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- Washoe County Sheriff's monthly jail report for October, 1971.
- Washoe County Treasurer's monthly report for October, 1971.
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71-1313

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Commissioner Coppa introduced an ordinance, which was read in full and is as follows:

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Summary - An ordinance authorizing the issuance of the Washoe County, Nevada, Highway Improvement Revenue (Motor Vehicle Fuel Tax) Bonds, Series November 1, 1971, in the principal amount of \$5,400,000.00; and otherwise concerning the bonds and the motor vehicle fuel taxes pledged for their payment.

BILL NO. 276

ORDINANCE NO. 183

(of Washoe County, Nevada)

AN ORDINANCE AUTHORIZING THE ISSUANCE BY THE COUNTY OF WASHOE, NEVADA, OF ITS NEGOTIABLE, COUPON, "WASHOE COUNTY, NEVADA, HIGHWAY IMPROVEMENT REVENUE (MOTOR VEHICLE FUEL TAX) BONDS, SERIES NOVEMBER 1, 1971," IN THE PRINCIPAL AMOUNT OF \$5,400,000.00, FOR STREET AND HIGHWAY CONSTRUCTION WITHIN THE COUNTY, IMPROVEMENTS INCIDENTAL THERETO, AND APPURTENANCES; DIRECTING THAT THE COUNTY SHALL EFFECT SUCH PURPOSE; PROVIDING THE FORMS, TERMS AND CONDITIONS OF THE BONDS, THE MANNER AND TERMS OF THEIR ISSUANCE, THE MANNER OF THEIR EXECUTION, THE METHOD OF THEIR PAYMENT AND THE SECURITY THEREFOR, AND OTHER DETAILS IN CONNECTION THEREWITH; PROVIDING FOR THE DISPOSITION OF THE PROCEEDS OF CERTAIN MOTOR VEHICLE FUEL TAXES; PLEDGING REVENUES TO THE PAYMENT OF THE BONDS DERIVED FROM THE LEVY AND COLLECTION OF SUCH EXCISE TAXES; PROVIDING FOR THE ISSUANCE OF ADDITIONAL BONDS PAYABLE FROM SUCH EXCISE TAXES; PROVIDING OTHER COVENANTS, AGREEMENTS AND OTHER DETAILS AND MAKING OTHER PROVISIONS CONCERNING SUCH MOTOR VEHICLE FUEL TAXES, SUCH BONDS, AND THE REVENUES PLEDGED FOR THEIR PAYMENT; RATIFYING ACTION PREVIOUSLY TAKEN TOWARD ISSUING SUCH BONDS AND EFFECTING THE PURPOSE OF THEIR ISSUANCE; BY DECLARING THIS ORDINANCE PERTAINS TO THE SALE, ISSUANCE AND PAYMENT OF THE BONDS, PROVIDING FOR ITS ADOPTION AS IF AN EMERGENCY EXISTED; AND PROVIDING THE EFFECTIVE DATE HEREOF.

(1) WHEREAS, the County of Washoe, in the State of Nevada (herein sometimes designated as the "County" or merely the "Issuer" and as the "State," respectively), is a county incorporated and operating under the laws of the State; and

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

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

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

(5) WHEREAS, the State legislature adopted and the Governor approved on the

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13th day of April, 1965, chapter 470, Statutes of Nevada 1965, designated as sections 373.010 through 373.200, Nevada Revised Statutes, which act, as from time to time amended, is cited in section 373.010 thereof as the "County Motor Vehicle Fuel Tax Law" (herein sometimes designated as the "Project Act"); and

(6) WHEREAS, pursuant to the Project Act, the Governing Body created the Regional Street and Highway Commission of Washoe County, State of Nevada (herein sometimes designated as the "Highway Commission"); and

(7) WHEREAS, in addition to any other taxes provided by law, the Governing Body levied and required to be paid an excise tax of one cent (1¢) per gallon on all motor vehicle fuel sold, distributed or used in the County (subject to certain exceptions), imposed and effective commencing on the first day of August, 1965, by Ordinance No. 132 (Bill No. 118), proposed and passed as an emergency measure on the 15th day of June, 1965, and in effect increased such excise tax from one cent (1¢) per gallon to two cents (2¢) per gallon, effective the first day of May, 1970, by Ordinance No. 132 (Bill No. 239), proposed on the 16th day of February, 1970, and passed on the 5th day of March, 1970, and as otherwise amended (herein sometimes designated as the "Tax Ordinance"); and

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

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

(10) WHEREAS, the Project to be financed wholly or in part with the proceeds of the bonds herein authorized to be issued (herein sometimes designated as the "1971 (2) bonds" or merely the "bonds") constitutes street and highway construction, the character of which construction is shown in more detail in the Plan; and

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

(a) The priorities established by the Plan,

(b) The relation of the proposed Project to other projects already constructed or authorized,

(c) The relative need for the Project in comparison with other proposed projects, and

(d) The funds available;

and

(12) WHEREAS, the Highway Commission has approved the Project; and

(13) WHEREAS, the Plan embraces all the area comprising the County; and

(14) WHEREAS, subsections 2 and 3 of section 373.130, Project Act, provide:

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"2. The board may, after the enactment of an ordinance as authorized by NRS 373.030, from time to time issue revenue bonds and other revenue securities, on the behalf and in the name of the county:

"(a) The total of all of which, issued and outstanding at any one time, shall not be in an amount requiring a total debt service in excess of the estimated receipts to be derived from the tax imposed pursuant to the provisions of NRS 373.030; and

"(b) Which shall not be general obligations of the County or a charge on any real estate therein; but

"(c) Which may be secured as to principal and interest by a pledge authorized by this chapter of the receipts from the motor vehicle fuel taxes herein designated, except such portion of such receipts as may be required for the direct distributions authorized by NRS 373.150.

"3. A county is authorized to issue bonds without the necessity of their being authorized at any election in such manner and with such terms as herein provided."

and

(15) WHEREAS, subsection 6, section 373.130, Project Act, as amended, provides, subject to certain expressed exceptions here irrelevant, that:

"\*\*\* all bonds and other securities issued hereunder shall be payable solely from the proceeds of motor vehicle fuel taxes collected by or remitted to the county pursuant to chapter 365 of NRS, as supplemented by this chapter (i.e., chapter 373, Nevada Revised Statutes). Receipts of the taxes levied in NRS 365.180 and 365.190 (constituting the excise tax proceeds of one-half cent (1/2¢) per gallon, and one cent (1¢) per gallon levied by the State by sections 365.180 and 365.190, Nevada Revised Statutes, respectively, on motor vehicle fuel sold, distributed or used in the State, subject to certain exceptions, and allocated to the Issuer and other counties of the State as provided by NRS 365.550 and 365.560, respectively) and accounted for in the general road fund of the county may be used by the county for the payment of securities issued hereunder and may be pledged therefor. If during any period any securities payable from such tax proceeds are outstanding, such tax receipts shall not be used directly for the construction, maintenance and repair of any streets, roads or other highways nor for any purchase of equipment therefor, and the receipts of the tax levied in NRS 365.190 shall not be apportioned pursuant to subsection 2 of NRS 365.560 unless, at any time such tax receipts are so apportioned, provision has been duly made in a timely manner for the payment of such outstanding securities as to the principal of, any

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prior redemption premiums due in connection with, and the interest on the securities as the same become due, as provided in the securities, the ordinance authorizing their issuance, and any other instruments appertaining to the securities." (Parenthetical citation and statement added to quotation herein.)

and

(16) WHEREAS, section 373.160, Project Act, as amended, reads:

"1. The ordinance or ordinances providing for the issuance of any bonds or other securities issued hereunder payable from the receipts from the motor vehicle fuel excise taxes herein designated may at the discretion of the board, in addition to covenants and other provisions authorized in the Local Government Securities Law, contain covenants or other provisions as to the pledge of and the creation of a lien upon the receipts of the tax collected for the county hereunder (excluding any tax proceeds to be distributed directly under the provisions of NRS 373.150) or the proceeds of the bonds or other securities pending their application to defray the cost of the project, or both such tax proceeds and security proceeds, to secure the payment of revenue bonds or other securities issued hereunder.

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

"3. The pledges and liens authorized by subsections 1 and 2 of this section shall extend to the proceeds of any tax collected for use by the county on any motor vehicle fuel so long as any bonds or other securities issued hereunder remain outstanding and shall not be limited to any type or types of motor vehicle fuel in use when the bonds or other securities shall be issued."

and

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(17) WHEREAS, pursuant to the Project Act and other acts supplemental thereto, including, without limitation, chapter 365, Nevada Revised Statutes, and all laws amendatory thereof (herein sometimes designated as the "Tax Act"), and by Ordinance No. 151, duly proposed and passed by the Board on the 3rd day of November, 1966, and designated in section 101 thereof by the short title "11-1-66 bond ordinance," the County has issued its "Washoe County, Nevada, Highway Improvement Revenue (Motor Vehicle Fuel Tax) Bonds, Series November 1, 1966" (herein sometimes designated as the "1966 bonds" or merely the "bonds" in quotations from the 11-1-66 bond ordinance), in the original aggregate principal amount of \$4,000,000, payable to bearer, dated as of the first day of November, 1966, consisting of 800 bonds in the denomination of \$5,000.00 each, numbered consecutively in regular numerical order from 1 through 800, bearing interest from their date until their respective maturities at the rate of five per centum (5%) per annum, interest being evidenced until the respective bond maturities by one (1) set of interest coupons payable to bearer, attached to the bonds, and payable semiannually on the first days of May and November in each year, commencing on the first day of May, 1967, and the bonds being numbered and maturing serially in regular numerical order on the first day of November in each of the designated amounts and years as follows:

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

the principal of, any prior redemption premiums due in connection with, and the interest on (herein sometimes designated as the "Bond Requirements"), the 1966 bonds being payable in lawful money of the United States of America, upon presentation and surrender of the 1966 bonds and the annexed interest coupons as they severally become due, without deduction for exchange or collection charges, at the office of the County Treasurer of Washoe County, November 15, 1971



in Reno, Nevada; of which issue there remain outstanding and unpaid (after the first day of November, 1971) the 1966 bonds numbered 101 through 800, in the aggregate principal amount of \$3,500,000.00; and

(18) WHEREAS, the 1966 bonds are special obligations of the County payable from such Fuel Taxes, now consisting of two cents (2¢) per gallon on all motor vehicle fuel sold, distributed or used in and levied by the County by the Tax Ordinance, and of an additional one and one-half cent (1-1/2¢) per gallon on all motor vehicle fuel sold, distributed or used in and levied by the State by sections 365.180 and 365.190, Tax Act, and distributed in part to the County (as well as the other counties of the State) by sections 365.550 and 365.560, Tax Act, but subject to the exempt sales and other exempt transactions provided by law, and subject to the credits and refunds authorized by law and pertaining thereto except those defrayed as Administration Expenses, after provision is made for the payment of certain Administration Expenses, including, without limitation, deductions to reimburse dealers and users for certain handling losses, to make certain refunds to taxpayers, and to make certain other remittances and deposits required by law (herein sometimes designated as the "Gross Pledged Revenues", and the "Net Pledged Revenues", respectively); and

(19) WHEREAS, the 11-1-66 bond ordinance provides in relevant part:

"Section 102. Meanings and Construction.

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

\* \* \* \* \*

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

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and incident to the administration or operation of chapter 365, Nevada Revised Statutes, not exceeding in the aggregate one per centum (1%) of the amount collected to defray such administration and operation costs incurred by the State, and also including without limitation any such other costs appertaining to any Fuel Taxes other than the taxes presently imposed by the Tax Ordinance or by said chapter 365 and now or hereafter subject to the pledge and lien to secure the payment of the 1966 bonds; and the term may include at the Issuer's option (except as limited by law), without limiting the generality of the foregoing, auditing, legal, and other overhead expenses of the Issuer directly or indirectly related to the administration, operation, and maintenance of the Fuel Taxes, insurance and fidelity bond premiums, the reasonable charges of the Paying Agent or other depository bank appertaining to the Fuel Taxes, any taxes, assessments, or other charges which may be lawfully imposed on the Issuer or its income or operations appertaining to the Fuel Taxes, ordinary and current rentals of equipment or other property, refunds of any revenues lawfully due to others, expenses in connection with the issuance of bonds or other securities evidencing any loan to the Issuer and payable from Pledged Revenues, the expenses and compensation of any trustee or other fiduciary, contractual services, professional services required by this Instrument, salaries, labor, and the cost of materials and supplies used for current operation, and all other administrative, general and commercial expenses appertaining to the Fuel Taxes, but:

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

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

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

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

"(e) Excluding any allowance for the redemption of any bonds or other securities evidencing a loan, or the payment of any interest thereon, or any reserve therefor; and

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

\* \* \* \* \*

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

\* \* \* \* \*

"(21) 'Fiscal Year' for the purposes of this Instrument means the twelve (12) months commencing on the first day of July of any calendar year and ending on the last day of June of the next calendar year.

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

\* \* \* \* \*

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

\* \* \* \* \*

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

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

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

"(c) Who is not connected with the Issuer as an officer or employee thereof, but who may be regularly retained to make annual or similar audits of any books or records of the Issuer.

\* \* \* \* \*

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

\* \* \* \* \*

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

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

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

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

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

\* \* \* \* \*

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

\* \* \* \* \*

"Section 703. Issuance of Parity Securities. Nothing in this instrument contained shall be construed in such a manner as to prevent the issuance by the Issuer of additional bonds or other additional securities payable from any Net Pledged Revenues and constituting a lien thereupon on a parity with, but not prior nor superior to, the lien of the 1966 bonds, nor to prevent the issuance of bonds or other securities refunding all or a part of the 1966 bonds; provided, however, that before any such additional parity bonds or other additional parity securities are authorized or actually issued (excluding any parity refunding bonds or other parity refunding securities other than any securities refunding subordinate bonds or other subordinate securities, as permitted in section 711 hereof):

"A. Absence of Default. At the time of the adoption of the supplemental instrument authorizing the issuance of the additional securities as provided in section 714 hereof, the Issuer shall not be in default in making any payments required by article V hereof.

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

"C. Reduction of Annual Requirements. The respective annual principal and interest requirements (including as a principal requirement the amount of any prior redemption premiums due on any prior redemption date as of which any outstanding bonds have been called or have been ordered to be called for prior redemption) shall be reduced to the extent such requirements are scheduled to be paid each of the respective fiscal years with moneys held in trust or in escrow for that purpose by any Insured Bank located within or without the State and exercising trust powers, including the known minimum yield from any investment in Federal Securities.

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

\* \* \* \* \*

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

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

and

(20) WHEREAS, the Project Act further provides in relevant part:

"373.120 1. No county motor vehicle fuel tax ordinance shall be repealed or amended or otherwise directly or indirectly modified in such a manner as to impair adversely any outstanding bonds issued hereunder or other obligations incurred hereunder, until all obligations for which revenues from such ordinance have been pledged or otherwise made payable from such revenues, pursuant to this chapter, have been discharged in full, but the board may at any time dissolve the commission and provide that no further obligations shall be incurred thereafter.

"2. The faith of the State of Nevada is hereby pledged that this chapter, NRS 365.180 to 365.200, inclusive, and any law supplemental thereto, including without limitation, provisions for the distribution to any county designated in NRS 373.030 of the proceeds of the motor vehicle fuel taxes collected thereunder, shall not be repealed nor amended or otherwise directly or indirectly modified in such a manner as to impair adversely any outstanding bonds issued hereunder or other obligations incurred hereunder, until all obligations for which any such tax proceeds have been pledged or otherwise made payable from such tax proceeds, pursuant to this chapter, have been discharged in full, but the State of Nevada may at any time provide by act that no further obligations shall be incurred thereafter."

and

(21) WHEREAS, subsequent to the issuance of the 1966 bonds, the State enacted a law supplemental in nature and providing a procedure for the Issuer and other municipalities for financing any project otherwise authorized by law (other than by the levy and collection of special assessments) and for the issuance of bonds and other securities to

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evidence or reevidence obligations incurred in connection with any such project, which act was adopted as chapter 197, Statutes of Nevada 1967, which act, as amended, is also cited as sections 350.500 through 350.720, Nevada Revised Statutes, and which act, as from time to time amended, is cited in section 350.500 thereof as the "Local Government Securities Law" (herein sometimes designated as the "Bond Act"); and

(22) WHEREAS, the Bond Act provides in relevant part:

"350.606 Recourse against municipal officers and agents: Acceptance of securities constitutes waiver, release. No recourse shall be had for the payment of the principal of, any interest on, and any prior redemption premiums due in connection with any bonds or other municipal securities or for any claim based thereon or otherwise upon the ordinance authorizing their issuance or other instrument appertaining thereto, against any individual member of the governing body or any officer or other agent of the municipality, past, present or future, either directly or indirectly through the governing body or the municipality, or otherwise, whether by virtue of any constitution, statute or rule of law, or by the endorsement of any penalty or otherwise, all such liability, if any, being by the acceptance of the securities and as a part of the consideration of their issuance specially waived and released.

\* \* \* \* \*

"350.610 Faith of state pledged against repeal, amendment, modification of Local Government Securities Law. The faith of the state is hereby pledged that this act, any law supplemental or otherwise appertaining thereto, and any other act concerning the bonds or other municipal securities, \*\*\* or the pledged revenues or any combination of such securities, \*\*\* and such revenues, shall not be repealed nor amended or otherwise directly or indirectly modified in such a manner as to impair adversely any outstanding municipal securities, until all such securities have been discharged in full or provision for their payment and redemption has been fully made, including without limitation the known minimum yield from the investment or reinvestment of moneys pledged therefor in federal securities."

(23) WHEREAS, also pursuant to the Project Act, the Bond Act and other acts supplemental thereto, and by Ordinance No. 167, duly proposed on the 22nd day of April, 1969, and duly passed on the 5th day of May, 1969, by the Board, and designated in section 101 thereof by the short title "5-1-69 Bond Ordinance," the County has issued its "Washoe County, Nevada, Highway Improvement Revenue (Motor Vehicle Fuel Tax) Bonds, Series May 1, 1969" (herein sometimes designated as the "1969 bonds" or merely the "bonds" in quotations from the 5-1-69 Bond Ordinance), in the original aggregate principal amount of \$4,000,000.00, payable to bearer, dated as of the first day of May, 1969, consisting of 800 bonds in the denomination of \$5,000.00 each, numbered consecutively in regular numerical order from 1 through 800, bearing interest from their date until their respective

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maturities at the rates hereinafter designated, interest being evidenced until the respective bond maturities by one (1) set of interest coupons payable to bearer, attached to the bonds, and payable on the first day of November, 1969, and semiannually thereafter on the first days of May and November in each year, and the bonds being numbered, bearing interest and maturing serially in regular numerical order on the first day of November in each of the designated amounts and years, as follows:

| <u>Bond Numbers</u><br>(All Inclusive) | <u>Interest Rates</u><br>(Per Annum) | <u>Principal</u><br><u>Maturing</u> | <u>Years</u><br><u>Maturing</u> |
|--|--------------------------------------|-------------------------------------|---------------------------------|
| 1 - 13                                 | 6.00%                                | \$ 65,000.00                        | 1970                            |
| 14 - 28                                | 6.00%                                | 75,000.00                           | 1971                            |
| 29 - 44                                | 6.00%                                | 80,000.00                           | 1972                            |
| 45 - 61                                | 6.00%                                | 85,000.00                           | 1973                            |
| 62 - 79                                | 6.00%                                | 90,000.00                           | 1974                            |
| 80 - 97                                | 6.00%                                | 90,000.00                           | 1975                            |
| 98 - 117                               | 6.00%                                | 100,000.00                          | 1976                            |
| 118 - 138                              | 6.00%                                | 105,000.00                          | 1977                            |
| 139 - 161                              | 6.00%                                | 115,000.00                          | 1978                            |
| 162 - 185                              | 6.00%                                | 120,000.00                          | 1979                            |
| 186 - 211                              | 6.00%                                | 130,000.00                          | 1980                            |
| 212 - 238                              | 6.00%                                | 135,000.00                          | 1981                            |
| 239 - 267                              | 6.00%                                | 145,000.00                          | 1982                            |
| 268 - 298                              | 6.00%                                | 155,000.00                          | 1983                            |
| 299 - 331                              | 6.00%                                | 165,000.00                          | 1984                            |
| 332 - 366                              | 6.00%                                | 175,000.00                          | 1985                            |
| 367 - 403                              | 6.00%                                | 185,000.00                          | 1986                            |
| 404 - 442                              | 6.00%                                | 195,000.00                          | 1987                            |
| 443 - 484                              | 6.00%                                | 210,000.00                          | 1988                            |
| 485 - 528                              | 6.00%                                | 220,000.00                          | 1989                            |
| 529 - 575                              | 6.00%                                | 235,000.00                          | 1990                            |
| 576 - 625                              | 6.00%                                | 250,000.00                          | 1991                            |
| 626 - 735                              | 5-1/2%                               | 550,000.00                          | 1992                            |
| 736 - 800                              | 5-1/2%                               | 325,000.00                          | 1993                            |

the Bond Requirements of the 1969 bonds being payable in lawful money of the United States of America, upon presentation and surrender of the bonds and the annexed interest coupons as they severally become due, without deduction for exchange or collection charges, at the First National Bank of Nevada, in Reno, Nevada; of which issue there remain Outstanding and unpaid (after the first day of November, 1971) the 1969 bonds numbered 29 through 800, in the aggregate principal amount of \$3,860,000.00; and

(24) WHEREAS, the 1969 bonds also are special obligations of the County payable from the Net Pledged Revenues, the payment of which 1969 bonds is secured by a pledge of and by an irrevocable and first lien (but not necessarily an exclusively first lien) on the Net Pledged Revenues on a parity with the pledge thereof and lien thereon to secure the payment of the Outstanding 1966 bonds; and

(25) WHEREAS, the 5-1-69 Bond Ordinance provides in relevant part:

"Section 102. Meanings and Construction.

"A. Definitions. The terms in this section defined for all purposes of this Instrument and of any instrument amendatory hereof or supplemental hereto, or relating hereto, and of any other instrument or any other document appertaining hereto, except

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where the context by clear implication otherwise requires, shall have the meanings herein specified:

\* \* \* \* \*

"(3) 'Administration Expenses' means the expenses incurred in fixing and collecting the Fuel Taxes and the costs of administering and enforcing laws, rules and regulations pertaining thereto, including without limitation the deductions allowed by law to any dealer or user to cover his costs of collection of the taxes and of compliance with any law pertaining thereto, statute or ordinance, and the dealer's or user's handling losses occasioned by evaporation, spillage or other similar causes, not exceeding two per centum (2%) of the amount thereby collected, the reasonable charges against the Issuer of the State acting by or through the Tax Commission or otherwise to reimburse the State for the cost to it of rendering its services in the performance by it of all functions incident to the administration or operation of the Tax Ordinance, which charges have been initially fixed by contract between the Issuer and the State in the amount of one-half of one per centum (1/2 of 1%) of the gross tax collected pursuant to the Tax Ordinance, but which are subject to renegotiation and reestablishment at a different rate or different amount, and such charges incident to the administration or operation of chapter 365, Nevada Revised Statutes, not exceeding in the aggregate one per centum (1%) of the amount collected from the State's tax imposed by section 365.190, Nevada Revised Statutes, to defray such administration and operation costs incurred by the State, also so including an allocable and pro rata share of the net proceeds of the tax levied by the State in section 365.190, Nevada Revised Statutes, needed to make the remittances and deposits required of the State annually in aggregate amount of \$60,000.00 by section 365.535, Nevada Revised Statutes, and also so including any such administration costs pertaining to any Fuel Taxes other than the taxes presently imposed by the Tax Ordinance and by such chapter 365 and now or hereafter subject to the pledge and lien to secure the payment of the 1969 bonds; and the term may include at the Issuer's option (except as limited by law), without limiting the generality of the foregoing:

"(a) Auditing, legal and other overhead expenses of the Issuer directly or indirectly related to the administration, operation and maintenance of the Fuel Taxes;

"(b) Property, liability and other insurance and fidelity bond premiums pertaining to the Pledged Revenues or the Facilities, or both, or a reasonably allocated share of a premium of any blanket policy or bond pertaining to the Pledged Revenues or the Facilities, or both;

"(c) The reasonable charges of the Paying Agents or any other depository bank pertaining to the Fuel Taxes or any securities payable from the Pledged Revenues;

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"(d) Any general taxes, assessments, excise taxes, or other charges which may be lawfully imposed on the Issuer or its income or operations pertaining to the Fuel Taxes;

"(e) Ordinary and current rentals of equipment or other property;

"(f) The costs of making any refunds of any Pledged Revenues lawfully due to others;

"(g) Expenses in connection with the issuing of bonds or other securities evidencing any loan to the Issuer and payable from the Pledged Revenues;

"(h) The expenses and compensation of any trustee or other fiduciary;

"(i) Contractual services, professional services required by this Instrument, salaries, labor and the cost of materials and supplies used for current operations; and

"(j) All other administrative, general and commercial expenses pertaining to the Fuel Taxes, but:

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

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

"(iii) Excluding any costs of the acquisition of any Facilities or any improvements thereto or any other costs pertaining to any other street or highway improvements, or any reserves therefor;

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

"(v) Excluding any allowance for the redemption of any bonds or other securities evidencing a loan, or the payment of any interest thereon, or any reserve therefor; and

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

\* \* \* \* \*

"(9) 'Bond Requirements' means the principal of, any prior redemption premiums due in connection with, and the interest on the 1969 bonds and any additional bonds or other securities payable from the Pledged Revenues, or such part of such securities as may be designated.

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"(10) 'Bond Year' for the purposes of this Instrument means the twelve (12) months commencing on the second day of November of any calendar year and ending on the first day of November of the next succeeding calendar year.

"(11) The term 'bonds' or '1969 bonds' means those issued hereunder and designated as the 'Washoe County, Nevada, Highway Improvement Revenue (Motor Vehicle Fuel Tax) Bonds, Series May 1, 1969.'

\* \* \* \* \*

"(26) 'Fiscal Year' for the purposes of this Instrument means the twelve (12) months commencing on the first day of July of any calendar year and ending on the last day of June of the next succeeding calendar year.

"(28) 'Fuel Taxes' means any excise taxes collected for use by the Issuer in connection with the privilege of selling, using or distributing motor vehicle fuel in the County, so long as the bonds issued hereunder remain Outstanding, the proceeds of which taxes now or hereafter are authorized to be pledged for the payment of the bonds, whether levied by the Issuer, the State, or otherwise, subject to the exempt sales and to the other exempt transactions provided by law, and subject to the credits and refunds authorized by law and pertaining thereto except those defrayed as Administration Expenses; such taxes are not necessarily limited to any type or types of motor vehicle fuel in use when the bonds are issued; and, subject to such exempt sales and to such other exempt transactions, such taxes now consist:

"(a) Of a tax levied by the Issuer by the Tax Ordinance pursuant to the Project Act of one cent (1¢) per gallon on all motor vehicle fuel sold, distributed or used in the County as provided by the Tax Ordinance, except as therein otherwise provided, and

"(b) Of an additional tax levied by the State in section 365.190, Nevada Revised Statutes, of one cent (1¢) per gallon on all motor vehicle fuel sold, distributed or used in the County, except as otherwise provided in chapter 365, Nevada Revised Statutes, but

"(c) Not of any portion of the tax of one-half cent (1/2¢) per gallon on such fuel levied by the State in section 365.180, Nevada Revised Statutes, nor of any portion of any such excise tax otherwise now levied by the State; and such taxes may hereafter consist of any excise taxes pertaining to motor vehicle fuel of at least an equivalent value and pledged in lieu of such present taxes or of any such excise taxes of any value pledged in supplementation thereof.

\* \* \* \* \*

"(30) The term 'gross income' or 'Gross Pledged Revenues' means all income and revenues derived directly or indirectly by the Issuer from the Fuel Taxes, or any part thereof, whether resulting from excise taxes pertaining to motor vehicle fuel hereafter authorized to be pledged to the bonds, or otherwise, and includes all revenues received

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for use by the Issuer or any political corporation succeeding to the rights of the Issuer from the Fuel Taxes, but excluding:

"(a) Any moneys received as grants, appropriations or gifts from the United States, the State, or other sources, the use of which is limited by the grantor or donor to the construction of capital improvements for the Issuer, and

"(b) Any other moneys which are not authorized by statute now or hereafter adopted to be pledged to the payment of the bonds.

\* \* \* \* \*

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

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

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

"(c) Who is not connected with the Issuer as an officer or employee thereof, but who may be regularly retained to make annual or similar audits of any books or records of the Issuer.

\* \* \* \* \*

"(43) The term 'net income' or 'Net Pledged Revenues' means the Gross Pledged Revenues, after the deduction of the Administration Expenses and of any Direct Distributions (of which distributions none are due), and, in the case of the tax levied by the State in section 365.190, Nevada Revised Statutes, including without limitation the deduction by the State of an allocable and pro rata share of the proceeds of such tax for the remittances and deposits required by the provisions of section 365.535, Nevada Revised Statutes.

\* \* \* \* \*

"(53) 'Outstanding' when used with reference to the bonds or any other designated securities and as of any particular date means all the bonds or any such other securities payable from the Pledged Revenues in any manner theretofore and thereupon being executed and delivered:

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

"(b) Except any bond or other security for the payment or the redemption of which cash at least equal to the principal amount of, any prior redemption premium due in connection with, and the interest on the

bonds or other security to the date of maturity or the prior redemption date, shall have theretofore been deposited with a paying agent in escrow or in trust for that purpose, as provided in section 901 hereof; and

"(c) Except any bond in lieu of or in substitution for which another bond shall have been executed and delivered pursuant to section 314, section 315 or section 1109 hereof, or otherwise.

\* \* \* \* \*

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

\* \* \* \* \*

"(59) 'Pledged Revenues' means all or a portion of the proceeds of the gross Fuel Taxes, i.e., the Gross Pledged Revenues. The term indicates a source of revenues and does not necessarily indicate all or any portion or other part of such revenues in the absence of further qualification.

\* \* \* \* \*

"Section 703. Issuance of Parity Securities. Nothing in this Instrument contained, subject to the limitations stated in section 712, 713 and 714 hereof, shall be construed in such a manner as to prevent the issuance by the Issuer of additional bonds or other additional securities payable from the Net Pledged Revenues and constituting a lien thereon on a parity with, but not prior nor superior to, the lien thereon of the 1969 bonds, nor to prevent the issuance of bonds or other securities refunding all or a part of the 1969 bonds, except as provided in sections 708 through 714 hereof; but before any such additional parity bonds or other additional parity securities are authorized or actually issued (excluding any parity refunding bonds or other parity refunding securities other than any securities refunding subordinate bonds or other subordinate securities, as permitted in section 709 hereof):

"A. Absence of Default. At the time of the adoption of the supplemental instrument authorizing the issuance of the additional securities as provided in section 713 hereof, the Issuer shall not be in default in making any payments required by article V hereof.

"B. Historic Earnings Test. The Net Pledged Revenues derived in the Fiscal Year immediately preceding the date of the issuance of such additional parity securities shall have been at least sufficient to pay an amount equal to two hundred per centum (200%) of the combined maximum annual principal and interest requirements to be paid during any one Bond Year ending on or before the first day of November, 1994, of the Outstanding 1969 bonds and any other Outstanding parity securities of the Issuer and the bonds or other securities proposed to be issued (excluding any

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reserves therefor), except as hereinafter otherwise expressly provided.

"C. Adjustment of Revenues. If any Fuel Tax constituting supplemental Pledged Revenues has not accrued and been payable for the full Fiscal Year immediately preceding the date of the issuance of any such additional parity securities, any amount of Net Pledged Revenues which was actually collected for the designated Fiscal Year may be increased to an amount which it is estimated would have been collected if such Fuel Tax had accrued and been payable for the full Fiscal Year designated based upon the known collections of Net Pledged Revenues preceding such adjustment.

"D. Reduction of Annual Requirements. The respective annual Bond Requirements (including as such a requirement that the amount of any prior redemption premiums due on any prior redemption date as of which the Issuer shall have exercised or shall have obligated itself to exercise its prior redemption option by a call of securities for payment then) shall be reduced to the extent such Bond Requirements are scheduled to be paid each of the respective Bond Years with moneys held in trust or in escrow for that purpose by any Insured Bank located within or without the State and exercising trust powers, including the known minimum yield from any investment in Federal Securities.

