



WASHOE COUNTY

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CM/ACM _____

Budget Art

DA _____

Comptroller N/A

HR N/A

STAFF REPORT

BOARD MEETING DATE: July 28, 2015

DATE: July 15, 2015
TO: Board of County Commissioners
FROM: Mark Mathers, Budget Manager
328-2071, mmathers@washoecounty.us
THROUGH: Al Rogers, Management Services Director
328-3606, arogers@washoecounty.us

SUBJECT: Recommendation to approve and execute an ordinance authorizing the issuance of the Washoe County, Nevada, General Obligation (Limited Tax) Medical Examiner Building Bonds (Additionally Secured by Pledged Revenues), Series 2015 for the purpose of financing the building projects, including the Medical Examiner's building; providing the form, terms and conditions of the bonds; other details in connection therewith; and adopting it as if an emergency now exists. Total par of bonds authorized is \$12,000,000. (All Commission Districts)

SUMMARY

Staff is recommending that the Board approve and execute an ordinance to finance the construction of a new Medical Examiner's building in the maximum principal amount of \$12,000,000.

The capital project to construct a new building for the Medical Examiner has been included in the County's Capital Investment Plan. It is recommended that general obligation (limited tax) building bonds (additionally secured by pledged revenues) in a principal amount not to exceed \$12,000,000 be issued to finance the construction of the Medical Examiner building. The bond ordinance, which is required by State law, sets forth the requirements of the County for the sale of the bonds, establishment of certain accounts to track the expenditure of bond proceeds, and certain legal protections for bondholders.

Washoe County Strategic Objective supported by this item: Sustainability of our financial, social and natural resources.

AGENDA ITEM # 13

PREVIOUS ACTION

On December 11, 2001, the Board of County Commissioners accepted the Washoe County Facilities Masterplan which identified and established the need for additional space and adjacency needs as workloads increased.

On May 19, 2013, the BCC approved the Washoe County budget for fiscal year 2013/14 which included authorization for the design and property acquisition phase for this project in the amount of \$922,448.

On May 13, 2014, the Board of County Commissioners approved the 2015-2019 fiscal year capital improvement plan and on May 19, 2014, approved the 2014/2015 fiscal year budget, both of which included the Medical Examiner's building capital project estimated at \$10.9 million to be financed with \$10 million from bonds and \$900,000 from capital facilities tax proceeds.

On August 15, 2014, the Washoe County Debt Management Commission convened and approved the resolution concerning a submission to the Washoe County Debt Management Commission of a proposal to issue Washoe County, Nevada General Obligation Building Bonds (additionally secured by pledged revenues) in the maximum principal amount of \$12,000,000; and approving certain details in connection therewith.

On December 9, 2014, the Board of County Commissioners approved the resolution of intent for the issuance of, and authorizing the publication of notices relating to general obligation (limited tax) building bonds (additionally secured by pledged revenues) series 2015 in the maximum principal amount of \$12,000,000 for the purpose of financing the Medical Examiner's building and approving certain details in connection therewith.

On January 13, 2015, the Board of County Commissioners published a second public notice and held a public hearing on the proposed sale of these bonds.

BACKGROUND

Washoe County owns and operates the existing Medical Examiner's facility located at 10 Kirman Avenue, adjacent to the Renown Medical Center. The two-story building also houses the Washoe County Tuberculosis (TB) Clinic. The existing facility was constructed in 1959, commissioned in 1990, renovated in 1992 and expanded in 2003. Over this time, the population served by the Medical Examiner area populations has increased significantly; the types of services offered and workload of this department have increased as well. The medical facility is utilized for Washoe County and also now serves as a regional provider to 15 counties in Nevada and several counties in California.

The current facility has been remodeled and improved to the maximum extent possible and in many ways has reached its point of functional obsolescence. The proposed facility is planned as a one-story building totaling 20,830 square feet, which is nearly double the usable square footage of the existing facility. The new facility will be located on a 2.5-acre parcel owned by the County on Ninth Street across from the Washoe County Complex.

The 2001 Washoe County Facilities Master Plan included initiation of a new facility in 2013 and it has been included in the last several years' Capital Improvement Plans approved by the Board.

As required by State law, after adoption of the resolution of intent, the County published a public notice of its intent to issue revenue-backed general obligation bonds without an election based on a finding by the Board that revenues will be sufficient to pay debt service. Under NRS 350.020, voters in the county had 90 days in which to petition the Board to hold an election; a petition signed by not less than 5 percent of the registered voters of the County must be submitted to hold an election. Such a petition was not received by the 90-day deadline, which was March 12, 2015. The County also published a second notice and held a public hearing on January 13, 2015, in accordance with law.

This bond ordinance is the last action required of the Board of County Commissioners to authorize the bonds in the maximum principal amount of \$12,000,000. It also sets forth the requirements of the County for the sale of the bonds, establishment of certain accounts to track the expenditure of bond proceeds, and certain legal protections for bondholders. If the Board chooses to adopt the resolution, the sale of bonds is scheduled to be held on August 11, 2015 and proceeds are scheduled to be received on August 27, 2015. Staff anticipates receiving confirmation of the County's AA/Aa general obligation bond rating, and the bonds will be sold through a competitive sale. Construction of the new Medical Examiner facility is anticipated to be completed by the end of 2016.

FISCAL IMPACT

Upon final approval and issuance of these bonds, the County will be obligated to pay debt service of approximately \$1,000,000 per year for a term of 20 years. The funding source and pledged revenue for this debt service is a portion of the County's Consolidated Tax revenues. A capitalized interest account will pay the next interest payment date of March 1, 2016 while construction is underway, and then principal and interest will be budgeted and paid from Consolidated Tax revenues beginning in fiscal year 2016-17.

RECOMMENDATION

It is recommended that the Board of County Commissioners approve and execute an ordinance authorizing the issuance of the Washoe County, Nevada, General Obligation (Limited Tax) Medical Examiner Building Bonds (Additionally Secured by Pledged Revenues), Series 2015 for the purpose of financing the building projects, including the Medical Examiner's building; providing the form, terms and conditions of the bonds; other details in connection therewith; and adopting it as if an emergency now exists.

POSSIBLE MOTION

Should the Board agree with staff's recommendation, subsequent to the introduction of the ordinance, a possible motion would be: "Move to approve and execute an ordinance authorizing the issuance of the Washoe County, Nevada, General Obligation (Limited Tax) Medical Examiner Building Bonds (Additionally Secured by Pledged Revenues), Series 2015 for the purpose of financing the building projects, including the Medical Examiner's building; providing the form, terms and conditions of the bonds; other details in connection therewith; and adopting it as if an emergency now exists."

Summary - an ordinance authorizing the issuance of the County's General Obligation (Limited Tax) Medical Examiner Building Bonds (Additionally Secured by Pledged Revenues), Series 2015.

BILL NO. _____
ORDINANCE NO. _____

AN ORDINANCE AUTHORIZING THE ISSUANCE OF THE "WASHOE COUNTY, NEVADA, GENERAL OBLIGATION (LIMITED TAX) MEDICAL EXAMINER BUILDING BONDS (ADDITIONALLY SECURED BY PLEDGED REVENUES), SERIES 2015," FOR THE PURPOSE OF FINANCING BUILDING PROJECTS; PROVIDING THE FORM, TERMS AND CONDITIONS OF THE BONDS AND OTHER DETAILS IN CONNECTION THEREWITH; AND ADOPTING IT AS IF AN EMERGENCY NOW EXISTS.

WHEREAS, the County of Washoe, in the State of Nevada (the "County" and the "State," respectively), is a county incorporated and operating under the laws of the State; and

WHEREAS, the Board of County Commissioners (the "Board") has determined and does hereby declare pursuant to Nevada Revised Statutes ("NRS") Sections 244A.011 through 244A.065 (the "Project Act") and NRS Sections Chapter 360.600 to 360.740, inclusive (the "Consolidated Tax Act") the County is authorized and empowered to use certain proceeds of taxes distributed to and imposed within the County pursuant to the Consolidated Tax Act (the "Consolidated Tax") to pledge to bonds in accordance with the provisions of NRS 350.500 through 350.720, inclusive, cited in NRS 350.500 thereof by the short title "Local Government Securities Law" (the "Bond Act") to finance the cost of acquiring, constructing, improving and equipping building projects as provided in NRS 244A.019, including, but not limited to, structures, fixtures, furniture and equipment therefore, and all appurtenances and incidentals necessary, useful or desirable for any such facilities (the "Project") and to evidence such borrowing by the issuance of bonds in accordance with the provisions of the Bond Act; and

WHEREAS, the County has previously issued its:

- a. Washoe County, Nevada, General Obligation (Limited Tax) Library Building Bonds (Additionally Secured by Pledged Revenues), Series 2004 in the original aggregate principal amount of \$3,280,000 (the "2004 Bonds"),

- b. Washoe County, Nevada, General Obligation (Limited Tax) Building and Parking Garage Bonds (Additionally Secured by Pledged Revenues), Series 2004 in the original aggregate principal amount of \$11,900,000 (the "2004 Parking Bonds"),
- c. Washoe County, Nevada, General Obligation (Limited Tax) Public Safety Bonds (Additionally Secured by Pledged Revenues), Series 2006 in the original aggregate principal amount of \$12,500,000 (the "2006 Public Safety Bonds"),
- d. Washoe County, Nevada, General Obligation (Limited Tax) Park Bonds (Additionally Secured by Pledged Revenues), Series 2006 in the original aggregate principal amount of \$25,305,000 (the "2006 Park Bonds"),
- e. Washoe County, Nevada, General Obligation (Limited Tax) Refunding Bonds (Additionally Secured by Pledged Revenues), Series 2011B in the original aggregate principal amount of \$12,565,000 (the "2011 Bonds"), and
- f. Washoe County, Nevada, General Obligation (Limited Tax) Refunding Bonds (Additionally Secured by Pledged Revenues), Series 2012B in the original aggregate principal amount of \$27,580,000 (the "2012 Bonds") and other than the 2004 Bonds, the 2004 Parking Bonds, 2006 Public Safety Bonds, 2006 Park Bonds, 2011 Bonds and the 2012 Bonds (collectively, the "Parity Lien Bonds"), there are no other Outstanding obligations of the County which are secured in whole or in part by the revenues derived from 15% of the proceeds of the Consolidated Tax (the "Pledged Revenues"); and

WHEREAS, other than as set forth herein, the County has never pledged nor in any way hypothecated the Pledged Revenues to the payment of any bonds or for any other purpose; and

WHEREAS, the County has determined and hereby determines that it is necessary and in the best interests of the County and its citizens that the Project be acquired, constructed and equipped; and

WHEREAS, the County has submitted to the Debt Management Commission of Washoe County (the "Commission") the County's proposal to issue its general obligation bonds

additionally secured by pledged revenues in the maximum principal amount of \$12,000,000 (the "Proposal"); and

WHEREAS, the County has determined that, based upon studies and reports pertaining thereto, the Pledged Revenues will at least equal the amount required in each year for the payment of the interest on and principal of the Outstanding securities payable therefrom and the Bonds proposed to be issued pursuant to the Proposal, without regard to any option reserved by the County for early redemption (the "Finding"); and

WHEREAS, the Commission has heretofore approved the Proposal and the Finding; and

WHEREAS, pursuant to a resolution passed and adopted by the Board, a notice of adoption of the resolution of intent to issue the bonds and a notice of public hearing were published in a newspaper of general circulation in the County; and

WHEREAS, no other bonds have been issued from the authority set forth in the Proposal; therefore, the County hereby provides for the public sale of the "Washoe County, Nevada, General Obligation (Limited Tax) Medical Examiner Building Bonds (Additionally Secured by Pledged Revenues), Series 2015 (the "Bonds") in the maximum principal amount of \$12,000,000 to finance the Project; and

WHEREAS, after notice inviting bids for their purchase, the County Manager or in such officer's absence, the County chief financial officer, is authorized to sell the Bonds to the best bidder therefor (the "Purchaser") and to accept the bond purchase proposal submitted by the Purchaser (the "Purchase Proposal") for the purchase of the Bonds at a price equal to the principal amount of the Bonds, plus accrued interest on the Bonds, if any, from their date to the date of their delivery, less a discount not exceeding 9% of the principal amount thereof or plus a premium, all as specified by the County chief financial officer or the County Manager in a certificate dated on or before the date of delivery of the Bonds (the "Certificate of the County Officer"), and otherwise upon the terms and conditions provided in this Ordinance; and

WHEREAS, the County hereby elects to have the provisions of Chapter 348 of NRS (the "Supplemental Bond Act") apply to the Bonds.

WHEREAS, the Board has found and determined and hereby declares:

A. This Ordinance pertains to the sale, issuance, and payment of the Bonds.

B. Each of the limitations and other conditions to the issuance of the Bonds in the Project Act, 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 NRS 350.708, 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 may accordingly be adopted as if an emergency now exists by an affirmative vote of not less than two-thirds of all the voting members of the Board (excluding from any such computation any vacancy on the Board and any member thereof who may vote only to break a tie vote), and this ordinance may become effective at any time when an emergency instrument 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:

ARTICLE I.

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

Section 101 Short Title. This ordinance shall be known as and may be designated by the short title "2015 Bond Ordinance" (this "Ordinance").

Section 102 Meanings and Construction.

A. Definitions. The terms in this section 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 herein specified:

"Acquisition Account" means the "Washoe County, Nevada, General Obligation (Limited Tax) Medical Examiner Building Bonds (Additionally Secured by Pledged Revenues) Series 2015, Project Construction and Other Acquisition Account" created in Section 401 herein.

"annual principal and interest requirements" means the sum of the principal of and interest on the Outstanding Bonds and any other Outstanding designated securities payable from the Pledged Revenues having a lien thereon superior to or on a parity with the lien thereon of the Bonds, to be paid during any Bond Year, but excluding any reserve requirements to secure such payments unless otherwise expressly provided and excluding any amount payable from capitalized interest. In calculating this amount, the principal amount of bonds required to be redeemed prior to maturity pursuant to a mandatory redemption schedule contained in the ordinance or other instrument authorizing the issuance of such bonds (e.g., the schedule, if any, set forth in the Certificate of the County Officer) shall be treated as maturing in the Bond Year in which such bonds are so required to be redeemed, rather than in the Bond Year in which the stated maturity of such bonds occurs.

"Board" means the Board of County Commissioners of Washoe County, in the State of Nevada, including any successor of the County.

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

"Bond Fund" means the special accounts designated as the "Washoe County, Nevada, General Obligation (Limited Tax) Medical Examiner Building Bonds (Additionally Secured by Pledged Revenues) Series 2015, Principal Account," and "Washoe County, Nevada, General Obligation (Limited Tax) Medical Examiner Building Bonds (Additionally Secured by Pledged Revenues) Series 2015, Interest Account," created herein, and required to be accumulated and maintained in Section 604 hereof which shall be held separate and apart from the Income Account.

"Bond Requirements" means the principal of, any prior redemption premiums due in connection with, and the interest on the Bonds and, if the context requires, the Parity Lien Bonds and any additional bonds or other additional securities payable from the Pledged Revenues and hereafter issued, or such part of such securities or such other securities as may be designated, as such principal, premiums and interest become due at maturity or on a Redemption Date designated in a mandatory redemption schedule, in a notice of prior redemption, or otherwise.

"Bonds" means the securities issued hereunder and designated as the "Washoe County, Nevada, General Obligation (Limited Tax) Medical Examiner Building Bonds (Additionally Secured by Pledged Revenues), Series 2015."

"Bond Year" means the 12 months commencing on July 1 of any calendar year and ending on June 30 of the next succeeding calendar year.

"Budget Act" means NRS 354.470 to 354.626, inclusive, and all laws amendatory thereof, designated in NRS 354.470 as the Local Government Budget and Finance Act.

"Capitalized Interest Account" means the "Washoe County, Nevada, General Obligation (Limited Tax) Medical Examiner Building Bonds (Additionally Secured by Pledged Revenues) Series 2015, Capitalized Interest Account" created in Section 401 herein.

"Chair" means the de jure or de facto chair or chairman of the Board of County Commissioners, or successor in functions, if any.

"Clerk" or "County Clerk" means the de jure or de facto county clerk of the County and designated as such by the County, or successor in functions, if any.

"combined maximum annual principal and interest requirements" means the greatest of the annual principal and interest requirements to be paid during any Bond Year for the period beginning with the Bond Year in which such computation is made and ending with the Bond

Year in which any bond last becomes due at maturity or on a Redemption Date on which any bond thereafter maturing is called for prior redemption. If any outstanding bonds are subject to variable interest rates, for the purpose of such computation, such interest rates shall be determined by an Independent Accountant, an independent feasibility consultant or the County chief financial officer. Any such computation shall be adjusted as provided in Section 803C hereof, and shall be made by an Independent Accountant, an independent feasibility consultant or the County chief financial officer if expressly so required.

"commercial bank" means a state or national bank or trust company which is a member of the Federal Deposit Insurance Corporation and which is located within the United States; and such term includes, without limitation, any "trust bank" as herein defined.

"Comparable Bond Year" means, in connection with any Fiscal Year, the Bond Year which ends in the Fiscal Year.

"Consolidated Tax Act" means, collectively, NRS 360.600 to 360.740, inclusive, as amended from time to time, as implemented by the County pursuant to the Washoe County Code, as amended from time to time.

"Cost of the Project" means all or any part designated by the County of the cost of the Project, which cost, at the option of the County, 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 funds available for use therefor or from any other source, or advanced with the approval of the County from funds available therefor or from any other source by the State, the Federal Government, or by any other Person with the approval of the County (or any combination thereof);
- b. The costs in the making of surveys, audits, preliminary plans, other plans, specifications, estimates of costs, and other preliminaries;
- c. The costs of premiums on builders' risk insurance and performance bonds, or a reasonably allocable share thereof;

- d. The costs of appraising, printing, estimates, 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 Bonds 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 Bonds of any interest on the bonds or other securities for any period not exceeding the period estimated by the County to effect the Project plus one year, of any discount on the bonds or other securities, and of any reserves for the payment of the principal of and interest on the Bonds or other securities, of any replacement expenses, and of any other cost of the issuance of the Bonds or other securities relating to the Project;
- h. The costs of amending any ordinance, resolution or other instrument authorizing the issuance of or otherwise relating to the Outstanding Bonds or other securities relating to the Project;
- i. The costs of funding any medium-term obligations, emergency loans, construction loans and other temporary loans not exceeding 10 years relating 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; and
- l. All other expenses necessary or desirable and relating to the Project, as estimated or otherwise ascertained by the County. The Board hereby determines that the

costs of issuance of the Bonds are necessary or desirable and related to the Project.

"County" means the County of Washoe in the State, and constituting a political subdivision thereof, or any successor municipal corporation.

"County chief financial officer" means the Assistant County Manager or any other officer designated by the County as the de jure or de facto chief financial officer of the County.

"County Treasurer" or "Treasurer" means the de jure or de facto county treasurer of the County and designated as such by the County.

"Events of Default" means the events stated in Section 1103 hereof.

"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 modification, if any.

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

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

"Income Account" means the special account designated as the "Washoe County, Nevada, Consolidated Tax Pledged Revenues Income Fund" continued in Section 602 of the ordinances authorizing the issuance of the Parity Lien Bonds and continued herein, which shall be held separate and apart from the Bond Fund.

"Independent Accountant" means any certified public accountant, or any firm of certified public accountants, duly licensed to practice and practicing as such under the laws of the State, as from time to time appointed and compensated by the County:

- a. Who or which is, in fact, independent and not under the domination of the County;
- b. Who or which does not have any substantial interest, direct or indirect, with the County, and
- c. Who or which is not connected with the County as an officer or employee thereof, but who may be regularly retained to make annual or similar audits of any books or records of the County.

"Interest Account" means the "Washoe County, Nevada, General Obligation (Limited Tax) Medical Examiner Building Bonds (Additionally Secured by Pledged Revenues) Series 2015, Interest Account," created in Section 501 hereof.

"NRS" means Nevada Revised Statutes.

"newspaper" means a newspaper printed in the English language, published at least once each calendar week.

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

- a. Except any Bond or other security canceled by the County, by the Paying Agent or otherwise on the County's behalf, at or before such date;
- b. Except any Bond or other security the payment of which is then due or past due and moneys fully sufficient to pay the same are on deposit with the Paying Agent;
- c. Except any Bond or other security for the payment or the redemption of which moneys at least equal to the County's Bond Requirements to the date of maturity or to any Redemption Date, shall have heretofore been deposited with a trust bank in escrow or in trust for that purpose, as provided in Section 1001 hereof; and

d. 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 pursuant to Sections 306 or 1209 hereof.

"owner" or any similar term, when used in conjunction with any Bonds, or any other designated securities, means the registered owner of any Bonds or other security which is registrable for payment if it shall at the time be registered for payment otherwise than to bearer.

"Parity Securities" means the Parity Lien Bonds and bonds or securities hereafter issued which have a lien on the Pledged Revenues that is on a parity with the lien thereon of the Bonds herein authorized.

"Parity Lien Bonds" means the Outstanding 2004 Bonds, the 2004 Parking Bonds, the 2006 Public Safety Bonds, 2006 Park Bonds, the 2011 Bonds and the 2012 Bonds.

"Paying Agent" means U.S. Bank, National Association or any successor which may be appointed from time to time as paying agent for the Bonds.

"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.

"Pledged Revenues" means a 15% portion of all income and revenue derived by the County from the imposition and collection of the Consolidated Tax and distributed to the County pursuant to the Consolidated Tax Act. The Pledged Revenues means all or a portion of the Pledged Revenues. The designated term indicates sources of revenues and does not necessarily indicate all or any portion or other part of such revenues in the absence of further qualification. "Pledged Revenues" includes income derived from any additional Consolidated Tax imposed by the County if the Board is authorized to include and specifically elects to include the additional tax in "Pledged Revenues" for the remaining term of the Bonds.

"Principal Account" means the "Washoe County, Nevada, General Obligation (Limited Tax) Medical Examiner Building Bonds (Additionally Secured by Pledged Revenues) Series 2015, Principal Account," created in Section 501 hereof.

"Project" means the Refunding Project, if any.

"Project Act" means NRS 244A.011 through 244.065, as amended from time to time.

"Rebate Account" means the "Washoe County, Nevada, General Obligation (Limited Tax) Medical Examiner Building Bonds (Additionally Secured by Pledged Revenues) Series 2015, Rebate Account" created in Section 607 hereof.

"Redemption Date" means a date fixed for the redemption prior to their respective maturities of any Bonds or other designated securities payable from any Pledged Revenues in any mandatory redemption schedules, or 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 Pledged Revenues, the principal amount thereof 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 U.S. Bank, National Association, or any successor which may be appointed from time to time as registrar for the Bonds.

"Regular Record Date" means the 15th day of the calendar month next preceding each interest payment date.

"Special Record Date" means a special date fixed by the Paying Agent to determine the names and addresses of owners of the Bonds for the payment of any defaulted interest on any of the Bonds, as further provided in Section 302 hereof. At least 10 days' notice will be given by the Paying Agent by first-class regular mail to each owner of a Bond as stated on the Registrar's registration list at the close of business on a date fixed by the Paying Agent, stating the date of the Special Record Date and the due date fixed for the payment of such defaulted interest.

"State" means the State of Nevada, in the United States.

"Subordinate Securities" means bonds or securities which have a lien on the Pledged Revenues that is subordinate and junior to the lien thereon of the Bonds herein authorized.

"Superior Securities" means bonds or securities which have a lien on the Pledged Revenues that is superior to the lien thereon of the Bonds herein authorized.

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

"Taxes" means General Taxes.

"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 the Federal Reserve Bank.

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

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

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

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

(4) Any securities payable from any Pledged Revenues and held by the County shall not be deemed to be Outstanding for the purpose of redemption nor Outstanding for the purpose of consents hereunder or for other purposes provided herein.

Section 103 Successors. Whenever herein the County is named or is referred to, such provision shall be deemed to include any successors of the County, respectively, whether so expressed or not. All of the covenants, stipulations, obligations and agreements by or on behalf of and other provisions for the benefit of the County contained herein shall bind and inure to the benefit of any officer, board, district, commission, authority, agent or instrumentality to whom or to which there shall be transferred by or in accordance with law any right, power or duty of the County or of their respective successors, if any, the possession of which is necessary or appropriate in order to comply with any such covenants, stipulations, obligations, agreements or other provisions hereof.

Section 104 Parties Interested Herein. Except as herein otherwise expressly provided, nothing herein expressed or implied confers upon or gives to any Person (other than the Paying Agent, the insurer of the Bonds, if any, the owners from time to time of the Bonds,

and the owners of any other securities payable from Pledged Revenues when reference is expressly made thereto, as well as the County) any right, remedy or claim under or by reason hereof or any covenant, condition or stipulation hereof. All the covenants, stipulations, promises and agreements herein contained by and on behalf of the County shall be for the sole and exclusive benefit of the County, the Paying Agent, the insurer of the Bonds, if any, any owner of any Bonds and any owner of any such other security in the event of such a reference.

Section 105 Ratification. All action heretofore taken (not inconsistent with the provisions of this Ordinance) by the County, the officers of the County, and otherwise by the County directed toward the Project and toward the sale of the Bonds to the Purchaser for that purpose, hereby is ratified, approved and confirmed.

Section 106 Ordinance Irrepealable. After any of the Bonds are issued, this Ordinance shall constitute an irrevocable contract between the County and the owner or owners of the Bonds; and this Ordinance (subject to the provisions of Section 1001 and of Article XII hereof), if any Bonds are in fact issued, shall be and shall remain irrepealable until the Bonds, as to all Bond Requirements, shall be fully paid, canceled and discharged, except as herein otherwise expressly provided.

Section 107 Repealer. All bylaws, orders and other instruments, or parts thereof, inconsistent herewith are hereby repealed to the extent only of the inconsistency. This repealer shall not be construed to revive any bylaw, order or other instrument, or part thereof, heretofore repealed.

Section 108 Severability. If any section, subsection, paragraph, clause or other provision of this Ordinance shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, subsection, paragraph, clause or other provision shall not affect any of the remaining provisions of this Ordinance.

Section 109 Effective Date. The Board hereby determines that this Ordinance pertains to the sale, issuance and payment of the Bonds, and that this Ordinance may accordingly be adopted as if an emergency now exists and may become effective at any time 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 adopted as if an emergency exists and be effective after its publication as hereinafter provided. After this Ordinance is signed by the Chair

and attested and sealed by the Clerk, this Ordinance shall be published by title only, together with the names of the Commissioners voting for or against its passage, and with a statement that typewritten copies of said Ordinance are available for inspection by all interested parties at the office of the County Clerk, such publication to be made in the Reno Gazette-Journal, a newspaper published and having general circulation in the County, at least once a week for a period of two (2) weeks by two (2) insertions, pursuant to NRS 244.100 and all laws thereunto enabling, such publication to be in substantially the following form:

(Form for Publication After Final Adoption of Ordinance)

BILL NO. _____
ORDINANCE NO. _____

AN ORDINANCE AUTHORIZING THE ISSUANCE OF THE "WASHOE COUNTY, NEVADA, GENERAL OBLIGATION (LIMITED TAX) MEDICAL EXAMINER BUILDING BONDS (ADDITIONALLY SECURED BY PLEDGED REVENUES), SERIES 2015," FOR THE PURPOSE OF FINANCING BUILDING PROJECTS; PROVIDING THE FORM, TERMS AND CONDITIONS OF THE BONDS AND OTHER DETAILS IN CONNECTION THEREWITH; AND ADOPTING IT AS IF AN EMERGENCY NOW EXISTS.

PUBLIC NOTICE IS HEREBY GIVEN that typewritten copies of the above-numbered and entitled Ordinance are available for inspection by the interested parties at the office of the County Clerk of Washoe County, Nevada, at her office at the County Courthouse, 75 Court Street, Reno, Nevada; and that said Ordinance was proposed by Commissioner _____ on July 28, 2015, and was passed and adopted without amendment at the regular meeting on July 28, 2015, by the following vote of the Board of County Commissioners:

Those Voting Aye:

Those Voting Nay:

Those Absent:

This Ordinance shall be in full force and effect from and after 5:00 p.m. on the _____ day of _____, 2015, 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: July 28, 2015.

/s/

Chair
Board of County Commissioners
Washoe County, Nevada

(SEAL)
Attest:

/s/

County Clerk

(End of Form of Publication)

ARTICLE II.

COUNTY'S DETERMINATIONS, AUTHORITY FOR AND
AUTHORIZATION OF PROJECT, NECESSITY OF
PROJECT AND BONDS, PROJECT COST, AND
OBLIGATION OF COUNTY

Section 201 Authorization for this Ordinance. This Ordinance is adopted by virtue of the Project Act, Consolidated Tax Act and the Bond Act and pursuant to their provisions; and the County has ascertained and hereby determines that each and every matter and thing as to which provision is made herein is necessary in order to carry out and to effectuate the purposes of the County in accordance with the Project Act, the Consolidated Tax Act and the Bond Act, and as provided in NRS 350.708 all limitations in the Bond Act imposed upon the issuance of bonds or other securities thereunder have been met and the total cost, capacity, type, and plans and specifications of and for the construction, installation and other acquisition of the improvements with respect to the Project, to the extent heretofore prepared, have been and hereby are approved.

Section 202 Life of the Project. The County has determined and does hereby declare:

A. Estimated Life. The estimated life or estimated period of usefulness of the Project to be financed with the proceeds of the Bonds is not less than 20 years; and

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

Section 203 Necessity of Project and Bonds. It is necessary and for the best interests of the County and the inhabitants thereof that the County effect the Project and defray the cost thereof by issuing the Bonds therefor; and it is hereby so determined and declared.

Section 204 Acceptance of Purchase Proposal; Authorization of Use of Preliminary and Final Official Statements. In accordance with the Project Act, Chapter 350 of NRS and with this Ordinance, the County chief financial officer, or in such officer's absence the County Manager, is authorized to accept the Purchase Proposal submitted by the Purchaser; distribution, use of and execution of the Preliminary Official Statement is hereby authorized,

ratified and confirmed; distribution, use of and execution of the Final Official Statement for the Bonds in substantially the form of the Preliminary Official Statement, with such amendments, additions and deletions as are consistent with the facts and not inconsistent herewith as may be approved by the County chief financial officer or County Manager by such officer's execution of the Final Official Statement, is hereby authorized. The County chief financial officer, County Manager or designee is authorized to deem the official statement or preliminary official statement to be a "final" official statement on behalf of the County for the purposes of Rule 15(c)2-12 of the Securities and Exchange Commission.

Section 205 Authorization of Project. The County does hereby determine to proceed with the Project as hereinabove delineated; and the Project is hereby so authorized.

Section 206 Bonds Equally Secured. The covenants and agreements herein set forth to be performed on behalf of the County shall be for the equal benefit, protection and security of the owners of any and all of the Outstanding Bonds, all of which, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds over any other thereof, except as otherwise expressly provided in or pursuant to this Ordinance.

Section 207 General Obligations. The full faith and credit of the County are hereby pledged to the payment of the Bond Requirements of the Bonds; they shall constitute general obligations of the County and shall be payable from General Taxes on all taxable property within the County (except to the extent any Pledged Revenues or other moneys are available therefor), subject to the limitations imposed by the Constitution and statutes of the State.

Section 208 Additional Security. The payment of the Bond Requirements of the Bonds is additionally secured by an irrevocable pledge of and by a lien (but not necessarily an exclusive lien) on the Pledged Revenues, subject to and after any superior liens upon such Pledged Revenues of any Superior Securities.

Section 209 No Pledge of Property. The payment of the Bonds is not secured by an encumbrance, mortgage or other pledge of property of the County, except the proceeds of General Taxes, the Pledged Revenues, and any other moneys pledged for the payment of the

Bonds. No property of the County, subject to such exceptions, shall be liable to be forfeited or taken in payment of the Bonds.

Section 210 No Recourse Against Officers and Agents. No recourse shall be had for the payment of the Bond Requirements of the Bonds or for any claim based thereon or otherwise upon this Ordinance authorizing their issuance or any other instrument relating thereto, against any individual member of the County or any officer or other agent of the County, past, present or future, either directly or indirectly through 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 Bonds and as a part of the consideration of their issuance specially waived and released.

ARTICLE III.

AUTHORIZATION, TERMS, EXECUTION AND ISSUANCE OF BONDS

Section 301 Authorization of Bonds. The "Washoe County, Nevada, General Obligation (Limited Tax) Medical Examiner Building Bonds (Additionally Secured by Pledged Revenues), Series 2015," in the original aggregate principal amount set forth in the Certificate of the County Officer (not to exceed \$12,000,000), are hereby authorized to be issued, pursuant to the Project Act, the Consolidated Tax Act and the Bond Act; and the County pledges irrevocably, but not necessarily exclusively, the Pledged Revenues to the payment of the Bond Requirements of the Bonds, the proceeds of the Bonds to be used solely to defray wholly or in part the cost of the Project.

Section 302 Bond Details. The Bonds shall be issued payable in fully registered form, i.e., registered as to both principal and interest and shall be dated as of the date of delivery of the Bonds. Except as provided in Section 307 hereof, the Bonds shall be issued in the denominations of \$5,000 and any integral multiples thereof. The Bonds shall bear interest (calculated on the basis of a 360 day year of twelve 30-day months) at the rates shown in the Certificate of the County Officer from their date until their respective fixed maturity dates, payable on March 1 and September 1 of each year, commencing on March 1, 2016, except that Bonds which are reissued upon transfer, exchange or other replacement shall bear interest at the rates shown in the Certificate of the County Officer from the most recent interest payment date to which interest has been paid or provided for, or, if no interest has been paid, from the date of the Bonds. The Bonds shall mature in the designated amounts and years as set forth in the Certificate of the County Officer.

The principal of and redemption premium, if any, on any 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 Paying Agent or at such other office as designated by the Paying Agent. If any Bond shall not be paid upon such presentation and surrender at or after maturity, it shall continue to draw interest at the interest rate borne by the Bond until the principal thereof is paid in full. Except as provided in Section 307 hereof, payment of interest on any Bond shall be made to the registered owner thereof by

check or draft mailed by the Paying Agent, on each interest payment date (or, if such interest payment date is not a business day, on the next succeeding business day), to the registered owner thereof at his or her address as shown on the registration records kept by the Registrar at the close of business on the Regular Record Date for such interest payment date; but any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner thereof at the close of business on the Regular Record Date and shall be payable to the person who is the registered owner thereof at the close of business on a Special Record Date for the payment of any such defaulted interest. Such Special Record Date shall be fixed by the Paying Agent whenever money becomes available for payment of the defaulted interest, and notice of the Special Record Date shall be given to the registered owners of the Bonds not less than 10 days prior thereto by first-class mail to each such registered owner as shown on the Registrar's registration records on 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 upon between the owner of such Bond and the Paying Agent. All such payments shall be made in lawful money of the United States of America.

Section 303 Prior Redemption.

A. Optional Redemption. Bonds, or portions thereof, maturing on and after the date set forth in the Certificate of the County Officer shall be subject to redemption prior to their respective maturities, at the option of the County, as directed by the County chief financial officer, on and after the date set forth in the Certificate of the County Officer, in whole at any time or in part at any time, from such maturities as are selected by the County chief financial officer, and if less than all of the Bonds of a maturity are to be redeemed, the Bonds of such maturity are to be redeemed by lot within a maturity (giving proportionate weight to Bonds in denominations larger than \$5,000), in such manner as the Paying Agent may determine, for the principal amount of each Bond or portion thereof so redeemed and accrued interest thereon to the redemption date, and a premium, if any, computed in accordance with the schedule set forth in the Certificate of the County Officer.

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

Not more than sixty days nor less than thirty days prior to the sinking fund payment dates for the Term Bonds, the Registrar shall proceed to select for redemption (by lot in such manner as the Registrar may determine) from all Outstanding Term Bonds, a principal amount of the Term Bonds equal to the aggregate principal amount of the Term Bonds redeemable with the required sinking fund payments, and shall call such Term Bonds or portions thereof for redemption from the sinking fund on the next principal payment date, and give notice of such call as provided in Section 304 of this Ordinance.

At the option of the County to be exercised by delivery of a written certificate to the Registrar not less than sixty days next preceding any sinking fund redemption date, it may (i) deliver to the Registrar for cancellation Term Bonds, or portions thereof (\$5,000 or any integral multiple thereof) in an aggregate principal amount desired by the County or, (ii) specify a principal amount of Term Bonds, or portion thereof (\$5,000 or any integral multiple thereof) which prior to said date have been redeemed (otherwise than through the operation of the sinking fund) and canceled by the Registrar and not theretofore applied as a credit against any sinking fund redemption obligation. Each Term Bond or portions thereof so delivered or previously redeemed shall be credited by the Registrar at 100% of the principal amount thereof against the obligation of the County on the sinking fund redemption dates and any excess shall be so credited

against future sinking fund redemption obligations in such manner as the County determines. In the event the County shall avail itself of the provisions of clause (i) of the first sentence of this paragraph, the certificate required by the first sentence of this paragraph shall be accompanied by the respective Term Bonds or portions thereof to be canceled of in the event the Bonds are registered in the name of Cede & Co. as provided in Section 307 of this Ordinance, the certificate required by the first sentence of this paragraph shall be accompanied by such direction and evidence of ownership as is satisfactory to The Depository Trust Company.

