



Summary - an ordinance authorizing general obligation (limited tax) water and sewer bonds

BILL NO. 870  
ORDINANCE NO. 695

A ORDINANCE DESIGNATED AS THE "8-1-86 BOND ORDINANCE"; PROVIDING FOR THE ISSUANCE BY WASHOE COUNTY, NEVADA, OF ITS FULLY REGISTERED GENERAL OBLIGATION (LIMITED TAX) WATER AND SEWER BONDS (ADDITIONALLY SECURED BY PLEDGED REVENUES) SERIES AUGUST 1, 1986, IN THE AGGREGATE PRINCIPAL AMOUNT OF \$1,445,000; PROVIDING THAT THE BONDS MAY BE EVIDENCED BY A SINGLE REGISTERED BOND IN THE SAME PRINCIPAL AMOUNT; STATING THE PURPOSES FOR WHICH THE BONDS ARE ISSUED; PROVIDING DETAILS CONCERNING THE BONDS, THEIR FORM AND THEIR SALE; PROVIDING FOR THE LEVY AND COLLECTION OF ANNUAL GENERAL (AD VALOREM) TAXES FOR THE PAYMENT OF THE BONDS; PROVIDING OTHER DETAILS CONCERNING THE BONDS; ADDITIONALLY SECURING THEIR PAYMENT BY A PLEDGE OF REVENUES DERIVED FROM THE OPERATION OF THE COUNTY'S WATER SYSTEM AND SANITARY SEWER SYSTEM; RATIFYING ACTION PREVIOUSLY TAKEN BY THE COUNTY AND ITS OFFICERS; AND BY DECLARING THAT THIS ORDINANCE PERTAINS TO THE SALE, ISSUANCE AND PAYMENT OF THE BONDS PROVIDING FOR ITS ADOPTION AS IF AN EMERGENCY EXISTS.

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

WHEREAS, the County now owns and operates (i) a public water system (the "Water System") and (ii) a public sanitary sewer system (the "Sewer System"; the Water System and the Sewer

System are herein collectively designated the "Utility System"); and

WHEREAS, the Board of Commissioners of the County (the "Board") has determined and does hereby declare that it is necessary and for the best interest of the County and the inhabitants thereof to acquire and construct facilities pertaining to the Water System for the collection, transportation, treatment, purification and distribution of water, and all appurtenances thereto and facilities pertaining to the Sewerage System for the collection, interception, transportation, treatment, purification and disposal of sewage, liquid wastes, solid wastes, night soil and industrial wastes, and all appurtenances thereto (collectively, the "Project"); and

WHEREAS, pursuant to Sections 350.001 to 350.006, inclusive, Nevada Revised Statutes (the "Bond Commission Act" and "NRS," respectively), the Board submitted to the General Obligation Bond Commission of Washoe County (the "Commission") the County's proposal to issue its general obligation water and sanitary sewer bonds in the maximum principal amount of \$1,445,000 (the "Proposal"); and

WHEREAS, the Commission on January 8, 1985, approved the Proposal; and

WHEREAS, subsection 2 of NRS 350.020 provides that if the payment of a general obligation of a municipality is additionally secured by a pledge of gross or net revenues of a project to be financed by its issue, and the governing body of the municipality determines that the pledged revenues will at least equal the amount required in each year for the payment of interest and principal (without regard to any option reserved by the municipality for early redemption), the municipality may incur this general obligation without an election unless, within

30 days after publication of a resolution of intent to issue the bonds, a petition which requests an election and is signed by not fewer than 5% of the registered voters of the municipality who, together with any corporate petitioners, own not less than 2% in assessed value of the taxable property in the municipality is presented to the governing body of the municipality; and

