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PROOF OF PUBLICATION

STATE OF NEVADA
COUNTY OF WASHOE

ss. Tana Ciccotti

being duly sworn, deposes and says:
That as legal clerk of the RENO GAZETTE-
JOURNAL, a daily newspaper published in Reno,
Washoe County, State of Nevada, that the notice:
to bidders

of which a copy is hereto attached, has been
published in each regular and entire issue of
said newspaper on the following dates to wit:
Sept 5 1997

Signed

Subscribed and sworn to before me on 09/05/97

Notary Public

BILL NO. 1167
ORDINANCE NO. 992

AN ORDINANCE AUTHORIZING THE ISSUANCE BY WASHOE COUNTY, NEVADA OF ITS REGISTERED, NEGOTIABLE, GENERAL OBLIGATION (LIMITED TAX) SEWER BOND (TRUCKEE RIVER WATER QUALITY SETTLEMENT) (ADDITIONALLY SECURED BY PLEDGED REVENUES) SERIES 1997 FOR THE PURPOSE OF FINANCING SEWER PROJECTS FOR THE COUNTY; PROVIDING THE FORM, TERMS AND CONDITIONS THEREOF AND COVENANTS RELATING TO THE PAYMENT OF SAID BOND; AND PROVIDING FOR ITS ADOPTION AS IF AN EMERGENCY EXISTS; AND PROVIDING OTHER MATTERS RELATING THERETO. PUBLIC NOTICE IS HEREBY GIVEN, that an adequate number of typewritten copies of the above-numbered and entitled Ordinance are available for public inspection and distribution at the office of the County Clerk of Washoe County, at her office in the County Courthouse in Reno, Nevada, and that such Ordinance was proposed by Commissioner Bond on August 19, 1997, and was passed and adopted at a regular meeting of the Washoe County Board of County Commissioners at the same meeting on August 19, 1997.

Joanne Bond
Jim Galloway
Mike Moulton
Jim Shaw
Grant Sims

This Ordinance shall be in full force and effect from and after the 5th day of September, 1997, i.e., the date of the second publication of such Ordinance by title only.

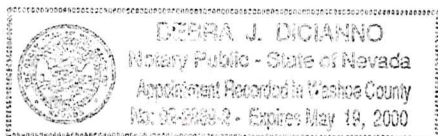
IN WITNESS WHEREOF, the Board of County Commissioners of Washoe County, Nevada, has caused this Ordinance to be published by title only. DATED this August 19, 1997.

/s/Grant Sims
Chairman
Board of County Commissioners
Washoe County, Nevada

Attest:
/s/Judi Bailey
County Clerk

No. 3457 Aug 26; Sept 5, 1997

P.O. BOX 22000, RENO, NEVADA 89520
(702) 788-6200



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Summary - An ordinance authorizing the issuance by Washoe County, Nevada of its General Obligation (Limited Tax) Sewer Bond (Truckee River Water Quality Settlement) (Additionally Secured by Pledged Revenues), Series 1997, and providing other matters relating thereto.

ORDINANCE NO. 992

AN ORDINANCE AUTHORIZING THE ISSUANCE BY WASHOE COUNTY, NEVADA OF ITS REGISTERED, NEGOTIABLE, GENERAL OBLIGATION (LIMITED TAX) SEWER BOND (TRUCKEE RIVER WATER QUALITY SETTLEMENT) (ADDITIONALLY SECURED BY PLEDGED REVENUES) SERIES 1997 FOR THE PURPOSE OF FINANCING SEWER PROJECTS FOR THE COUNTY; PROVIDING THE FORM, TERMS AND CONDITIONS THEREOF AND COVENANTS RELATING TO THE PAYMENT OF SAID BOND; AND PROVIDING FOR ITS ADOPTION AS IF AN EMERGENCY EXISTS; AND PROVIDING OTHER MATTERS RELATING THERETO.

(1) **WHEREAS**, Washoe County, in the State of Nevada (the "County" and "State," respectively), was created as a county pursuant to Section 243.340 of Nevada Revised Statutes ("NRS") and is operating as a county and political subdivision under the laws of the State; and

(2) **WHEREAS**, the County now owns and operates a municipal water system (the "Water System") and a municipal sanitary sewer system (the "Sewer System"; the Water System and the Sewer System are herein collectively designated the Municipal Utility System); and

(3) **WHEREAS**, the Board of County Commissioners of the County (the "Board" or "Governing Body") has determined and hereby declares that the public interest, health and welfare necessitates making certain improvements to the Sewer System by acquiring, improving, equipping, operating and maintaining a sewer project within the County, including, but not limited to facilities pertaining to the Sewer System for the collection, interception, transportation, treatment, purification and disposal of sewage, liquid wastes, solid wastes, night soil and industrial wastes through the purchase of water rights (the "Project"); and

(4) **WHEREAS**, pursuant to NRS §§ 244A.011 through 244A.065 (the "County Bond Law") and NRS chapter 350 and all laws amendatory thereof, which includes the Local Government Securities Laws, being NRS §§ 350.500 through 350.720, and all laws amendatory

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thereof (the "Bond Act"), the County is authorized to borrow money and to issue general obligation bonds of the County for the purpose of defraying wholly or in part the cost of the Project; and

(5) **WHEREAS**, pursuant to NRS §§ 350.001 to 350.006, inclusive, the Board submitted to the Debt Management Commission of Washoe County, Nevada (the "Commission") the County's proposal to issue its general obligation (limited tax) sewer bond (truckee river water quality settlement) (additionally secured by pledged revenues) in the maximum principal amount of \$12,000,000 (the "Proposal"); and

(6) **WHEREAS**, the Commission has heretofore duly approved the Proposal; and

(7) **WHEREAS**, pursuant to NRS § 350.020(3), the County published a notice of its intent to issue a maximum of \$12,000,000 of general obligation (limited tax) sewer bond (truckee river water quality settlement) (additionally secured by pledged revenues), and no petition in conformity with NRS § 350.020(3) requesting an election on the bond was presented to the Board within 60 days after such publication; and

(8) **WHEREAS**, no general obligation sewer bonds (the "Municipal Securities") contemplated by the Proposal have previously been issued; and

(9) **WHEREAS**, the Assistant County Manager, Finance Division, has been authorized to request and has requested the Director of the Department of Conservation and Natural Resources as Administrator of the State of Nevada Account to Finance the Construction of Treatment Works and Implementation of Pollution Control Projects (the "Director" and "Revolving Fund", respectively), under NRS 445A.060 to 445A.160, inclusive (the "Project Act"), to make a loan to the County by purchasing the Municipal Securities in the maximum principal amount of \$12,000,000; and

(10) **WHEREAS**, the Director authorized a loan to the County of \$12,000,000, and upon approval of the Department of Administration, authorized the State Treasurer to make a loan to the County from the Revolving Fund to defray the cost of the Project; and

(11) **WHEREAS**, the County intends to hereby authorize the issuance of Municipal Securities in the principal amount of \$12,000,000 to evidence the obligation to repay the loan from the Revolving Fund; and

(12) **WHEREAS**, the Bond Act and the Project Act permit Municipal Securities to be sold at private sale to the State; and

(13) **WHEREAS**, after private negotiation pursuant to the Bond Act and the Project Act, the Board has determined to sell its Municipal Securities designated as the "Washoe County, Nevada, General Obligation (Limited Tax) Sewer Bond (Truckee River Water Quality Settlement) (Additionally Secured by Pledged Revenues), Series 1997" (the "Bond"), in the aggregate principal amount of \$12,000,000 to the State for a price equal to the principal amount of the Bond, less a discount, if any, of not more than 9 percent of such principal amount or plus a premium, if any, in each case as set forth in the Loan Contract (as defined herein) and otherwise upon the terms provided below and in the Loan Contract; and

(14) **WHEREAS**, the effective interest rate on the Bond does not exceed by more than 3% the "Index of Twenty Bonds" which was most recently published in The Bond Buyer before a negotiated offer was accepted for the Bond; and

(15) **WHEREAS**, County has previously issued its "Washoe County, Nevada General Obligation (Limited Tax) Water and Sewer Bonds (Additionally Secured by Pledged Revenues) Series August 1, 1986" (the "1986 Bonds") in the original aggregate principal amount of \$1,445,000; and

(16) **WHEREAS**, County has previously issued its "Washoe County, Nevada General Obligation (Limited Tax) Water and Sewer Improvement and Refunding Bonds (Additionally Secured by Pledged Revenues) Series 1997" (the "1997 Water and Sewer Bonds") in the original aggregate principal amount of \$3,720,000; and

(17) **WHEREAS**, County has previously issued its "Washoe County, Nevada General Obligation (Limited Tax) Sewer Bond (Additionally Secured by Pledged Revenues) Series 1997" (the "1997 Sewer Bond") in the original aggregate principal amount of \$1,409,520; and

(18) **WHEREAS**, the Board hereby elects to have the provisions of Chapter 348 of NRS (the "Supplemental Bond Act") apply to the Bond; and

(19) **WHEREAS**, the Board has determined and hereby declares:

(A) It is necessary and for the best interests of the County to effect the Project and to issue the Bond;

(B) Each of the limitations and other conditions to the issuance of the Bond in the County Bond Law, the Bond Act, the Supplemental Bond Act, and in any other relevant act of the State or the Federal Government, has been met; and pursuant to § 350.708, Bond Act, this determination of the Board that the limitations in the Bond Act have been met shall be conclusive in the absence of fraud or arbitrary or gross abuse of discretion;

(C) This ordinance pertains to the sale, issuance and payment of the Bond; this declaration shall be conclusive in the absence of fraud or gross abuse of discretion in accordance with the provisions of NRS § 350.579(2); and

(D) This Ordinance may accordingly be adopted as if an emergency exists and may become effective at any time when an emergency ordinance of the County may go into effect.

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

SECTION 1. **Short Title.** This Ordinance shall be known and may be cited as the "1997 Sewer Bond Ordinance (Truckee River Water Quality Settlement)."

SECTION 2. **Definitions.** The terms in this section and in the preambles hereof defined for all purposes of this Ordinance and of any instrument amendatory hereof or supplemental hereto, and of any other instrument or any other document relating hereto, except where the context

by clear implication otherwise requires, shall have the meanings in this section and in said preambles specified:

"**Bond Year**" means the 12 month period commencing on March 2 of a calendar year and ending on March 1 of the following calendar year.

"**Commercial Bank**" means a state or national bank or trust company which is a member of the Federal Deposit Insurance Corporation.