C. Partial Redemption. If any Bond is in a denomination larger than \$5,000, a portion of such Bond (\$5,000 of principal amount thereof, or any integral thereof) may be redeemed pursuant to subsection A or B hereof, as appropriate, in which case the Registrar, except as provided in Section 307 hereof, shall, without charge to the owner of such Bond, authenticate and issue a replacement Bond or Bonds for the unredeemed portion thereof. In the case of a partial redemption of Bonds of a single maturity pursuant to subsection A or B hereof, the Paying Agent shall select the Bonds to be redeemed by lot at such time as directed by the County (but at least 30 days prior to the redemption date), and if such selection is more than 60 days before a redemption date, shall direct the Registrar to appropriately identify the Bonds so called for redemption by stamping them at the time any Bond so selected for redemption is presented to the Registrar for stamping or for transfer or exchange, or by such other method of identification as is deemed adequate by the Registrar and any Bond or Bonds issued in exchange for, or to replace, any Bond so called for prior redemption shall likewise be stamped or otherwise identified.

Section 304 Redemption Notice. Unless waived by any registered owner of a Bond to be redeemed, notice of prior redemption shall be given by the Registrar electronically, as long as Cede & Co. or a nominee or a successor depository is the registered owner of the Bonds, and otherwise by first class, postage prepaid mail, at least 30 days but not more than 60 days prior to the Redemption Date to the registered owner of any Bond (initially Cede & Co.) all

or a part of which is called for prior redemption at his or her address as it last appears on the registration records kept by the Registrar. The notice shall identify the Bonds and state that on such date the principal amount thereof, and premium, if any, thereon will become due and payable at the Paying Agent (accrued interest to the Redemption Date being payable by mail or as otherwise provided in this Ordinance), and that after such Redemption Date interest will cease to accrue. After such notice and presentation of said Bonds, the Bonds called for redemption will be paid. Actual receipt of notice by any registered owner of Bonds shall not be a condition precedent to redemption of such Bonds. Failure to give such notice to the registered owner of any Bond designated for redemption, or any defect therein, shall not affect the validity of the proceedings for the redemption of any other Bond. A certificate by the Registrar that notice of call and redemption has been given as provided in this Section shall be conclusive as against all parties; and no owner whose Bond is called for redemption or any other owner of any Bond may object thereto or may object to the cessation of interest on the Redemption Date on the ground that he failed actually to receive such notice of redemption.

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

Section 305 Negotiability. Subject to Section 307 hereof and to the registration provisions herein provided, the Bonds shall be fully negotiable within the meaning of and for the purposes of the Uniform Commercial Code-Investment Securities, and each owner shall possess all rights enjoyed by owners of negotiable instruments under the Uniform Commercial Code-Investment Securities.

Section 306 Registration, Transfer and Exchange of Bonds. Except as otherwise provided in Section 307 hereof:

A. Registration and Transfer. Records for the registration and transfer of the Bonds shall be kept by the Registrar. Upon the surrender for transfer of any Bond at the Registrar, duly endorsed for transfer or accompanied by an

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

B. Limitations upon Registration. The Registrar shall not be required to transfer or exchange (i) any Bond subject to redemption during a period beginning at the opening of business 15 days before the day of the mailing by the Registrar of a notice of prior redemption of Bonds and ending at the close of business on the day of such mailing, or (ii) any Bond after the mailing of notice calling such Bond or any portion thereof for redemption as herein provided.

C. Effect of Registration. The person in whose name any Bond shall be registered, in the registration records kept by the Registrar, shall be deemed and regarded as the absolute owner thereof for the purpose of making payments thereof (except to the extent otherwise provided in Section 302 hereof with respect to interest payments) and for all other purposes; and payment of or on account of either principal or interest on any Bond shall be made only to or upon the written order of the registered owner thereof or his legal representative, but such registration may be changed upon transfer of such Bond in the manner and

subject to the conditions and limitation provided herein. All such payments shall be valid and effectual to discharge the liability upon such Bond to the extent of the sum or sums so paid.

D. Replacement of Bond. If any Bond shall be lost, stolen, destroyed or mutilated, the Registrar shall, upon receipt of such evidence, information or indemnity relating thereto as it, the Registrar or the County, may reasonably require, and upon payment of all expenses in connection therewith, authenticate and deliver a replacement Bond or Bonds of a like aggregate principal amount and of the same maturity, bearing a number or numbers not previously assigned. If such lost, stolen, destroyed or mutilated Bond shall have matured or shall have been called for redemption, the Registrar may direct that such Bond be paid by the Paying Agent in lieu of replacement.

E. Cancellation of Bond upon Payment or Reissuance. Whenever any Bond shall be surrendered to the Paying Agent upon payment thereof, or to the Registrar for transfer, exchange or replacement as provided herein, such Bond shall be promptly canceled by the Paying Agent or Registrar, and counterparts of a certificate of such cancellation shall be furnished by the Paying Agent or Registrar to the County Treasurer and the County, upon request.

Section 307 Custodial Deposit.

A. Notwithstanding the foregoing provisions of Sections 302 to 306 hereof, the Bonds shall initially be evidenced by one or more Bonds for each year in which the Bonds mature in denominations equal to the aggregate principal amount of the Bonds maturing in that year. Such initially delivered Bonds shall be registered in the name of "Cede & Co." as nominee for The Depository Trust Company, the securities depository for the Bonds. The Bonds may not thereafter be transferred or exchanged except:

- (1) to any successor of The Depository Trust Company or its nominee, which successor must be both a "clearing corporation" as defined in NRS chapter 104, and a qualified and

registered "clearing agency" under Section 17A of the Securities Exchange Act of 1934, as amended; or

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

(3) upon the resignation of The Depository Trust Company or a successor or new depository under clause (1) or clause (2) of this subsection A, or a determination of the County that The Depository Trust Company or such successor or new depository is no longer able to carry out its functions, and the failure by the County, after reasonable investigation, to locate another qualified depository institution under clause (2) to carry out such depository functions.

B. In the case of a transfer to a successor of The Depository Trust Company or its nominee as referred to in clause (1) of subsection A hereof or designation of a new depository pursuant to clause (2) of subsection A hereof, upon receipt of the Outstanding Bonds by the Registrar, together with written instructions for transfer satisfactory to the Registrar, a new Bond for each maturity of the Bonds then Outstanding shall be issued to such successor or new depository, as the case may be, or its nominee, as is specified in such written

transfer instructions. In the case of a resignation or determination under clause (3) of subsection A hereof and the failure after reasonable investigation to locate another qualified depository institution for the Bonds as provided in clause (3) of subsection A hereof, and upon receipt of the Outstanding Bonds by the Registrar, together with written instructions for transfer satisfactory to the Registrar, new Bonds shall be issued in the denominations of \$5,000 or any integral multiple thereof, as provided in and subject to the limitations of Section 302 hereof, registered in the names of such Persons, and in such denominations as are requested in such written transfer instructions: however, the Registrar shall not be required to deliver such new Bonds within a period of less than 60 days from the date of receipt of such written transfer instructions.

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

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

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

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

A. Filings with Secretary of State. Pursuant to the Bond Act, and to the act cited as the Uniform Facsimile Signatures of Public Officials Act, cited as chapter 351 of NRS, and prior to the execution of any Bonds by facsimile signature, the Chair of the Board of County Commissioners of the County, the County Clerk and the County Treasurer shall each file with the Secretary of State of the State of Nevada his manual signature certified by him under oath.

B. Manner of Execution. Each Bond shall be approved, signed and executed in the name of and on behalf of the County with the manual or facsimile of the signature of the Chair of the Board shall be countersigned and executed with the manual or facsimile of the signatures of the County Treasurer and shall be authenticated with the manual or facsimile impression of the official seal of the County; and shall be signed, executed, and attested with such a manual or facsimile signature of the County Clerk.

C. Authentication. 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. The Registrar's certificate of authentication shall be deemed to have been duly executed by it if manually signed by an authorized officer or employee of the Registrar, but it shall not be necessary that the same officer or employee sign the certificate of authentication on all of the Bonds issued hereunder. By authenticating any of the Bonds delivered pursuant to the Ordinance, the Registrar shall be deemed to have assented to all of the provisions of this Ordinance.

Section 309 Use of Predecessor's Signature. The Bonds bearing the signatures of the officers in office at the time of the signing thereof shall be the valid and binding obligations of the County, notwithstanding that before the delivery thereof and the payment therefor any or all of the persons whose signatures appear thereon shall have ceased to fill their respective offices. Each the Chair of the Board, the County Treasurer and County Clerk, at the time of the execution of the Bonds and of a signature certificate pertaining thereto by the Chair of the Board, the County Treasurer and the County Clerk, respectively, may adopt as and for his

or her own facsimile signature the facsimile signature of his or her predecessor in office if such facsimile signature appears upon any of the Bonds.

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

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

Section 312 Bond Execution. The Chair of the Board of County Commissioners, the County Treasurer, and the County Clerk are hereby authorized and directed to prepare and to execute the Bonds as herein provided.

Section 313 Bond Delivery. After such registration of the Bonds by the Registrar pursuant to Section 306 and after their execution and authentication pursuant to Section 308 and other provisions herein supplemental thereto, the Treasurer shall cause the Bonds to be delivered to the Purchaser thereof, upon payment being made therefor on the terms of the sale of the Bonds.

Section 314 Bond Form. Subject to the provisions of this Ordinance, each Bond shall be in substantially the following form with such omissions, insertions, endorsements, and variations as to any recitals of fact or other provisions as may be required by the circumstances, be required or permitted by this Ordinance, or be consistent with this Ordinance and necessary or appropriate to conform to the rules and requirements of any governmental authority or any usage or requirement of law with respect thereto:

(Form of Bond)

**TRANSFER OF THIS BOND OTHER THAN BY REGISTRATION IS NOT
EFFECTIVE**

**WASHOE COUNTY, NEVADA
GENERAL OBLIGATION (LIMITED TAX)
MEDICAL EXAMINER BUILDING BOND
(ADDITIONALLY SECURED BY PLEDGED REVENUES)
SERIES 2015**

NO. _____ \$ _____

Interest Rate _____ % per annum Maturity Date _____ 1, _____ Dated As Of _____, 2015 CUSIP _____

REGISTERED OWNER: ****CEDE & CO.****

PRINCIPAL AMOUNT: _____ DOLLARS

The County of Washoe 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 Registered Owner specified above the Principal Amount specified above, on the Maturity Date specified above (unless called for earlier redemption), and to pay interest thereon on March 1 and September 1 of each year commencing on March 1, 2016, at the Interest Rate per annum specified above, until the principal sum is paid or payment has been provided therefor. This Bond will bear interest from the most recent interest payment date to which interest has been paid or provided for, or, if no interest has been paid, from the date of this Bond. The principal of and redemption premium, if any, on this Bond are payable to the Registered Owner hereof upon presentation and surrender hereof at the office of U.S. Bank, National Association, as paying agent for the Bonds (the "Paying Agent"), which is also now acting as the County's registrar for the Bonds (the "Registrar") or at such other office as designated by the Paying Agent. Interest on this Bond will be paid on each interest payment date (or, if such interest payment date is not a business day, on the next succeeding business day), by check or draft mailed to the person in whose name this Bond is registered (the "Registered Owner") in the registration records of the County maintained by the Registrar and at the address appearing thereon at the close of business on the 15th day of the calendar month next preceding such interest payment date (the "Regular Record Date"). Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner hereof at the close of business on a Special Record Date for the payment of any defaulted interest. Such Special Record Date shall be fixed by the Paying Agent for the Bonds whenever moneys become available for payment of the defaulted interest, and notice of the Special Record Date shall be given to the Registered Owners of the Bonds of the series of which this is one (the "Bonds") not less than ten days prior thereto. All payments of the principal of, interest on and redemption premiums due in connection with this Bond (the "Bond Requirements") shall be made in lawful money of the United States of America without deduction for the services of the Paying Agent.

The Bonds are issuable solely as fully registered Bonds in denominations of \$5,000 each or any integral multiple thereof. The Bonds are exchangeable for fully registered Bonds of the same maturity in equal aggregate principal amounts and in authorized denominations at the aforesaid office of the Paying Agent and Registrar but only in the manner, subject to the limitations, and on payment of the charges provided in the County's ordinance designated by the short title "2015 Bond Ordinance," adopted and approved on July 28, 2015 authorizing the issuance of the Bonds (the "Ordinance").

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

The Bonds shall not be transferable or exchangeable, except as set forth in the County's ordinance adopted and approved on July 28, 2015 authorizing the issuance of the Bonds (the "Ordinance").

Bonds, or portions thereof, are subject to optional prior redemption as set forth in the Ordinance and the Certificate of the County Officer.

Certain of the Bonds shall be subject to mandatory sinking fund redemption as provided in the Ordinance and in the Certificate of the County Officer.

In the case of Bonds of a denomination larger than \$5,000, a portion of such Bond (\$5,000 of the principal amount thereof, or any integral multiple thereof) may be redeemed, in which case the Registrar shall, without charge to the owner of such Bond, authenticate and issue a replacement Bond or Bonds for the unredeemed portion thereof. Redemption shall be made upon not less than thirty (30) days' prior notice as provided in the Ordinance.

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

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

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

The County and the Registrar and Paying Agent may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of making payment (except to the extent otherwise provided hereinabove and in the Ordinance with respect to Regular and Special Record Dates for the payment of interest) and for all other purposes and the County, and Paying Agent and Registrar shall be not affected by notice to the contrary.

The Bonds are issued by the County and upon the credit thereof, for the purpose of defraying wholly or in part the cost of financing building projects as set forth in the Ordinance, under the authority of and in full conformity with the Constitution and laws of the State and the County and pursuant to the Ordinance.

It is hereby certified, recited and warranted that the total indebtedness of the County, including that of this Bond, does not exceed any limit of indebtedness prescribed by the Constitution or laws of the State; that provision has been made for the levy and collection of annual general (ad valorem) taxes ("General Taxes") sufficient to pay the Bond Requirements of this Bond when the same become due (except to the extent other moneys 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 according to the terms of this Bond.

The payment of the Bonds, as to all Bond Requirements, is additionally secured by an irrevocable pledge of revenues derived by the County from the Pledged Revenues (as defined in the Ordinance).

Payment of the Bond Requirements due in connection with the Bonds may be made from and as security for such payment there is irrevocably and exclusively pledged, pursuant to the Ordinance, special accounts thereby created and identified as the "Washoe County, Nevada, General Obligation (Limited Tax) Medical Examiner Building Bonds, Series 2015, Principal Account," and "Washoe County, Nevada, General Obligation (Limited Tax) Medical Examiner Building Bonds, Series 2015, Interest Account," (collectively, the "Bond Fund") into which accounts the County covenants to pay from the revenues derived from the Pledged Revenues sums sufficient to pay when due the Bond Requirements of the Bonds, except to the extent other moneys are available therefor.

The Bonds are equitably and ratably secured by a lien on the Pledged Revenues, and the Bonds constitute an irrevocable lien (but not necessarily an exclusive lien) upon the Pledged Revenues on a parity with the lien of the Parity Lien Bonds and any outstanding parity bonds hereafter issued, subject to and after any superior liens upon such Pledged Revenues of any Superior Securities. Bonds and other securities, in addition to the Bonds and the Parity Lien

Bonds, subject to expressed conditions, may be issued and made payable from the Pledged Revenues having a lien thereon subordinate and junior to the lien or, subject to additional expressed conditions, having a lien thereon superior to or on a parity with the lien, of the Parity Lien Bonds and the Bonds, in accordance with the provisions of the Ordinance.

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

Reference is made to the Ordinance, NRS 244A.011 to 244.065, inclusive (the "Project Act"); and NRS 360.600 to 360.740, inclusive, as amended from time to time and as implemented by the County pursuant to the Washoe County Code, as amended from time to time (the "Consolidated Tax Act"); an act cited as NRS 350.500 through 350.720, and all laws amendatory thereof, designated in NRS 350.500 as the Local Government Securities Law (the "Bond Act"); to Chapter 348 of NRS (the "Supplemental Bond Act"), and to all laws supplemental thereto, for an additional description of the nature and extent of the security for the Bonds, the General Taxes, accounts, funds and revenues pledged, the nature and extent and manner of enforcement of the pledge, the rights and remedies of the owners of the Bonds with respect thereto, the terms and conditions upon which the Bonds are issued, and a statement of rights and remedies of the owners of the Bonds.

The Bonds are issued pursuant to the Project Act, the Consolidated Tax Act, the Bond Act, and the Supplemental Bond Act, and pursuant to NRS 350.628, this recital is conclusive evidence of the validity of the Bonds and the regularity of their issuance; and pursuant to NRS 350.710, the Bonds, their transfer, and the income therefrom shall forever be and remain free and exempt from taxation by the State or any subdivision thereof except for the tax on estates imposed pursuant to chapter 375A of NRS and the tax on generation-skipping transfers imposed pursuant to chapter 375B of NRS.

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

It is further certified, recited and warranted that all the requirements of law have been fully complied with by the proper officers of the County in the issuance of this Bond; that it is issued pursuant to and in strict conformity with the Constitution and laws of the State, particularly under the terms and provisions of the Project Act, the Consolidated Tax Act, the Bond Act, the Supplemental Bond Act, and all laws supplemental thereto, and with the Ordinance; and that this Bond does not contravene any constitutional or statutory limitation.

No recourse shall be had for the payment of the Bond Requirements of this Bond or for any claim based thereon or otherwise upon the Ordinance or other instrument relating

thereto, against any individual member of the Board of County Commissioners of the County, any individual member of the County, or any officer or other agent of the County, past, present or future, either directly or indirectly through such 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.

This Bond shall not be valid or obligatory for any purpose until a manual signature of a duly authorized officer of the Registrar has been affixed on the certificate of authentication hereon.

IN WITNESS WHEREOF, the County has caused this Bond to be signed and executed in its name and upon its behalf with the manual or facsimile signature of the Chair of its Board of County Commissioners, to be countersigned and executed with the manual or facsimile signature of the County Treasurer and has caused a manual impression or a facsimile of the seal of the County to be affixed hereon; and has caused this Bond to be signed, executed and attested with the manual or facsimile signature of the County Clerk, all as of _____, 2015.

WASHOE COUNTY, NEVADA

(Manual or Facsimile Signature)

Chair
Board of County Commissioners

Countersigned:

(Manual or Facsimile Signature)

County Treasurer

(Manual or Facsimile Seal)
Attest:

(Manual or Facsimile Signature)
County Clerk

- * Insert only if Bonds are delivered pursuant to Section 307(A)(3) of this Ordinance.
- ** Insert only if Bonds are initially delivered to the Depository Trust Company pursuant to Section 307(A) of this Ordinance.
- *** Insert only if Certificate of the County Officer designates any of the Bonds as term Bonds.

(Form of Certificate of Authentication for Bonds)

Date of authentication
and registration: _____

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

U.S. BANK, NATIONAL ASSOCIATION,
as Registrar

By: _____
(Manual Signature)
Authorized Officer

(End of Form of Certificate of Authentication for Bonds)

**(Form of Prepayment Panel)

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

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

(End of Form of Prepayment Panel)**

*(Form of Assignment for Bonds)

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

Dated: _____

Signature Guaranteed:

Name and address of transferee:

Social Security or other tax
identification number of
transferee:

NOTE: The signature to this Assignment must correspond with the name as written on the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever. Signature(s) must be guaranteed by an eligible guarantor institution as defined in 17 CFR 240.17Ad-15(a)(2).

(End of Form of Assignment for Bonds)*

ARTICLE IV.

USE OF BOND PROCEEDS AND RESERVE FUNDS

Section 401 Disposition of Bond Proceeds. The proceeds of the Bonds upon the receipt thereof at any time or from time to time:

A. First, shall be credited to a separate account hereby created and to be known as the "Washoe County, Nevada, General Obligation (Limited Tax) Medical Examiner Building Bonds (Additionally Secured by Pledged Revenues) Series 2015, Capitalized Interest Account" to be held by the County in an amount fully sufficient to pay capitalized interest on the Bonds to March 1, 2016. Amounts on deposit in the Capitalized Interest Account shall be transferred to the Bond Fund to pay interest on the Bonds to March 1, 2016 at such times as are required by this Ordinance to pay interest on the Bonds.

B. Second, shall be credited to a separate account hereby created and to be known as the "Washoe County, Nevada, General Obligation (Limited Tax) Medical Examiner Building Bonds (Additionally Secured by Pledged Revenues) Series 2015, Project Construction and Other Acquisition Account" (the "Acquisition Account") to be held by the County and used to pay the Cost of the Project, including but not limited to, the costs of issuing the Bonds.

Section 402 Moneys for Project. All moneys received and held by the County for the Project from all sources, except for the Rebate Account; but, including, without limitation, the Bond proceeds deposited in the Acquisition Account and any revenues appropriated by the County for the Project shall be deposited in the Acquisition Account and except as herein otherwise expressly provided, shall be used and paid out solely for the purpose of defraying the Cost of the Project, including, without limitation, the costs of issuing the Bonds.

Section 403 Prevention of Bond Default. The County Treasurer shall use any Bond proceeds credited to the Acquisition Account without further order or warrant, to pay the Bond Requirements of the Bonds as the same become due whenever and to the extent moneys in the Bond Fund or otherwise available therefor are insufficient for that purpose, unless the Bond proceeds shall be needed to defray obligations accrued and to accrue under any contracts then existing and relating to the Project. The County Treasurer shall promptly notify the Chair of any such use. Any moneys so used shall be restored to the Acquisition Account, from the first

Pledged Revenues thereafter received and not needed to meet the requirements provided in Sections 603 through 607 hereof.

Section 404 Completion of Project. When any amounts in the Acquisition Account are no longer needed to pay the Cost of the Project, upon the direction of the County chief financial officer, the County Treasurer shall cause to be transferred to the Bond Fund all surplus moneys remaining in the Acquisition Account, if any, except for any moneys designated by the County chief financial officer to be retained to pay any unpaid accrued costs or contingent obligations and the sums so transferred shall be applied to the payment of the principal and interest due on the Bonds. Nothing herein:

A. Periodic Transfers. Prevents the County Treasurer from causing to be transferred from the Acquisition Account to the Bond Fund any moneys which will not be necessary for the Project; nor

B. Limitations upon Transfers. Requires the transfer to the Bond Fund from the Acquisition Account of any moneys in the Acquisition Account derived from a source other than Bond proceeds.

Section 405 Purchaser Not Responsible. The validity of the Bonds shall not be dependent on nor be affected by the validity or regularity of any proceedings relating to the acquisition of the improvements, or any part thereof, or to the completion of the Project. The Purchaser of the Bonds, any associate thereof, and any subsequent owner of any Bonds shall in no 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 Bonds or of any other moneys herein designated.

Section 406 Lien on Bond Proceeds. Until proceeds of the Bonds are applied as hereinabove provided the Bond proceeds shall be subject to a lien thereon and pledge thereof for the benefit of the owners of the Bonds from time to time as provided in Section 601 hereof.

ARTICLE V.

GENERAL TAXES

Section 501 General Tax Levies. Pursuant to NRS 350.596, the Bond Requirements of the Bonds falling due at any time when there are not on hand from General Tax levies sufficient funds to pay the same, shall be paid out of the general fund of the County or out of any other funds that may be available for such purpose. For the purpose of repaying any moneys so paid from any such fund or funds (other than any moneys available for the payment of such Bond Requirements on other than a temporary basis) and for the purpose of the payment thereafter of the Bonds and the interest thereon, there are hereby created the separate and special accounts known respectively as the "Washoe County, Nevada, General Obligation (Limited Tax) Medical Examiner Building Bonds (Additionally Secured by Pledged Revenues) Series 2015, Principal Account" (the "Principal Account") and as the "Washoe County, Nevada, General Obligation (Limited Tax) Medical Examiner Building Bonds (Additionally Secured by Pledged Revenues) Series 2015, Interest Account" (the "Interest Account"; collectively the "Bond Fund"). Pursuant to NRS 350.592 and 350.594, there shall be levied annually in each calendar year commencing in the calendar year of this Ordinance, 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 fully sufficient to reimburse such funds for such installments of Bond Requirements, together with the revenue which will result from application of the rate to the net proceeds of minerals, to pay the interest on the Bonds, and to pay and retire the same as hereinabove provided, and after there are made due allowances for probable delinquencies. The proceeds of the annual levies shall be duly credited to such separate accounts for the payment of the Bond Requirements, including any mandatory sinking fund payments pursuant to Section 303B hereof, if any. In the preparation of the annual budget or appropriation resolution or ordinance for the County, the County 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 Bonds, subject to the limitations imposed by NRS 361.453 and Section 2, Article 10, Nevada Constitution, and the amount of money necessary for this purpose shall be a first charge against all the revenues received by the County.

Section 502 Priorities for Bonds. 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 may exceed the limitation of \$3.64 on each \$100 of assessed valuation, or a lesser or greater amount fixed by the State board of examiners if the State board of examiners is directed by law to fix a lesser or greater amount for that Fiscal Year as provided in NRS 361.453, and it shall become 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 503 Correlation of Levies. Such General Taxes shall be levied and collected in the same manner and at the same time as other General Taxes are levied and collected, and the proceeds thereof for the Bonds shall be kept by the County Treasurer in the Principal Account and in the Interest Account, which shall be used for no other purpose than the payment of principal of and interest on the Bonds, and any other Parity Securities hereinafter issued in accordance with Section 910 hereof, respectively, as the same fall due.

Section 504 Use of General Fund. Any sums becoming due on the Bonds at any time when there are on hand from such tax levy or levies (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 Taxes herein provided for have been collected, pursuant to NRS 350.596.

Section 505 Use of Other Funds. Nothing herein prevents the County from applying any funds (other than General Taxes) that may be available for that purpose to the payment of such interest or principal, as the same, respectively, mature, including, without limitation, the payment of the Bonds as provided in Section 604 hereof and elsewhere herein, and upon such payments, the levy or levies herein provided may thereupon to that extent be diminished, pursuant to NRS 350.598.

Section 506 Legislative Duties. In accordance with NRS 350.592 and NRS 361.463, it shall be the duty of the County 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 County 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 Bonds and 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 Bonds as hereinbefore provided.

Section 507 Appropriation of General Taxes. In accordance with NRS 350.602, there is hereby specially appropriated the proceeds of the General Taxes to the payment of such principal and interest; and such appropriations shall not be repealed nor the General Taxes postponed or diminished (except as herein otherwise expressly provided) until the principal of and interest on the Bonds have been wholly paid.

ARTICLE VI.

ADMINISTRATION OF AND ACCOUNTING FOR PLEDGED REVENUES

Section 601 Pledge Securing Bonds. Subject only to the right of the County to cause amounts to be withdrawn to pay the Cost of the Project as provided herein, the Pledged Revenues and all moneys and securities paid or to be paid to or held or to be held in any account under this article or under Section 401 hereof, excluding, however, all amounts held in the Escrow Account and the Rebate Account, are hereby pledged to secure the payment of the Bond Requirements of the Bonds; and this pledge shall be valid and binding from and after the date of the first delivery of any Bonds, and the moneys, as received by the County and hereby pledged, shall immediately be subject to the lien of this pledge without any physical delivery thereof, any filing, or further act, and the lien of this pledge and the obligation to perform the contractual provisions herein made shall have priority over any or all other obligations and liabilities of the County and, except for the Parity Lien Bonds and any Outstanding securities hereafter authorized the liens of which on the Pledged Revenues are superior to or on a parity with the lien thereon of the Bonds; and the lien of this pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the County (except as herein otherwise provided) irrespective of whether such parties have notice thereof.

Section 602 Income Account Deposits. So long as any of the Bonds shall be Outstanding, as to any Bond Requirements, the entire Pledged Revenues, upon their receipt from time to time by the County, shall be set aside and credited immediately to a special account continued in the ordinances authorizing the issuance of the Parity Lien Bonds and hereby continued and designated as the "Washoe County, Nevada, Consolidated Tax Pledged Revenues Income Fund" (the "Income Account"). Such Income Account shall be maintained by the County Treasurer separate and apart from all other County funds, including the Bond Fund.

Section 603 Administration of Income Account. So long as any of the Bonds hereby authorized shall be Outstanding, as to any Bond Requirements, each Fiscal Year the Income Account shall be administered, and the moneys on deposit therein shall be applied in the following order of priority, all as provided in Sections 604 through 607 hereof.

Section 604 Superior Bond Fund and Parity Bond Fund Payments.

A. First, from any moneys in the Income Account, i.e., from the Pledged Revenues, there shall be credited to any bond fund created to pay the principal of, interest on and prior redemption premiums due on any Superior Securities, including any reserves therefor, issued in accordance with the provisions of this Ordinance:

1. Monthly, 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 Superior Securities, and monthly thereafter, commencing on each interest payment date, one-sixth of the amount necessary, together with any other moneys from time to time available therefor and on deposit therein from whatever source, to pay the next maturing installment of interest on the Superior Securities then outstanding.

2. Monthly, 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 installment of principal of the Superior Securities coming due at maturity, and monthly thereafter, commencing on each principal payment date, one-twelfth of the amount necessary, together with any other moneys from time to time available therefor and on deposit therein from whatever source, to pay the next installment of principal of the Superior Securities coming due at maturity, or, if any, an amount sufficient to pay the principal of, interest on and any prior redemption premiums due on the outstanding Superior Securities.

B. Second, and contemporaneously with the transfers required by the ordinances authorizing the issuance of the Parity Lien Bonds and any bond ordinances authorizing the issuance of Parity Securities to be made to the bond funds of any Parity Securities hereafter issued, the following transfers shall be credited to the Bond Fund:

1. Monthly, commencing on the first of the month following the date of delivery of the Bonds, an amount in equal monthly installments necessary, together with any other moneys from time to time available therefor from whatever source, including the Capitalized Interest Account, to pay the next maturing installment of interest on the Bonds, and monthly thereafter, commencing on each interest payment date, one-sixth of the amount necessary, together with any other moneys from time to time available therefor and on deposit therein from whatever source, to pay the next maturing installment of interest on the Bonds then Outstanding.

2. Monthly, commencing on the first of the month following the date of delivery of the Bonds, an amount in equal monthly installments necessary, together with any other moneys from time to time available therefor from whatever source, to pay the next installment of principal of the Bonds coming due at maturity, and monthly thereafter, commencing on each principal payment date, one-twelfth of the amount necessary, together with any other moneys from time to time available therefor and on deposit therein from whatever source, to pay the next installment of principal of the Bonds coming due at maturity, or pursuant to Section 303B hereof, if any.

The moneys credited to the Bond Fund shall be used to pay the Bond Requirements of the Bonds as the Bond Requirements become due, including any mandatory sinking fund payments pursuant to Section 303B hereof, if any.

Section 605 Termination of Deposits. No payment need be made into the Bond Fund, or if the amount in the Bond Fund totals a sum at least equal to the entire amount of the Outstanding Bonds as to all Bond Requirements, to their respective maturities, and both accrued and not accrued, in which case moneys in that account in an amount at least equal to such Bond Requirements shall be used solely to pay such Bond Requirements as the same become due; and any moneys in excess thereof in that account and any other moneys derived from the Pledged Revenues shall be applied as hereafter provided.

Section 606 Payment of Additional Securities. Third, and subject to the provisions hereinabove in this Article, but either concurrently with or subsequent to the payments required by Section 604 hereof, as provided in Article VIII hereof, any moneys remaining in the Income Account may be used by the County for the payment of Bond Requirements of additional bonds or other additional securities payable from the Pledged Revenues and hereafter authorized to be issued in accordance with Article VIII and any other provisions herein supplemental thereto, including reasonable reserves for such securities, as the same accrue. The lien of such additional bonds or other additional securities on the Pledged Revenues and the pledge thereof for the payment of such additional securities shall be superior to, on a parity with or subordinate to the lien and pledge of the Bonds as herein provided. Payments for bond and reserve funds for any Superior Securities shall be made concurrently with the payments for Superior Securities required by Section 604 hereof. Payments for bond and reserve funds for additional Parity Securities shall be made concurrently with the payments for the Bonds required by Section 604 hereof, but payments for bond and reserve funds for additional Subordinate Securities shall be made after the payments required by Sections 604 and 607 hereof.

Section 607 Payment of Rebate. Fourth, and subject to the provisions hereinabove in this Article and concurrently with the deposits to any rebate accounts for the Parity Lien Bonds and any additional Parity Securities required by any bond ordinances authorizing the issuance of such Parity Securities hereafter adopted, there shall be transferred into the "Washoe County, Nevada, General Obligation (Limited Tax) Medical Examiner Building Bonds (Additionally Secured by Pledged Revenues) Series 2015 Rebate Account" hereby created, after making in full the monthly deposits required by Sections 604 and 606, but prior to the transfer of any Pledged Revenues to the payment of Subordinate Securities, such amounts as are required to be deposited therein to meet the County's obligations under the covenant contained in Section 922 hereof, in accordance with Section 148(f) of the Tax Code. Amounts in the Rebate Account shall be used for the purpose of making the payments to the United States required by such covenant and Section 148(f) of the Tax Code. Any amounts in the Rebate Account in excess of those required to be on deposit therein by Section 922 hereof

and Section 148(f) of the Tax Code may be withdrawn therefrom and used for any lawful purpose.

Section 608 Use of Remaining Revenues. After the payments hereinabove required to be made in this Article VI are made, any remaining Pledged Revenues in the Income Account may be used at any time during any Fiscal Year whenever in the Fiscal Year there shall have been credited to the Bond Fund, to the Rebate Account, and to each other bond fund, rebate account and reserve fund, if any, for the payment of any other securities payable from the Pledged Revenues, all amounts required to be deposited in those special accounts for such portion of the Fiscal Year, as hereinabove provided in this Article, for any one or any combination of lawful purposes, or otherwise, as the County may from time to time determine.

ARTICLE VII.

GENERAL ADMINISTRATION

Section 701 Administration of Accounts. The special accounts designated in Articles IV and VI hereof be administered as provided in this Article.

Section 702 Places and Times of Deposits. Each of the special accounts hereinabove designated in Articles IV and VI hereof, except the Escrow Account, shall be maintained as a book account and kept separate from all other accounts as a trust account solely for the purposes herein designated therefor, and the moneys accounted for in such special book accounts shall be deposited in one bank account or more in a commercial bank or commercial banks as determined and designated by the County (except as otherwise expressly stated herein). Nothing herein prevents the commingling of moneys accounted for in any two or more book accounts relating to the Project or any other County accounts in any bank account or any investment in securities hereunder. Each bank account shall be continuously secured to the fullest extent required or permitted by the laws of the State for the securing of public funds and shall be irrevocable and not withdrawable by anyone for any purpose other than the respective designated purposes. Each periodic payment shall be credited to the proper book account not later than the date therefor herein designated, except that when any such date shall be a Saturday, a Sunday or a legal holiday, then the payment shall be made on or before the next preceding secular day. Notwithstanding any other provision herein to the contrary, moneys sufficient to pay the Bond Requirements then coming due on the Outstanding Bonds shall be deposited with the Paying Agent at least on the day of each interest payment date herein designated and, in any event, in sufficient time to make timely payment of such Bond Requirements.

Section 703 Investment of Moneys. Any moneys in any account designated in Articles IV and VI hereof, except the Escrow Account, and not needed for immediate use, may be invested or reinvested by the County Treasurer in any investments permitted under the laws of the State. For the purpose of any such investment or reinvestment, the securities shall be deemed to mature at the earliest date on which the obligor is, on demand, obligated to pay a fixed sum in discharge of the whole of such obligations.

Section 704 Required and Permissive Investments. The County Treasurer shall not have any obligation to make any investment or reinvestment hereunder, unless any moneys on hand and accounted for in any one account exceeds \$5,000 and at least \$5,000 therein will not be needed for a period of not less than 60 days. In that event the County Treasurer shall invest or reinvest in securities to the extent practicable not less than substantially all the amount which will not be needed during such 60-day period, except for any moneys on deposit in an interest-bearing account in any commercial bank, regardless of whether such moneys are evidenced by a certificate of deposit or otherwise, pursuant to Section 707 hereof. The County Treasurer may invest or reinvest any moneys on hand at any time as provided in Section 703 hereof even though he is not obligated to do so.

Section 705 Accounting for Investments. The securities purchased as an investment or reinvestment of moneys in any such account shall be deemed at all times to be a part of the account and held in trust therefor. Except as herein otherwise provided, any interest or other gain in any account resulting from any such investments and reinvestments in securities and from any deposits of moneys in any commercial bank pursuant to this Article shall be credited to that Fund, and any loss in any account resulting from any such investments and reinvestments in securities and from any such deposits in any commercial bank shall be charged or debited to that Fund. No loss or profit in any account on any investments or reinvestments in securities or any certificates of deposit shall be deemed to take place as a result of fluctuations in the market quotations of the investments, reinvestments or certificates before the sale or maturity thereof. In the computation of the amount in any account for any purpose hereunder, except as herein otherwise expressly provided, securities and certificates of deposit shall be valued at the cost thereof (including any amount paid as accrued interest at the time of purchase of the obligation) and other bank deposits shall be valued at the amounts deposited, exclusive of any accrued interest or any other gain to the County until such gain is realized. The expenses of purchase, safekeeping, sale and all other expenses incident to any investment or reinvestment of moneys pursuant to this Article shall be accounted for as an expense of the Project and charged to the Acquisition Account.