WHEREAS, the Board has determined and does hereby determine that the revenues from the Project and the Utility System, of which the Water System and the Sewer System are a part, to be pledged to the payment of the general obligation water and sanitary sewer bonds herein authorized (the "Bonds") will at least equal the amount required in each year for the payment of interest and principal on the proposed general obligation bonds herein authorized (without regard to any option reserved by the County for early redemption) and accordingly, the Board on February 12, 1985, adopted an ordinance, designated in Section 1 thereof as the "Resolution of Intent to Issue Water and Sewer Bonds," declaring the County's intention to incur such general obligations without an election unless a petition as hereinabove described was presented to the Board within 30 days after the publication of a notice of the adoption of such ordinance; and

WHEREAS, no such petition was filed within such period; and

WHEREAS, none of the general obligations bonds contemplated by the Proposal (the "Municipal Securities") have previously been sold; and

WHEREAS, the effective interest rate on the Bonds does not exceed by more than 3% the "Index of Twenty Bonds" which was most recently published in Credit Markets before a negotiated offer herein is accepted for the Bonds; and

WHEREAS, by a resolution duly adopted by the Board on September 17, 1985, the County requested the Treasurer of the State of Nevada (the "State Treasurer"), as administrator of the municipal bond bank of the State under NRS Chapter 350A (the "Bond Bank Act"), to make a loan to the County by purchasing the Municipal Securities in the aggregate principal amount of \$1,445,000 (the "Lending Project"); and

WHEREAS, the Municipal Securities are to be issued for the Project; and

WHEREAS, the State Treasurer requested the State Board of Examiners (the "State Board") to issue state securities in the aggregate principal amount of \$1,445,000, in one or more series, to defray the cost of the Lending Project (the "State Securities"); and

WHEREAS, by its resolution duly adopted on October 7, 1985, the State Board declared its intent to issue the State Securities, subject, however, to judicial confirmation that the obligations to be so incurred would be exempt, pursuant to the second paragraph of section 3, article 9, of the constitution of the State, from the State's debt limit; and

WHEREAS, by its Judgment and Decree, duly entered on December 2, 1985 the First Judicial District Court for the State of Nevada, in and for Carson City, Nevada, ordered, adjudged and decreed that the State Securities are exempt, pursuant to the second paragraph of section 3, article 9, of the constitution of the State, from the State's debt limit; and

WHEREAS, the County intends to hereby authorize the issuance of Municipal Securities in the principal amount of \$1,445,000 so authorized, such Municipal Securities to bear interest at the same rates as the \$27,645,000 issue of State

Securities to be publicly sold on July 15, 1986, for the purpose of providing funds, among other things, to purchase such \$1,445,000 of the Municipal Securities; and

WHEREAS, the Bond Act and the Bond Bank Act permit Municipal Securities to be sold at private sale to the State; and

WHEREAS, after private negotiation pursuant to the Bond Act and the Bond Bank Act, the Board has determined to sell its "Washoe County, Nevada, General Obligation (Limited Tax) Water and Sewer Bonds (Additionally Secured by Pledged Revenues) Series August 1, 1986," in the aggregate principal amount of \$1,445,000 (the "Bonds") to the State for a price equal to the principal amount thereof plus a premium of \$ 0.00, and otherwise upon the terms provided below; and

WHEREAS, the Bonds may be evidenced either by serial registered bonds in the denomination of \$5,000 or multiples thereof and maturing as provided herein, in the aggregate principal amount of \$1,445,000; or by a single registered bond in the denomination of \$1,445,000, bearing interest at the same rates and being payable in installments of principal on the same dates as if the Bonds were evidenced by such \$5,000 or higher denomination bonds; and the term "Bonds" herein shall, unless the context otherwise requires, refer to either such \$5,000 or higher denomination bonds or such \$1,445,000 denomination single registered bond, whichever evidences the Bonds; and

WHEREAS, the Board is authorized by NRS 244.177 (the "Project Act"), as supplemented by the Bond Commission Act, NRS 350.500 through 350.720 and all laws amendatory thereof (the "Bond Act"), Ch. 348 of NRS (the "Supplemental Bond Act"), the Bond Bank Act, other laws supplemental thereto, and the Proposal, without any election or other preliminaries:

(a) To commence the Project;

(b) To issue and sell the Bonds in the aggregate principal amount of \$1,445,000, to mature serially over a term of not exceeding 30 years from the date of the Bonds, commencing not later than five years therefrom, and to contain such other terms and provisions as the Board may determine, for defraying wholly or in part the cost of the Project; and

(c) To exercise the incidental powers provided in the Bond Act in connection with the powers authorized by the Project Act as otherwise expressly provided in such acts; and

WHEREAS, the Board hereby elects to have the provisions of the Supplemental Bond Act apply to the Bonds; and

WHEREAS, the Board has determined and does hereby declare that each of the limitations and other conditions to the issuance of the Bonds in the Project Act, the Bond Act, the Bond Bank Act, the Supplemental Bond Act and in any other relevant act of the State or the Federal Government (as hereinafter defined), has been met; and pursuant to Section 350.708, Bond Act, this determination of the Board that the limitations in the Bond Act have been met shall be conclusive in the absence of fraud or arbitrary and gross abuse of discretion; and

WHEREAS, the Board has determined and does hereby declare:

(a) This Ordinance pertains to the sale, issuance and payment of the Bonds;

(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

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

NOW, THEREFORE, THE BOARD OF COUNTY COMMISSIONERS OF WASHOE COUNTY DOES RESOLVE:

Section 1. Short Title. This Ordinance shall be known and may be cited as the "8-1-86 Bond Ordinance" (the "Ordinance").

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

(1) "Bond Fund" means the "Washoe County, Nevada, General Obligation (Limited Tax) Utility System Parity Bonds (Additionally Secured by Pledged Revenues) Pledged Revenues Interest and Principal Retirement Fund" created by Section 41C of this Ordinance.

(2) "Bonds" means the "Washoe County, Nevada, General Obligation (Limited Tax) Water and Sewer Bonds (Additionally Secured by Pledged Revenues) Series August 1, 1986," issued pursuant to this Ordinance.



(3) "Bond Requirements" means the principal of, any prior redemption premiums due in connection with, and the interest on the Bonds.

(4) "Bond Year" means the 12 months commencing on July 2, of any calendar year and ending on July 1 of the next succeeding calendar year.

(5) "Chairman" means the de jure or de factor chairman of the Board of County Commissioners of the County.

(6) "Clerk" means the de jure or de facto clerk of the County.

(7) "combined maximum annual principal and interest requirements" means the sum of the principal of and interest on the Outstanding Bonds and any other Outstanding designated securities payable from the Net Pledged Revenues, to be paid during any Bond Year for the period beginning with the Bond Year in which such computation is made and ending with the Bond Year in which any Bond last becomes due at maturity or on a Redemption Date on which any Bond thereafter maturing is called for prior redemption, but excluding any reserve requirements to secure such payments unless otherwise expressly provided. Any such computation shall be adjusted as provided in Section 49 hereof, and shall be made by an Independent Accountant if expressly so required.

(8) "commercial bank" means a state or national bank or trust company which is a member of the Federal Deposit Insurance Corporation, including without limitation "trust bank" as herein defined.

(9) "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 July 1, 1986, the Comparable Bond Year commences on July 2, 1986, and ends on July 1, 1987.

(10) "Construction Fund" means the special account designated as the "Washoe County, Nevada, General Obligation (Limited Tax) Water and Sewer Bonds (Additionally Secured by Pledged Revenues) Series August 1, 1986, Construction Fund."

(11) "Cost of the Project" means all or any part designated by the Board for the cost of the Project (as such Project is defined in the preambles above), or interest therein, which cost, at the option of the Board, except as limited by law, may include all or any part of the incidental costs relating to the Project, including, without limitation:

(a) Preliminary expenses advanced by the County from funds available for use therefor, or advanced by the Federal Government, or from any other source, with the approval of the County or any board or other agency of the County responsible for the Project or defraying the cost thereof or any combination thereof;

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

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

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

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

(f) The costs of contingencies;

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

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

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

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

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

(l) All other expenses necessary or desirable and appertaining to the Project, as estimated or otherwise ascertained by the Board.