"Section 704. Certification of Revenues. A written certification by an Independent Accountant, based upon estimates thereby as provided in subsection C of section 703 hereof, that such annual revenues, when adjusted as hereinabove provided in subsections C and D of section 703 hereof, are sufficient to pay such amounts, as provided in subsection B of section 703 hereof, shall be conclusively presumed to be accurate in determining the right of the Issuer to authorize, issue, sell and deliver additional bonds or other additional securities on a parity with the 1969 bonds.

\* \* \* \* \*

"Section 707. Use of Proceeds. The proceeds of any additional bonds or other additional securities (other than any funding or refunding securities) payable from the Pledged Revenues shall be used only to acquire or to improve, or both to acquire and improve, the Facilities.

\* \* \* \* \*

"Section 712. Payment Dates of Additional Securities. Any additional parity or subordinate bonds or other additional parity or subordinate securities (including but not necessarily limited to any funding or refunding securities) issued in compliance with the terms hereof shall bear interest payable semiannually on the first days of May and November in each year, except that the first interest payment date may be for interest

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accruing for any period not in excess in the aggregate of one year; and such additional securities shall mature on the first day of November in the years designated by the Governing Body during the term of the additional bonds or other additional securities.

"Section 713. Supplemental Instrument. Additional bonds or other additional securities payable from the Pledged Revenues shall be issued only after authorization thereof by a supplemental instrument of the Governing Body stating the purpose or purposes of the issuance of such additional securities, directing the application of the proceeds thereof to such purpose or purposes, directing the execution thereof, and fixing and determining the date, principal amount, maturity or maturities, designation and numbers thereof, the maximum rate or the rate or rates of interest to be borne thereby, any prior redemption privileges of the Issuer with respect thereto and other provisions thereof in accordance with this Instrument. All additional securities shall bear such date, shall bear such numbers and series designation, letters or symbols prefixed to their numbers distinguishing them from each other security, shall be payable at such place or places, may be subject to redemption prior to maturity on such terms and conditions, and shall bear interest at such rate or at such different or varying rates per annum, as may be fixed by instrument or other document of the Governing Body.

"Section 714. Parity Securities Reserve Fund. The Issuer, in connection with each series of additional parity securities, if any, shall create a separate account or fund as a continuing reserve to be used only to prevent deficiencies in the payment of the Bond Requirements of such securities resulting from the failure of the Issuer to deposit from time to time in an account or fund for their payment sufficient moneys to pay such Bond Requirements as the same become due, subject to exceptions therefor like the provisions in sections 507 and 508 hereof; and the Issuer shall cause to be accumulated and accounted for in such a reserve account or reserve fund in substantially equal monthly installments over a period of not exceeding five (5) years from the date of such additional parity securities, except to the extent capitalized with the proceeds of the securities or with other moneys available therefor, and thereafter shall cause to be maintained therein, an amount at least equal to the maximum principal and interest for such series becoming due in any Bond Year."

and

(26) WHEREAS, also pursuant to the Project Act, the Bond Act and other Acts supplemental thereto, and by Ordinance No. 180, duly proposed and duly passed on the 20th day of May, 1971, by the Board, and designated in section 101 thereof by the short title "5-1-71 Bond Ordinance," the County has issued its "Washoe County, Nevada, Highway Improvement Revenue (Motor Vehicle Fuel Tax) Bonds, Series May 1, 1971" (herein sometimes designated as the "1971 (1) bonds" or merely the "1971 bonds" or the "bonds" in quotations from the 5-1-71 Bond Ordinance), in the original aggregate principal amount of

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\$2,750,000.00, payable to bearer, dated as of the first day of May, 1971, consisting of 550 bonds in the denomination of \$5,000.00 each, numbered consecutively in regular numerical order from 1 through 550, bearing interest from their date until their respective maturities at the rates hereinafter provided, interest being evidenced until the respective bond maturities by one (1) set of interest coupons payable to bearer, attached to the bonds, and payable on the first day of November, 1971, and semiannually thereafter on the first days of May and November in each year, and the bonds being numbered, bearing interest and maturing serially in regular numerical order on the first day of November in each of the designated amounts and years, as follows:

| <u>Bond Numbers</u><br><u>(All Inclusive)</u> | <u>Interest Rates</u><br><u>(Per Annum)</u> | <u>Principal</u><br><u>Maturing</u> | <u>Years</u><br><u>Maturing</u> |
|---|---|-------------------------------------|---------------------------------|
| 1 - 7   | 6.50%                                       | \$ 35,000.00                        | 1972                            |
| 8 - 15  | 6.50%                                       | 40,000.00                           | 1973                            |
| 16 - 23                                       | 7.00%                                       | 40,000.00                           | 1974                            |
| 24 - 32                                       | 7.00%                                       | 45,000.00                           | 1975                            |
| 33 - 41                                       | 7.00%                                       | 45,000.00                           | 1976                            |
| 42 - 51                                       | 7.00%                                       | 50,000.00                           | 1977                            |
| 52 - 62                                       | 7.00%                                       | 55,000.00                           | 1978                            |
| 63 - 73                                       | 7.00%                                       | 55,000.00                           | 1979                            |
| 74 - 85                                       | 7.00%                                       | 60,000.00                           | 1980                            |
| 86 - 98                                       | 7.00%                                       | 65,000.00                           | 1981                            |
| 99 - 112                                      | 7.00%                                       | 70,000.00                           | 1982                            |
| 113 - 127                                     | 7.00%                                       | 75,000.00                           | 1983                            |
| 128 - 142                                     | 6.50%                                       | 75,000.00                           | 1984                            |
| 143 - 158                                     | 6.50%                                       | 80,000.00                           | 1985                            |
| 159 - 176                                     | 6.50%                                       | 90,000.00                           | 1986                            |
| 177 - 195                                     | 6.50%                                       | 95,000.00                           | 1987                            |
| 196 - 215                                     | 6.50%                                       | 100,000.00                          | 1988                            |
| 216 - 236                                     | 6.50%                                       | 105,000.00                          | 1989                            |
| 237 - 259                                     | 6.50%                                       | 115,000.00                          | 1990                            |
| 260 - 283                                     | 6.50%                                       | 120,000.00                          | 1991                            |
| 284 - 309                                     | 6.70%                                       | 130,000.00                          | 1992                            |
| 310 - 337                                     | 6.70%                                       | 140,000.00                          | 1993                            |
| 338 - 367                                     | 6.70%                                       | 150,000.00                          | 1994                            |
| 368 - 399                                     | 6.75%                                       | 160,000.00                          | 1995                            |
| 400 - 433                                     | 6.75%                                       | 170,000.00                          | 1996                            |
| 434 - 469                                     | 6.75%                                       | 180,000.00                          | 1997                            |
| 470 - 508                                     | 6.75%                                       | 195,000.00                          | 1998                            |
| 509 - 550                                     | 6.75%                                       | 210,000.00                          | 1999                            |

the Bond Requirements of the 1971 (1) bonds being payable in lawful money of the United States of America, upon presentation and surrender of the bonds and the annexed interest coupons as they severally become due, without deduction for exchange or collection charges, at the office of the County Treasurer of Washoe County, in Reno, Nevada, or at the Security National Bank of Nevada, in Reno, Nevada, at the option of the holder of any bond or any coupon pertaining thereto; of which issue there remain outstanding and unpaid all of the 1971 (1) bonds; and

(27) WHEREAS, the 1971 (1) bonds also are special obligations of the County payable from the Net Pledged Revenues, the payment of which 1971 (1) bonds is secured by a pledge of and by an irrevocable and first lien (but not necessarily an exclusively first

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lien) on the Net Pledged Revenues on a parity with the pledges thereof and liens thereon to secure the payment of the Outstanding 1966 bonds and the Outstanding 1969 bonds; and

(28) WHEREAS, the 5-1-71 Bond Ordinance provides in relevant part.

"Section 102. Meanings and Construction.

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

\* \* \* \* \*

"(3) 'Administration Expenses' means the expenses incurred in fixing and collecting the Fuel Taxes and the costs of administering and enforcing laws, rules, and regulations pertaining thereto, including, without limitation, the deductions allowed by law to any dealer or user to cover his costs of collection of the taxes and of compliance with any law pertaining thereto, statute or ordinance, and the dealer's or user's handling losses occasioned by evaporation, spillage or other similar causes, not exceeding two per centum (2%) of the amount thereby collected, the reasonable charges against the Issuer of (sic-or) the State acting by or through the Tax Commission or otherwise to reimburse the State for the cost to it of rendering its services in the performance by it of all functions incident to the administration or operation of the Tax Ordinance, which charges have been initially fixed by contract between the Issuer and the State in the amount of one-half of one per centum (1/2 of 1%) of the gross tax collected pursuant to the Tax Ordinance, but which are subject to renegotiation and reestablishment at a different rate or different amount, and such charges incident to the administration or operation of chapter 365, Nevada Revised Statutes, not exceeding in the aggregate one per centum (1%) of the amount collected from the State's taxes imposed by sections 365.180 and 365.190, Nevada Revised Statutes, to defray such administration and operation costs incurred by the State, also so including an allocable and pro rata share of the net proceeds of the tax levied by the State in sections 365.180 and 365.190, Nevada Revised Statutes, needed to make the remittances and deposits required of the State annually in aggregate amount of \$100,000 by section 365.535, Nevada Revised Statutes, and also so including any such administration costs pertaining to any Fuel Taxes other than the taxes presently imposed by the Tax Ordinance and by such chapter 365 and now or hereafter subject to the pledge and lien to secure the payment of the 1971 bonds; and the term may include at the Issuer's option (except as limited by law), without limitation:

"(a) Auditing, legal and other overhead expenses of the Issuer directly or indirectly related to the administration, operation and maintenance of the Fuel Taxes;

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"(b) Property, liability and other insurance and fidelity bond premiums pertaining to the Pledged Revenues or the Facilities, or both, or a reasonably allocated share of a premium of any blanket policy or bond pertaining to the Pledged Revenues or the Facilities, or both;

"(c) The reasonable charges of the Paying Agents or any other depository bank pertaining to the Fuel Taxes or any securities payable from the Pledged Revenues;

"(d) Any general taxes, assessments, excise taxes, or other charges which may be lawfully imposed on the Issuer or its income or operations pertaining to the Fuel Taxes;

"(e) Ordinary and current rentals of equipment or other property;

"(f) The costs of making any refunds of any Pledged Revenues lawfully due to others;

"(g) Expenses in connection with the issuance of bonds or other securities evidencing any loan to the Issuer and payable from the Pledged Revenues;

"(h) The expenses and compensation of any trustee or other fiduciary;

"(i) Contractural services, professional services required by this Instrument, salaries, labor and the cost of materials and supplies used for current operation; and

"(j) All other administrative, general and commercial expenses pertaining to the Fuel Taxes, but:

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

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

"(iii) Excluding any costs of the acquisition of any Facilities or any improvements thereto or any other costs pertaining to any other street or highway improvements, or any reserves therefor;

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

"(v) Excluding any allowance for the redemption of any bonds or other securities evidencing a loan, or the payment of any interest thereon, or any reserve therefor; and

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

\* \* \* \* \*

"(10) 'Bond Requirements' means the principal of, any prior redemption premiums due in connection with, and the interest on the 1971 bonds and any additional bonds or other securities payable from the Pledged Revenues, or such part of such securities as may be designated.

"(11) 'Bond Year' for the purposes of this Instrument means the twelve (12) months commencing on the second day of November of any calendar year and ending on the first day of November of the next succeeding calendar year.

"(12) The term 'bonds' (except in quotations herein from the 11-1-66 bond ordinance or the 5-1-69 Bond Ordinance) or '1971 bonds' means the securities issued hereunder and designated as the 'Washoe County, Nevada, Highway Improvement Revenue (Motor Vehicle Fuel Tax) Bonds, Series May 1, 1971.'

\* \* \* \* \*

"(29) 'Fiscal Year' for the purposes of this Instrument means the twelve (12) months commencing on the first day of July of any calendar year and ending on the last day of June of the next succeeding calendar year.

\* \* \* \* \*

"(32) 'Fuel Taxes' means the excise taxes collected for use by the Issuer in connection with the privilege of selling, using or distributing motor vehicle fuel in the County or the State, as the case may be, so long as the bonds issued hereunder remain Outstanding, the proceeds of which taxes now or hereafter are authorized to be pledged for the payment of the bonds, whether levied by the Issuer, the State, or otherwise, subject to the exempt sales and to the other exempt transactions provided by law, and subject to the credits and refunds authorized by law and pertaining thereto except those defrayed as Administration Expenses; such taxes are not necessarily limited to any type or types of motor vehicle fuel in use when the bonds are issued; and, subject to such exempt sales and to such other exempt transactions, such taxes now consist:

"(a) Of a tax levied by the Issuer by the Tax Ordinance pursuant to the Project Act of two cents (2¢) per gallon on all motor vehicle fuel sold, distributed or used in the County as provided by the Tax Ordinance, except as therein otherwise provided, and

"(b) Of additional taxes levied by the State in sections 365.180 and 365.190, Nevada Revised Statutes, of one-half cent (1/2¢) and one cent (1¢), respectively, per gallon on all motor vehicle fuel sold, distributed or used in the State and apportioned to the County, as well as other counties of the State, as provided in sections 365.550 and 365.560, Nevada Revised Statutes, except as otherwise provided in chapter 365, Nevada Revised Statutes, but

"(c) Not of any portion of any such excise tax otherwise now levied by the State;

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and such taxes may hereafter consist of any excise taxes pertaining to motor vehicle fuel of at least an equivalent value and pledged in lieu of such present taxes or of any such excise taxes of any value pledged in supplementation thereof.

\* \* \* \* \*

"(34) The term 'Gross Pledged Revenues' means all income and revenues derived directly or indirectly by the Issuer from the Fuel Taxes, or any part thereof, whether resulting from excise taxes pertaining to motor vehicle fuel hereafter authorized to be pledged to the bonds, or otherwise, and includes all revenues received for use by the Issuer or any political corporation succeeding to the rights of the Issuer from the Fuel Taxes, but:

"(a) Excluding any moneys received as grants, appropriations or gifts from the United States, the State, or other sources, the use of which is limited by the grantor or donor to the construction of capital improvements for the Issuer, and

"(b) Excluding any other moneys which are not authorized by statute heretofore or hereafter adopted to be pledged to the payment of the bonds.

\* \* \* \* \*

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

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

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

"(c) Who is not connected with the Issuer as an officer or employee thereof, but who may be regularly retained to make annual or similar audits of any books or records of the Issuer.

\* \* \* \* \*

"(45) The term 'Net Pledged Revenues' means the Gross Pledged Revenues, after the deduction of the Administration Expenses and of any Direct Distributions (of which distributions none are due), and in the case of the taxes levied by the State in sections 365.180 and 365.190, Nevada Revised Statutes, including, without limitation, the deduction by the State of an allocable and pro rata share of the proceeds of such taxes for the remittances and deposits required by the provisions of section 365.535, Nevada Revised Statutes.

\* \* \* \* \*

"(59) 'Outstanding' when used with reference to the bonds or any other designated securities and as of any particular date means all the bonds or any such other securities payable from the Pledged Revenues in any manner theretofore and thereupon being executed and delivered:

"(a) Except any bond or other security cancelled by the Issuer, by the Alternate Paying Agent, or otherwise on the Issuer's behalf, at or before such date;

"(b) Except any bond or other security for the payment or the redemption of which cash at least equal to the Bond Requirements to the date of maturity or the prior redemption date, shall have theretofore been deposited with a trust bank in escrow or in trust for that purpose, as provided in section 901 hereof; and

"(c) Except any bond in lieu of or in substitution for which another bond shall have been executed and delivered pursuant to section 314, section 315 or section 1109 hereof, or otherwise.

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

\* \* \* \* \*

"(65) 'Pledged Revenues' means all or a portion of the proceeds of the gross Fuel Taxes, i.e., the Gross Pledged Revenues. The designated term indicates a source of revenues and does not necessarily indicate all or any portion or other part of such revenues in the absence of further qualification.

\* \* \* \* \*

"Section 703. Issuance of Parity Securities. Nothing in this Instrument contained, subject to the limitations stated in sections 712 through 715 hereof, shall be construed in such a manner as to prevent the issuance by the Issuer of additional bonds or other additional securities payable from the Net Pledged Revenues and constituting a lien thereon on a parity with, but not prior nor superior to, the lien thereon of the 1971 bonds, nor to prevent the issuance of bonds or other securities refunding all or a part of the 1971 bonds, except as provided in sections 708 through 715 hereof; but before any such additional parity bonds or other additional parity securities are authorized or actually issued (excluding any parity refunding bonds or other parity refunding securities other than any securities refunding subordinate bonds or other subordinate securities, as permitted in section 709 hereof):

"A. Absence of Default. At the time of the adoption of the supplemental instrument authorizing the issuance of the additional securities as provided in section 713 hereof, the Issuer shall not be in default in making any payments required by article V hereof.

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"B. Historic Earnings Test. The Net Pledged Revenues derived in the Fiscal Year immediately preceding the date of the issuance of such additional parity securities shall have been at least sufficient to pay an amount equal to two hundred per centum (200%) of the combined maximum annual principal and interest requirements to be paid during any one Bond Year ending on or before the first day of November in the year in which the then Outstanding 1971 bonds last mature of the Outstanding 1971 bonds and any other Outstanding parity securities of the Issuer and the bonds or other securities proposed to be issued (excluding any reserves therefor), except as hereinafter otherwise expressly provided.

"C. Adjustment of Pledged Revenues. In any computation of such earnings test as to whether or not additional parity securities may be issued as provided in subsection B of this section, the amount of the Net Pledged Revenues for the next preceding Fiscal Year shall be decreased and may be increased by the amount of net loss or net gain estimated by an Independent Accountant resulting from any change in any Fuel Taxes, as if the schedule of such modified Fuel Taxes had been in effect during the entire next preceding Fiscal Year, if such change shall have been made by the Governing Body prior to such computation of the designated earnings test but made in the same Fiscal Year as such computation or in the next preceding Fiscal Year.

"D. Reduction of Annual Requirements. The respective annual Bond Requirements (including as such a requirement for the purposes of this section 703 the amount of any prior redemption premiums due on any prior redemption date as of which the Issuer shall have exercised or shall have obligated itself to exercise its prior redemption option by a call of securities for payment then) shall be reduced to the extent such Bond Requirements are scheduled to be paid each of the respective Bond Years with moneys held in trust or in escrow for that purpose by any trust bank within or without the State, including the known minimum yield from any investment in Federal Securities.

"Section 704. Certification of Revenues. A written certification by an Independent Accountant that such annual revenues, when adjusted as hereinabove provided in subsections C and D of section 703 hereof, are sufficient to pay such amounts, as provided in subsection B of section 703 hereof, shall be conclusively presumed to be accurate in determining the right of the Issuer to authorize, issue, sell and deliver additional bonds or other additional securities on a parity with the 1971 bonds.

\* \* \* \* \*

"Section 707. Use of Proceeds. The proceeds of any additional bonds or other additional securities (other than any funding or refunding securities) payable from the Pledged Revenues shall be used only to acquire or to improve, or both to acquire and im-

prove, the Facilities.

\* \* \* \* \*

"Section 712. Payment Dates of Additional Securities. Any additional parity or subordinate bonds or other additional parity or subordinate securities (including but not necessarily limited to any funding or refunding securities) issued in compliance with the terms hereof shall bear interest payable semiannually on the first days of May and November in each year, except that the first interest payment date may be for interest accruing for any period not in excess in the aggregate of one year; and such additional securities shall mature on the first day of November in the years designated by the Governing Body during the term of the additional bonds or other additional securities.

"Section 713. Supplemental Instrument. Additional bonds or other additional securities payable from the Pledged Revenues shall be issued only after authorization thereof by a supplemental instrument of the Governing Body stating the purpose or purposes of the issuance of such additional securities, directing the application of the proceeds thereof to such purpose or purposes, directing the execution thereof, and fixing and determining the date, principal amount, maturity or maturities, designation and numbers thereof, the maximum rate or the rate or rates of interest to be borne thereby, any prior redemption privileges of the Issuer with respect thereto and other provisions thereof in accordance with this Instrument. All additional securities shall bear such date, shall bear such numbers and series designation, letters or symbols prefixed to their numbers distinguishing them from each other security, shall be payable at such place or places, may be subject to redemption prior to maturity on such terms and conditions, and shall bear interest at such rate or at such different or varying rates per annum, as may be fixed by instrument or other document of the Governing Body.

"Section 714. Parity Securities Reserve Fund. The Issuer, in connection with each series of additional parity securities, if any, shall create a separate account as a continuing reserve to be used only to prevent deficiencies in the payment of the Bond Requirements of such securities resulting from the failure of the Issuer to deposit from time to time in an account for their payment sufficient moneys to pay such Bond Requirements as the same accrue, subject to exceptions therefor like the provisions in sections 507 and 508 hereof; and the Issuer shall cause to be accumulated and accounted for in such a reserve account in substantially equal monthly installments over a period of not exceeding five (5) years from the date of such additional parity securities, except to the extent capitalized with the proceeds of the securities or with other moneys available therefor, and thereafter shall cause to be maintained therein, an amount at least equal to the maximum principal and interest for such series becoming due in any Bond Year.

"Section 715. Accumulating Revenues for Payments. In connection with each series of additional parity bonds or other parity securities hereafter authorized, if any,

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moneys fully sufficient for the payment of each installment of interest and each installment of principal (except to the extent any other moneys are available therefor) shall be withdrawn each Fiscal Year from the Net Pledged Revenues and credited in substantially equal monthly deposits to be accumulated in an account or accounts maintained for that purpose prior to each installment payment date, commencing on the first day of the month immediately succeeding the delivery of any bonds of such series and thereafter on each interest payment date; but if the first maturity of such series of additional parity securities is more than one year next following the first day of the month immediately succeeding the date of such delivery, such first substantially equal monthly deposit for the payment of the first installment of principal may be made on the first day of any month thereafter but not later than one year immediately prior to the maturity date of such first installment of principal."

and

(29) WHEREAS, except as hereinabove otherwise provided, the County has never pledged nor in any way hypothecated revenues derived or to be derived (directly or indirectly) from any excise tax pertaining to motor vehicle fuel to the payment of any bonds or for any other purpose, with the result that the proceeds of the Pledged Revenues may now be pledged lawfully and irrevocably for the redemption of the bonds herein authorized, and they may be made payable from the Pledged Revenues, all as herein provided; and

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

(a) The Governing Body has studied the desirability and feasibility of the Project and of issuing the 1971 ( 2) bonds for that purpose, which bonds are payable from the Pledged Revenues, and pursuant to such study opinions thereabout have been formed;

(b) It is necessary and for the best interest of the County and the inhabitants thereof that the County effect the Project and that with the principal of the 1971 (2) bonds and any other available moneys the County shall defray the Cost of the Project;

(c) The total of all revenue bonds and any other securities payable from the Pledged Revenues issued on the behalf and in the name of the County, and consisting only of the Outstanding 1966 bonds, the Outstanding 1969 bonds, the Outstanding 1971 (1) bonds, and the proposed 1971 (2) bonds herein authorized:

(i) shall not be in an amount requiring a total debt service in excess of the net receipts estimated by the Board to be derived from the tax imposed pursuant to the provisions of section 373.030, Project Act, i.e., the proceeds of the Fuel Taxes levied by the Issuer by the Tax Ordinance, as amended from time to time, of two cents (2¢) per gallon

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(subject to certain exceptions), as herein recited; and

(ii) shall not be general obligations of the County or a charge on any real estate therein; but

(iii) shall be secured as to principal and interest by a pledge authorized by the Project Act of the net receipts from the motor vehicle fuel taxes therein designated, except such portion of such receipts as may be required for the Direct Distributions authorized by section 373.150, Project Act (of which receipts none are so required), i.e., the Fuel Taxes levied by the Issuer and the State of an aggregate of three and one-half cents (3-1/2¢) per gallon (subject to certain exceptions, as herein recited);

(d) Thus the limitation imposed by subsection 2, section 373.130, Project Act, is met;

(e) Pursuant to subsection 6, section 373.130, Project Act, and to all provisions in the act supplemental thereto, the payment of the 1971 (2) bonds, as well as the Outstanding 1966 bonds, the Outstanding 1969 bonds, and the Outstanding 1971 (1) bonds, shall be and hereby is required not only to be secured by a pledge of and by the creation of a lien upon the proceeds of the tax of two cents (2¢) per gallon levied by the Issuer and collected pursuant to the Project Act by the Tax Ordinance, as from time to time amended, as provided and subject to the exceptions stated in this instrument (herein sometimes designated as this "Instrument"), in the Tax Ordinance, and in the Project Act, but also to be secured additionally by a pledge of and by the creation of a lien upon (but not necessarily limited to) the proceeds of the tax of another one-half cent (1/2¢) and another one cent (1¢) per gallon levied in sections 365.180 and 365.190, Tax Act, respectively, and allocated and transmitted by the State to the Issuer and originally to be accounted for in part in the general road fund of the Issuer (in the absence of such pledge and lien), pursuant to sections 365.550 and 365.560, Tax Act, respectively, as provided and subject to the exceptions stated in this Instrument, in the Tax Act, and in the Project Act;

(f) The net proceeds of the tax levied and collected pursuant to the County Motor Vehicle Fuel Tax Law are sufficient to pay all bonds and securities, including the proposed 1971 (2) bonds, from the proceeds thereof;

(g) Thus the limitation imposed by subsection 2, section 373.160, Project Act, is met; and accordingly the Board, on the behalf and in the name of the County, may additionally secure the payment of the 1971 (2) bonds issued pursuant to this Instrument under the Project Act by a pledge of and the crea-

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tion of a lien upon not only the proceeds of any motor fuel tax authorized at the time of the issuance of such securities to be used for such payment of all such securities payable from the Pledged Revenues, and authorized in subsection 6, section 373.130, Project Act, but also the proceeds of any such tax hereafter authorized to be used or pledged or used and pledged for the payment of such securities, whether such tax be levied or collected by the County, the State, or otherwise, or be levied in at least an equivalent value in lieu of any such tax existing at the time of the issuance of such securities or be levied in supplementation thereof;

(h) Pursuant to subsection 3, section 373.160, Project Act, the pledges and liens authorized by subsections 1 and 2, section 373.160, Project Act, shall extend to the proceeds of any tax collected for use by the County on any motor vehicle fuel so long as any bonds or other securities issued under the Project Act remain Outstanding and shall not be limited to any type or types of motor vehicle fuel in use when the bonds or other securities are issued; and the revenues pledged for the payment of the 1971 (2) bonds, as received by the County, shall immediately be subject to the lien of each such pledge without any physical delivery thereof, any filing, or further act, and the lien of each such pledge and the obligation to perform the contractual provisions made in this Instrument shall have priority over any or all other obligations and liabilities of the County, except as may be otherwise provided in the Project Act or in this Instrument, and subject to any prior pledges and liens heretofore created; and the lien of each such pledge shall be valid and binding as against all Persons having claims of any kind in tort, contract or otherwise against the County irrespective of whether such Persons have notice thereof;

(i) The County is not in default in making any payments required by article V of each the 11-1-66 bond ordinance, the 5-1-69 Bond Ordinance, and the 5-1-71 Bond Ordinance at the time of the adoption of this Instrument;

(j) The annual Net Pledged Revenues for the Fiscal Year immediately preceding the date of the issuance of the 1971 (2) bonds are sufficient to pay an amount representing two hundred per centum (200%) of the combined maximum annual principal and interest requirements to be paid during any one Bond Year ending on or before the first day of November, 1999, and in the alternative to be paid during any one Fiscal Year ending on or before the last day of June, 2000, of the Outstanding 1966 bonds, the Outstanding 1969 bonds, the Outstanding 1971 (1) bonds and any other Outstanding parity securities of the Issuer payable from and constituting a lien upon Net Pledged Revenues (of which Outstanding securities there are none other than the 1966 bonds, the 1969 bonds

and the 1971 (1) bonds) and the 1971 (2) bonds proposed to be issued (excluding any reserves therefor);

(k) The respective annual principal and interest requirements (including as a principal requirement the amount of any prior redemption premiums due on any prior redemption date as of which any outstanding bonds have been called or have been ordered to be called for prior redemption) have not been reduced in the making of such determination, as such Bond Requirements are not now scheduled to be paid each of the respective Bond Years or Fiscal Years with any moneys held in trust or in escrow for that purpose by any Insured Bank located within or without the State and exercising trust powers, including the known minimum yield from any investment in Federal Securities (subject to the deposits required in article V of each the 11-1-66 bond ordinance, the 5-1-69 Bond Ordinance, and the 5-1-71 Bond Ordinance, to meet current requirements);

(l) The amount of the Gross Pledged Revenues received for the immediately preceding full Fiscal Year ending on the last day of June, 1971, has not been adjusted because of any increase of the Fuel Tax levied by the Issuer either in such Fiscal Year or in the current Fiscal Year;

(m) The 1971 (2) bonds shall be payable from that portion of the net proceeds of such Fuel Taxes (as herein defined) which may be pledged to secure the payment of the bonds, i.e., from the Gross Pledged Revenues:

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

(ii) Except for any other Administration Expenses, as herein defined, as such net proceeds are credited to the Regional Street and Highway Fund in the County Treasury (herein sometimes designated as the "Highway Fund"), or otherwise;

(n) The payment of the 1971 (2) bonds shall be secured by a pledge of and an irrevocable and a first (but not necessarily an exclusively first) lien on the Net Pledged Revenues on a parity with the pledges thereof and such liens thereon to secure the payment of the 1966 bonds, 1969 bonds and the 1971 (1) bonds;

(o) The pledges of and liens on the Pledged Revenues for the payment of securities payable therefrom and issued under the Project Act have not heretofore been extended to any Fuel Taxes other than the above designated taxes of three and one-half cents (3-1/2¢) per gallon; but such pledges and liens have

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been extended to such taxes by amendment of the Project Act, the Tax Act, laws supplemental thereto, and the Tax Ordinance, notwithstanding provisions in the 11-1-66 bond ordinance and the 5-1-69 Bond Ordinance indicating that the rates of the Fuel Taxes are smaller in amount;

(p) In accordance with section 707 of each the 11-1-66 bond ordinance, the 5-1-69 Bond Ordinance, and the 5-1-71 Bond Ordinance, the proceeds of the 1971 (2) bonds, which are payable from the Net Pledged Revenues, shall be used only to acquire or improve or both to acquire and improve, the Facilities, as the Governing Body has heretofore determined;

(q) In accordance with section 708, 11-1-66 bond ordinance, and with section 712 of each the 5-1-69 Bond Ordinance and the 5-1-71 Bond Ordinance, the 1971 (2) bonds shall bear interest payable the first day of May, 1972, and semiannually thereafter on the first days of May and November in each year; and such additional securities shall mature on the first day of November in the years designated by the Governing Body during the term of such additional securities, i.e., the 1971 (2) bonds;

(r) Each of the limitations in the Project Act, the Bond Act, the 11-1-66 bond ordinance, the 5-1-69 Bond Ordinance, the 5-1-71 Bond Ordinance and in the acts and ordinances supplemental thereto, has been met; and pursuant to section 350.708, Bond Act, this determination of the Board that the limitations therein upon the issuance of the 1971 (2) bonds thereunder have been met shall be conclusive in the absence of fraud or arbitrary and gross abuse of discretion;

(s) The 1971 (2) bonds shall otherwise be issued in strict compliance with the Project Act, the Bond Act, the 11-1-66 bond ordinance, the 5-1-69 Bond Ordinance, the 5-1-71 Bond Ordinance, this Instrument, and all other acts, ordinances and resolutions supplemental thereto; and

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

(31) WHEREAS, the Governing Body has determined and does hereby declare that this Instrument pertains to the sale, issuance and payment of the 1971 (2) bonds; and

(32) WHEREAS, such declaration shall be conclusive in the absence of fraud or

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gross abuse of discretion in accordance with the provisions of subsection 2, section 350.579, Bond Act; and

(33) WHEREAS, this Instrument may accordingly be adopted as if an emergency now exists (as in fact it does) and may become effective at any time when an emergency instrument of the Issuer may go into effect; and

(34) WHEREAS, due to a deterioration of the highway system in the County over a period of years, due to a progressively larger and substantial increase in motor vehicular traffic during such period on such system, due to the resultant traffic congestion which intermittently substantially impedes the flow of traffic and which is resulting in progressively larger and substantial economic losses to the inhabitants of and other Persons in the County and which intermittently constitutes a serious impediment to the movement of ambulances and fire, police and other emergency vehicles, thereby materially and adversely affecting the public health, welfare and safety, and due to the necessity of immediately acquiring funds to defray the Cost of the Project, the Improvements comprising which being urgently needed to relieve such traffic congestion and the resultant detrimental conditions, the Governing Body has determined and does hereby declare, that this Instrument shall take effect from and after its passage and publication by title in accordance with law as if an emergency now exists (as in fact it does).