Section 706 Redemption or Sale of Investment Securities. The County Treasurer having jurisdiction over moneys designated herein shall present for redemption at

maturity or sale on the prevailing market at the best price obtainable any securities and certificates of deposit so purchased as an investment or reinvestment of moneys in any account whenever it shall be necessary to do so in order to provide moneys to meet any withdrawal, payment or transfer from such account. The County Treasurer and each other officer of the County shall not be liable or responsible for any loss resulting from any such investment or reinvestment made in accordance with this Ordinance.

Section 707 Character of Funds. The moneys in any account herein authorized shall consist either of lawful money of the United States or permitted securities, or both. Moneys deposited in a demand or time deposit account in or evidenced by a certificate of deposit of any commercial bank pursuant to Section 703 hereof, appropriately secured according to the laws of the State, shall be deemed lawful money of the United States.

Section 708 Accelerated Payments. Nothing contained in Article VI hereof prevents the accumulation in any account herein designated of any monetary requirements at a faster rate than the rate or minimum rate provided in Article VI therefor, as the case may be; but no payment shall be so accelerated if such acceleration shall cause the County to default in the payment of any obligation of the County relating to the Pledged Revenues or the Project. Nothing contained herein, in connection with the Pledged Revenues received in any Fiscal Year, requires the accumulation in any account for the payment in the Comparable Bond Year of Bond Requirements due in connection with any series of bonds or other securities payable from the Pledged Revenues and heretofore, herein or hereafter authorized, in excess of the Bond Requirements due in the Comparable Bond Year, and of any reserves required to be accumulated and maintained therefor, and of any existing deficiencies, and payable from such account, as the case may be, except as may be otherwise provided in Section 604 or elsewhere herein.

Section 709 Payment of Securities Requirements. The moneys credited to any account designated in Article VI hereof for the payment of the Bond Requirements due in connection with any series of bonds or other securities payable from the Pledged Revenues and heretofore, herein or hereafter authorized shall be used, without requisition, voucher, warrant or further order or authority (other than is contained herein), or any other preliminaries, to pay promptly the Bond Requirements payable from such account as such bonds or other securities become due, upon the respective interest payment dates and Redemption Dates, if any, on which

the County is obligated to pay the bonds or other securities, or upon the respective interest payment and maturity dates of such bonds or other securities, as provided therefor herein or otherwise, except to the extent any other moneys are available therefor, including, without limitation, moneys accounted for in the Bond Fund.

Section 710 Payment of Redemption Premiums. Notwithstanding any other provision herein, this Ordinance requires the accumulation in any account designated in Article VI hereof for the payment of any series of bonds or other securities payable from the Pledged Revenues of amounts sufficient to pay not only the principal thereof and interest thereon payable from such account but also the prior redemption premiums due in connection therewith, if any, as the same become due, whenever the County shall have exercised or shall have obligated itself to exercise a prior redemption option relating thereto, except to the extent provision is otherwise made therefor, if any prior redemption premium is due in connection therewith. In that event moneys shall be deposited into such account in due season for the payment of all such Bond Requirements without default as the same become due.

ARTICLE VIII.

SECURITIES LIENS AND ADDITIONAL SECURITIES

Section 801 Lien of the Bonds. The Bonds authorized herein constitute an irrevocable lien (but not necessarily an exclusive lien) upon the Pledged Revenues on a parity with the lien of the Parity Lien Bonds, subject to and after any superior liens upon such Pledged Revenues of any Superior Securities.

Section 802 Equality of Bonds. The Bonds, the Parity Lien Bonds and any Parity Securities hereafter authorized to be issued and from time to time Outstanding are equally and ratably secured by a lien on the Pledged Revenues and shall not be entitled to any priority one over the other in the application of the Pledged Revenues, regardless of the time or times of the issuance of the Bonds, the Parity Lien Bonds and any other such Parity Securities, it being the intention of the County that there shall be no priority among the Bonds, the Parity Lien Bonds, and any such Parity Securities, regardless of the fact that they may be actually issued and delivered at different times.

Section 803 Issuance of Superior or Parity Securities. Nothing herein, subject to the limitations stated in Sections 811 and 812 hereof, prevents the issuance by the County of additional bonds or other additional securities payable from the Pledged Revenues and constituting a lien thereon superior to or on a parity with, the lien thereon of the Bonds, nor prevents the issuance of bonds or other securities refunding all or a part of the Bonds (or funding or refunding any other than Outstanding securities payable from Pledged Revenues), except as provided in Sections 807 through 812 hereof; but before any such additional Superior or Parity Securities are authorized or actually issued (excluding any superior or parity refunding securities other than any securities refunding Subordinate Securities, as permitted in Section 810C hereof):

A. Absence of Default. At the time of the adoption of the supplemental instrument authorizing the issuance of the additional securities, the County shall not be in default in making any payments required by Sections 604, 606 or 607 hereof with respect to any Superior or Parity Securities.

B. Earnings Test. Except as hereinafter otherwise provided: (1) the Pledged Revenues derived in the Fiscal Year immediately preceding the date of

the issuance of the additional Superior or Parity Securities shall have been at least sufficient to pay an amount equal to the combined maximum annual principal and interest requirements (to be paid during any one Bond Year, commencing with the Bond Year in which the additional Superior or Parity Securities are issued and ending on the last Bond Year in which any then Outstanding Bonds mature) of the Outstanding Bonds and any other Outstanding Superior or Parity Securities of the County and the bonds or other securities proposed to be issued (excluding the reserves therefor); or, (2) the Pledged Revenues estimated by the County chief financial officer, independent feasibility consultant or an Independent Accountant to be derived in the first five Fiscal Years immediately succeeding the issuance of the other additional Superior or Parity Securities proposed to be issued, shall be at least equal to such combined maximum annual principal and interest requirements to be paid during such Comparable Bond Year.

C. Adjustment of Pledged Revenues. In any computation of such earnings test as to whether or not additional Superior or Parity Securities may be issued as provided in subsection B of this Section, the amount of the Pledged Revenues for the next preceding Fiscal Year shall be decreased and may be increased by the amount of any loss or gain conservatively estimated by the County chief financial officer, independent feasibility consultant or Independent Accountant making the computations under this Section, which loss or gain results from any change in the rate of the imposition of that part of the Consolidated Tax constituting a part of the Pledged Revenues which change took effect during the next preceding Fiscal Year or thereafter prior to the issuance of such Superior or Parity Securities, as if such modified rate shall have been in effect during the entire next preceding Fiscal Year, if such change shall have been made by the County before the computation of the designated earnings test but made in the same Fiscal Year as the computation is made or in the next preceding Fiscal Year.

Section 804 Certification of Revenues. A written certification or written opinion by the County chief financial officer, an independent feasibility consultant or an

Independent Accountant, based upon estimates thereby as provided in Sections 803B and 803C hereof, that the annual revenues when adjusted as hereinabove provided in Section 803C hereof, are sufficient to pay such amounts as provided in Section 803B hereof, shall be conclusively presumed to be accurate in determining the right of the County to authorize, issue, sell and deliver additional Superior or Parity Securities with a lien on Pledged Revenues superior to or on a parity with the Bonds.

Section 805 Subordinate Securities Permitted. Subject to the limitations stated in Sections 811 and 812 hereof, the County may issue Subordinate Securities payable from the Pledged Revenues having a lien thereon subordinate, inferior and junior to the lien thereon of the Bonds.

Section 806 Superior Securities Permitted. Subject to the requirements stated in Article VIII hereof, the County may issue Superior Securities secured by and payable from the Pledged Revenues having a lien thereon prior and superior to the lien thereon of the Bonds and the Parity Lien Bonds; however, such Superior Securities shall not be issued as general obligations of the County.

Section 807 Issuance of Refunding Securities. At any time after the Bonds, or any part thereof, are issued and remain Outstanding, if the County shall find it desirable to refund any Outstanding Bonds or other Outstanding securities payable from and constituting a lien upon any Pledged Revenues, such Bonds or other securities, or any part thereof, may be refunded only if the Bonds or other securities at the time or times of their required surrender for payment shall then mature or shall be then callable for prior redemption for the purpose of refunding them at the County's option upon proper call, unless the owner or owners of all such Outstanding Bonds or other securities consent to such surrender and payment, regardless of whether the priority of the lien for the payment of the refunding securities on the Pledged Revenues is changed (except as provided in Sections 806 and 808 through 812 hereof).

Section 808 Partial Refundings. The refunding bonds or other refunding securities so issued, unless issued as Subordinate Securities, 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.

Section 809 Limitations Upon Refundings. Any refunding bonds or other refunding securities payable from any Pledged Revenues shall be issued with such details as the County may by instrument provide, subject to the provisions of Sections 811 and 812 hereof, and subject to the inclusion of any such rights and privileges designated in Section 808 hereof, 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 Bonds).

Section 810 Protection of Securities Not Refunded. If only a part of the Outstanding Bonds and other Outstanding securities of any issue or issues payable from the Pledged Revenues is refunded, then such securities may not be refunded without the consent of the owner or owners of the unrefunded portion of such securities:

A. Requirements Not Increased. Unless the refunding securities do not increase for any Bond Year the annual 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, if any, of the unrefunded securities, and unless the lien of any refunding bonds or other refunding securities on the Pledged Revenues is not raised to a higher priority than the lien thereon of the bonds or other securities thereby refunded; or

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

C. Default and Earnings Test. Unless the refunding bonds or other refunding securities are issued in compliance with Section 803 hereof (including subsections A through C thereof) and Section 804 hereof.

Section 811 Payment Dates of Additional Securities. Any additional superior, parity or subordinate bonds or other additional Superior, Parity or Subordinate Securities (including, without limitation, any funding or refunding securities) issued in compliance with the

terms hereof shall bear interest payable at the times and shall mature on the dates designated by the County in the Supplemental Ordinance authorizing such securities as provided in Section 812 hereof.

Section 812 Supplemental Ordinance. Additional bonds or other additional securities payable from the Pledged Revenues shall be issued only after authorization thereof by a supplemental instrument of the County stating the purpose or purposes of the issuance of the additional bonds or other additional securities, directing the application of the proceeds thereof to such purpose or purposes, directing the execution thereof, and fixing and determining the date, principal amount, maturity or maturities, designation and numbers thereof, the maximum rate or rates of interest to be borne thereby, any prior redemption privileges of the County with respect thereto and other provisions thereof not in conflict with this Ordinance. All additional bonds or other additional securities shall bear such date, shall bear such numbers and series designation, letters or symbols prefixed to their numbers distinguishing them from each other security, shall be payable at such place or places at such times, may be subject to redemption prior to maturity on such terms and conditions, and shall bear interest at such rate or at such different and varying rates per annum, as may be fixed by instrument or other document of the County.

ARTICLE IX.

MISCELLANEOUS PROTECTIVE COVENANTS

Section 901 General. The County hereby particularly covenants and agrees with the owners of the Bonds and makes provisions which shall be a part of its contract with such owners to the effect and with the purposes set forth in the following provisions and sections of this article.

Section 902 Performance of Duties. The County shall faithfully and punctually perform or cause to be performed all duties with respect to the Pledged Revenues and the Project required by the Constitution and laws of the State and the various resolutions, ordinances and other instruments of the County, including, without limitation, the proper segregation of the proceeds of the Bonds and the Pledged Revenues and their application from time to time to the respective accounts provided therefor.

Section 903 Further Assurances. At any and all times the County, except when otherwise required by law, shall, so far as it may be authorized by law, pass, make, do, execute, acknowledge, deliver and file or record all and every such further instruments, acts, deeds, conveyances, assignments, transfers, other documents and assurances as may be necessary or desirable for the better assuring, conveying, granting, assigning and confirming all and singular the rights, the Pledged Revenues, and other moneys and accounts hereby pledged or assigned, or which the County may hereafter become bound to pledge or to assign, or as may be reasonable and required to carry out the purposes of this Ordinance and to comply with the Project Act, the Bond Act and all laws supplemental thereto. The County shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Pledged Revenues and other moneys and accounts pledged hereunder and all the rights of every owner of any Bonds against all claims and demands of all Persons whomsoever.

Section 904 Conditions Precedent. Upon the date of issuance of any Bonds, all conditions, acts and things required by the Constitution or statutes of the State, including without limitation, the Project Act, the Consolidated Tax Act and the Bond Act, or this Ordinance, to exist, to have happened, and to have been performed precedent to or in the issuance of the Bonds shall exist, have happened, and have been performed; and the Bonds, together with all other

obligations of the County, shall not contravene any debt or other limitation prescribed by the State Constitution or statutes.

Section 905 Covenant to Perform. The County shall observe and perform all of the terms and conditions contained in this Ordinance and the Project Act, the Bond Act and all laws supplemental thereto and shall comply with all valid acts, rules, regulations, orders and directives of any legislative, executive, administrative or judicial body applicable to the Project, to any such other facilities, or to the County.

Section 906 Protective Security. The County and the officers, agents and employees of the County shall not take any action in such manner or to such extent as might prejudice the security for the payment of the Bond Requirements of the Bonds and any other securities payable from the Pledged Revenues according to the terms thereof. No contract shall be entered into nor any other action taken by which the rights of any owner of any Bond or other security payable from the Pledged Revenues might be prejudicially and materially impaired or diminished.

Section 907 Accumulation of Interest Claims. In order to prevent any accumulation of coupons or claims for interest after maturity, the County shall not directly or indirectly extend or assent to the extension of the time for the payment of any coupon or claim for interest on any of the Bonds or any other securities payable from the Pledged Revenues; and the County shall not directly or indirectly be a party to or approve any arrangements for any such extension or for the purpose of keeping alive any of such coupons or other claims for interest. If the time for the payment of any such coupons or of any other such installment of interest shall be extended in contravention of the foregoing provisions, such coupon or installment or installments of interest after such extension or arrangement shall not be entitled in case of default hereunder to the benefit or the security of this Ordinance, except upon the prior payment in full of the principal of all Bonds and any such other securities then Outstanding and of all matured interest on such securities the payment of which has not been extended.

Section 908 Prompt Payment of Bonds. The County shall promptly pay the Bond Requirements of every Bond issued hereunder and secured hereby at the places, on the dates, and in the manner specified herein and in the Bonds according to the true intent and meaning hereof.

Section 909 Use of Bond Fund. The Bond Fund shall be used solely, and the moneys credited to such account are hereby pledged, for the purpose of paying the Bond Requirements of the Bonds, subject to the provisions concerning surplus moneys in Sections 605, 608 and 1001 hereof.

Section 910 Additional Securities. Any other securities hereafter authorized to be issued and payable from the Pledged Revenues shall not hereafter be issued, unless the additional securities are also issued in conformance with the provisions of Articles VI and VIII hereof.

Section 911 Other Liens. Other than as provided herein, there are no liens or encumbrances of any nature whatsoever on or against the Project, or any part thereof, or on or against the Pledged Revenues derived or to be derived.

Section 912 Corporate Existence. The County shall maintain its corporate identity and existence so long as any of the Bonds remain Outstanding, unless another body corporate and politic by operation of law succeeds to the powers, privileges, rights, liabilities, disabilities, duties and immunities of the County and is obligated by law to fix and collect the Pledged Revenues as herein provided without adversely affecting to any substantial degree at any time the privileges and rights of any owner of any Outstanding Bond.

Section 913 Treasurer's Report. If the County defaults in paying promptly the Bond Requirements of the Bonds and any other securities payable from the Pledged Revenues as the same fall due, or in the keeping of any covenants herein contained, and if such default continues for a period of 60 days, or if the Pledged Revenues in any Fiscal Year fail to equal at least the amount of the Bond Requirements of the Outstanding Bonds and any other securities (including all reserves therefor specified in the authorizing proceedings) payable from the Pledged Revenues in the Comparable Bond Year, the County Treasurer shall (a) submit to the Board a report on such deficiency and a proposal setting forth a plan to produce Pledged Revenues in the following Fiscal Year sufficient to pay such amounts, to the extent practicable and (b) submit to the Board quarterly reports on the progress made in implementing the plan so long as such default continues or so long as the Pledged Revenues are less than the amount hereinabove designated in this Section.

Section 914 Budgets. The County and officials of the County shall annually and at such other times as may be provided by law prepare and adopt a budget relating to the Project.

Section 915 Adequacy and Applicability of Consolidated Tax. There shall be imposed and collected the Consolidated Tax, of which 15% is expected to generate an amount sufficient to produce Pledged Revenues to pay in each Fiscal Year:

A. Principal, Interest and Reserves. An amount equal to the sum of the annual principal and interest requirements on the Bonds and any other securities payable from the Pledged Revenues in the Comparable Bond Year and any amounts required to be accumulated from the Pledged Revenues in such Bond Year into any reserves for such securities;

B. Deficiencies. Any amounts required to meet then existing deficiencies relating to any account relating to the Pledged Revenues or any securities payable therefrom; but the foregoing rate maintenance covenant is subject to compliance by the County with any legislation of the United States or the State or any regulation or other action taken by the Federal Government or any State agency or public body 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 due to the County as a result of the imposition of the Consolidated Tax, including, without limitation, increases in the amounts of such charges. All of such Pledged Revenues shall be subject to distribution to the payment of the Bond Requirements of all securities payable from the Pledged Revenues, including reasonable reserves therefor, as herein provided and the payment of expenses of the Project.

Section 916 Collection of Pledged Revenues. The Board, on behalf of the County; shall cause the Pledged Revenues, to be collected as soon as reasonable, shall prescribe and enforce rules and regulations or impose contractual obligations for the payment thereof, including without limitation, the imposition of penalties for any defaults, to the end that the

Pledged Revenues shall be adequate to meet the requirements of this Ordinance and of any other instruments supplemental hereto.

Section 917 Imposition of Consolidated Tax. The County shall continue to establish, fix, impose and collect the Consolidated Tax required by Section 915 hereof, if such action is necessary therefor. No reduction in the initial or existing imposition of Consolidated Tax may be made unless:

A. No Default. The County has fully complied with the provisions of Article VI hereof for at least the full Fiscal Year immediately preceding such reduction of the rate; and

B. Sufficient Revenues. The estimated revenues resulting from the proposed rate, after its proposed reduction, for the Project shall be sufficient in the full Fiscal Year immediately preceding such reduction to meet the obligation of Section 915 hereof.

Section 918 Records. So long as any of the Bonds and any other securities payable from the Pledged Revenues remain 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 Pledged Revenues. Such books shall include (but not necessarily be limited to) monthly records showing:

A. Receipts. The revenues received from the Pledged Revenues, and

B. Expenses. A detailed statement of the expenditures from the Pledged Revenues.

Section 919 Maintenance and Inspection of Records. Any owner of any of the Bonds or any other securities payable from the Pledged Revenues, or any duly authorized agent or agents of such owner, shall have the right at all reasonable times to inspect all records, accounts and data relating thereto, concerning the Pledged Revenues and to make copies of such records, accounts and data.

Section 920 Tax Levies. The County annually shall levy, or cause to be levied, General Taxes on all taxable property in the County fully sufficient to pay the Bond Requirements of Outstanding Bonds (and any other indebtedness or other obligations of the County), except to the extent other revenues are available therefor, including, without limitation,

the Pledged Revenues pledged for the payment of the Bonds, as the Bond Requirements accrue, reasonable allowance being made for delinquent tax collections anticipated at the time of each levy, at the time and in the manner provided by law for levying other Taxes; and the County and the Board shall require the officers of the County to levy, extend, and collect General Taxes in the manner provided by law for the purpose of creating funds for the payment of the Bond Requirements of the Bonds, other indebtedness, or general obligations. General Taxes for the Bonds, when collected, shall be kept for and applied only to the payment of the Bond Requirements of the Bonds, as herein provided.

Section 921 Completion of Project. The County, with the proceeds derived from the sale of the Bonds and any other available moneys, shall proceed to cause the Project to be completed without delay to the best of the County's ability and with due diligence, as herein provided.

Section 922 Tax Covenant. The County covenants for the benefit of the owners of the Bonds that it will not take any action or omit to take any action with respect to the Bonds, the proceeds thereof, any other funds of the County or any project refinanced with the proceeds of the Bonds if such action or omission (i) would cause the interest on the Bonds to lose its exclusion from gross income for federal income tax purposes under Section 103 of the Tax Code, or (ii) would cause interest on the Bonds to lose its exclusion from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except to the extent such interest is required to be included in the adjusted current earnings adjustment applicable to corporations under Section 56 of the Tax Code in calculating corporate alternative minimum taxable income. The foregoing covenant shall remain in full force and effect notwithstanding the payment in full or defeasance of the Bonds until the date on which all obligations of the County in fulfilling the above covenant under the Tax Code have been met.

Section 923 Continuing Disclosure Undertaking. The County covenants for the benefit of the holders and beneficial owners of the Bonds to comply with the provisions of the final Continuing Disclosure Certificate in substantially the form now on file with the County Clerk, to be executed by the County chief financial officer, County Manager or designee and delivered in connection with the delivery of the Bonds.

ARTICLE X.

MISCELLANEOUS

Section 1001 Defeasance. When all Bond Requirements of any Bond have been duly paid, the pledge and lien and all obligations hereunder as to that Bond shall thereby be discharged and the Bonds shall no longer be deemed to be Outstanding within the meaning of this Ordinance. There shall be deemed to be due payment of any Outstanding Bond or other security 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 Federal Securities in which such amount wholly or in part may be initially invested) to meet all Bond Requirements of the Bond or other security, as the same become due to the final maturity of the Bond or other security, 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 or other security 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 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 owners thereof to assure availability as so 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.

Section 1002 Delegated Powers. The Chair of the Board, the Clerk and Treasurer of the County, and other officers and agents of the County hereby are authorized and directed to take all action necessary or appropriate to effectuate the provisions of this Ordinance, including, without limitation:

A. Printing Bonds. The printing of the Bonds, including, without limitation, the printing on each Bond, if requested by the Purchaser, a statement of insurance, if applicable, pertaining to the Bonds; and

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

- (1) The signing of the Bonds and, if applicable, the Letter of Representations with The Depository Trust Company,
- (2) The tenure and identity of the officials of the County,
- (3) The delivery of the Bonds and the receipt of the bond purchase price,
- (4) The exclusion of the interest on the Bonds from gross income for federal income tax purposes,
- (5) If it is in accordance with fact, the absence of litigation, pending or threatened, affecting the validity therefor, and
- (6) The accuracy and completeness of the statements made in the Final Official Statement.

C. Purchase Proposal. The execution by the County chief financial officer, or in such officer's absence, the County Manager of the Purchase Proposal between the Purchaser and the County.

D. Certificates. The completion and execution by the County chief financial officer, or in such officer's absence, the County Manager of the Certificate of the County Officer in accordance with the provisions of this Ordinance and the execution of the Continuing Disclosure Certificate by the County chief financial officer, or in such officer's absence, the County Manager.

Section 1003 Statute of Limitations. No action or suit based upon the Bonds or other obligation of the County shall be commenced after it is barred by any statute of limitations relating thereto. Any trust or fiduciary relationship between the County and the owner of any Bonds or other obligee regarding any such other obligation shall be conclusively presumed to have been repudiated on the maturity date or other due date thereof unless the Bonds are presented for payment or demand for payment of any such other obligation is otherwise made before the expiration of the applicable limitation period. Any moneys from whatever source derived remaining in any account reserved, pledged or otherwise held for the payment of any such obligation, action or suit for the collection of which has been barred, shall revert to the Income Account, unless the County shall otherwise provide by instrument of the County. Nothing herein prevents the payment of any such obligation after any action or suit for its

collection has been barred if the County deems it in the best interests of the public to do so and orders such payment to be made.

Section 1004 Evidence of Ownership. Any request, consent or other instrument which this Ordinance may require or may permit to be signed and to be executed by the owner of any Bonds or other securities may be in one or more instruments of similar tenor and shall be signed or shall be executed by each such owner in person or by his or her attorney appointed in writing. Proof of the execution of any such instrument or of an instrument appointing any such attorney, or the holding by any Person of the securities, shall be sufficient for any purpose of this Ordinance (except as otherwise herein expressly provided) if made in the following manner, but the County may, nevertheless, in its discretion require further or other proof in cases when it deems the same desirable:

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

B. Proof of Ownership. The ownership of any of the Bonds or other securities held by any Persons executing any instrument as a holder of securities,

and the numbers, date and other identification thereof, together with the date of his or her holding the securities, shall be proved by the registration records at the County kept by the Registrar.

Section 1005 Warranty upon Issuance of Bonds. Any Bonds authorized as herein provided, when duly executed and delivered for the purpose provided for in this Ordinance shall constitute a warranty by and on behalf of the County for the benefit of each and every future holder of any of the Bonds that the Bonds have been issued for a valuable consideration in full conformity with law.

Section 1006 Immunities of Purchaser. The Purchaser and any associate thereof are under no obligation to any holder of the Bonds for any action that they may or may not take or in respect of anything that they may or may not do by reason of any information contained in any reports or other documents received by them under the provisions of this Ordinance. The immunities and exemptions from liability of the Purchaser and any associate thereof hereunder extend to their partners, directors, successors, employees and agents.

Section 1007 Police Power. Nothing herein prohibits or otherwise limits or inhibits the exercise by the Federal Government, the State, any agency thereof or any public body thereof, including, without limitation, the County, of the police power, i.e., essential governmental powers for the public welfare. The provisions hereof are subject to any proper exercise hereafter of the police power thereby. The County cannot contract away the police power thereof nor limit or inhibit by contract the proper exercise of the police power thereby, and this Ordinance does not purport to do so.

Section 1008 Replacement of Registrar or Paying Agent. If the Registrar or Paying Agent so appointed shall resign, or if the County shall reasonably determine that the Registrar or Paying Agent has become incapable of performing its duties hereunder, the County may, upon notice mailed to each owner of any Bond at his or her address last shown on the registration records, appoint a successor Registrar or Paying Agent or both. Every such successor Registrar or Paying Agent shall be an officer or employee of the County or a trust bank. It shall not be required that the same institution serve as both Registrar and Paying Agent hereunder, but the County shall have the right to have the same institution serve as both Registrar

and Paying Agent hereunder. No resignation or dismissal of the Registrar or the Paying Agent may take effect until a successor is appointed.

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

ARTICLE XI.

PRIVILEGES, RIGHTS AND REMEDIES

Section 1101 Bondowner's Remedies. Each owner of any Bond issued hereunder shall be entitled to all of the privileges, rights and remedies provided or permitted in the Project Act and the Bond Act, and as otherwise provided or permitted by law or in equity or by other statutes, except as provided in Sections 207 through 211 hereof, but subject to the provisions herein concerning the pledge of and the covenants and the other contractual provisions concerning the Pledged Revenues and the proceeds of the Bonds.

Section 1102 Right to Enforce Payment. Nothing in this article affects or impairs the right of any owner of any Bond to enforce the payment of the Bond Requirements due in connection with his Bond or the obligation of the County to pay the Bond Requirements of each Bond to the owner thereof at the time and the place expressed in the Bond.

Section 1103 Events of Default. Each of the following events is hereby declared an "event of default":

- A. Nonpayment of Principal and Premium. Payment of the principal of any of the Bonds, or any prior redemption premium due in connection therewith, or both, is not made when the same becomes due and payable, at maturity, on the mandatory redemption dates specified in Section 303B hereof, or by proceedings for optional prior redemption, or otherwise;
- B. Nonpayment of Interest. Payment of any installment of interest on the Bonds is not made when the same becomes due and payable;
- C. Incapable to Perform. The County for any reason is rendered incapable of fulfilling its obligations hereunder;
- D. Nonperformance of Duties. The County fails to carry out and to perform (or in good faith to begin the performance of) all acts and things lawfully required to be carried out or to be performed by it under any contract relating to the Pledged Revenues, or otherwise, including, without limitation, this Ordinance, and such failure continues for 60 days after receipt of notice from the owners of 10% in principal amount of the Bonds then Outstanding;

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

F. Default of Any Provision. The County makes any default in the due and punctual performance of any other of the representations, covenants, conditions, agreements and other provisions contained in the Bonds or in this Ordinance on its part to be performed, and if the default continues for 60 days after written notice specifying the default and requiring the same to be remedied is given to the County by the owners of 10% in principal amount of the Bonds then Outstanding.

Section 1104 Remedies for Default. Upon the happening and continuance of any of the events of default, as provided in Section 1103 hereof, then and in every case the owner or owners or not less than 10% in principal amount of the Bonds then Outstanding, including, without limitation, a trustee or trustees therefor, may proceed against the County and its agents, officers and employees to protect and to enforce the rights of any owner of Bonds under this Ordinance by mandamus or by other suit, action or special proceedings in equity or at law, in any court of competent jurisdiction, either for the appointment of a receiver or for the specific performance of any covenant or agreement contained herein or in an award of execution of any power herein granted for the enforcement of any proper, legal or equitable remedy as the owner or owners may deem most effectual to protect and to enforce the rights aforesaid, or thereby to enjoin any act or thing which may be unlawful or in violation of any right of any owner of any Bond, or to require the County to act as it if were the trustee of an express trust, or any combination of such remedies. All proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all owners of the Bonds and any Parity Securities then Outstanding.

Section 1105 Receiver's Rights and Privileges. Any receiver appointed in any proceedings to protect the rights of owners hereunder, the consent to any such appointment being

hereby expressly granted by the County, receive and apply all Pledged Revenues arising after the appointment of the receiver in the same manner as the County itself might do.

Section 1106 Rights and Privileges Cumulative. The failure of any owner of any Outstanding bond to proceed in any manner herein provided shall not relieve the County or any officers, agents or employees thereof of any liability for failure to perform or carry out any duty, obligation or other commitment. Each right or privilege of any owner (or trustee thereof) is in addition and is cumulative to any other right or privilege, and the exercise of any right or privilege by or on behalf of any owner shall not be deemed a waiver of any other right or privilege thereof.

Section 1107 Duties upon Defaults. Upon the happening of any of the events of default as provided in Section 1103 hereof, the County, in addition, shall do and perform all proper acts on behalf of and for the owners of the Bonds to protect and to preserve the security created for the payment of their Bonds and to insure the payment of the Bond Requirements promptly as the same become due. During any period of default, so long as any of the Bonds issued hereunder, as to any Bond Requirements, are Outstanding, except to the extent it may be unlawful to do so, all Pledged Revenues shall be paid into the Bond Fund, or, in the event of securities heretofore and hereafter issued and Outstanding during that period of time on a parity with the Bonds, shall be paid into the bond accounts for all Parity Securities on an equitable and prorated basis, and used for the purposes therein provided. If the County fails or refuses to proceed as in this Section provided, the owner or owners of not less than 10% in principal amount of the Bonds then Outstanding, after demand in writing, may proceed to protect and to enforce the rights of the owners of the Bonds as hereinabove provided; and to that end any such owners of Outstanding Bonds shall be subrogated to all rights of the County under any agreement, lease or other contract the Pledged Revenues entered into before the effective date of this Ordinance or thereafter while any of the Bonds are Outstanding.

Section 1108 Prejudicial Action Unnecessary. Nothing in this article requires the County to proceed as provided therein if the County determines in good faith and without any gross abuse of its discretion that if the County so proceeds it is more likely than not to have an adverse effect on the Outstanding Bonds, the owners thereof, the Pledged Revenues or any

Outstanding Parity Securities, or the action is otherwise likely to affect materially and prejudicially the owners of the Outstanding Bonds and any Outstanding Parity Securities.

ARTICLE XII.

AMENDMENT OF ORDINANCE

Section 1201 Privilege of Amendments. This Ordinance may be amended or supplemented by instruments adopted by the County in accordance with the laws of the State, without receipt by the County of any additional consideration, but with the written consent of the insurer of the Bonds, if any, or the owners of a majority in aggregate principal amount of the Bonds authorized by this Ordinance and Outstanding at the time of the adoption of the amendatory or supplemental instrument, excluding, pursuant to paragraph (4) of Section 102B hereof, any 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 any of the Bonds if the refunding securities are not owned by the County.

Section 1202 Limitations upon Amendments. No such instrument shall permit without the written consent of the insurer of the Bonds, if any, and all owners of the Bonds adversely and materially affected thereby:

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

B. Reducing Return. A reduction in the principal amount of any Bond, the rate of interest thereon, or any prior redemption premium payable in connection therewith; or

C. Modifying any Bond. A reduction of the percentages or otherwise affecting the description of Bonds the consent of the owners of which is required for any modification or amendment; or

D. Priorities between Bonds. The establishment of priorities as between Bonds issued and Outstanding under the provisions of this Ordinance; or

E. Partial Modification. The modifications of or otherwise materially and prejudicially affecting the rights or privileges of the owners of less than all of the Bonds then Outstanding.

Section 1203 Notice of Amendment. Whenever the County proposes to amend or modify this Ordinance under the provisions of this Article, it shall cause notice of the proposed amendment to be given not later than 30 days prior to the date of the proposed enactment of the amendment by mailing to each:

- (1) The insurer of the Bonds, if any,
- (2) The Paying Agent,
- (3) The Registrar, and
- (4) The owner of each of the Bonds Outstanding.

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 Clerk for public inspection.

Section 1204 Time for Amendment. Whenever at any time within one year from the date of the mailing of such notice, there shall be filed in the office of the Clerk an instrument or instruments executed by the insurer of the Bonds, if any, or the owners of at least a majority in aggregate principal amount of the Bonds 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 County may adopt the amendatory instrument and the instrument shall become effective.

Section 1205 Binding Consent to Amendment. If the insurer of the Bonds, if any, or the owners of at least a majority in aggregate principal amount of the Bonds 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 to or shall have revoked any consent as in this article provided, 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.

Section 1206 Time Consent Binding. Any consent given by the owner of a Bond pursuant to the provisions of this Article shall be irrevocable for a period of 6 months from the date of the publication of the notice above provided for in paragraph 2 of Section 1203 A

hereof, and shall be conclusive and binding upon all future owners of the same Bond during that period. The consent may be revoked at any time after 6 months from the date of the mailing of the notice, by the owner who gave the consent or by a successor in title by filing notice of the revocation with the Clerk, but the revocation shall not be effective if the insurer of the Bonds, if any, or the owners of a majority in aggregate principal amount of the Bonds Outstanding, before the attempted revocation, consented to and approved the amendatory instrument referred to in the revocation.

Section 1207 Unanimous Consent. Notwithstanding anything contained in the foregoing provisions of this Article, the terms and the provisions of this Ordinance or of any instrument amendatory hereof or supplemental hereto and the rights and the obligations of the County, the insurer of the Bonds, if any, and of the owners of the Bonds hereunder may be modified or amended in any respect upon the adoption by the County and upon the filing with the Clerk of an instrument to that effect and with the consent of the insurer of the Bonds, if any, or the owners of all the then Outstanding Bonds, the consent to be given as provided in Section 1004 hereof, and no notice to the insurer of the Bonds, if any, or the owners of Bonds, shall be required as provided in Section 1203 hereof, nor shall the time of consent be limited except as may be provided in the consent.

Section 1208 Exclusion of County's Bonds. At the time of any consent or of other action taken under this Article, the County shall furnish to the Clerk a certificate of the County Treasurer, upon which the County may rely, describing all Bonds to be excluded, for the purpose of consent or of other action or of any calculation of Outstanding Bonds provided for in this Article, and the County shall not be entitled with respect to such Bonds to give any consent or to take any other action provided for in this Article, pursuant to paragraph (4) of Section 102B hereof

Section 1209 Notation on Bonds. Bonds authenticated and delivered after the effective date of any action taken as in this Article provided may bear a notation by endorsement or otherwise in form approved by the 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 or her Bond for the purpose at the principal office of the Secretary, suitable notation shall be made on the Bond by the Secretary as to any

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

Section 1210 Proof of Ordinances and Bonds. The fact and date of execution of any instrument under the provisions of this Article, the amount and number of the Bonds held by any Person executing the instrument, and the date of his holding the same may be proved as provided by Section 1004 hereof.

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 JULY 28, 2015.

Proposed on July 28, 2015.

Proposed by Commissioner _____.

Passed July 28, 2015.

Vote:

Ayes:

Nays:

Absent:

Attest:

County Clerk

Chair of the Board

This Ordinance shall be in full force and effect from and after 5:00 p.m. on the ____ day of _____, 2015, i.e., the date of the second publication of such Ordinance by title only.

ST STATE OF NEVADA)
) ss.
COUNTY OF WASHOE)

I 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 July 28, 2015. The original of the ordinance has been approved and authenticated by the signatures of the Chair 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 ordinance, as posted by 9:00 a.m. at least 3 working days in advance of the meeting at the County's website, on the official website of the State of Nevada pursuant to NRS 232.2175 and:

- (i) Washoe County Administration Complex
1001 East Ninth Street, Building A
Reno, Nevada
- ii) Washoe County Courthouse
Second Judicial District Court
75 Court Street
Reno, Nevada
- (iii) Washoe County Central Library
301 South Center Street
Reno, Nevada

(iv) Sparks Justice Court
1675 East Prater Way
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 mailed to each person, if any, who has requested notices of meetings of the Board in compliance with NRS 241.020(3)(b) by United States Mail, or if feasible and agreed to by the requestor, by electronic mail.