(12) "events of default" means the events stated in Section 68 hereof.

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

(14) "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.

(15) "Financial Consultant" means Miller & Schroeder Financial, Inc., Solana Beach, California, which firm has been retained by the County to render to it fiscal advice and to perform financial services in connection with the Bonds and the Utility System.

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

(17) "General Tax Interest Fund" means the "Washoe County, Nevada, General Obligation (Limited Tax) Utility System Parity Bonds (Additionally Secured by Pledged Revenues) General Tax Interest Fund created in Section 31 hereof."

(18) "General Tax Principal Fund" means the "Washoe County, Nevada, General Obligation (Limited Tax) Utility System Parity Bonds (Additionally Secured by Pledged Revenues) General Tax Principal Fund" created in Section 31 hereof.

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

(20) "Gross Pledged Revenues" or "Gross Revenues" means the gross revenues derived from the operation of the Water System and the Sewer System.

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

(a) Who or which is, in fact, independent and not under the domination of the County;

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

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

(22) "Independent Engineer" means the County Director of Public Works, the County Engineer, the Chief Sanitary Engineer of the County or any registered or licensed professional engineer, or any firm of such engineers, entitled to practice and practicing as such under the laws of the State, as from time to

time appointed and compensated by the Board on behalf of and in the name of the County which engineer (other than the County Director of Public Works, the County Engineer or the Chief Sanitary Engineer of the County):

(a) Has a wide and favorable repute for skill and expertise in connection with water systems and sanitary sewer systems;

(b) Is, in fact, independent and not under the domination of the County;

(c) Does not have any substantial interest, direct or indirect, with the County; and

(d) Is not connected with the County as an officer or employee thereof, but who may be regularly retained to provide consulting services to the County.

(23) "Net Pledged Revenues" or "Net Revenues" means the Gross Pledged Revenues remaining after the payment of the operation and maintenance expenses of the Water System and the Sewer System.

(24) "operation and maintenance expenses" or any phrase of similar import, means all reasonable and necessary current expenses of the County, paid or accrued, of operating, maintaining and repairing the Water System and the Sewer System or of levying, collecting and otherwise administrating any excise taxes pertaining to the Pledged Revenues; and the term includes, at the Board (except as limited by contract or otherwise limited by law), without limitation:

(a) Engineering, auditing, reporting, legal and other overhead expenses of the various municipal departments

directly related and reasonably allocable to the administration of the Utility System;

(b) Fidelity bond and property and liability insurance premiums appertaining to the Utility System, or a reasonably allocable share of a premium of any blanket bond or policy pertaining to the Utility System;

(c) Payments to pension, retirement, health and hospitalization funds and other insurance;

(d) Any taxes, assessments, excise taxes or other charges which may lawfully be imposed on the County, the Utility System, revenues therefrom, or any privilege in connection with either System or its operation;

(e) The reasonable charges of any paying agent, or commercial bank, trust bank, or other depository bank appertaining to the Bonds and any other securities payable from the Pledged Revenues or otherwise relating to the Utility System;

(f) Contractual services, professional services, salaries, other administrative expenses and costs of materials, supplies, repairs and labor, appertaining to the issuance of the Bonds or any other securities relating to the Utility System, including, without limitation, the expenses and compensation of any trustee under the Bond Act;

(g) The costs incurred by the Board in the collection and any refunds of all or any part of the Pledged Revenues, including without limitation revenues appertaining to the Utility System;

(h) Any costs of utility services furnished to the Utility System or by the County or otherwise;

(i) Any lawful refunds of any Pledged Revenues;  
and

(j) All other administrative, general and commercial expenses relating to the Utility System; but

(i) Excluding any allowance for depreciation;

(ii) Excluding any costs of improvements;

(iii) Excluding any accumulation of reserves for major capital replacements (other than normal repairs);

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

(v) Excluding any allowance for the redemption of any Bond or other municipal security evidencing a loan or other obligation or for the payment of any interest thereon;

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

(vii) Excluding any other ground of legal liability not based on contract.