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

ARTICLE I

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

Section 101. Short Title. This ordinance may be designated by the short title "11-1-71 Bond Ordinance".

Section 102. Meanings and Construction.

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

(1) The term "acquire" or "acquisition" means the opening, laying out, establishment, purchase, construction, securing, installation, reconstruction, lease, gift, grant from the Federal Government, the State, any body corporate and politic therein, any corporation, or any other Person, the endowment, bequest, devise, condemnation, transfer, assignment, option to purchase, other contract, or other acquirement, or any combination thereof, of any properties pertaining to the Facilities, or an interest therein, or any other properties herein designated.

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(2) "Acquisition Fund" means the special account designated as the "Washoe County, Nevada, Highway Improvement Revenue Bond, Series November 1, 1971, Project Acquisition Fund" created in subsection C, section 401 hereof.

(3) "Administration Expenses" means the expenses incurred in fixing and collecting the Fuel Taxes and the costs of administering and enforcing laws, rules and regulations pertaining thereto, including, without limitation, the deductions allowed by law to any dealer or user to cover his costs of collection of the taxes and of compliance with any law pertaining thereto, statute or ordinance, and the dealer's or user's handling losses occasioned by evaporation, spillage or other similar causes, not exceeding two per centum (2%) of the amount thereby collected, the reasonable charges against the Issuer or the State acting by or through the Tax Commission or otherwise to reimburse the State for the cost to it of rendering its services in the performance by it of all functions incident to the administration or operation of the Tax Ordinance, which charges have been initially fixed by contract between the Issuer and the State in the amount of one-half of one per centum (1/2 of 1%) of the gross tax collected pursuant to the Tax Ordinance, but which are subject to renegotiation and reestablishment at a different rate or different amount, and such charges incident to the administration or operation of the Tax Act, not exceeding in the aggregate one per centum (1%) of the amount collected from the State's taxes imposed by sections 365.180 and 365.190, Tax Act, to defray such administration and operation costs incurred by the State, also so including an allocable and pro rata share of the net proceeds of the Tax levied by the State in sections 365.180 and 365.190, Tax Act, needed to make the remittances and deposits required of the State annually in an amount determined by the formula provided in section 365.535, Tax Act, and pertaining to the amount of excise taxes paid on all motor vehicle fuel used in watercraft for recreational purposes, and also so including any such administration costs pertaining to any Fuel Taxes other than the taxes presently imposed by the Tax Ordinance and by the Tax Act and now or hereafter subject to the pledge and lien to secure the payment of the 1971 (2) bonds; and the term may include at the Issuer's option (except as limited by law), without limitation:

(a) Auditing, legal and other overhead expenses of the Issuer directly or indirectly related to the administration, operation and maintenance of the Fuel Taxes;

(b) Property, liability and other insurance and fidelity bond premiums pertaining to the Pledged Revenues or the Facilities, or both, or a reasonably allocated share of a premium of any blanket policy or bond pertaining to the Pledged Revenues or the Facilities, or both;

(c) The reasonable charges of any depository bank pertaining to the Fuel Taxes or any securities payable from the Pledged Revenues;

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(d) Any general taxes, assessments, excise taxes, or other charges which may be lawfully imposed on the Issuer or its income or operations pertaining to the Fuel Taxes;

(e) Ordinary and current rentals of equipment or other property;

(f) The costs of making any refunds of any Pledged Revenues lawfully due to others;

(g) Expenses in connection with the issuance of bonds or other securities evidencing any loan to the Issuer and payable from the Pledged Revenues;

(h) The expenses and compensation of any trustee or other fiduciary;

(i) Contractual services, professional services required by this Instrument, salaries, labor and the cost of materials and supplies used for current operation; and

(j) All other administrative, general and commercial expenses pertaining to the Fuel Taxes, but:

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

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

(iii) Excluding any costs of the acquisition of any Facilities or any improvements thereto or any other costs pertaining to any other street or highway improvements, or any reserves therefor;

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

(v) Excluding any allowance for the redemption of any bonds or other securities evidencing a loan, or the payment of any interest thereon, or any reserve therefor; and

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

(4) "Administrator" means the de jure or de facto county manager of Washoe County, Nevada, who is the chief executive officer of the County, or his successor in functions, if any.

(5) "Auditor" means the de jure or de facto county auditor of Washoe County, Nevada, or his successor in functions, if any.

(6) "Board" or "Governing Body" means the Board of County Commissioners of

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Washoe County, in the State of Nevada, or its successor in functions, if any.

(7) "Bond Act" means sections 350.500 through 350.720, Nevada Revised Statutes, and all laws amendatory thereof, and is designated in section 350.500 thereof as the Local Government Securities Law.

(8) "Bond Fund" or "1971 (2) Bond Fund" means the special account designated as the "Washoe County, Nevada, Highway Improvement Revenue Bonds, Series November 1, 1971, Interest and Bond Retirement Fund," created in subsection A, section 401 hereof, and required to be accumulated, deposited and maintained in subsection D, section 505 hereof, and other provisions herein supplemental to such subsections.

(9) "Bond Requirements" means the principal of, any prior redemption premiums due in connection with, and the interest on the 1971 (2) bonds and any additional bonds or other securities payable from the Pledged Revenues, or such part of such securities as may be designated.

(10) "Bond Year" for the purposes of this Instrument means the twelve (12) months commencing on the second day of November of any calendar year and ending on the first day of November of the next succeeding calendar year.

(11) The term "bonds" (except in quotations herein from the 11-1-66 bond ordinance, the 5-1-69 Bond Ordinance or the 5-1-71 Ordinance) or "1971 (2) bonds" means the securities issued hereunder and designated as the "Washoe County, Nevada, Highway Improvement Revenue (Motor Vehicle Fuel Tax) Bonds, Series November 1, 1971."

(12) "Chairman" means the de jure or de facto chairman of the Board, or his successor in functions, if any.

(13) "Clerk" or "County Clerk" means the de jure or de facto county clerk of Washoe County, Nevada, or his successor in functions, if any.

(14) The term "commercial bank" means a state or national bank or trust company which is a member of the Federal Deposit Insurance Corporation and of the Federal Reserve System, is located within the United States, and has a capital and surplus of \$4,000,000.00 or more, including, without limitation, any "trust bank" as herein defined.

(15) "Comparable Bond Year" means, in connection with any Fiscal Year, the Bond Year which commences in the Fiscal Year. For example, for the Fiscal Year commencing on the first day of July, 1972, the Comparable Bond Year commences on the second day of November, 1972, and ends on the first day of November, 1973.

(16) "Cost of the Project," or any phrase of similar import, means all or any part designated by the Governing Body of the cost of the Project, or interest in the Improvements being acquired, which cost, at the option of the Governing Body (except as limited by law) may include all or any part of the incidental costs pertaining to the Project, including, without limitation:

(a) Preliminary expenses advanced by the Issuer from funds available for

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use therefor or any other source, or advanced by any city or town with the approval of the Issuer from funds available therefor or from any other source, or advanced by the State or the Federal Government, with the approval of the Issuer (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, 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 pertaining to the Project, and bank fees and expenses;

(f) The costs of contingencies;

(g) The costs of the capitalization with the proceeds of the 1971 (2) bonds of any interest on the bonds for any period not exceeding the period estimated by the Governing Body to effect the Project plus one (1) year, of any discount on the bonds, and of any reserves for the payment of the Bond Requirements of the bonds, of any replacement expenses, and of any other cost of the issuance of the bonds;

(h) The costs of amending any ordinance, resolution or other instrument authorizing the issuance of or otherwise pertaining to outstanding securities payable from any Pledged Revenues;

(i) The costs of funding any emergency loans, construction loans and other temporary loans of not exceeding three (3) years pertaining 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, of 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 pertaining to the Project, as estimated or otherwise ascertained by the Governing Body.

(17) "County" or "Issuer" means the County of Washoe in the State of Nevada, and constituting a political subdivision thereof, or any successor municipal corporation;

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and where the context so indicates, either such term means the geographical area comprising the County of Washoe.

(18) "County Clerk" means the Clerk.

(19) "County Treasurer," "Paying Agent," or "Treasurer" means the de jure or de facto county treasurer of the Issuer and designated as such by the Issuer, which treasurer is an agent of the Issuer for the payment of the Bond Requirements of the outstanding 1966 bonds, the outstanding 1969 bonds, the outstanding 1971 (1) bonds and the proposed 1971 (2) bonds and for other administration of moneys pertaining to the Issuer; and the term "Paying Agent" includes any successor thereof.

(20) The term "coupons" means those obligations evidencing interest on and pertaining to the 1971 (2) bonds and any other securities payable from the Pledged Revenues, or such part of such securities as may be designated.

(21) "Direct Distributions" means the shares of the proceeds of motor vehicle fuel taxes levied and collected pursuant to the Project Act and the Tax Ordinance and allocated thereunder to those cities and towns within the County, whose respective territories are not included wholly or in part in the Plan in aid of approved construction projects from the Highway Fund, in the proportion which the total assessed valuation of those cities and towns bears to the total assessed valuation of the entire County, pursuant to section 373.150, Project Act, which Direct Distributions the County is not now obligated to make as the Plan encompasses the entire County and the territory of each city or town in the County is included wholly in the Plan.

(22) The term "11-1-66 bond ordinance" means Ordinance No. 151, authorizing the issuance of the "1966 bonds," as herein defined, duly passed and adopted by the Board on the 3rd day of November, 1966, and designated in section 101 thereof by the short title "11-1-66 bond ordinance."

(23) The term "11-1-71 Bond Ordinance" means this Instrument and is its short title as provided in section 101 hereof.

(24) The term "11-1-71 Post-Sale Ordinance" is the short title for and means the instrument of the Governing Body accepting the best bid for the 1971 (2) bonds, designating the Purchaser, stating the interest rates which the bonds shall bear until their respective maturities, providing the price to be paid by the Purchaser for the bonds, and providing other matters relating to the bonds and the Project.

(25) The term "11-1-71 Post-Sale Resolution" is the short title for and means the instrument of the Governing Body accepting the best bid for the 1971 (2) bonds, designating the Purchaser, stating the interest rates which the bonds shall bear until their respective maturities, providing the price to be paid by the Purchaser for the bonds, and providing other matters relating to the bonds, the Project and the Facilities.

(26) The term "events of default" means the events stated in section 1003 hereof.

(27) "Facilities" means the properties comprising the street and highway system embraced by the Plan, as from time to time amended, consisting of all properties real, personal, mixed, or otherwise, now owned or hereafter acquired by the Issuer, the State, and any other political subdivision of the State (other than the Issuer), through purchase, construction, or otherwise, and used in connection with the street and highways system within the Plan, as so amended, and in any way pertaining thereto.

(28) "Federal Government" means the United States, or any agency, instrumentality or corporation thereof.

(29) "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.

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

(31) "Fiscal Year" for the purposes of this Instrument means the twelve (12) months commencing on the first day of July of any calendar year and ending on the last day of June of the next succeeding calendar year.

(32) The term "5-1-69 Bond Ordinance" means Ordinance No. 167, authorizing the issuance of the "1969 bonds", as herein defined, duly proposed on the 22nd day of April, 1969, and duly passed and adopted on the 5th day of May, 1969, by the Board, and designated in section 101 thereof by the short title "5-1-69 Bond Ordinance."

(33) The term "5-1-71 Bond Ordinance" means Ordinance No. 180, authorizing the issuance of the "1971 (1) bonds, as herein defined, duly proposed and passed and adopted on the 20th day of May, 1971, by the Board, and designated in section 101 thereof by the short title "5-1-71 Bond Ordinance."

(34) "Fuel Taxes" means the excise taxes collected for use by the Issuer in connection with the privilege of selling, using or distributing motor vehicle fuel in the County or the State, as the case may be, so long as the bonds issued hereunder remain Outstanding, the proceeds of which taxes now or hereafter are authorized to be pledged for the payment of the bonds, whether levied by the Issuer, the State, or otherwise, subject to the exempt sales and to the other exempt transactions provided by law, and subject to the credits and refunds authorized by law and pertaining thereto except those defrayed as Administration Expenses; such taxes are not necessarily limited to any type or types of motor vehicle fuel in use when the bonds are issued; and, subject to such exempt sales and to such other exempt transactions, such taxes now consist:

(a) Of a tax levied by the Issuer by the Tax Ordinance pursuant to the Project Act of two cents (2¢) per gallon on all motor vehicle fuel sold, distributed or used in the County as provided by the Tax Ordinance, except as therein otherwise provided,  
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and

(b) Of additional taxes levied by the State in sections 365.180 and 365.190, Tax Act, of one-half cent (1/2¢) and one cent (1¢), respectively, per gallon on all motor vehicle fuel sold, distributed or used in the State and apportioned to the County, as well as other counties of the State, as provided in sections 365.550 and 365.560, Tax Act, except as otherwise provided in the Tax Act, but

(c) Not of any portion of any such excise tax otherwise now levied by the State; and such taxes may hereafter consist of any excise taxes pertaining to motor vehicle fuel of at least an equivalent value and pledged in lieu of such present taxes or of any such excise taxes of any value pledged in supplementation thereof.

(35) "Governing Body" means the Board.

(36) The term "Gross Pledged Revenues" means all income and revenues derived directly or indirectly by the Issuer from the Fuel Taxes, or any part thereof, whether resulting from excise taxes pertaining to motor vehicle fuel hereafter authorized to be pledged to the bonds, or otherwise, and includes all revenues received for use by the Issuer or any political corporation succeeding to the rights of the Issuer from the Fuel Taxes, but:

(a) Excluding any moneys received as grants, appropriations or gifts from the United States, the State, or other sources, the use of which is limited by the grantor or donor to the construction of capital improvements for the Issuer, and

(b) Excluding any other moneys which are not authorized by statute heretofore or hereafter adopted to be pledged to the payment of the bonds.

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

(38) "Highway Commission" means the Regional Street and Highway Commission of Washoe County, State of Nevada, or the commission's successor in functions, if any.

(39) "Highway Fund" means the special account designated as the "Regional Street and Highway Fund" in the County Treasury of the Issuer, which account was created by subsection C, section 12, Tax Ordinance, pursuant to section 373.110, Project Act, and to which account are credited the proceeds of the Gross Pledged Revenues, except for certain Administration Expenses defrayed by other than the Issuer, except for amounts refunded to taxpayers and except for such tax proceeds needed to make certain remittances and deposits, as further delineated in section 502 hereof.

(40) The term "holder," or any similar term, when used in connection with any coupons, any bonds, or any other designated securities, means the Person in possession and

the apparent owner of the designated item.

(41) The term "improve" or "improvement" means the extension, widening, lengthening, betterment, alteration, reconstruction or other major improvement, or any combination thereof, or any properties pertaining to the Facilities, or an interest therein, or any other properties herein designated; but the term does not mean renovation, reconditioning, patching, general maintenance or other minor repair.

(42) "Improvements" means the facilities constructed, installed and otherwise acquired by the Project.

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

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

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

(c) Who is not connected with the Issuer as an officer or employee thereof, but who may be regularly retained to make annual or similar audits of any books or records of the Issuer.

(44) "Instrument" means this ordinance, designated in section 101 hereof by the short title "11-1-71 Bond Ordinance"; and the term "instrument of the Issuer," "instrument of the Governing Body," "amendatory instrument," "supplemental instrument," or any phrase of similar import means any resolution or ordinance adopted by the Governing Body on behalf of the Issuer.

(45) "Issuer" means the County.

(46) "Minimum Bond Reserve" or "1971 (2) Minimum Bond Reserve" means the amount of not less than \$455,000.00 required to be accumulated, deposited, and maintained in the Reserve Fund pursuant to subsection B, section 401, and subsection D, section 506 hereof, and other provisions herein supplemental to such subsections.

(47) "Net Pledged Revenues" means the Gross Pledged Revenues, after the deduction of the Administration Expenses and of any Direct Distributions (of which distributions none are due), and in the case of the taxes levied by the State in sections 365.180 and 365.190, Tax Act, including, without limitation, the deduction from such taxes by the State annually of an amount determined by the formula provided in section 365.535, Tax Act, for the remittances and deposits required by the provisions of such section.

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

(49) The term "1966 Bond Fund" means the special account designated as the

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"Washoe County, Nevada, Highway Improvement Revenue Bonds, Series November 1, 1966, Interest and Bond Retirement Fund," heretofore created in subsection A, section 401, 11-1-66 bond ordinance, required to be accumulated, deposited and maintained in section 505 thereof and other provisions therein supplemental to such sections, and authorized to be continued in subsection A, section 505 hereof.

(50) The term "1966 bonds" means those securities issued pursuant to the 11-1-66 bond ordinance and designated as the "Washoe County, Nevada, Highway Improvement Revenue (Motor Vehicle Fuel Tax) Bonds, Series November 1, 1966."

(51) The term "1966 Minimum Bond Reserve" means the amount of not less than \$320,000.00 required to be accumulated, deposited and maintained in the 1966 Reserve Fund pursuant to subsection B, section 401, and section 506, 11-1-66 bond ordinance, and other provisions therein supplemental to such sections, and authorized to be continued to be accumulated, deposited and maintained in subsection A, section 506 hereof.

(52) The term "1966 Reserve Fund" means the special account designated as the "Washoe County, Nevada, Highway Improvement Revenue Bonds, Series November 1, 1966, Reserve Fund," heretofore created in subsection B, section 401, 11-1-66 bond ordinance, required to be accumulated and maintained in section 506 thereof, and authorized to be continued in subsection A, section 506 hereof.

(53) The term "1969 Bond Fund" means the special account designated as the "Washoe County, Nevada, Highway Improvement Revenue Bonds, Series May 1, 1969, Interest and Bond Retirement Fund," heretofore created in subsection A, section 401, 5-1-69 Bond Ordinance, required to be accumulated, deposited and maintained in subsection A, section 506 thereof, and other provisions therein supplemental to such subsections, and authorized to be continued in subsection B, section 505 hereof.

(54) The term "1969 bonds" means those securities issued pursuant to the 5-1-69 Bond Ordinance and designated as the "Washoe County, Nevada, Highway Improvement Revenue (Motor Vehicle Fuel Tax) Bonds, Series May 1, 1969."

(55) The term "1969 Minimum Bond Reserve" means the amount of not less than \$325,000.00 required to be accumulated, deposited and maintained in the 1969 Reserve Fund pursuant to subsection B, section 401, and subsection B, section 506, 5-1-69 Bond Ordinance, and other provisions therein supplemental to such subsections, and authorized to be continued to be accumulated, deposited and maintained in subsection B, section 506 hereof.

(56) The term "1969 Reserve Fund" means the special account designated as the "Washoe County, Nevada, Highway Improvement Revenue Bonds, Series May 1, 1969, Reserve Fund," heretofore created in subsection B, section 401, 5-1-69 Bond Ordinance, required to be accumulated and maintained in subsection B, section 506 thereof, and authorized to be continued in subsection B, section 506 hereof.

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(57) The term "1971 (1) Bond Fund" or the "1971 Bond Fund" means the special account designated as the "Washoe County, Nevada, Highway Improvement Revenue Bonds, Series May 1, 1971, Interest and Bond Retirement Fund, heretofore created in subsection A, section 401, 5-1-71 Bond Ordinance, and required to be accumulated, deposited and maintained in subsection C, section 505 thereof, and other provisions therein supplemental to such subsections, and authorized to be continued in subsection C, section 505 hereof.

(58) The term "1971 (1) bonds" or the "1971 bonds" means those securities issued pursuant to the 5-1-71 Bond Ordinance and designated as the "Washoe County, Nevada, Highway Improvement Revenue (Motor Vehicle Fuel Tax) Bonds, Series May 1, 1971.

(59) The term "1971 (1) Minimum Bond Reserve" or the "1971 Minimum Bond Reserve" means the amount of not less than \$225,000.00 required to be accumulated, deposited and maintained in the 1971 (1) Reserve Fund pursuant to subsection B, section 401, and subsection C, section 506, 5-1-71 Bond Ordinance, and other provisions therein supplemental to such subsections, and authorized to be continued to be accumulated, deposited and maintained in subsection C, section 506 hereof.

(60) The term "1971 (1) Reserve Fund" or the "1971 Reserve Fund" means the special account designated as the "Washoe County, Nevada, Highway Improvement Revenue Bonds, Series May 1, 1971, Reserve Fund," heretofore created in subsection B, section 401, 5-1-71 Bond Ordinance, required to be accumulated and maintained in subsection C, section 506 thereof, and authorized to be continued in subsection C, section 506 hereof.

(61) The term "1971 (2) Bond Fund" means the Bond Fund, as herein defined.

(62) The term "1971 (2) bonds" means the "bonds", as herein defined.

(63) The term "1971 (2) Minimum Bond Reserve" means the Minimum Bond Reserve, as herein defined.

(64) The term "1971 (2) Reserve Fund" or "Reserve Fund" means the special account designated as the "Washoe County, Nevada, Highway Improvement Revenue Bonds, Series November 1, 1971, Reserve Fund," created in subsection B, section 401 hereof, required to be accumulated and maintained in subsection D, section 506 hereof, and in other provisions herein supplemental thereto.

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

(a) Except any bond or other security cancelled by the Issuer or otherwise on the Issuer's behalf, at or before such date;

(b) Except any bond or other security for the payment or the redemption of which cash at least equal to the Bond Requirements to the date of maturity or the prior redemption date, shall have theretofore been deposited with a

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trust bank in escrow or in trust for that purpose, as provided in section 901 hereof; and

(c) Except any bond in lieu of or in substitution for which another bond shall have been executed and delivered pursuant to section 314, section 315 or section 1109 hereof, or otherwise.

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

(67) "Paying Agent" means the County Treasurer.

(68) "Person" means a corporation, firm, other body corporate (including the Federal Government, the State, and any other body corporate and politic other than the Issuer), partnership, association or individual, and also includes an executor, administrator, trustee, receiver or other representative appointed according to law.

(69) "Plan" means the "Regional Master Plan Study #1, as amended, Streets and Highways, a part of the Master Plan for Washoe County, Nevada," as from time to time amended and supplemented.

(70) "Pledged Revenues" means all or a portion of the proceeds of the gross Fuel Taxes, i.e., the Gross Pledged Revenues. The designated term indicates a source of revenues and does not necessarily indicate all or any portion or other part of such revenues in the absence of further qualification.

(71) "Project" means the street and highway construction herein authorized, as stated in the preambles hereof and as delineated in the Plan, including, without limitation:

(a) The acquisition and improvement of any street, avenue, boulevard, alley, highway or other public right-of-way used for any vehicular traffic.

(b) A sidewalk designed primarily for use by pedestrians.

(c) Grades, regrades, gravel, oiling, surfacing, macadamizing, paving, cross-walks, sidewalks, pedestrian rights-of-way, driveway approaches, curb cuts, curbs, gutters, culverts, catch basins, drains, sewers, manholes, inlets, outlets, retaining walls, bridges, overpasses, tunnels, underpasses, approaches, sprinkling facilities, artificial lights and lighting equipment, parkways, grade separators, traffic separators, and traffic control equipment, and all appurtenances and incidentals, or any combination thereof, and

(d) The acquisition and improvement of all types of property therefor.

(72) "Project Act" means sections 373.010 through 373.200, Nevada Revised Statutes, and all laws amendatory thereof, and is cited in section 373.010 thereof as the County Motor Vehicle Fuel Tax Law.

(73) "Project Engineer" means any registered or licensed professional engineer, or firm of such engineers, as from time to time determined by the Governing Body:

(a) Who has a wide and favorable repute for skill and experience in the



field of designing, preparing plans and specifications for, and supervising the construction of facilities like those comprising the Facilities;

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

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

(74) "Purchaser" means the investment banking firm or other Person purchasing the 1971 (2) bonds or any portion thereof sold as one issue or any other securities of the Issuer in connection with which such term is used; or if the 1971 (2) bonds or any portion thereof or any such securities of any other series or any portion thereof be purchased by more than one Person, "Purchaser" means the manager of the account purchasing the securities; and "Purchaser" includes any successor thereof.

(75) "Reserve Fund" means the "1971 (2) Reserve Fund."

(76) "State" means the State of Nevada, in the United States of America; and where the context so indicates, "State" means the geographical area comprising the State of Nevada.

(77) The term "subordinate bonds" or "subordinate securities" means bonds or securities payable from the Pledged Revenues and junior to the lien thereon of the bonds herein authorized to be issued.

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

(79) "Tax Act" means sections 365.010 through 365.590, Nevada Revised Statutes, and all laws amendatory, and concerns State motor vehicle fuel taxes.

(80) "Tax Commission" means the Nevada Tax Commission, which is authorized by the Project Act and by contract between the commission and the Issuer to perform all functions incident to the administration or operation of the Tax Ordinance, or the commission's successor in functions, if any.

(81) "Tax Ordinance" means Ordinance No. 132 (Bill No. 118) of the Issuer, as amended by Ordinance No. 132 (Bill No. 239), and as otherwise amended, as more specifically delineated in the preambles hereof.

(82) "Treasurer" means the de jure or de facto County Treasurer of Washoe County, Nevada, or his successor in functions, if any.

(83) The term "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.

(84) "United States" means the United States of America; and where the context

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so indicates, "United States" means the geographical area comprising the United States of America.

B. Construction. This Instrument, 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) Any bonds held by the Issuer shall not be deemed outstanding for the purpose of redemption nor Outstanding for the purpose of consents hereunder or for any other purpose provided herein.

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

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

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

Section 104. Parties Interested Herein. Nothing herein expressed or implied is intended or shall be construed to confer any right, remedy or claim under or by reason hereof or any covenants, condition or stipulation hereof upon or to give such to any Person, other than the Issuer, the Governing Body, the Paying Agent, and the holders of the 1971 (2) bonds and the coupons thereunto pertaining, and such holders of any other securities payable from the Pledged Revenues and any coupons pertaining to such securities when reference is expressly made thereto. All the covenants, stipulations, promises and agreements herein contained by and on behalf of the Issuer, shall be for the sole and exclusive

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benefit of the Issuer, the Governing Body, the Paying Agent, and any holder of any 1971 (2) bonds and the coupons thereunto pertaining and any holder of any such other security and any coupon pertaining thereto in the event of such reference.

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

A. Project. Toward the Project, and

B. Bonds. Toward the sale and delivery of the Issuer's bonds for that purpose, be, and the same hereby is, ratified, approved and confirmed.

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

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

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

C. To the Treasurer.

Section 107. Instrument Irrepealable. After any of the 1971 (2) bonds are issued, this Instrument shall constitute an irrevocable contract between the Issuer and the holder or holders of the bonds; and this Instrument (subject to the provisions of section 901 and article XI hereof, if any bonds are in fact issued, shall be and shall remain irrepealable until the bonds, as to all Bond Requirements, shall be fully paid, canceled and discharged, as herein provided, except as herein otherwise expressly provided.

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

Section 109. Repealer. All by-laws, orders, and other instruments, or parts thereof, inconsistent herewith are hereby repealed to the extent only of such inconsistency. This repealer shall not be construed to revive any by-law, order, or other instrument, or part thereof, heretofore repealed.

Section 110. Emergency, Effective Date and Publication. The Governing Body has expressed in the preamble to this ordinance that this Instrument pertains to the sale, issuance and payment of the bonds and accordingly may be adopted as if an emergency now exists, and also that such emergency does in fact exist, and consequently, final action shall be taken immediately, and this ordinance shall be in effect from and after its publication as hereinafter provided, and after this ordinance is signed by the Chairman and attested and sealed by the Clerk, this ordinance shall be published by title only, together with the names of the commissioners voting for or against its passage, and with a statement that typewritten copies of such ordinance are available for inspection by all interested parties at the office of the Clerk, such publication to be made in:

Reno Evening Gazette,

November 15, 1971

a newspaper published and having general circulation in the County, at least once a week for a period of two (2) weeks by two (2) insertions, pursuant to section 244.100, Nevada Revised Statutes, and all laws thereunto enabling, such publication to be in substantially the following form:

(Form of Publication)

BILL NO. 276

ORDINANCE NO. 183

(of Washoe County, Nevada)

AN ORDINANCE AUTHORIZING THE ISSUANCE BY THE COUNTY OF WASHOE, NEVADA, OF ITS NEGOTIABLE, COUPON, "WASHOE COUNTY, NEVADA, HIGHWAY IMPROVEMENT REVENUE (MOTOR VEHICLE FUEL TAX) BONDS, SERIES NOVEMBER 1, 1971," IN THE PRINCIPAL AMOUNT OF \$5,400,000.00, FOR STREET AND HIGHWAY CONSTRUCTION WITHIN THE COUNTY, IMPROVEMENTS INCIDENTAL THERETO, AND APPURTENANCES; DIRECTING THAT THE COUNTY SHALL EFFECT SUCH PURPOSE; PROVIDING THE FORMS, TERMS AND CONDITIONS OF THE BONDS, THE MANNER AND TERMS OF THEIR ISSUANCE, THE MANNER OF THEIR EXECUTION, THE METHOD OF THEIR PAYMENT AND THE SECURITY THEREFOR, AND OTHER DETAILS IN CONNECTION THEREWITH; PROVIDING FOR THE DISPOSITION OF THE PROCEEDS OF CERTAIN MOTOR VEHICLE FUEL TAXES; PLEDGING REVENUES TO THE PAYMENT OF THE BONDS DERIVED FROM THE LEVY AND COLLECTION OF SUCH EXCISE TAXES; PROVIDING FOR THE ISSUANCE OF ADDITIONAL BONDS PAYABLE FROM SUCH EXCISE TAXES; PROVIDING OTHER COVENANTS, AGREEMENTS AND OTHER DETAILS AND MAKING OTHER PROVISIONS CONCERNING SUCH MOTOR VEHICLE FUEL TAXES, SUCH BONDS, AND THE REVENUES PLEDGED FOR THEIR PAYMENT; RATIFYING ACTION PREVIOUSLY TAKEN TOWARDS ISSUING SUCH BONDS AND EFFECTING THE PURPOSE OF THEIR ISSUANCE; BY DECLARING THIS ORDINANCE PERTAINS TO THE SALE, ISSUANCE AND PAYMENT OF THE BONDS, PROVIDING FOR ITS ADOPTION AS IF AN EMERGENCY EXISTS; AND PROVIDING THE EFFECTIVE DATE HEREOF.

PUBLIC NOTICE IS HEREBY GIVEN that typewritten copies of the above-numbered and entitled ordinance are available for inspection by all interested parties at the office of the County Clerk of Washoe County, Nevada, at his office in the Washoe County Courthouse, Reno, Nevada; and that the ordinance was proposed by Commissioner Coppa on the 15th day of November, 1971, and was passed at the regular meeting on the 15th day of November, 1971, by the following vote of the Board of County Commissioners:

Those Voting Aye:

Joseph Coppa

Howard F. McKissick, Sr.

Dwight Nelson

Robert F. Rusk

Roy Pagni, Chairman

Those Voting Nay:

None

Those Absent and Not Voting:

None

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This ordinance shall be in full force and effect from and after the 25th day of November, 1971, i.e., the date of the second publication of the ordinance by its title only.

DATED this 15th day of November, 1971.

/s/ Roy Pagni  
Chairman  
Board of County Commissioners  
Washoe County, Nevada

(SEAL)

Attest:

/s/ H. K. Brown  
County Clerk

(End of Form of Publication)

ARTICLE II

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

Section 201. Authority for this Instrument. This Instrument is adopted by virtue of the Project Act, the Bond Act and pursuant to their provisions; and the Issuer has ascertained and hereby determines:

A. Compliance with Project and Bond Acts. Each and every matter and thing as to which provision is made herein is necessary in order to carry out and to effectuate the purposes of the Issuer in accordance with the Project Act and the Bond Act; and

B. Approval. The total cost, capacity, type, and plans and specifications of and for the construction, installation and other acquisition of the Improvements, to the extent heretofore prepared, have been and hereby are approved.

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

A. Estimated Life. The estimated life or estimated period of usefulness of the Improvements to be acquired with the proceeds of the bonds is not less than thirty (30) years from the date of the bonds; 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 Issuer and the inhabitants thereof, that the Issuer effect the Project and defray the cost thereof in part by issuing the 1971 (2) bonds therefor; and it is hereby so determined and declared.