6. A copy of an affidavit evidencing publication of notice of adoption of the ordinance is attached hereto as Exhibit B.

IN WITNESS WHEREOF, I have hereunto set my hand this July 28, 2015.

County Clerk

EXHIBIT A

(Attach Copy of Notice of July 28, 2015 Meeting)

—

EXHIBIT B

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

CONTINUING DISCLOSURE CERTIFICATE OF THE COUNTY

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by Washoe County, Nevada (the "Issuer") in connection with the issuance of the Issuer's Washoe County, Nevada, General Obligation (Limited Tax) Medical Examiner Building Bonds (Additionally Secured by Pledged Revenues) Series 2015, in the aggregate principal amount of \$ _____ (the "Bonds"). The Bonds are being issued pursuant to the Ordinance adopted by the Board of County Commissioners of the Issuer on July 28, 2015 (the "Ordinance"). The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the "SEC").

SECTION 2. Definitions. In addition to the definitions set forth in the Ordinances or parenthetically defined herein, which apply to any capitalized terms used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Dissemination Agent" shall mean, initially, the Issuer, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

"Material Events" shall mean any of the events listed in Section 5 of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board. The MSRB's required method of filing is electronically via its Electronic Municipal Market Access (EMMA) system available on the Internet at <http://emma.msrb.org>.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with an offering of the Bonds.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than March 31 following the end of the Issuer's fiscal year of each year, commencing March 31 following the end of the Issuer's fiscal year ending June 30, 2015, provide to the MSRB in an electronic format as prescribed by the MSRB, an Annual Report which is consistent with the

requirements of Section 4 of this Disclosure Certificate. Not later than five (5) business days prior to said date, the Issuer shall provide the Annual Report to the Dissemination Agent (if other than the Issuer). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report.

(b) If the Issuer is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall send or cause to be sent a notice in substantially the form attached as Exhibit "A" to the MSRB.

(c) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the appropriate electronic format prescribed by the MSRB;

(ii) if the Dissemination Agent is other than the Issuer, send written notice to the Issuer at least 45 days prior to the date the Annual Report is due stating that the Annual Report is due as provided in Section 3(a) hereof; and

(iii) if the Dissemination Agent is other than the Issuer, file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and listing all the entities to which it was provided.

SECTION 4. Content of Annual Reports. The Issuer's Annual Report shall contain or incorporate by reference the following:

(a) A copy of its annual financial statements prepared in accordance with generally accepted accounting principles audited by a firm of certified public accountants. If audited annual financial statements are not available by the time specified in Section 3(a) above, unaudited financial statements will be provided as part of the Annual Report and audited financial statements will be provided when and if available.

(b) An update of the type of information identified in Exhibit "B" hereto, which is contained in the tables in the Official Statement with respect to the Bonds. Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which are available to the public on the MSRB's Internet Web Site or filed with the SEC. The Issuer shall clearly identify each such document incorporated by reference.

SECTION 5. Reporting of Material Events. The Issuer shall file or cause to be filed with the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the event, notice of any of the events listed below with respect to the Bonds:

(a) Principal and interest payment delinquencies;

- (b) Non-payment related defaults, if material;
- (c) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) Substitution of credit or liquidity providers, or their failure to perform;
- (f) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (g) Modifications to rights of bondholders, if material;
- (h) Bond calls, if material, and tender offers;
- (i) Defeasances;
- (j) Release, substitution or sale of property securing repayment of the Bonds, if material;
- (k) Rating changes;
- (l) Bankruptcy, insolvency, receivership or similar event of the obligated person¹;
- (m) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (n) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

¹ For the purposes of the event identified in subparagraph (b)(5)(i)(C)(12) of the Rule, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and official or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

SECTION 6. Format; Identifying Information. All documents provided to the MSRB pursuant to this Disclosure Certificate shall be in the format prescribed by the MSRB and accompanied by identifying information as prescribed by the MSRB.

As of the date of this Disclosure Certificate, all documents submitted to the MSRB must be in portable document format (PDF) files configured to permit documents to be saved, viewed, printed and retransmitted by electronic means. In addition, such PDF files must be word-searchable, provided that diagrams, images and other non-textual elements are not required to be word-searchable.

SECTION 7. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the earliest of: (i) the date of legal defeasance, prior redemption or payment in full of all of the Bonds; (ii) the date that the Issuer shall no longer constitute an "obligated person" within the meaning of the Rule; or (iii) the date on which those portions of the Rule which require this written undertaking are held to be invalid by a court of competent jurisdiction in a non-appealable action, have been repealed retroactively or otherwise do not apply to the Bonds.

SECTION 8. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist the Issuer in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and may waive any provision of this Disclosure Certificate, without the consent of the holders and beneficial owners of the Bonds, if such amendment or waiver does not, in and of itself, cause the undertakings herein (or action of any Participating Underwriter in reliance on the undertakings herein) to violate the Rule, but taking into account any subsequent change in or official interpretation of the Rule. The Issuer will provide notice of such amendment or waiver to the MSRB.

SECTION 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Material Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

SECTION 11. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. A

default under this Disclosure Certificate shall not be deemed an event of default under the Resolutions, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter, and the holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

DATE: August __, 2015.

WASHOE COUNTY, NEVADA

County Manager

EXHIBIT A

**NOTICE TO MUNICIPAL SECURITIES RULEMAKING BOARD
OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: Washoe County, Nevada
Name of Bond Issue: General Obligation (Limited Tax) Medical Examiner Building Bonds
(Additionally Secured by Pledged Revenues) Series 2015
Date of Issuance: August __, 2015

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by the Ordinances adopted on July __, 2015 and the Continuing Disclosure Certificate executed on _____, 2015 by the Issuer. The Issuer anticipates that the Annual Report will be filed by _____.

Dated: _____

WASHOE COUNTY, NEVADA

By: _____

Title: _____

EXHIBIT B

INDEX OF OFFICIAL STATEMENT TABLES TO BE UPDATED

(See page -iv- of the Official Statement)

PRELIMINARY OFFICIAL STATEMENT DATED JULY 29, 2015

**NEW ISSUE
BOOK-ENTRY ONLY**

**RATINGS: S&P: “ ___ ”
Moody’s: “ ___ ”
See “RATINGS”**

In the opinion of Sherman & Howard L.L.C., Bond Counsel, assuming continuous compliance with certain covenants described herein, interest on the 2015 Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the 2015 Bonds (the “Tax Code”) and interest on the 2015 Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except that such interest is required to be included in calculating the “adjusted current earnings” adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations. See “TAX MATTERS.”

**\$12,000,000*
WASHOE COUNTY, NEVADA
GENERAL OBLIGATION (LIMITED TAX)
MEDICAL EXAMINER BUILDING BONDS
(ADDITIONALLY SECURED BY PLEDGED REVENUES)
SERIES 2015**

Dated: Date of Delivery

Due: March 1, as shown herein

The 2015 Bonds (defined herein) are issued as fully registered bonds, in denominations of \$5,000 or any integral multiple thereof and initially will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), the securities depository for the 2015 Bonds. Purchases of the 2015 Bonds are to be made in book entry form only. Purchasers will not receive certificates representing their beneficial ownership interest in the 2015 Bonds. See “THE 2015 BONDS--Book-Entry Only System.” The 2015 Bonds bear interest at the rates set forth herein, payable semi-annually on March 1 and September 1 of each year, commencing March 1, 2016, to and including the maturity dates shown herein (unless the 2015 Bonds are redeemed earlier), to the registered owners of the 2015 Bonds (initially Cede & Co.). The principal of the 2015 Bonds will be payable upon presentation and surrender at the principal operations office of U.S. Bank National Association, or its successor as the paying agent for the 2015 Bonds. See “THE 2015 BONDS.”

The maturity schedule for the 2015 Bonds appears on the inside cover page of this Official Statement.

The 2015 Bonds are subject to redemption prior to maturity at the option of the County and also are subject to mandatory sinking fund redemption as described in “THE 2015 BONDS--Redemption Provisions.”

Proceeds of the 2015 Bonds will be used to (i) finance the costs of constructing a County medical examiner’s facility, (ii) finance capitalized interest and (iii) pay the costs of issuing the 2015 Bonds. See “SOURCES AND USES OF FUNDS.”

The 2015 Bonds constitute direct and general obligations of Washoe County, Nevada (the “County”), and the full faith and credit of the County is pledged for the payment of the principal and interest thereon, subject to the limitations imposed by the Constitution and statutes of the State of Nevada. See “SECURITY FOR THE 2015 BONDS--General Obligations.” The 2015 Bonds are additionally secured by a lien on the Pledged Revenues (defined herein), which are comprised primarily of certain consolidated tax receipts, as more particularly described herein. The lien of the 2015 Bonds is on a parity with the lien thereon of certain other outstanding bonds of the County. The County may issue additional bonds with a lien on the Pledged Revenues that is on a parity with or superior to the lien of the 2015 Bonds. See “SECURITY FOR THE 2015 BONDS--Pledged Revenues.”

This cover page contains certain information for quick reference only. It is *not* a summary of the issue. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision.

The 2015 Bonds are offered when, as, and if issued by the County, subject to the approval of legality of the 2015 Bonds by Sherman & Howard L.L.C., Reno, Nevada, and the satisfaction of certain other conditions. Sherman & Howard L.L.C. also has acted as special counsel to the County in connection with the Official Statement. Hobbs, Ong & Associates, Inc., Las Vegas, Nevada, and Public Financial Management, Inc., San Francisco, California, have acted as Financial Advisors to the County. Certain legal matters will be passed upon for the County by the District Attorney. It is expected that the 2015 Bonds will be available for delivery through the facilities of DTC, on or about August 27, 2015.

MATURITY SCHEDULE
(CUSIP® 6-digit issuer number: 940839)

\$12,000,000*
WASHOE COUNTY, NEVADA
GENERAL OBLIGATION (LIMITED TAX)
MEDICAL EXAMINER BUILDING BONDS
(ADDITIONALLY SECURED BY PLEDGED REVENUES)
SERIES 2015

<u>Maturing (March 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP® Issue Number</u>	<u>Maturing (March 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP® Issue Number</u>
2017	\$445,000				2027	\$630,000			
2028	450,000				2028	665,000			
2019	460,000				2029	695,000			
2020	470,000				2030	730,000			
2021	485,000				2031	765,000			
2022	500,000				2032	805,000			
2023	520,000				2033	845,000			
2024	545,000				2034	890,000			
2025	570,000				2035	930,000			
2026	600,000								

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* Subject to change.

USE OF INFORMATION IN THIS OFFICIAL STATEMENT

This Official Statement, which includes the cover, the inside cover page and the appendices, does not constitute an offer to sell or the solicitation of an offer to buy any of the 2015 Bonds in any jurisdiction in which it is unlawful to make such offer, solicitation, or sale. No dealer, salesperson, or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement in connection with the offering of the 2015 Bonds, and if given or made, such information or representations must not be relied upon as having been authorized by the County. The County provides certain information to the public on the internet; however, the information presented there is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the 2015 Bonds.

The information set forth in this Official Statement has been obtained from the County and from the other sources referenced throughout this Official Statement, which the County believes to be reliable. No guarantee is made by the County, however, as to the accuracy or completeness of information provided from sources other than the County. This Official Statement contains, in part, estimates and matters of opinion that are not intended as statements of fact, and no representation or warranty is made as to the correctness of such estimates and opinions, or that they will be realized.

The information, estimates, and expressions of opinion contained in this Official Statement are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the 2015 Bonds shall, under any circumstances, create any implication that there has been no change in the affairs of the County, or in the information, estimates, or opinions set forth herein, since the date of this Official Statement.

This Official Statement has been prepared only in connection with the original offering of the 2015 Bonds and may not be reproduced or used in whole or in part for any other purpose.

The 2015 Bonds have not been registered with the Securities and Exchange Commission due to certain exemptions contained in the Securities Act of 1933, as amended. The 2015 Bonds have not been recommended by any federal or state securities commission or regulatory authority, and the foregoing authorities have neither reviewed nor confirmed the accuracy of this document.

THE PRICES AT WHICH THE 2015 BONDS ARE OFFERED TO THE PUBLIC BY THE INITIAL PURCHASER (AND THE YIELDS RESULTING THEREFROM) MAY VARY FROM THE INITIAL PUBLIC OFFERING PRICES OR YIELDS APPEARING ON THE INSIDE COVER PAGE HEREOF. IN ADDITION, THE INITIAL PURCHASER MAY ALLOW CONCESSIONS OR DISCOUNTS FROM SUCH INITIAL PUBLIC OFFERING PRICES TO DEALERS AND OTHERS. IN ORDER TO FACILITATE DISTRIBUTION OF THE 2015 BONDS, THE INITIAL PURCHASER MAY ENGAGE IN TRANSACTIONS INTENDED TO STABILIZE THE PRICE OF THE 2015 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

WASHOE COUNTY, NEVADA

WASHOE COUNTY BOARD OF COUNTY COMMISSIONERS

Marsha Berkgigler, Chair
Kitty Jung, Vice Chair
Vaughn Hartung
Jeanne Herman
Bob Lucey

COUNTY OFFICIALS

John Slaughter, County Manager
Joey Orduna Hastings, Assistant County Manager
Tammi Davis, County Treasurer
Mary Solorzano, Acting County Comptroller
Christopher Hicks, District Attorney
Nancy Parent, County Clerk

FINANCIAL ADVISORS

Hobbs, Ong & Associates, Inc.
Las Vegas, Nevada

Public Financial Management, Inc.
San Francisco, California

BOND AND SPECIAL COUNSEL

Sherman & Howard L.L.C.
Reno, Nevada

REGISTRAR AND PAYING AGENT

U.S. Bank National Association

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION	1
General.....	1
The County	1
Purpose.....	1
Authority for Issuance	2
Tax Matters	3
Professionals	4
Continuing Disclosure Undertaking	4
Additional Information	5
THE 2015 BONDS	6
General.....	6
Payment Provisions.....	6
Redemption Provisions	7
Tax Covenant.....	8
Defeasance	8
Book-Entry Only System.....	9
Debt Service Requirements	9
SOURCES AND USES OF FUNDS	11
Sources and Uses of Funds	11
The Project.....	11
SECURITY FOR THE 2015 BONDS	12
General Obligations	12
Certain Risks Associated With Property Taxes	12
Pledged Revenues	13
Certain Risks Associated With Pledged Revenues	13
Additional Bonds	14
No Pledge of Property.....	16
Limitation of Remedies	16
Future Changes in Laws	17
REVENUES AVAILABLE FOR DEBT SERVICE.....	18
General Description of Consolidated Tax	18
Collection and Enforcement of Consolidated Tax Revenues	19
Consolidated Tax Revenue Data.....	21
PROPERTY TAX INFORMATION	23
Property Tax Base and Tax Roll.....	23
History of Assessed Value	23
Property Tax Collections	24
Largest Taxpayers in the County	25
Property Tax Limitations	26
Required Property Tax Abatements.....	28

	<u>Page</u>
Required Refunds and Other Actions Related to Property Taxes	29
Overlapping Tax Rates and General Obligation Indebtedness	31
Selected Debt Ratios	32
THE COUNTY	34
General	34
Board of County Commissioners	34
Administration	35
Employee Relations, Benefits and Pension Matters	35
County Investment Policy	40
Liability Insurance	41
Capital Program	41
COUNTY FINANCIAL INFORMATION	43
Annual Reports	43
Certificate of Achievement and Distinguished Budget Presentation Award	43
Budgeting	43
Accounting	44
County Fiscal Year 2015-16 Budget	44
General Fund Information	45
History of County General Fund Revenues, Expenditures and Changes in Fund Balances	46
Economy	49
COUNTY DEBT STRUCTURE	51
Debt Limitation	51
Outstanding Indebtedness and Other Obligations	51
Additional Contemplated Indebtedness	53
County Annual Debt Service Requirements	54
ECONOMIC AND DEMOGRAPHIC INFORMATION	55
Population and Age Distribution	55
Income	56
Employment	57
Retail Sales	59
Construction	60
Gaming	60
Convention Activity	61
Transportation	62
Distribution and Manufacturing	63
Economic Development	63
Utilities and Other Resources	63
Education	64
TAX MATTERS	65
Federal Tax Matters	65
State Tax Exemption	66
LEGAL MATTERS	67
Litigation	67

	<u>Page</u>
Sovereign Immunity	67
Approval of Certain Legal Proceedings.....	67
Police Power	68
FINANCIAL ADVISORS.....	68
INDEPENDENT AUDITORS.....	68
RATINGS	68
PUBLIC SALE	69
OFFICIAL STATEMENT CERTIFICATION.....	69
APPENDIX A - Audited Basic Financial Statements of the County for the Fiscal Year Ended June 30, 2014.....	A-1
APPENDIX B - Summary of Certain Provisions of the Bond Ordinance	B-1
APPENDIX C - Book-Entry Only System.....	C-1
APPENDIX D - Form of Continuing Disclosure Certificate.....	D-1
APPENDIX E - Form of Approving Opinion of Bond Counsel	E-1
APPENDIX F - Notice of Public Sale	F-1

INDEX OF TABLES

NOTE: Tables marked with an (*) indicate Annual Financial Information to be updated pursuant to SEC Rule 15c2-12, as amended. See Appendix D - Form of Continuing Disclosure Certificate.

	<u>Page</u>
Outstanding Parity Lien Bonds.....	3
Debt Service Requirements.....	10
Sources and Uses of Funds	11
* Historical Pledged Revenues and Pro Forma Debt Service Coverage	21
Comparison of Monthly Consolidated Tax Collections	22
* History of Assessed Value.....	24
* Property Tax Levies, Collections and Delinquencies – Washoe County, Nevada	25
* Ten Largest Taxpayers in the County	26
* History of Statewide Average and Sample Overlapping Property Tax Rates	31
Estimated Overlapping Net General Obligation Indebtedness	32
Net Direct & Overlapping General Obligation Indebtedness	32
Selected Direct General Obligation Debt Ratios	33
* County General Fund Summary of Revenues, Expenditures and Changes in Fund Balance....	48
* Statutory Debt Limitation Washoe County, Nevada	51
* Washoe County, Nevada Outstanding Debt	52
* County Annual Debt Service Requirements	54
Population	55
Age Distribution.....	55
Median Household Effective Buying Income Estimates	56
Percent of Households by Effective Buying Income Groups – 2015 Estimates.....	56
Per Capita Personal Income	57
Average Annual Labor Force Summary Washoe County, Nevada	57
Establishment Based Industrial Employment	58
Largest Employers - Washoe County, Nevada As of 4 th Quarter - 2014.....	59
Size Class of Industries.....	59
Taxable Sales in the County	60
Building Permits	60
Gross Taxable Gaming Revenue and Total Gaming Taxes.....	61
Historical RSCVA Convention Facility Usage and Attendance.....	62

OFFICIAL STATEMENT

\$12,000,000*
WASHOE COUNTY, NEVADA
GENERAL OBLIGATION (LIMITED TAX)
MEDICAL EXAMINER BUILDING BONDS
(ADDITIONALLY SECURED BY PLEDGED REVENUES)
SERIES 2015

INTRODUCTION

General

This Official Statement, including the cover page, the inside cover page and the appendices, is furnished by Washoe County, Nevada (the "County" and the "State," respectively), to provide information about the County and its \$12,000,000* General Obligation (Limited Tax) Medical Examiner Building Bonds (Additionally Secured by Pledged Revenues) Series 2015 (the "2015 Bonds"). The 2015 Bonds will be issued pursuant to an ordinance (the "Bond Ordinance") adopted by the Board of Commissioners of the County (the "Board") on July 28, 2015. Capitalized terms used herein that are otherwise not defined have the meanings ascribed to them in the Bond Ordinance. See Appendix B - Summary of Certain Provisions of the Bond Ordinance.

The offering of the 2015 Bonds is made only by way of this Official Statement, which supersedes any other information or materials used in connection with the offer or sale of the 2015 Bonds. The following introductory material is only a brief description of and is qualified by the more complete information contained throughout this Official Statement. A full review should be made of the entire Official Statement and the documents summarized or described herein. Detachment or other use of this "INTRODUCTION" without the entire Official Statement, including the cover page, the inside cover page and the appendices, is unauthorized.

The County

The County is a political subdivision of the State of Nevada (the "State") organized in 1861. The County covers an area of approximately 6,600 square miles in the northwest section of the State. The City of Reno ("Reno") is the County seat and is the third largest city in the State. According to the State Demographer, the County's population was estimated to be 436,797 as of July 1, 2014. See "THE COUNTY."

Purpose

Proceeds of the 2015 Bonds will be used to (i) finance the costs of constructing a County medical examiner's facility (the "Project"), (ii) finance capitalized interest and (iii) pay the costs of issuing the 2015 Bonds. See "SOURCES AND USES OF FUNDS."

* Subject to change.

Authority for Issuance

The 2015 Bonds are being issued pursuant to the constitution and laws of the State, including NRS 244A.011 through 244A.065 (the "Project Act"), NRS 360.600 to 360.740, inclusive (the "Consolidated Tax Act"), NRS 350.500 through 350.720, inclusive (the "Bond Act"), Chapter 348 of NRS (the "Supplemental Bond Act") and the Bond Ordinance.

The 2015 Bonds; Prior Redemption

The 2015 Bonds will be issued as fully registered bonds in the denomination of \$5,000, or any integral multiple thereof. The 2015 Bonds initially will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), the securities depository for the 2015 Bonds. Purchases of the 2015 Bonds are to be made in book-entry form only. Purchasers will not receive certificates representing their beneficial ownership interest in the 2015 Bonds. See "THE 2015 BONDS--Book-Entry Only System." The 2015 Bonds mature and bear interest (calculated based on a 360-day year consisting of twelve 30-day months) as set forth on the inside cover page of this Official Statement. The payment of principal of and interest on each series of the 2015 Bonds is described in "THE 2015 BONDS--Payment Provisions."

The 2015 Bonds are subject to redemption prior to maturity at the option of the County as described in "THE 2015 BONDS--Redemption Provisions." The 2015 Bonds also are subject to mandatory sinking fund redemption as described in "THE 2015 BONDS--Redemption Provisions."

Security

General Obligations. The 2015 Bonds are direct and general obligations of the County, payable as to principal and interest from annual general (ad valorem) taxes levied against all taxable property within the County (the "General Taxes") (except to the extent any other monies are made available therefor), subject to the State constitutional and statutory limitations on the aggregate amount of ad valorem taxes. Generally, the combined overlapping tax rate is limited by statute to \$3.64 per \$100 of assessed valuation. See "SECURITY FOR THE 2015 BONDS--General Obligations" and "PROPERTY TAX INFORMATION--Property Tax Limitations."

Additional Security for 2015 Bonds - Pledged Revenues. The 2015 Bonds are additionally secured by an irrevocable pledge of and lien (but not necessarily an exclusive lien) on the Pledged Revenues. See "Lien Priority" and "Additional Bonds" below.

Pledged Revenues Generally. "Pledged Revenues" means a 15% portion of all income and revenue derived by the County and allowed to be pledged pursuant to the Consolidated Tax Act (the "Consolidated Tax," described below).

The Consolidated Tax consists of revenues from the following sources: certain sales taxes (the "Basic City/County Relief Tax" and the "Supplemental City/County Relief Tax"); excise taxes on cigarettes and liquor (the "Cigarette Tax" and the "Liquor Tax," respectively); a tax on the licensing of motor vehicles (the "Basic Governmental Services Tax"); and real property transfer taxes (the "Real Property Transfer Tax"). Pursuant to the State law, the

Consolidated Tax generally is collected by the State and then remitted monthly to the County. For a further definition of the Pledged Revenues, see “SECURITY FOR THE 2015 BONDS--Pledged Revenues,” “REVENUES AVAILABLE FOR DEBT SERVICE” and Appendix B - Summary of Certain Provisions of the 2015 Bond Ordinance - Certain Definitions.

Lien Priority. The 2015 Bonds have a lien (but not necessarily an exclusive lien) on the Pledged Revenues on a parity with the lien thereon of \$54,465,000 aggregate principal amount of outstanding bonds (the “Parity Lien Bonds”):

Outstanding Parity Lien Bonds⁽¹⁾

Bond Series	Final Payment	Original Amount	Amount Outstanding
Library Building Bonds, Series 2004	03/01/19	\$ 3,280,000	\$ 790,000
Building and Parking Garage Bonds, Series 2004	01/01/18	11,900,000	1,845,000
Public Safety Bonds, Series 2006	03/01/36	12,500,000	10,210,000
Park Bonds, Series 2006	03/01/30	25,305,000	3,560,000
Building Refunding Bonds, Series 2011B	11/01/26	12,565,000	10,630,000
Refunding Bonds, Series 2012B	03/01/27	27,580,000	<u>27,430,000</u>
Total			<u>\$54,465,000</u>

(1) As of July 1, 2015. All of these obligations constitute general obligations (limited tax) additionally secured by the Pledged Revenues.

Source: Compiled by the Financial Advisor.

Additional Bonds. Upon the satisfaction of certain conditions set forth in the Bond Ordinance, the County may issue additional bonds with a lien on the Pledged Revenues that is on a parity with the lien thereon of the 2015 Bonds (together with the Parity Lien bonds, the “Parity Securities”). In addition, the County may issue additional bonds with a lien on all or a portion of the Pledged Revenues that is superior to the lien thereon of the 2015 Bonds (“Superior Securities”). See “SECURITY FOR THE 2015 BONDS--Additional Bonds.” Any Superior Securities will be revenue bonds that do not carry the County’s general obligation pledge.

The County has no current plans to issue additional Parity Securities or Superior Securities, but reserves the right to do so whenever legal requirements are satisfied. See “SECURITY FOR THE 2015 BONDS--Additional Bonds.”

Tax Matters

In the opinion of Bond Counsel, assuming continuous compliance with certain covenants described herein, interest on the 2015 Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 for the Internal Revenue Code of 1986, as amended to the date of delivery of the 2015 Bonds (the “Tax Code”) and interest on the 2015 Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code, except that such interest is required to be included in calculating the “adjusted current earnings” adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations. See “TAX MATTERS--Federal Tax Matters.”

Under the laws of the State in effect as of the date of delivery of the 2015 Bonds, the 2015 Bonds, their transfer, and the income therefrom, are free and exempt from taxation by the State or any subdivision thereof except for the tax on estates imposed pursuant to Chapter 375A of NRS, and the tax on generation-skipping transfers imposed pursuant to Chapter 375B of NRS. See “TAX MATTERS--State Tax Exemption.”

Professionals

Sherman & Howard L.L.C., Reno, Nevada, has acted as Bond Counsel to the County and also has acted as Special Counsel to the County in connection with this Official Statement. The financial advisors to the County in connection with the issuance of the 2015 Bonds are Hobbs, Ong & Associates, Inc., Las Vegas, Nevada and Public Financial Management, Inc., San Francisco, California (the “Financial Advisors”). See “FINANCIAL ADVISORS.” The fees of Bond Counsel, Special Counsel and the Financial Advisors will be paid only from 2015 Bond proceeds at closing. The County’s audited basic financial statements, included in Appendix A of this Official Statement, include the report of Kafoury, Armstrong & Co., which merged into Eide Bailly LLP in fiscal year 2015, certified public accountants, Reno, Nevada. See “INDEPENDENT AUDITORS.” U.S. Bank National Association, will act as the registrar and paying agent for the 2015 Bonds (the “Registrar” and “Paying Agent”).

Continuing Disclosure Undertaking

The County will execute a continuing disclosure certificate (the “Disclosure Certificate”) at the time of the closing for the 2015 Bonds. The Disclosure Certificate will be executed for the benefit of the beneficial owners of the 2015 Bonds and the County will covenant in the Bond Ordinance to comply with its terms. The Disclosure Certificate will provide that so long as the 2015 Bonds remain outstanding, the County will provide the following information to the Municipal Securities Rulemaking Board, through the Electronic Municipal Market Access system (“EMMA”): (i) annually, certain financial information and operating data; and (ii) notice of the occurrence of certain material events; each as specified in the Disclosure Certificate. The form of the Disclosure Certificate is attached hereto as Appendix D. In the last five years, the County has not failed to materially comply with any continuing disclosure undertakings entered into pursuant to Rule 15c2-12 promulgated under the Securities Exchange Act of 1934.

Forward-Looking Statements

This Official Statement contains statements relating to future results that are “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. The sections of this Official Statement containing forward-looking statements include, but are not limited to, all sections disclosing unaudited, estimated financial results for fiscal year 2015, and sections disclosing budgeted amounts for fiscal year 2016 County. When used in this Official Statement, the words “estimate,” “forecast,” “intend,” “expect” and similar expressions identify forward-looking statements. Any forward-looking statement is subject to uncertainty. Accordingly, such statements are subject to risks that could cause actual results to differ, possibly materially, from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop forward-looking statements will not be realized or unanticipated events and circumstances may occur. Therefore, investors should be aware that there are likely to be differences between forward-looking statements and actual results. Those

differences could be material and could impact the availability of funds to pay debt service on the 2015 Bonds.

Secondary Market

No guarantee can be made that a secondary market for the 2015 Bonds will develop or be maintained by the initial purchaser of the 2015 Bonds (the “Initial Purchaser”) or others. Thus, prospective investors should be prepared to hold their 2015 Bonds to maturity.

Additional Information

This introduction is only a brief summary of the provisions of the 2015 Bonds, the Bond Ordinance and the Project; a full review of the entire Official Statement should be made by potential investors. Brief descriptions of the County, the 2015 Bonds, the Bond Ordinance and other documents are included in this Official Statement. All references herein to the 2015 Bonds, the Bond Ordinance and other documents are qualified in their entirety by reference to such documents. *This Official Statement speaks only as of its date and the information contained herein is subject to change.*

Additional information and copies of the documents referred to herein are available from the County and the Financial Advisors:

Washoe County
1001 E. 9th Street
Reno, Nevada 89512
Attn: Director of Finance
Telephone: (775) 325-2566

Hobbs, Ong & Associates, Inc.
3900 Paradise Road, Suite 152
Las Vegas, Nevada 89169
Telephone: (702) 733-7223

Public Financial Management, Inc.
50 California Street, Suite 2300
San Francisco, CA 94111
Telephone: (415) 982-4513

THE 2015 BONDS

General

The 2015 Bonds will be issued as fully registered bonds in denominations of \$5,000 or integral multiples thereof and initially will be registered in the name of “Cede & Co.,” as nominee of DTC, pursuant to DTC’s book-entry only system. The 2015 Bonds will be dated as of the date of delivery and will bear interest and mature at the rates and on the dates set forth on the inside cover page of this Official Statement.

Payment Provisions

Payment of interest on any 2015 Bond shall be made to the registered owner thereof by check or draft mailed by the Paying Agent on each interest payment date (or, if such interest payment date is not a business day, on the next succeeding business day), to the registered owner thereof at his address as shown on the registration records kept by the Registrar at the close of business on the 15th day of the calendar month next preceding such interest payment date (the “Regular Record Date”); but any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner thereof at the close of business on the Regular Record Date and shall be payable to the person who is the registered owner thereof at the close of business on a special record date for the payment of any such defaulted interest (a “Special Record Date”). Such Special Record Date shall be fixed by the Registrar whenever moneys become available for payment of the defaulted interest, and notice of the Special Record Date shall be given to the registered owners of the 2015 Bonds not less than ten days prior thereto by first-class mail to each such registered owner as shown on the Registrar’s registration records on 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 2015 Bond by such alternative means as may be mutually agreed to between the owner of such 2015 Bond and the Paying Agent. The principal of any 2015 Bond shall be payable to the registered owner thereof as shown on the registration records kept by the Registrar upon maturity thereof and upon presentation and surrender at the office of the Paying Agent or at such other office as designated by the Paying Agent. If any 2015 Bond shall not be paid upon presentation and surrender at or after maturity, it shall continue to draw interest at the interest rate borne by said 2015 Bond until the principal thereof is paid in full. All such payments shall be made in lawful money of the United States of America.

Notwithstanding the foregoing, payments of the principal and interest on the 2015 Bonds will be made by the Registrar and Paying Agent directly to DTC or its nominee, Cede & Co., so long as DTC or Cede & Co. is the sole registered owner of the 2015 Bonds. Disbursement of such payments to DTC’s Participants is the responsibility of DTC, and disbursements of such payments to the Beneficial Owners is the responsibility of DTC’s Participants and the Indirect Participants, as more fully described herein. See “--Book-Entry Only System” below.

Redemption Provisions

Optional Redemption.* The 2015 Bonds, or portions thereof (\$5,000 or any integral multiple), maturing on and after March 1, 2026, will be subject to redemption prior to their respective maturities at the option of the County on and after March 1, 2025, in whole or in part at any time, from such maturities as are selected by the County and, if less than all the 2015 Bonds of a maturity are to be redeemed, the 2015 Bonds of such maturity are to be selected by lot (giving proportionate weight to 2015 Bonds in denominations larger than \$5,000), at a price equal to the principal amount of each 2015 Bond or portion thereof so redeemed, plus accrued interest thereon to the redemption date.

Mandatory Sinking Fund Redemption.* The 2015 Bonds maturing on March 1, 2026 (the "Term Bonds"), are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof and accrued interest to the redemption date. Term Bonds will be selected by lot in such manner as the Registrar may determine.

As and for a sinking fund for the redemption of those Term Bonds maturing on March 1, 2026, there shall be deposited into the Bond Account on or before March 1 of the years shown below, a sum which, together with other moneys available therein is sufficient to redeem the Term Bonds maturing on March 1, 2026, on the dates and in the principal amounts shown below:

<u>Redemption Date</u> <u>(March 1)</u>	<u>Principal</u> <u>Amount</u>
--	-----------------------------------

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

At its option, the County may (i) deliver to the Registrar for cancellation Term Bonds or portions thereof (\$5,000 or any integral multiple thereof) in an aggregate principal amount desired by the County or, (ii) specify a principal amount of Term Bonds or portions thereof (\$5,000 or any integral multiple thereof) which prior to said date have been redeemed (otherwise than through the operation of the sinking fund) and canceled by the Registrar and not theretofore applied as a credit against any sinking fund redemption obligation with respect to such Term Bond. Each Term Bond or portion thereof so delivered or previously redeemed shall be credited by the Registrar at 100% of the principal amount thereof against the obligation of the County on the sinking fund redemption date and any excess shall be so credited against future sinking fund redemption obligations in such manner as the County determines.

* Subject to change.

Notice of Redemption. Notice of prior redemption shall be given by the Registrar in the name and on behalf of the County by registered or certified mail as long as Cede & Co., or a nominee of a successor depository, is the registered owner of the 2015 Bonds and otherwise by first class, postage prepaid mail, at least 30 days but not more than 60 days prior to the Redemption Date, to the Municipal Securities Rulemaking Board (“MSRB”) and the registered owner of any 2015 Bond all or a part of which is called for prior redemption at his address as it last appears on the registration records kept by the Registrar. The notice shall identify the 2015 Bonds or portions thereof to be redeemed, specify the Redemption Date, and state that on such date the principal amount thereof will become due and payable at the Paying Agent (accrued interest to the Redemption Date being payable by mail or as otherwise provided in the Bond Ordinance), and that after such Redemption Date interest will cease to accrue. The notice of prior redemption shall further state that on such date there will become and will be due and payable upon each 2015 Bond so to be redeemed at the office of the Paying Agent (designated by name) or at such other office as is designated by the Paying Agent, the principal amount thereof, accrued interest thereon to the Redemption Date, and that from and after such date interest will cease to accrue. Notice having been given in the manner described above, the 2015 Bond or 2015 Bonds so called for redemption shall become due and payable on the redemption date so designated; and upon presentation thereof at the Paying Agent or at such other office as is designated by the Paying Agent, the County will pay the 2015 Bond or 2015 Bonds so called for redemption.

Notwithstanding the foregoing, any notice of redemption may contain a statement that the redemption is conditional upon the receipt by the Paying Agent of funds on or before the date fixed for redemption sufficient to pay the redemption price of the 2015 Bonds so called for redemption, and that if such funds are not available, such redemption shall be canceled by written notice to the owners of the 2015 Bonds called for redemption in the same manner as the original redemption notice was mailed.

Tax Covenant

In the Bond Ordinance, the County covenants for the benefit of the owners of the 2015 Bonds that it will not take any action or omit to take any action with respect to the 2015 Bonds, the proceeds thereof, any other funds of the County or any facilities financed or refinanced with the proceeds of the 2015 Bonds if such action or omission (i) would cause the interest on the 2015 Bonds to lose its exclusion from gross income for federal income tax purposes under Section 103 of the Tax Code or (ii) would cause interest on the 2015 Bonds to lose its exclusion from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code. The covenant described above shall remain in full force and effect notwithstanding the payment in full or defeasance of the 2015 Bonds until the date on which all obligations of the County in fulfilling the covenant under the Tax Code have been met.