(25) "Operation and Maintenance Fund" means the "Washoe County, Nevada, Utility System Operation and Maintenance Fund" created and required to be maintained pursuant to Section 41 hereof.

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

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

(b) Except any bond or other security for the payment or the redemption of which moneys at least equal to its Bond Requirements to the date of maturity or to any Redemption Date shall have heretofore been deposited with a trust bank in escrow or in trust for that purpose, as provided in Section 63 hereof; and

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

(27) "parity bonds" or "parity securities" means bonds or securities payable from the Pledged Revenues on a parity with the Bonds.

(28) "Paying Agent" means the office of the County Treasurer.

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

(30) "Pledged Revenues" means all or a portion of the Gross Pledged Revenues. The designated term indicates sources of revenues and does not necessarily indicate all or any portion or other part of such revenues in the absence of further qualification.

(31) "Project Engineer" means the County Director of Public Works, the County Engineer, the Chief Sanitary Engineer of the County or any registered or licensed professional engineer or firm of such engineers, as from time to time determined by the County, which Person or Persons (other than the County Director of Public Works, the County Engineer or the Chief Sanitary Engineer of the County) shall:

(a) Have a favorable reputation for skill and experience in the field of designing, preparing plans and specifications for, and supervising the construction of water treatment facilities and water systems;

(b) Be entitled to practice and be practicing under the laws of the State; and

(c) Be selected, retained and compensated by the Board, in the name and on behalf of the County, and who may be in the regular employ or control of the County.

(32) "Purchaser" means the Treasurer of the State of Nevada, as administrator of the municipal bond bank of the State.

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

(34) "Redemption Price" means, when used with respect to a Bond or other designated security payable from any Pledged Revenues, the principal amount thereof plus the applicable premium, if any, payable upon the redemption thereof prior to the stated maturity date of such Bond or other security on a Redemption Date in the manner contemplated in accordance with the security's terms.

(35) "Registrar" means the office of the County Treasurer.

(36) "Regular Record Date" shall have the meaning designated in Section 12 hereof.

(37) "Revenue Fund" means the "Washoe County, Nevada, Utility System Gross Pledged Revenues Fund" created in Section 39 hereof and required to be administered pursuant to Section 40 hereof.

(38) "Single Bond" means the single registered, nonnegotiable general obligation (limited tax) water and sewer bond issued hereunder in lieu of serial bonds.

(39) "Special Record Date" shall have the meaning designated in Section 12 hereof.

(40) "subordinate bonds" or "subordinate securities" means bonds or securities payable from the Pledged Revenues subordinate and junior to the lien thereon of the Bonds.

(41) "superior bonds" or "superior securities" means bonds or securities payable from the Pledged Revenues superior to the lien thereon of the Bonds.

(42) "Tax Code" means the Internal Revenue Code of 1954, as amended.

(43) "Treasurer" means the de jure or de facto treasurer of the County.

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

Other terms are defined in the preambles hereto and in the body of this Ordinance.

Section 2. Acceptance of Purchase Proposal. The proposal submitted by the State for the purchase of the Bonds is hereby formally approved and accepted, and the Lending Project is formally approved.

Section 3. Ratification. All consistent action taken previously by the Board and the officers of the County directed toward the Project and toward the issuance of its general obligation bonds is ratified, approved and confirmed.

Section 4. Estimated Life of Facilities. The Board, on behalf of the County, has determined and does hereby declare:

A. The estimated life or estimated period of usefulness of the Project to be acquired with the Bonds is not less than 21 years; and

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

Section 5. Necessity of Project and Bonds. It is necessary and in the best interests of the Board, its officers, and the inhabitants of the County, that the County effect the Project and defray wholly or in part the cost thereof by the issuance of the Bonds therefor; and it is hereby so determined and declared.