"**Cost of the Project**" means all or any part designated by the Board for the cost of the Project, or interest therein, which cost, at the option of the Board, except as limited by law, may include all or any part of the incidental costs relating to the Project, including, without limitation:

(a) Preliminary expenses advanced by the County from money available for use therefor, or advanced by the Federal Government, or from any other source, with the approval of the Board;

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

(c) The costs of premiums on builders' risk insurance and performance bonds, or a reasonably allocable share thereof;

(d) The costs of appraising, printing, estimates, advice, services of engineers, architects, accountants, financial consultants, attorneys at law, clerical help or other agents or employees;

(e) The costs of making, publishing, posting, mailing and otherwise giving any notice in connection with the Project, the filing or recordation of instruments, the taking of options, the issuance of the Bond and any other securities relating to the Project, and bank fees and expenses;

(f) The costs of contingencies;

(g) The costs of the capitalization with the proceeds of the Bond or other securities relating to the Project of any operation and maintenance expenses appertaining to the Project and of any interest on the Bond or other securities relating to the Project for any period not exceeding the period estimated by the Board to effect the Project plus one year, of any discount on the Bond or such other securities, and of any reserves for the payment of the principal of and interest on the Bond or such other securities, of any replacement expenses, and of any other cost of the issuance of the Bond or such other securities;

(h) The costs of amending any ordinance or other instrument authorizing the issuance of or otherwise appertaining to outstanding bonds or other securities of the County;

(i) The costs of funding any medium-term financing, construction loans and other temporary loans of not exceeding ten years appertaining to the Project and of the incidental expenses incurred in connection with such loans;

(j) The costs of any properties, rights, easements or other interests in properties, or any licenses, privileges, agreements and franchises;

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

(l) The administrative expenses and issuance costs of the State Treasurer through the Department of Conservation and Natural Resources; and

(m) All other expenses necessary or desirable and appertaining to the Project, as estimated or otherwise ascertained by the Board including rebates to the United States under Section 148 of the Tax Code.

"**Department**" means the State of Nevada Department of Conservation and Natural Resources.

"**Director**" means the Director of the State of Nevada Department of Conservation and Natural Resources.

"**Federal Government**" means the United States, or any agency, instrumentality or corporation thereof.

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

"**Fiscal Year**" means the 12 months commencing on July 1 of any calendar year and ending on June 30 of the next succeeding calendar year; but if the Nevada Legislature changes the statutory fiscal year relating to the County, the Fiscal Year shall conform to such modified statutory fiscal year from the time of each such notification, if any.

"**General Taxes**" means general (ad valorem) taxes levied by the County against all taxable property within the boundaries of the County (unless otherwise qualified).

"**Gross Revenues**" means all income and revenues derived directly or indirectly by the County from the operation and use and otherwise pertaining to the Municipal Utility System or any part thereof, whether resulting from repairs, enlargements, extensions, betterments or other improvements to the Municipal Utility System, or otherwise, and includes all revenues received by the County from the Municipal Utility System, including, without limitation, all payments received by the County under the Loan Contract, all fees, rates, and other charges for the use of the Municipal Utility System or for any service rendered by the County in the operation thereof, directly or indirectly, the availability of any such service or the sale or other disposal of any commodity derived

therefrom, but excluding any moneys borrowed and used for the acquisition of capital improvements and any moneys received as grants, appropriations or gifts from the United States, the State or other sources, the use of which is limited by the grantor or donor to the construction of capital improvements for the Municipal Utility System, except to the extent any such moneys shall be received as payments for the use of the Municipal Utility System, services rendered thereby, the availability of any such service or the disposal of any such commodities. "Gross Revenues" shall also include all income or other gain from the investment of such income and revenues and of the proceeds of securities payable from Gross Revenues or Net Revenues.

"Municipal Utility System" means the water and sanitary sewer system of the County, consisting of all properties, real, personal, mixed or otherwise, now owned or hereafter acquired by the County through purchase, construction or otherwise, and used in connection with such system of the County, and in any way pertaining thereto, whether or not located within or without or both within and without the boundaries of the County, including, without limitation, machinery, apparatus, structures, buildings and related or appurtenant furniture, fixtures and other equipment, as such system is from time to time extended, bettered or otherwise improved, or any combination thereof.

"Net Revenues" means the Gross Revenues remaining after the deduction of Operation and Maintenance Expenses.

"Operation and Maintenance Expenses" means all reasonable and necessary current expenses of the County, paid or accrued, of operating, maintaining and repairing the Municipal Utility System, including, without limitation:

(a) engineering, auditing, reporting, legal and other overhead expenses relating to the administration, operation and maintenance of the Municipal Utility System;

(b) fidelity bond and property and liability insurance premiums pertaining to the Municipal Utility System or a reasonably

allocable share of a premium of any blanket bond or policy pertaining to the Municipal Utility System;

(c) payments to pension, retirement, health and hospitalization funds, and other insurance and to any self-insurance fund as insurance premiums not in excess of such premiums which would otherwise be required for such insurance;

(d) any general taxes, assessments, excise taxes or other charges which may be lawfully imposed upon the County, the Municipal Utility System, revenues therefrom or the County's income from or operations of any properties under its control and pertaining to the Municipal Utility System, or any privilege in connection with the Municipal Utility System or its operations;

(e) the reasonable charges of any Paying Agent or Registrar and any depository bank pertaining to the Bond or any other securities payable from Gross Revenues or otherwise pertaining to the Municipal Utility System;

(f) contractual services, professional services, salaries, other administrative expenses and costs of materials, supplies, repairs and labor pertaining to the Municipal Utility System or to the issuance of the Bond, or any other securities relating to the Municipal Utility System, including, without limitation, the expenses and compensation of any receiver or other fiduciary under the Bond Act;

(g) the costs incurred by the Board in the collection and any refunds of all or any part of Gross Revenues;

(h) any costs of utility services furnished to the Municipal Utility System;

(i) any lawful refunds of any Gross Revenues; and

(j) all other administrative, general and commercial expenses pertaining to the Municipal Utility System;

but excluding:

(i) any allowance for depreciation;

(ii) any costs of extensions, enlargements, betterments and other improvements, or any combination thereof;

(iii) any reserves for major capital replacements, other than normal repairs;

(iv) any reserves for operation, maintenance or repair of the Municipal Utility System;

(v) any allowance for the redemption of any Bond or other security or the payment of any interest thereon or any prior redemption premium due in connection therewith;

(vi) any liabilities incurred in the acquisition or improvement of any properties comprising any project or any existing facilities, or any combination thereof, pertaining to the Municipal Utility System, or otherwise; and

(vii) any liabilities imposed on the County for any ground legal liability not based on contract, including, without limitation, negligence in the operation of the Municipal Utility System.

"Outstanding" when used with reference to the Bond or any other designated securities payable from Net Revenues and as of any particular date means the Bond in any manner theretofore and thereupon being executed and delivered:

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

(b) Except any Bond or other security for the payment or the redemption of which moneys at least equal to its Bond Requirements to the date of maturity or to any Redemption Date shall have theretofore been deposited with a trust bank in escrow or in trust for that purpose, as provided in Section 57 hereof; and

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

"Parity Securities" means securities of the County pertaining to the Municipal Utility System and payable from and secured by Net Revenues on a parity with the Bond, to the extent issued in accordance with the terms, conditions and limitations hereof and, where the context requires.

"Paying Agent" means the Treasurer of the County or any successor thereto as paying agent for the Bond appointed by the Board.

"Person" means a corporation, firm, other body corporate (including, without limitation, the Federal Government, the State or any other body corporate and politic other than the County), partnership, association or individual, and also includes an executor, administrator, trustee, receiver or other representative appointed according to law.

"Purchaser" means the State of Nevada, acting by and through the Director of the Department of Conservation and Natural Resources as Administrator of the Account to Finance the Construction of the Treatment Works and Implementation of Pollution Control Projects of the State of Nevada.

"Redemption Date" means a date fixed for the redemption prior to their respective maturities of any Bond or other designated securities payable from any Net Revenues in any notice of prior redemption or otherwise fixed and designated by the County.

"Redemption Price" means, when used with respect to a Bond or other designated security payable from any Net Revenues, the principal amount thereof plus accrued interest thereon

to the Redemption Date plus the applicable premium, if any, payable upon the redemption thereof prior to the stated maturity date of such Bond or other security on a Redemption Date in the manner contemplated in accordance with the security's terms.

"**Registrar**" means the Treasurer of the County or any successor thereto as registrar for the Bond appointed by the Board.

"**Revolving Fund**" means the Fund to Finance the Construction of Treatment Works and the Implementation of Pollution Control Projects of the State of Nevada created by NRS 445A.120.

"**Subordinate Securities**" means securities of the County pertaining to the Municipal Utility System and payable from and secured by Net Revenues subordinate and junior to the pledge thereof to the Bond, to the extent issued in accordance with the terms, conditions and limitations hereof.

"**Superior Securities**" means securities of the County pertaining to the Municipal Utility System and payable from and secured by Net Revenues prior and superior to the pledge thereof to the Bond, to the extent issued in accordance with the terms, conditions and limitations hereof.

"**Tax Code**" means the Internal Revenue Code of 1986, as amended to the date of delivery of the Bond.

"**Trust Bank**" means a "commercial bank", as defined herein, which bank is authorized to exercise and is exercising trust powers, and also means any branch of Federal Reserve Bank.

Other capitalized terms used herein shall have the meanings given to such terms in the text hereof, except where the context by clear implication otherwise requires.

SECTION 3. **Sale of Bond; Approval of Loan Contract.** The sale of the Bond to the State on the terms provided herein and in accordance with the loan agreement between the Department and the County, to be executed by the Assistant County Manager, Finance Division, on behalf of the County (the "Loan Contract") is hereby approved. The form, terms and provisions of

the Loan Contract substantially in the form as is currently on file with the County Clerk, with such amendments agreed to by the Assistant County Manager, Finance Division, whose execution thereof shall be conclusive evidence of such agreement, not inconsistent with the provisions of this Ordinance is hereby ratified, approved and confirmed.

SECTION 4. **Ratification**. All action heretofore taken by the Board and the officers of the County directed toward the Project and toward the issuance, sale and delivery of the Bond is hereby ratified, approved and confirmed.

SECTION 5. **Estimated Life of Facilities**. The Board, on behalf of the County, has determined and does hereby declare:

A. The estimated life or estimated period of usefulness of the Project to be acquired with the Bond is not less than the 20 years from September 1, 1997; and

B. The Bond shall mature at such time or times not exceeding such estimated life or estimated period of usefulness.

SECTION 6. **Necessity of Project and Bond**. It is necessary and in the best interests of the Board, its officers, and the inhabitants of the County, that the County effect the Project and defray wholly or in part the cost thereof by the issuance of the Bond therefor; and it is hereby so determined and declared.

SECTION 7. **Authorization of Project**. The Board hereby authorizes the Project.

SECTION 8. **Ordinance to Constitute Contract**. In consideration of the purchase and the acceptance of the Bond by those who shall own the same from time to time, the provisions hereof shall be deemed to be and shall constitute a contract between the County and the registered owners from time to time of the Bond.