Section 204. Authorization of Project. The Governing Body, on behalf of the Issuer, does hereby determine to acquire the Improvements and to improve the Facilities by the Project as hereinabove delineated; and the Project is hereby so authorized. It is

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hereby further determined that the provisions for reserves herein made for the payment of the Bond Requirements of the 1971 (2) bonds constitute and shall be a part of the Cost of the Project.

Section 205. Estimated Cost of Project. The Cost of the Project is estimated not to exceed \$5,400,000.00, excluding any such cost defrayed or to be defrayed by any source other than the proceeds of the principal amount of the 1971 (2) bonds.

Section 206. Instrument To Constitute Contract. In consideration of the purchase and acceptance of the 1971 (2) bonds by those who shall hold the same from time to time, the provisions hereof shall be deemed to be and shall constitute contracts between the Issuer and the holders from time to time of the bonds and coupons.

Section 207. Bonds Equally Secured. The covenants and agreements herein set forth to be performed on behalf of the Issuer shall be for the equal benefit, protection and security of the holders of any and all of the Outstanding 1971 (2) bonds and the coupons appertaining thereto, all of which, regardless of the time or times of their issuance or maturity, shall be of equal rank without preference, priority or distinction of any of the bonds or coupons over any other thereof, except as otherwise expressly provided in or pursuant to this Instrument.

Section 208. Special Obligations. All of the 1971 (2) bonds, as to all Bond Requirements, shall be payable and collectible solely out of the Net Pledged Revenues, which revenues are so pledged; the holder or holders thereof may not look to any general or other fund for the payment of such Bond Requirements, except the herein-designated special funds pledged therefor; the bonds shall not constitute an indebtedness or a debt within the meaning of any constitutional or statutory provision or limitation and the bonds shall not be considered or held to be general obligations of the Issuer but shall constitute its special obligations.

Section 209. Character of Agreement. None of the covenants, agreements, representations, and warranties contained herein or in the bonds issued hereunder, in the absence of any breach thereof, shall ever impose or shall be construed as imposing any liability, obligation, or charge against the Issuer (except for the special funds pledged therefor) or its general credit, payable out of its general fund or out of any funds derived from taxation other than the Fuel Taxes.

Section 210. Modifications of Project. The Issuer reserves the right to make from time to time alterations, amendments, additions to, and deletions from the Project, subject to the approval of each such modification by the Highway Commission, prior to the withdrawal in accordance with article IV hereof of all moneys accounted for in the Acquisition Fund, hereinafter created in subsection C, section 401 hereof.

Section 211. No Pledge of Property. The payment of the bonds is not secured by an encumbrance, mortgage or other pledge of property of the Issuer, except for its Pledged

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Revenues and any other moneys pledged for the payment of the bonds. No property of the Issuer, subject to such exception, shall be liable to be forfeited or taken in payment of the bonds.

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

Section 213. No Bond Election Nor Other Preliminaries. The 1971 (2) bonds shall be issued without their being authorized at an election by any electors of the Issuer or without any other preliminaries being taken other than tendering them for the receipt of offers for their public sale.

### ARTICLE III

#### AUTHORIZATION, TERMS, EXECUTION AND ISSUANCE OF BONDS

Section 301. Authorization of Bonds. The "Washoe County, Nevada, Highway Improvement Revenue (Motor Vehicle Fuel Tax) Bonds, Series November 1, 1971," in the principal amount of \$5,400,000.00, payable as to all the Bond Requirements solely out of the Net Pledged Revenues, are hereby authorized to be issued, pursuant to the Project Act and the Bond Act; and the Issuer pledges irrevocably, but not necessarily exclusively, such revenues to the payment of the Bond Requirements of the bonds, the proceeds thereof to be used (except as herein otherwise expressly provided) solely to defray the Cost of the Project.

Section 302. Bond Details. The bonds shall be issued payable to bearer, dated as of the first day of November, 1971, consisting of 1080 bonds in the denomination of \$5,000.00 each, numbered consecutively in regular numerical order from 1 through 1080, bearing interest from their date until their respective maturities at the rates hereafter provided, upon their sale, interest being evidenced until the respective bond maturities by one (1) set of interest coupons payable to bearer, attached to the bonds, and payable semiannually on the first days of May and November in each year, commencing on the first day of May, 1972, and the bonds being numbered and maturing serially in regular numerical order on the first day of November in each of the designated amounts and years, as follows:

| <u>Bond Numbers</u><br><u>(All Inclusive)</u> | <u>Principal</u><br><u>Maturing</u> | <u>Years</u><br><u>Maturing</u> |
|---|-------------------------------------|---------------------------------|
| 1 - 11  | \$ 55,000.00                        | 1972                            |
| 12 - 23                                       | 60,000.00                           | 1973                            |
| 24 - 36                                       | 65,000.00                           | 1974                            |
| 37 - 50                                       | 70,000.00                           | 1975                            |
| 51 - 65                                       | 75,000.00                           | 1976                            |

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| <u>Bond Numbers</u><br>(All Inclusive) | <u>Principal</u><br><u>Maturing</u> | <u>Years</u><br><u>Maturing</u> |
|--|-------------------------------------|---------------------------------|
| 66 - 81                                | \$ 80,000.00                        | 1977                            |
| 82 - 98                                | 85,000.00                           | 1978                            |
| 99 - 117                               | 95,000.00                           | 1979                            |
| 118 - 137                              | 100,000.00                          | 1980                            |
| 138 - 158                              | 105,000.00                          | 1981                            |
| 159 - 181                              | 115,000.00                          | 1982                            |
| 182 - 206                              | 125,000.00                          | 1983                            |
| 207 - 233                              | 135,000.00                          | 1984                            |
| 234 - 261                              | 140,000.00                          | 1985                            |
| 262 - 291                              | 150,000.00                          | 1986                            |
| 292 - 323                              | 160,000.00                          | 1987                            |
| 324 - 358                              | 175,000.00                          | 1988                            |
| 359 - 395                              | 185,000.00                          | 1989                            |
| 396 - 435                              | 200,000.00                          | 1990                            |
| 436 - 478                              | 215,000.00                          | 1991                            |
| 479 - 524                              | 230,000.00                          | 1992                            |
| 525 - 573                              | 245,000.00                          | 1993                            |
| 574 - 626                              | 265,000.00                          | 1994                            |
| 627 - 683                              | 285,000.00                          | 1995                            |
| 684 - 744                              | 305,000.00                          | 1996                            |
| 745 - 809                              | 325,000.00                          | 1997                            |
| 810 - 879                              | 350,000.00                          | 1998                            |
| 880 - 954                              | 375,000.00                          | 1999                            |
| 955 - 1034                             | 400,000.00                          | 2000                            |
| 1035 - 1080                            | 230,000.00                          | 2001                            |

the Bond Requirements of the 1971 (2) bonds being payable in lawful money of the United States of America, upon presentation and surrender of the bonds and the annexed interest coupons as they severally become due, without deduction for exchange or collection charges, at the office of the Paying Agent. In the event any of the bonds shall not be paid upon its presentation at maturity, it shall continue to draw interest at the rate of eight per centum (8%) per annum until the principal thereof is paid in full.

Section 303. Prior Redemption Option. The bonds numbered 1 through 261, maturing on and before the first day of November, 1985, shall not be subject to redemption prior to their respective maturities. The bonds numbered 262 through 1080, maturing on and after the first day of November, 1986, shall be subject to redemption prior to their respective maturities, in whole, or in part in inverse numerical order, at the option of the Issuer, on the first day of November, 1985, or on any interest payment date thereafter, at a price equal to the principal amount of each bond so redeemed, accrued interest thereon to the redemption date, and a premium computed in accordance with the following schedule:

- 4.00% of the principal amount of each bond so redeemed if redeemed on or before May 1, 1986;
- 3.75% of such principal amount if redeemed thereafter and on or before May 1, 1987;
- 3.50% of such principal amount if redeemed thereafter and on or before May 1, 1988;
- 3.25% of such principal amount if redeemed thereafter and on or before May 1, 1989;

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3.00% of such principal amount if redeemed thereafter and on or before  
May 1, 1990;

2.75% of such principal amount if redeemed thereafter and on or before  
May 1, 1991;

2.50% of such principal amount if redeemed thereafter and on or before  
May 1, 1992;

2.25% of such principal amount if redeemed thereafter and on or before  
May 1, 1993;

2.00% of such principal amount if redeemed thereafter and on or before  
May 1, 1994;

1.75% of such principal amount if redeemed thereafter and on or before  
May 1, 1995;

1.50% of such principal amount if redeemed thereafter and on or before  
May 1, 1996;

1.25% of such principal amount if redeemed thereafter and on or before  
May 1, 1997; and

1.00% of such principal amount if redeemed thereafter.

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

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

- (1) A newspaper of general circulation in the City of Reno, Nevada, and
- (2) The Daily Bond Buyer, New York, New York or in a similar financial  
newspaper published therein,

as the Governing Body may determine; and

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

- (1) The Purchaser, or to any successor thereof known to the Treasurer,  
and
- (2) The Financial Consultant, or to any successor thereof known to the  
Treasurer.

Such notice shall specify the number or numbers of the bonds to be so redeemed (if less  
than all are to be redeemed) and the date fixed for redemption; and such notice shall fur-  
ther state that on such redemption date there will become and will be due and payable upon  
each bond so to be redeemed at the office of the Paying Agent (designated by title), the  
principal amount thereof, accrued interest thereon to the redemption date, and the stipu-  
lated premium, and that from and after such date interest will cease to accrue. Notice

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having been given in the manner hereinabove provided, the bond or bonds so called for redemption shall become due and payable on the redemption date so designated; and upon presentation thereof at the Paying Agent, together with the appurtenant coupons maturing subsequent to the redemption date, the Issuer will pay the bond or bonds so called for redemption. Any bonds redeemed prior to their respective maturities by call for prior redemption (or otherwise) shall not be reissued and shall be canceled the same as bonds redeemed at or after maturity.

Section 305. Negotiability. Title to any bond or to any coupon shall pass by delivery merely, as a negotiable instrument payable to bearer. Subject to the provisions expressly made or necessarily implied herein, the bonds and the coupons pertaining thereto shall be fully negotiable and shall have all the qualities of negotiable paper, and the holder or holders thereof shall possess all rights enjoyed by the holders of negotiable instruments under the provisions of the Uniform Commercial Code--Investment Securities.

Section 306. Execution of Bonds. The bonds shall be executed as follows:

A. Filings with Secretary of State. Pursuant to section 350.638, Bond Act, and to the act cited as the Uniform Facsimile Signatures of Public Officials Act, designated as chapter 351, Nevada Revised Statutes, and prior to the execution of any 1971 (2) bonds, the Chairman, the Treasurer and the Clerk shall each file with the Secretary of State of the State of Nevada his manual signature certified by him under oath.

B. Manner of Execution. Each bond shall be signed and executed in the name of and on behalf of the Issuer with the engraved, imprinted, stamped or otherwise reproduced facsimile of the signature of the Chairman, shall be countersigned, manually subscribed and executed by the Treasurer; each bond shall be authenticated with the printed, engraved, stamped or otherwise placed thereon facsimile of the official seal of the Issuer; and each bond shall be signed, executed and attested with such a facsimile of the signature of the Clerk.

Section 307. Form and Execution of Coupons. The interest accruing to maturity on the bonds shall be evidenced by interest coupons thereto attached, payable to bearer, consecutively numbered from one upwards; and each coupon shall evidence a semiannual installment of interest and shall be authenticated by such a facsimile signature of the Treasurer as it appears on the bonds, which officer by the execution of the bonds and of a signature certificate pertaining thereto shall adopt as and for his signature the facsimile thereof appearing on the coupons. Before the delivery of any bond all coupons pertaining thereto then matured, if any, shall be cut off and canceled. The coupons when so executed and delivered as part of the bonds to which they pertain shall be the lawful obligations of the Issuer, according to their tenor, securing the payment of interest in the hands of all Persons to whom they may come.

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

Section 309. Incontestable Recital in Bonds. Pursuant to section 350.628 of the Bond Act, each bond shall recite that it is issued pursuant to the County Motor Fuel Tax Law and to the Local Government Securities Law, which recital shall be conclusive evidence of the validity of the bonds and the regularity of their issuance.

Section 310. Tax Exemption. Pursuant to section 350.710 of the Bond Act, 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.

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

Section 312. Registration by Treasurer. Before any bonds are delivered, they shall be registered by the Treasurer in a book kept in his office for that purpose, pursuant to section 350.612 of the Bond Act. The register shall show:

A. Principal. The aggregate principal amount of the bonds and the denomination of each bond,

B. Payment Dates. The time of payment of each of the bonds, and

C. Interest Rates. The rate of interest which each of the bonds bears.

Section 313. Bond Delivery. After such registration by the Treasurer, he 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. Causes for Reissuance. In case any outstanding bond or coupon shall be lost, apparently destroyed, or wrongfully taken, it may be reissued in the form and tenor of the lost, destroyed or taken bond or coupon as provided in section 104.8405 of the Uniform Commercial Code--Investment Securities, as from time to time amended, and all laws supplemental thereto.

Section 315. Other Reissuance. Nothing contained in the provisions of section 314 hereof shall be construed as prohibiting the Issuer from reissuing, pursuant to other provisions herein, in the Project Act or the Bond Act, or otherwise, upon such terms and conditions as the Governing Body may determine, any outstanding bond or coupon which shall

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not have become lost, apparently destroyed, or wrongfully taken.

Section 316. Bond and Coupon Form. Subject to the provisions of this Instrument, each bond and the coupons to be attached thereto shall be, respectively, in substantially the following form, with such omissions, insertions, endorsements and variations as to any recitals of fact or other provisions as may be required by the circumstances, be required or permitted by this Instrument, or be consistent with this Instrument and necessary or appropriate to conform to the rules and requirements of any governmental authority or any usage or requirement of law with respect thereto:

(Form of Bond)

UNITED STATES OF AMERICA

STATE OF NEVADA

WASHOE COUNTY

HIGHWAY IMPROVEMENT REVENUE

(MOTOR VEHICLE FUEL TAX) BOND

SERIES NOVEMBER 1, 1971

NO. \_\_\_\_\_

\$5,000.00

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

FIVE THOUSAND DOLLARS

and to pay solely from such special funds interest hereon from date until maturity at the rate of

\_\_\_\_\_ per centum (\_\_\_\_%)

per annum, payable semiannually on the first days of May and November in each year, commencing on the first day of May, 1972, upon presentation and surrender of this bond and of the annexed coupons as they severally become due. If upon presentation at maturity payment of this bond is not made as herein provided, interest shall continue at the rate of eight per centum (8%) per annum until the principal hereof is paid in full. Principal, interest and any prior redemption premium due (herein sometimes designated as the "Bond Requirements") are payable in lawful money of the United States of America, without deduction for exchange or collection charges, at the office of the County Treasurer of Washoe County, in Reno, Nevada (sometimes designated as the "Paying Agent").

The bonds of the series of which this is one (herein sometimes designated as the "1971 (2) bonds" or merely the "bonds"), maturing on and before the first day of November, 1985, are not subject to prior redemption. The bonds maturing on and after the first day of November, 1986, are subject to redemption prior to their respective maturities, in whole, or in part in inverse numerical order, at the option of the Issuer, on the first day of

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November, 1985, or on any interest payment date thereafter, at a price equal to the principal amount of each bond so redeemed, accrued interest thereon to the redemption date, and a premium computed in accordance with the following schedule.

4.00% of the principal amount of each bond so redeemed if redeemed on or before May 1, 1986;

3.75% of such principal amount if redeemed thereafter and on or before May 1, 1987;

3.50% of such principal amount if redeemed thereafter and on or before May 1, 1988;

3.25% of such principal amount if redeemed thereafter and on or before May 1, 1989;

3.00% of such principal amount if redeemed thereafter and on or before May 1, 1990;

2.75% of such principal amount if redeemed thereafter and on or before May 1, 1991;

2.50% of such principal amount if redeemed thereafter and on or before May 1, 1992;

2.25% of such principal amount if redeemed thereafter and on or before May 1, 1993;

2.00% of such principal amount if redeemed thereafter and on or before May 1, 1994;

1.75% of such principal amount if redeemed thereafter and on or before May 1, 1995;

1.50% of such principal amount if redeemed thereafter and on or before May 1, 1996;

1.25% of such principal amount if redeemed thereafter and on or before May 1, 1997; and

1.00% of such principal amount if redeemed thereafter.

Redemption shall be made upon not less than thirty days' prior published and mailed notice in the manner and upon the conditions provided in the ordinance authorizing the issuance of the bonds and designated in section 101 thereof by the short title "11-1-71 Bond Ordinance" (herein sometimes designated as the "Instrument"). A copy of the Instrument is on file for public inspection in the office of the Clerk of the Issuer in Reno, Nevada.

The bonds do not constitute a debt or an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, shall not be considered or held to be general obligations of the Issuer, and are payable and collectible solely out of the net income derived from certain excise taxes concerning motor vehicle fuel, now consisting of two cents per gallon on all motor vehicle fuel sold, distributed or used in and

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levied by the Issuer, and of an additional one and one-half cent per gallon on all motor vehicle fuel sold, distributed or used in and levied by the State and distributed in part to the Issuer (as well as the other counties of the State), subject to certain exceptions, the net income of which taxes (subject to certain exceptions) is so pledged; and the holder hereof may not look to any general or other fund for the payment of the Bond Requirements of this obligation except the special funds pledged therefor.

Payment of the Bond Requirements of the bonds shall be made solely from and as security for such payment there are irrevocably and exclusively pledged, pursuant to the Instrument, two special accounts identified as the "Washoe County, Nevada, Highway Improvement Revenue Bonds, Series November 1, 1971, Interest and Bond Retirement Fund" and as the "Washoe County, Nevada, Highway Improvement Revenue Bonds, Series November 1, 1971, Reserve Fund," into which accounts the Issuer covenants to pay, respectively, from the revenues derived from such motor vehicle fuel taxes, including, without limitation, if hereafter authorized by law, any excise taxes pertaining to motor vehicle fuel of at least an equivalent value and pledged in lieu of such present taxes or any such excise taxes of any value pledged in supplementation of such present taxes (herein sometimes designated as the "Gross Pledged Revenues"), after provision only for the payment of certain administration expenses, and except for certain unpledged portions of such net income of such motor vehicle fuel taxes (the remaining Pledged Revenues being herein sometimes designated as the "Net Pledged Revenues"), sums sufficient to pay when due the Bond Requirements of the bonds and to maintain for such purpose a reasonable and specified reserve originally capitalized with bond proceeds.

The bonds are equitably and ratably secured by a lien on such Net Pledged Revenues (excluding such unpledged portions of such motor vehicle fuel taxes), and the 1971 (2) bonds constitute an irrevocable and first lien (but not necessarily an exclusively first lien) upon such Net Pledged Revenues, on a parity with the liens thereon of the outstanding Washoe County, Nevada, Highway Improvement Revenue (Motor Vehicle Fuel Tax) Bonds, Series November 1, 1966, the outstanding Washoe County, Nevada, Highway Improvement Revenue (Motor Vehicle Fuel Tax) Bonds, Series May 1, 1969, and the outstanding Washoe County, Nevada, Highway Improvement Revenue (Motor Vehicle Fuel Tax) Bonds, Series May 1, 1971. Bonds and other securities, in addition to the 1971 (2) bonds, subject to expressed conditions, may be issued and made payable from such Net Pledged Revenues having a lien thereon subordinate and junior to the lien or, subject to additional expressed conditions, having a lien thereon on a parity with the lien of the 1971 (2) bonds, in accordance with the provisions of the Instrument.

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

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

Reference is made to the Instrument and any and all modifications and amendments thereof, to the Tax Ordinance therein designated, to the contract pertaining to such ordinance between the State and the Issuer, to the State's County Motor Vehicle Fuel Tax Law, now cited as sections 373.010 through 373.200, Nevada Revised Statutes, and all laws amendatory thereof (herein sometimes designated as the "Project Act"), to the Local Government Securities Law, now cited as sections 350.500 through 350.720, Nevada Revised Statutes, and all laws amendatory thereof (herein sometimes designated as the "Bond Act"), to chapter 365, Nevada Revised Statutes, and all laws amendatory thereof (sometimes designated as the "Tax Law"), and to all laws supplemental thereto, for an additional description of the nature and extent of the security for the 1971 (2) bonds, the accounts, funds or revenues pledged, the nature and extent and manner of enforcement of the pledge, the rights and remedies of the holders of the 1971 (2) bonds with respect thereto, the terms and conditions upon which the 1971 (2) bonds are issued, and a statement of rights, duties, immunities and obligations of the Issuer, and other rights and remedies of the holders of the 1971 (2) bonds.

The 1971 (2) bonds are issued pursuant to the County Motor Vehicle Fuel Tax Law, i.e., the Project Act, and to the Local Government Securities Law, i.e., the Bond Act; pursuant to section 350.628 of the Bond Act, this recital is conclusive evidence of the validity of the bonds and the regularity of their issuance; and pursuant to section 350.710 of the Bond Act, 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.

To the extent and in the respects permitted by the Instrument, the provisions of the Instrument or any instrument amendatory thereof or supplemental thereto may be modified or amended by action of the Issuer taken in the manner and subject to the conditions and exceptions prescribed in the Instrument. The pledge of revenues and other obligations of the Issuer under the Instrument may be discharged at or prior to the respective maturities or redemption of the 1971 (2) bonds upon the making of provision for the payment thereof on the terms and conditions set forth in the Instrument.

This bond is subject to the conditions, and every holder hereof by accepting the same agrees with the obligor and with every subsequent holder hereof that (a) the delivery of this bond to any transferee shall vest title in this bond and in the interest coupons attached hereto in such transferee to the same extent for all purposes as would the delivery under like circumstances of any negotiable instrument payable to bearer; (b) the obligor and any agent of the obligor may treat the bearer of this bond as the absolute owner

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hereof for all purposes and shall not be affected by any notice to the contrary; (c) the Bond Requirements of this bond shall be paid, and this bond and each of the coupons pertaining thereto are transferable, free from and without regard to any equities between the obligor and the original or any intermediate holder hereof or any set-offs or cross-claims; and (d) the surrender to the obligor or to any agent of the obligor of this bond and of each of the coupons shall be a good discharge to the obligor for the same.

It is further certified, recited and warranted that all the requirements of law have been fully complied with by the proper officers of the Issuer in the issuance of this bond, and that it is issued pursuant to and in strict conformity with the Constitution and laws of the State, particularly under the terms and provisions of the Project Act, the Bond Act and all laws supplemental thereto.

No recourse shall be had for the payment of the Bond Requirements of this bond or for any claim based thereon or otherwise in respect to the Instrument, against any individual member of the board of county commissioners of the Issuer, or any officer or other agent of the Issuer, past, present or future, either directly or indirectly through such governing body or the Issuer, or otherwise, whether by virtue of any constitution, statute or rule of law, or by the endorsement of any penalty or otherwise, all such liability, if any, being by the acceptance of this bond and as a part of the consideration of its issuance specially waived and released.

IN WITNESS WHEREOF, the Issuer has caused this bond to be signed and executed in its name and upon its behalf with the facsimile signature of the Chairman of its board of county commissioners, and to be countersigned, manually subscribed and executed by its County Treasurer; has caused the facsimile of the seal of the Issuer to be affixed hereon; has caused this bond to be signed, executed and attested with the facsimile signature of its County Clerk; and has caused the coupons hereto annexed to be authenticated with the facsimile signature of its County Treasurer, who, by the execution of this bond, does adopt as and for his own proper signature his facsimile signature appearing on each such coupons, all as of the first day of November, 1971.

COUNTY OF WASHOE, NEVADA

By (For Facsimile Signature)  
Chairman  
Board of County Commissioners

Countersigned:

(For Manual Signature)  
County Treasurer

(FACSIMILE SEAL)

Attest:

(For Facsimile Signature)  
County Clerk

(End of Form of Bond)

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## (Form of Coupon)

Coupon

No. \_\_\_\_\_ \$ \_\_\_\_\_

On the first day of November, 19\_\_\_\_, the County of Washoe, in the State of Nevada, upon surrender of this coupon, unless the bond to which this coupon is attached, if callable, has been previously called for prior redemption, will pay to bearer in lawful money of the United States of America, without deduction for exchange or collection charges, at the office of the County Treasurer, in Reno, Nevada, the amount herein stated, solely from and secured by a pledge of two special accounts created from a portion of the net revenues derived from certain excise taxes concerning motor vehicle fuel, and being the interest then due on its Washoe County, Nevada, Highway Improvement Revenue (Motor Vehicle Fuel Tax) Bond, Series November 1, 1971, and bearing

Bond

No. \_\_\_\_\_  
 (For Facsimile Signature)  
 County Treasurer

(End of Form of Coupon)

ARTICLE IV

## USE OF BOND PROCEEDS

Section 401. Disposition of Bond Proceeds. The proceeds of the 1971 (2) bonds, upon the receipt thereof, shall be accounted for in the following manner and priority and are hereby pledged therefor:

A. Bond Fund. Firstly, there shall be credited to a separate account hereby created and to be known as the "Washoe County, Nevada, Highway Improvement Revenue Bonds, Series November 1, 1971, Interest and Bond Retirement Fund" (herein sometimes designated as the "1971 (2) Bond Fund" or merely as the "Bond Fund"), all moneys received, if any, as accrued interest on the bonds from their sale by the Issuer from the date of the bonds to the date or respective dates of their delivery to the Purchaser, and any premium from such sale, to apply on the payment of interest on the bonds as the same becomes due after their delivery, in accordance with subsection C, section 505 hereof.

B. Reserve Fund. Secondly, there shall be credited to a separate account hereby created and to be known as the "Washoe County, Nevada, Highway Improvement Revenue Bonds, Series November 1, 1971, Reserve Fund" (herein sometimes designated as the "1971 (2) Reserve Fund" or merely the "Reserve Fund"), the sum of \$455,000.00 (herein sometimes designated as the "1971 (2) Minimum Bond Reserve" or merely the "Minimum Bond Reserve"), to be held as a reserve, in accordance with subsection C, section 506 hereof.

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C. Acquisition Fund. Thirdly, the proceeds derived from the sale of the bonds, except as herein otherwise expressly provided, shall be credited to a separate account hereby created and to be known as the "Washoe County, Nevada, Highway Improvement Revenue Bonds, Series November 1, 1971, Project Acquisition Fund" (herein sometimes designated as the "Acquisition Fund").

Section 402. Moneys for Project. All moneys received and held by the Issuer for the Project from all sources, including, without limitation, surplus Pledged Revenues appropriated by the Governing Body for that purpose, shall be deposited in the Acquisition Fund, including, without limitation, the bond proceeds deposited therein pursuant to subsection C, section 401 hereof. The moneys in the Acquisition Fund, except as herein otherwise expressly provided, shall be used and paid out solely for the purpose of defraying the Cost of the Project.

Section 403. Application of Acquisition Fund. Moneys, except as herein otherwise expressly provided, shall be withdrawn from the Acquisition Fund for the Project only upon warrants approved by the Governing Body, drawn by the Auditor, and countersigned by the Treasurer, in the same manner that other claims against the Issuer are presented and paid. No such warrant for any sum for construction work shall be issued:

A. Completion Certificate. Until the Governing Body has received a certificate from the Project Engineer certifying that such a sum is due and owing for materials supplied or work satisfactorily completed in substantial accordance with the plans and specifications for the work involved, nor

B. Warrant Resolution. Until the Governing Body has adopted a resolution accepting such certificate and directing the drawing of such warrant.

Section 404. Prevention of Bond Default. The Treasurer shall use any bond proceeds credited to the Acquisition Fund, without further order or warrant, to pay the Bond Requirements of the 1971 (2) bonds as the same become due whenever and to the extent moneys in the Bond Fund and the Reserve Fund or otherwise available therefor are insufficient for that purpose, unless such bond proceeds shall be needed to defray obligations accrued and to accrue under any contracts then existing and pertaining to the Project. The Treasurer shall promptly notify:

A. Chairman. The Chairman,

B. Administrator. The Administrator,

C. Auditor. The Auditor, and

D. Governing Body. The Clerk for the Governing Body,

of any such use. Any moneys so used shall be restored to the Acquisition Fund, from the first Pledged Revenues thereafter received and not needed to meet the requirements provided in sections 503 through 509 hereof.

Section 405. Completion of Project. When the Project shall have been completed

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in accordance with the relevant plans and specifications and all amounts due therefor, including all proper incidental expenses, shall have been paid, or for which full provision shall have been made, the Treasurer, upon the receipt from the Project Engineer of a certificate so stating, and upon the receipt of a resolution adopted by the Governing Body so ordering, shall cause to be transferred to the Bond Fund all surplus moneys remaining in the Acquisition Fund, if any, except for any moneys designated in the resolution to be retained to pay any unpaid accrued costs or contingent obligations. Nothing herein contained:

A. Periodic Transfers. Prevents the Treasurer from causing to be transferred from the Acquisition Fund to the Bond Fund at any time prior to the termination of the Acquisition Fund any moneys which the Project Engineer by certificate and the Governing Body by resolution determine will not be necessary for the Project; nor

B. Limitations upon Transfers. Requires the transfer to the Bond Fund of any surplus moneys (other than bond proceeds) received as grants, appropriations or gifts the use of which moneys is limited by the grantor or donor to the construction of capital improvements or otherwise so that such surplus moneys (other than bond proceeds) may not be properly transferred to the Bond Fund under the terms of such grants, appropriations or gifts.

Section 406. Purchaser Not Responsible. The validity of the bonds shall not be dependent on nor be affected by the validity or regularity of any proceedings relating to the acquisition of the Improvements, or any part thereof, or to the completion of the Project. The Purchaser of the 1971 (2) bonds, any associate thereof, and any subsequent holder of any 1971(2) bond shall in no manner be responsible for the application or disposal by the Issuer or by any of its officers, agents and employees of the moneys derived from the sale of the bonds or of any other moneys herein designated.

Section 407. Lien on Bond Proceeds. Until the proceeds of the 1971 (2) bonds are applied as hereinabove provided and used to defray the Cost of the Project from time to time, the bond proceeds shall be subject to a lien thereon and pledge thereof for the benefit of the holders of the 1971 (2) bonds from time to time as provided in section 501 hereof.

#### ARTICLE V

##### ADMINISTRATION OF AND ACCOUNTING FOR PLEGDED REVENUES

Section 501. Pledge Securing Bonds. Subject only to the right of the Issuer to cause amounts to be withdrawn therefrom and paid on account of Administration Expenses and to pay the Cost of the Project as provided herein, the Gross Pledged Revenues and all moneys and securities paid or to be paid to or held or to be held in any account under article V of this Instrument and under section 401 hereof are hereby pledged to secure the payment of the Bond Requirements of the 1966 bonds, the 1969 bonds, the 1971 (1) bonds and

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the 1971 (2) bonds, except as provided in section 407 hereof; and this pledge shall be valid and binding so far as the 1971 (2) bonds are concerned from and after the date of the first delivery of any 1971 (2) bonds, and the moneys, as received by the Issuer and hereby pledged, shall immediately be subject to the lien of this pledge without any physical delivery thereof, any filing, or further act, and the lien of this pledge and the obligation to perform the contractual provisions hereby made shall have priority over any or all other obligations and liabilities of the Issuer, except for the Outstanding 1966 bonds, for the Outstanding 1969 bonds, for the Outstanding 1971 (1) bonds, and for any Outstanding bonds or other Outstanding securities hereafter authorized, the liens of which on the Pledged Revenues are on a parity with the lien thereon of the 1971 (2) 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 Issuer (except as herein otherwise provided), irrespective of whether such parties have notice thereof.

Section 502. Highway Fund Deposits. So long as any of the 1971 (2) bonds shall be Outstanding, as to any Bond Requirements, the entire Gross Pledged Revenues, except for such amounts withheld by dealers, users and the Tax Commission to reimburse themselves (excluding the Tax Commission) for handling losses occasioned by evaporation, spillage and other similar causes, and to reimburse themselves (including the Tax Commission) for the costs of their respective services in the performance by them of all functions incident to the administration of the Fuel Taxes, and constituting Administration Expenses, pursuant to the Project Act, to the Tax Act, to the Tax Ordinance, and to the contract pertaining thereto between the Issuer and the State acting by and through the Tax Commission, except for amounts refunded to taxpayers as provided in such statutes, ordinance and contract, and except for an allocable and pro rata share of the net proceeds of the taxes levied by the State in sections 365.180 and 365.190, Tax Act, needed to make the remittances and deposits required of the State by section 365.535, Tax Act, shall continue to be set aside upon the receipt of such revenues by the Issuer and credited to the special account in the County Treasury of the Issuer created by subsection C, section 12, Tax Ordinance, pursuant to section 373.110, Project Act, and designated as the "Regional Street and Highway Fund" (herein sometimes designated as the "Highway Fund").

