The fact and date of execution of any instrument under the provisions of this article may be proved as provided in section 904 hereof.

Section 1110. Proof of Bonds. The amount and number of the bonds held by any Person executing such instrument and the date of his holding the same may be proved as provided by section 904 hereof.

Proposed on the 3rd day of November, 1966.

Proposed by Commissioner McKissick.

Passed on the 3rd day of November, 1966.

Ayes: Commissioners: J. B. Cunningham
 Howard F. McKissick, Sr.
 Leo Sauer
 Richard L. Streeter
 J. C. McKenzie, Chairman

Nays: None

Absent: None

/s/ J. C. McKenzie
 Chairman
 Board of County Commissioners
 Washoe County, Nevada

(SEAL)

Attest:

/s/ H. K. Brown
 County Clerk

This ordinance shall be in force and effect from and after the 11th day of November, 1966, the date of the second publication of said ordinance by its title only.

It was then moved by Commissioner Cunningham and seconded by Commissioner McKissick that all rules of the Board which might prevent, unless suspended in cases of emergency, the final passage and adoption of this bill for an ordinance at this meeting be, and the same hereby are, suspended for the purpose of permitting the final passage and adoption of said ordinance designated as Bill No. 167 at this meeting. The question being upon the adoption of said motion and the suspension of the rules, the roll was called with the following result:

Those Voting Aye: J. B. Cunningham
 Howard F. McKissick, Sr.
 Leo Sauer
 Richard L. Streeter
 J. C. McKenzie, Chairman

Those Voting Nay: None

Those Absent: None

All members of the Board of County Commissioners having voted in favor of said motion, the presiding officer declared said motion carried and the rules suspended.

Commissioner Sauer then moved that Bill No. 167, entitled:

AN ORDINANCE AUTHORIZING THE ISSUANCE BY THE COUNTY OF WASHOE, NEVADA, OF ITS NEGOTIABLE, COUPON, "WASHOE COUNTY, NEVADA, HIGHWAY IMPROVEMENT REVENUE (MOTOR VEHICLE FUEL TAX) BONDS, SERIES NOVEMBER 1, 1966," IN THE PRINCIPAL AMOUNT OF \$4,000,000.00, FOR STREET AND HIGHWAY CONSTRUCTION WITHIN THE COUNTY, IMPROVEMENTS INCIDENTAL THERETO, AND APPURTENANCES; DIRECTING THAT THE COUNTY SHALL EFFECT SAID PURPOSE; PROVIDING THE FORMS, TERMS AND CONDITIONS OF THE BONDS, THE MANNER AND TERMS OF THEIR ISSUANCE, THE MANNER OF THEIR

EXECUTION, THE METHOD OF THEIR PAYMENT AND THE SECURITY THEREFOR, AND OTHER DETAILS IN CONNECTION THEREWITH; PROVIDING FOR THE DISPOSITION OF THE PROCEEDS OF CERTAIN MOTOR VEHICLE FUEL TAXES; PLEDGING REVENUES TO THE PAYMENT OF THE BONDS DERIVED FROM THE LEVY AND COLLECTION OF SUCH EXCISE TAXES; PROVIDING FOR THE ISSUANCE OF ADDITIONAL BONDS PAYABLE FROM SAID EXCISE TAXES; PROVIDING OTHER COVENANTS, AGREEMENTS AND OTHER DETAILS AND MAKING OTHER PROVISIONS CONCERNING SAID MOTOR VEHICLE FUEL TAXES, SAID BONDS, AND THE REVENUES PLEDGED FOR THEIR PAYMENT; RATIFYING ACTION PREVIOUSLY TAKEN TOWARD ISSUING SAID BONDS AND EFFECTING THE PURPOSE OF THEIR ISSUANCE; AND BY DECLARING AN EMERGENCY, PROVIDING THE EFFECTIVE DATE HEREOF,

introduced and read in full at this meeting, be now finally passed and adopted as read as an ordinance. Commissioner McKissick seconded the motion. The question being upon the final passage and adoption of said bill as an ordinance, the roll was called with the following result:

Those Voting Aye:	J. B. Cunningham
	Howard F. McKissick, Sr.
	Leo Sauer
	Richard L. Streeter
	J. C. McKenzie, Chairman

Those Voting Nay:	None
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Those Absent:	None
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The presiding officer thereupon declared that all members of the Board of County Commissioners of Washoe County, Nevada, having voted in favor thereof, said motion was carried and Bill No. 167 duly passed and adopted as an ordinance.

On motion duly made, seconded and unanimously adopted, it was ordered that said ordinance be approved and authenticated by the signature of the Chairman of said Board of County Commissioners, sealed with the seal of Washoe County, attested by the County Clerk and recorded in the minute book of said Board of County Commissioners, said record to be signed by said officers and properly sealed.

Commissioner Cunningham then moved that said ordinance, heretofore designated as Bill No. 167, be numbered 151 and published twice by title as therein provided. Commissioner Sauer seconded the motion. The question being upon so numbering and publishing said ordinance, the roll was called with the following result:

Those Voting Aye:	J. B. Cunningham
	Howard F. McKissick, Sr.
	Leo Sauer
	Richard L. Streeter
	J. C. McKenzie, Chairman

Those Voting Nay:	None
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Those Absent:	None
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The presiding officer thereupon declared that all members of said Board having voted in favor thereof, said motion was carried and the said ordinance so numbered and ordered published.

66-963

GENERAL LICENSE - AUCTION - HORIZON HILLS

3:00 P.M. This being the time set to consider an application of the Milton J. Wershow Co. for a Business License to conduct an auction of real property located in the Horizon Hills area North of Reno.

C. W. Young, Sheriff, presented the application and Clinton Wooster, Deputy District Attorney, explained the application was presented on October 24th and had been delayed for further information and assurances of full public disclosure of all obligations on the property to be sold, as well as proper handling of funds received.

Mr. Eugene A. Brajkovich, Broker, representing Nevada Business Opportunities, was present and passed out a brochure dated November 3, 1966 addressed to all interested parties explaining terms and conditions of the auction sale, and also stated that Mr. Dan Freeman, owner of the property in question, would be present at the auction and that all receipts would be handled by Lawyers Title Insurance Corporation of Reno.

Mr. John W. Uram, representing the State Real Estate Commission, was present and stated he had no objection to the issuance of the license.

Mr. Ray O'Brien of Lawyers Title Insurance Corporation was present and confirmed the statement that his firm would handle all the receipts, escrows and transfers of title.

Mr. Robert Laird and Mr. Don York, property owners in the area, were present and questioned the completion of the sewer system and continuation of restrictions on the property to be sold; they also presented a copy of a Notice of Public Auction to be held November 5, 1966, which stated the two undeveloped parcels of land were zoned R-1. Various liens on the property were discussed at some length.

After considerable discussion, upon motion by Commissioner Cunningham, seconded by Deputy District Attorney Wooster, which motion carried by unanimous roll call vote, it was ordered that a license be granted to the MILTON J. WERSHOW CO. to hold a public auction based upon the understanding that full disclosure of all liens would be made to the public; that the brochure presented and signed by Mr. Brajkovich would be distributed to all present; that the zoning would be clarified and Lawyers Title Insurance Corporation will handle all moneys, escrows and transfers of titles.

66-964

APPLICATION - NORTHERN CALIFORNIA-NEVADA CONSERVATION DISTRICT

Upon motion by Commissioner Sauer, seconded by Commissioner McKenzie, who had relinquished the gavel to Vice-chairman McKissick, which motion duly carried, it was ordered the Reproduction Department be authorized to print 150 copies of a preliminary application to the Department of Interior by the Northern California-Nevada Resource, Conservation and Development Project, attempting to qualify for Federal Funds.