SECTION 9. **Bond Equally Secured**. The covenants and agreements herein set forth to be performed shall be for the equal benefit, protection and security of the owners of the Outstanding Bond, all of which, regardless of the time or times of their issue or maturity, shall be

of equal rank without preference, priority or distinction except as otherwise expressly provided in or pursuant to this Ordinance.

SECTION 10. **General Obligations.** The Bond, as to the principal thereof, the interest thereon and any prior redemption premiums due in connection therewith (the "Bond Requirements"), shall constitute general obligations of the County, which hereby pledges its full faith and credit for their payment. So far as possible, Bond Requirements shall be paid from Net Revenues of the Municipal Utility System of which the Project is a part (the "Pledged Revenues"). However, the Bond as to all Bond Requirements shall also be payable from the General Taxes (except to the extent that other moneys such as Net Revenues are available therefor) as herein provided.

SECTION 11. **Limitations upon Security.** The payment of the Bond is not secured by an encumbrance, mortgage or other pledge of property of the County, except for the proceeds of General Taxes and any other moneys pledged for the payment of the Bond. No property of the County, subject to such exception, shall be liable to be forfeited or taken in payment of the Bond.

SECTION 12. **No Recourse Against Officers and Agents.** No recourse shall be had for the payment of the Bond Requirements of the Bond or for any claim based thereon or otherwise upon this Ordinance or any other instrument relating thereto, against any individual member of the Board or any officer or other agent of the Board or County, past, present or future, either directly or indirectly through the Board or the County, or otherwise, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any penalty or otherwise, all such liability, if any, being by the acceptance of the Bond and as a part of the consideration of their issuance specially waived and released.

SECTION 13. **Authorization of Bond.** For the purpose of providing funds to pay all or a portion of the Cost of the Project, the County shall issue its "Washoe County, Nevada, General Obligation (Limited Tax) Sewer Bond (Truckee River Water Quality Settlement) (Additionally Secured by Pledged Revenues), Series 1997", in the aggregate principal amount

designated in the Loan Contract (not to exceed \$12,000,000) in the form substantially set forth in Section 24 hereof.

SECTION 14. **Bond Details.** The Bond shall be issued in fully registered form, i.e., registered as to both principal and interest, in compliance with § 149 of the Tax Code, and the regulations of the Secretary of the Treasury thereunder. The Bond shall be dated initially as of the date of delivery thereof to the State, and shall be issued as a single bond in the maximum aggregate principal amount of \$12,000,000 or such lesser amount as is advanced under the Loan Contract, as shown on the principal advance panel appended to the Bond. The Bond shall bear interest (calculated on the basis of a 360 day year of twelve 30 day months) from their date until their respective maturity dates (or, if redeemed prior to maturity as provided below, their redemption dates) at the rate set forth in the Loan Contract and, payable semiannually on January 1 and July 1 of each year commencing on January 1, 1997 until maturity; provided that if the Bond is reissued upon transfer, exchange or other replacement shall bear interest from the most recent interest payment date to which interest has been paid, or if no interest has been paid, from the date of the Bond. The Bond shall mature serially on January 1 and July 1, commencing on the first principal payment date immediately following the earlier of: (i) the date the County draws the maximum principal amount authorized hereunder (\$12,000,000), (ii) the date the County completes the Project, and (iii) three years from date of the initial advance on the Bond. The principal and interest payments shall be structured so as to produce payments consistent in amount from payment date to payment date and which shall amortize the Outstanding Bond Requirements within 20 years of the initial advance to the County. The amounts of principal and interest payments shall be substantially in the amounts set forth in the Loan Contract.

The principal of the Bond shall be payable to the registered owner thereof as shown on the registration records kept by the Registrar, upon maturity or prior redemption thereof and upon presentation and surrender at the office of the Paying Agent. If any installment of principal shall not be paid on or ten days after maturity, interest shall continue to accrue at the applicable interest rate until the principal thereof is paid in full, plus a penalty in the amount of one-tenth of one percent

(0.1%) will be due for each day of nonpayment commencing 10 days after the maturity date of that principal installment. Payment of interest on the Bond shall be made to the registered owner thereof by check or draft mailed by the Paying Agent, on or before each interest payment date (or, if such interest payment date is not a business day, on or before the next succeeding business day), to the registered owner thereof, at his or her address as shown on the registration records kept by the Registrar as of the close of business on the last day of the calendar month next preceding each interest payment date (other than a special interest payment date hereafter fixed for payment of defaulted interest) (the "Regular Record Date"); but any such interest not so timely paid or duly provided for shall cease to be payable to the owner thereof as shown on the registration records of the Registrar as of the close of business on the Regular Record Date and shall be payable to the owner thereof, at his or her address, as shown on the registration records of the Registrar as of the close of business on a date fixed to determine the names and addresses of owners for the purpose of paying defaulted interest (the "Special Record Date"). Such Special Record Date shall be fixed by the Paying Agent whenever moneys become available for payment of the defaulted interest, and notice of the Special Record Date shall be given to the owners of the Bond not less than ten days prior thereto by first-class mail to each such owner as shown on the Registrar's registration records as of a date selected by the Registrar, stating the date of the Special Record Date and the date fixed for the payment of such defaulted interest. The Paying Agent may make payments of interest on any Bond by such alternative means as may be mutually agreed to between the owner of such Bond and the Paying Agent. All such payments shall be made in lawful money of the United States of America without deduction for any service charges of the Paying Agent or Registrar.

SECTION 15. Prepayment Option.

A. Optional Prepayment. Installments of principal on the Bond shall be subject to prepayment prior to maturity, at the option of the County, in whole or in part on any January 1 or July 1 from any installments of principal selected by the County, at a price equal to the principal amount of the Bond, or portion thereof, so prepaid, and the accrued interest thereon to the Redemption Date; provided that (i) the State consents in writing to such prepayment or (ii) a change

in use of the facilities financed by the Bond occurs which change in use necessitates remedial action under Treas. Reg. § 1.141-12 in order to comply with the covenant in Section 56 hereof.

B. Partial Prepayment. In the case of a partial prepayment of the Bond pursuant to subsection (A) hereof, the Paying Agent shall select the portions of installments of the Bond to be prepaid by lot at such time as directed by the County (but at least 30 days prior to the prepayment date), and if such selection is more than 60 days before a Redemption Date, shall direct the Registrar to appropriately identify the principal installments of the Bond so called for prepayment by stamping them at the time the Bond or installments of principal thereof so selected for prepayment is presented to the Registrar for stamping or for exchange, or by such other method of identification as is deemed adequate by the Registrar, and any installments of the Bond issued in exchange for, or to replace, the Bond so called for prepayment shall likewise be stamped or otherwise identified.

C. Notice of Prepayment. Unless waived by the owner of the Bond or installments of principal to be prepaid, official notice of any such prepayment shall be given by the Registrar by mailing a copy of an official prepayment notice by first-class mail, postage prepaid, at least 30 days and not more than 60 days prior to the date fixed for prepayment to the registered owner of the Bond or any installment of principal to be prepaid at the address shown on the Bond register. Actual receipt of mailed notice by the owner of the Bond shall not be a condition precedent to prepayment of such Bond or any installment of principal. Failure to give such notice to the registered owner of the Bond, or any defect therein, shall not affect the validity of the proceedings for the prepayment of any other installment of principal of the Bond. A certificate by the Registrar that such notice has been given as herein provided shall be conclusive against all parties.

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

1. The Redemption Date,
2. The Redemption Prices,
3. If less than all Outstanding installments of principal due on the Bond are to be prepaid, the identification

(and, in the case of partial prepayment, the respective principal amounts) of the installments of principal on the Bond to be prepaid,

4. That on the Redemption Date the Redemption Price will become due and payable upon each such installments of principal to be prepaid or portion thereof called for prepayment, and that interest thereon shall cease to accrue from and after said date, and

5. The place where such Bond is to be surrendered for payment of the Redemption Price, which place of payment shall be the office of the Paying Agent (accrued interest to the prepayment date being payable by mail or as otherwise provided in this Ordinance).

Prior to or on any Redemption Date, the County shall deposit with the Paying Agent an amount of money sufficient to pay the Redemption Price of all installments of principal on the Bond or portions thereof which are to be prepaid on that date.

Official notice of prepayment having been given as aforesaid, the Bond or installments thereof so to be prepaid shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the County shall default in the payment of the Redemption Price) such Bond or installments thereof shall cease to bear interest. Upon surrender of such Bond for prepayment in accordance with said notice, such Bond shall be paid by the Paying Agent at the Redemption Price. Installments of interest due on or prior to the Redemption Date shall be payable as herein provided for payment of interest. Upon surrender for any partial prepayment of the Bond, there shall be prepared for the registered owner a new Bond of the same maturity in the amount of the unpaid principal. All installments of principal on the Bond or the Bond which have been prepaid shall be noted on the prepayment panel appended to the Bond.

SECTION 16. **Compliance with Federal and State Laws**. The County agrees that it will, at all times that the Bond is outstanding, comply with and require its contractors and subcontractors to comply with all applicable federal and state laws, rules guidelines, regulations and requirements. The County covenants that it will comply with the requirements of 40 CFR Part 31 and comply with, implement and fulfill all environmental mitigation measures committed to by the County as a part of its request to the Director for financing from the Revolving Fund.

SECTION 17. **Negotiability**. The Bond shall be fully negotiable within the meaning of and for the purpose of the Uniform Commercial Code - Investment Securities and each owner shall possess all rights enjoyed by holders of negotiable instruments under the Uniform Commercial Code - Investment Securities.

SECTION 18. **Registration, Transfer and Exchange of Bond**. The Bond shall be subject to the following provisions relating to their registration, transfer and exchange:

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

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

(C) Whenever the Bond shall be surrendered to the Paying Agent upon payment thereof, or to the Registrar for replacement as provided herein, such Bond shall be promptly canceled by the Paying Agent or Registrar, and counterparts of a certificate of such cancellation shall be furnished by the Paying Agent or Registrar to the City.

(D) The Registrar shall maintain at his office a registration record for the Bond showing the name and address of the registered owner and the amounts and dates of any principal prepayments on the Bond.

SECTION 19. Execution and Authentication.

A. Prior to the execution of the Bond by facsimile signature, and pursuant to § 350.638, Bond Act, to the act known as the Uniform Facsimile Signatures of Public Officials Act, cited as Chapter 351, NRS, and to the Supplemental Bond Act, the Chairman of the Board of County Commissioners (the "Chairman"), the County Treasurer (the "Treasurer") and the County Clerk (the "Clerk") shall each file with the Secretary of State of Nevada his or her manual signature certified by him or her under oath.

B. The Bond shall be approved, signed and executed in the name of and on behalf of the County with the manual or facsimile signature of the Chairman, shall be countersigned and executed with the manual or facsimile signature of the Treasurer, and shall bear a manual impression or a facsimile of an impression of the official seal of the County attested with the manual or facsimile signature of the Clerk.