Defeasance

When all Bond Requirements of any 2015 Bond have been duly paid, the pledge and lien and all obligations under the Bond Ordinance as to that 2015 Bond shall thereby be discharged and the 2015 Bond shall no longer be deemed to be Outstanding within the meaning of the Bond Ordinance; provided, however, that if the principal of or interest on the 2015 Bond shall be paid by any Insurer of the 2015 Bond, the pledge of the Pledged Revenues and all covenants, agreements, and other obligations of the County to the owners hereunder shall

continue to exist and such Insurer shall be subrogated to the rights of the owners. 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 Federal Securities (defined below) in which such amount wholly or in part may be initially invested) to meet all Bond Requirements of the 2015 Bond, as the same become due to the final maturity of the 2015 Bond or upon any prior redemption date as of which the County shall have exercised or shall have obligated itself to exercise its prior redemption option. The Federal Securities shall become due prior to the respective times on which the proceeds thereof shall be needed, in accordance with a schedule established and agreed upon between the County and such bank at the time of the creation of the escrow or trust, or the Federal Securities shall be subject to redemption at the option of the holders thereof to assure such availability as so needed to meet such schedule.

The Bond Ordinance defines "Federal Securities" to mean bills, certificates of indebtedness, notes, bonds or similar securities which are direct obligations of or the principal and interest of which securities are unconditionally guaranteed by, the United States of America.

Book-Entry Only System

The 2015 Bonds will be available in book-entry form only. DTC will act as the initial securities depository for the 2015 Bonds. The ownership of one fully registered 2015 Bond for each maturity as set forth on the inside cover page of this Official Statement, each in the aggregate principal amount of such maturity, will be registered in the name of Cede & Co., as nominee of DTC. See Appendix C - Book-Entry Only System.

SO LONG AS CEDE & CO., AS NOMINEE OF DTC, IS THE REGISTERED OWNER OF THE 2015 BONDS, REFERENCES IN THIS OFFICIAL STATEMENT TO THE REGISTERED OWNERS OF THE 2015 BONDS WILL MEAN CEDE & CO. AND WILL NOT MEAN THE BENEFICIAL OWNERS.

None of the County, the Registrar or the Paying Agent will have any responsibility or obligation to DTC's Participants or Indirect Participants (defined in Appendix C), or the persons for whom they act as nominees, with respect to the payments to or the providing of notice for the DTC Participants, the Indirect Participants or the beneficial owners of the 2015 Bonds as further described in Appendix C to this Official Statement.

Debt Service Requirements

The following table sets forth the estimated debt service requirements for the 2015 Bonds in each fiscal year, the total debt service requirements on the Parity Lien Bonds in each fiscal year, and the estimated combined debt service payable on the 2015 Bonds and the Parity Lien Bonds in each fiscal year.

Debt Service Requirements(1)

Fiscal Year Ending June 30,	2015 Bonds*			Total Debt Service on Parity Lien Bonds	Total Combined Debt Service
	Principal	Interest (2)	Total		
2016	\$ --	\$267,575(3)	\$267,575	\$5,227,756	\$5,495,331
2017	445,000	535,150	980,150	5,234,199	6,214,349
2018	450,000	528,475	978,475	5,228,017	6,206,492
2019	460,000	519,475	979,475	5,237,978	6,217,453
2020	470,000	507,975	977,975	5,233,225	6,211,200
2021	485,000	493,875	978,875	5,249,508	6,228,383
2022	500,000	476,900	976,900	5,247,179	6,224,079
2023	520,000	456,900	976,900	5,240,799	6,217,699
2024	545,000	433,500	978,500	5,252,809	6,231,309
2025	570,000	406,250	976,250	5,269,332	6,245,582
2026	600,000	377,750	977,750	4,090,219	5,067,969
2027	630,000	347,750	977,750	4,090,654	5,068,404
2028	665,000	316,250	981,250	1,922,684	2,903,934
2029	695,000	283,000	978,000	1,925,406	2,903,406
2030	730,000	248,250	978,250	1,168,206	2,146,456
2031	765,000	211,750	976,750	755,950	1,732,700
2032	805,000	173,500	978,500	759,850	1,738,350
2033	845,000	133,250	978,250	757,400	1,735,650
2034	890,000	91,000	981,000	758,825	1,739,825
2035	930,000	46,500	976,500	758,900	1,735,400
2036	--	--	--	757,625	757,625
Total	<u>\$12,000,000</u>	<u>\$6,855,075</u>	<u>\$18,855,075</u>	<u>\$70,166,521</u>	<u>\$89,021,596</u>

(1) Totals may not add due to rounding.

(2) As estimated by the Financial Advisors; subject to change upon the public sale of the 2015 Bonds.

(3) This payment is expected to be financed with capitalized interest. See "SOURCES AND USES OF FUNDS."

Source: Financial Advisor.

* Subject to change.

SOURCES AND USES OF FUNDS

Sources and Uses of Funds

The proceeds from the sale of the 2015 Bonds are expected to be applied in the following manner:

Sources and Uses of Funds*

	<u>Amount</u>
SOURCE:	
Principal amount	\$12,000,000
Plus: original issue premium	
Total	
USES:	
Project Fund	
Capitalized interest fund contribution	
Costs of issuance (including underwriting discount)	
Total	

The Project

The Project will consist of constructing a new facility for the Washoe County Medical Examiner and Coroner's Office. The Coroner's Office has approximately 15 employees and is responsible for providing forensic pathology services to the County and 14 other counties in Nevada and areas of Northern California. The new facility will be located adjacent to the existing Washoe County Complex at 9th Street and Wells Street in Reno, Nevada, on a 2.5 acre parcel owned by the County. The facility is planned as a one story building totaling approximately 20,830 square feet and containing administrative offices, autopsy facilities, a training room, family bereavement rooms and a secure sally-port for private delivery and pick-up. The facility is expected to open in January 2017.

* Subject to change.

SECURITY FOR THE 2015 BONDS

General Obligations

General. The 2015 Bonds are direct and general obligations of the County, and the full faith and credit of the County is pledged for the payment of principal and interest due thereon, subject to State constitutional and statutory limitations on the aggregate amount of ad valorem taxes. See “PROPERTY TAX INFORMATION--Property Tax Limitations.” The 2015 Bonds are payable by the County from any source legally available at the times such payments are due, including the County’s General Fund. In the event, however, that such legally available sources of funds are insufficient, the County is obligated to levy a general (ad valorem) tax on all taxable property within the County for payment of the 2015 Bonds, subject to the limitations provided in the constitution and statutes of the State. Due to the statutory process required for the levy of taxes, in any year in which the County is required to levy property taxes, there may be a delay in the availability of revenues to pay debt service on the 2015 Bonds. See “PROPERTY TAX INFORMATION--Property Tax Collections.”

Property Tax Limitations. The constitution and laws of the State limit the total ad valorem property taxes that may be levied by all overlapping taxing units within each county (including the State, the County, the Washoe County School District (the “School District,” any city or any special district) in each year. Generally, the combined overlapping tax rate is limited by statute to \$3.64 per \$100 of assessed valuation. Those limitations are described in “PROPERTY TAX INFORMATION--Property Tax Limitations.” In any year in which the total property taxes levied within the County by all applicable taxing units exceed such property tax limitations, the reduction to be made by those units must be in taxes levied for purposes other than the payment of their bonded indebtedness, including interest on such indebtedness. See “PROPERTY TAX INFORMATION--Property Tax Limitations.”

No Repealer. State statutes provide that no act concerning the 2015 Bonds or their security may be repealed, amended, or modified in such a manner as to impair adversely the 2015 Bonds or their security until all of the 2015 Bonds have been discharged in full or provision for their payment and redemption has been fully made.

Certain Risks Associated With Property Taxes

General. Numerous factors over which the County has no control may impact the timely receipt of ad valorem property tax revenues in the future. These include the valuation of property within the County, the number of homes which are in foreclosure, bankruptcy proceedings of property taxpayers or their lenders, and the ability or willingness of property owners to pay taxes in a timely manner.

Also see “PROPERTY TAX INFORMATION--Required Refunds and Other Actions Related to Property Taxes” for a description of court-mandated refunds and other disputes that currently, or may in the future, impact County property tax revenues.

Delays in Property Tax Collections Could Occur. Although the 2015 Bonds are general obligations of the County, the County may only levy property taxes to pay debt service on the 2015 Bonds in accordance with State law. For a description of the State laws regulating the collection of property taxes, see “PROPERTY TAX INFORMATION--Property Tax

Collections.” Due to the statutory process required for the levy of taxes, in any year in which the County is required to levy property taxes, there may be a delay in the availability of property tax revenues to pay debt service on the 2015 Bonds. Accordingly, although other County revenues may be available to pay debt service on the 2015 Bonds if Pledged Revenues are insufficient, time may elapse before the County receives property taxes levied to cover any insufficiency of Pledged Revenues.

Declines in Assessed Valuation. In the recent past, economic conditions negatively impacted the County as they did the rest of the country. Due to these conditions, the County experienced a housing slump and reduced economic activity. The decline in the economy and the housing slump, together with other factors, resulted in reductions in assessed valuations through fiscal year 2013; however, assessed valuations have increased each year since fiscal year 2013. See “PROPERTY TAX INFORMATION--History of Assessed Value.” It is possible that future decreases in assessed valuation could occur.

Foreclosures. Foreclosures in the County increased significantly in several of the past few years; however, to date, foreclosures have not materially impacted County property tax collections. It cannot be predicted at this time what impact future economic trends could have on property tax collections should the County be required to levy an ad valorem tax to pay debt service on the 2015 Bonds in the future.

Pledged Revenues

The 2015 Bonds are additionally secured by a lien (but not necessarily an exclusive lien) on the Pledged Revenues. The lien of the 2015 Bonds on the Pledged Revenues is on a parity with the lien of the Parity Lien Bonds and any additional Parity Securities and subordinate to the lien of any Superior Securities issued in the future.

The Pledged Revenues are comprised of a 15% portion of all income and revenue derived by the County from the Consolidated Tax distributed and imposed pursuant to State law. The Consolidated Tax generally is collected by the State and distributed monthly to the County. See “REVENUES AVAILABLE FOR DEBT SERVICE” for a detailed description of the Pledged Revenues.

Certain Risks Associated With Pledged Revenues

Consolidated Tax Collection Risks Generally. The Consolidated Tax is collected by the State and then remitted directly to the County pursuant to various statutory provisions. The County has no statutory authority to collect the Consolidated Tax itself and also has no control over the collection processes in place at the State. Receipt of the Pledged Revenues is dependent upon the ability and willingness of the State to collect the Consolidated Tax and forward the revenues to the County. If the State fails to perform its collection duties in a timely fashion, the County may not receive Pledged Revenues in time to meet scheduled debt service payments. If the State fails to collect, remit or transfer the Consolidated Tax revenues, the County’s only remedy is to file suit against the nonperforming party, including an action in mandamus to compel performance. Further, the County has no control over the auditing procedures in place at the State. The County must depend upon the State to ensure that the responsible parties are collecting and remitting the required Pledged Revenues. If the State fails to do so, the County may not receive all of the moneys to which it is entitled.

County Cannot Increase Rates of Consolidated Taxes. The Consolidated Tax is imposed by the State legislature (the “Legislature”) and the rate of such taxes can be increased only by action of the Legislature. Even if the Legislature were to raise the rate of such taxes, there is no guarantee that the County would be authorized to use the increased revenues to pay debt service on the 2015 Bonds.

Sales Tax Collections Subject to Fluctuation. The majority of the Consolidated Tax revenues are comprised of receipts from certain sales taxes as described in “REVENUES AVAILABLE FOR DEBT SERVICE.” Sales tax collections are subject to fluctuations in spending which is affected by, among other things, general economic cycles. Sales tax revenues may increase along with the increasing prices brought about by inflation, but collections also are vulnerable to adverse economic conditions and reduced spending and may decrease as a result. Consequently, the rate of sales tax collections may be expected to correspond generally to economic cycles. See “REVENUES AVAILABLE FOR DEBT SERVICE--Consolidated Tax Revenue Data.” The County has no control over general economic cycles and is unable to predict what economic factors or cycles will occur while the 2015 Bonds remain Outstanding.

The United States experienced a significant economic downturn over the last several years and the Pledged Revenues declined for several consecutive years, but have increased every year since fiscal year 2010. The County is not able to predict what impact future economic conditions will have on the Pledged Revenues, and future declines in Pledged Revenues are possible.

Bankruptcy and Foreclosure. The ability and willingness of a business owner or operator to remit sales tax revenues included in the Consolidated Tax may be adversely affected by the filing of a bankruptcy proceeding by the business owner or operator. The ability to collect delinquent sales taxes using State law remedies for non-payment of taxes may be forestalled or delayed by bankruptcy, reorganization, insolvency, or other similar proceedings of the owner or operator of a retail business, or by the holder of any liens on the business. The federal bankruptcy laws provide for an automatic stay of foreclosure and sale proceedings, thereby delaying such proceedings, perhaps for an extended period.

Additional Bonds

Additional Parity Securities and Superior Securities. The Bond Ordinance authorizes the County to issue additional Parity Securities and also authorizes the County to issue Superior Securities. Superior Securities shall not be issued as general obligations of the County.

The following requirements must be met prior to the issuance of additional Parity Securities (except refunding bonds, which have different requirements) or Superior Securities.

A. Absence of Default. At the time of the adoption of the supplemental instrument authorizing the issuance of the additional securities, the County must not be in default in making any debt service or rebate payments required by the Bond Ordinance with respect to any superior or parity securities. See Appendix B - Summary of Certain Provisions of the Bond Ordinance--Flow of Funds.

B. Earnings Test. Except as otherwise described in the Bond Ordinance: (1) the Pledged Revenues derived in the Fiscal Year immediately preceding the date of the issuance

of the additional superior or parity securities shall have been at least sufficient to pay an amount equal to the combined maximum annual principal and interest requirements (to be paid during any one Bond Year, commencing with the Bond Year in which the additional superior or parity securities are issued and ending on the last Bond Year in which any then Outstanding Bonds mature) of the Outstanding Bonds and any other Outstanding superior or parity securities of the County and the bonds or other securities proposed to be issued (excluding the reserves therefor); or (2) the Pledged Revenues estimated by the County Finance Director, independent feasibility consultant or an Independent Accountant to be derived in the first five Fiscal Years immediately succeeding the issuance of the other additional superior or parity securities proposed to be issued, shall be at least equal to such combined maximum annual principal and interest requirements to be paid during such Comparable Bond Year.

C. Adjustment of Pledged Revenues. In any computation of such earnings test as to whether or not additional superior or parity securities may be issued as described in paragraph B above, the amount of the Pledged Revenues for the next preceding Fiscal Year shall be decreased and may be increased by the amount of any loss or gain conservatively estimated by the County Finance Director, independent feasibility consultant or Independent Accountant making the computations described above, which loss or gain results from any change in the rate of the imposition of that part of the Consolidated Tax constituting a part of the Pledged Revenues which change took effect during the next preceding Fiscal Year or thereafter prior to the issuance of such superior or parity securities, as if such modified rate shall have been in effect during the entire next preceding Fiscal Year, if such change shall have been made by the County before the computation of the designated earnings test but made in the same Fiscal Year as the computation is made or in the next preceding Fiscal Year.

Certification of Revenues. A written certification or written opinion by the County Finance Director, an independent feasibility consultant or an Independent Accountant, based upon estimates as described in paragraphs B and C above, that the annual revenues when adjusted as described in paragraph C above, are sufficient to pay such amounts as described in paragraph B above, shall be conclusively presumed to be accurate in determining the right of the County to authorize, issue, sell and deliver additional bonds or additional securities superior to or on a parity with the 2015 Bonds.

Subordinate Securities Permitted. Nothing in the Bond Ordinance prevents the County from issuing additional bonds or other additional securities payable from the Pledged Revenues having a lien thereon subordinate, inferior and junior to the lien thereon of the 2015 Bonds.

Superior Securities Permitted. The County may issue Superior Securities secured by and payable from the Pledged Revenues having a lien thereon prior and superior to the lien thereon of the 2015 Bonds and the Parity Lien Bonds; however, such Superior Securities shall not be issued as general obligations of the County.

Refunding Securities. The Bond Ordinance authorizes the County to issue refunding securities upon satisfaction of the terms described in Appendix B - Summary of Certain Provisions of the Bond Ordinance--Refunding Securities.

No Pledge of Property

The payment of the 2015 Bonds is not secured by an encumbrance, mortgage or other pledge of property of the County, except the proceeds of General Taxes, the Pledged Revenues, and any other moneys pledged for the payment of the 2015 Bonds. No property of the County, subject to such exceptions, shall be liable to be forfeited or taken in payment of the 2015 Bonds.

Limitation of Remedies

Judicial Remedies. Upon the occurrence of an Event of Default under the Bond Ordinance, each owner of the 2015 Bonds is entitled to enforce the covenants and agreements of the County by mandamus, suit or other proceeding at law or in equity. Any judgment will, however, only be enforceable against the Pledged Revenues and other moneys held under the Bond Ordinance (including General Taxes, if any) and not against any other fund or properties of the County.

The enforceability of the Bond Ordinance is also subject to equitable principles affecting the enforcement of creditors' rights generally and liens securing such rights, the police powers of the State and the exercise of judicial authority by State or federal courts.

Due to the delays in obtaining judicial remedies, it should not be assumed that these remedies could be accomplished rapidly. Any delays in obtaining judicial remedies to enforce the covenants and agreements of the County under the Bond Ordinance, to the extent enforceable, could result in delays in any payment of principal of and interest on the 2015 Bonds.

Bankruptcy, Federal Lien Power and Police Power. The enforceability of the rights and remedies of the owners of the 2015 Bonds and the obligations incurred by the County in issuing the 2015 Bonds are subject to the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equity principles which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the federal Constitution; the power of the federal government to impose liens in certain situations; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose. Bankruptcy proceedings or the exercise of powers by the federal or State government, if initiated, could subject the owners of the 2015 Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation or modification of their rights.

No Acceleration. There is no provision for acceleration of maturity of the principal of the 2015 Bonds in the event of a default in the payment of principal of or interest on the 2015 Bonds. Consequently, remedies available to the owners of the 2015 Bonds may have to be enforced from year to year.

Future Changes in Laws

Various State laws apply to the imposition, collection, and expenditure of General Taxes, the Consolidated Tax and to other County revenues as well as to the operation and finances of the County. For example, the Nevada Legislature recently approved Senate Joint Resolution 13, which, if further approved, would amend the Nevada Constitution's property tax system as explained further in "PROPERTY TAX INFORMATION—Property Tax Limitations." In addition, from time to time, proposals are made (or adopted) by the Legislature to add or remove certain types of transactions from the Consolidated Tax. The Legislature may also increase the administrative fee retained by the State for collecting the various components of the Consolidated Tax from time to time; that increase results in a decrease in Pledged Revenues. There is no assurance that there will not be any change in, interpretation of, or addition to the applicable laws, provisions, and regulations which would have a material effect, directly or indirectly, on the affairs of the County and the imposition, collection, and expenditure of revenues, including General Taxes and the Consolidated Tax.

REVENUES AVAILABLE FOR DEBT SERVICE

General Description of Consolidated Tax

The taxes comprising the Consolidated Tax are discussed generally below. The revenues generated by the Consolidated Tax are deposited into the State's Local Government Tax Distribution Account and then allocated among local governments as described below.

Sales Taxes. The Supplemental City/County Relief Tax ("SCCRT") and Basic City/County Relief Tax ("BCCRT") are each a component of the combined sales and use tax levied by the State (the tax levied on retail sales and the storage, use or other consumption of tangible property). The SCCRT is levied at a rate of 1.75% and the BCCRT is levied at a rate of 0.50%. The revenues from each of these sources are collected monthly by the State Department of Taxation ("Taxation") and, following adjustments for certain rural counties and costs of collections, are remitted to the county of origin, then divided among the local governments within each county according to a formula. In fiscal year 2014, the SCCRT and BCCRT accounted for a combined 82.6% (63.8% and 18.8%, respectively) of the Consolidated Tax distributed within the County.

Sales taxes (including the SCCRT and BCCRT) are imposed on the gross receipts of any retailer from the sale of all tangible personal property sold at retail in the County and also upon the storage, use or other consumption in the County of tangible personal property. State law exempts taxes on the gross receipts from the sale, storage or use of property that it is prohibited from taxing under the constitution or laws of the State. Included in this category are (this list is not intended to be exhaustive): personal property sold to the United States, the State or any political subdivision; personal property sold by or to religious, charitable or educational nonprofit corporations; sales to common carriers; the proceeds of mines; motor vehicle fuel; food; certain feeds and fertilizers; prosthetic devices and other medical appliances; medicines, gas, electricity and water; newspapers, manufactured homes and mobile homes; and aircraft, aircraft engines and component parts.

Basic Governmental Services Tax. The Basic Governmental Services Tax ("GST") is levied at a rate of 4 cents per dollar of valuation of motor vehicles, and is assessed at the time of annual registration. The initial valuation of the vehicle is determined at 35% of the manufacturer's suggested retail price. Vehicle value is depreciated to 95% after the first year and graduated down to 15% after 9 years. Ninety-four percent of the proceeds of the GST is distributed to local governments in the county of origin. In fiscal year 2014, the GST accounted for 13.5% of the Consolidated Tax distributed within the County.

Real Property Transfer Tax. The Real Property Transfer Tax ("RPTT") is paid by the buyer in a conveyance of real property. The rate of taxation on transfers of real property in the County is \$0.65 per \$500 of value of the interest in property conveyed, exclusive of any lien or encumbrance upon the property. Of the \$0.65 per \$500 of value, a portion (55 cents) is deposited in the Local Government Tax Distribution Account for distribution to local governments in the county of origin and the rest is retained by the State for various purposes. In fiscal year 2014, the RPTT accounted for 2.5% of the Consolidated Tax distributed within the County.

Cigarette and Liquor Tax. The Cigarette Tax and Liquor Tax are excise taxes levied upon the sale of cigarettes (and other tobacco products) and liquor, respectively. Portions of the proceeds of the Cigarette Tax and Liquor Tax are distributed to local governments, with the remainder deposited to the State general fund. The Cigarette Tax is levied at a rate of 9 cents per cigarette, which equates to \$1.80 per pack. Of that amount, 10 cents per pack is deposited in the Local Government Tax Distribution Account and distributed to local governments. The Liquor Tax is levied on a per gallon basis and is in addition to the applicable sales tax. Of the \$3.60 per gallon tax levied on liquor with an alcohol content in excess of 22%, 50 cents is deposited in the Local Government Tax Distribution Account and distributed to local governments. Taxes levied upon tobacco products other than cigarettes and upon liquor products with less than 22% alcohol content are retained by the State general fund. In fiscal year 2014, the Cigarette Tax and the Liquor Tax accounted for 1.1% and 0.4%, respectively, of the Consolidated Tax distributed within the County.

Collection and Enforcement of Consolidated Tax Revenues

Taxation administers the collection and enforcement of the Consolidated Taxes pursuant to State law. The taxes comprising the Consolidated Tax are collected as described below and distributions are made monthly.

Taxation collects the BCCRT, SCCRT, Cigarette and Liquor Taxes directly and deposits the revenues to the Local Government Tax Distribution Account monthly for distribution to the County. The County Treasurer collects RPTT revenues and deposits them with the State, at least quarterly, for inclusion in the Local Government Tax Distribution Account and subsequent monthly distribution to the County. The Department of Motor Vehicles collects the GST and deposits it monthly with the State for deposit in the Local Government Tax Distribution Account and subsequent monthly distribution to the County.

Because the BCCRT and the SCCRT constitute the majority of the Consolidated Tax Revenues, the State's sales tax collection and enforcement procedures are discussed briefly below. In addition to the sales tax enforcement procedure, the State may impose delinquent interest and penalties on late payments of the other taxes collected and also may seek judgments in State court for satisfaction of amounts owed.

Taxation administers all sales taxes within the State, including the BCCRT and the SCCRT. Each licensed retailer is required to remit all sales tax directly to Taxation. Pursuant to State statute, Taxation currently retains a collection fee of 1.75% (that amount is subject to change by the Legislature) of all amounts remitted by retailers. (Notwithstanding the foregoing, the increased fee cannot be applied so as to modify, directly or indirectly, any taxes levied or revenues pledged in such a manner as to impair adversely any outstanding obligations of any political subdivision of this State or other public entity). Every person desiring to conduct business as a retailer within the County must obtain a permit from Taxation. Any retailer that fails to comply with State statutes may have its license revoked by Taxation after a hearing held upon 10 days' written notice.

Sales taxes are due and payable to Taxation monthly on or before the last day of the month next succeeding the month in which such taxes are collected (i.e., sales taxes collected by retailers in April 2015 were due to Taxation no later than May 31, 2015). Retailers are allowed to deduct 0.25% of the amount due to reimburse themselves for the cost of collecting the

tax. Sales tax remittances to Taxation must be accompanied by a return form prescribed by Taxation. Taxation may require returns and payments for periods other than calendar months. Interest on deficient sales tax payments, exclusive of penalties, accrues at rates established by State law. A penalty of 10% of the amount of the deficiency also may be added.

Deficiency notices must be delivered to taxpayers within three years of any deficiency. Failure to pay sales taxes as required results in a lien against the property of the retailer failing to pay. The lien is enforced by Taxation's filing of a certificate and request for judgment with the County Clerk. Immediately upon filing of the certificate, the County Clerk is required to enter a judgment in the amount owed, including penalties and interest. The lien may be enforced through a warrant executed by the County sheriff. In addition, Taxation may seize and sell property of the delinquent payor as provided by law.

Distribution of Consolidated Tax Collections. Consolidated Taxes are distributed to local governments in accordance with a formula established by State law. State law established a "base year" during the 1997 Legislative session. After that year, each local government receives an annual percentage increase in its base amount according to increases in the prior year's Consumer Price Index. For cities and counties, additional revenues over the base allocations are determined according to a statutory formula that takes into account each local government's relative growth in population and assessed valuation in the prior year. Taxation may determine to reallocate taxes if the assessed value and population of an entity declines over three consecutive years. Over the last five years, the County has received between 51.0% and 51.5% of the Consolidated Tax collections distributed within the County, excluding revenues separately distributed to the Washoe County School District.

Pending Lawsuit Pertaining to Consolidated Tax Distribution. On June 6, 2012, the City of Fernley, which is located in Lyon County, Nevada, filed a suit in federal court against the State alleging that the manner in which the revenue from certain of the Consolidated Tax is divided among local governments violates the federal and State constitutions. The Consolidated Tax system uses a complex mathematical formula to collect and distribute taxes to local governments and special entities in Nevada. At the broadest level, revenues from six different taxes are collected throughout Nevada by the Nevada Department of Taxation and deposited into a segregated State account called the Local Government Distribution Account. See NRS 360.660 *et seq.* The complaint requests monetary damages in an amount to be determined at trial. It also requests an injunction against distribution of Consolidated Taxes under the current formulas.

The respondents filed respective motions to dismiss which were denied by the district court. Respondents thereafter petitioned the Nevada Supreme Court for review of the denial of the motions to dismiss. On January 25, 2013, the Nevada Supreme Court issued its writ and order holding that Fernley's federal constitutional claims were time barred, but declined the respondent's request to dismiss Fernley's State constitutional claims and ordered the parties to complete discovery. Following completion of discovery, the respondents filed respective motions to dismiss. The district court initially dismissed all claims against the Treasurer, including claims for declaratory and injunctive relief, on the grounds of sovereign immunity. Fernley filed its own motion for summary judgment and sought reconsideration of the dismissal of all claims against the Treasurer. On October 6, 2014, the district court entered its order denying Fernley's motions for summary judgment and reconsideration and granting respondents' motions for summary judgment. Fernley appealed the portion of district court's order which

dismissed the claims against the Treasurer. This case is currently being briefed at the Nevada Supreme Court.

At this time, it is not possible to determine whether there is any merit to the matter or what the potential effects on the State or the governmental entities receiving Consolidated Tax distributions might be.

Consolidated Tax Revenue Data

Historical Consolidated Tax Revenues and Pro-Forma Debt Service Coverage.

The following table sets forth: (i) a history of the County’s Consolidated Tax receipts and the resulting Pledged Revenues; (ii) the estimated combined maximum annual debt service payable on the 2015 Bonds and the Parity Lien Bonds; and (iii) the associated debt service coverage, calculated by dividing the Pledged Revenues in each year by the combined maximum annual debt service.

The table includes historical Consolidated Tax collection information for fiscal years 2010 through 2014 and estimated Consolidated Tax collection information for fiscal year 2015. There is no assurance that the Pledged Revenues will continue to be realized in the amounts illustrated below. See “SECURITY FOR THE 2015 BONDS--Certain Risks Associated With Pledged Revenues” and other factors described throughout this Official Statement.

Upon issuance of the 2015 Bonds, the estimated combined maximum annual principal and interest requirements on the 2015 Bonds and the Parity Lien Bonds is \$6,245,582* in fiscal year 2025. See “THE 2015 BONDS—Debt Service Requirements.”

Historical Pledged Revenues and Pro Forma Debt Service Coverage

	2010 Actual	2011 Actual	2012 Actual	2013 Actual	2014 Actual	2015 Estimated (1)
Consolidated Tax Receipts	\$68,512,745	\$69,330,862	\$70,985,428	\$75,489,073	\$80,808,837	\$86,464,723
% change	--	1.2%	2.4%	6.3%	7.0%	7.0%
Pledged Revenues (15% of Consolidated Tax Receipts)	\$10,276,912	\$10,399,629	\$10,647,814	\$11,323,361	\$12,121,326	\$12,969,708
Combined Maximum Annual Debt Service (2)*	\$6,245,582	\$6,245,582	\$6,245,582	\$6,245,582	\$6,245,582	\$6,245,582
Coverage	1.65x	1.67x	1.70x	1.81x	1.94x	2.08x

(1) Unaudited estimate; subject to change.

(2) Combined maximum annual debt service on the 2015 Bonds and the Parity Lien Bonds. See “DEBT SERVICE REQUIREMENTS.”

Source: Derived from the County’s audited financial statements for the fiscal years ended June 30, 2010-2014 and the County’s 2015-16 budget (which contains estimated financial information for the fiscal year ended June 30, 2015).

* Subject to change.

For 2016, the County budgeted to receive Consolidated Tax revenues of \$91,278,018, which would result in Pledged Revenues of \$13,691,703. That budgeted figure results in estimated debt service coverage of 2.19x,* calculated using the estimated combined debt service payable on the 2015 Bonds and the Parity Lien Bonds in fiscal year 2025 (\$6,245,582*). If the Pledged Revenues are insufficient to pay the combined debt service on the 2015 Bonds and any Parity Bonds, the County must use other available resources to do so.

Monthly Comparison of Consolidated Tax Collections The following table presents a comparison of monthly revenues received by the County pursuant to the Consolidated Tax Act for the twelve-month periods ending June 30, 2014 and 2015 (unaudited). *The data in the following table reflects collection of the full amount received pursuant to the Consolidated Tax Act; however, the Pledged Revenues are comprised of only 15% of that total amount. The information below is intended to illustrate collection trends only; it is not a representation of amounts available to pay the 2015 Bonds.* This table is presented on an accrual basis; accordingly, revenues are accounted for in the month of the original sales rather than the month of actual collection by the County. For example, revenues recorded for “February 2015” in the following table represent sales made by retailers in February 2015 and are recorded in that month even though retailers remitted those revenues to the State in March 2015 and the moneys were received by the County in April 2015. As of June 30, 2015, the County had experienced an increase of approximately 8.9% in Consolidated Tax collections as compared to the same twelve-month period for the previous year.

Comparison of Monthly Consolidated Tax Collections(1)

	Twelve-Month Period Ending June 30, 2015		Twelve-Month Period Ending June 30, 2014		Percent Change	
	Current Month	Cumulative	Current Month	Cumulative	Current Month	Cumulative
July	\$6,990,299	\$13,386,795	\$6,568,453	\$12,768,260	6.4%	4.8%
August	7,325,741	20,712,536	6,839,653	19,607,913	7.1	5.6
September	7,396,154	28,108,690	6,786,408	26,394,321	9.0	6.5
October	7,379,077	35,487,767	6,884,804	33,279,125	7.2	6.6
November	7,226,581	42,714,349	6,853,587	40,132,712	5.4	6.4
December	6,950,773	49,665,122	6,343,648	46,476,360	9.6	6.9
January	6,838,198	56,503,320	6,446,250	52,922,610	6.1	6.8
February	8,427,814	64,931,133	7,933,270	60,855,880	6.2	6.7
March	6,824,917	71,756,050	5,884,511	66,740,390	16.0	7.5
April	6,521,188	78,277,238	5,835,613	72,576,004	11.7	7.9
May	7,892,166	86,169,405	7,128,211	79,704,215	10.7	8.1
June	7,199,626	86,972,464	6,396,566	79,900,974	12.6	8.9

(1) Reflects collection of the full amount of amounts received pursuant to the Consolidated Tax Act; however, the Pledged Revenues pledged to payment of the 2015 Bonds are comprised of only 15% of that total amount.

Source: The County (unaudited).

PROPERTY TAX INFORMATION

Property Tax Base and Tax Roll

Taxation reports that the assessed valuation of property within the County for the fiscal year ending June 30, 2016, is \$14,342,710,925 (excluding the assessed valuation attributable to the Reno RDA and the Sparks Redevelopment Agency (the “Redevelopment Agencies”). That assessed valuation represents an increase of 8.0% from the assessed valuation for fiscal year 2015.

State law requires that county assessors reappraise at least once every five years all real and secured personal property (other than certain utility owned property which is centrally appraised and assessed by the Nevada Tax Commission). While the law provides that in years in which the property is not reappraised, the county assessor is to apply a factor representing typical changes in value in the area since the preceding year, it is the policy of the Washoe County Assessor to reappraise all real and secured personal property in the County each year. State law currently requires that property be assessed at 35% of taxable value; that percentage may be adjusted upward or downward by the Legislature. Based upon the assessed valuation for fiscal year 2016 the taxable value of all taxable property within the County is \$40,979,174,071 (excluding the taxable value attributable to the Redevelopment Agencies).

“Taxable value” is defined in the statutes as the full cash value in the case of land and as the replacement cost less straight-line depreciation in the case of improvements to land and in the case of taxable personal property, less depreciation in accordance with the regulations of the Nevada Tax Commission but in no case an amount in excess of the full cash value. Depreciation of improvements to real property must be calculated at 1.5% of the cost of replacement for each year of adjusted actual age up to a maximum of 50 years. Adjusted actual age is actual age adjusted for any addition or replacement made which is valued at 10% or more of the replacement cost after the addition or replacement. The maximum depreciation allowed is 75% of the cost of replacement. When a substantial addition or replacement is made to depreciable property, its “actual age” is adjusted i.e., reduced to reflect the increased useful term of the structure. The adjusted actual age has been used on appraisals for taxes since 1986-87.

In Nevada, county assessors are responsible for assessments in the counties except for certain properties centrally assessed by the State, which include railroads, airlines, and utility companies.

History of Assessed Value

The following table provides a history of the assessed valuation in the County. Due to property tax abatement laws enacted in 2005 (described in “Required Property Tax Abatements” below), the taxes collected by taxing entities within the County are capped and there is no longer a direct correlation between changes in assessed value and property tax revenue.

History of Assessed Value

<u>Fiscal Year Ended June 30,</u>	<u>Assessed Valuation of Washoe County(1)</u>	<u>Percent Change</u>
2012	\$12,675,374,294	--
2013	12,290,109,448	(3.0)%
2014	12,317,952,550	0.2
2015	13,286,283,600	7.9
2016	14,342,710,925	8.0

(1) Includes the assessed value attributable to Net Proceeds of Minerals. Excludes the assessed valuations of the Redevelopment Agencies in the following aggregate amounts: fiscal year 2012 - \$253,904,054; fiscal year 2013 - \$201,510,836; fiscal year 2014 - \$178,972,052; fiscal year 2015 - \$201,317,152; and fiscal year 2016 - \$222,756,313.

Source: Property Tax Rates for Nevada Local Governments - State of Nevada Department of Taxation, 2011-12 through 2014-15; and Department of Taxation, *Local Government Finance Revenue Projections, Fiscal Year 2015-2016 Final, March 15, 2015* (Revised March 27, 2015).

Property Tax Collections

In Nevada, county treasurers are responsible for the collection of property taxes, and forwarding the allocable portions thereof to the overlapping taxing units within the counties.

A history of the County's tax roll collection record appears in the following table. *This table reflects all amounts collected by the County, including amounts levied by the County, the School District, the cities within the County and certain special taxing districts. The figures in the following table include property taxes that are not available to pay debt service on the 2015 Bonds.* The table below provides information with respect to the historic collection rates for the County, but may not be relied upon to depict the amounts of ad valorem property taxes available to the County in each year. There is no assurance that collection rates will be similar to the historic collection rates depicted below.

As described below in "PROPERTY TAX INFORMATION--Required Refunds and Other Actions Related to Property Taxes - Required Incline Village Tax Refunds," the County has recalculated and refunded approximately \$44.8 million in property taxes (including interest) to taxpayers in the Incline Village/Crystal Bay area of the County. All of the parcels subject to refunds have been adjusted and refunds for all of the parcels have been processed. In the following table, all of the refunds associated with those adjustments are included in the "Delinquent Tax Collections" column.