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

Section 504. Administration Expenses. Firstly, as a first charge on the Highway Fund, there shall from time to time continue to be withdrawn and set aside sufficient moneys to pay any Administration Expenses not withheld by dealers, users and the Tax Commission or otherwise defrayed by other than the Issuer as permitted in section 502 hereof. Nothing herein contained permits the payment of any Administration Expenses incurred by the

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Issuer with any proceeds of the taxes levied by the State in sections 365.180 and 365.190, Tax Act, in contravention of subsection 3 of each sections 365.550 and 365.560, Tax Act, or otherwise, or requires the withdrawal from the Highway Fund of any moneys allocated for the payment of Administration Expenses until obligations pertaining thereto have accrued and become due, and any such moneys so allocated may be retained in the Highway Fund pending withdrawals for the payment of such obligations. Any such withdrawals becoming surplus and remaining at the end of the Fiscal Year and not needed for Administration Expenses shall be transferred back to the Highway Fund and shall be used for the purposes thereof, as herein provided.

Section 505. Bond Fund Payments. Secondly, and subject to the aforesaid provisions, from any moneys remaining in the Highway Fund, i.e., from the Net Pledged Revenues, the following transfers shall be made for the payment of the securities hereinafter designated:

A. 1966 Bonds. There shall continue to be credited to the separate account known as the "Washoe County, Nevada, Highway Improvement Revenue Bonds, Series November 1, 1966, Interest and Bond Retirement Fund" (herein sometimes designated as the "1966 Bond Fund"), heretofore created in subsection A, section 401, 11-1-66 bond ordinance, the following:

(1) Monthly, commencing on each interest payment date, one-sixth of the amount necessary to pay the next maturing installment of interest on the Outstanding 1966 bonds, except to the extent any other moneys are available therefor.

(2) Monthly, commencing on each principal payment date, one-twelfth of the amount necessary to pay the next maturing installment of principal of the Outstanding 1966 bonds, except to the extent any other moneys are available therefor.

The moneys credited to the 1966 Bond Fund shall be used to pay the principal of and interest on the 1966 bonds as the same become due, as provided in and otherwise subject to the provisions of the 11-1-66 bond ordinance.

B. 1969 Bonds. Concurrently with the payments provided by subsection A of this section, there shall continue to be credited to the separate account known as the "Washoe County, Nevada, Highway Improvement Revenue Bonds, Series May 1, 1969, Interest and Bond Retirement Fund" (herein sometimes designated as the "1969 Bond Fund"), heretofore created in subsection A, section 401, 5-1-69 Bond Ordinance, the following:

(1) Monthly, commencing on each interest payment date, one-sixth of the amount necessary to pay the next maturing installment of interest on the Outstanding 1969 bonds, except to the extent any other moneys are available therefor.

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(2) Monthly, commencing on each principal payment date, one-twelfth of the amount necessary to pay the next maturing installment of principal of the Outstanding 1969 bonds, except to the extent any other moneys are available therefor.

The moneys credited to the 1969 Bond Fund shall be used to pay the Bond Requirements of the 1969 bonds as the same become due, as provided in and otherwise subject to the provisions of the 5-1-69 Bond Ordinance.

C. 1971 (1) Bonds. Concurrently with the payments provided by subsections A and B of this section, there shall continue to be credited to the separate account known as the "Washoe County, Nevada, Highway Improvement Revenue Bonds, Series May 1, 1971, Interest and Bond Retirement Fund" (herein sometimes designated as the "1971 (1) Bond Fund"), heretofore created in subsection A, section 401, 5-1-71 Bond Ordinance, the following:

(1) Monthly, commencing on each interest payment date, one-sixth of the amount necessary to pay the next maturing installment of interest on the Outstanding 1971 (1) bonds, except to the extent any other moneys are available therefor.

(2) Monthly, commencing on each principal payment date, one-twelfth of the amount necessary to pay the next maturing installment of principal of the Outstanding 1971 (1) bonds, except to the extent any other moneys are available therefor. The moneys credited to the 1971 (1) Bond Fund shall be used to pay the Bond Requirements of the 1971 (1) bonds as the same become due, as provided in and otherwise subject to the provisions of the 5-1-71 Bond Ordinance.

D. 1971 (2) Bonds. Concurrently with the payments provided by subsections A, B and C of this section, there shall be credited to the 1971 (2) Bond Fund, created in subsection A of section 401 hereof, the following:

(1) Monthly, commencing on the first day of the month immediately succeeding the delivery of any of the 1971 (2) bonds, an amount in equal monthly installments necessary, together with any other moneys from time to time available therefor from whatever source, including without limitation the moneys, if any, provided in subsection A, section 401, and in section 405 hereof, to pay the next maturing installment of interest on the 1971 (2) bonds then Outstanding, and monthly thereafter, commencing on each interest payment date, one-sixth of the amount necessary to pay the next maturing installment of interest on the Outstanding 1971 (2) bonds, except to the extent any other moneys are available therefor.

(2) Monthly, commencing on the first day of the month immediately succeeding the delivery of any of the bonds, an amount in equal monthly installments necessary, together with any other moneys from time to time available therefor

from whatever source, to pay the next maturing installment of principal of the Outstanding 1971(2) bonds, and monthly thereafter, commencing on each principal payment date, one-twelfth of the amount necessary to pay the next maturing installment of principal of the Outstanding bonds, except to the extent any other moneys are available therefor.

The moneys credited to the 1971(2) Bond Fund shall be used to pay the Bond Requirements of the 1971(2) bonds as the same become due.

Section 506. Reserve Fund Payments. Thirdly, and subsequent to the payments required to be made into the respective bond accounts by section 505, from the remaining Net Pledged Revenues, the following transfers shall be made to accumulate and maintain reserves to secure the payment of the securities hereinafter designated:

A. 1966 Bonds. Except as provided in sections 507 and 508, 11-1-66 bond ordinance, and in addition to the moneys required to be deposited into the separate account known as the "Washoe County, Nevada, Highway Improvement Revenue Bonds, Series November 1, 1966, Reserve Fund" (herein sometimes designated as the "1966 Reserve Fund") by subsection B, section 401, 11-1-66 bond ordinance, there shall continue to be credited to the 1966 Reserve Fund, created in subsection B, section 401, 11-1-66 bond ordinance, such sums, if any, necessary, together with the moneys deposited therein pursuant to subsection B, section 401 thereof, to maintain the 1966 Reserve Fund as a continuing reserve in the amount not less than \$320,000.00 (herein sometimes designated as the "1966 Minimum Bond Reserve") to meet possible deficiencies in the 1966 Bond Fund. No payment need be made into the 1966 Reserve Fund so long as the moneys therein shall equal not less than the 1966 Minimum Bond Reserve. The moneys in the 1966 Reserve Fund shall continue to be accumulated and maintained as a continuing reserve to be used, except as provided in section 507 and in section 508, 11-1-66 bond ordinance, and other provisions therein supplemental to such sections, only to prevent deficiencies in the payment of the principal of and the interest on the 1966 bonds resulting from the failure to deposit into the 1966 Bond Fund sufficient funds to pay such principal and interest as the same accrue.

B. 1969 Bonds. Except as provided in sections 507 and 508, 5-1-69 Bond Ordinance, and in addition to the moneys required to be deposited into the separate account known as the "Washoe County, Nevada, Highway Improvement Revenue Bonds, Series May 1, 1969, Reserve Fund" (herein sometimes designated as the "1969 Reserve Fund") by subsection B, section 401, 5-1-69 Bond Ordinance, concurrently with the payments required by subsection A of this section, there shall continue to be credited to the Reserve Fund, created in subsection B, section 401, 5-1-69 Bond Ordinance, such sums, if any, necessary, together with the moneys deposited therein pursuant to subsection B, section 401 thereof, to maintain the 1969 Reserve Fund as a continuing reserve in

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an amount of not less than \$325,000.00 (herein sometimes designated as the "1969 Minimum Bond Reserve") to meet possible deficiencies in the 1969 Bond Fund. No payment need be made into the 1969 Reserve Fund so long as the moneys therein shall equal not less than the 1969 Minimum Bond Reserve. The moneys in the 1969 Reserve Fund shall continue to be accumulated and maintained as a continuing reserve to be used, except as provided in section 507 and in section 508, 5-1-69 Bond Ordinance, and other provisions therein supplemental to such sections, only to prevent deficiencies in the payment of the Bond Requirements of the 1969 bonds resulting from the failure to deposit into the 1969 Bond Fund sufficient funds to pay such Bond Requirements as the same accrue.

C. 1971(1) Bonds. Except as provided in sections 507 and 508, 5-1-71 Bond Ordinance, and in addition to the moneys required to be deposited into the separate account known as the "Washoe County, Nevada, Highway Improvement Revenue Bonds, Series May 1, 1971, Reserve Fund" (herein sometimes designated as the "1971(1) Reserve Fund") by subsection B, section 401, 5-1-71 Bond Ordinance, concurrently with the payments required by subsections A and B of this section, there shall continue to be credited to the Reserve Fund, created in subsection B, section 401, 5-1-71 Bond Ordinance, such sums, if any, necessary, together with the moneys deposited therein pursuant to subsection B, section 401 thereof, to maintain the 1971(1) Reserve Fund as a continuing reserve in an amount of not less than \$225,000.00 (herein sometimes designated as the "1971(1) Minimum Bond Reserve") to meet possible deficiencies in the 1971(1) Bond Fund. No payment need be made into the 1971(1) Reserve Fund so long as the moneys therein shall equal not less than the 1971(1) Minimum Bond Reserve. The moneys in the 1971(1) Reserve Fund shall continue to be accumulated and maintained as a continuing reserve to be used, except as provided in section 507 and in section 508, 5-1-71 Bond Ordinance, and other provisions therein supplemental to such sections, only to prevent deficiencies in the payment of the Bond Requirements of the 1971(1) bonds resulting from the failure to deposit into the 1971(1) Bond Fund sufficient funds to pay such Bond Requirements as the same accrue.

D. 1971(2) Bonds. Except as provided in sections 507 and 508, hereof, and in addition to the moneys required to be deposited in the 1971(2) Reserve Fund by subsection B, section 401, concurrently with the payments required by subsections A and B of this section, there shall be credited to the Reserve Fund, created in subsection B, section 401 hereof, such sums, if any, necessary, together with the moneys deposited therein pursuant to subsection B, section 401 hereof, to maintain the Reserve Fund as a continuing reserve in an amount of not less than \$455,000.00 as the 1971(2) Minimum Bond Reserve to meet possible deficiencies in the Bond Fund. No payment need be made into the Reserve Fund so long as the moneys therein shall equal not less than the

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Minimum Bond Reserve. The moneys in the Reserve Fund shall be accumulated and maintained as a continuing reserve to be used, except as hereinafter provided in section 507 and in section 508 hereof, only to prevent deficiencies in the payment of the Bond Requirements of the 1971(2) bonds resulting from the failure to deposit into the Bond Fund sufficient funds to pay such Bond Requirements as the same accrue.

Section 507. Termination of Deposits. No payment need be made into the Bond Fund, the Reserve Fund, or both, if the amount in the Bond Fund and the amount in the Reserve Fund total a sum at least equal to the entire amount of the Outstanding 1971(2) bonds, as to all Bond Requirements to their respective maturities or to any prior redemption date on which the Issuer shall have exercised or shall have obligated itself to exercise its option to redeem prior to their respective maturities the 1971(2) bonds then Outstanding and thereafter maturing, and both accrued and not accrued, in which case moneys in those two accounts in an amount, except for any interest or other gain to accrue from any investment of moneys in Federal Securities from the time of any such deposit to the time or respective times the proceeds of any such investment shall be needed for such payment, at least equal to such Bond Requirements, shall be used together with any such gain from investments solely to pay such Bond Requirements as the same become due; and any moneys in excess thereof in those two accounts and any other moneys derived from the Pledged Revenues may be used in any lawful manner determined by the Governing Body.

Section 508. Defraying Delinquencies. If in any month the Issuer shall for any reason fail to pay into the Bond Fund the full amount above stipulated from the Net Pledged Revenues, then an amount shall be paid into the Bond Fund in such month from the Reserve Fund equal to the difference between that paid from the Net Pledged Revenues and the full amount so stipulated. The money so used shall be replaced in the Reserve Fund from the first revenues thereafter received from the Net Pledged Revenues not required to be otherwise applied by sections 505, 506 and 509 hereof, but excluding any payments required for any subordinate securities as permitted by section 509 hereof. If other bonds or other securities are Outstanding any lien to secure the payment of which on the Pledged Revenues is on a parity with the lien thereon of the 1971(2) bonds, including, without limitation, the 1966 bonds, the 1969 bonds and the 1971(1) bonds, and if the proceedings authorizing the issuance of those securities other than the 1971(2) bonds require the replacement of moneys in one or more reserve accounts therefor, then the moneys replaced in the Reserve Fund for the 1971(2) bonds and in each such other reserve account shall be replaced on a pro rata basis related to the principal amount of the then Outstanding 1971(2) bonds and the then Outstanding parity securities as moneys become available therefor. If at any time the Issuer shall for any reason fail to pay into the Reserve Fund the full amount above stipulated from the Net Pledged Revenues, the difference between the amount paid and the amount so stipulated shall in a like manner be paid therein from the first Net Pledged Revenues thereafter received and not

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required to be applied otherwise by sections 505, 506 and 509 hereof, but excluding any payments required for any subordinate securities as permitted by section 509 hereof. The moneys in the Bond Fund and in the Reserve Fund shall be used solely and only for the purpose of paying the Bond Requirements of the 1971(2) bonds; but any moneys at any time in excess of the Minimum Bond Reserve in the Reserve Fund, including, without limitation, any such excess resulting from investment gain as provided in section 606 hereof, may be withdrawn therefrom, and transferred from time to time to the Bond Fund, and used as herein provided for the redemption of the 1971(2) bonds as they become due at maturity, on any prior redemption date, or as they otherwise are made available for payment by purchase in the open market or otherwise; and also any moneys in the Bond Fund and in the Reserve Fund in excess of the Bond Requirements, both accrued and not accrued, to the respective maturities or designated prior redemption date of the Outstanding 1971 (2) bonds may be used as hereinabove provided in section 507 hereof.

Section 509. Payment of Additional Securities. Fourthly, and subject to the provisions hereinabove in this article V, but either concurrently with or subsequent to the payments required by sections 505 and 506 hereof, as provided in section 703 through section 715 hereof, any moneys remaining in the Highway Fund may be used by the Issuer 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 VII and any other provisions herein supplemental thereto, including reasonable reserves for such securities, as the same accrue; but 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 on a parity with or subordinate to the lien and pledge of the bonds herein authorized, as herein provided.

Section 510. Use of Remaining Revenues. After the payments hereinabove required to be made by sections 504 through 509 hereof are made, any remaining Net Pledged Revenues in the Highway Fund may be used at the end of any Fiscal Year or whenever in any Fiscal Year there shall have been credited to the Bond Fund, to the Reserve Fund, to each other bond account and reserve account, 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 all of that Fiscal Year, both accrued and thereafter becoming due in the balance of the Fiscal Year, as hereinabove provided in this article V, for any one or any combination of lawful purposes, as the Governing Body may from time to time determine, including, without limitation:

A. State Tax of 1/2c. The use of the proceeds received by the Issuer pursuant to section 365.550, Tax Act (or such part thereof as may remain after there are made the payments hereinabove required to be made in the preceding sections of this article) of the tax of one-half cent (1/2¢) per gallon levied by the State on motor vehicle fuel by section 365.180, Tax Act, for any one or combination of pur-

poses (other than the payment of securities issued pursuant to the Project Act or any law supplemental thereto) permitted by section 365.550, as from time to time amended, and by all laws supplemental thereto; and

B. State Tax of 1¢. The apportionment by the Issuer of the proceeds received thereby pursuant to section 365.560, Tax Act (or such part thereof as may remain after there are made the payments hereinabove required to be made in the preceding sections of this article) between the Issuer and the unincorporated towns and the incorporated cities therein pursuant to section 365.560 from the tax of one cent (1¢) per gallon levied by the State in section 365.190, Tax Act, as allocated by the State to the Issuer and received by it, and the use of the part remaining to the Issuer after such allocation for any one or combination of purposes (other than the payment of securities issued pursuant to the Project Act or any law supplemental thereto) permitted by subsection 3, section 365.560, Tax Act, as from time to time amended, and by all laws supplemental thereto.

For the purpose of accounting for such remaining revenues to meet the requirements of sections 365.550 and 365.560, Tax Act, there shall be deemed to have been used in any Fiscal Year from the moneys accounted for in the Highway Fund to meet the requirements provided above as to the use of the Net Pledged Revenues in the preceding sections of this article, the proceeds of the taxes levied by the State in sections 365.180 and 365.190, Tax Act, only to the extent that the proceeds of the Fuel Taxes levied by the Issuer are insufficient for that purpose. If the proceeds of such State taxes are so used in any Fiscal Year, the proceeds of the State tax designated above in subsection A of this section and the proceeds of the State tax designated above in subsection B of this section shall respectively be reduced to the extent of such use for such Fiscal Year on a pro rata basis related to the amount received in the Fiscal Year by the Issuer from each such State tax, prior to the use of any such tax proceeds pursuant to subsections A and B of this section as moneys become available therefor.

#### ARTICLE VI

##### GENERAL ADMINISTRATION

Section 601. Administration of Accounts. The special accounts designated in articles IV and V hereof shall be administered as provided in this article VI (except as may be otherwise provided in the 11-1-66 bond ordinance, the 5-1-69 Bond Ordinance or the 5-1-71 Bond Ordinance for any account created in any such ordinance so long as bonds authorized thereby remain Outstanding.)

Section 602. Places and Times of Deposits. Each of the special accounts hereinabove designated in article IV and article V hereof 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

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in one bank account or more in a commercial bank or commercial banks as determined and designated by the Governing Body (except as otherwise expressly stated herein). Nothing herein shall prevent the commingling of moneys accounted for in any two (2) or more book accounts pertaining to the Pledged Revenues or to such revenues and any other revenues of the Issuer in any bank account or any investment in Federal Securities hereunder. Each such bank account shall be continuously secured to the fullest extent required or permitted by the laws of the State for the securing of public funds and shall be irrevocable and not withdrawable by anyone for any purpose other than the respective designated purposes. Each periodic payment shall be credited to the proper account not later than the date therefor herein designated, except that when any such date shall be a Saturday, a Sunday or a legal holiday, then such payment shall be made on or before the next preceding secular day. Notwithstanding any other provision herein to the contrary, moneys shall be deposited with the Paying Agent at least five (5) days prior to each interest payment date herein designated sufficient to pay the Bond Requirements then becoming due on the Outstanding 1971(2) bonds.

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

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

B. Federal Securities. In Federal Securities which:

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

(2) Scheduled Maturities. Shall mature not later than five (5) days prior to the date or respective dates on which the proceeds are to be expended as estimated by the Treasurer upon each date of such investment or reinvestment,

but Federal Securities shall mature from the date of such investment or reinvestment not later than the respective times hereinafter designated for the respective accounts, as follows:

| <u>Accounts</u>          | <u>Maximum Period</u> |
|--------------------------|-----------------------|
| (1) The Acquisition Fund | Two (2) years         |
| (2) The Highway Fund     | Two (2) years         |
| (3) The Bond Fund        | One (1) year          |
| (4) The Reserve Fund     | Ten (10) years.       |

For the purpose of any such investment or reinvestment, Federal Securities shall be deemed to mature at the earliest date on which the obligor is, on demand, obligated to pay a fixed sum in discharge of the whole of such obligations.

Section 604. Scheduling Disbursements. Before the Treasurer invests or reinvests any moneys accounted for in the Acquisition Fund, the Project Engineer shall furnish to the

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Treasurer a certificate setting forth a schedule of amounts and times when funds are estimated by the Project Engineer to be needed to pay the Cost of the Project. The Treasurer may conclusively rely upon the estimates contained in such certificate or any addendum thereto, and shall have no liability or responsibility for any loss on any investment or reinvestment made or changed in accordance with any such certificate or any addendum thereto.

Section 605. Required and Permissive Investments. The Treasurer shall have no obligation to make any investment or reinvestment hereunder, unless any moneys on hand and accounted for in any one account exceeds \$5,000.00 and at least \$5,000.00 therein will not be needed for a period of not less than sixty (60) days. In such event the Treasurer shall invest or reinvest in Federal Securities not less than substantially all the amount which will not be needed during such sixty-day period, except for any moneys on deposit in an interest-bearing account in any commercial bank, regardless of whether such moneys are evidenced by a certificate of deposit or otherwise, pursuant to section 608 hereof. The Treasurer may invest or reinvest any moneys on hand at any time as provided in section 603 hereof even though he is not obligated to do so.

Section 606. Accounting for Investments. The Federal Securities so purchased as an investment or reinvestment of moneys in any such account shall be deemed at all times to be a part of the account and held in trust therefor. Except as herein otherwise provided, any interest or other gain in any account from any investments and reinvestments in Federal Securities and from any deposits of moneys in any commercial bank pursuant to this article shall be credited to the account, and any loss in any account resulting from any such investments and reinvestments in Federal Securities and from any such deposits in any commercial bank shall be charged or debited to the account; but any gain from any such investments or reinvestments of moneys in the Reserve Fund in excess of the Minimum Bond Reserve (as well as any such excess resulting from other than any investments or reinvestments) may be withdrawn from the Reserve Fund and transferred and credited from time to time to the Bond Fund pursuant to section 508 hereof. No loss or profit in any account on any investments or reinvestments in Federal 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 prior to the sale or maturity thereof. In the computation of the amount in any account for any purpose hereunder, except as herein otherwise expressly provided, Federal Securities and certificates of deposit shall be valued at the cost thereof (including any amount paid as accrued interest at the time of the 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 Issuer until such gain is realized by the presentation of matured coupons for payment, or otherwise. The expenses of purchase, safekeeping, sale and all other expenses incident to any investment or reinvestment of moneys pursuant to this article VI shall be accounted for as Administration Expenses, as permitted

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by section 504 hereof.

Section 607. Redemption or Sale of Federal Securities. The Treasurer shall present for redemption at maturity or sale on the prevailing market at the best price obtainable any Federal Securities and certificates of deposit so purchased as an investment or reinvestment of moneys in any account whenever it shall be necessary so to do in order to provide moneys to meet any withdrawal, payment or transfer from such account. Neither the Treasurer nor any other officer of the Issuer shall be liable or responsible for any loss resulting from any such investment or reinvestment made in accordance with this Instrument. The Treasurer shall promptly notify the Administrator and the Governing Body of any loss in any account and may so notify them of any gain in any account.

Section 608. Character of Funds. The moneys in any account herein authorized shall consist either of lawful money of the United States or Federal Securities, or both such money and such securities. Moneys deposited in a demand or time deposit account in or evidenced by a certificate of deposit of any commercial bank, including, without limitation, any such bank located within the Issuer, pursuant to section 602 hereof, appropriately secured according to the laws of the State, shall be deemed lawful money of the United States.

Section 609. Accelerated Payments. Nothing contained in article V hereof prevents the accumulation in any account herein designated of any monetary requirements at a faster rate than the rate or minimum rate, as the case may be, provided in article V; but no payment shall be accelerated if such acceleration shall cause the Governing Body to default in the payment of any obligation of the Issuer pertaining to the Pledged Revenues. Nothing herein contained requires in connection with the Pledged Revenues received in any Fiscal Year 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 such Bond Requirements due in such Comparable Bond Year, or of any reserves required to be accumulated and maintained therefor, and of any existing deficiencies, and payable from such account, as the case may be, except as may be otherwise provided herein in sections 505 and 506, or elsewhere herein.

Section 610. Payment of Securities Requirements. The moneys credited to any account designated in article V hereof for the payment of the Bond Requirements due in connection with any series of bonds or other securities payable from the Pledged Revenues and heretofore, herein or hereafter authorized shall be used, without requisition, voucher, warrant or further order or authority (other than is contained herein) or any other preliminaries, to pay promptly the Bond Requirements payable from such account as such securities become due, upon the respective call dates, if any, on which the Issuer is obligated to pay such securities, or upon the respective interest payment and bond maturity dates of such securities, as provided therefor herein or otherwise, except to the extent any other moneys

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are available therefor, including, without limitation, moneys accounted for in the Bond Fund.

Section 611. Payment of Redemption Premiums. Notwithstanding any other provision herein, this Instrument requires the accumulation in any account designated in article V 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 but also the prior redemption premiums due in connection therewith, as the same become due, whenever the Issuer shall have exercised or shall have obligated itself to exercise a prior redemption option pertaining thereto, except to the extent provision is otherwise made therefor, if any prior redemption premium is due in connection therewith. In such 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 VII

##### SECURITIES LIENS AND ADDITIONAL SECURITIES

Section 701. First Lien Bonds. The 1971 (2) bonds authorized herein, subject to the payment of the Administration Expenses, constitute an irrevocable and first lien (but not necessarily an exclusively first lien) upon the Gross Pledged Revenues on a parity with the liens thereon of the Outstanding 1966 bonds, the Outstanding 1969 bonds and the Outstanding 1971(1) bonds.

Section 702. Equality of Bonds. The 1971(2) bonds authorized to be issued hereunder and any parity securities heretofore or hereafter authorized to be issued and from time to time Outstanding are equitably and ratably secured by a lien on the Pledged Revenues and shall not be entitled to any priority one over the other in the application of the Pledged Revenues regardless of the time or times of the issuance of such securities, it being the intention of the Governing Body that there shall be no priority among the 1971(2) bonds and any such parity securities regardless of the fact that they may be actually issued and delivered at different times.

Section 703. Issuance of Parity Securities. Nothing in this Instrument contained, subject to the limitations stated in sections 712 through 715 hereof, prevents the issuance by the Issuer of additional bonds or other additional securities payable from the Net Pledged Revenues and constituting a lien thereon on a parity with, but not prior nor superior to, the lien thereon of the 1971(2) bonds or prevents the issuance of bonds or other securities refunding all or a part of the 1971(2) bonds, except as provided in sections 708 through 715 hereof; but before any such additional parity bonds or other additional parity securities are authorized or actually issued (excluding any parity refunding bonds or other parity refunding securities other than any securities refunding subordinate bonds or other subordinate securities, as permitted in section 709 hereof):

A. Absence of Default. At the time of the adoption of the supplemental

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instrument authorizing the issuance of the additional securities as provided in section 713 hereof, the Issuer shall not be in default in making any payments required by article V hereof.

B. Historic Earnings Test. The Net Pledged Revenues derived in the Fiscal Year immediately preceding the date of the issuance of such additional parity securities shall have been at least sufficient to pay an amount equal to two hundred per centum (200%) of the combined maximum annual principal and interest requirements to be paid during any one Bond Year ending on or before the first day of November in the year in which the then Outstanding 1971(2) bonds last mature, of the Outstanding 1971(2) bonds and any other Outstanding parity securities of the Issuer and the bonds or other securities proposed to be issued (excluding any reserves therefor), except as hereinafter otherwise expressly provided.

C. Adjustment of Pledged Revenues. In any computation of such earnings test as to whether or not additional parity securities may be issued as provided in subsection B of this section, the amount of the Net Pledged Revenues for the next preceding Fiscal Year shall be decreased and may be increased by the amount of net loss or net gain estimated by an Independent Accountant resulting from any change in any Fuel Taxes, as if the schedule of such modified Fuel Taxes had been in effect during the entire next preceding Fiscal Year, if such change shall have been made by the Governing Body prior to such computation of the designated earnings test but made in the same Fiscal Year as such computation or in the next preceding Fiscal Year.

D. Reduction of Annual Requirements. The respective annual Bond Requirements (including as such a requirement for the purposes of this section 703 the amount of any prior redemption premiums due on any prior redemption date as of which the Issuer shall have exercised or shall have obligated itself to exercise its prior redemption option by a call of securities for payment then) shall be reduced to the extent such Bond Requirements are scheduled to be paid each of the respective Bond Years with moneys held in trust or in escrow for that purpose by any trust bank within or without the State, including the known minimum yield from any investment in Federal Securities.

Section 704. Certification of Revenues. A written certification by an Independent Accountant that such annual revenues, when adjusted as hereinabove provided in subsections C and D of section 703 hereof, are sufficient to pay such amounts, as provided in subsection B of section 703 hereof, shall be conclusively presumed to be accurate in determining the right of the Issuer to authorize, issue, sell and deliver additional bonds or other additional securities on a parity with the 1971(2) bonds.

Section 705. Subordinate Securities Permitted. Nothing herein contained, subject to the limitations stated in sections 712 through 715 hereof, prevents the Issuer from issuing additional bonds or other additional securities payable from the Net Pledged Revenues and having a lien thereon subordinate, inferior and junior to the lien thereon of the 1971(2) November 15, 1971



bonds.

Section 706. Superior Securities Prohibited. Nothing herein contained permits the Issuer to issue additional bonds or other additional securities payable from the Pledged Revenues and having a lien thereon prior and superior to the lien thereon of the 1971 (2) bonds.

Section 707. Use of Proceeds. The proceeds of any additional bonds or other additional securities (other than any funding or refunding securities) payable from the Pledged Revenues shall be used only to acquire or to improve, or both to acquire and improve, the Facilities.

Section 708. Issuance of Refunding Securities. If at any time after the 1971(2) bonds, or any part thereof, shall have been issued and remain Outstanding, the Governing Body shall find it desirable to refund any Outstanding bonds or other Outstanding securities payable from and constituting a lien upon the Pledged Revenues, such bonds or other securities, or any part thereof, may be refunded (but only with the consent of the holder or holders of all such Outstanding securities unless the bonds or other securities at the time or times of their required surrender for payment shall then mature or shall be then callable for prior redemption for refunding purposes at the Issuer's option upon proper call), regardless of whether the priority of the lien for the payment of the refunding securities on the Pledged Revenues is changed (except as provided in sections 706 and 709 through 715 hereof).

Section 709. Issuance of Parity Refunding Securities. No refunding bond or other refunding securities payable from the Pledged Revenues shall be issued on a parity with the 1971 (2) bonds:

- A. Parity Lien. Unless the lien on the Pledged Revenues of the Outstanding securities so refunded is on a parity with the lien thereon of the 1971 (2) bonds; or
- B. Default and Earnings Test. Unless the refunding bonds or other refunding securities are issued in compliance with section 703 hereof (including subsections A, B, C and D thereof) and section 704 hereof.

Section 710. Partial Refundings. The refunding bonds or other refunding securities so issued shall enjoy complete equality of lien with the portion of any bonds or other securities of the same issue which is not refunded, if there are any; and the holder or holders of such refunding bonds or such other refunding securities shall be subrogated to all of the rights and privileges enjoyed by the holder or holders of the unrefunded bonds or other unrefunded securities of the same issue partially refunded by the refunding securities.

Section 711. Limitations Upon Refundings. Any refunding bonds or other refunding securities payable from the Pledged Revenues shall be issued with such details as the Governing Body may by instrument provide, subject to the provisions of sections 712 through

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715 hereof, and subject to the inclusion of any such rights and privileges designated in section 710 hereof, but without any impairment of any contractual obligation imposed upon the Issuer by any proceedings authorizing the issuance of any unrefunded portion of such Outstanding securities of any one or more issues (including but not necessarily limited to the 1971 (2) bonds. If only a part of the Outstanding bonds and any other Outstanding securities of any issue or issues payable from the Pledged Revenues is refunded, then such securities may not be refunded without the consent of the holder or holders of the unrefunded portion of such securities:

A. Requirements Not Increased. Unless the refunding bonds or other refunding securities do not increase for any Bond Year the aggregate principal and interest requirements evidenced by such refunding securities and by the Outstanding securities not refunded on and prior to the last maturity date of such unrefunded securities, and the lien of any refunding bonds or other refunding securities on the Pledged Revenues is not raised to a higher priority than the lien thereon of the bonds or other securities thereby refunded; or

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

Section 712. Payment Dates of Additional Securities. Any additional parity or subordinate bonds or other additional parity or subordinate securities (including but not necessarily limited to any funding or refunding securities) issued in compliance with the terms hereof shall bear interest payable semiannually on the first days of May and November in each year, except that the first interest payment date may be for interest accruing for any period not in excess in the aggregate of one year; and such additional securities shall mature on the first day of November in the years designated by the Governing Body during the term of the additional bonds or other additional securities.