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

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

SECTION 20. **Use of Predecessor's Signature.** The Bond bearing the signatures of the officers in office at the time of the execution of the Bond shall be valid and binding obligations of the County, notwithstanding that before their delivery any or all of the persons who executed them shall have ceased to fill their respective offices. The Chairman, the Treasurer, and the Clerk at the time of the execution of a signature certificate relating to the Bond, may each adopt as and for his own facsimile signature the facsimile signature of his predecessor in office if such facsimile signature appears upon the Bond.

SECTION 21. **Incontestable Recital.** Pursuant to § 350.628 of the Bond Act, the Bond shall contain a recital that they are issued pursuant to the Bond Act, which recital shall be conclusive evidence of the validity of the Bond and the regularity of their issuance.

SECTION 22. **State Tax Exemption.** Pursuant to § 350.710, Bond Act, the Bond, its transfer and the income therefrom shall forever be and remain free and exempt from taxation by the State or any subdivision thereof, except for the tax on estates imposed pursuant to the provisions of chapter 375A of NRS and the tax on generation-skipping transfers imposed pursuant to the provisions of chapter 375B of NRS.

SECTION 23. **Use of Single Bond.** A. The Bond shall be initially evidenced by a single registered Bond in the maximum principal amount of \$12,000,000, numbered R-1, which Bond shall be manually signed and executed in the name of and on behalf of the County by the Chairman, countersigned and manually subscribed by the County Treasurer, with the seal of the County affixed thereto and attested and manually signed by the County Clerk. The principal installments and interest on the Bond shall be paid by check, draft or warrant made to the order of the registered owner of the Bond and mailed to the address of the registered owner shown on the Bond registration records of the Registrar on or before such payment date, or if such payment date is not a business day, on or before the next succeeding business day. So long as the State is the registered owner, such payment shall be made by depositing with the State Treasurer, on or before the payment date, or if such payment date is not a business day, on or before the next succeeding business day, immediately available funds in an amount sufficient to make the payment then due.

The final installment of principal on the Bond shall be made only upon surrender of the Bond at the office of the Paying Agent. The Bond shall mature in installments of principal and bear interest substantially as provided in Sections 13 through 15 hereof. If a portion of principal of the Bond is called for prepayment, no payment of the principal or Redemption Price of or interest on the Bond, due on or after the date fixed for prepayment shall be made unless the Bond is presented to the Paying Agent and notation of the installments of principal so called for prepayment is made on such Bond. The Bond must be registered in the name of its owner and may be assigned by the registered owner in the manner and with the effect set forth in the provisions for registration contained in the form thereof hereinafter set forth.

The Treasurer shall act as Registrar and Paying Agent and shall maintain at his office registration records for the Bond showing the name and address of the registered owner, the amounts and dates of any principal prepayments on the Bond, and the dates of any transfers of the Bond.

SECTION 24. **Form of Bond**. The Bond shall be in substantially the following form, said form to be completed with necessary or appropriate variations, insertions, omissions, or endorsements consistent with the provisions of this Ordinance:

(Form of Bond)

TRANSFER OF THIS BOND OTHER THAN BY REGISTRATION IS NOT
EFFECTIVE

**UNITED STATES OF AMERICA
WASHOE COUNTY, NEVADA
GENERAL OBLIGATION (LIMITED TAX)
SEWER BOND (TRUCKEE RIVER WATER QUALITY SETTLEMENT)
(ADDITIONALLY SECURED BY PLEDGED REVENUES)
SERIES 1997**

No. R-1

Maximum Principal Amount \$12,000,000

Washoe County in the State of Nevada (the "County" and the "State", respectively) for value received hereby acknowledges itself to be indebted and promises to pay to the State of Nevada, c/o the State Treasurer, for deposit to the Account to Finance the Construction of Treatment Works and the Implementation of Pollution Control Projects (the "Revolving Fund"), the principal sum of

_____ No/100-----Dollars (\$_____)

or such lesser amount as is set forth on the Principal Advance Panel appended to this Bond, in installments of principal in the amounts and years listed in the ordinance duly adopted by the Board of County Commissioners (the "Board") of the County on August 19, 1997 and designated in § 1 by the short title "1997 Sewer Bond Ordinance (Truckee River Water Quality Settlement)" (the "Ordinance") and the Loan Contract (as defined in the Ordinance) (unless prepaid as provided herein and noted on the Prepayment Panel appended hereto) in lawful money of the United States of America, together with interest on the unpaid installments of principal from the date of delivery of this Bond appearing below until payment of such installments of principal shall have been discharged as provided in the Ordinance, said interest being payable on January 1 and July 1 of each year commencing on January 1, 1998, and said installments of principal bearing interest at the rate per annum, and being payable on January 1 and July 1 of the years and in the amounts designated in the Ordinance and the Loan Contract.

The principal of and interest on this Bond (the "Bond Requirements") are payable by check, draft or warrant made to the order of the registered owner hereof and mailed by the County Treasurer or any successor thereto as paying agent for this Bond (the "Paying Agent") to the address shown for the registered owner on the registration records of the County Treasurer or any successor thereto as registrar for the Bond (the "Registrar"). If the State is the registered owner hereof,

payment of the Bond Requirements shall be made by depositing with the State Treasurer, on or before any principal or interest payment date or prior redemption date, the amount coming due on such payment date in immediately available funds. If any payment date is not a business day, payment may be made on or before the next succeeding business day. If payment of any installment of principal of this Bond is not made when due, interest on such installment shall continue at the interest rate specified for such installment in the Ordinance until such principal installment is paid in full, plus a penalty in the amount of one-tenth of one percent (0.1%) will be due for each day of nonpayment commencing 10 days after the maturity date of that principal installment. The final installment of principal on this Bond is payable only on presentation and surrender of this Bond at the office of the Paying Agent.

This single bond is a duly authorized bond of the County in the maximum aggregate principal amount of _____ and No\100----- Dollars (\$ _____) (the "Bond") to defray, in part, the cost of acquiring, improving, equipping, operating and maintaining sewerage projects for the County and all appurtenances thereto (the "Project") under the authority of and in full compliance with the constitution and laws of the State.

This Bond is issued pursuant to Nevada Revised Statutes ("NRS") §§ 350.500 through 350.720, and all laws amendatory thereof designated in § 350.500 thereof as the Local Government Securities Law (the "Bond Act"); pursuant to NRS § § 350.001 to 350.006, inclusive; pursuant to NRS § 350.020(3); pursuant to NRS § 244A.011 through 244A.065, inclusive, and pursuant to NRS chapter 348; pursuant to § 350.628 of the Bond Act, this recital is conclusive evidence of the validity of the Bond and the regularity of their issuance; and pursuant to § 350.710 of the Bond Act, the Bond, its transfer, and the income therefrom shall forever be and remain free and exempt from taxation by the State or any subdivision thereof, except for the tax on estates imposed pursuant to the provisions of Chapter 375A of NRS and the tax on generation-skipping transfers pursuant to the provisions of chapter 375B of NRS.

Installments of principal of the Bond are subject to prepayment as provided in the Ordinance. Prepayment shall be made on not less than 30 days prior mailed notice in the manner and upon the conditions provided in the Ordinance. If a prepayment is made on this Bond as specified in the Ordinance, interest shall cease to accrue on the amount prepaid from and after the date fixed for prepayment. If a portion of the principal of this Bond is called for prepayment, no payment of the principal of and interest due in connection with this Bond due on and after the prepayment date shall be made unless this Bond is presented to the Paying Agent and notation of the installments of principal so called for prepayment is made on the Prepayment Panel appended hereto.

It is hereby certified and recited that all of the requirements of law have been fully complied with by the proper officers of the County in the issuance of this Bond; that the total indebtedness of the County, including that of this Bond, does not exceed any limit of indebtedness prescribed by the Constitution or by the laws of the State; that provision has been made for the levy

and collection of general (ad valorem) taxes ("General Taxes") against all taxable property within the County sufficient to pay the Bond Requirements of this Bond when the same become due (except to the extent that other revenues are available therefor), subject to the limitations imposed by the Constitution and statutes of the State; and that the full faith and credit of the County are hereby irrevocably pledged to the punctual payment of the Bond Requirements of this Bond according to its terms.

Payment of the principal of and interest on this Bond is additionally secured by a pledge of the net revenues (herein called the "Net Revenues") derived by the County from the operation and use of, and otherwise pertaining to, the water and sewer system of the County of which the Project is a part, consisting of all properties, real, personal, mixed or otherwise, now owned or hereafter acquired by the County, through purchase, construction or otherwise, and in any way pertaining thereto, whether or not located within or without or both within and without the boundaries of the County, including, without limitation, machinery, apparatus, structures and buildings, and related or appurtenant furniture, fixtures and other equipment, or any combination thereof (herein called the "Municipal Utility System"), whether resulting from extension, enlargements, repairs, betterments or other improvements to the Municipal Utility System, or otherwise, but excluding (1) moneys raised for capital improvements, and (2) grants, appropriations or gifts for limited uses, and after provision is made for the payment of all necessary and reasonable operation and maintenance expenses of the Municipal Utility System, which Net Revenues are so pledged as more specifically provided in the Ordinance.

This Bond is equally and ratably secured by such pledge of the Net Revenues, and such pledge constitutes an irrevocable lien (but not an exclusive lien) upon the Net Revenues, subordinate to the lien on the Net Revenues of the County's outstanding 1986 Bonds, 1997 Water and Sewer Bonds and 1997 Sewer Bond (as such terms are defined in the Ordinance). Additional securities may be issued and made payable from the Net Revenues of the Municipal Utility System and having a lien thereon superior to, subordinate to or on a parity with such pledge, in each case subject to the conditions of and in accordance with the Ordinance.

Reference is made to the Ordinance and to the Bond Act for an additional description of the nature and extent of the security for this Bond, the accounts, funds, or revenues pledged, the nature and extent and manner of enforcement of the pledge, the rights and remedies of the registered owner of this Bond with respect thereto, the terms and conditions upon which this Bond is issued, and a statement of rights, duties, immunities, and obligations of the County, and other rights and remedies of the owner of this Bond.

To the extent and in the respects permitted by the Ordinance, the provisions of the Ordinance may be amended or otherwise modified by action of the County taken in the manner and subject to the conditions and exceptions prescribed in the Ordinance. The pledge of Net Revenues under the Ordinance may be discharged at or prior to the respective maturities or prepayment of the

Bond upon the making of provision for the payment thereof on the terms and conditions set forth in the Ordinance.

This Bond shall not be entitled to any benefits under the Ordinance, or be valid or obligatory for any purpose until the registration panel hereon shall have been manually signed on behalf of the Registrar.

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

IN WITNESS WHEREOF, Washoe County, Nevada, has caused this Bond to be executed in its name by the manual signature of its Chairman of the Board of County Commissioners, to be countersigned by the manual signature of its County Treasurer, and attested by the manual signature of its County Clerk and has caused the seal of the County to be reproduced hereon, all as of the __ day of ____, 1997, i.e., the date of delivery of this Bond.