Property Tax Levies, Collections and Delinquencies – Washoe County, Nevada⁽¹⁾

Fiscal Year			% of Levy	Delinquent		Total Tax
Ending	Net Secured	Current Tax	(Current)	Tax	Total Tax	Collections as %
June 30	Roll Tax Levy	Collections	Collected	Collections	Collections	of Current Levy ⁽²⁾
				(Abatements)		
2010	\$503,451,077	\$492,951,230	97.91%	\$8,226,613	\$501,177,843	99.55%
2011	459,902,246	452,301,503	98.35	8,747,048	461,048,551	100.25
2012 ⁽³⁾	424,893,854	416,848,553	98.11	(4,822,330)	412,026,224	96.97
2013 ⁽³⁾	410,445,682	405,976,784	98.91	(6,474,893)	399,501,891	97.33
2014	411,287,837	407,469,285	99.07	5,571,288	413,040,573	100.43
2015 ⁽⁴⁾	423,991,386	419,637,174	98.97	4,276,133	423,913,307	99.98

(1) Represents the real property tax roll levies and collections as of May 14, 2015. Subject to revision.

(2) Figured on collections to net levy (actual levy less stricken taxes).

(3) All previous tax year collection adjustments and refunds resulting from the Incline Village matter were completed in June 2013 and are reflected in the Delinquent Tax Collections amounts.

(4) Collections as of May 14, 2015.

Source: Washoe County Treasurer's Office.

Taxes on real property are due on the third Monday in August unless the taxpayer elects to pay in installments on or before the third Monday in August and the first Mondays in October, January, and March of each fiscal year. Penalties are assessed if any taxes are not paid within 10 days of the due date as follows: 4% of the delinquent amount if one installment is delinquent, 5% of the delinquent amount plus accumulated penalties if two installments are delinquent, 6% of the delinquent amount plus accumulated penalties if three installments are delinquent and 7% of the delinquent amount plus accumulated penalties if four installments are delinquent. In the event of nonpayment, the county treasurer is authorized to hold the property for two years, subject to redemption upon payment of taxes, penalties and costs, together with interest at the rate of 10% per year from the date the taxes were due until paid. If delinquent taxes are not paid within the two-year redemption period, the county treasurer obtains a deed to the property free of all encumbrances. Upon receipt of a deed, the county treasurer may sell the property to satisfy the tax lien and assessments by local governments for improvements to the property. State law provides alternative remedies for the collection of taxes in certain instances, including judicial foreclosure (which may take place before the expiration of the two-year redemption period) and the assignment of a tax lien by the County Treasurer upon payment of taxes by a third party, as authorized by the property owner through a written agreement.

Largest Taxpayers in the County

The following table represents the ten largest property-owning taxpayers in the County based on fiscal year 2014-2015 assessed valuations. The assessed valuations in this table represent both the secured tax roll (real property) and the unsecured tax roll (generally personal property). No independent investigation has been made of, and consequently there can be no representation as to, the financial conditions of the taxpayers listed, or that any such taxpayer will continue to maintain its status as a major taxpayer based on the assessed valuation of its property in the County.

Ten Largest Taxpayers in the County⁽¹⁾
Fiscal Year 2014-15

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Assessed Value</u>	<u>% of Total Assessed Value</u> ⁽²⁾
BRE/Reno Property Owner LLC/ BRE/PAC Nevada LLC	Real Estate	\$126,528,175	0.95%
Peppermill Casinos Inc.	Hotel/Casino	84,471,806	0.64
Golden Road Motor Inn Inc.	Hotel	42,589,453	0.32
MPT of Reno LLC	Developer	38,612,265	0.29
Sparks Legends Development Inc.	Hotel/Casino	36,646,542	0.28
Circus & Eldorado Joint Venture	Hotel/Casino	28,202,307	0.21
Northwestern Mutual Life Insurance	Insurance	27,489,810	0.21
International Game Technology	Manufacturing	24,850,001	0.19
Hyatt Equities LLC	Hotel/Casino	24,227,507	0.18
Nevada Pacific Development Corp.	Developer	<u>21,977,552</u>	<u>0.16</u>
Total		\$455,595,418	3.43%

(1) Real property only; excludes centrally assessed property. Subject to revision.

(2) Based on the County's fiscal year 2015 total assessed valuation of \$13,286,283,600 (which excludes the assessed valuation of the Redevelopment Agencies).

Source: Washoe County Assessor's Office (report dated September 8, 2014).

Property Tax Limitations

Overlapping Property Tax Caps. Article X, Section 2, of the State constitution limits the total ad valorem property taxes levied by all overlapping governmental units within the boundaries of any county (i.e., the State, and any county, city, town, school district or special district) to an amount not to exceed five cents per dollar of assessed valuation (\$5 per \$100 of assessed valuation) of the property being taxed. Further, the combined overlapping tax rate is limited by statute to \$3.64 per \$100 of assessed valuation in all counties of the State with certain exceptions that (a) permit a combined overlapping tax rate of up to \$4.50 per \$100 of assessed valuation in the case of certain entities that are in financial difficulties (or require a combined overlapping tax rate of \$5.00 per \$100 of assessed valuation in certain circumstances of severe financial emergency); and (b) require that \$0.02 of the statewide property tax rate of \$0.17 per \$100 of assessed valuation is not included in computing compliance with this \$3.64 cap. (This \$0.02 is, however, counted against the \$5.00 cap.) State statutes provide a priority for taxes levied for the payment of general obligation bonded indebtedness in any year in which the proposed tax rate to be levied by overlapping units within a county exceeds any rate limitation, a reduction must be made by those units for purposes other than the payment of general obligation bonded indebtedness, including interest thereon.

As shown below in the table "History of Statewide Average and Sample Overlapping Property Tax Rates," the average total tax rate in Nevada in fiscal year 2015 is \$3.1232. In much of the County, the overlapping tax rate is \$3.66, including the County's tax rate of \$1.3917. The governmental units within the County, therefore, are collectively imposing the maximum rate possible by law.

Local Government Property Tax Revenue Limitation. State statutes limit the revenues local governments, other than school districts, may receive from ad valorem property taxes for purposes other than paying certain general obligation indebtedness which is exempt from such ad valorem revenue limits. These revenue limitations do not apply to ad valorem taxes levied to repay the 2015 Bonds, which are exempt from such ad valorem revenue limits. This rate is generally limited as follows. The assessed value of property is first differentiated between that for property existing on the assessment rolls in the prior year (old property) and new property. Second, the property tax revenue derived in the prior year is increased by no more than 6% and the tax rate to generate the increase is determined against the current assessed value of the old property. Finally, this tax rate is applied against all taxable property to produce the allowable property tax revenues. This cap operates to limit property tax revenue dependent upon changes in the value of old property and the growth and value of new property.

A local government, other than a school district, may exceed the property tax revenue limitation if the proposal is approved by its electorate at a general or special election. In addition, the Executive Director of Taxation will add, to the allowed revenue from ad valorem taxes, the amount approved by the Legislature for the costs to a local government of any substantial programs or expenses required by legislative enactment. In the event sales tax estimates from Taxation exceed actual revenues available to local governments, Nevada local governments receiving such sales tax may levy a property tax to make up the revenue shortfall. The County, Reno and Sparks are levying various tax overrides as allowed or required by State statutes. For FY 2015/16, the State Department of Taxation calculated the maximum allowed ad valorem tax rate for the County, not including legislative or voter overrides, to be \$2.3887. This compares to the County's actual rate of \$0.9993.

State statutes limit the revenues school districts may receive from ad valorem property taxes for operating purposes. Pursuant to NRS 387.195, each board of county commissioners shall levy a tax of \$0.75 per \$100 of assessed valuation for the support of the public schools within the county school district. School districts are also allowed additional levies for voter-approved debt service and voter-approved tax overrides for capital projects.

The Nevada Tax Commission monitors the impact of tax legislation on local government services.

Constitutional Amendment - Abatement of Taxes for Severe Economic Hardship. At the November 5, 2002 election, the State's voters approved an amendment to the State constitution authorizing the Legislature to enact a law providing for an abatement of the tax upon or an exemption of part of the assessed value of an owner-occupied single-family residence to the extent necessary to avoid severe economic hardship to the owner of that residence.

The legislation implementing that amendment provides that the owner of a single-family residence may file a claim with the county treasurer to postpone the payment of all or part of the property tax due against the residence if (among other requirements): the residence has an assessed value of not more than \$175,000; the property owner does not own any other real property in the State with an assessed value of more than \$30,000; the residence has been occupied by the owner for at least 6 months; the owner is not in bankruptcy; the owner owes no delinquent property taxes on the residence; the owner has suffered severe economic hardship caused by circumstances beyond his control (such as illness or disability expected to last for at least 12 continuous months); and the total annual income of the owner's household is at or below

the federally designated poverty level. The amount of tax that may be postponed may not exceed the amount of property tax that will accrue against the residence in the succeeding three fiscal years. Any postponed property tax (and any penalties and the interest that accrue as provided in the statute) constitutes a perpetual lien against the residence until paid. The postponed tax becomes due and payable if: the residence ceases to be occupied by the claimant or is sold; any non-postponed property tax becomes delinquent; if the claimant dies; or on the date upon which the postponement expires, as determined by the county treasurer. No taxpayers in the County have filed a claim to postpone taxes under this law.

Potential Constitutional Amendment - Senate Joint Resolution 13. Senate Joint Resolution 13 (“SJR 13”), adopted by the 2015 session of the Nevada Legislature, proposes to amend the Nevada Constitution. Under Nevada law, constitutional amendments require majority approval by each house of the Legislature in two separate legislative sessions and then majority approval by the general electorate. SJR 13, therefore, will be considered again in the 2017 Legislature. If it is approved again, it is expected that it will be placed on the ballot for the November 2018 general election.

SJR 13 would impose certain additional limitations on property taxes. It is unclear how the amendment would work with existing abatement requirements. If approved, SJR 13 is expected to require enabling legislation which has not yet been introduced. The proposed amendment itself would, among other provisions, limit taxes to 1.25% of taxable value. Property taxes for debt (including the 2015 Bonds), however, generally would be excluded from SJR 13’s limit. SJR 13 only applies to real property taxes. It also requires a new “uniform and just” valuation of property for taxation and it generally limits increases in property values to the lesser of 3% per year or the rate of inflation, with certain exceptions. SJR 13 would also change the taxable value of real property upon certain transfers of the property.

Many of the provisions of SJR 13 are unclear and the amendment will require additional legislation to implement. It is not possible to predict at this time whether it will become law, or what its impact will be on the County’s property tax revenue if it does become law.

Required Property Tax Abatements

General. In 2005, the Legislature approved the NRS 361.471 to 361.4735 (the “Abatement Act”), which established formulas to determine whether tax abatements are required for property owners in each year. The general impact of the Abatement Act is to limit increases in ad valorem property tax revenues owed by taxpayers to a maximum of 3% per year for primary owner-occupied residential properties (and low-income housing properties) and to 8% (or a lesser amount equal to the average annual change in taxable values over the last ten years, as determined by a formula) per year for all other properties. The Abatement Act limits do not apply to new construction. The Abatement Act formulas are applied on a parcel-by-parcel basis each year.

Generally, reductions in the amount of ad valorem property tax revenues levied in the County are required to be allocated among all of the taxing entities in the County in the same proportion as the rate of ad valorem taxes levied for that taxing entity bears to the total combined rate of all ad valorem taxes levied for that fiscal year. However, abatements caused by tax rate increases are to be allocated against the entity that would benefit from the tax increase rather

than among all entities uniformly. Revenues realized from new or increased ad valorem taxes that are required by any legislative act that was effective after April 6, 2005, generally are exempt from the abatement formulas. The Abatement Act provides for the recapture of previously abated property tax revenues in certain limited situations.

Levies for Debt Service. Revenues resulting from increases in the rate of ad valorem taxes for the payment of tax-secured obligations are exempt from the Abatement Act formulas if increased rates are necessary to pay debt service on the related obligation in any fiscal year if (1) the tax-secured obligations were issued before July 1, 2005; or (2) the governing body of the taxing entity and the County Debt Management Commission make findings that no increase in the rate of an ad valorem tax is anticipated to be necessary for payment of the obligations during their term. Ad valorem tax rate increases to pay debt service on the 2015 Bonds are exempt from the Abatement Act formulas.

General Effects of Abatement. Limitations on property tax revenues could negatively impact the finances and operations of the taxing entities in the State, including the County, to an extent that cannot be determined at this time.

Required Refunds and Other Actions Related to Property Taxes

Required Incline Village Refunds. The County has been a party to various lawsuits in state and federal courts involving property tax assessments in the Lake Tahoe area (Incline Village/Crystal Bay). The cases involve claims of unconstitutional taxation, challenges to the administrative hearings and decisions of boards of equalization and writs of mandamus.

The sole remaining case involving the Incline Village property taxes is a case that was first filed in 2003. The case was initiated by Incline Village taxpayers seeking to compel the Nevada State Board of Equalization to perform its statutory equalization function. The case was initially dismissed in its entirety. That dismissal was appealed to the Nevada Supreme Court which upheld most of the dismissals. Included among the claims being dismissed was a claim based upon the argument that the 17 plaintiffs in the prior Bakst case obtained relief from property valuation and resulting taxes and the rest of the Incline Village property owners should obtain the same relief. The Nevada Supreme Court rejected that claim based on the fact that the remaining property owners had failed to exhaust their administrative remedies. The Court did return the question of statewide equalization to the District Court. Eventually, the District Court entered a writ to compel the State Board of Equalization to conduct hearings at which aggrieved taxpayers could express their concerns regarding statewide equalization issues. In the District Court's Writ, the District Court directed the State Board of Equalization to: "Take such actions as are required to notice and hold a public hearing, or hearings as may be necessary, to hear and determine the grievances of property owner taxpayers regarding the failure, or lack, of equalization of real property valuations throughout the State of Nevada for the 2003-2004 tax year and each subsequent tax year to and including the 2010-2011 tax year and to raise, lower or leave unchanged the taxable value of any property for the purpose of equalization."

In the Fall of 2012, the State Board of Equalization did as instructed and held a hearing on equalization. Incline Village/Crystal Bay property owners made the argument that they should be equalized with the 17 Bakst plaintiffs for the 2003-2004, 2004-2005, and 2005-2006 tax years. On February 1, 2013, the State Board of Equalization issued its Order in which it directed the Washoe County Assessor to revalue Incline Village and Crystal Bay properties for

the 2003-2004 tax year and, based on those values, to raise, lower or leave unchanged the amount of taxes due on those properties. The Incline Village property owners were dissatisfied with that Order of the State Board of Equalization and filed their objections to the Board's action with the District Court. In a separate action, they also petitioned for judicial review of the interim decision of the State Board of Equalization. Those cases were consolidated and on July 1, 2013, the District Court dismissed the Incline Village property owners' objections. Another appeal to the Nevada Supreme Court ensued.

Oral argument at the Nevada Supreme Court took place on November 1, 2014. The Incline Village property owners once again argued that they should be entitled to the same relief the 17 Bakst plaintiffs obtained. No decision has been rendered by the Nevada Supreme Court to date.

There are a number of possible results, which range from ordering refunds to the other property owners, which would result in approximately \$30 million in refunds, to allowing the reassessment, which could potentially result in additional taxes being due. Funds do not currently exist within the General Fund to pay this potential liability. The remainder of the refund liability belongs to other property-tax collecting entities, including the Washoe County School District, the North Lake Tahoe Fire Protection District, the Incline Village General Improvement District and the State. State statutes provide that amounts refunded are to be withheld from subsequent apportionments to those other taxing entities.

Required Payment of Property Tax Moneys to Reno Redevelopment Agency. The Reno Redevelopment Agency ("Reno RDA") has challenged the methodology used to determine its 2011-12 tax increment revenues and sought the allocation of additional taxes to it based upon its interpretation of a statute. In August 2012, the County, Reno RDA, the City of Reno, Washoe County School District and the State agreed upon a settlement of the dispute. The portion of the settlement which is still relevant pertains to an agreement by the parties that Reno RDA will receive a minimum allocation of tax revenue through June 30, 2018, of approximately \$2.7 million per year, less any increment amount allocated to Reno RDA through the standard tax distribution process. On June 30 of each year, the County Treasurer determines whether Reno RDA has received at least this minimum amount. If not, the Treasurer calculates the remaining amount due and allocates it among the County, the City of Reno, Washoe County School District and the State, based upon the proportion of each entity's redevelopment tax rate to the combined overlapping redevelopment tax rate.

Reno RDA has failed to receive the minimum amount in each of the last four fiscal years, requiring payments from the other taxing entities, including the County. The County's share was \$591,975 in fiscal year 2012; \$880,243 in fiscal year 2013; \$1,082,370 in fiscal year 2014; and \$945,054 in fiscal year 2015 (unaudited). For the remaining three fiscal years of the agreement (fiscal years 2016-18), the County's maximum potential liability would be approximately \$1.16 million per year, a calculation which is based upon the assumptions that Reno RDA will receive \$0 from the normal tax increment process and that the County's share each year is 43%, which is the average for the past four years. The actual liability is expected to be less than \$1.16 million per year. The County does not expect that any amounts it may be required to pay to the Reno RDA over the next three fiscal years pursuant to the settlement will have a material adverse effect on the County's ability to pay debt service on the 2015 Bonds.

Overlapping Tax Rates and General Obligation Indebtedness

Overlapping Tax Rates. The following table sets forth a history of statewide average tax rates and a representative overlapping tax rate for taxing is located in Reno, the most populous city in the County. The overlapping rates for incorporated and unincorporated areas within the County vary depending on the rates imposed by applicable taxing jurisdictions. The highest overlapping tax rate in the County currently is \$3.6600 in Reno, Sparks and in a portion of the Palomino Valley General Improvement District.

History of Statewide Average and Sample Overlapping Property Tax Rates⁽¹⁾

<u>Fiscal Year Ended June 30,</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Average Statewide rate	<u>\$3.1320</u>	<u>\$3.1171</u>	<u>\$3.1304</u>	<u>\$3.1212</u>	<u>\$3.1232</u>
Washoe County	1.3917	1.3917	1.3917	1.3917	1.3917
Washoe County School District	1.1385	1.1385	1.1385	1.1385	1.1385
City of Reno	0.9456	0.9456	0.9598	0.9598	0.9598
Combined Special Districts	0.0005	0.0000	0.0000	0.0000	0.0000
State of Nevada ⁽²⁾	<u>0.1700</u>	<u>0.1700</u>	<u>0.1700</u>	<u>0.1700</u>	<u>0.1700</u>
Total	\$3.6463	\$3.6458	\$3.6600	\$3.6600	\$3.6600

(1) Per \$100 of assessed valuation.

(2) \$0.0200 of the State rate is exempt from the \$3.64 cap. See "Property Tax Limitations" above.

Source: Property Tax Rates for Nevada Local Governments - State of Nevada, Department of Taxation, 2010-11 through 2014-15.

Estimated Overlapping General Obligation Indebtedness. In addition to the general obligation indebtedness of the County, other taxing entities are authorized to incur general obligation debt within boundaries that overlap or partially overlap the boundaries of the County. In addition to the entities listed below, other governmental entities may overlap the County but have no general obligation debt outstanding. The following chart sets forth the estimated overlapping general obligation debt (including general obligation medium-term bonds) chargeable to property owners within the County as of July 1, 2015.

Estimated Overlapping Net General Obligation Indebtedness

<u>Entity (1)</u>	<u>Total General Obligation Indebtedness(2)</u>	<u>Presently Self-Supporting General Obligation Indebtedness</u>	<u>Net Direct General Obligation Indebtedness</u>	<u>Percent Applicable(3)</u>	<u>Overlapping Net General Obligation Indebtedness(4)</u>
Washoe County School District	\$476,491,732	\$ 0	\$476,491,732	100.00%	\$476,491,732
City of Reno	130,720,561	105,315,561	25,405,000	100.00	25,405,000
City of Sparks	41,412,458	39,387,456	2,025,002	100.00	2,025,002
Incline Village GID	10,904,426	10,904,426	0	100.00	0
State of Nevada	<u>1,817,835,000</u>	<u>589,920,000</u>	<u>1,227,915,000</u>	14.59	<u>179,152,799</u>
Total	\$2,466,459,751	\$734,623,017	\$1,731,836,734		\$683,074,533

- (1) Other taxing entities overlap the County and may issue general obligation debt in the future.
- (2) Includes medium-term bonds and other obligations.
- (3) Based on fiscal year 2015 assessed valuation in the respective jurisdiction. The percent applicable is derived by dividing the assessed valuation of the governmental entity into the assessed valuation of the County.
- (4) Overlapping Net General Obligation Indebtedness equals total existing general obligation indebtedness less presently self-supporting general obligation indebtedness times the percent applicable.

Source: Debt information compiled by the Financial Advisors; percentages calculated using information from Property Tax Rates for Nevada Local Governments - State of Nevada - Department of Taxation, 2014-15 and the State Treasurer's office.

The following table sets forth the total net direct and overlapping general obligation indebtedness attributable to the County as of July 1, 2015 (after taking the issuance of the 2015 Bonds and the 2015 Sewer Refunding Bonds into account).

Net Direct & Overlapping General Obligation Indebtedness

Total General Obligation Indebtedness (1)	\$233,517,357*
Less: Self-supporting General Obligation Indebtedness (1)	<u>(198,241,357)</u>
Net Direct General Obligation Indebtedness	\$35,276,000
Plus: Overlapping Net General Obligation Indebtedness	<u>683,074,533</u>
Net Direct & Overlapping Net General Obligation Indebtedness	\$718,350,533

(1) Assumes the issuance of the 2015 Bonds and the 2015 Sewer Refunding Bonds. See "COUNTY DEBT STRUCTURE--Outstanding Indebtedness and Other Obligations."

Selected Debt Ratios

The following table sets forth selected debt ratios of the County.

* Subject to change.

Selected Direct General Obligation Debt Ratios

<u>Fiscal Year Ended June 30</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Population (1)	421,593	427,704	432,324	436,797	444,008
Assessed Value (2)	\$12,675,374,294	\$12,290,109,448	\$12,317,952,550	\$13,286,283,600	\$14,342,710,925
Taxable Value (2)	\$36,215,355,126	\$35,114,598,423	\$35,194,150,143	\$37,960,810,286	\$40,979,174,071
<u>Gross Direct G.O. Debt (3)</u>	\$309,522,589	\$296,780,0211	\$281,388,366	\$270,019,926	\$233,517,357*
<u>RATIO TO:</u>					
Per Capita	\$734.17	\$693.89	\$650.87	\$618.18	\$525.93
Percent of Assessed Value	2.44%	2.41%	2.28%	2.03%	1.63%
Percent of Taxable Value	0.85%	0.85%	0.80%	0.71%	0.57%
<u>Net Direct G.O. Debt (4)</u>	\$50,195,000	\$46,187,998	\$41,529,000	\$38,497,000	\$35,276,000
<u>RATIO TO:</u>					
Per Capita	\$119.06	\$107.99	\$96.06	\$88.13	\$79.45
Percent of Assessed Value	0.40%	0.38%	0.34%	0.29%	0.25%
Percent of Taxable Value	0.14%	0.13%	0.12%	0.10%	0.09%

- (1) The 2011-14 population figures represent the State Demographer's estimates for the County as of July 1 of each year shown. The 2015 population figure represents the State Demographer's projected population as of March 1, 2015.
- (2) See "Property Tax Base and Tax Roll" for an explanation of Assessed Value and Taxable Value. The assessed valuations of the Redevelopment Agencies were not included in calculating debt ratios.
- (3) See "COUNTY DEBT STRUCTURE--Outstanding Indebtedness and Other Obligations." Fiscal year 2015 debt is as of July 1, 2015, after taking the issuance of the 2015 Bonds and the 2015 Sewer Refunding Bonds into account.
- (4) Includes general obligation bonds and medium-term bonds; does not include self-supporting general obligation bonds, revenue bonds, assessment district bonds, lease purchase agreements or contingent liabilities. Fiscal year 2015 debt is as of July 1, 2015, after taking the issuance of the 2015 Bonds and the 2015 Sewer Refunding Bonds into account.

Sources: Property Tax Rates for Nevada Local Governments - State of Nevada Department of Taxation, 2010-11 through 2014-15; the State Demographer; County annual continuing disclosure reports 2010-11 through 2013-14; and debt information compiled by the Financial Advisors.

THE COUNTY

General

Washoe County, a political subdivision of the State, was organized in the year 1861. The County operates under the provisions of the general laws of the State. The County covers an area of 6,600 square miles in the northwest portion of the State. The County seat and most populous city in the County is Reno. The principal components of the economy of the County are tourism (which is primarily based on legalized gaming and outdoor recreation activities), governmental activities, industry, finance and retail merchandising.

The County provides a variety of governmental services, such as those of the County recorder, assessor and treasurer, and a criminal justice system, which includes the courts, district attorney, detention center, and public defender. In addition, the County provides social and welfare services and institutional youth services. The County provides road maintenance, parks and recreation, fire protection, building inspection, law enforcement through the Sheriff's Office and other local services to its unincorporated areas. The County operates a regional animal control and shelter facility, regional public safety training center and regional operations center. Approximately 25% of the County's population resides in its unincorporated areas.

Board of County Commissioners

The Washoe County, Nevada, Board of County Commissioners is the governing body of the County. The five members are elected from County commission election districts for four-year staggered terms. County Commission terms end on the day preceding the first Monday of January in the applicable year. County Commissioners are subject to term limitations (12 years) approved by State voters in 1996:

The Board is also represented on: the Regional Planning Governing Board, Reno-Sparks Convention and Visitors Authority, Debt Management Commission, Nevada Association of Counties, National Association of Counties, Tahoe Regional Planning Agency, Regional Transportation Commission, Criminal Justice Advisory Committee, District Board of Health, Investment Committee, Joint Fire Advisory Board, Nevada Commission for the Reconstruction of the V&T Railway, NevadaWorks Board, Oversight Advisory Board, Regional Housing Task Force, Truckee Meadows Water Authority Board, Truckee River Flood Project Coordinating Committee, Internal Audit Committee, Nevada Truckee River Planning Association, Senior Services Advisory Board, Western Regional Water Commission, Open Space & Regional Park Commission, Organizational Effectiveness Committee, Truckee River Flood Management Authority, EDAWN Economic Development Council, Nevada Tahoe Conservation District, Shared Services Advisory Board, Library Board of Trustees, Citizens' Advisory Committee on the future of the Washoe County Library System, Washoe County Community Event Sponsorship Grant Advisory Committee, Washoe County Human Services Consortium Triumvirate, Washoe County School District Oversight Panel and School Facilities, and Legislative Liaison. The Board is also the ex-officio Board of the Truckee Meadows Fire Protection District and the Sierra Fire Protection District.

The current members of the Board, their years of service and their terms of office are as follows:

<u>Commissioner</u>	<u>Year Took Office</u>	<u>Expiration of Term</u>
Marsha Berkbigler, Chair	2013	2017
Kitty Jung, Vice Chair	2007	2019
Vaughn Hartung	2013	2017
Jeanne Herman	2015	2019
Bob Lucey	2015	2019

Administration

The County Manager is the County's chief administrative officer and serves at the pleasure of the Board.

John Slaughter, County Manager. In October 2013, the Board selected John Slaughter as the Washoe County Manager. Mr. Slaughter has been with Washoe County since 1986, working as a land use planner, the County's strategic planning manager, and as the Director of Management Services. He represented Washoe County at the Nevada Legislature from 2001-2013 and was named Acting Assistant County Manager prior to his appointment as County Manager.

As Washoe County Manager, John Slaughter serves as liaison between the the Board and elected and appointed department directors, governmental jurisdictions, community and business groups, employees, and county customers. He also oversees the Manager's Office, which facilitates presentation of issues to the Board for their consideration and ensures effective implementation of direction given by the BCC. The Manager's Office also houses the Community Relations division, Internal Audit division, and Management Services division.

Mr. Slaughter holds a Bachelor of Science degree in Sociology and Anthropology from Emporia State University, and a Master of Urban Planning degree from the University of Kansas. He has also received the Continuing Education Certificate in Public Management from the University of Nevada, Reno. He is a member of the American Institute of Certified Planners, and the International City/County Management Association.

Employee Relations, Benefits and Pension Matters

General. The County has approximately 2,532 full-time equivalent employees. Of these positions, approximately 77% are represented by six employee associations, which represent their respective employees in negotiation with the County for employee benefits including wages. The six employee associations represent nine bargaining units and are: (1) the Washoe County Employees Association, which represents both supervisory and non-supervisory employees; (2) Washoe County Nurses Association, which represents both supervisory and non-supervisory employees; (3) Washoe County District Attorney Investigators' Association, which represents both supervisory and non-supervisory employees; (4) Washoe County Sheriffs Deputies Association, (5) Washoe County Sheriff's Supervisory Deputies Association and (6) Washoe County Public Attorney's Associations. Eight of the bargaining units' contracts expire on June 30, 2015, and one unit's contract expires on June 30, 2016. These contracts are currently in negotiations.

Benefits. The County provides deferred compensation plans to its employees, as well as life insurance, health insurance, paid vacation, sick leave and holidays, and reimbursement for certain educational expenses.

Pension Benefits. The State Public Employees' Retirement System ("PERS") covers substantially all public employees of the State, its agencies and its political subdivisions, including the County. PERS, established by the Legislature effective July 1, 1948, is governed by the Public Employees' Retirement Board whose seven members are appointed by the Governor for four-year terms.

All public employees who meet certain eligibility requirements participate in the Nevada State Public Employee Retirement System (PERS), which is a cost sharing multiple-employer defined benefit plan. Benefits, as established by statute, are determined by the number of years of accredited service at the time of retirement. For a member who has an effective date of membership before January 1, 2010, a monthly service retirement allowance must be determined by multiplying a member's average compensation, over the member's 36 consecutive months of highest compensation, by 2.5 percent for each year of service earned before July 1, 2001, and 2.67 percent for each year of service earned on or after July 1, 2001. For a member who has an effective date of membership on or after January 1, 2010, a monthly service retirement allowance must be determined by multiplying a member's average compensation, over the member's 36 consecutive months of highest compensation, by 2.5 percent for each year of service earned. A member who has an effective date of membership on or after July 1, 2015, other than a police officer or firefighter, will be determined by multiplying the member's average compensation by 2.25 percent for every year of service earned. For members with an effective date of membership on or after January 1, 2010, the limits that must be observed when calculating the member's average compensation are detailed by statute (NRS 286.551 (4) and (5)).

Regular members of PERS with an effective date of membership before January 1, 2010, are eligible to retire at age 65 if the member has at least 5 years of service, at age 60 if the member has at least 10 years of service and at any age if the member has at least 30 years of service. A regular PERS member who has an effective date of membership on or after January 1, 2010, but before July 1, 2015, is eligible to retire at age 65 if the member has at least 5 years of service, at age 62 if the member has at least 10 years of service and at any age if the member has at least 30 years of service. Regular members entering the PERS system on or after July 1, 2015, are eligible for retirement at age 65 with five years of service, age 62 with ten years of service, age 55 with thirty years of service, or any age with 33 1/3 years of service. For the purposes of this paragraph, any year or part of a year of service purchased by a member pursuant to subsection 2 or 3 of NRS 286.300 or purchased on behalf of the member pursuant to subsection 4 of NRS 286.300 or as authorized by NRS 286.3005 and subsections 1 and 2 of NRS 286.3007 must not be considered in determining the number of years of service of a member unless the member has a family medical emergency. For the purposes of this paragraph, the Board shall define by regulation "family medical emergency" and set forth by regulation the circumstances in which purchased service credit may be considered in determining the number of years of service of a member who has a family medical emergency.

A police officer or firefighter: who has an effective date of membership before January 1, 2010, is eligible to retire at age 65 if the police officer or firefighter has at least 5 years of service, at age 55 if the police officer or firefighter has at least 10 years of service, at age 50 if the police officer or firefighter has at least 20 years of service and at any age if the police officer or firefighter has at least 25 years of service; who has an effective date of membership on or after January 1, 2010 but before July 1, 2015, is eligible to retire at age 65 if the police officer or firefighter has at least 5 years of service, at age 60 if the police officer or firefighter has at

least 10 years of service and at age 50 if the police officer or firefighter has at least 20 years of service; who has an effective date of embership on or after July 1, 2015, is eligible to retire at age 65 if the police officer or firefighter has at least 5 years of service, at age 60 if the police officer or firefighter has at least 10 years of service and at age 50 if the police officer or firefighter has at least 20 years of service. For the purposes of this paragraph, the Board shall define by regulation "family medical emergency" and set forth by regulation the circumstances in which purchased service credit may be considered in determining the number of years of service of a police officer or firefighter who has a family medical emergency.

PERS has an annual actuarial valuation showing unfunded liability and the contribution rates required to fund PERS on an actuarial reserve basis; however, actual contribution rates are established by the Legislature. The most recent independent actuarial valuation report of PERS was completed as of June 30, 2014. As of June 30, 2012, PERS reported an unfunded actuarial accrued liability (UAAL) of approximately \$11.21 billion, the funded ratio for all members was 71.0%, and the market value of total net assets was approximately \$25.90 billion. As of June 30, 2013, PERS reported a UAAL of approximately \$12.88 billion, the funded ratio for all members was 69.3%, and the market value of total net assets was approximately \$28.83 billion. As of June 30, 2014, PERS reported a UAAL of approximately \$12.53 billion, the funded ratio for all members was 71.5%, and the market value of total net assets was approximately \$33 billion.

For the year ended June 30, 2014, PERS adopted Governmental Accounting Standards Board (GASB) Statement No. 67, Financial Reporting for Pension Plans-an amendment of GASB Statement No. 25. This GASB replaces the requirements of GASB statements 25 and 50 as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. The objective of GASB Statement No. 67 is to improve financial reporting by state and local governmental pension plans. It requires enhancement to footnote disclosure and required supplementary information for pension plans.

For funding purposes, the UAAL is amortized under the level percentage-of-payroll amortization method. The UAAL as of June 30, 2011 shall continue to be amortized over separate 30-year period amortization layers based on the valuations during which each separate layer was previously established. Any new UAAL as a result of actuarial gains or losses identified in the annual valuation or change in actuarial assumptions or methods will be amortized over a period equal to the truncated average remaining amortization period of all prior UAAL layers. This will occur until the average remaining amortization period is less than 20 years. At that point, amortization periods of 20 years will be used.

Effective with fiscal year 2015, the County will be required to apply the GASB Statement No. 68, *Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27* ("GASB 68"), to its audited financial statements. Among other requirements, the County will be required to report its proportionate share of the total PERS net pension liability in its financial statements. The County has not yet begun to implement GASB 68, and information as to its estimated share of the PERS net pension liability has not been determined.

Contribution rates to PERS are established in accordance with State statute. The statute allows for biennial increases or decreases of the actuarially determined rate. The Legislature can increase the contribution rate for members by any amount it determines necessary. Pursuant to statute, there is no obligation on the part of the employers to pay for their

proportionate share of the unfunded liability. The County is obligated to contribute all amounts due under PERS. A history of contribution rates is shown below.

	<u>Fiscal Years 2008 and 2009</u>	<u>Fiscal Years 2010 and 2011</u>	<u>Fiscal Years 2012 and 2013</u>	<u>Fiscal Years 2014 and 2015</u>
Regular members	20.50%	21.50%	23.75%	25.75%
Police/fire members	33.50	37.00	39.75	40.50

The County’s contributions to PERS for the years ended June 30, 2014 and 2015 (unaudited estimate) were \$45,209,481 and \$46,781,626, respectively; those amounts equaled the contributions required by law. The County has budgeted \$51,112,169 in PERS contributions for the fiscal year ended June 30, 2016. For the year ended June 30, 2014, the County’s contribution to PERS represented approximately 3.28% of total contributions to PERS, which were \$1,557,415,536.

See Note 15 in the audited financial statements attached hereto as Appendix A for a summary description of PERS. In addition, copies of the most recent audited financial statements for PERS are available from the Public Employees Retirement System of the State of Nevada, 693 West Nye Lane, Carson City, Nevada 89703-1599, telephone: 775-687-4200.

Other Post-Employment Benefits.

General. The County provides other postemployment benefits (“OPEB”) for eligible employees hired prior to July 1, 2010, through the Retiree Health Benefit Program (“RHBP”), a single employer defined benefit OPEB plan, and participates in the State of Nevada’s Public Employee Benefit Plan (“PEBP”), an agent multiple-employer benefit OPEB plan. Both plans are administered through an irrevocable trust, Washoe County, Nevada OPEB Trust, established on May 11, 2010 by the Board. Complete financial statements of the OPEB plans and the trust fund may be obtained by writing to: OPEB Trust, c/o Washoe County Comptroller’s Office, P.O. Box 11130, Reno, Nevada, 89520.

Plan Descriptions.

Washoe County Retiree Health Benefit Program (RHBP). In accordance with NRS 287.010, the Board adopted the RHBP to provide postemployment benefits to eligible employees upon retirement. Retirees are offered medical, prescription, vision, life insurance, and voluntary dental for themselves and their dependents. Retirees can choose between the Self Fund Group Health Plan (“SFGHP”) and an HMO Plan. The benefit formula is based upon years of service. Retiree benefits are provided under three contribution tiers based on date of hire.

Tier 1 employees will receive a County paid benefit of 50% of the retiree’s health benefit premium with 10 years of service, 75% with 15 years, and 100% with 20 or more years. Retirees must pay the full premiums for dental and dependent coverage. Eligibility requirements, benefit levels, employee contributions, and employer contributions are governed by the County for their health benefits plan and can be amended through the County’s collective bargaining agreements with employee groups.