Section 713. Supplemental Instrument. Additional bonds or other additional securities payable from the Pledged Revenues shall be issued only after authorization thereof by a supplemental instrument of the Governing Body stating the purpose or purposes of the issuance of such additional securities, directing the application of the proceeds thereof to such purpose or purposes, directing the execution thereof, and fixing and determining the date, principal amount, maturity or maturities, designation and numbers thereof, the maximum rate or the rate or rates of interest to be borne thereby, any prior redemption privileges of the Issuer with respect thereto and other provisions thereof in accordance with this Instrument. All additional securities shall bear such date, shall bear such numbers and series designation, letters or symbols prefixed to their numbers distinguishing them from each other security, shall be payable at such place or places, may be subject to redemption prior to maturity on such terms and conditions, and shall bear interest at such

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rate or at such different or varying rates per annum, as may be fixed by instrument or other document of the Governing Body.

Section 714. Parity Securities Reserve Fund. The Issuer, in connection with each series of additional parity securities, if any, shall create a separate account as a continuing reserve to be used only to prevent deficiencies in the payment of the Bond Requirements of such securities resulting from the failure of the Issuer to deposit from time to time in an account for their payment sufficient moneys to pay such Bond Requirements as the same accrue, subject to exceptions therefor like the provisions in sections 507 and 508 hereof; and the Issuer shall cause to be accumulated and accounted for in such a reserve account in substantially equal monthly installments over a period of not exceeding five (5) years from the date of such additional parity securities, except to the extent capitalized with the proceeds of the securities or with other moneys available therefor, and thereafter shall cause to be maintained therein, an amount at least equal to the maximum principal and interest for such series becoming due in any Bond Year.

Section 715. Accumulating Revenues for Payments. In connection with each series or additional parity bonds or other parity securities hereafter authorized, if any, moneys fully sufficient for the payment of each installment of interest and each installment of principal (except to the extent any other moneys are available therefor) shall be withdrawn each Fiscal Year from the Net Pledged Revenues and credited in substantially equal monthly deposits to accumulate in an account or accounts maintained for that purpose prior to each installment payment date, commencing on the first day of the month immediately succeeding the delivery of any bonds of such series and thereafter on each interest payment date; but if the first maturity of such series of additional parity securities is more than one year next following the first day of the month immediately succeeding the date of such delivery, such first substantially equal monthly deposit for the payment of the first installment of principal may be made on the first day of any month thereafter but not later than one year immediately prior to the maturity date of such first installment of principal.

#### ARTICLE VIII

##### MISCELLANEOUS PROTECTIVE COVENANTS

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

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

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to the respective accounts provided from time to time therefor.

Section 803. Contractual Obligations. The Issuer shall perform all contractual obligations undertaken by it under the contract to purchase the bonds with the Purchaser and any other agreements relating to the bonds, the Pledged Revenues, the Improvements or any Facilities (or any combination thereof) with all other Persons, including, without limitation, the Agreement, dated as of the 9th day of July, 1965, and effective on the first day of August, 1965, and between the Issuer and the Tax Commission, which is authorized by such contract and the Project Act to collect the Fuel Taxes fixed by the Issuer and otherwise to perform all functions incident to the administration or operation of the Tax Ordinance.

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

Section 805. Conditions Precedent. Upon the date of issuance of any 1971 (2) bonds, all conditions, acts and things required by the Constitution or statutes of the State or this Instrument to exist, to have happened, and to have been performed precedent to or in the issuance of the bonds shall exist, have happened, and have been performed; and the bonds, together with all other obligations of the Issuer shall not contravene any debt or other limitation prescribed by the State Constitution or statutes.

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

Section 807. Payment of Governmental Charges. The Issuer shall pay or cause to

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be paid all taxes and assessments or other municipal or governmental charges, if any, lawfully levied or assessed upon or in respect of the Fuel Taxes, or upon any portion of the Pledged Revenues, when the same shall become due, and shall duly observe and comply with all valid requirements of any municipal or governmental authority relative to any part of the Fuel Taxes, except for any period during which the same is being contested in good faith by proper legal proceedings. The Issuer shall not create or suffer to be created any lien or charge upon the Net Pledged Revenues, except the pledge and lien created by this Instrument for the payment of the Bond Requirements due in connection with the 1971(2) bonds, and except as herein otherwise permitted. The Issuer shall pay or cause to be discharged or shall make adequate provision to satisfy and to discharge, within sixty (60) days after the same shall become payable, all lawful claims and demands for labor, materials, supplies or other objects which, if unpaid, might by law become a lien upon the Facilities, or any part thereof, or the Pledged Revenues; but nothing in this section contained requires the Issuer to pay or to cause to be discharged or to make provision for any such lien or charge, so long as the validity thereof is contested in good faith and by appropriate legal proceedings.

Section 808. Protection of Security. The Issuer, the officers, agents and employees of the Issuer, and the Governing Body shall not take any action in such manner or to such extent as might prejudice the security for the payment of the Bond Requirements of the securities payable from the Net Pledged Revenues according to the terms of such securities. No contract shall be entered into nor any other action taken by which the rights of any holder of any bond or any other security payable from the Net Pledged Revenues might be impaired or diminished.

Section 809. Accumulation of Interest Claims. In order to prevent any accumulation of coupons or claims for interest after maturity, the Issuer 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 1971 (2) bonds or any other securities payable from the Net Pledged Revenues; and the Issuer 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 is 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 Instrument, 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 810. Prompt Payment of Bonds. The Issuer shall promptly pay the Bond Requirements of every 1971 (2) bond issued hereunder and secured hereby at the place, on

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the dates, and in the manner specified herein and in the bonds and in the coupons thereto pertaining according to the true intent and meaning hereof.

Section 811. Use of Bond and Reserve Funds. The 1971 (2) Bond Fund and the 1971 (2) Reserve Fund shall be used solely and only and the moneys credited to such accounts are hereby pledged for the purpose of paying the Bond Requirements of the 1971 (2) bonds, except for those moneys in the Bond Fund and in the Reserve Fund as are in excess of such Bond Requirements, both accrued and not accrued, to their respective maturities or any other due dates (subject to the provisions of section 901 hereof), and except for those moneys in the Reserve Fund in excess of the Minimum Bond Reserve, as hereinabove provided.

Section 812. Additional Securities. The Issuer shall not hereafter issue any bonds or other securities payable from the Net Pledged Revenues and having a lien on a parity with the bonds herein authorized so long as any bonds herein authorized are Outstanding, unless such additional bonds or other securities (other than bonds or other securities issued pursuant to sections 708 through 715 hereof and refunding bonds or other securities on a parity with the 1971 (2) bonds) on a parity with the bonds herein authorized are issued in such manner as provided in sections 703, 704, 707 and 712 through 715 hereof. Any other securities hereafter authorized to be issued and payable from the Net Pledged Revenues shall not hereafter be issued, unless such additional securities are also issued in conformance with the provisions of articles V and VII hereof.

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

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

Section 815. Fidelity Bonds. Each official of the Issuer or other individual having custody of any Pledged Revenues or of any other moneys pertaining thereto, including, without limitation, bond proceeds, or responsible for the handling of such moneys, shall be bonded at all times in an amount of at least \$500,000.00, which bond shall be conditioned upon the proper application of such funds (but need not necessarily be limited thereto). The costs of each such bond or a reasonably allocated share of the costs of any such blanket bond may be considered and paid as Administration Expenses.

Section 816. Maintenance of Fuel Taxes. While the bonds or any of them remain Outstanding and unpaid, the Issuer shall cause Fuel Taxes to be levied and collected in

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amounts of not less than three and one-half cents (3-1/2¢) per gallon on all motor vehicle fuel sold, distributed or used in the County as provided in this Instrument, in the Tax Ordinance, in the Project Act, and in the Tax Act, except as otherwise provided in this Instrument, such ordinance and such acts, including, without limitation, provisions therein for any deductions and any refunds not constituting Administration Expenses, and so including provisions in this Instrument, such ordinance and such acts pertaining to the distribution of the proceeds of the respective State Fuel Taxes to the Issuer and other counties in the State and the respective bases therefor, to exempt sales and other exempt transactions, or to amounts derived from any other excise taxes pertaining to motor vehicle fuel of at least an equivalent value and pledged in lieu of such present taxes, regardless of whether now or hereafter fixed and imposed.

Section 817. Collection of Fuel Taxes. The Issuer shall cause all proceeds of the Fuel Taxes to be collected as soon as reasonable, shall prescribe and enforce rules and regulations for the payment thereof, and shall provide methods of collection, by the Tax Commission, or otherwise, and penalties, to the end that the Net Pledged Revenues shall be adequate to meet the requirements hereof. So long as any 1971 (2) bonds remain Outstanding, the Governing Body on the behalf and in the name of the Issuer shall not exercise any option granted pursuant to subsection 3, section 365.190, Tax Act, or otherwise, to decline to accept the tax levied by the State in section 365.190 of one cent (1¢) per gallon on motor vehicle fuel sold, distributed or used in the Issuer; and during the period the 1971 (2) bonds remain Outstanding the Governing Body shall not adopt any resolution or other instrument declining to accept such tax, wholly or in part.

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

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

B. Classification. The revenues received from the Fuel Taxes by classes of customers, to the extent it is practicable to show such information,

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

D. Securities Payments. A detailed statement of amounts credited to various accounts for the payment of bonds and any other securities payable from the Net

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Pledged Revenues, and reserves therefor, including, without limitation, the Bond Fund and the Reserve Fund, and

E. Other Withdrawals. The amounts of any other withdrawals from the proceeds of the Fuel Taxes to the extent reflected by reports from the State to the Issuer and by other records of the Issuer.

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

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

Section 820. Audits Required. The Issuer within ninety (90) days following the close of each Fiscal Year, commencing with the Fiscal Year ending on the last day of June, 1972, shall order an audit for the Fiscal Year of such books and accounts to be made forthwith by an Independent Accountant, and shall order an audit report showing the receipts and disbursements for each account of the Issuer pertaining to the Pledged Revenues, and such audit report will be available for inspection by the Purchaser, the Financial Consultant, or any holder of any of the securities payable from the Net Pledged Revenues. All expenses incurred in the making of the audits and reports required by this section may be considered and paid as Administration Expenses. Nothing herein contained requires an audit of any books and accounts of the Tax Commission.

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

A. Statement. A statement in detail of the income and expenditures concerning the Fuel Taxes for the audit period, including, without limitation, a statement of Gross Pledged Revenues (at least to the extent of their receipt by the Issuer) and of the Net Pledged Revenues;

B. Balance Sheet. A balance sheet as of the end of such Fiscal Year, including, without limitation, the amounts on hand, both cash and investments, in each of the accounts created by the various instruments and other proceedings authorizing the issuance of Outstanding bonds and other securities payable from the Net Pledged Revenues;

C. Accountant's Comment. The accountant's comment regarding the Issuer's methods of operation and accounting practice and the manner in which the Issuer has



carried out the requirements of this Instrument and any other instrument and other proceedings authorizing the issuance of Outstanding bonds or other Outstanding securities payable from the Net Pledged Revenues, as the accountant deems appropriate; and

D. Recapitulation. A recapitulation of each account created by the various instruments, and any other proceedings authorizing the issuance of Outstanding bonds and any other Outstanding securities payable from the Net Pledged Revenues, into which account are put moneys derived from:

- (1) The Fuel Taxes,
- (2) Any sale of Federal Securities, and
- (3) Any sale of such Outstanding bonds and any other such Outstanding securities of the Issuer, or any other properties thereof,

such analysis to show the balance in such account at beginning of the audit period, the deposits and withdrawals during such period, and the balance at the end of such period.

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

A. Purchaser. The Purchaser, or any successor thereof known to the Treasurer,

B. Consultant. The Financial Consultant, or any successor thereof known to the Treasurer, and

C. Others. Any other Person designated in any instrument or other proceedings pertaining to any Outstanding securities payable from the Net Pledged Revenues other than the 1971 (2) bonds;

a copy of each such report shall be kept on file in the records of the Issuer for public inspection; and any such holder or other recipient of such report shall have the right to discuss with the Independent Accountant or with the person making the audit and report the contents thereof and to ask for such additional information as he may reasonably require.

Section 823. Title to Sites. Each of the Improvements acquired by the Project shall be constructed on land owned in fee simple by the Issuer or over which the Issuer has a perpetual easement, free and clear of all liens and encumbrances of whatsoever nature, except for any facilities located in a public street or highway or upon other lands of any public body politic and corporate which lands in the opinion of counsel for the Issuer is sufficient for its purposes.

Section 824. Performance Bonds. In order to insure the completion of the Project, the Issuer shall require each firm, corporation or other Person with whom it may contract for labor or for materials of construction to furnish a performance bond in the full amount of any contract exceeding \$5,000.00 in amount. Any such contract for labor

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and materials shall provide that payment thereunder shall not be made by the Issuer in excess of ninety per centum (90%) of current estimates until the completion of such construction under the contract and the acceptance of the construction by the Issuer; but in case of any contract under which the Project Engineer shall estimate a total payment to the contractor of \$200,000.00 or more and under which not less than fifty per centum (50%) of the labor or materials shall have been done satisfactorily, as determined by the Governing Body, payment thereunder for any remaining labor or materials of construction or both such labor and materials may be made up to one hundred per centum (100%) of current estimates prior to the completion of the construction under the contract, as determined by the Governing Body by contract or otherwise. Any sum or sums derived from such performance bond or performance bonds shall be used within six (6) months after such receipt for the completion of such construction and, if not so used within such period, shall be placed in and shall be subject to the provisions of the Highway Fund provided for herein.

Section 825. Completion of Project. The Issuer, with the proceeds derived from the sale of the bonds, shall proceed to complete the Project without delay, as hereinabove provided. A contract or contracts for the construction and other acquisition of the Improvements to be acquired by the Project shall be let as soon as practicable after the delivery of any 1971 (2) bonds, except to the extent theretofore let, if theretofore let.

Section 826. Arbitrage Bond Investments Prohibited. Sums credited to the various accounts pertaining to the Project or the 1971 (2) bonds shall not be invested in such a manner as to result in the loss of exemption from federal income taxation of interest on the bonds. Such sums constituting in the aggregate a major portion or more of the proceeds of all the bonds shall not be invested directly or indirectly in taxable obligations so as to produce an adjusted yield (including permissible adjustments for any premiums, discounts and costs), i.e. an adjusted effective interest rate, which exceeds such an adjusted yield (adjusted effective interest rate) of the bonds by more than one-half of one per centum (0.50%), and which results in the bonds constituting taxable "arbitrage bonds" within the meaning of section 103 (d), Internal Revenue Code of 1954, as amended by section 601 (a), Tax Reform Act of 1969 (83 Stat. 656), any subsequent amendments, and the Income Tax Regulations issued thereunder; but such sums may be otherwise invested if and when such act and regulations permit the investment to be made in the manner made without causing the bonds to become taxable "arbitrage bonds."

#### ARTICLE IX

#### MISCELLANEOUS

Section 901. Defeasance. When all Bond Requirements of the 1971 (2) bonds have been duly paid, the pledge and lien and all obligations hereunder shall thereby be discharged and the bonds shall not longer be deemed to be Outstanding within the meaning of this Instrument. There shall be deemed to be such due payment when the Issuer has placed

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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 1971 (2) bonds, as the same become due to the final maturities of the bonds or upon any prior redemption date as of which the Issuer shall have exercised or shall have obligated itself to exercise its prior redemption option by a call of bonds for payment then. The Federal Securities shall become due prior to the respective times on which the proceeds thereof shall be needed, in accordance with a schedule established and agreed upon between the Issuer and such bank at the time of the creation of the escrow or trust, or the Federal Securities shall be subject to redemption at the option of the holders thereof to assure such availability as so needed to meet such schedule.

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

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

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

- (1) The signing of the bonds,
- (2) The tenure and identity of the officials of the Governing Body and of the Issuer,
- (3) The delivery of the bonds and the receipt of the bond purchase price, and
- (4) If it is in accordance with fact, the absence of litigation, pending or threatened, affecting the validity thereof;

C. Information. The assembly and dissemination of financial and other information concerning the Issuer and the bonds;

D. Official Statement. The preparation of a bond offering brochure or official statement for use for prospective buyers of the bonds, including, without limitation, such use by the Purchaser and its associates, if any, and

E. Bond Sale. The sale and issuance of the bonds pursuant to the provisions of this Instrument and to any supplemental instrument.

Section 903. Statute of Limitations. No action or suit based upon any bond, coupon or other obligation of the Issuer shall be commenced after it is barred by any statute of limitations pertaining thereto. Any trust or fiduciary relationship between the Issuer and the holder of any bond or coupon or other obligee regarding any such obligation shall be conclusively presumed to have been repudiated on the maturity date or other

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due date thereof unless the bond or coupon is presented for payment or demand for payment of any such other obligation is otherwise made before the expiration of the applicable limitation period. Any moneys from whatever source derived remaining in any account reserved, pledged or otherwise held for the payment of any such obligation, action or suit for the collection of which has been barred, shall revert to the Highway Fund, unless the Governing Body shall otherwise provide by instrument of the Issuer. Nothing herein contained prevents the payment of any such obligation after any action or suit for its collection has been barred if the Governing Body deems it in the best interests of the public so to do and orders such payment to be made.

Section 904. Evidence of Bondholders. Any request, consent or other instrument which this Instrument may require or may permit to be signed and to be executed by the holder of any bonds may be in one or more instruments of similar tenor and shall be signed or shall be executed by each such holder in person or by his attorney appointed in writing. Proof of:

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

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

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

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

(b) Proof of Holdings. The amount of bonds transferable by delivery held by any Person executing any instrument as a holder of bonds and the numbers, date and

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

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

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

Section 906. 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 Instrument. The immunities and exemptions from liability of the Purchaser and any associate thereof hereunder extend to their partners, directors, successors, employees and agents.

Section 907. Prior Contracts. Nothing herein contained impairs the Issuer's obligation of contracts with any Person in connection with the Issuer, including, without limitation, the Pledged Revenues, the Outstanding 1966 bonds, the Outstanding 1969 bonds, the Outstanding 1971 (1) bonds, the 11-1-66 bond ordinance, the 5-1-69 Bond Ordinance, the 5-1-71 Bond Ordinance, the Facilities, the Improvements or the Project (or any combination thereof). If any provision herein is inconsistent with any provision in any existing contract pertaining to the Issuer in such a manner as to affect prejudicially and materially the rights and privileges thereunder, so long as such contract shall remain viable and in effect such provision therein shall control such inconsistent provision herein and the latter provision shall be subject and subordinate to such provision in

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such existing contract.

#### ARTICLE X

##### PRIVILEGES, RIGHTS AND REMEDIES

Section 1001. Bondholder's Remedies. Each holder of any bond shall be entitled to all of the privileges, rights and remedies provided herein, in the Project Act, in the Bond Act, and as otherwise provided or permitted at law or in equity or by other statutes, except as provided in section 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 1971 (2) bonds.

Section 1002. Right to Enforce Payment. Nothing in this article contained shall affect or impair the right of any holder of any bond issued hereunder to enforce the payment of the Bond Requirements of his bond or the obligation of the Issuer to pay the Bond Requirements of each bond to the holder thereof at the time and the place expressed in the bond and in the appurtenant coupons.

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

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

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

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

D. Nonperformance of Duties. The Issuer shall have failed to carry out and to perform (or in good faith to begin the performance of) all acts and things lawfully required to be carried out or to be performed by it under any contract relating to the Pledged Revenues, or otherwise, including, without limitation, this Instrument, and such failure shall continue for sixty (60) days after receipt of notice from either the Purchaser of the bonds or from the holders of ten per centum (10%) in principal amount of the bonds issued under this Instrument and then Outstanding;

E. Appointment of Receiver. An order or decree shall be entered by a court of competent jurisdiction with the consent or acquiescence of the Issuer appointing a receiver or receivers for the Pledged Revenues and any other moneys subject to the lien to secure the payment of the 1971 (2) bonds, or if an order or decree having been entered without the consent or acquiescence of the Issuer, shall not be vacated or discharged or stayed on appeal within sixty (60) days after entry; and

F. Default of Any Provision. The Issuer shall make default in the due and

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punctual performance of any other of the representatives, covenants, conditions, agreements and other provisions contained in the bonds or in this Instrument on its part to be performed, and if such default shall continue for sixty (60) days after written notice specifying such default and requiring the same to be remedied shall have been given to the Issuer by either the Purchaser of the bonds or by the holders of ten per centum (10%) in principal amount of the bonds then Outstanding.

Section 1004. Remedies for Defaults. Upon the happening and continuance of any of the events of default, as provided in section 1003 hereof, then and in every case the holder or holders of not less than ten per centum (10%) in principal amount of the bonds then Outstanding, including, without limitation, a trustee or trustees therefor, may proceed against the Issuer and its agents, officers and employees to protect and to enforce the rights of any holder of bonds or coupons under this Instrument by mandamus or by other suit, action or special proceedings in equity or at law, in any court of competent jurisdiction, either for the appointment of a receiver or for the specific performance of any covenant or agreement contained herein or in an award of execution of any power herein granted for the enforcement of any proper, legal or equitable remedy as such holder or holders may deem most effectual to protect and to enforce the rights aforesaid, or thereby to enjoin any act or thing which may be unlawful or in violation of any right of any holder of any bond, or to require the Issuer to act as if it were the trustee of an expressed trust, or any combination of such remedies. All such proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all holders of the bonds and coupons then Outstanding.

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

Section 1006. Rights and Privileges Cumulative. The failure of any holder of any Outstanding bond to proceed in any manner herein provided shall not relieve the Issuer, its Governing Body, or any of its officers, agents or employees of any liability for failure to perform or carry out any duty, obligation or other commitment. Each right or privilege of any such holder (or trustee thereof) is in addition and is cumulative to any other right or privilege, and the exercise of any right or privilege by or on behalf of any holder shall not be deemed a waiver of any other right or privilege thereof.

Section 1007. Duties Upon Defaults. Upon the happening of any of the events of default as provided in section 1003 hereof, the Issuer, in addition, shall do and perform all proper acts on behalf of and for the holders of bonds and coupons to protect and to

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preserve the security created for the payment of their bonds and coupons 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 such period of time on a parity with the bonds herein authorized, shall be paid into such bond accounts for all parity securities on an equitable and pro-rated basis, and used for the purposes therein provided. If the Issuer fails or refuses to proceed as in this section provided, the holder or holders of not less than ten per centum (10%) in principal amount of such bonds then Outstanding, after demand in writing, may proceed to protect and to enforce the rights of the holders of the bonds as hereinabove provided; and to that end any such holders of Outstanding bonds shall be subrogated to all rights of the Issuer under any agreement or contract involving the Pledged Revenues entered into prior to the effective date of this Instrument or thereafter while any of the bonds are Outstanding.

Section 1008. Duties in Bankruptcy Proceedings. If any Person obligated to pay any Fuel Tax proceeds under any laws of the United States relating to bankruptcy, including, without limitation, any action under any law providing for corporate reorganization, it shall be the duty of the Issuer, and its appropriate officers are hereby authorized and directed, to take all necessary steps for the benefit of the holders of the bonds in such proceedings, so including the filing of any claims for unpaid Fuel Tax proceeds and other payments to or otherwise arising from the breach of any of the covenants, terms or conditions of any instrument or obligation pertaining to the Pledged Revenues, except to the extent the State acting by and through the Tax Commission or otherwise takes such action. Nothing in this section contained requires the Issuer so to proceed if the Governing Body determines in good faith that the Issuer is more likely to incur a net loss than a net gain if it does so.

#### ARTICLE XI

##### AMENDMENT OF INSTRUMENT

Section 1101. Privilege of Amendments. This Instrument may be amended or supplemented by instruments adopted by the Governing Body in accordance with the laws of the State, without receipt by the Issuer of any additional consideration, but with the written consent of the holders of sixty-six per centum (66%) in aggregate principal amount of the bonds authorized by this Instrument and Outstanding at the time of the adoption of such amendatory or supplemental instrument, not including in any case any bonds which may then be held or owned for the account of the Issuer, but including such refunding securities as may be issued for the purpose of refunding any of the bonds issued hereunder if such refunding securities are not owned by the Issuer.

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Section 1102. Limitations upon Amendments. No such instrument shall permit:

- A. Changing Payment. A change in the maturity or in the terms of redemption of the principal of any Outstanding bond or any installment of interest thereon; or
- B. Reducing Return. A reduction in the principal amount of any bond, the rate of interest thereon, or any prior redemption premium payable in connection therewith, without the consent of the holder of the bond; or
- C. Prior Lien. The creation of a lien upon or a pledge of revenues ranking prior to the lien or to the pledge created by this Instrument; or
- D. Modifying Any Bond. A reduction of the principal amount or percentages or otherwise affecting the description of bonds or the consent of the holders of which is required for any such modification or amendment; or
- E. Priorities Between Bonds. The establishment of priorities as between bonds issued and Outstanding under the provisions of this Instrument; or
- F. Partial Modification. The modifications of or otherwise prejudicially affecting the rights or privileges of the holders of less than all of the bonds then Outstanding.

Section 1103. Notice of Amendment. Whenever the Governing Body proposes to amend or modify this Instrument under the provisions of this article, it shall cause notice of the proposed amendment:

- A. Publication. To be published one (1) time in a newspaper or journal published in the Issuer, as determined by the Governing Body; and
- B. Mailing. To be mailed within thirty (30) days to each:
  - (1) The Purchaser, or to any successor thereof known to the Clerk, and
  - (2) The Financial Consultant, or to any successor thereof known to the Clerk.

Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy of the proposed amendatory instrument is on file in the office of the Clerk for public inspection.

Section 1104. Time for Amendment. Whenever at any time within one (1) year from the date of the publication of such notice there shall be filed in the office of the Clerk an instrument or instruments executed by the holders of at least sixty-six per centum (66%) in aggregate principal amount of the bonds then Outstanding as in this article defined, which instrument or instruments shall refer to the proposed amendatory instrument described in such notice and shall specifically consent to and approve the adoption of such instrument, thereupon, but not otherwise, the Governing Body may adopt such amendatory instrument and such instrument shall become effective.

Section 1105. Binding Consent to Amendment. If the holders of at least sixty-six per centum (66%) in aggregate principal amount of the bonds Outstanding as in this

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article defined, at the time of the adoption of such amendatory instrument, or the predecessors in title of such holders, shall have consented to and approved the adoption thereof as herein provided, no holder of any bond whether or not such holder shall have consented to or shall have revoked any consent as in this article provided, shall have any right or interest to object to the adoption of such amendatory instrument or to object to any of the terms or provisions therein contained or to the operation thereof or to enjoin or restrain the Issuer from taking any action pursuant to the provisions thereof.

Section 1106. Time Consent Binding. Any consent given by the holder of a bond pursuant to the provisions of this article shall be irrevocable for a period of six (6) months from the date of the publication of the notice above provided for and shall be conclusive and binding upon all future holders of the same bond during such period. Such consent may be revoked at any time after six (6) months from the date of the publication of such notice in a newspaper or journal published in the Issuer, by the holder who gave such consent or by a successor in title by filing notice of such revocation with the Clerk, but such revocation shall not be effective if the holders of sixty-six per centum (66%) in aggregate principal amount of the bonds Outstanding as in this article defined have, prior to the attempted revocation, consented to and approved the amendatory instrument referred to in such revocation.

Section 1107. Unanimous Consent. Notwithstanding anything contained in the foregoing provisions of this article, the terms and the provisions of this Instrument or of any instrument amendatory thereof or supplemental thereto and the rights and the obligations of the Issuer and of the holders of the bonds and coupons thereunder may be modified or amended in any respect upon the adoption by the Issuer and upon the filing with the Clerk of an instrument to that effect and with the consent of the holders of all the then Outstanding bonds, such consent to be given as provided in section 904 hereof; and no notice to holders of bonds, either by mailing or by publication, shall be required as provided in section 1103 hereof, nor shall the time of consent be limited except as may be provided in such consent.

Section 1108. Exclusion of Issuer's Bonds. Bonds owned or held by or for the account of the Issuer shall not be deemed Outstanding and shall be excluded for the purpose of consent or of other action or of any calculation of Outstanding bonds provided for in this article, and the Issuer shall not be entitled with respect to such bonds to give any consent or to take any other action provided for in this article. At the time of any consent or of other action taken under this article, the Issuer shall furnish the Clerk a certificate of the Treasurer, upon which the Issuer may rely, describing all bonds so to be excluded.

Section 1109. 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 en-

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

Section 1110. Proof of Instruments 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 such instrument, and the date of his holding the same may be proved as provided by section 904 hereof.

Proposed on the 15th day of November, 1971.

Proposed by Commissioner Coppa.

Passed on the 15th day of November, 1971.

|       |                          |
|-------|--------------------------|
| Ayes: | Joseph Coppa             |
|       | Howard F. McKissick, Sr. |
|       | Dwight Nelson            |
|       | Robert F. Rusk           |
|       | Roy Pagni, Chairman      |

|       |      |
|-------|------|
| Nays: | None |
|-------|------|

|         |      |
|---------|------|
| Absent: | None |
|---------|------|

(SEAL)

\_\_\_\_\_  
/s/ Roy Pagni  
Chairman  
Board of County Commissioners  
Washoe County, Nevada

Attest:

\_\_\_\_\_  
/s/ H. K. Brown  
Clerk

This ordinance shall be in force and effect from and after the 25th day of November, 1971, i.e., the date of the second publication of such ordinance by its title only.

It was then moved by Commissioner Coppa and seconded by Commissioner McKissick that all rules of the Board which might prevent, unless suspended in cases of emergency, the final passage and adoption at this meeting of the bill for an ordinance designated as Bill No. 276, and introduced and read in full at this regular meeting of the Board on this 15th day of November, 1971, be, and the same hereby are, suspended for the purpose of permitting the final passage and adoption of such ordinance designated as Bill No. 276 at this

November 15, 1971

meeting. The question being upon the adoption of such motion and the suspension of the rules, the roll was called with the following result:

|                   |                          |
|-------------------|--------------------------|
| Those Voting Aye: | Joseph Coppa             |
|                   | Howard F. McKissick, Sr. |
|                   | Dwight Nelson            |
|                   | Robert F. Rusk           |
|                   | Roy Pagni, Chairman      |
| Those Voting Nay: | None                     |
| Those Absent:     | None                     |

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

Commissioner McKissick then moved that Bill No. 276, entitled:

"An ordinance authorizing the issuance by the County of Washoe, Nevada, of its negotiable, coupon, 'Washoe County, Nevada, Highway Improvement Revenue (Motor Vehicle Fuel Tax) Bonds, Series November 1, 1971,' in the principal amount of \$5,400,000.00, for street and highway construction within the County, improvements incidental thereto, and appurtenances; directing that the county shall effect such purpose; providing the forms, terms and conditions of the bonds, the manner and terms of their issuance, the manner of their execution, the method of their payment and the security therefor, and other details in connection therewith; providing for the disposition of the proceeds of certain motor vehicle fuel taxes; pledging revenues to the payment of the bonds derived from the levy and collection of such excise taxes; providing for the issuance of additional bonds payable from such excise taxes; providing other covenants, agreements and other details and making other provisions concerning such motor vehicle fuel taxes, such bonds, and the revenues pledged for their payment; ratifying action previously taken toward issuing such bonds and effecting the purpose of their issuance; by declaring this ordinance pertains to the sale, issuance and payment of the bonds, providing for its adoption as if an emergency existed; and providing the effective date hereof"

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

|                   |                          |
|-------------------|--------------------------|
| Those Voting Aye: | Joseph Coppa             |
|                   | Howard F. McKissick, Sr. |
|                   | Dwight Nelson            |
|                   | Robert F. Rusk           |
|                   | Roy Pagni, Chairman      |

November 15, 1971

Those Voting Nay: None

Those Absent: None

The presiding officer thereupon declared that all members of the Board of County Commissioners of Washoe County, Nevada, having voted in favor thereof, such motion was carried and Bill No. 276 duly passed and adopted as an ordinance.

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

Commissioner Rusk then moved that such ordinance, heretofore designated as Bill No. 276, be numbered and published twice by title as therein provided. Commissioner McKissick seconded such motion. The question being upon so numbering and publishing said ordinance, the roll was called with the following result:

|                   |                          |
|-------------------|--------------------------|
| Those Voting Aye: | Joseph Coppa             |
|                   | Howard F. McKissick, Sr. |
|                   | Dwight Nelson            |
|                   | Robert F. Rusk           |
|                   | Roy Pagni, Chairman      |

Those Voting Nay: None

Those Absent: None

The presiding officer thereupon declared that all members of such Board having voted in favor thereof, such motion was carried and such ordinance so numbered and ordered published.