WASHOE COUNTY, NEVADA

(Manual or Facsimile Signature)
Chairman, Board of County Commissioners

Countersigned:

(SEAL)

(Manual or Facsimile Signature)
County Treasurer

Attest:

(Manual or Facsimile Signature)
County Clerk

(End of Form of Bond)

(Form of Registration and Authentication Panel on Back of Bond)

**AUTHENTICATION AND MANDATORY REGISTRATION FOR PAYMENT
AS TO PRINCIPAL AND INTEREST**

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

<u>Date of Authentication and Registration</u>	<u>Name of Owner</u>	<u>Address of Owner</u>	<u>Signature of Registrar</u>
_____	State of Nevada, Treasurer, as Custodian of the Revolving Fund of the State of Nevada	State Treasurer Capitol Complex Carson City, Nevada 89710	_____
_____	_____	_____	_____
_____	_____	_____	_____

(End of Form of Registration and Authentication Panel)

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(Form of Principal Prepayment Panel on Bond)

PREPAYMENT PANEL

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

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

(End of Form of Principal Prepayment Panel)

(Form of Principal Advance Panel)

PRINCIPAL ADVANCE PANEL

<u>Amount of Principal Advanced</u>	<u>Date of Advance</u>	<u>Signature of County Treasurer</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

(End of Form of Principal Advance Panel)

(Form of Legal Opinion Certificate)

STATE OF NEVADA)
)
COUNTY OF WASHOE) ss. **LEGAL OPINION CERTIFICATE**

I, the undersigned County Clerk of Washoe County, Nevada, certify that the following approving opinion of Swendseid & Stern, a member in Sherman & Howard L.L.C., Attorneys at Law, Reno, Nevada, to wit:

(Attorney's approving opinion to be inserted in submargins, including complimentary closing and "/s/ Swendseid & Stern, a member in Sherman & Howard L.L.C.")

is a true, perfect and complete copy of a manually executed and dated copy thereof on file in the records of the County in my office; and that the opinion was dated and issued as of the date of the initial delivery of and payment to the issuer for this Bond.

IN WITNESS WHEREOF, I have caused to be hereunto affixed my manual or facsimile signature.

(Facsimile Signature)
County Clerk

(End of Form of Legal Opinion Certificate)

SECTION 25. **Delivery of the Bond; Deposit of Proceeds.** When the Bond has been duly executed, the County Treasurer shall deliver it to the State upon receipt of the agreed purchase price, as stated in the Loan Contract, and shall authenticate and register it in the name of the State on the Bond registration records of the Registrar and make notation of such registration on the registration panel appended to the Bond. The County Treasurer shall cause the proceeds of the Bond to be applied as follows:

A. First, pursuant to § 350.648, Bond Act, the proceeds received from the sale of the Bond as accrued interest, if any, on the Bond and any premium received from the sale of the Bond shall be deposited into the Bond Fund, hereinafter created.

B. The balance of the proceeds received from the sale of the Bond shall be deposited into a special account hereby created and designated as the "Washoe County, Nevada, General Obligation (Limited Tax) Sewer Bond (Truckee River Water Quality Settlement) (Additionally Secured by Pledged Revenues), Series 1997, Acquisition Fund" (the "Acquisition Fund") to be held by the County. Moneys in the Acquisition Fund shall be used solely to defray wholly or in part the Cost of the Project including, without limitation, as provided in § 350.516, Bond Act, all costs of issuing the Bond and the costs of rebates to the United States under § 148 of the Tax Code, which the Board hereby determines are necessary and desirable and appertain to the Project. After the Project is complete and after all expenses have been paid or adequate provision therefor is made, pursuant to § 350.650 Bond Act, any unexpended balance of

Bond proceeds (or, unless otherwise required by law, any other moneys) remaining in the Acquisition Fund shall be deposited into the Bond Fund hereinafter created to be used to pay the principal of and interest on the Bond.

SECTION 26. **Completion of Project**. The County, with the proceeds derived from the sale of the Bond, shall proceed to complete the Project with due diligence.

SECTION 27. **Use of Investment Gain**. Pursuant to § 350.658, Bond Act, and except as may otherwise be required herein, any gain from any investment and any reinvestment of any proceeds of the Bond (except gain from any investment and any reinvestment of any proceeds of the Bond deposited into the Rebate Fund) shall be deposited promptly upon the receipt of such gain at any time or from time to time into the Acquisition Fund to defray, in part, the Cost of the Project or, if adequate provision has been made for the Project, into the Bond Fund hereinafter created, for the respective payment of the principal of or interest on the Bond or any combination thereof. As provided herein, the annual General Taxes for the payment of the principal of or interest on the Bond levied after such deposits of any such investment or reinvestment gain may be diminished to the extent of the availability of such deposit for the payment of such principal or interest.

SECTION 28. **Prevention of Bond Default**. Subject to the provisions of this Ordinance, the Treasurer shall use any Bond proceeds credited to the Acquisition Fund, without further order or warrant, to pay the Bond Requirements of the Bond as the same become due whenever and to the extent moneys 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 relating to the Project. The Treasurer shall promptly notify the Board of any such use.

SECTION 29. **Purchaser Not Responsible**. The validity of the Bond shall not be dependent on nor be affected by the validity or regularity of any proceedings relating to the Project, or any part thereof, or to the completion of the Project. Neither the State, nor any subsequent owner

of any Bond shall in any manner be responsible for the application or disposal by the County or by any of its officers, agents and employees of the moneys derived from the sale of the Bond or of any other moneys referred to in this Ordinance.

SECTION 30. **General Tax Levies.** So far as possible, the Bond Requirements of the Bond shall be paid from Net Revenues of the Municipal Utility System. However, pursuant to § 350.596, Bond Act, at any time when there are not on hand from such tax levy or levies sufficient funds on deposit in the Bond Fund to pay, when due the principal of and interest on the Bond, the Bond Requirements shall be paid out of the Acquisition Fund or out of a general fund of the County or out of any other funds that may be available for such purpose, including, without limitation, any proceeds of General Taxes. For the purpose of repaying any moneys so paid from any such fund or funds (other than any moneys available without replacement for the payment of such Bond Requirements on other than a temporary basis), and for the purpose of creating funds for the payment of the Bond Requirements, there are hereby created two separate accounts designated as the "Washoe County, Nevada, General Obligation (Limited Tax) Sewer Bond (Truckee River Water Quality Settlement) (Additionally Secured by Pledged Revenues), Series 1997, Interest Fund" (the "Interest Fund") and the "Washoe County, Nevada, General Obligation (Limited Tax) Sewer Bond (Truckee River Water Quality Settlement) (Additionally Secured by Pledged Revenues), Series 1997, Principal Fund" (the "Principal Fund") (collectively, the "Bond Fund"). Pursuant to §§ 350.592 and 350.594, Bond Act, there shall be duly levied immediately after the issuance of the Bond and annually thereafter, until all of the Bond Requirements shall have been fully paid, satisfied and discharged, a General Tax on all property, both real and personal, subject to taxation within the boundaries of the County, including the net proceeds of mines, fully sufficient to reimburse such fund or funds for any such amounts temporarily advanced to pay such initial installments of principal and interest, and to pay the interest on the Bond becoming due after such initial installment, and to pay and retire the Bond as they thereafter become due at maturity as herein provided, after there are made due allowances for probable delinquencies. The proceeds of such annual levies shall be duly credited to such separate accounts for the payment of such Bond Requirements. In the preparation

of the annual budget or appropriation resolution or ordinance for the County, the Board shall first make proper provisions through the levy of sufficient General Taxes for the payment of the interest on and the retirement of the principal of the bonded indebtedness of the County, including, without limitation, the Bond, subject to the limitation imposed by NRS § 361.453 and Section 2, art. 10, State Constitution, and the amount of money necessary for this purpose shall be a first charge against all the revenues received by the County.

SECTION 31. **Priorities for the Bond.** As provided in NRS § 361.463, in any year in which the total General Taxes levied against the property in the County by all overlapping units within the boundaries of the County exceeds the limitation imposed by NRS § 361.453, or a lesser or greater amount fixed by the State Board of Examiners in any fiscal year, and it becomes necessary by reason thereof to reduce the levies made by any and all such units, the reductions so made shall be in General Taxes levied by such unit or units (including, without limitation, the County and the State) for purposes other than the payment of their bonded indebtedness, including interest thereon. The General Taxes levied for the payment of such bonded indebtedness and the interest thereon shall always enjoy a priority over General Taxes levied by each such unit (including, without limitation, the County and the State) for all other purposes where reduction is necessary in order to comply with the limitation of NRS § 361.453.

SECTION 32. **Correlation of Levies.** Such General Taxes shall be levied and collected in the same manner and at the same time as other taxes are levied and collected, and the proceeds thereof for the Bond shall be kept in the Principal Fund and in the Interest Fund, which accounts shall be used for no other purpose than the payment of principal and interest, respectively, as the same fall due.

SECTION 33. **Use of General Fund.** Any sums becoming due on the Bond at any time when there are on hand from such General Taxes (and any other available moneys) insufficient funds to pay the same shall be promptly paid when due from general funds on hand belonging to the County, reimbursement to be made for such general funds in the amounts so advanced when the General Taxes herein provided for have been collected, pursuant to § 350.596, Bond Act.

SECTION 34. **Use of Other Funds.** Nothing in this Ordinance prevents the County from applying any funds (other than General Taxes but including Net Revenues) that may be available for that purpose to the payment of the Bond Requirements as the same, respectively, fall due, and upon such payments, the levy or levies herein provided may thereupon to that extent be diminished, pursuant to § 350.598, Bond Act.

SECTION 35. **Legislative Duties.** In accordance with § 350.592, Bond Act, it shall be the duty of the Board annually, at the time and in the manner provided by law for levying other General Taxes of the County, if such action shall be necessary to effectuate the provisions of this Ordinance, to ratify and carry out the provisions hereof with reference to the levy and collection of General Taxes; and the Board shall require the officers of the County to levy, extend and collect such General Taxes in the manner provided by law for the purpose of creating funds for the payment of the principal of the Bond and the interest thereon. Such General Taxes when collected shall be kept for and applied only to the payment of the principal of and the interest on the Bond as hereinbefore specified.

SECTION 36. **Appropriation of General Taxes.** In accordance with § 350.602, Bond Act, there is hereby specially appropriated the proceeds of such General Taxes to the payment of such principal of and interest on the Bond; and such appropriations will not be repealed nor the General Taxes postponed or diminished (except as herein otherwise expressly provided) until the Bond Requirements of the Bond have been wholly paid.