Tier 2 retirees, hired before July 1, 2010, will receive a County paid a premium subsidy equal to the Non-State Retiree Subsidy Adjustment described in the State’s Public

Employee Benefit Plan below. The County's monthly subsidy is reduced by 5.0% for each year of service less than 20 years.

Tier 3 retirees, hired before July 1, 2010 and are age 65 and older upon retirement receive the equivalent of the State's Medicare Exchange Retiree HRA Contribution subsidy based on years of service with the County.

State of Nevada's Public Employee Benefit Plan (PEBP). NRS 287.023 allowed County retirees to join the State's PEBP through September 1, 2008, at the County's expense. Eligibility and subsidy requirements are governed by statutes of the State of Nevada and can only be amended through legislation. PEBP is administered by a nine member governing board and provides medical, prescription, vision, life, and dental for retirees. Retirees can choose between a self-funded preferred provider organization (PPO) and a health maintenance organization (HMO) plan.

Funding Policy. The amount of contributions each year for RHBP are established by the Board and may be amended through negotiations with employee associations. The required contributions are based on projected pay-as-you-go financing requirements, with an additional amount, generally equal to the normal cost, to prefund benefits.

Additionally, the County is required to provide a subsidy for their retirees that have elected to join PEBP which is established, and may be amended, by the Legislature. The subsidy is paid on the pay-as-you-go basis, with an additional amount contributed to prefund future benefits. Contribution requirements for plan members and the participating employers are assessed by PEBP Board annually.

On May 11, 2010, the Board created the Washoe County, Nevada OPEB Trust (Trust) and authorized the payment of the remaining balance of \$72,923,109 in the Pre-Funded Retiree Health Benefits Fund to the Trust that had previously been accumulated to pre-fund retiree health benefits. These contributions were allocated between the RHBP and the PEBP based on the proportionate share of each plans Unfunded Actuarial Accrued Liability to the total.

For fiscal year 2013, the County's employer contributions to the Trust under RHBP and PEBP were \$17,001,626 and \$388,374, respectively. For fiscal year 2014, the County's employer contributions to the Trust under RHBP and PEBP were \$15,682,610 and \$417,390, respectively.

Annual OPEB Cost and Net OPEB Obligation. The County annually has an actuarial valuation performed to determine the funded status of the Plans as of the actuarial date as well as the County's annual required contribution. The valuation of the ongoing plans involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. As of the valuation date of July 1, 2014, the RHBP was 43.1% funded, and the total UAAL for the RHBP was \$193,159,000 (which is net of assets of \$146,484,000). As of the valuation date of June 30, 2014, PEBP was 76.4% funded and the total UAAL for PEBP was \$805,291.

The UAAL for each of the Plans is reported only in the notes to the financial statements. Effective with the 2012 actuarial valuation, the UAAL for each Plan will be amortized over 30 years from June 30, 2011 on a "closed" basis (i.e., the amortization period

remaining is 29 years as of June 30, 2012). The gross OPEB assets for the Plans reported as an asset in the County's financial statements for 2013-14 fiscal year was \$146,484,000 and the net OPEB assets was \$2,873,527. The liability includes the ARC, consisting of the current year's benefits (normal cost) plus a component for amortization of the UAAL accrued for prior years, and reduced by contributions made by the County. For the fiscal year ending June 30, 2014, the RHBP ARC for fiscal year is \$18,689,000 and the PEBP ARC is \$339,000.

See Note 15 and the Required Supplementary Information in the audited financial statements attached hereto as Appendix A for additional information on Other Postemployment Benefits.

County Investment Policy

The County has a formal investment policy that, in the opinion of management, is designed to insure conformity with NRS and seeks to limit exposure to investment risks. The County also has adopted an Investment Management Plan to assist staff in applying the investment policy in day-to-day investment operations.

- Obligations of the United States, or an agency or instrumentality of the United States, or a corporation sponsored by the government, maturing within ten (10) years from the date of purchase.
- Time certificates of deposit from commercial banks and insured savings and loan associations within the State of Nevada, and certain farm loan bonds.
- Certain securities issued by local governments of the State of Nevada and other securities expressly provided by other statutes, including repurchase agreements.
- Money market mutual funds that are registered with the Securities and Exchange Commission are AAA rated and invest only in securities of the Federal Government or fully collateralized repurchase agreements.
- Commercial Paper issued by a corporation organized and operating in the United States or by a depository institution licensed by the United States or any state operating in the United states that is rated by a nationally recognized rating service as "A-1," or "P-1" or its equivalent, or better, provided the aggregate value does not exceed 20 percent of the total portfolio.
- Notes, bonds and other unconditional obligations for the payment of money issued by corporations organized and operating in the United States that have a remaining term to maturity of no more than 5 years and are rated by a nationally recognized rating service as "A" or its equivalent, or better. Such investments are limited to no more than 20 percent of the total portfolio.

The Board has overall responsibility for investment pool of County funds in accordance with NRS 355.175. The Washoe County Chief Investment Official is the County Treasurer, under authority delegated by the Board. The Investment Committee, created by Washoe County Code Section 15.220, has been delegated the investment decision making authority in the County and serves also in an advisory capacity to the Treasurer and the Board.

The County contracts with financial management advisors to manage a significant portion of the County's investment portfolio. Investments are recorded at fair value. Interest, realized and unrealized gains and losses on investments are allocated to pool participants based on current month average cash balances.

Liability Insurance

In the early 1980's, the County implemented programs for self-funding its liability and workers' compensation losses. The County currently purchases excess liability coverage through private insurers covering losses exceeding \$1.5 million per occurrence. The respective excess liability policies provide coverage of up to \$5 million per occurrence, subject to a \$5 million aggregate. The self-insurance amounts and the insurance coverage amounts are subject to change over time.

The County pays all claims, losses and associated costs for liability and workers' compensation insurance from its Risk Management Fund. The Risk Management Fund has an actuarial valuation performed each year. As of June 30, 2014, total pending claims were estimated at \$12,717,000, of which \$4,180,000 were current liabilities and \$8,537,000 were noncurrent liabilities. The Risk Management Fund had total assets of \$25,188,571 and a net position of \$12,391,071. In the past, annual transfers were required from the General Fund to subsidize operations. The Risk Management Fund began budgeting for property and liability billing revenue from other County departments in fiscal year 2005-06, replacing transfers from the General Fund. The budget for property and liability billing revenue from departments for fiscal year 2015-16 is approximately \$7.2 million. Due to a slight mismatch between revenues and expenses of this internal service fund, the fund is budgeted to incur a net loss of \$253,380 in fiscal year 2015-16.

A large portion of the unfunded pending claims are attributable to workers' compensation claims based on a State law which conclusively presumes that all heart and lung conditions found in law enforcement or fire personnel who have five years of uninterrupted service are the result of such service, even if they occur after retirement. This statutory provision has resulted in increasing self-funding requirements in the availability of excess workers' compensation insurance over time. At this time, the County is unable to predict what the magnitude of its future exposure to workers' compensation claims will be. It is also not possible to predict whether adequate insurance will be available in the future or how such liabilities will be funded in the future. The County has begun pursuing various methods for limiting its future exposure for heart-related claims, including legislative changes, physical examination requirements with mandatory programs for reducing heart disease risk factors, fitness requirements, and implementation of a heart wellness program.

Capital Program

General. The Washoe County Capital Improvements Program ("CIP") is a five-year plan, approved by the Board, for maintaining existing infrastructure and building new facilities to meet demands from growth, legal mandates, and health and safety issues. This is used to link the County's physical development planning with fiscal planning. The CIP document is a policy guide that is not intended to replace future County budget decisions. Inclusion of a project in the CIP does not guarantee that it will be initiated. Projects can be dropped or added to the CIP if further analysis indicates that financing limitations make the

project unfeasible or if a better alternative becomes available. Projects return to the Board for separate action prior to implementation

Capital Improvement Projects. Capital improvements are defined as major projects requiring the expenditure of public funds, over and above annual operating expenses, for the purchase, construction, or replacement of the physical assets of the community. Major capital projects are normally non-recurring and have a cost of at least \$100,000. The project requests are reviewed for prioritization and funding by the Community Services Department, Technology Services Department and Budget Office.

Summary of the 2016-2020 Program. The 2016-2020 CIP includes projects totaling \$183.9 million over the five-year period; approximately \$48.4 million are budgeted for fiscal year 2016. Projects in years two through five of the CIP are included in the CIP but are not yet funded. Only current-year projects are funded. The County anticipates funding a portion of the projects listed in the CIP based on a priority system and available County resources.

The 2016-2020 CIP projects are categorized as major facilities maintenance, upgrade and replacement projects, sewer and wastewater projects, building projects, major equipment, parks, open space and land acquisition, stormwater and erosion control, streets and parking lots, and technology projects. A variety of funding sources have been identified and include existing balances in capital projects funds, bond proceeds, proceeds from gas taxes, federal and state grants, ad valorem taxes, and utility fees.

COUNTY FINANCIAL INFORMATION

Annual Reports

The County Comptroller prepares a comprehensive annual financial report (“CAFR”) setting forth the financial condition of the County as of June 30 of each fiscal year. The latest audited report is for the year ended June 30, 2014. The basic financial statements and related notes come from the CAFR which is the official financial report of the County. The basic financial statements were prepared following generally accepted accounting principles. See Note 1 in the audited basic financial statements attached hereto as Appendix A for a summary of the County’s significant accounting policies. The County’s CAFR for the year ended June 30, 2014, can currently be found at the following address on the internet: www.washoecounty.us, on the Finance Department/Comptroller page.

Certificate of Achievement and Distinguished Budget Presentation Award

The Government Finance Officer’s Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its CAFR for the fiscal year ended June 30, 2014. This is the 33rd consecutive year that the County has received this recognition. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR with contents conforming to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

In addition, the County also received the GFOA’s Award for Distinguished Budget Presentation for the eleventh consecutive year for its annual appropriated budget for the fiscal year ended June 30, 2014. In order to qualify for the Distinguished Budget Presentation Award, the County’s budget document was judged to be proficient in several categories including policy documentation, financial planning and organization.

Budgeting

Prior to April 15 of each year, the County Manager is required to submit to the State Department of Taxation the tentative budget for the next fiscal year which commences on July 1. The tentative budget contains the proposed expenditures and means of financing them. After reviewing the tentative budget, Taxation is required to notify the County upon its acceptance of the budget.

Following acceptance of the proposed budget by Taxation, the Board is required to conduct a public hearing on the third Monday in May. The Board is required to adopt the final budget on or before June 1. The Board adopted the FY 2015/16 County Budget on May 18, 2015 and submitted it to the State prior to June 1, 2015.

The County Budget Office and Comptroller’s Office is authorized to transfer budgeted amounts within functions or funds, but any other transfers must be approved by the Board. Increases to a fund’s budget other than by transfers are accomplished through formal action of the Board. With exception of monies appropriated for specific capital projects for Federal and State grant expenditures, all unencumbered appropriations lapse at the end of the fiscal year.

Accounting

The basic financial statements include both government-wide and fund financial statements. The reporting focus is on either the County as a whole or major individual funds and nonmajor funds in the aggregate.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and trust fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue when eligibility requirements imposed by the provider have been met. Agency funds have no measurement focus but are reported using the accrual basis of accounting.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. When revenues are due but will not be collected within 60 days after year-end, the receivable is recorded and an offsetting deferred revenue account is established. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

In the government-wide Statement of Net Assets, both governmental and business-type activities are presented on a consolidated basis by column and are reflected on a full accrual, economic resources basis, which recognizes all long-term assets as well as long-term debt and obligations. The County's net assets are reported in three parts - invested in capital assets, net of related debt, restricted net assets and unrestricted net assets. The government-wide Statement of Activities reports both the gross and net cost of each of the County's functions and business-type activities. Functions are also supported by general revenues (property and consolidated taxes, certain intergovernmental revenues, investment earning not legally restricted for specific programs, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues. Program revenues include charges to customers or applicants for goods, services, or privileges provided; operating grants, interest and contributions; and capital grants, interest and contributions, including special assessments and investment earning legally restricted to support specific programs. Program revenue must be directly associated with the function or business-type activity.

County Fiscal Year 2015-16 Budget

The County's FY 2015/16 budget is comprised of 21 Governmental Funds and six Proprietary Funds. Major Special Revenue Funds include the Child Protective Services Fund, Indigent Tax Levy Fund, Senior Services Fund, Health District Fund, Animal Services Fund and Library Expansion Fund. Proprietary funds consist of three enterprise funds (Building & Safety, Golf Course and Utilities) and three internal service funds (Risk Management, Health Benefits, and Equipment Services).

The combined expenditures of Governmental Funds total \$475,733,931, and expenditures in the Proprietary Funds total \$84,186,343. This is a slight decrease from FY 2014/15 due to the consolidation of the County's water operations (formerly in the Utilities Fund) with the Truckee Meadows Water Authority and changes in the way that capital project funds are re-appropriated in the budget. Excluding the decrease of positions for water operations that are no longer included in the County's budget, there are a total of 60.23 new positions funded in the FY 2015/16 budget: 29 new positions in the General Fund either funded through reconfiguration of departments' budgets or additional resources, and 31 positions in special revenue and enterprise funds.

The County is not raising any taxes in the FY2015/16 budget.

General Fund Information

General. The purpose of the General Fund is to finance the ordinary operations of the County (including debt service to the extent that the ad valorem tax levy is not sufficient to service outstanding general obligation debt) and to finance those operations not provided for in other funds. Included are transactions related to the approved current operating budget, its accompanying revenue, expenditures and encumbrances, and its related asset, liability, and fund balances. The General Fund budget for fiscal year 2016 includes \$301,457,844 of revenue.

Revenues and Expenditures. The County relies upon property taxes, sales and use taxes, and intergovernmental revenue for the bulk of its General Fund revenues. The County's annual General Fund expenditures are dominated by the funding support of a variety of mandated functions. These include support of the court system, aid and relief to the indigent, public safety functions (i.e., police, fire protection and detention services), and several general government services (assessor, clerk, recorder, treasurer, commission/administration, etc.). Expenditures for aid and relief to the indigent are statutorily capped; while other functions are appropriated for on the basis of the demand for the service, subject to funding constraints.

Effect of GASB 54. Effective for the fiscal year ending June 30, 2011, the County is subject to Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* ("GASB 54"). Under GASB 54, fund balances for governmental funds are required to be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor the constraints placed on the specific purposes for which amounts in those funds can be spent. As a result, the prior "reserved, unreserved and designated" categories of fund balance have been replaced with new categories: "nonspendable," "restricted," "committed," "assigned" and "unassigned." See Note 1(E) in the audited financial statements attached hereto as Appendix A.

Effective with the fiscal year ending June 30, 2011, the GAAP application of GASB 54 requires amounts reported in special revenue funds that do not meet the definition of GASB 54 for a "Special Revenue Fund" from proceeds of specific revenue sources to be included in the General Fund. The County's Stabilization Fund, which was accounted for as a special revenue fund in prior years, no longer meets the definition of a special revenue fund under GASB 54. Fund balances in the General Fund and the Stabilization Fund were restated in fiscal year 2011 to reflect this change. The County continues to budget the Stabilization Fund separately from the General Fund.

History of County General Fund Revenues, Expenditures and Changes in Fund Balances

General. The following table presents a history of the General Fund revenues, expenditures and changes in fund balance for the fiscal years ended June 30, 2010 through 2014. The table also presents estimated year-end information for fiscal year 2015 and Final Budget information for the fiscal year ended June 30, 2016. The information for fiscal years 2010 through 2014 was derived from the County's audited financial reports for each of those years. The 2015 estimated year-end information and the 2016 Final Budget information was derived from the County's 2015-16 Final Budget. *The estimated fiscal year 2015 information was prepared by the County in conjunction with preparation of the fiscal year 2015-16 Final Budget. This information represents the County's estimate of results for fiscal year 2015 based upon information available at the time of preparation of the Final Budget for fiscal year 2016. This information is not intended to predict actual financial results for fiscal year 2015 and the actual fiscal year 2015 results will vary from the estimates shown here.*

The revenue and expenditure categories included in the table reflect those currently required for budgetary and financial reporting purposes by Taxation and as a result, the figures in each category may not be directly comparable to those reported in the CAFR for each year.

The information in this table should be read together with the County's audited financial statements for the year ended June 30, 2014, and the accompanying notes, which are included as Appendix A hereto. Financial statements for prior years can be obtained from the sources listed in "INTRODUCTION--Additional Information."

Stabilization Fund. In November 1997 the County created a Stabilization Fund pursuant to State law. Money in the fund is to be used only to stabilize the operation of County government and mitigate the effects of natural disasters. Pursuant to NRS 34.6115(2), transfers out of the Stabilization Fund may be made only with the approval of the Board under the following circumstances: (i) if the total actual revenue of the local government falls short of the total anticipated revenue in the general fund; and (ii) to cover unanticipated expenditures caused by declared emergency or natural disaster. By law, the fund balance in the Stabilization Fund must not exceed 10% of the expenditures from the General Fund for the previous fiscal year. Due to GASB Statement 54, the fund balance in the Stabilization Fund is now accounted for in the General Fund.

In May 2011, the Board approved a fund balance policy for the General Fund that established minimum fund balance levels of 1.5% of expenditures and other uses for the purpose of stabilization; the fund balance reserve for the Stabilization Fund at the end of fiscal year 2011 was \$4.1 million.

In June 2012, the Board approved an amendment to the Stabilization Fund policy requiring the County to maintain a Stabilization Fund balance of 1.5% of expenditures and other uses for the purpose of budgetary stabilization excluding, at the discretion of the Finance Director, material one-time expenditure or uses of funds. In April 2015, the Board again amended the Stabilization Fund policy to set it at \$3 million, rather than as a percentage of the General Fund. The County has rarely used the Stabilization Fund even during periods of recession or natural disasters. Since fiscal year 2004-05, the County only accessed the Stabilization Fund once, transferring \$1 million out of the fund in fiscal year 2007-08.

Other Reserve Policies. In May 2011, the Board approved a fund balance policy for the General Fund that established minimum fund balance levels of between 8% and 10% of expenditures for the purpose of working capital. For fiscal year 2015-16, the budgeted unobligated year-end fund balance, net of specific purpose constraints, is \$26,085,879, or 8.3% of expenditures.

County General Fund Summary of Revenues, Expenditures and Changes in Fund Balance(1)

<u>Fiscal Year Ended June 30,</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
	<u>(Actual)</u>	<u>(Actual)</u>	<u>(Actual)</u>	<u>(Actual)</u>	<u>(Actual)</u>	<u>(Estimated) (8)</u>	<u>(Budget)</u>
Revenues							
Taxes (2)	\$159,727,558	\$148,599,017	\$140,186,484	\$136,404,617	\$137,946,772	\$145,427,776	\$147,266,413
Consolidated tax	68,512,745	69,330,862	70,985,428	75,489,073	80,808,837	86,464,723	91,278,018
Other intergovernmental revenues (3)	22,262,219	23,369,542	17,344,351	18,902,400	19,082,928	18,453,994	18,487,671
Licenses and permits	7,553,943	8,419,828	7,945,072	8,066,347	8,264,242	8,314,500	8,544,000
Charges for services	13,571,409	14,697,692	14,809,036	22,463,887	23,797,197	24,614,882	23,930,232
Fines and forfeits	8,740,599	8,904,186	8,153,540	8,249,132	8,128,615	7,553,354	8,023,650
Miscellaneous	6,988,798	4,752,096	5,805,258	2,776,486	3,987,086	3,675,753	3,927,860
<u>Total revenues</u>	<u>287,357,271</u>	<u>278,073,223</u>	<u>265,229,169</u>	<u>272,351,942</u>	<u>282,015,677</u>	<u>294,504,982</u>	<u>301,457,844</u>
Expenditures							
General Government (3)	50,459,379	59,619,850	81,596,018	61,514,709	49,593,836	55,015,720	56,299,540
Judicial	49,533,268	48,318,670	48,472,630	48,841,392	50,358,766	52,096,127	57,271,618
Public safety	104,228,052	100,667,833	101,692,235	106,433,010	109,560,703	118,952,026	123,193,315
Public works (3)	14,419,966	13,882,687	2,777,620	2,476,474	14,021,932	15,322,396	17,002,238
Health and sanitation	1,044,955	750,000	--	--	--	--	--
Welfare	14,194,632	15,919,695	17,126,988	17,650,439	15,912,180	16,577,104	17,828,111
Culture and recreation	12,932,200	13,507,500	12,293,677	11,639,956	11,362,946	11,757,159	13,083,561
Community support	1,429,893	305,307	308,800	343,244	178,296	318,151	269,761
Intergovernmental (3)	9,127,463	8,838,641	3,353,839	3,181,027	3,213,165	3,289,070	3,360,200
<u>Total expenditures</u>	<u>257,369,808</u>	<u>261,810,183</u>	<u>267,621,807</u>	<u>252,080,251</u>	<u>254,201,824</u>	<u>273,327,753</u>	<u>288,308,344</u>
Excess (deficiency) of revenues over expenditures	29,987,463	16,263,040	(2,392,638)	20,271,691	27,813,853	21,177,229	13,149,500
Contingency	--	--	--	--	--	--	1,500,000
Other Financing Sources (Uses)							
Proceeds from asset disposition	1,558,302	6,834	172,641	41,696	31,239	2,065,000	5,000
Transfers in (4)	24,000	2,738,110	20,043,146	2,295,169	845,270	240,926	286,515
Transfers out	(31,331,421)	(14,409,796)	(20,272,007)	(19,897,433)	(21,117,545)	(26,712,872)	(25,481,985)
<u>Total other financing sources (uses)</u>	<u>(29,749,119)</u>	<u>(11,664,852)</u>	<u>(56,220)</u>	<u>(17,560,568)</u>	<u>(20,241,036)</u>	<u>(24,406,946)</u>	<u>(25,190,470)</u>
Net Change in Fund Balances	238,344	4,598,188	(2,448,858)	2,711,123	7,572,817	(3,229,717)	(13,040,970)
Fund Balances, Beginning of Year							
Nonspendable/Restricted/Committed/Assigned (5)	1,421,577	750,000	14,982,466	11,477,549	12,125,902	6,436,660	4,534,801
Unassigned (5)	30,263,376	33,423,297	23,789,019	24,845,078	26,907,848	40,169,907	38,842,049
Restatement (6)	2,250,000	--	--	--	--	--	--
<u>Total Beginning</u>	<u>33,934,953</u>	<u>34,173,297</u>	<u>38,771,485</u>	<u>36,322,627</u>	<u>39,033,750</u>	<u>46,606,567</u>	<u>43,376,849</u>
Fund Balance, End of Year							
Nonspendable/Restricted/Committed/Assigned (5)(7)	750,000	14,982,466	11,477,549	12,125,902	6,436,660	4,534,801	3,750,000
Unassigned	33,423,297	23,789,019	24,845,078	26,907,848	40,169,907	38,842,049	26,085,879
<u>Total Ending</u>	<u>\$34,173,297</u>	<u>\$38,771,485</u>	<u>\$36,322,627</u>	<u>\$39,033,750</u>	<u>\$46,606,567</u>	<u>\$43,376,850</u>	<u>\$29,835,879</u>
Budgeted Ending Fund Balance	\$24,085,660	\$22,291,864	\$28,129,330	\$26,131,541	\$25,266,445	\$39,890,515	\$29,835,879

Footnotes on the following page.

- (1) The Revenues and Expenditure categories included in this table reflect those currently required for budgetary and financial reporting purposes by Taxation.
- (2) Includes revenues received from ad valorem taxes, the County option motor vehicle fuel tax, and room tax.
- (3) In fiscal year 2012, the decrease in Intergovernmental revenue and expenditures and Public Works expenditures is largely due to the July 1, 2011, reclassification of all roads-related financial activity to the new Roads Special Revenue Fund. In fiscal year 2014, the decrease in General Government expenditures included a \$10.1 million move to Public Works as a result of reorganization. Additionally, fiscal year 2013 was restated, moving \$10.2 million from General Government expenditures to Public Works expenditures to allow for comparability in the County's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2014.
- (4) The large transfer in for 2012 includes \$11.1 million transferred from the Health Benefits Fund and the Risk Management Fund for the Incline Village refunds as well as \$7.5 million transferred from the Health Benefits Fund to meet budgetary shortfalls.
- (5) Effective for the fiscal year ending June 30, 2011, the County is subject to GASB 54, Fund Balance Reporting and Governmental Fund Type Definitions. Under GASB 54, fund balances for governmental funds are required to be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor the constraints placed on the specific purposes for which amounts in those funds can be spent. As a result, the prior "reserved, unreserved and designated" categories of fund balance have been replaced with new categories: "nonspendable," "restricted," "committed," "assigned" and "unassigned."
- (6) In fiscal year 2010, activity related to grant and restricted revenue sources was moved from the General Fund to a special revenue fund. Results for fiscal year 2010 have been restated for this move and the beginning fund balance for 2009 was restated by \$6.9 million. The County's Stabilization Fund, accounted for as a special revenue fund in prior years, no longer meets the definition of a special revenue fund under GASB 54. Therefore, the ending balance of the General Fund has been restated to reflect the movement of the \$2,250,000 fund balance of the Stabilization Fund to the General Fund.
- (7) Includes fund balance for Stabilization as described above. In fiscal year 2011, represents 1.5% of Expenditures and Other Uses for Stabilization.
- (8) Unaudited estimate; subject to change.

Source: Derived from the County's CAFRs for fiscal years 2010 through 2014, and the County's 2015-16 Final Budget (for unaudited estimated fiscal year 2015 actual results and fiscal year 2016 budgeted amounts).

Economy

Over the last several years, the County's economy has rebounded from the recession that began in fiscal year 2008. Total employment in the County has increased from a low of 189,718 in January 2011 to 209,729 in March 2015, and the unemployment rate as of March 2015 has fallen from a high of 13.9% to 6.9% during that period.

Housing values have also appreciated significantly since 2011, with the median price of a single family home in the greater Reno-Sparks area increasing from less than \$150,000 in the first quarter of 2012 to \$265,000 in the first quarter of 2015. The median new home sales price in Washoe County has risen from less than \$210,000 in mid-2010 to \$321,500 in February 2015.

Due to the State and County's efforts to diversify and expand economic activity, major new developments in Northern Nevada include:

- Apple, Inc.'s new cloud computing data center located in the County in the Reno Technology Park, which opened in 2013 and is continuing to grow.
- Tesla Motors' announcement in 2014 of its plans to build a 10 million square foot "gigafactory" in the Tahoe Reno Industrial Center, located in Storey County along its border with Washoe County. The name "gigafactory" comes

from the factory's planned annual battery production capacity of 35 gigawatt-hours (GWh). The Governor's Office of Economic Development has estimated that at full build-out, this factory could produce 6,500 direct jobs and, based on an assumed employment multiplier of 2.61, a total of approximately 16,965 jobs to the region. The construction of the facility, scheduled for 2015-17, is also estimated to produce an annual average of 2,983 direct construction jobs. The construction of this facility has not yet begun, however, and there is no guarantee that it will be constructed as currently planned or according to the current timeline. There is also no guarantee that the facility, if built, will produce the estimated number of jobs described above.

- The announcement by Las Vegas-based company Switch in January 2015 that it plans to build a \$1 billion data center in the Tahoe Reno Industrial Center, located in Storey County along its border with Washoe County. Switch has stated that the facility will be approximately 3 million square feet in size. The construction of this facility has not yet begun, however, and there is no guarantee that it will be constructed as currently planned or according to the current timeline.

COUNTY DEBT STRUCTURE

Debt Limitation

State statutes limit the aggregate principal amount of the County's general obligation debt to ten percent (10%) of the County's total reported assessed valuation. The following table presents a record of the County's outstanding general obligation indebtedness with respect to its statutory debt limitation.

Statutory Debt Limitation Washoe County, Nevada

Fiscal Year Ended June 30	Assessed Valuation(1)	Debt Limit	Outstanding General Obligation Debt(2)	Additional Statutory Debt Capacity
2012	\$12,675,374,294	\$1,267,537,429	\$296,780,021	\$970,757,408
2013	12,290,109,448	1,229,010,945	281,388,366	947,622,579
2014	12,317,952,550	1,231,795,255	270,019,926	961,775,329
2015	13,286,283,600	1,328,628,360	233,517,357*(3)	1,095,111,003
2016	14,342,710,925	1,434,271,093	233,517,357*(3)	1,200,753,736

- (1) Includes assessed valuation of the Redevelopment Agencies. See "PROPERTY TAX INFORMATION--History of Assessed Value." These values are included for purposes of calculating the debt limit but are not subject to County taxation for the retirement of general obligation bond debt.
- (2) Includes general obligation bonds, general obligation bonds additionally secured by pledged revenues and general obligation medium-term obligations. Does not include special assessment bonds for which the County's General Fund and taxing power may be contingently liable.
- (3) Outstanding as of July 1, 2015 (after taking the issuance of the 2015 Bonds and the 2015 Sewer Refunding Bonds into account).

Sources: Property Tax Rates for Nevada Local Governments - State of Nevada Department of Taxation, 2011-12 through 2015-16; and the County.

Outstanding Indebtedness and Other Obligations

Outstanding Indebtedness. The following table presents the County's outstanding bonds as of July 1, 2015 (after taking the issuance of the 2015 Bonds and the 2015 Sewer Refunding Bonds into account).

* Subject to change.

Washoe County, Nevada Outstanding Debt(1)

	<u>Dated</u>	<u>Final</u>	<u>Original</u>	<u>Amount</u>
	<u>Date</u>	<u>Payment</u>	<u>Amount</u>	<u>Outstanding</u>
<u>GENERAL OBLIGATION BONDS (2)</u>				
Refunding Bonds, Series 2009B	3/31/2009	5/1/2017	\$10,540,000	\$2,965,000
Park and Library Refunding Bonds, Series 2011A	7/12/2011	5/1/2026	17,360,000	13,525,000
Various Purpose Refunding Bonds, Series 2012A	8/28/2012	3/1/2030	18,090,000	<u>17,715,000</u>
Total General Obligation Bonds				<u>34,205,000</u>
<u>GENERAL OBLIGATION REVENUE BONDS (3)</u>				
Sewer Bonds - Lemmon Valley (SRF), Series 1997	8/13/1997	1/1/2018	\$1,249,137	\$0(6)*
Convention/Visitors Authority CABS, Series 1999B	1/1/2000	7/1/2020	19,384,075	8,305,173(5)
Sewer Bonds So. Truckee Meadows (SRF), Series 2000A	6/30/2000	1/1/2020	1,675,000	0(6)*
Sewer Bonds - Horizon Hills (SRF), Series 2000B	6/30/2000	1/1/2020	635,000	0(6)*
Sewer Bonds - STMWRF (SRF), Series 2001	2/2/2001	7/1/2021	21,000,000	0(6)*
Library Building, Series 2004	3/1/2004	3/1/2025	3,280,000	790,000
Sewer Bonds - Cold Springs (SRF), Series 2004	6/11/2004	1/1/2024	3,000,000	0(6)*
Building and Parking Garage Bonds, Series 2004	12/8/2004	1/1/2025	11,900,000	1,845,000
Public Safety Bonds, Series 2006	4/12/2006	3/1/2036	12,500,000	10,210,000
Flood Bonds, Series 2006	5/18/2006	12/1/2035	21,000,000	17,589,008
Sewer Bonds - Spanish Springs (SRF), Series 2005A	8/25/2006	7/1/2026	6,500,000	0(6)*
Storm Sewer Bonds, Series 2006	11/1/2006	1/1/2026	4,600,000	0(6)*
Park Bonds, Series 2006	10/18/2006	3/1/2036	25,305,000	3,560,000
Building Refunding Bonds, Series 2011B	8/3/2011	11/1/2026	12,565,000	10,630,000
Authority Refunding Bonds, Series 2011	11/29/2011	7/1/2032	88,680,000	87,150,000
Refunding Bonds, Series 2012B	8/28/2012	3/1/2027	27,580,000	27,430,000
Sewer Refunding Bonds (SRF), Series 2015	8/18/15	7/1/2026	18,100,000	18,100,000(6)*
Medical Examiner Building, Series 2015 (<i>this issue</i>)	8/27/2015	3/1/2045	12,000,000	<u>12,000,000*</u>
Total General Obligation Revenue Bonds				<u>198,241,357</u>
<u>GENERAL OBLIGATION MEDIUM-TERM BONDS (4)</u>				
Medium-Term Bonds, Series 2007	3/28/2007	3/1/2017	4,645,000	<u>1,071,000</u>
TOTAL GENERAL OBLIGATION BONDS				<u>\$233,517,357</u>

- (1) As of July 1, 2015 (after taking the issuance of the 2015 Bonds and the 2015 Sewer Refunding Bonds into account). Does not include accrued compensated absences, deferred amounts from bonds issuance, arbitrage, other post-employment benefits, remediation, and claims and judgments.
- (2) General obligation bonds secured by the full faith, credit and taxing power of the County. The ad valorem tax available to pay these bonds is limited to the \$3.64 statutory and the \$5.00 constitutional limit.
- (3) General obligation bonds additionally secured by pledged revenues; if revenues are not sufficient the County is obligated to pay the difference between such revenues and debt service requirements of the respective bonds. The ad valorem tax rate available to pay these bonds is limited to the statutory and constitutional limits discussed in note (2) above.
- (4) General obligation bonds secured by the full faith, and credit and payable from all legally available funds of the County. The ad valorem tax rate available to pay these bonds is limited to the statutory and the constitutional limit as well as to the County's maximum operating levy and any legally available tax overrides.
- (5) Does not include accreted value.
- (6) The County is planning to issue the Sewer Refunding Bonds (SRF), Series 2015 (the "2015 Sewer Refunding Bonds"), on August 18, 2015, which is prior to the issuance date of the 2015 Bonds. The proceeds of the 2015 Sewer Refunding Bonds will be used to refund the seven outstanding bonds shown in this table.

* Subject to change.

Washoe County Outstanding Debt (Continued)

	<u>Dated</u>	<u>Final</u>	<u>Original</u>	<u>Amount</u>
	<u>Date</u>	<u>Payment</u>	<u>Amount</u>	<u>Outstanding</u>
REVENUE BONDS				
Sales Tax Revenue Bonds, Series 1998	12/1/1998	12/1/2028	\$21,915,000	\$ 14,310,000(6)
Sr. Lien Car Rental Fee Rev. Bonds, Series 2008	2/26/2008	12/1/2027	18,500,000	15,554,400(7)
Subordinate Lien Car Rental Fee Rev. B. Series 2008	2/26/2008	12/1/2057	11,000,000	9,808,025(7)
Highway Rev. (MVFTax) Bonds, Series 2009	7/8/2009	2/1/2028	89,567,000	74,120,000(8)
Highway Rev. (MVFTax) Tax Exempt Bonds, Series 2010A	3/17/2010	2/1/2020	13,179,000	11,147,000(8)
Highway Revenue (MVFTax), Series 2010B (BABs)	3/17/2010	2/1/2039	66,821,000	66,821,000(8)
Highway Revenue (MVFTax), Series 2010C (T RZEDBs)	3/17/2010	2/1/2040	10,000,000	10,000,000(8)
Highway Rev. (MVFTax), Series 2010E (Taxable BABS)	12/16/2010	2/1/2040	58,775,000	58,775,000(8)
Highway Revenue (MVFTax), Series 2010F (T RZEDBs)	12/16/2010	2/1/2040	5,385,000	5,385,000(8)
Sales Tax Rev. (St.&Hwy Project), Series 2010H (Taxable BABS)	12/16/2010	2/1/2040	20,000,000	20,000,000(9)
Highway Revenue (MVFTax), Series 2013	4/16/2013	2/1/2043	165,000,000	<u>165,000,000(8)</u>
Total Revenue Bonds				<u>450,920,425</u>
ASSESSMENT BONDS (10)				
Local Improvement District No. 31	4/28/2006	5/1/2016	109,000	7,000
Local Improvement District No. 37	5/16/2007	5/1/2027	728,813	359,295
Local Improvement District No. 39	6/12/2009	5/1/2029	999,268	537,837
Local Improvement District No. 32	12/7/2011	11/1/2031	8,592,787	<u>5,512,402</u>
TOTAL ASSESSMENT BONDS				<u>6,416,534</u>
GRAND TOTAL				<u>\$690,854,316</u>

- (6) The sales tax revenue bonds are secured solely by the proceeds of a 1/8 of 1% sales tax levied for flood control and public safety projects.
- (7) Secured solely by the levy of a 2% fee on gross charges for rental of passenger vehicles in Washoe County.
- (8) Secured solely by specified Motor Vehicle Fuel Tax revenues imposed within the County.
- (9) Sales tax revenue bonds secured by the proceeds of a 1/8 of 1% sales tax levied for public transportation and road maintenance.
- (10) Secured by assessments against property improved; the County's General Fund and taxing power are contingently liable if collections of assessments are insufficient.

Source: The County.

Other Obligations The County also had \$25,399,725 in liability associated with compensated absences as of June 30, 2014. The County also has a long-term liability for a claims and judgments liability associated with pending claims for property and liability, worker's compensation and unprocessed health benefit claims totaling \$15,401,000. In addition, the County has various operating leases for equipment, office space and water rights. As of June 30, 2014, the County had \$8,311,131 in operating lease obligations outstanding.