Thereupon, Commissioner Coppa introduced a resolution, which resolution was read in full and is as follows:

Summary -- A resolution authorizing the public sale of the Washoe County, Nevada, Highway Improvement Revenue (Motor Vehicle Fuel Tax) Bonds, Series November 1, 1971, in the aggregate principal amount of \$5,400,000.00, and otherwise concerning their sale.

RESOLUTION NO. 71-1313

(of Washoe County, Nevada)

A RESOLUTION AUTHORIZING THE PUBLIC SALE BY WASHOE COUNTY OF ITS NEGOTIABLE, COUPON, WASHOE COUNTY, NEVADA, HIGHWAY IMPROVEMENT REVENUE (MOTOR VEHICLE FUEL TAX) BONDS, SERIES NOVEMBER 1, 1971, IN THE PRINCIPAL AMOUNT OF \$5,400,000.00, FOR STREET AND HIGHWAY CONSTRUCTION WITHIN THE COUNTY, IMPROVEMENTS INCIDENTAL THERETO, AND APPURTENANCES; PROVIDING THE FORMS OF THE NOTICES FOR SUCH PUBLIC SALE; PROVIDING FOR GIVING NOTICE OF THE SALE AND OTHER DETAILS RELATING THERETO; PROVIDING OTHER DETAILS CONCERNING THE BONDS, THEIR SALE, AND THE PROCEEDS OF

November 15, 1971

CERTAIN MOTOR VEHICLE FUEL TAXES PLEDGED IN PART FOR THE PAYMENT OF THE BONDS; RATIFYING ACTION PREVIOUSLY TAKEN AND PERTAINING THERETO; PROVIDING OTHER MATTERS RELATING THERETO; BY DECLARING THIS RESOLUTION PERTAINS TO THE SALE OF THE BONDS, PROVIDING FOR ITS ADOPTION AS IF AN EMERGENCY EXISTED; AND PROVIDING THE EFFECTIVE DATE HEREOF.

WHEREAS, the County of Washoe, in the State of Nevada (herein sometimes designated as the "County" or merely the "Issuer" and as the "State," respectively, is a county incorporated and operating under the laws of the State; and

WHEREAS, the Board of County Commissioners of the County (herein sometimes designated as the "Governing Body"), pursuant to sections 373.010 through 373.220, Nevada Revised Statutes, as from time to time amended, and cited in section 373.010 thereof as the "County Motor Vehicle Fuel Tax Law" (herein sometimes designated as the "Project Act"), as supplemented by sections 350.500 through 350.720, Nevada Revised Statutes, and all laws amendatory thereof, and cited in section 350.500 thereof as the "Local Government Securities Law" (herein sometimes designated as the "Bond Act"), has authorized the issuance of the Issuer's negotiable, coupon, "Washoe County, Nevada, Highway Improvement Revenue (Motor Vehicle Fuel Tax) Bonds, Series November 1, 1971" (herein sometimes designated as the "1971 (2) bonds" or merely as the "bonds"), in the aggregate principal amount of \$5,400,000.00, for street and highway construction within the Issuer, improvements incidental thereto, and appurtenances (herein sometimes designated as the "Project"), by the adoption of an ordinance designated in section 101 thereof by the short title "11-1-71 Bond Ordinance" and herein sometimes merely designated as the "Bond Ordinance", without any election or other or further preliminaries; and

WHEREAS, the Issuer has not heretofore delivered nor authorized the sale or delivery of any of the bonds authorized by the Bond Ordinance; and

WHEREAS, the Issuer now desires to sell and deliver the bonds so authorized by the Bond Ordinance, the Project Act, and the Bond Act; and

WHEREAS, section 373.190 of the Project Act provides in relevant part that the Governing Body is authorized to sell the bonds from time to time at public or private sale, as the Governing Body may determine; and

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

A. The bonds should be offered at this time at public sale as provided in this resolution (sometimes designated by the short title "11-1-71 Public Sale Resolution" and herein merely as "this instrument"); and

B. The interest of the Issuer and the public interest, necessity and desirability demand the immediate sale and issuance of the bonds in the aggregate principal amount of \$5,400,000.00;

and

November 15, 1971

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

A. This instrument pertains to the sale of the 1971 (2) bonds; and

B. Such declaration shall be conclusive in the absence of fraud or gross abuse of discretion in accordance with the provisions of subsection 2, section 350.579, Bond Act;

and

WHEREAS, this instrument may accordingly be adopted as if an emergency now exists and may become effective at any time when an emergency instrument of the Issuer may go into effect; and

WHEREAS, due to the increasing use of the streets and highways within the Issuer to be improved in part with a part of the proceeds of the 1971 (2) bonds (herein sometimes designated as the "Facilities") over a period of years, due to their growing inadequacy as a result of such increased use, and due to the resultant progressively larger and substantial economic losses to the inhabitants and other Persons situate within the Issuer, which factors materially and adversely affect the public health, welfare and safety, and due to the necessity of immediately acquiring funds to defray in part the Cost of the Project as the Improvements to be acquired thereby are urgently needed to accommodate more adequately the Persons using the Facilities and to relieve such detrimental conditions, the Governing Body has determined and does hereby declare that this instrument shall take effect from and after its passage as if an emergency now exists (as in fact it does).

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF THE COUNTY OF WASHOE, IN THE STATE OF NEVADA:

Section 1. The bonds comprising an issue designated as the "Washoe County, Nevada, Highway Improvement Revenue (Motor Vehicle Fuel Tax) Bonds, Series November 1, 1971, dated the first day of November, 1971, in the aggregate principal amount of \$5,400,000.00, as hereinafter provided, shall be, and the same are hereby ordered to be, advertised publicly for sale; and the Governing Body on

Wednesday,

the 15th day of December, 1971,

at the hour of 11:30 o'clock a.m., Pacific Standard Time in the:

Commissioners Chambers

Washoe County Courthouse

Reno, Nevada

will cause sealed bids to be received and to be opened publicly for the purchase of the bonds.

Section 2. The Chairman of the Governing Body and the County Clerk (herein sometimes designated as the "Chairman" and the "Clerk," respectively), be, and they hereby are, authorized and directed to have published a notice of sale of the bonds:

November 15, 1971

A. At least once a week for four (4) consecutive weeks by four (4) weekly insertions a week apart, the first publication to be not more than thirty (30) days nor less than twenty-two (22) days next preceding such date of sale, in

Reno Evening Gazette

published in Reno, Nevada, being a newspaper published within the boundaries of the Issuer, and having general circulation therein; and

B. At least once at least fourteen (14) days prior to such date of sale in The Daily Bond Buyer, a financial newspaper published in the City of New York and State of New York.

Section 3. The notice of bond sale so to be published shall be in substantially the following form:

(Form of Notice of Bond Sale for Publication)

NOTICE OF BOND SALE

\$5,400,000.00

WASHOE COUNTY, NEVADA

HIGHWAY IMPROVEMENT REVENUE

(MOTOR VEHICLE FUEL TAX) BONDS

SERIES NOVEMBER 1, 1971

NOTICE IS HEREBY GIVEN that the Board of County Commissioners of the County of Washoe (herein the "Governing Body" and the "Issuer," respectively), Nev., on Wednesday, December 15, 1971, at the hour of 11:30 o'clock a.m., P. S. T., in the Commissioners Chambers, Washoe County Courthouse, Virginia and Court Sts., Reno, Nev., will cause sealed bids to be received and to be opened publicly for the purchase of the Issuer's negotiable coupon bonds designated as the Washoe County, Nevada, Highway Improvement Revenue (Motor Vehicle Fuel Tax) Bonds, Series November 1, 1971, in the principal amount of \$5,400,000.00. Bids may be delivered to the Governing Body at such office by such hour or may be mailed to the Governing Body, c/o Mr. H. K. Brown, County Clerk, Washoe County, Courthouse, P. O. Box 2444, Reno, Nev. 89505, for receipt by him on or before 11:30 o'clock a.m., P. S. T., on such day of sale.

The bonds will be dated Nov. 1, 1971, payable to bearer, in the denomination of \$5,000 each and numbered consecutively in regular numerical order from 1 through 1080, and will mature serially on the first day of November in each of the designated amounts and years, as follows:

| <u>Amounts</u><br><u>Maturing</u> | <u>Years</u><br><u>Maturing</u> | <u>Amounts</u><br><u>Maturing</u> | <u>Years</u><br><u>Maturing</u> |
|-----------------------------------|---------------------------------|-----------------------------------|---------------------------------|
| \$ 55,000                         | 1972                            | \$160,000                         | 1987                            |
| 60,000                            | 1973                            | 175,000                           | 1988                            |
| 65,000                            | 1974                            | 185,000                           | 1989                            |
| 70,000                            | 1975                            | 200,000                           | 1990                            |
| 75,000                            | 1976                            | 215,000                           | 1991                            |
| 80,000                            | 1977                            | 230,000                           | 1992                            |

November 15, 1971



| <u>Amounts<br/>Maturing</u> | <u>Years<br/>Maturing</u> | <u>Amounts<br/>Maturing</u> | <u>Years<br/>Maturing</u> |
|-----------------------------|---------------------------|-----------------------------|---------------------------|
| \$ 85,000                   | 1978                      | \$245,000                   | 1993                      |
| 95,000                      | 1979                      | 265,000                     | 1994                      |
| 100,000                     | 1980                      | 285,000                     | 1995                      |
| 105,000                     | 1981                      | 305,000                     | 1996                      |
| 115,000                     | 1982                      | 325,000                     | 1997                      |
| 125,000                     | 1983                      | 350,000                     | 1998                      |
| 135,000                     | 1984                      | 375,000                     | 1999                      |
| 140,000                     | 1985                      | 400,000                     | 2000                      |
| 150,000                     | 1986                      | 230,000                     | 2001                      |

The bonds maturing on and before Nov. 1, 1985, shall not be subject to redemption prior to their respective maturities. The bonds maturing on and after Nov. 1, 1986, shall be subject to redemption prior to their respective maturities, in whole, or in part in inverse numerical order, at the option of the Issuer, on Nov. 1, 1985, or on any interest payment date thereafter, at a price equal to the principal amount of each bond so redeemed, accrued interest thereon to the redemption date, and a premium consisting of four per centum (4%) of the principal amount of each bond so redeemed, but commencing Nov. 1, 1986, and at annual intervals thereafter, reducing at the rate of one-quarter of one per centum (0.25%), and no premium consisting of less than one per centum (1%) of the principal amount of each bond so redeemed. Redemption shall be made upon not less than 30 days' prior notice by publication and by mail as provided in the ordinance authorizing the issuance of the bonds, cited in section 101 thereof by the short title, "11-1-71 Bond Ordinance" (herein "Bond Ordinance").

Interest coupons shall be payable semiannually on May 1 and Nov. 1 in each year, commencing on May 1, 1972. The bonds shall bear interest at a rate or rates of not exceeding 7-1/4% per annum. The maximum interest spread permitted is 1-1/2% per annum. The maximum number of interest rates for the issue is 5. Each interest rate evidenced by any coupon shall be stated in a multiple of 1/8 or 1/20 of 1% per annum. One interest rate only shall be stated for any maturity. Interest will be evidenced until maturity by only one set of coupons payable to bearer. It is permissible to bid different or split interest rates for the bonds, subject to the above-stated limitation as to the number of rates specified. If any bond is not paid upon presentation at its maturity, interest thereon shall continue at the rate of 8% per annum until the principal thereof is paid in full.

The principal of, interest on, and any prior redemption premium due in connection with any bond (herein "Bond Requirements") shall be payable, without any privileges of registration for payment, at the office of the County Treasurer of Washoe County, in Reno, Nevada.

The bonds are special obligations of the Issuer payable as to all Bond Requirements solely from, and their payment is secured by a pledge of, a portion of the proceeds derived from certain motor vehicle fuel taxes, pursuant to the Bond Ordinance, reference to which is made for further detail.

Any bidder is required to submit an unconditional, written and sealed bid for

November 15, 1971

all the bonds, specifying the lowest rate or rates of interest and premium, if any, at or above par at which such bidder will purchase the bonds.

Each bid (except any bid of the State of Nevada or any board or department thereof, if one is received) shall be accompanied by a deposit of at least \$108,000, either cash, or a cashier's or treasurer's check of, or certified check drawn on, a solvent commercial bank or trust company in the U.S.A., payable to the County of Washoe, which deposit will be promptly returned if the bid is not accepted.

The Governing Body reserves the privilege of waiving any irregularity or informality in any bid, of rejecting any or all bids, and of reoffering the bonds for sale. The bonds, subject to such reservations, will be sold by the Governing Body to the responsible bidder making the best bid for them. None of the bonds will be sold at less than the principal amount thereof and accrued interest thereon, nor will any discount or commission be allowed or paid on their sale.

The successful bidder or bidders will be required to make payment for and to accept delivery of the bonds in a bank or trust company in Reno, Nevada, or, at the successful bidder's request and expense, at some other bank or trust company in the U.S.A.

The Official Notice of Bond Sale, of which this publication is a condensation, an official statement or offering brochure, the Bond Ordinance and financial and other information concerning the Issuer and the bonds may be obtained from Burrows, Smith and Company of Nevada, 1003 Kearns Bldg., Salt Lake City, Utah 84101, phone: (801) 328-1511, from Burrows, Smith and Company of Nevada, 209 Nevada Bldg., Las Vegas, Nev. 89101, phone: (702) 382-4422, and from Mr. Marvin Humphrey, Chairman, Regional Street and Highway Commission, Washoe County Courthouse, Reno, Nevada 89505, phone: (702) 329-1371.

The legality of the bond issue will be approved by Messrs. Dawson, Nagel, Sherman & Howard, Attorneys at Law, 1900 First National Bank Bldg., Denver, Colo. 80202, phone: (303) 266-3401, whose unqualified, final, approving opinion, together with the printed bonds (including such opinion printed thereon) and a certified transcript of the legal proceedings, will be furnished the purchaser without charge.

DATED at Reno, Nevada, this 15th day of November, 1971.

/s/ Roy Pagni  
Chairman  
Board of County Commissioners  
Washoe County, Nevada

(SEAL)

Attest:

/s/ H. K. Brown  
County Clerk

(End of Form of Notice of Bond Sale for Publication)

-----  
November 15, 1971

Publish Reno Evening Gazette  
on November 19, 26, December 3 and 10, 1971 (4 times)  
Please furnish 12 Proofs of Publication.

Please publish in the Daily Bond Buyer, City of New York  
at least 14 days prior to date of sale on December 15, 1971.  
Please furnish 12 Proofs of Publication (77 Water St. N.Y., 10005)  
(mailed 11-18-71)

Section 4. The Chairman and the Clerk be, and they hereby are, authorized and directed to mail or cause to be mailed, postage prepaid, as first-class mail deposited in the mails of the United States, a copy of the Official Notice of Bond Sale, on or before  
Thursday,  
the 18th day of November, 1971,  
i.e., at least three (3) weeks prior to the date fixed for the opening of bids for the purchase of the bonds, to the:

State Board of Finance  
State of Nevada  
State Capitol Building  
Carson City, Nevada 89701.

Section 5. The Official Notice of Bond Sale shall be in substantially the following form:

(Form of Official Notice of Bond Sale)

OFFICIAL NOTICE OF BOND SALE

\$5,400,000.00

WASHOE COUNTY, NEVADA

HIGHWAY IMPROVEMENT REVENUE

(MOTOR VEHICLE FUEL TAX) BONDS

SERIES NOVEMBER 1, 1971

PUBLIC NOTICE IS HEREBY GIVEN that the Board of County Commissioners of the County of Washoe, in the State of Nevada (herein sometimes designated as the "Board" or merely the "Governing Body," as the "County" or merely the "Issuer," and as the "State," respectively), on

Wednesday,

the 15th day of December, 1971,

at the hour of 11:30 o'clock a.m., Pacific Standard Time, in the

Commissioners Chambers

Washoe County Courthouse

Virginia and Court Streets

Reno, Nevada

will cause sealed bids to be received and to be opened publicly for the purchase of the negotiable, coupon, revenue bonds (herein sometimes designated as the "1971 (2) bonds" or merely as the "bonds") of the Issuer, particularly described below. Bids may be delivered

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to the Board at such office by such hour or may be addressed and mailed to the:

Board of County Commissioners  
 c/o Mr. H. K. Brown, County Clerk  
 Washoe County Courthouse  
 P. O. Box 2444  
 Reno, Nevada 89505

for receipt by him on or before 11:30 o'clock a.m., Pacific Standard Time, on such day of sale.

BOND PROVISIONS

ISSUE: The Washoe County, Nevada, Highway Improvement Revenue (Motor Vehicle Fuel Tax) Bonds, Series November 1, 1971, in the aggregate principal amount of \$5,400,000.00, payable to bearer, dated the first day of November, 1971, and consisting of one thousand eighty (1080) bonds in the denomination of \$5,000.00 each, numbered consecutively in regular numerical order from 1 through 1080.

MATURITIES: The bonds shall be numbered and mature serially in regular numerical order on the first day of November in each of the designated amounts and years, as follows:

| <u>Bond Numbers</u><br><u>(All Inclusive)</u> | <u>Principal</u><br><u>Maturing</u> | <u>Years</u><br><u>Maturing</u> |
|---|-------------------------------------|---------------------------------|
| 1 - 11  | \$ 55,000.00                        | 1972                            |
| 12 - 23                                       | 60,000.00                           | 1973                            |
| 24 - 36                                       | 65,000.00                           | 1974                            |
| 37 - 50                                       | 70,000.00                           | 1975                            |
| 51 - 65                                       | 75,000.00                           | 1976                            |
| 66 - 81                                       | 80,000.00                           | 1977                            |
| 82 - 98                                       | 85,000.00                           | 1978                            |
| 99 - 117                                      | 95,000.00                           | 1979                            |
| 118 - 137                                     | 100,000.00                          | 1980                            |
| 138 - 158                                     | 105,000.00                          | 1981                            |
| 159 - 181                                     | 115,000.00                          | 1982                            |
| 182 - 206                                     | 125,000.00                          | 1983                            |
| 207 - 233                                     | 135,000.00                          | 1984                            |
| 234 - 261                                     | 140,000.00                          | 1985                            |
| 262 - 291                                     | 150,000.00                          | 1986                            |
| 292 - 323                                     | 160,000.00                          | 1987                            |
| 324 - 358                                     | 175,000.00                          | 1988                            |
| 359 - 395                                     | 185,000.00                          | 1989                            |
| 396 - 435                                     | 200,000.00                          | 1990                            |
| 436 - 478                                     | 215,000.00                          | 1991                            |
| 479 - 524                                     | 230,000.00                          | 1992                            |
| 525 - 573                                     | 245,000.00                          | 1993                            |
| 574 - 626                                     | 265,000.00                          | 1994                            |
| 627 - 683                                     | 285,000.00                          | 1995                            |
| 684 - 744                                     | 305,000.00                          | 1996                            |
| 745 - 809                                     | 325,000.00                          | 1997                            |
| 810 - 879                                     | 350,000.00                          | 1998                            |
| 880 - 954                                     | 375,000.00                          | 1999                            |
| 955 - 1034                                    | 400,000.00                          | 2000                            |
| 1035 - 1080                                   | 230,000.00                          | 2001                            |

PRIOR REDEMPTION: The bonds numbered 1 through 261, maturing on and before the first day of November, 1985, shall not be subject to redemption prior to their respective maturities. The bonds numbered 262 through 1080, maturing on and after the first day November 15, 1971

of November, 1986, shall be subject to redemption prior to their respective maturities, in whole, or in part in inverse numerical order, at the option of the Issuer, on the first day of November, 1985, or on any interest payment date thereafter at a price equal to the principal amount of each bond so redeemed, accrued interest thereon to the redemption date, and a premium computed in accordance with the following schedule:

- 4.00% of the principal amount of each bond so redeemed if redeemed on or before May 1, 1986;
- 3.75% of such principal amount if redeemed thereafter and on or before May 1, 1987;
- 3.50% of such principal amount if redeemed thereafter and on or before May 1, 1988;
- 3.25% of such principal amount if redeemed thereafter and on or before May 1, 1989;
- 3.00% of such principal amount if redeemed thereafter and on or before May 1, 1990;
- 2.75% of such principal amount if redeemed thereafter and on or before May 1, 1991;
- 2.50% of such principal amount if redeemed thereafter and on or before May 1, 1992;
- 2.25% of such principal amount if redeemed thereafter and on or before May 1, 1993;
- 2.00% of such principal amount if redeemed thereafter and on or before May 1, 1994;
- 1.75% of such principal amount if redeemed thereafter and on or before May 1, 1995;
- 1.50% of such principal amount if redeemed thereafter and on or before May 1, 1996;
- 1.25% of such principal amount if redeemed thereafter and on or before May 1, 1997; and
- 1.00% of such principal amount if redeemed thereafter.

Redemption shall be made upon not less than thirty (30) days' prior notice by publication and by mail addressed (among others) to the original purchaser of the bonds or to the manager of any purchasing account, in the manner and upon the conditions provided in the ordinance authorizing the issuance of the bonds cited in section 101 of the ordinance by the short title "11-1-71 Bond Ordinance" (herein sometimes designated as the "Bond Ordinance").

INTEREST RATES AND LIMITATIONS: The following interest limitations are applicable:

- A. Interest coupons shall be payable semiannually on the first days of May and November in each year commencing on the first day of May, 1972.
- B. The maximum interest rate is seven and one quarter per centum (7-1/4%) per annum.
- C. The maximum interest spread permitted for the issue is one and one-half per centum (1-1/2%) per annum, i.e., the maximum rate of interest accruing on any bond prior to its maturity cannot exceed the minimum rate of interest accruing on any other bond prior to its maturity by more than one and one-half per centum (1-1/2%) per annum.
- D. The maximum number of rates for the issue which can be stated is five (5), i.e., no bid for the bonds can state more than five (5) different rates of interest. (A repeated rate shall not be considered as a different rate.)
- E. Each interest rate specified and to be evidenced by any coupon must be stated in a multiple of one-eighth (1/8) or one-twentieth (1/20) of one per centum

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(1%) per annum.

F. One interest rate only shall be stated for any maturity of the issue, i.e., all bonds of the same maturity shall bear the same rate of interest.

G. Each bond shall bear interest from its date to its stated maturity date at the interest rate stated in the bid. No bond shall bear more than one rate of interest. A zero (0) rate of interest cannot be named.

H. Interest on each bond shall be evidenced to and including its maturity by only one (1) set of coupons payable to bearer, supplemental coupons shall not be permitted, and no interest payment shall be evidenced by more than one (1) coupon. It is permissible to bid different or "split" interest rates for the bonds, as stated only in the bid, subject to the above-stated limitations. If any bond shall not be paid upon presentation at its maturity, it shall draw interest at the rate of eight per centum (8%) per annum until the principal thereof is paid in full.

PLACES OF PAYMENT: The principal of, the interest on, and any prior redemption premium due in connection with the bonds (herein sometimes designated as the "Bond Requirements") will be payable to bearer in lawful money of the United States of American, without deduction for exchange or collection charges, at the office of the County Treasurer of Washoe County, in Reno, Nevada.

NO REGISTRATION FOR PAYMENT: The Bond Ordinance (see "Bond Ordinance" below) contains, and the 1971 (2) bonds shall contain, no provision for the registration of the bonds for payment as to principal or interest, or as to both principal and interest.

PURPOSE OF ISSUE: The 1971 (2) bonds are authorized to be issued for street and highway construction encompassing all of the County and located within the "Regional Master Plan Study #1, as amended, Streets and Highways, a part of the Master Plan for Washoe County, Nevada" (herein sometimes designated as the "Plan"), originally adopted by the Governing Body by Ordinance No. 62, proposed on the 20th day of May, 1958, and passed on the 20th day of September, 1958, as from time to time amended and supplemented, and for improvements incidental to such construction and for appurtenances.

PROJECT ACT: The Issuer is authorized, by chapter 470, Statutes of Nevada 1965, as from time to time amended, also designated as sections 373.010 through 373.200, Nevada Revised Statutes (herein sometimes designated as "NRS"), and all laws amendatory thereof, which act is cited in section 373.010 thereof as the "County Motor Vehicle Fuel Tax Law" (herein sometimes designated as the "Project Act"), among other powers:

- (a) To create a regional street and highway commission, contingent upon the adoption of a streets and highways plan for all or a part of the County,
- (b) To impose a tax on motor vehicle fuel sold, distributed or used in the County (subject to certain exceptions) of two cents (2¢) per gallon,
- (c) To finance from time to time street and highway construction projects

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approved by such commission with the proceeds of such tax,

(d) To make direct distributions for such purpose of proportional shares of such tax proceeds to those cities and towns in the County the boundaries of which are not included wholly or in part in such plan, and

(e) To pay the cost of any such project embraced within such plan by direct use or by borrowing money therefor by the issuance of revenue bonds and other revenue securities payable from the net proceeds of such motor vehicle fuel taxes (except for any such direct distributions).

Pursuant to the Project Act in 1965 the Issuer readopted and amended the Plan (see "Purpose of Issue" above), and created such a commission, imposed and caused to be collected by the State such an excise tax (which originally was fixed at one cent (1¢) per gallon but which was increased to two cents (2¢) per gallon effective the first day of May, 1970), by Ordinance No. 132, duly adopted by the Governing Body on the 15th day of June, 1965, as from time to time amended (herein sometimes designated as the "Tax Ordinance"), and an agreement between the Issuers and the State, acting by and through the State Tax Commissioner, and dated as of the 9th day of July, 1965 (herein sometimes designated as the "Tax Contract"), has subsequently undertaken such street and highway construction project, has made no such direct distributions of such tax proceeds to such cities and towns not embraced within the plan in proportions which the total assessed valuation of each such municipality bears to the total assessed valuation of the entire County (herein sometimes designated as the "Direct Distributions"), as the entire County is embraced within the plan, and has issued revenue bonds to defray the cost of such a street and highway construction project embraced within the Plan (see "Outstanding Securities" below.)

STATE TAX ACT: Ch. 365 of NRS (herein sometimes designated as the "Tax Act") pertains to motor vehicle fuel taxes and similar taxes on other fuels for the operation of a self-propelled motor vehicle on a surface highway and imposed by the State. Subject to exempt sales and other exempt transactions (see "Extent of Pledged Revenues," "Exempt transactions and Sales," and "Credits and Refunds" below), since 1935 the State has levied such excise taxes on all motor vehicle fuel sold, distributed or used in the State:

- (1) Of four and five-tenths cents (4.5¢) per gallon (NRS 365.170) for credit to the state highway fund of the State Treasurer (and here irrelevant),
- (2) Of one-half cent (0.5¢) per gallon (NRS 365.180) for credit to the county gasoline fund of the State Treasurer, and
- (3) Of one cent (1¢) per gallon (NRS 365.190) for credit to such county gasoline fund.

Similar taxes were also subsequently imposed by the State on every person who used any inflammable or combustible liquid or other material for the operation of a motor vehicle on State highways other than such motor vehicle fuel and other than "special fuel"

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(see "Extent of Pledged Revenues" below.) Such supplemental taxes were similarly credited to such funds of the State Treasurer.

Administration expenses are paid from such proceeds (see "Administration Expenses" below). Further, there are now deducted annually the excise taxes paid on all motor vehicle fuel used in watercraft for recreational purposes, pursuant to the formula in NRS 365.535, as amended in 1971, which "watercraft" taxes are not refundable to the consumer, and which the State applies for the improvement of boating and other recreational facilities associated with boating for the payment of the costs incurred, in part, for the administration and enforcement of the provisions of the Nevada Boat Act (ch. 488, NRS). Of such "watercraft" tax proceeds, annually thirty per centum (30%) is remitted to the department of fish and game, and the remaining seventy per centum (70%) is deposited in the State's general fund to the credit of the division of state parks of the state department of conservation and natural resources.

The net receipts of the tax levied in NRS 365.180 are allocated monthly under NRS 365.550 to the Issuer and the other counties of the State one-fourth (1/4th) in proportion to each (1) total area, (2) population according to the last federal census, (3) road and street mileage (nonfederal aid roads), and (4) vehicle miles of travel on such nonfederal aid roads, exclusively for the service and redemption of revenue bonds issued pursuant to the Project Act (ch. 373, NRS), for the construction and repair of county roads and for the purchase of equipment therefor, but not for administration expenses.

The net receipts of the tax levied in NRS 365.190 are allocated monthly under NRS 365.560 to the Issuer and the other counties in which the respective tax payments originate for apportionment by each county among the county, the incorporated cities therein, and those unincorporated towns therein with town boards, for use by each county for the service and redemption of revenue bonds issued pursuant to the Project Act (ch. 373, NRS), for the construction, maintenance and repair of public highways of the county and for the purchase of equipment therefor, but not for administration expenses, and for use by such cities and towns for their respective streets, alleys and public highways, other than state highways.

The Project Act, by NRS 373.130, as last amended in 1969, authorizes a pledge of and the placement of a lien on the net receipts of such State taxes collected by or remitted to the County pursuant to the Tax Act, as supplemented by the Project Act, if the Board determines that the estimated net receipts of the tax levied by the County pursuant to the Project Act are sufficient to pay all outstanding bonds and other securities payable therefrom and the proposed issue secured by such pledge and lien. Such State tax receipts from NRS 365.180 and 365.190 shall not be apportioned among the County, such cities and such towns for such highway construction unless at any time such tax receipts are so apportioned, provision has been made in a timely manner for the payment of such outstanding

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securities as provided therein and in their authorizing proceedings.

BOND ACT: An act supplemental in nature, sections 350.500 through 350.720 of NRS, and all laws amendatory thereof, designated in section 350.500 thereof as the "Local Government Securities Law" (herein sometimes designated as the "Bond Act"), provides a procedure for the Issuer and other municipalities for financing any project otherwise authorized by law (other than by the levy and collection of special assessments) and for the issuance, among other types of securities, of revenue bonds and other revenue securities to evidence or re-evidence obligations incurred in connection with such a project.

BOND ORDINANCE: The 1971 (2) bonds are authorized to be issued by an ordinance duly adopted by the Governing Body pursuant to the Project Act and the Bond Act (see "Prior Redemption" above). It provides, among other matters, the form, terms and conditions of the bonds, the manner and terms of their issuance, the manner of their execution, the method of paying them, the security therefor, the disposition of revenues derived from certain excise taxes pertaining to the sale, use or distribution of motor vehicle fuel (see "Project Act" and "State Tax Act" above and "Pledged Revenues" below), and other details concerning the regional street and highway commission and the street and highway plan (see "Project Act" above), the 1971 (2) bonds, the Project for which they are issued (see "Purpose of Issue" above), and the Issuer itself, including, without limitation, covenants and agreements in connection therewith, reference to which Bond Ordinance is made for further detail.

OUTSTANDING SECURITIES: Pursuant to the Project Act and other acts supplemental thereto, to an ordinance duly adopted by the Governing Body and designated in section 101 thereof by the short title "11-1-66 bond ordinance," and to certain other instruments supplemental thereto, the County has issued its "Washoe County, Nevada, Highway Improvement Revenue (Motor Vehicle Fuel Tax) Bonds, Series November 1, 1966" (herein sometimes designated as the "1966 bonds"), in the original aggregate principal amount of \$4,000,000, maturing serially in progressively larger amounts of principal on the first day of November in each of the years 1967 through 1991, and payable from the proceeds of such motor vehicle fuel taxes (see "Pledged Revenues" below), for the purpose of paying the costs of a street and highway construction project embraced within such plan (see "Purpose of Issue" and "Project Act" above), of which issue there remain outstanding (after the first day of November, 1971) and unpaid the 1966 bonds numbered 101 through 800, in the aggregate principal amount of \$3,500,000.00. Pursuant to the Project Act, the Bond Act, and other acts supplemental thereto, to an ordinance duly adopted by the Governing Body and designated in section 101 thereof as the "5-1-69 Bond Ordinance, and to certain other instruments supplemental thereto, the County has also issued its "Washoe County, Nevada, Highway Improvement Revenue (Motor Vehicle Fuel Tax) Bonds, Series May 1, 1969 (herein sometimes designated as the "1969 bonds"), in the original aggregate principal amount of \$4,000,000.00, maturing

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serially in progressively larger amounts of principal (except for the last maturity) on the first day of November in each of the years 1970 through 1993, and payable from the proceeds of such motor vehicle fuel taxes, for the purpose of paying costs of another street and highway construction project embraced within such plan, of which issue there remain outstanding after the first day of November, 1971) and unpaid bonds numbered 29 through 800, in the aggregate principal amount of \$3,860,000.00. Pursuant to the Project Act, the Bond Act, and other acts supplemental thereto, to an ordinance duly adopted by the Governing Body and designated in section 101 thereof as the "5-1-71 Bond Ordinance," and to certain other instruments supplemental thereto, the County has also issued its "Washoe County, Nevada, Highway Improvement Revenue (Motor Vehicle Fuel Tax) Bonds, Series May 1, 1971" (herein sometimes designated as the "1971 (1) bonds"), in the original aggregate principal amount of \$2,750,000.00, maturing serially in progressively larger amounts of principal on the first day of November in each of the years 1972 through 1999, and payable from the proceeds of such motor vehicle fuel taxes, for the purpose of paying costs of another street and highway construction project embraced within such plan, of which issue there remain outstanding (after the first day of November, 1971) and unpaid bonds numbered 1 through 550, in the aggregate principal amount of \$2,750,000.00. No other securities have been previously issued the payment of which is secured by a pledge of or lien on the Pledged Revenues (see "Pledged Revenues," "Gross Pledged Revenues," "Administration Expenses," "Net Pledged Revenues," and "Parity Pledges and Liens" below).