SECTION 37. **Pledge of Gross Revenues.** Subject only to the provisions of this Ordinance permitting the application thereof for or to the purposes and on the terms and conditions set forth herein, there are hereby additionally pledged to secure the payment of principal of and interest on the Bond in accordance with their terms and the provisions of this Ordinance, all of the Gross Revenues of the Municipal Utility System. This pledge shall be valid and binding from and after the date of the delivery to the State of the Bond; and the Gross Revenues, as received by the County 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 shall be valid and binding as against all parties

having claims of any kind in tort, contract or otherwise against the County (except as herein otherwise provided) irrespective of whether such parties have notice thereof. The lien of this pledge and the obligation to perform the contractual provisions hereby made shall have priority over any and all other obligations and liabilities of the County payable from the Gross Revenues, subject to and subordinate to the lien of the pledge of Gross Revenues to the 1986 Bonds, the 1997 Water and Sewer Bonds and the 1997 Sewer Bond and except as herein otherwise provided. The Bond and any Parity Securities hereafter issued shall be equitably and ratably secured by the pledge of Gross Revenues hereunder; subject to and subordinate to the lien of the pledge of Gross Revenues to the 1986 Bonds, the 1997 Water and Sewer Bonds and the 1997 Sewer Bond, and the Bond and any Parity Securities hereafter issued are not entitled to any priority one over the other in the application of Gross Revenues.

SECTION 38. **Municipal Utility Enterprise Fund.** So long as the Bond hereby authorized shall be Outstanding as to any Bond Requirements, the entire Gross Pledged Revenues of the Municipal Utility System upon their receipt from time to time by the County shall be set aside and credited immediately to a special account heretofore created designated as the "Washoe County Municipal Utility Enterprise Fund" (the "Municipal Utility Enterprise Fund"). So long as the Bond hereby authorized shall be Outstanding as to any Bond Requirements each Fiscal Year, the Municipal Utility Enterprise Fund shall be administered and the moneys on deposit in each account shall be applied in the order of priority specified in Sections 40 through 45 hereof.

SECTION 39. **Operation and Maintenance Fund.** First as a first charge on the Municipal Utility Enterprise Fund so long as the Bond hereby authorized shall be Outstanding as to any Bond Requirements, there shall be set aside in and credited to a separate account from time to time (such account heretofore created) and known as the Washoe County Municipal Utility System Operation and Maintenance Fund (the "Municipal Utility System Operation and Maintenance Fund") money sufficient to pay operation and maintenance expenses of the Municipal Utility System, such operation and maintenance expenses of the Municipal Utility System are to be as budgeted and approved in accordance with the Budget Act and as such expenses become due and payable

thereupon they shall be promptly paid; any surplus remaining at the end of the fiscal year and not needed for operation and maintenance expenses of the Municipal Utility System shall be transferred to the Municipal Utility Enterprise Fund and shall be used for the purposes thereof as herein provided.

SECTION 40. **Superior Securities.** Second, and subject to the aforesaid provisions, from any moneys remaining in the Municipal Utility Enterprise Fund, to pay, when due, the bond requirements of any Outstanding 1986 Bonds, 1997 Water and Sewer Bonds, 1997 Sewer Bond and any Superior Securities hereafter issued in accordance with this Ordinance and the requirements of any reserve fund therefor.

SECTION 41. **Bond Fund.** Third, from any moneys thereafter remaining in the Municipal Utility Enterprise Fund, i.e., from the Net Revenues and concurrent with transfers to the bond funds created with respect to any Parity Securities, there shall be transferred and credited to the Bond Fund, the following:

(1) Monthly, commencing on the first day of the month immediately succeeding the delivery date of the Bond, 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 interest on the Outstanding Bond, and monthly thereafter, commencing on each interest payment date, one-sixth of the amount necessary, together with any other moneys from time to time available therefor and on deposit therein from whatever source, to pay the next maturing installment of interest on the Outstanding Bond.

(2) Monthly, commencing on the first day of the month immediately succeeding the delivery date of the Bond, 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 on the Outstanding Bond, and monthly thereafter, commencing on each principal payment date, one twelfth of the amount necessary to pay the next maturing installments of principal of the Outstanding Bond. The money credited to the Bond Fund shall be used to pay the Bond Requirements of the Bond as such Bond Requirements become due.

SECTION 42. **Rebate Fund**. Fourth, after the aforementioned deposits, and from the Net Revenues there shall be transferred and credited to a special and separate account hereby created and designated as the "Washoe County, Nevada General Obligation (Limited Tax) Sewer Bond (Truckee River Water Quality Settlement) (Additionally Secured by Pledged Revenues), Series 1997, Rebate Fund" (the "1997 Rebate Fund") and to any other fund or account established for payment of amounts due the United States under § 148(f) of the Tax Code in connection with any Parity Securities such amounts as are required to be deposited therein to meet the County's obligations under the covenant contained in § 56 hereof, in accordance with § 148(f) of the Tax Code. Such deposits shall be made at such times as are required by § 148(f) of the Tax Code and such covenant and amounts in the 1997 Rebate Fund shall be used for the purpose of making the payments to the United States required by such covenant and § 148(f) of the Tax Code. Any amounts in the 1997 Rebate Fund in excess of those required to be on deposit therein may be withdrawn therefrom and deposited into the Municipal Utility Enterprise Fund.

SECTION 43. **Payment of Subordinate Securities**. Fifth, any moneys thereafter remaining in the Municipal Utility Enterprise Fund may be used by the County for the payment of the principal of and interest on, and payments to the United States required by Section 148(f) of the Tax Code with respect to, Subordinate Securities; and may be used to create reasonable reserves for such securities.

SECTION 44. **Surplus Revenues**. Sixth, any moneys thereafter remaining in the Municipal Utility Enterprise Fund may be used by the County at the end of any Fiscal Year of the County, or whenever there shall have been credited all amounts required to be deposited in the respective foregoing separate accounts for all of that fiscal year, for any lawful purposes of the County, as the Board may from time to time determine, including, without limitation, for the creation of operation and maintenance reserves and capital reserves, the payment of capital costs and major maintenance costs of the Municipal Utility System, to pay any other obligations pertaining to the System or otherwise.

SECTION 45. **Termination of Deposits.** No payment need be made into the Bond Fund if the amounts in that fund total a sum at least equal to the entire amount of the Outstanding Bond as to all Bond Requirements to their respective maturities both accrued and not accrued, in which case moneys in such Fund 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 investment to the time or respective times the proceeds of any such investment or deposit shall be needed for such payment, at least equal to such Bond Requirements, shall be used, together with any such gain from such investments, solely to pay such Bond Requirements as the same become due.

SECTION 46. **Equal Security.** The Bond and any Parity Securities from time to time Outstanding shall be equally and ratably secured by the pledge of Gross Revenues hereunder and shall not be entitled to any priority one over the other in the application of the Gross Revenues regardless of the time or times of the issuance of the Bond and any Parity Securities.

SECTION 47. **Defraying Delinquencies.** If at any time the County shall for any reason fail to pay into the Bond Fund or the Rebate Fund the full amount above stipulated from the Net Revenues, then an amount shall be paid first into the Bond Fund and second into the Rebate Fund at such time equal to the difference between that paid from the Net Revenues and the full amount so stipulated. If any Parity Securities are Outstanding, and if the proceedings authorizing issuance of those securities require the replacement of moneys in a bond fund, reserve fund or rebate fund therefor, then the moneys replaced in such funds shall be replaced on a pro rata basis related to the principal amount of the then Outstanding Bond and the then Outstanding Parity Securities, as moneys become available therefor, first into all of such bond and reserve funds and second into all such rebate funds.

SECTION 48. **Conditions to Additional Superior or Parity Securities.**

(A) Nothing herein, except as expressly hereinafter provided, shall prevent the issuance by the County of additional securities payable from Net Revenues and constituting a lien thereon superior to or on a parity with the lien thereon of the Bond, provided, however, that the

following are express conditions to the authorization and issuance of any such Superior Securities or Parity Securities:

- (1) At the time of adoption of the instrument authorizing the issuance of the additional Superior Securities or Parity Securities, the County shall not be in default in the payment of principal of or interest on the Bond.
- (2) The Net Revenues (subject to adjustments as hereinafter provided) projected by the County's Assistant County Manager, Finance Division, County Engineer or an Independent Accountant or consulting engineer to be derived in the later of (i) the Fiscal Year immediately following the Fiscal Year in which the facilities to be financed with the proceeds of the additional Superior Securities or Parity Securities are projected to be completed or (ii) the first Fiscal Year for which no interest has been capitalized for the payment of any Superior Securities or Parity Securities, including the Parity Securities proposed to be issued, will be sufficient to pay at least an amount equal to the principal and interest requirements (to be paid during that Fiscal Year) of the Outstanding Bond, any other Outstanding Superior Securities or Parity Securities of the County and the Superior Securities or Parity Securities proposed to be issued (excluding any reserves therefor).

B. In any determination of whether or not additional Superior Securities or Parity Securities may be issued in accordance with the foregoing earnings test, consideration shall be given

to any probable estimated increase or reduction in Operation and Maintenance expenses that will result from the expenditure of the funds proposed to be derived from the issuance and sale of the additional Superior Securities or Parity Securities.

C. In any determination of whether or not additional Superior Securities or Parity Securities may be issued in accordance with the foregoing earnings test, the respective annual principal (or redemption price) and interest requirements shall be reduced to the extent such requirements are scheduled to be paid with moneys held in trust or in escrow for that purpose by any trust bank within or without the State, including the known minimum yield from any investment in Federal Securities.

D. A written certificate or written opinion by the County's Assistant County Manager, Finance Division, the County Engineer, or an independent accountant or consulting engineer that the foregoing earnings test is met shall be conclusively presumed to be accurate in determining the right of the County to authorize, issue, sell and deliver additional Superior Securities or Parity Securities.

E. In connection with the authorization of any such additional securities the Board may on behalf of the County adopt any additional covenants or agreements with the holders of such additional securities; provided, however, that no such covenant or agreement may be in conflict with the covenants and agreements of the County herein and no such covenant or agreement may be materially adverse to the interests of the holder of the Bond. Any finding of the Board to the effect that the foregoing requirements are met shall, if made in good faith, conclusively establish that the foregoing requirements have been met for purposes of this Ordinance.

SECTION 49. **Subordinate Securities.** Nothing herein, except as expressly hereinafter provided, shall prevent the County from issuing additional securities payable from Net Revenues and constituting a lien thereon subordinate to the lien thereon of the Bond and any Outstanding Parity Securities.

SECTION 50. **Superior Securities.** Nothing herein, subject to the limitations stated herein, prevents the County from issuing additional securities payable from Net Revenues and

constituting a lien thereon prior and superior to the lien thereon of the Bond and any Outstanding Parity Securities.

SECTION 51. Issuance of Refunding Bonds.