Additional Contemplated Indebtedness

The County may issue general obligation bonds by means of authority granted to it by its electorate or the State Legislature or, under certain circumstances, without an election as provided in existing statutes. The County currently does not anticipate issuing additional bonds in the foreseeable future; however, it reserves the right to do so at any time legal requirements

are met. The County reserves the ability to issue general obligation bonds for refunding purposes at any time.

County Annual Debt Service Requirements

The following table illustrates the debt service requirements for the County's outstanding general obligation bonds as of July 1, 2015, without taking the issuance of the 2015 Bonds and the 2015 Sewer Refunding Bonds into account.

County Annual Debt Service Requirements(1)

Fiscal Year Ending June 30	<u>General Obligation Bonds</u>		<u>GO/Revenue Bonds</u>		<u>Medium-Term GO</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2016	\$3,350,000	\$1,283,040	\$5,043,370	\$4,941,068	\$525,000	\$41,019	\$15,183,497
2017	3,490,000	1,156,090	8,200,813	10,748,512	546,000	20,912	24,162,327
2018	2,045,000	1,011,370	8,260,957	10,681,497	--	--	21,998,824
2019	2,130,000	927,420	8,261,324	10,597,753	--	--	21,916,497
2020	2,215,000	839,980	8,347,567	10,506,003	--	--	21,908,550
2021	2,305,000	749,050	8,386,589	10,398,945	--	--	21,839,584
2022	2,410,000	654,420	11,877,959	6,060,542	--	--	21,002,921
2023	2,505,000	555,480	11,562,067	5,586,187	--	--	20,208,734
2024	2,595,000	464,430	12,075,081	5,083,658	--	--	20,218,169
2025	2,700,000	370,080	12,387,556	4,569,656	--	--	20,027,292
2026	2,805,000	271,800	11,728,728	4,047,365	--	--	18,852,893
2027	1,350,000	169,650	11,675,760	3,533,056	--	--	16,728,466
2028	1,390,000	129,150	9,778,089	3,040,197	--	--	14,337,436
2029	1,435,000	87,450	10,238,228	2,579,309	--	--	14,339,987
2030	1,480,000	44,400	9,980,193	2,079,528	--	--	13,584,121
2031	--	--	10,059,067	1,587,979	--	--	11,647,046
2032	--	--	10,569,986	1,080,347	--	--	11,650,333
2033	--	--	11,097,892	546,971	--	--	11,644,863
2034	--	--	1,818,027	232,851	--	--	2,050,878
2035	--	--	1,900,443	149,037	--	--	2,049,480
2036	--	--	<u>1,985,242</u>	<u>61,421</u>	--	--	<u>2,046,663</u>
Total	<u>\$34,205,000</u>	<u>\$8,713,810</u>	<u>\$185,234,889</u>	<u>\$98,111,872</u>	<u>\$1,071,000</u>	<u>\$61,931</u>	<u>\$327,398,502</u>

(1) Totals may not add due to rounding.

Source: The County; compiled by the Financial Advisors.

ECONOMIC AND DEMOGRAPHIC INFORMATION

This portion of the Official Statement contains general information concerning historic economic and demographic conditions in and surrounding the County. It is intended only to provide prospective investors with general information regarding the County's community. The information was obtained from the sources indicated and is limited to the time periods indicated. The information is historic in nature; it is not possible to predict whether the trends shown will continue in the future. The County makes no representation as to the accuracy or completeness of data obtained from parties other than the County.

Population and Age Distribution

Population. The table below shows the population growth of the County and the State since 1970.

Year	<u>Population</u>			
	Washoe County	Percent Change	Nevada	Percent Change
1970	121,068	--	488,738	--
1980	193,623	59.9%	800,493	63.8%
1990	254,667	31.5	1,201,833	50.1
2000	339,486	33.3	1,998,257	66.3
2010	421,407	24.1	2,700,551	35.1
2011	421,593	0.0	2,721,794	0.8
2012	427,704	1.4	2,750,217	1.0
2013	432,324	1.1	2,800,967	1.8
2014	436,797	1.0	2,843,301	1.5

Sources: United States Department of Commerce, Bureau of Census (1970-2010) and Nevada State Demographer (2011-2014 estimates).

Age Distribution. The following table sets forth a projected comparative age distribution profile for Washoe County, the State and the nation as of January 1, 2015.

Age	<u>Age Distribution</u>		
	Washoe County	Nevada	United States
0-17	22.8%	23.7%	23.1%
18-24	9.6	9.1	9.9
25-34	14.1	13.8	13.3
35-44	12.4	13.5	12.7
45-54	13.5	13.5	13.6
55-64	13.1	12.2	12.7
65-74	9.1	8.8	8.5
75 and Older	5.4	5.4	6.2

Source: © 2015 The Nielsen Company, *SiteReports*.

Income

The following two tables reflect the Median Household Effective Buying Income (“EBI”), and also the percentage of households by EBI groups. EBI is defined as “money income” (defined below) less personal tax and nontax payments. “Money income” is defined as the aggregate of wages and salaries, net farm and nonfarm self-employment income, interest, dividends, net rental and royalty income, Social Security and railroad retirement income, other retirement and disability income, public assistance income, unemployment compensation, Veterans Administration payments, alimony and child support, military family allotments, net winnings from gambling, and other periodic income. Deductions are made for personal income taxes (federal, state and local), personal contributions to social insurance (Social Security and federal retirement payroll deductions), and taxes on owner-occupied nonbusiness real estate. The resulting figure is known as “disposable” or “after-tax” income.

Median Household Effective Buying Income Estimates⁽¹⁾

Year	Washoe County	Nevada	United States
2011	\$46,106	\$45,706	\$41,368
2012	45,848	45,512	41,253
2013	38,995	40,617	41,358
2014	43,623	42,480	43,715
2015	43,766	44,110	45,448

(1) The difference between consecutive years is not an estimate of change from one year to the next; separate combinations of data are used each year to identify the estimated mean of income from which the median is computed.

Source: © The Nielsen Company, *SiteReports*, 2011-2015.

Percent of Households by Effective Buying Income Groups – 2015 Estimates

Effective Buying Income Group	Washoe County Households	Nevada Households	United States Households
Under \$24,999	27.3%	24.9%	25.6%
\$25,000 - 49,999	29.6	32.0	29.5
\$50,000 - 74,999	18.9	20.1	19.1
\$75,000 - 99,999	11.8	11.7	11.9
\$100,000 - 124,999	5.7	5.0	5.6
\$125,000 - 149,999	2.4	2.4	3.3
\$150,000 or More	4.3	3.9	5.0

Source: © 2015 The Nielsen Company, *SiteReports*.

The following table sets forth the annual per capita personal income levels for the residents of the County, the State and the nation. Per capita personal income levels in the County have consistently exceeded state and national levels during the period shown.

Per Capita Personal Income

Year ⁽¹⁾	Washoe County	Nevada	United States
2009	\$41,414	\$36,840	\$39,379
2010	41,188	36,657	40,144
2011	42,698	37,445	42,332
2012	45,157	39,229	44,200
2013	45,253	39,235	44,765
2014	n/a	40,077	46,129

(1) County figures posted November 2014; state and national figures posted March 2015. All figures are subject to periodic revisions.

Source: United States Department of Commerce, Bureau of Economic Analysis.

Employment

The Washoe County average annual labor force summary as prepared by the State's Department of Employment, Training and Rehabilitation ("DETR") is as follows:

Average Annual Labor Force Summary
Washoe County, Nevada

Calendar Year	2010	2011	2012	2013	2014	2015 ⁽⁴⁾
TOTAL LABOR FORCE ⁽¹⁾	220,825	221,774	221,478	221,910	222,614	224,581
Unemployment	28,536	28,020	24,435	20,850	16,554	15,799
Unemployment Rate ⁽²⁾	12.9%	12.6%	11.0%	9.4%	7.4%	7.0%
Total Employment ⁽³⁾	192,289	193,754	197,043	201,060	206,060	208,783

(1) Figures for 2010-2014 were revised April 2015.

(2) The U.S. unemployment rates for the years 2010 through 2014 are 9.6%, 8.9%, 8.1%, 7.4%, and 6.2%, respectively.

(3) Adjusted by census relationships to reflect number of persons by place of residence.

(4) Averaged labor force numbers through April 30, 2015.

Sources: Research and Analysis Bureau, Nevada Dept. of Employment, Training and Rehabilitation; and U.S. Department of Labor, Bureau of Statistics.

The following table indicates the number of persons employed, by type of employment, in non-agricultural industrial employment in Reno, NV Metropolitan Statistical Area ("MSA") which consists of Storey and Washoe Counties.

Establishment Based Industrial Employment
Reno MSA, Nevada⁽¹⁾
(Estimates in Thousands)

Calendar Year	2010	2011	2012	2013	2014	2015 ⁽²⁾
Natural Resources and Mining	0.3	0.3	0.3	0.2	0.2	0.2
Construction	9.1	8.8	9.0	10.1	11.4	10.4
Manufacturing	11.2	11.2	11.5	12.2	12.8	12.9
Trade, Transportation and Utilities	42.2	42.1	42.7	43.9	45.5	46.1
Information	2.3	2.2	2.0	1.9	2.0	2.0
Financial Activities	9.0	8.9	9.0	9.5	9.5	9.6
Professional and Business Services	24.0	24.5	25.7	26.5	27.0	27.6
Education and Health Services	21.9	22.0	22.1	22.7	23.6	24.1
Leisure and Hospitality (casinos excluded)	19.2	19.4	19.2	19.9	20.6	21.0
Casino Hotels	14.9	14.9	14.7	14.8	14.8	14.8
Other Services	6.7	6.1	6.1	5.9	5.9	5.8
Government	29.2	28.6	28.6	28.8	29.0	29.9
TOTAL ALL INDUSTRIES⁽³⁾	<u>190.0</u>	<u>189.0</u>	<u>190.9</u>	<u>196.4</u>	<u>202.3</u>	<u>204.4</u>

(1) Reno Metropolitan Statistical Area consists of two counties: Storey and Washoe.

(2) Averaged numbers through April 2015.

(3) Reflects employment by place of work. Does not necessarily coincide with labor force concept. Includes multiple job holders. All numbers are subject to periodic revision.

Source: Research and Analysis Bureau, Nevada Dept. of Employment, Training and Rehabilitation.

The table below lists the largest fifteen employers in the County. No independent investigation has been made of and consequently no assurances can be given as to the financial condition or stability of the employers listed below or the likelihood that such entities will maintain their status as major employers in the County.

Largest Employers - Washoe County, Nevada
As of 4th Quarter - 2014

<u>Employer</u>	<u>Employees</u>	<u>Industry</u>
Washoe County School District	8,500-8,999	Public education
University of Nevada - Reno	4,500-4,999	University
Renown Regional Medical Center	2,500-2,999	Hospital
Washoe County	2,500-2,999	Local government
Peppermill Hotel Casino - Reno	2,000-2,499	Casino hotel
International Game Technology	1,500-1,999	Manufacturing
Silver Legacy Resort Casino	1,500-1,999	Casino hotel
Atlantis Casino Resort	1,500-1,999	Casino hotel
Grand Sierra Resort and Casino	1,500-1,999	Casino hotel
St. Mary's Regional Medical Center	1,000-1,499	Hospital
Eldorado Hotel & Casino	1,000-1,499	Casino hotel
City of Reno	1,000-1,499	Local government
VA Sierra Nevada Health Care System	1,000-1,499	Hospital
United Parcel Service	1,000-1,499	Courier
Circus Circus Casinos Inc. - Reno	1,000-1,499	Casino hotel

Source: Research and Analysis Bureau, Nevada Dept. of Employment, Training and Rehabilitation.

The following table lists the firm employment size breakdown for the County.

Size Class of Industries⁽¹⁾
Washoe County, Nevada
(Non-Government Worksites)

<u>CALENDAR YEAR</u>	<u>4th Qtr.</u> <u>2014</u>	<u>4th Qtr.</u> <u>2013</u>	<u>Percent Change</u> <u>2014/2013</u>	<u>Employment</u> <u>Totals</u> <u>4th Qtr. 2014</u>
TOTAL NUMBER OF WORKSITES	13,843	13,558	2.1%	171,991
Less Than 10 Employees	10,414	10,247	1.6%	28,023
10-19 Employees	1,746	1,705	2.4	23,672
20-49 Employees	1,125	1,085	3.7	33,007
50-99 Employees	317	294	7.8	21,493
100-249 Employees	178	170	4.7	25,972
250-499 Employees	45	39	15.4	16,322
500-999 Employees	7	6	16.7	4,659
1000+ Employees	11	12	(8.3)	18,843

(1) Subject to revisions.

Source: Research and Analysis Bureau, Nevada Dept. of Employment, Training and Rehabilitation.

Retail Sales

Reno and Sparks are the center of a retail trade area that extends 300 miles eastward to Elko and Eureka, Nevada, 274 miles south to Goldfield, Nevada; Bishop and other Inyo County points in California, 100 miles west and northwest to Quincy, Westwood, Susanville, Truckee, Donner Summit and Lake Tahoe areas of California, and north 247 miles to Lakeview, Oregon. The following table sets forth a history of taxable sales in the County.

Taxable Sales in the County

Fiscal Year	Washoe County Total	Percent Change	State Total	Percent Change
2010	\$5,176,981,699	--	\$37,772,066,777	--
2011	5,282,936,232	2.0%	39,935,016,227	5.7%
2012	5,522,605,351	4.5	42,954,750,131	7.6
2013	5,824,726,136	5.5	45,203,408,413	5.2
2014	6,370,684,534	9.4	47,440,345,167	4.9
Jul-Mar 2014	4,742,599,277	--	35,133,581,826	--
Jul-Mar 2015	5,094,880,750	7.4%	37,440,473,608	6.6%

Source: State of Nevada, Department of Taxation.

Construction

The following table indicates a history of the number of building permits issued in the Cities of Reno and Sparks, and the unincorporated County, and of their valuations.

Building Permits (Value Amounts in Thousands)

Calendar Year	City of Reno		City of Sparks		Unincorporated Washoe County		Total Washoe County	
	Permits	Value	Permits	Value	Permits	Value	Permits	Value
2010	5,149	\$242,204	1,946	\$ 52,432	1,259	\$ 70,708	8,354	\$ 365,344
2011	5,570	255,160	2,078	92,320	1,502	68,417	9,150	415,897
2012	5,454	279,716	2,415	103,146	1,457	103,724	9,326	486,586
2013	6,670	417,313	2,451	140,404	1,597	144,750	10,718	702,467
2014	7,504	662,120	2,818	127,405	1,734	258,498	12,056	1,048,023
2015 ⁽¹⁾	2,541	189,800	1,289	68,823	682	27,822	4,512	286,445

(1) Permits issued through April 30, 2015.

Sources: Building Departments of Cities of Reno and Sparks, and Washoe County.

Gaming

The economy of the State is heavily dependent upon a tourist industry based on legalized casino gambling. Gaming has been legal in Nevada since 1931 and is controlled and regulated by the State. Control is vested in a five-member Gaming Commission and a three-member Gaming Control Board. All of the board and commission members are appointed by the Governor. These bodies investigate and approve all licenses, establish operating rules, and collect gaming taxes due the State.

The County's gross taxable 2014 gaming revenue represents 7.3% of the State's total 2014 gaming revenue. The following table presents a five-year record of gross taxable gaming revenues and total gaming taxes collected on a State-wide basis and in the County

Gross Taxable Gaming Revenue and Total Gaming Taxes⁽¹⁾

Washoe County, Nevada

Fiscal Year Ended June 30	Gross Taxable Gaming Revenue ⁽²⁾		Percent Change County	Gaming Collection ⁽³⁾		Percent Change County
	State Total	County Total		State Total	County Total	
2010	\$ 9,667,833,487	\$786,070,922	--	\$829,289,514	\$62,447,662	--
2011	9,836,451,902	749,557,470	(4.6)%	853,455,347	60,064,415	(3.8)%
2012	9,764,446,034	736,510,136	(1.7)	864,621,791	58,266,966	(3.0)
2013	10,208,528,371	743,348,616	0.9	892,106,457	61,641,555	5.8
2014	10,208,208,859	743,026,734	(0.0)	912,371,316	61,093,103	(0.9)
Jul 13-Apr 14	\$8,588,548,163	\$612,401,453	--	\$723,166,532	\$45,625,101	--
Jul 14-Apr 15	8,755,175,816	631,832,811	3.2%	709,779,376	46,854,177	2.7%

(1) The figures shown are subject to adjustments due to amended tax filings, fines and penalties.

(2) The total of all sums received as winnings less only the total of all sums paid out as losses (before operating expenses).

(3) Cash receipts of the State from all sources relating to gaming (General Fund and other revenues) including percentage license fees, quarterly flat license fees, annual license fees, casino entertainment taxes, annual slot machine taxes, penalties, advance fees, and miscellaneous collections. A portion of collections is deposited to the State funds other than the State's General Fund.

Source: State of Nevada, Gaming Control Board.

Convention Activity

The convention business is also an important factor in the area's economy. The Reno-Sparks Convention & Visitors Authority ("RSCVA") operates the Convention Center, the National Bowling Stadium (which is owned by the City of Reno and managed by RSCVA pursuant to an operating agreement), the Wildcreek Golf Course, the Livestock Events Center and the Reno Events Center. RSCVA also owns the Pioneer Center for the Performing Arts and the Incline Village Visitors Center, which are managed solely by private non-profit corporations.

The Convention Center currently has 460,000 square feet of enclosed exhibition space and meeting rooms (approximately 381,000 square feet of exhibit space and more than 75,000 square feet of meeting rooms) plus 55,000 square feet of multi-purpose and pre-function space. The Reno-Sparks Livestock Events Center primarily hosts equestrian-livestock events. The main buildings include the 60,000 square-foot Main Arena, the Exhibit Hall and the Livestock Pavilion, facilities for livestock, an outdoor Rodeo Arena, a Cutting Arena, 660 animal stalls, several warm-up areas, and parking facilities. The Reno Events Center is a 118,000 square-foot building, including approximately 55,000 square feet of multipurpose space for concerts, sporting events, large dinners or small conventions and trade shows and approximately 5,000 square feet of flexible space for up to 10 meeting rooms/suites. In addition to the above, area hotels currently offer convention and meeting space.

Historical RSCVA Convention Facility Usage and Attendance

Fiscal Year	Convention Center		Livestock Events Center		National Bowling Stadium ⁽¹⁾		Reno Events Center	
	Number of Events ⁽²⁾	Estimated Attendance	Number of Events	Estimated Attendance	Number of Events	Estimated Attendance	Number of Events	Estimated Attendance
2010	139	421,179	186	430,273	70	216,130	52	171,085
2011	121	310,824	168	444,553	73	204,177	49	150,748
2012	128	275,837	148	321,875	56	98,158	53	163,018
2013	102	422,042	100	282,357	80	190,791	56	147,489
2014	94	311,235	80	300,000	78	172,717	52	126,979

(1) In each year, the National Bowling Stadium hosted national tournaments, large events covering approximately four months.

(2) Includes all show activity (conventions, trade shows, public consumer shows, concerts and meetings).

Source: Reno-Sparks Convention and Visitors Authority.

Transportation

The Reno/Sparks area is located at a transportation crossroads. Interstate 80, which runs east-west, and U.S. 395, running north-south, provide adequate routes for trucking and personal transportation. The Union Pacific Railroad operates major rail lines through the County and offers connections to other major rail networks, providing both freight and Amtrak passenger service. Intermodal yards and container freight facilities are located in Sparks. Over 65 motor freight companies serve the Reno/Sparks market and approximately 25 licensed common carriers with terminals are in the Reno/Sparks area.

The Reno-Tahoe International Airport (the “Airport”) is a medium hub airport owned and operated by the Reno-Tahoe Airport Authority (the “Airport Authority”). The geographical area served by the Airport primarily encompasses the seven Nevada counties of Churchill, Douglas, Humboldt, Lyon, Pershing, Storey, and Washoe and the major cities of Reno, Sparks, and Carson City. The total air trade area for the Airport also includes the Lake Tahoe area and several communities in northeastern California. The Airport generates \$2 billion per year for the region according to an economic impact study released by the University of Nevada’s College of Business in February 2012. In addition to the revenue, the study states that the Airport and the Reno-Stead Airport, a general aviation facility, generate 22,138 jobs in the state, making the airports a major economic driver for the region. Accordingly, the Airport Authority continues to plan and accommodate airport facility needs.

For calendar year 2014, the Airport served a total of 3.30 million passengers, a (3.9%) decrease from 2013’s passenger total of 3.43 million. The Airport reported an overall 6.7% increase in air cargo pounds for the 2014 calendar year versus 2013; air cargo volume totaled 129.09 million pounds. During the first quarter of 2015, the Airport increased the number of passengers served by 1.5% over the same period last year, and handled 29.91 million pounds of air cargo which is an increase of 1.2%. In March 2015, the Airport was served by seven major airlines providing 55 peak daily departures to 15 non-stop destinations. Beginning May 28, 2015, JetBlue Airways will begin non-stop daily flights between Reno and New York City. The airline will utilize an Airbus 320 aircraft with 150 seats.

Distribution and Manufacturing

The County (Reno/Sparks) is a principal manufacturing and distribution center for the western United States. The State's Freeport Law provides tax-free warehousing of goods while in transit through the State. Coupled with the lack of taxes common in many states, such as franchise, inventory, corporate and personal income, along with geographic location have encouraged new companies to locate in the Reno/Sparks area providing continued growth to the State's and County's industrial base. The area also has a large established Foreign Trade Zone (FTZ 126).

Economic Development

The mission of the Economic Development Authority of Western Nevada is to recruit and expand quality companies that have a positive economic impact on the quality of life in the Reno/Sparks/Lake Tahoe region.

Complementing the area's emphasis on economic diversification are the numerous business incentives unique to the State of Nevada. Competitive wage rates, an expanding labor force, low cost and readily available electrical power, low out-bound freight transportation costs as compared to other prominent Western United States markets, a deferral and/or abatement of sales and use tax on new capital equipment, personal property tax abatement, grant monies for job training, and business license tax abatement programs for qualified companies combine to give business and industry an attractive advantage.

Utilities and Other Resources

Regional Resource Management. The Truckee Meadows Regional Plan was adopted by the Legislature in June 1991 and includes several major policy initiatives for the region relating to water management. Reno, Sparks and the County are currently working together to resolve the issues involved in this area, as well as to adopt a mutually acceptable annexation plan.

The County, Reno, Sparks and the Truckee River Flood Management Authority have signed an Interlocal Cooperative Agreement (Truckee River Flood Management Project), dated as of March 11, 2012, in order to effectively mitigate damage caused by significant flooding of the Truckee River and its key tributaries through coordinated flood control projects.

Regional Water Planning. In 1995 the Legislature set up a Regional Water Planning Commission for South Washoe County (excluding Lake Tahoe). The commission developed a Regional Water Management Plan that was approved by Reno, Sparks and the County and accepted by the Legislature. Any facility of "regional significance" associated with water supply, wastewater treatment and stormwater drainage must be recognized in the Regional Water Management Plan or presented for amendment to the Plan. The Board of County Commissioners, serving as the Regional Water Board, eventually approve all amendments.

Water. The primary source of water for residents and businesses of Reno and Sparks, and some areas of the County is the Truckee River, which flows from Lake Tahoe to Pyramid Lake (approximately 120 miles). Underground water and individual private wells augment the river water supply, particularly in the unincorporated areas of the County.

The Truckee Meadows Water Authority (“TMWA”) purchased the water division of Sierra Power Resources (“Sierra Resources,” formed in 1999 from a merger of Sierra and Nevada Power Company) in mid-2001. TMWA was formed and operates pursuant to a cooperative agreement among Reno, Sparks and the County. TMWA now provides water service to the majority of County residents, including the cities of Reno and Sparks, the major population centers in the County. The remaining areas of the County are served by special districts, private companies and/or private wells.

Wastewater Treatment and Water Reclamation. Sewage treatment within the Truckee Meadows region of the County is provided by five wastewater facilities. All the facilities are owned and operated separately or jointly by Reno, Sparks, and the County. The local governments have several comprehensive programs to improve water quality throughout the Truckee Meadows region. Effluent reuse, stormwater management, water quality monitoring and modeling, and Truckee River restoration represent efforts undertaken to insure that as the Truckee Meadows region continues to grow, water quality is protected.

Education

Elementary and secondary education is primarily provided by the Washoe County School District. Private elementary and high schools also operate within the County. All public higher education in the State is administered by the Nevada System of Higher Education (the “System”). The University of Nevada, Reno (“UNR”) and Truckee Meadows Community College are part of that System and both are located in Reno. The National Judicial College, which provides continuing education for state court judges throughout the nation, is located on the UNR campus.

TAX MATTERS

Federal Tax Matters

In the opinion of Bond Counsel, assuming continuous compliance with certain covenants described below, interest on the 2015 Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Tax Code, and interest on the 2015 Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except that such interest is required to be included in calculating the “adjusted current earnings” adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations as described below.

The Tax Code imposes several requirements which must be met with respect to the 2015 Bonds in order for the interest thereon to be excluded from gross income and alternative minimum taxable income (except to the extent of the aforementioned adjustment applicable to corporations). Certain of these requirements must be met on a continuous basis throughout the term of the 2015 Bonds. These requirements include: (a) limitations as to the use of proceeds of the 2015 Bonds; (b) limitations on the extent to which proceeds of the 2015 Bonds may be invested in higher yielding investments; and (c) a provision, subject to certain limited exceptions, that requires all investment earnings on the proceeds of the 2015 Bonds above the yield on the 2015 Bonds to be paid to the United States Treasury. The County will covenant and represent in the Bond Ordinance that it will take all steps to comply with the requirements of the Tax Code to the extent necessary to maintain the exclusion of interest on the 2015 Bonds from gross income and alternative minimum taxable income (except to the extent of the aforementioned adjustment applicable to corporations) under federal income tax laws in effect when the 2015 Bonds are delivered. Bond Counsel’s opinion as to the exclusion of interest on the 2015 Bonds from gross income and alternative minimum taxable income (to the extent described above) is rendered in reliance on these covenants, and assumes continuous compliance therewith. The failure or inability of the County to comply with these requirements could cause the interest on the 2015 Bonds to be included in gross income, alternative minimum taxable income or both from the date of issuance. Bond Counsel’s opinion also is rendered in reliance upon certifications of the County and other certifications furnished to Bond Counsel. Bond Counsel has not undertaken to verify such certifications by independent investigation.

Section 55 of the Tax Code contains a 20% alternative minimum tax on the alternative minimum taxable income of corporations. Under the Tax Code, 75% of the excess of a corporation’s “adjusted current earnings” over the corporation’s alternative minimum taxable income (determined without regard to this adjustment and the alternative minimum tax net operating loss deduction) is included in the corporation’s alternative minimum taxable income for purposes of the alternative minimum tax applicable to the corporation. “Adjusted current earnings” includes interest on the 2015 Bonds.

The Tax Code contains numerous provisions which may affect an investor’s decision to purchase the 2015 Bonds. Owners of the 2015 Bonds should be aware that the ownership of tax-exempt obligations by particular persons and entities, including, without limitation, financial institutions, insurance companies, recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, foreign corporations doing business in the United States and certain “subchapter S” corporations may result in adverse federal and state tax

consequences. Under Section 3406 of the Tax Code, backup withholding may be imposed on payments on the 2015 Bonds made to any owner who fails to provide certain required information, including an accurate taxpayer identification number, to certain persons required to collect such information pursuant to the Tax Code. Backup withholding may also be applied if the owner underreports “reportable payments” (including interest and dividends) as defined in Section 3406, or fails to provide a certificate that the owner is not subject to backup withholding in circumstances where such a certificate is required by the Tax Code. With respect to any 2015 Bonds sold at a premium, representing a difference between the original offering price of those 2015 Bonds and the principal amount thereof payable at maturity. Under certain circumstances, an initial owner of such bonds (if any) may realize a taxable gain upon their disposition, even though such bonds are sold or redeemed for an amount equal to the owner’s acquisition cost. Bond Counsel’s opinion relates only to the exclusion of interest on the 2015 Bonds from gross income and alternative minimum taxable income as described above and will state that no opinion is expressed regarding other federal tax consequences arising from the receipt or accrual of interest on or ownership of the 2015 Bonds. Owners of the 2015 Bonds should consult their own tax advisors as to the applicability of these consequences.

The opinions expressed by Bond Counsel are based on existing law as of the delivery date of the 2015 Bonds. No opinion is expressed as of any subsequent date nor is any opinion expressed with respect to pending or proposed legislation. Amendments to the federal or state tax laws may be pending now or could be proposed in the future that, if enacted into law, could adversely affect the value of the 2015 Bonds, the exclusion of interest on the 2015 Bonds from gross income or alternative minimum taxable income or both from the date of issuance of the 2015 Bonds or any other date, the tax value of that exclusion for different classes of taxpayers from time to time, or that could result in other adverse tax consequences. In addition, future court actions or regulatory decisions could affect the tax treatment or market value of the 2015 Bonds. Owners of the 2015 Bonds are advised to consult with their own tax advisors with respect to such matters.

The Internal Revenue Service (the “Service”) has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. No assurances can be given as to whether or not the Service will commence an audit of the 2015 Bonds. If an audit is commenced, the market value of the 2015 Bonds may be adversely affected. Under current audit procedures the Service will treat the County as the taxpayer and the 2013 Bond owners may have no right to participate in such procedures. The County has covenanted in the Bond Ordinance not to take any action that would cause the interest on the 2015 Bonds to lose its exclusion from gross income for federal income tax purposes or lose its exclusion from alternative minimum taxable income for the owners thereof for federal income tax purposes. None of the County, the Financial Advisors, the Initial Purchasers, Bond Counsel or Special Counsel is responsible for paying or reimbursing any 2013 Bond holder with respect to any audit or litigation costs relating to the 2015 Bonds.

State Tax Exemption

The 2015 Bonds, their transfer, and the income therefrom are free and exempt from taxation by the State or any subdivision thereof except for the tax on estates imposed pursuant to Chapter 375A of NRS and the tax on generation-skipping transfers imposed pursuant to Chapter 375B of NRS.

LEGAL MATTERS

Litigation

In the opinion of the County's legal counsel, there is no litigation or controversy of any nature now pending, or to the knowledge of the County's legal counsel, threatened, (i) restraining or enjoining the issuance, sale, execution or delivery of the 2015 Bonds or (ii) in any way contesting or affecting the validity of the 2015 Bonds or any proceedings of the County taken with respect to the issuance or sale thereof, the pledge, collection or application of any moneys or securities provided for the payment of the 2015 Bonds (including the Pledged Revenues), or the corporate existence or the powers of the County.

The County is subject to certain pending and threatened litigation regarding various matters arising in the ordinary course of the County's operations. However, it is the opinion of the County's legal counsel that the pending or threatened litigation will not result in final judgments against the County which would, individually or in the aggregate, adversely affect the County's ability to satisfy the County's obligations for the 2015 Bonds.

The County is a party to litigation in state court involving property tax assessments in the Lake Tahoe area. The cases involve claims of unconstitutional taxation, challenges to the administrative hearings and decisions of boards of equalization and writs of mandamus. The most potentially impacting case is now pending before a State appellate court and decisions adverse to Washoe County may involve making refunds of property taxes from \$2 million up to \$17 million in the aggregate which may adversely affect the County's financial position. See "PROPERTY TAX INFORMATION--Required Refunds and Other Actions Related to Property Taxes--Required Incline Village Refunds."

Sovereign Immunity

Pursuant to State statute (NRS Section 41.035), an award for damages in an action sounding in tort against the County may not include any amount as exemplary or punitive damages and is limited to \$100,000 per cause of action. The limitation does not apply to federal actions brought under federal law such as civil rights actions under 42 U.S.C. Section 1983 and actions under The Americans with Disabilities Act of 1990 (P.L. 101-336), or to actions in other states.

Approval of Certain Legal Proceedings

The approving opinion of Sherman & Howard L.L.C., as Bond Counsel, will be delivered with the 2015 Bonds. A form of the bond counsel opinion is attached to this Official Statement as Appendix E. The opinion will include a statement that the obligations of the County are subject to the reasonable exercise in the future by the State and its governmental bodies of the police power inherent in the sovereignty of the State and to the exercise by the United States of the powers delegated to it by the federal constitution, including bankruptcy. Sherman & Howard L.L.C. has also acted as Special Counsel to the County in connection with this Official Statement. Certain matters will be passed upon for the County by the District Attorney.

Police Power

The obligations of the County are subject to the reasonable exercise in the future by the State and its governmental bodies of the police power and powers of taxation inherent in the sovereignty of the State, and to the exercise by the United States of the powers delegated to it by the Federal Constitution.

FINANCIAL ADVISORS

Hobbs, Ong & Associates, Inc. and Public Financial Management, Inc. are serving as Financial Advisors to the County in connection with the 2015 Bonds. See "INTRODUCTION--Additional Information" for contact information for the Financial Advisors. The Financial Advisors have not audited, authenticated or otherwise verified the information set forth in the Official Statement, or any other related information available to the County, with respect to the accuracy and completeness of disclosure of such information, and no guaranty, warranty or other representation is made by the Financial Advisors respecting accuracy and completeness of the Official Statement or any other matter related to the Official Statement.

INDEPENDENT AUDITORS

The audited basic financial statements of the County as of and for the year ended June 30, 2014, included hereto as Appendix A, have been audited by Kafoury, Armstrong & Co., certified public accountants, which merged into Eide Bailly LLP in fiscal year 2015, certified public accountants, Reno, Nevada, to the extent and for the period stated in their report appearing herein.

Pursuant to State law, the audited financial statements of the County are public documents and no consent from the auditors is required to be obtained prior to inclusion of the audited financial statements in this Official Statement. Accordingly, the County has not requested consent. Kafoury, Armstrong & Co. has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. Kafoury Armstrong & Co. also has not performed any procedures relating to this Official Statement.

RATINGS

Moody's Investors Service, Inc. ("Moody's") and Standard & Poor's Ratings Services, a Division of The McGraw-Hill Companies ("S&P") have assigned the 2015 Bonds the ratings shown on the cover page of this Official Statement. An explanation of the significance of any ratings given by S&P may be obtained from S&P at 55 Water Street, New York, New York 10041. An explanation of the significance of any ratings given by Moody's may be obtained from Moody's at 7 World Trade Center at 250 Greenwich Street, New York, NY 10007.

There is no assurance that such ratings will continue for any given period of time after they are received or that they will not be lowered or withdrawn entirely if, in the judgment of the rating agencies, circumstances so warrant. Other than the County's obligations under the Disclosure Certificate, neither the County nor the Financial Advisors has undertaken any responsibility either to bring to the attention of the owners of the 2015 Bonds any proposed change in or withdrawal of such ratings or to oppose any such proposed revision. Any such

change in or withdrawal of the ratings could have an adverse effect on the market price of the 2015 Bonds.

PUBLIC SALE

The County expects to offer the 2015 Bonds at public sale on August 11, 2015. See Appendix F - Official Notice of Bond Sale.

OFFICIAL STATEMENT CERTIFICATION

The undersigned official hereby confirms and certifies that the execution and delivery of this Official Statement and its use in connection with the offering and sale of the 2015 Bonds has been duly authorized by the Board.

WASHOE COUNTY, NEVADA

By: _____
County Manager

APPENDIX A

**AUDITED BASIC FINANCIAL STATEMENTS OF
WASHOE COUNTY, NEVADA
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE: The audited basic financial statements included in this Appendix A have been excerpted from the County's Comprehensive Annual Financial Report ("CAFR") for the fiscal year ended June 30, 2014. Other information contained in the CAFR, including individual fund schedules and other statistical and compliance information, has been excluded from this Appendix A.

APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDINANCE

The following statements are summaries of certain provisions of the Bond Ordinance. Such statements do not purport to be complete and are qualified in their entirety by the provisions of and reference to the Bond Ordinance, copies of which are on file and available for examination at the principal office of the County. See "INTRODUCTION--Additional Information."

APPENDIX C

BOOK-ENTRY ONLY SYSTEM

DTC will act as securities depository for the 2015 Bonds. The 2015 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered 2015 Bond certificate will be issued for each maturity of the 2015 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of 2015 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2015 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2015 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2015 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 2015 Bonds, except in the event that use of the book-entry system for the 2015 Bonds is discontinued.

To facilitate subsequent transfers, all 2015 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2015 Bonds

with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2015 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2015 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2015 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2015 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2015 Bond documents. For example, Beneficial Owners of 2015 Bonds may wish to ascertain that the nominee holding the 2015 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2015 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2015 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts 2015 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest and redemption proceeds on the 2015 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County or the Paying Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest or redemption proceeds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2015 Bonds at any time by giving reasonable notice to the County or the Registrar and Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, 2015 Bond certificates are required to be printed and delivered.

The County may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, 2015 Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the County believes to be reliable, but the County takes no responsibility for the accuracy thereof.

APPENDIX D
FORM OF CONTINUING DISCLOSURE CERTIFICATE

APPENDIX E

FORM OF APPROVING OPINION OF BOND COUNSEL

APPENDIX F
OFFICIAL NOTICE OF BOND SALE