PLEDGED REVENUES: The 1971 (2) bonds will, in the opinion of bond counsel, be special obligations of the Issuer, payable as to all Bond Requirements (see "Places of Payment" above) solely from, and such payment of the bonds is secured by a pledge of and lien upon the net revenues (see "Parity Pledges and Liens" below) derived from certain excise taxes concerning motor vehicle fuel (herein sometimes designated as the "Pledged Revenues"), now consisting of an excise tax levied by the Issuer pursuant to sections 373.030 and 373.070, Project Act, and other provisions therein supplemental to such sections, of two cents (2¢) per gallon on all motor vehicle fuel sold, distributed or used in the Issuer (subject to certain exceptions), and also consisting of additional taxes levied by the State pursuant to sections 365.180 and 365.190, Tax Act, and other provisions therein supplemental to such sections, of one-half cent (0.5¢) per gallon, and one cent (1¢) per gallon, respectively, on all motor vehicle fuel sold, distributed or used in the State (also subject to certain exceptions), and distributed to the Issuer and the other counties within the State by it in the manner provided by NRS 365.550 and NRS 365.560, respectively, the net income of which taxes levied by the Issuer and the State (subject to certain exceptions) and received by the Issuer is so pledged; and any holder of any 1971 (2) bonds may not look to any general or other fund for the payment of such Bond Requirements except the special funds pledged therefor. Such Pledged Revenues are not necessarily limited to excise taxes

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pertaining to any type or types of motor vehicle fuel in use when the 1971 (2) bonds are issued, and the Pledged Revenues may hereafter consist of any excise taxes pertaining to motor vehicle fuel of at least an equivalent value and pledged in lieu of such present taxes or of any such excise taxes of any value pledged in supplementation thereof.

GROSS PLEDGED REVENUES: Gross Pledged Revenues constitute all the proceeds of such excise taxes to which the pledges thereof and liens thereon to secure the payment of securities payable from the Pledged Revenues are now and may hereafter be extended, including, without limitation, in the absence hereafter of any such modification of the scope of such pledges and liens, the proceeds of such existing excise taxes of both the Issuer and the State, subject to exempt sales and other exempt transactions provided by law (see "Extent of Pledged Revenues" and "Exempt Transactions and Sales" below), and subject to credits and refunds authorized by law (see "Credits and Refunds" below), other than those defrayed as administration expenses (herein sometimes designated as the "Administration Expenses") pertaining to the levy, collection and other administration of the designated motor vehicle fuel taxes of both the Issuer and the State (see "Administration Expenses" below).

EXTENT OF PLEDGED REVENUES: The Issuer's ordinance imposing its motor vehicle fuel tax was modeled after many provisions of the Tax Act, pertaining to the State's motor vehicle fuel taxes. Thus, most of the definitions and many other provisions are substantially the same in such ordinance and such act. "Motor vehicle" means every self-propelled motor vehicle, including tractors, operated on a surface highway. "Motor vehicle fuel" means gasoline, natural gasoline, casinghead gasoline and any other inflammable or combustible liquid, the chief use of which in the State is for the propulsion of motor vehicles, motorboats or airplanes. (Kerosene, gas oil, fuel oil, jet aircraft fuel, diesel fuel and liquefied petroleum gas are not considered motor vehicle fuel and constitute special fuel taxed under the Special Fuel Act of 1953, i.e., ch. 366, NRS.) "Special fuel" means all combustible gases and liquids suitable for the generation of power for the propulsion of motor vehicles except for motor vehicle fuel. The proceeds of such special fuel tax do not constitute Pledged Revenues.

Subject to exempt sales and other exempt transactions, such taxes constituting Pledged Revenues are paid:

(a) By every dealer on all motor vehicle fuel sold, distributed or used in the County or in the State, in payment of such taxes levied by the County or the State, respectively, as the case may be,

(b) By every person who uses any inflammable or combustible liquid for the operation of a motor vehicle on highways in the County or the State, in the case of the County tax or the State tax, respectively, other than:

(1) Such motor vehicle fuel, and

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(2) Such special fuel,

and

(c) By any owner or operator of a motor vehicle who imports motor vehicle fuel or other fuel or material, except such special fuel, into the County or into the State, in the case of the County tax or the State tax, respectively, from another state or from federal proprietary lands or reservations, in the full tank or tanks of such vehicle in a quantity exceeding twenty-five (25) gallons, upon demand of the Nevada Tax Commission, on such excess fuel.

EXEMPT TRANSACTIONS AND SALES: The Issuer's Tax Ordinance and the Tax Act state that the provisions thereof requiring the payment of such excise taxes shall not apply to any of the following:

(1) Motor vehicle fuel so long as it remains in interstate or foreign commerce,  
(2) Motor vehicle fuel exported from the State by a dealer,  
(3) Motor vehicle fuel sold to the United States Government for official use of the United States Armed Forces, and

(4) Motor vehicle fuel sold by a dealer in individual quantities of 500 gallons or less for export to a state other than Nevada, or, in the case of the State tax, a country other than the United States, by the purchaser other than in the supply tank of a motor vehicle, provided such dealer is licensed in the state of destination to collect and remit the applicable destination state taxes thereon.

Motor vehicle fuel carried out of the County or the State, in the case of the County tax or the State tax, respectively, into another state or onto federal proprietary lands or reservations, to an amount not exceeding twenty-five (25) gallons in the fuel tank or tanks of a transporting motor vehicle is not deemed so to be exported. Further, any such exemption is void unless such motor vehicle fuel is distributed, or is delivered on the order of the owner, to a dealer who has furnished bond and security in a prescribed amount, who has established to the satisfaction of the State Tax Commission that the bond or other security is sufficient to assure payment of all such excise taxes as they may become due, and who claims exemption in due season, furnishes certain periodic reports and certificates, and meets certain other procedural requirements.

CREDITS AND REFUNDS: Any person who has paid either the Issuer's tax or the State's tax, and

(a) Who exports any motor vehicle fuel from the State, or  
(b) Who sells any such fuel to the United States Government for official use of the United States Armed Forces, or  
(c) Who buys and uses any such fuel for purposes other than in and for the propulsion of motor vehicles, shall be reimbursed and repaid the amount of such tax so paid by him upon filing a claim therefor and complying with certain procedural require-

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ments; but

- (i) The minimum claim for refund shall be based on at least two hundred (200) gallons purchased and used in a six-month period,
- (ii) In the case of the State tax, two per centum (2%) of the refund shall be deducted and deposited in the state highway fund,
- (iii) No refund of motor vehicle fuel taxes shall be made for off-highway use of motor vehicle fuel consumed in watercraft in the State for recreational purposes,
- (iv) No refund is made for off-highway use when the consumption of such fuel takes place on highways constructed and maintained by public funds, on federal proprietary lands or reservations where the claimant has no ownership or control over such lands or highways, except where such person is under a contractual relationship with the Federal Government (other than the employment of an individual) and is engaged in the performance of his duties pursuant to such relationship,
- (v) Any farmer or rancher, not engaged in other activities which would distort his highway usage, may claim a refund only on the basis of eighty per centum (80%) of his bulk purchases (in excess of fifty (50) gallons), without maintaining records of use, and
- (vi) The State tax derived from motor vehicle fuel used in aircraft is distributed annually, after the payment of refund claims, as follows:
  - (a) The total of such receipts but not exceeding \$30,000.00 is transferred to the Civil Air Patrol fund of the State Treasurer, and
  - (b) The remaining balance is remitted to counties and incorporated cities for airport use.

Credits may be given taxpayers in lieu of refunds.

ADMINISTRATION EXPENSES: Such Administration Expenses, as stated in the Bond Ordinance, are the expenses incurred in fixing and collecting such motor vehicle fuel taxes and the costs of administering and enforcing laws, rules and regulations pertaining thereto, including, without limitation, the deductions allowed by law to any dealer or user to cover his costs of collection of the taxes and of compliance with any law pertaining thereto, statute or ordinance, and the dealer's or user's handling losses occasioned by evaporation, spillage or other similar causes, not exceeding two per centum (2%) of the amount thereby collected, the reasonable charges against the Issuer to reimburse the State for its services pertaining to the administration by the State of the Issuer's tax of two cents (2¢) per gallon imposed pursuant to the Project Act, now fixed at one-half of one per centum (0.5%) of the gross tax collected but subject to renegotiation and reestablishment by the Issuer and the State, and such charges incident to the administration or operation of the Tax Act, but not exceeding in the aggregate one per centum (1%) of the amount collected from the State's taxes of one and one-half cent (1-1/2¢) per gallon imposed by

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NRS 365.180 and 365.190, and an allocable and pro rata share of the proceeds of such State tax needed with such shares of other State motor vehicle fuel taxes aggregating four and one-half cents (4-1/2¢) per gallon to make the remittances and deposits required annually of the State pertaining to "watercraft" tax proceeds (see "State Tax Act" above).

NET PLEDGED REVENUES: The 1971 (2) bonds are payable from such Gross Pledged Revenues, after provision is made for the payment of the Administration Expenses and for any Direct Distributions, of which distribution there are none (see "Project Act" above) from the proceeds of the Issuer's tax imposed pursuant to the Project Act. For greater detail concerning the Gross Pledged Revenues, reference is made to the Project Act, to the Tax Act, to acts supplemental thereto, to the Tax Ordinance imposing the Issuer's tax, to the Tax Contract (see "Project Act" above), to the 11-1-66 bond ordinance, to the 5-1-69 Bond Ordinance, to the 5-1-71 Bond Ordinance, to the ordinances supplemental to such bond ordinances, and to the 11-1-71 Bond Ordinance.

PARITY PLEDGES AND LIENS: The 1966 bonds, the 1969 bonds and the 1971 (1) bonds (see "Outstanding Securities" above) and the 1971 (2) bonds are payable from such Net Pledged Revenues. The payment of the 1971 (2) bonds is secured by a pledge of, and they constitute an irrevocable and first lien (but not necessarily an exclusively first lien) upon, such Net Pledged Revenues, on a parity with the pledges thereof and the liens thereon to secure the payment of the 1966 bonds, the 1969 bonds and the 1971 (1) bonds.

SECURITY: The payment of the Bond Requirements of the 1971 (2) bonds shall be made solely from and as security for such payment there are irrevocably and exclusively pledged, pursuant to the Bond Ordinance, two special accounts identified as the "Washoe County, Nevada, Highway Improvement Revenue Bonds, Series November 1, 1971, Interest and Bond Retirement Fund" and as the "Washoe County, Nevada, Highway Improvement Revenue Bonds, Series November 1, 1971, Reserve Fund," into which accounts the Issuer has covenanted to pay, respectively, from the Net Pledged Revenues sums sufficient to pay when due the Bond Requirements of the bonds and to accumulate and maintain for such purpose a reserve, originally capitalized with bond proceeds, in an amount not less than \$455,000.00.

ADDITIONAL SECURITIES: Bonds and other securities in addition to the 1971 (2) bonds, subject to expressed conditions, may be issued and made payable from the Pledged Revenues and having a lien thereon subordinate and junior to the lien, or, subject to additional expressed conditions, having a lien thereon on a parity with the lien thereon of the 1971 (2) bonds, as provided in the Bond Ordinance. The Issuer does not now intend to issue any bonds or other securities of any type payable from the Pledged Revenues prior to the first day of October, 1972; but the Issuer reserves the privilege of issuing securities of any type prior to then or thereafter if the Issuer determines to do so.

FEDERAL TAX EXEMPTION: In the opinion of bond counsel the interest on the bonds is exempt from income taxation by the United States of America under present laws and court

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decisions. The 92nd Congress has under consideration several proposals concerning such tax exemption, the adoption of any one or more of which will wholly or partially terminate or purportedly terminate the exemption directly or indirectly. If, prior to the delivery of the bonds to the successful bidder therefor, the income received by private holders of obligations of the same type and character shall be taxable or shall be required to be used in any income tax computation by the terms of any federal law hereafter enacted, the successful bidder, at his election made prior to the tender by the Issuer of the bonds for delivery, may be relieved of his obligation under the contract to purchase the bonds. In such case the contract to purchase the bonds will terminate, and the deposit accompanying the purchaser's bid will be returned to the purchaser upon written request therefor. Any such option shall be exercised by a letter addressed to the bond counsel hereinafter designated and deposited in the United States mails, as first-class mail, postage prepaid, and as air mail unless so mailed in Denver, Colorado.

STATE TAX EXEMPTION: Pursuant to section 350.710 of the Bond Act, 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.

LEGAL INVESTMENTS: Section 350.714 of the Bond Act states:

"1. It is legal for any bank, trust company, banker, savings bank or institution, any building and loan association, savings and loan association, investment company and any other person carrying on a banking or investment business, any insurance company, insurance association, or any other person carrying on an insurance business, and any executor, administrator, curator, trustee or any other fiduciary, to invest funds or moneys in their custody in any of the bonds or other securities issued in accordance with the provisions of the Local Government Securities Law.

"2. Nothing contained in this section with regard to legal investments shall be construed as relieving any representative of any corporation or other person of any duty of exercising reasonable care in selecting securities."

IMMUNITY OF INDIVIDUALS: Section 350.606 of the Bond Act provides:

"No recourse shall be had for the payment of the principal of, any interest on, and any prior redemption premiums due in connection with any bonds or other municipal securities or for any claim based thereon or otherwise upon the ordinance authorizing their issuance or other instrument appertaining thereto, against any individual member of the governing body or any officer or other agent of the municipality, past, present or future, either directly or indirectly through the governing body of the municipality, or otherwise, whether by virtue of any constitution, statute or rule of law, or by the endorsement of any penalty or otherwise, all such liability, if any, being by the acceptance of the securities and as a part of the consideration of their issuance specially waived and released."

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ACTS IRREPEALABLE: Section 3350.610 of the Bond Act provides:

"The faith of the state is hereby pledged that the Local Government Securities Law, or any law supplemental or otherwise appertaining thereto, and any other act concerning the bonds or other municipal securities, taxes or the pledged revenues or any combination of such securities, such taxes and such revenues shall not be repealed nor amended or otherwise directly or indirectly modified in such a manner as to impair adversely any outstanding municipal securities, until all such securities have been discharged in full or provision for their payment and redemption has been fully made, including without limitation the known minimum yield from the investment or reinvestment of moneys pledged therefor in federal securities."

CORPORATE ORGANIZATION: The Issuer is a legally and regularly created, established, organized and existing political subdivision of the State, its full corporate name being the "County of Washoe," was incorporated in the year 1861 by section 4, chapter 24, Statutes of Nevada 1861, and is operating under the provisions of the general laws of the State. After the 3rd day of April, 1871, the county seat has been located at Reno, Nevada, pursuant to section 1, chapter 131, Statutes of Nevada 1871.

POPULATION: The County's population as shown by the 1970 Federal Census was 121,068, and the County's population is currently estimated to be 125,000.

TERMS OF SALE

BID PROPOSALS: No specified form of bid is required. Any bidder is required to submit an unconditional and written bid for all of the bonds of the issue specifying:

- (1) The lowest rate or rates of interest and premium, if any, at or above par, at which the bidder will purchase the bonds.

It is also requested for informational purposes only, but is not required that each bid disclose:

- (2) The total net interest cost in dollars and cents to the Issuer; and
- (3) The net interest rate in a stated per centum.

Each bid must also be enclosed in a sealed envelope marked on the outside:

"Proposal for Bonds"

and addressed to:

Mr. H. K. Brown, County Clerk  
Washoe County Courthouse  
Reno, Nevada 89505.

BID CHECK: Each bid (except any bid of the State or any board or department thereof, if one is received) shall be accompanied by a deposit of cash, or by a cashier's check or treasurer's check of, or by certified check drawn on, a solvent commercial bank or trust company in the United States of America, made payable to the:

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in an amount equal to

\$108,000.00,

which deposit of the best bidder will be held as evidence of good faith pending the delivery of the bonds, to secure the Issuer against any loss resulting from a failure of the best bidder to comply with the terms of his proposal. (The Issuer, however, prior to the delivery of the bonds, shall not deposit for collection any such good faith deposit evidenced by a check.) Checks accompanying bids, other than that accompanying the bid which is accepted, will be returned upon the award of the bonds by the Governing Body.

BIDDER'S OPTIONS: It is permissible, subject to expressed limitations, for any bidder:

- A. To bid different interest rates for the bonds (see "Interest Rates and Limitations" above); and
- B. To be relieved of any bidder's obligation to purchase due to the repeal of the exemption from federal income taxes (see "Federal Tax Exemption" above).

METHOD OF EXERCISING BIDDER'S OPTIONS: Any option herein granted a bidder for the bonds may be exercised (unless herein otherwise expressly provided) only by the inclusion of an appropriate statement in the bid submitted for the bonds.

SALE RESERVATIONS: The Governing Body, in connection with the issue herein designated for sale, reserves the privilege:

- A. Of waiving any irregularity or informality in any bid;
- B. Of rejecting any and all bids; and
- C. Of reoffering the bonds for sale, as provided by law.

BASIS OF AWARD: The bonds herein designated for sale, subject to such sale reservations, will be sold by the Governing Body to the responsible bidder making the best bid for all the bonds. The best bid will be determined by deducting the amount of the premium bid, if any, from the total amount of interest which the Issuer would be required to pay from the date of the bonds to the respective maturity dates at the coupon rate or rates specified in the bid, without reference to the possible redemption of the bonds prior to maturity; and the award will be made on the basis of the lowest net interest cost to the Issuer. If there are two (2) or more equal bids for the bonds and such equal bids are the best bids received and for not less than the principal amount of the bonds, and accrued interest, the Governing Body will determine which bid will be accepted.

SALE BELOW PAR, DISCOUNT AND COMMISSION PROHIBITED: None of the bonds will be sold for less than their principal amount and accrued interest thereon to the date of their delivery to the Purchaser, nor will any discount or commission be allowed or paid on the sale of any of the bonds.

PLACE AND TIME OF AWARD: The Governing Body will cause the bids submitted to be opened at the time and place hereinabove stated. It will promptly take action, upon de-

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termining the best bid, awarding the bonds or rejecting all bids for the bonds. In any event the Governing Body will take action awarding the bonds or rejecting all bids not later than twenty-four (24) hours after the time herein stated for opening bids. An award may be made after the period herein designated if the bidder shall not have given to the Clerk of the Issuer notice in writing of the withdrawal of his bid.

MANNER AND TIME OF DELIVERY: The deposit of the best bidder will be credited to the purchaser at the time of delivery of the bonds (without accruing interest). If the successful bidder for the issue fails or neglects to complete the purchase of the bonds within thirty (30) days following the acceptance of his bid, or within ten (10) days next after the date on which the bonds are made ready and are tendered by the Issuer for delivery, whichever is later, the amount of the deposit of the successful bidder shall be forfeited (as liquidated damages for noncompliance with the bid) to the Issuer. In that event, the Governing Body may reoffer the bonds for sale, as provided by law. The purchaser will not be required to accept delivery of any of the bonds, if they are not made ready and are not tendered by the Issuer for delivery within sixty (60) days from the date herein stated for opening bids; and if the bonds are not so tendered within such period of time, the good faith deposit will be returned to the purchaser upon his request. The bonds will be made available for delivery by the Issuer to the purchaser as soon as reasonably possible after the date of the sale; and the Issuer contemplates delivering them in about thirty (30) days from the date stated for opening bids and as soon as reasonably possible thereafter. The purchaser of the issue will be given seventy-two (72) hours' notice of the time fixed by the Issuer for tendering the bonds for delivery. (Nothing herein shall be construed as preventing the bonds from being delivered from time to time as moneys are needed by the Issuer if the State or any board or department thereof is the successful bidder.)

PAYMENT AT AND PLACE OF DELIVERY: The successful bidder or bidders (other than the State) will be required to make payment of the balance due for and to accept delivery of the bonds:

- A. At some commercial bank or trust company in Reno, Nevada; or
- B. At the successful bidder's request and expense, at some other commercial bank or trust company in the United States of America, as requested.

Payment of the balance of the purchase price due for the issue at the time of its delivery must be made in funds acceptable to the Issuer and to the bank or trust company designated as the place of delivery for immediate and unconditional credit to the account of the Issuer, as directed by the Issuer, at a bank or banks designated by the Issuer and located in

Reno, Nevada,

or

New York, New York,

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or located in both such municipalities, at the Issuer's option, so that bond proceeds may be so deposited or invested in federal securities, or both so deposited and so invested, as the Issuer may determine, simultaneously with the delivery of the bonds by the use of the proceeds thereof. The balance of the purchase price, including without limitation any premium, must be paid in such funds and not by cancellation of any interest coupons, nor by any waiver of interest nor by any other concession as a substitution for such funds.

INFORMATION: This Official Notice of Bond Sale (a condensation of which was ordered published), an official statement or offering brochure, the Bond Ordinance and financial and other information concerning the Issuer and the bonds may be obtained from:

Burrows, Smith and Company of Nevada

Suite 1003, Kearns Building

Salt Lake City, Utah 84101

Area Code: 801; Telephone: 382-1511

or

Burrows, Smith and Company of Nevada

Suite 209, Nevada Building

109 South Third Street

Las Vegas, Nevada 89101

Area Code: 702; Telephone: 382-4422

or

Mr. Marvin Humphrey, Chairman

Regional Street and Highway Commission

Washoe County Courthouse

Virginia and Court Streets

Reno, Nevada 89505

Area Code: 702; Telephone: 329-1371

LEGAL OPINION, BONDS AND TRANSCRIPT: The legality of the bond issue will be approved by:

Messrs. Dawson, Nagel, Sherman & Howard

Attorneys at Law

1900 First National Bank Building

Denver, Colorado 80202

Area Code: 303; Telephone: 266-3401

whose unqualified, final, approving opinion, together with the printed bonds on steel engraved borders, a certified transcript of the legal proceedings, including therefor a certificate stating that there is no litigation pending affecting the validity of the bonds as of the date of their delivery, and other closing documents, will be furnished to the purchaser of the bonds without charge by the Issuer. A certified true copy of the approv-

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ing opinion of bond counsel for the issue will be printed on each bond thereof at the Issuer's expense over a facsimile signature of the Clerk attesting to the fact that a manually executed and dated copy of the opinion is on file in the records of the Issuer in his office and that a like copy was forwarded to a designated representative of the purchaser for retention in its records.

FORM OF OPINION: Bond counsel's unqualified, final, approving opinion pertaining to the issue will recite in conventional form that the designated law firm has examined the Constitution and laws of the State and a certified copy of the record of the proceedings of the Governing Body taken preliminary to and in the issue of the bonds, describing them in some detail, and that the designated firm has examined bond numbered one of such issue and has found the same properly executed and in due legal form. The last paragraph of the approving opinion for the issue will read (subject to provisions hereinabove entitled "Federal Tax Exemption") substantially as follows:

"It is our opinion:

"1. Such proceedings show lawful authority for such issue of bonds under the laws of the State now in force;

"2. The bonds constitute the valid and legally binding obligations of the Issuer;

"3. The bonds are payable and collectible as special obligations of the Issuer solely from, and such payment is secured by an irrevocable pledge of, revenues derived from certain excise taxes collected for use by the Issuer in connection with the privilege of selling, using or distributing motor vehicle fuel, the proceeds of which taxes now or hereafter are authorized to be pledged for the payment of the bonds, whether levied by the Issuer, the State, or otherwise, which taxes are not limited to any type or types of motor vehicle fuel in use when the bonds are issued, which taxes now consist of two cents per gallon levied by the Issuer on all motor vehicle fuel sold, distributed or used in the Issuer (subject to certain exceptions stated in Ordinance No. 132, passed on the 15th day of June, 1965, as amended) and of an additional one and one-half cent per gallon levied by the State on all motor vehicle fuel sold, distributed or used in the State (subject to certain exceptions stated in chapter 365, Nevada Revised Statutes) and distributed to the Issuer (and other counties in the State), and which taxes may consist subsequently of any excise taxes pertaining to motor vehicle fuel levied in at least an equivalent value and pledged in lieu of such present tax or such excise taxes levied in any amount and pledged in supplementation thereof, regardless of whether now or hereafter fixed and imposed, after the deduction of the Administration Expenses pertaining to the Issuer taxes and State taxes as defined in the ordinance authorizing the issuance of the 1971 (2) bonds (sometimes designated as the '11-1-71 Bond Ordi-

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nance'), including, without limitation the deduction of an allocable and pro rata share of the proceeds of such State tax for the remittances and deposits required by such chapter 365 (herein sometimes designated as the 'Net Pledged Revenues');

"4. As security for the payment of the Bond Requirements of the 1971 (2) bonds, there are irrevocably and exclusively pledged, pursuant to the 11-1-71 Bond Ordinance, two special accounts identified as the 'Washoe County, Nevada, Highway Improvement Revenue Bonds, Series November 1, 1971, Interest and Bond Retirement Fund' and as the 'Washoe County, Nevada, Highway Improvement Revenue Bonds, Series November 1, 1971, Reserve Fund,' into which accounts the Issuer has covenanted to pay, respectively, from such Net Pledged Revenues, sums sufficient to pay when due the Bond Requirements of the 1971 (2) bonds and to maintain for such purpose a reasonable and specified reserve originally capitalized with bond proceeds;

"5. The 1971 (2) bonds are equitably and ratably secured by a pledge of and a lien on such Net Pledged Revenues, and the 1971 (2) bonds constitute an irrevocable and first lien (but not necessarily an exclusively first lien) upon the Net Pledged Revenues, on a parity with the pledges thereof and the liens thereon to secure the payment of the outstanding Washoe County, Nevada, Highway Improvement Revenue (Motor Vehicle Fuel Tax) Bonds, Series November 1, 1966, in the original aggregate principal amount of \$4,000,000.00, the outstanding Washoe County, Nevada, Highway Improvement Revenue (Motor Vehicle Fuel Tax) Bonds, Series May 1, 1969, in the original aggregate principal amount of \$4,000,000.00, and the outstanding Washoe County, Nevada, Highway Improvement Revenue (Motor Vehicle Fuel Tax) Bonds, Series May 1, 1971, in the original aggregate principal amount of \$2,750,000.00;

"6. Bonds and other securities, in addition to the 1971 (2) 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 on a parity with the lien, of the 1971(2) bonds;

"7. The interest on the 1971 (2) bonds is exempt from taxation by the United States of America under present federal income tax laws; and

"8. 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."

By order of the Board of County Commissioners of the County of Washoe, in the State of Nevada, dated this 15th day of November, 1971.

/s/ Roy Pagni  
Chairman  
Board of County Commissioners  
Washoe County, Nevada

November 15, 1971

(SEAL)

Attest:

/s/ H. K. Brown  
County Clerk

(End of Form of Official Notice of Bond Sale)

Section 6. The Chairman, the Clerk, and the Issuer's financial consultant, Burrows, Smith and Company of Nevada, be, and they hereby are, authorized and directed to give such other notice of such bond sale as they shall individually or collectively determine, including, without limitation:

A. The publication of the notice authorized by section 3 hereof or an excerpt thereof in any financial newspapers and periodicals; and

B. The distribution among investment bankers and others of a bond brochure or an official statement and other information relating to the bonds, to the Issuer, and to the Project.

Section 7. Upon receipt of such bids, the financial consultant and the Treasurer of the Issuer shall cause them to be tabulated and otherwise analyzed and shall report forthwith the results thereof to the Governing Body, which shall thereupon accept the bid of the highest responsible bidder making the best bid for the bonds or reject all bids.

Section 8. The officers of the Issuer, with the assistance of the Issuer's financial consultant and bond counsel, be, and they hereby are, authorized and directed to take all action necessary or appropriate to effectuate the provisions of this resolution, including, without limitation:

A. The assembly of financial and other information concerning the Issuer and the bonds, and

B. The preparation of an offering statement or prospectus and other material for prospective bidders.

Section 9. All action heretofore taken (not inconsistent with the provisions of this resolution) by the Governing Body and the officers of the Issuer, on its behalf, directed:

A. Toward the Project and

B. Toward the public sale of the bonds and their issuance for that purpose, be, and the same hereby is, ratified, approved and confirmed, including, without limitation, the giving of notice of the public sale of the bonds.

Section 10. The meeting at which this Instrument is adopted, upon the adjournment of the meeting, shall adjourn (regardless of any intervening meetings) until the date, hour and place provided in section 1 herein for the opening of bids for the bonds, at which time and place such meeting shall reconvene to consider the bids for the bonds and the acceptance of the best bid for the bonds submitted by a responsible bidder therefor.

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Section 11. All orders, by-laws and resolutions, or parts thereof, in conflict with this resolution are hereby repealed to the extent only of such inconsistency. This repealer shall not be construed to revive any order, by-law or resolution, or part thereof, heretofore repealed.

Section 12. If any section, paragraph, clause or provision of this resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this resolution.

Section 13. This resolution will promote the health, safety, prosperity, security and general welfare of the inhabitants of the Issuer; an emergency is hereby declared to exist; and this resolution shall be in effect from and after its adoption.

Proposed on the 15th day of November, 1971.

Proposed by Commissioner Nelson.

Passed on the 15th day of November, 1971.

|       |               |  |
|-------|---------------|--|
| Ayes: | Commissioners | Joseph Coppa<br>Howard F. McKissick, Sr.<br>Dwight Nelson<br>Robert F. Rusk<br>Roy Pagni, Chairman |
|-------|---------------|--|

|       |  |      |
|-------|--|------|
| Nays: |  | None |
|-------|--|------|

|         |  |      |
|---------|--|------|
| Absent: |  | None |
|---------|--|------|

                                /s/ Roy Pagni  
 Chairman  
 Board of County Commissioners  
 Washoe County, Nevada

(SEAL)

Attest:

                                /s/ H. K. Brown  
 County Clerk

It was then moved by Commissioner Coppa and seconded by Commissioner McKissick that all rules of this Board which, unless suspended in cases of emergency, might prevent the final passage and adoption of this resolution at this meeting be, and the same hereby are, suspended for the purpose of permitting the final passage and adoption of the resolution at this meeting. The question being upon the adoption of such motion and upon the suspension of the rules, the roll was called with the following result:

|                   |  |
|-------------------|--|
| Those Voting Aye: | Joseph Coppa<br>Howard F. McKissick, Sr.<br>Dwight Nelson<br>Robert F. Rusk<br>Roy Pagni, Chairman |
|-------------------|--|

November 15, 1971

Those Voting Nay: None

Those Absent: None

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

Commissioner Coppa then moved that the aforesaid resolution, introduced and read in full at this meeting, be now finally passed and adopted as read. Commissioner Rusk seconded the motion. The question being upon the final passage and adoption of the resolution, the roll was called with the following result:

|                   |                          |
|-------------------|--------------------------|
| Those Voting Aye: | Joseph Coppa             |
|                   | Howard F. McKissick, Sr. |
|                   | Dwight Nelson            |
|                   | Robert F. Rusk           |
|                   | Roy Pagni, Chairman      |


Those Voting Nay: None

Those Absent: None

The presiding officer thereupon declared that all members present of the Board of County Commissioners of Washoe County, Nevada, having voted in favor thereof, the motion was carried and the resolution duly passed and adopted.

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

Thereupon, after considering other matters not concerning the foregoing matter, upon motion duly made, seconded and adopted, the meeting was adjourned.

  
 \_\_\_\_\_  
 Chairman  
 Board of County Commissioners  
 Washoe County, Nevada

(SEAL)

Attest:   
 \_\_\_\_\_  
 County Clerk

November 15, 1971