A. At any time after the Bond, or any part thereof, are issued and remain Outstanding, if the County shall find it desirable to refund any Outstanding Bond or other Outstanding Superior, Parity or Subordinate Securities, such Bond or other securities, or any part thereof, may be refunded only if the Bond or other securities at the time or times of their required surrender for payment shall then mature or shall be then callable for prior redemption for the purpose of refunding them at the County's option upon proper call, unless the owner or owners of all such Outstanding securities consent to such surrender and payment, regardless of whether the priority of the lien for the payment of the refunding securities on the Gross Revenues is changed (except as provided in Section 48F hereof).

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

C. Any refunding bonds or other refunding securities payable from any Gross Revenues shall be issued with such details as the Board may by ordinance provide, subject to the provisions of this section but without any impairment of any contractual obligation imposed upon the County by any proceedings authorizing the issuance of any unrefunded portion of the Outstanding securities of any one or more issues (including, without limitation, the Bond).

D. If only a part of the Outstanding Bond and other Outstanding securities of any issue or issues payable from the Gross Revenues is refunded, then such securities may not be refunded without the consent of the owner or owners of the unrefunded portion of such securities:

- (1) Unless the refunding bonds or other refunding securities do not increase for any Bond Year the

aggregate principal and interest requirements evidenced by the refunding securities and by the Outstanding securities not refunded on and before the last maturity date or last Redemption Date, if any, whichever is later, of the unrefunded securities, and unless the lien of any refunding bonds or other refunding securities on the Net Revenues is not raised to a higher priority than the lien thereon of the Bond or other securities thereby refunded; or

(2) Unless the lien on any Gross Revenues for the payment of the refunding securities is subordinate to each such lien for the payment of any securities not refunded; or

(3) Unless the refunding bonds or other refunding securities are issued in compliance with Section 48 hereof.

SECTION 52. **Operation of the System.** The County shall at all times operate the Municipal Utility System properly and in a sound and economical manner and shall maintain, preserve and keep the Municipal Utility System properly, or cause the same so to be maintained, preserved and kept, in good repair, working order and condition. The County also shall from time to time make or cause to be made all necessary and proper repairs, replacements and renewals so that at all times the operation of the Municipal Utility System may be properly and advantageously conducted in conformity with standards customarily followed by municipalities operating water and sanitary systems of like size and character.

Except for the use of the Municipal Utility System or services pertaining thereto in the normal course of business, neither all nor a substantial part of the Municipal Utility System shall be sold, leased, mortgaged, pledged, encumbered, alienated or otherwise disposed of until the Bond has been paid in full, or unless provision has been made therefor as hereinafter provided.

SECTION 53. **Payment of Taxes, Etc.** The County shall pay or cause to be paid all taxes, assessments and other municipal or governmental charges, if any, lawfully levied or assessed upon or in respect of the Municipal Utility System or any part thereof, or upon any portion of the Gross Revenues, when the same shall become due. The County shall duly observe and comply with all valid requirements of any municipal or governmental authority relative to the Municipal Utility System or any part thereof, except for any period during which the validity of the same is being contested in good faith by proper legal proceedings. The County shall not create or suffer to be created any lien or charge on the Municipal Utility System or any part thereof, or upon the Gross Revenues, except the pledge and lien created by this Ordinance for the payment of the Bond and any Outstanding Superior, Parity or Subordinate Securities issued in accordance herewith, and except as herein otherwise permitted. The County shall pay or cause to be discharged or shall make adequate provision to satisfy and to discharge within 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 Municipal Utility System or any part thereof, or upon the Gross Revenues. Nothing herein contained requires the County to pay or cause to be discharged or to make provision for any such tax, assessment, lien, charge or demand before the time when payment thereon shall be due, or so long as the validity thereof shall be contested in good faith by appropriate legal proceedings.

SECTION 54. **No Competing Facilities.** The County shall neither construct nor permit to be constructed other facilities or structures to be operated by the County separate from the Municipal Utility System and competing for Gross Revenues otherwise available for the payment of the Bond or any other securities payable from Net Revenues; provided, however, that nothing herein contained shall impair the police powers of the County or otherwise cause the County to violate any applicable law.

SECTION 55. **Rate Covenant.** The County shall charge against users or against purchasers of services or commodities pertaining to the Municipal Utility System such fees, rates and other charges as shall be sufficient to produce Gross Revenues annually which, together with

any other funds available therefor, will be in each Fiscal Year of the County at least equal to the sum of:

- (a) an amount equal to the annual Operation and Maintenance Expenses for such Fiscal Year;
- (b) an amount equal to the debt service due in such Fiscal Year on the then Outstanding Bond and any Outstanding Superior or Parity Securities; and
- (c) any other amounts payable from the Net Revenues and pertaining to the Municipal Utility System, including, without limitation, debt service on any Subordinate Securities and any other securities pertaining to the Municipal Utility System, operation and maintenance reserves, capital reserves and prior deficiencies pertaining to any account relating to Gross Revenues.

The foregoing rate covenant is subject to compliance by the County with any legislation of the United States of America, the State or other governmental body, or any regulation or other action taken by the United States, the State or any agency or political subdivision of the State pursuant to such legislation, in the exercise of the police power thereof for the public welfare, which legislation, regulation or action limits or otherwise inhibits the amounts of fees, rates and other charges collectible by the County for the use of or otherwise pertaining to, and all services rendered by, the Municipal Utility System.

Subject to the foregoing, the County shall cause all fees, rates and other charges pertaining to the Municipal Utility System to be collected as soon as reasonable and shall provide methods of collection and penalties to the end that the Gross Revenues shall be adequate to meet the requirements hereof.

SECTION 56. **Books of Record and Account.** So long as the Bond remains Outstanding, proper books of record and account shall be kept by the County, separate and apart from all other records and accounts, showing complete and correct entries of all transactions relating to the Municipal Utility System and to all moneys pertaining thereto, including, without limitation, the Gross Revenues.

SECTION 57. **Tax Covenant.** The County covenants for the benefit of the owners of the Bond that it will not take any action or omit to take any action with respect to the Bond, the proceeds thereof, any other funds of the County or any facilities financed or refinanced with the proceeds of the Bond if such action or omission (i) would cause the interest on the Bond to lose its exclusion from gross income for federal income tax purposes under § 103 of the Tax Code or (ii) would cause interest on the Bond to lose its exclusion from alternative minimum taxable income as defined in § 55(b)(2) of the Tax Code except to the extent such interest is required to be included in the adjusted current earnings adjustment applicable to corporations under § 56 of the Tax Code in calculating corporate alternative minimum taxable income. The foregoing covenant shall remain in full force and effect notwithstanding the payment in full or defeasance of the Bond until the date on which all obligations of the County in fulfilling the above covenant under the Tax Code have been met.

SECTION 58. **Defeasance.** When all Bond Requirements of any Bond have been duly paid, the pledge, the lien, and all obligations hereunder as to that Bond shall thereby be discharged and the Bond shall no longer be deemed to be Outstanding within the meaning of this Ordinance. There shall be deemed to be such due payment when the County has placed in escrow or in trust with a Trust Bank located within or without the State, an amount sufficient (including the known minimum yield available for such purpose from the Federal Securities in which such amount may be initially invested wholly or in part) to meet all Bond Requirements of the Bond, as the same become due to the final maturity of the Bond, or upon any redemption date as of which the County shall have exercised or shall have obligated itself to exercise its prior redemption option by a call of the Bond for payment then. The Federal Securities shall become due before the respective times

on which the proceeds thereof shall be needed, in accordance with a schedule established and agreed upon between the County and the Trust 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 availability as needed to meet the schedule. For the purpose of this section "Federal Securities" shall include only Federal Securities which are not callable for redemption prior to their maturities except at the option of the owner thereof. When such defeasance is accomplished the Paying Agent shall mail written notice of the defeasance to the registered owner of the Bond at the addresses last shown on the registration records for the Bond maintained by the Registrar.

SECTION 59. Amendments. This Ordinance may be amended or supplemented by instruments adopted by the County, without receipt by the County of any additional consideration, but with the written consent of the owners of at least 66% in aggregate principal amount of the Bond Outstanding at the time of the adoption of the amendatory or supplemental instrument, excluding bonds which may then be held or owned for the account of the County, but including such refunding securities as may be issued for the purpose of refunding the Bond if the refunding securities are not owned by the County. No such instrument shall permit:

(a) A change in the maturity or in the terms of redemption of the principal or any installment thereof of any Outstanding Bond or any installment of interest thereon;

(b) A reduction in the principal amount of any Bond, the rate of interest thereon, without the consent of the owner of the Bond; or

(c) A reduction of the principal amount or percentages or otherwise affecting the description of Bond the consent of the owners of which is required for any modification or amendment; or

(d) The establishment of priorities as between the Bond issued and Outstanding under the provisions of this Ordinance.

Whenever the County proposes to amend or modify this Ordinance under the provisions hereof, it shall cause notice of the proposed amendment to be mailed within 30 days to the State Treasurer and each registered owner of each registered Bond. The 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 County Clerk for public inspection.

Whenever at any time within one year from the date of such notice there shall be filed in the office of the County Clerk an instrument or instruments executed by the owners of at least 66% in aggregate principal amount of the Bond then Outstanding, which instrument or instruments shall refer to the proposed amendatory instrument described in the notice and shall specifically consent to and approve the adoption of the instrument; thereupon, but not otherwise, the Board may adopt the amendatory instrument and the instrument shall become effective.

If the owners of at least 66% in aggregate principal amount of the Bond Outstanding, at the time of the adoption of the amendatory instrument, or the predecessors in title of such owners, shall have consented to and approved the adoption thereof as herein provided, no owner of any Bond, whether or not the owner shall have consented thereto, shall have any right or interest to object to the adoption of the amendatory instrument or to object to any of the terms or provisions therein contained or to the operation thereof or to enjoin the County from taking any action pursuant to the provisions thereof. Any consent given by the holder of a Bond pursuant to the provisions hereof shall be irrevocable.

The Bond authenticated and delivered after the effective date of any action taken as provided in this Section 57 may bear a notation by endorsement or otherwise in form approved by the County as to the action; and if any Bond so authenticated and delivered shall bear such notation, then upon demand of the owner of any Bond Outstanding at such effective date and upon presentation of his Bond, suitable notation shall be made on the Bond as to any such action. If the

County so determines, a new Bond so modified as in the opinion of the County to conform to such action shall be prepared, registered and delivered; and upon demand of the owner of the Bond then Outstanding, shall be exchanged without cost to the owner for the Bond then Outstanding upon surrender of such Bond.

SECTION 60. **Replacement of Registrar or Paying Agent.** If the Registrar or Paying Agent initially appointed hereunder shall resign, or if the Board shall reasonably determine that said Registrar or Paying Agent has become incapable of performing its duties hereunder, the Board may, upon notice mailed to each owner of any Bond at his address last shown on the registration records, appoint a successor Registrar or Paying Agent, or both. No resignation or dismissal of the Registrar or Paying Agent may take effect until a successor is appointed. It shall not be required that the same person or institution serve as both Registrar and Paying Agent hereunder, but the County shall have the right to have the same person or institution serve as both Registrar and Paying Agent. Any successor by merger with the Registrar and Paying Agent is automatically appointed as Registrar and Paying Agent hereunder without any further action of the Board, as long as the successor otherwise is qualified to act as Registrar and Paying Agent pursuant to this section. Any bank, trust company or national banking association into which the Registrar and/or Paying Agent or its successor may be converted, merged or with which it may be consolidated, or to which it may sell or otherwise transfer all or substantially all of its corporate trust business shall be the successor of the Registrar and/or Paying Agent under this Ordinance with the same rights, powers, duties and obligations and subject to the same restrictions, limitations, and liabilities as its predecessor, all without the execution or filing of any papers or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

SECTION 61. **Delegated Powers.** The officers of the County are hereby authorized and directed to take all action necessary or appropriate to effectuate the provisions of this Ordinance, including, without limitation:

- A. The printing of the Bond, including, without limitation, and if appropriate, a statement of insurance, if any;

B. The execution of such certificates as may be reasonably required by the State, relating, inter alia,

- (1) to the signing of the Bond,
- (2) to the tenure and identity the officials of the County,
- (3) to the assessed valuation of the taxable property in and the indebtedness of the County,
- (4) to the rate of taxes levied against the taxable property within the County,
- (5) the exemption of interest on the Bond from federal income taxation,
- (6) the delivery of the Bond and the receipt of the Bond purchase price,
- (7) the completeness and accuracy of any information provided the State in connection with the Bond as of the date of delivery of the Bond, and
- (8) if it is in accordance with the fact, the absence of litigation, pending or threatened, affecting the validity of the Bond;

C. The completion and execution of the Continuing Disclosure Certificate,

D. The execution and delivery of the Loan Contract,
and

E. The assembly and dissemination of financial and other information concerning the County and the Bond.

SECTION 62. **Implied Repealer.** All resolutions and ordinances, bylaws and orders, or parts thereof, inconsistent herewith are hereby repealed to the extent only of such inconsistency. This repealer shall not be construed to revive any resolution, ordinance, bylaw, order, or part thereof, heretofore repealed.

SECTION 63. **Emergency.** The Board has expressed in the preambles of this Ordinance that it pertains to the sale, issuance and payment of the Bond, that this Ordinance may accordingly be adopted as if an emergency now exists, and may become effective at any time when an emergency ordinance of the County may go into effect. Consequently, pursuant to NRS § 350.579 final action shall be taken immediately, and this Ordinance shall be in effect from and after its publication by title as herein provided.

SECTION 64. **Publication and Effective Date.** After this Ordinance is signed by the Chairman and attested and sealed by the Clerk, this Ordinance shall be in effect from and after its publication twice by its title only, together with the names of the Commissioners voting for or against its passage and a statement that typewritten copies of this Ordinance are available for inspection by all interested parties at the office of the County Clerk. Such publication to be made in a newspaper published and having a general circulation in the County at least once a week for a period of two weeks, and such publication to be in substantially the following form:

(Form of Publication)

BILL NO. _____

ORDINANCE NO. _____

AN ORDINANCE AUTHORIZING THE ISSUANCE BY WASHOE COUNTY, NEVADA OF ITS REGISTERED, NEGOTIABLE, GENERAL OBLIGATION (LIMITED TAX) SEWER BOND (TRUCKEE RIVER WATER QUALITY SETTLEMENT) (ADDITIONALLY SECURED BY PLEDGED REVENUES) SERIES 1997 FOR THE PURPOSE OF FINANCING SEWER PROJECTS FOR THE COUNTY; PROVIDING THE FORM, TERMS AND CONDITIONS THEREOF AND COVENANTS RELATING TO THE PAYMENT OF SAID BOND; AND PROVIDING FOR ITS ADOPTION AS IF AN EMERGENCY EXISTS; AND PROVIDING OTHER MATTERS RELATING THERETO.

PUBLIC NOTICE IS HEREBY GIVEN, that an adequate number of typewritten copies of the above-numbered and entitled Ordinance are available for public inspection and distribution at the office of the County Clerk of Washoe County, at her office in the County Courthouse in Reno, Nevada, and that such Ordinance was proposed by Commissioner _____ on August 19, 1997, and was passed and adopted at a regular meeting of the Washoe County Board of County Commissioners at the same meeting on August 19, 1997, by the following vote of the Board of County Commissioners:

Those Voting Aye:

Joanne Bond
Jim Galloway
Mike Mouliot
Jim Shaw
Grant Sims

Those Voting Nay:

Those Absent:

This Ordinance shall be in full force and effect from and after the ___ day of _____, 1997, i.e., the date of the second publication of such Ordinance by title only.

992

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

DATED this August 19, 1997.

/s/ Grant Sims
Chairman
Board of County Commissioners
Washoe County, Nevada

(SEAL)

Attest:

/s/ Judi Bailey
County Clerk

(End of Form of Publication)

SECTION 65. **Severability.** If any section, paragraph, clause or provision of this Ordinance shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance.

PASSED AND ADOPTED BY AN AFFIRMATIVE VOTE OF AT LEAST TWO-THIRDS OF THE MEMBERS OF THE BOARD OF COUNTY COMMISSIONERS OF WASHOE COUNTY, NEVADA, THIS AUGUST 19, 1997.

Proposed on August 19, 1997.

Proposed by Commissioner _____.

Passed August 19, 1997.

Vote:

Ayes:

Joanne Bond
Jim Galloway
Mike Mouliot
Jim Shaw
Grant Sims

Nays:

Absent:

Attest:

Judi Bauer
County Clerk

[Signature]
Chairman of the Board

This Ordinance shall be in force and effect from and after the 5th day of September, 1997, i.e, the date of the second publication of such Ordinance by its title only.

STATE OF NEVADA)
) ss.
 COUNTY OF WASHOE)

I, Judi Bailey, am the qualified and elected Clerk of Washoe County (the "County"), and in the performance of my duties as Clerk do hereby certify:

1. The foregoing pages are a true, correct and compared copy of an ordinance adopted by Board of County Commissioners (the "Board") of the County at a meeting held on August 19, 1997. The original of the ordinance has been approved and authenticated by the signatures of the Chairman of the Board and myself as County Clerk and sealed with the seal of the County, and has been recorded in the minute book of the Board kept for that purpose in my office.

2. Said proceedings were duly had and taken as therein shown. The Commissioners set forth in the ordinance were present at said meeting and voted on the ordinance.

3. All members of the Board were given due and proper notice of such meeting.

4. Public notice of such meeting was given and such meeting was held and conducted in full compliance with the provisions of NRS § 241.020. A copy of the notice of meeting and excerpts from the agenda for the meeting relating to the resolution, as posted by 9:00 a.m. at least 3 working days in advance of the meeting at:

1. Washoe County Administration Complex
1001 East Ninth Street
Reno, Nevada
2. Washoe County Courthouse
Virginia and Court Streets
Reno, Nevada
3. Washoe County Library
301 South Center Street
Reno, Nevada

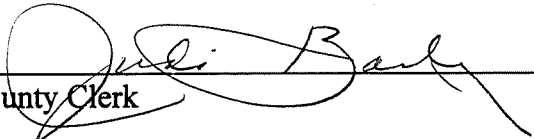
4. Justice Court
630 Greenbrae Drive
Sparks, Nevada

is attached as Exhibit "A".

5. Prior to 9:00 a.m. at least 3 working days before such meeting, such notice was delivered to each member of the Board and to each person, if any, who has requested notice of meetings of the Board in the same manner in which notice is required to be mailed to a member of the Board.

IN WITNESS WHEREOF, I have hereunto set my hand this August 19, 1997.

(SEAL)



County Clerk

Exhibit "A"
(Attach Copy of Notice of Meeting)

COUNTY COMMISSIONERS

Grant Sims, Chairman
Joanne Bond, Vice-Chairman
Jim Galloway
Mike Mouliot
Jim Shaw

AGENDA**MEETING OF****WASHOE COUNTY BOARD OF COMMISSIONERS**

COMMISSION CHAMBERS - 1001 E. 9th Street, Reno, Nevada

August 19, 1997

COUNTY MANAGER

John MacIntyre

ASSISTANT
DISTRICT ATTORNEY

Madelyn Shipman

NOTE: Items on the agenda without a time designation may not necessarily be considered in the order in which they appear on the agenda.

An Agenda **CAUCUS** Meeting will be held in the Commission Caucus Room (1001 E. 9th St., 2nd Floor, Reno) on **MONDAY, AUGUST 18, 1997, at 1:30 p.m.**, in order to review agenda items for the regular meeting of the Washoe County Board of Commissioners as described below. Said review, if requested by the Commission, is limited to brief staff presentation of issue and may include review of background information and questions to be answered at the regular meeting.

Pursuant to NRS 241.020, the Agenda for the Commission Meeting has been posted at the following locations: Washoe County Administration Building (1001 E. 9th Street), Washoe County Courthouse-Clerk's Office (Court and Virginia Streets), Washoe County Central Library (301 South Center Street) and Sparks Justice Court (630 Greenbrae Drive). At the meeting, after salute to the flag and roll call, the Board of County Commissioners may vote on the following items as the Board and, ex-officio, as the Board of Fire Commissioners for the Truckee Meadows Fire Protection District, the Governing Board for Financial Matters of the Regional Hazardous Materials Response Team and/or the Board of Trustees of either the Lawton/Verdi or South Truckee Meadows General Improvement Districts.

Support documentation for items on the agenda, provided to the Washoe County Board of Commissioners, is available to members of the public at the County Manager's Office (1001 E. 9th St., 2nd Floor, Reno, Nevada).

Unless otherwise indicated by asterisk (*), all items on the agenda are action items upon which the Board of County Commissioners will take action.

- 9:00 a.m.**
- *1. Salute to the flag.
 - *2. Roll call.
 - 11. Ordinances.
 - B. First reading and adoption of an Ordinance authorizing the issuance by Washoe County, Nevada of its negotiable "Washoe County, Nevada, General Obligation (Limited Tax) (additionally secured with pledged revenues) Golf Course Bonds Series 1997," for the purpose of financing golf course facilities of the County; providing the form, terms and conditions of the Bonds; securing their payment by a pledge of the net revenues of the golf course facilities to be financed with the proceeds of the Bonds; providing other matters relating thereto; providing for adoption as if an emergency now exists.
 - C. First reading and adoption of an Ordinance authorizing the issuance by Washoe County, Nevada of its Registered, Negotiable, General Obligation (Limited Tax) Sewer Bonds (Truckee River Water Quality Settlement) (additionally secured by Pledged Revenues) Series 1997 for the purpose of financing sewer projects for the County; providing the form, terms and conditions thereof and covenants relating to the payment of said Bonds; and providing for its adoption as if an emergency exists; and providing other matters relating thereto.

EXHIBIT B

(Attach Affidavit of Publication)