Section 6. Ordinance to Constitute Contract. In consideration of the purchase and the acceptance of the Bonds by those who shall own the same from time to time, the provisions hereof shall be deemed to be and shall constitute contracts between the County and the owners from time to time of such Bonds.

Section 7. Bonds Equally Secured. The covenants and agreements herein set forth to be performed on behalf of the County shall be for the equal benefit, protection and security of the owners of any and all of the Outstanding Bonds, all of which, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds of the issue over any other thereof, except as otherwise expressly provided in or pursuant to this Ordinance.

Section 8. General Obligation. All of the Bonds, as to all Bond Requirements, shall constitute general obligations of the County, which hereby pledges the full faith and credit of the County for their payment. The Bonds, as to all Bond Requirements, shall be payable from General Taxes (except to the extent that other moneys, such as Pledged Revenues, are available therefor) as herein provided.

Section 9. Pledged Revenues. The payment of the Bond Requirements of the Bonds is additionally secured by an irrevocable pledge of and by a first lien (but not necessarily an exclusively first lien) on the Gross Pledged Revenues, after provision is made for the payment of the operation and maintenance expenses of the Utility System.

Section 10. Limitations upon Security. The payment of the Bonds is not secured by an encumbrance, mortgage or other pledge of property of the County, except for the proceeds of General Taxes, the Net Pledged Revenues and any other moneys pledged for the payment of the Bonds. No property of the County, subject to such exception, shall be liable to be forfeited or taken in payment of the Bonds.

Section 11. Authorization of Bonds. For the purpose of providing funds to pay a portion of the cost of the Project, the County shall issue the "Washoe County, Nevada, General Obligation (Limited Tax) Water and Sewer Bonds (Additionally Secured by Pledged Revenues) Series August 1, 1986," in the aggregate principal amount of \$1,445,000. The State has requested, and the County has agreed, that the obligation of the County hereunder shall be represented in the form of a single registered, nonnegotiable general obligation (limited tax) water and sewer bond (the "Single Bond"). The registered owner thereof shall have the right to convert said Single Bond to serial registered Bonds, at its own expense. The Single Bond shall be in the form substantially as set forth in Section 25 hereof. The serial Bonds shall be in the form substantially as set forth in Section 23 hereof.

Section 12. Serial Bond Details. The serial Bonds shall be issued in fully registered form, i.e., registered as to both principal and interest, in compliance with Section 103(j), Tax Code, and the regulations of the Secretary of the Treasury

thereunder. The Bonds shall be dated initially as of the date of the delivery thereof to the State, and shall be issued in denominations of \$5,000 or any integral multiple thereof (provided that no Bond may be in a denomination which exceeds the principal coming due on any maturity date, and no individual Bond will be issued with more than one maturity). The Bonds shall bear interest from their date until their respective maturity dates (or, if redeemed prior to maturity as provided below, their redemption dates) at the respective rates set forth below, payable on July 1, and January 1 in each year, commencing on January 1, 1987; provided that those Bonds which are reissued upon transfer, exchange or other replacement shall bear interest at the rates shown below from the most recent interest payment date to which interest has been paid or duly provided for, or, if no interest has been paid, from the date of the Bonds. The Bonds shall mature serially on July 1 in each of the designated amounts of principal and designated years, as follows:

<u>Principal Maturing</u>	<u>Interest Rate (Per Annum)</u>	<u>Years Maturing</u>
\$ 35,000	<u>9.00%</u>	1987
40,000	<u>9.00%</u>	1988
40,000	<u>9.00%</u>	1989
45,000	<u>9.00%</u>	1990
45,000	<u>9.00%</u>	1991
50,000	<u>8.80%</u>	1992
50,000	<u>6.30%</u>	1993
55,000	<u>6.50%</u>	1994
60,000	<u>6.70%</u>	1995
65,000	<u>6.80%</u>	1996
70,000	<u>6.90%</u>	1997
75,000	<u>7.00%</u>	1998
80,000	<u>7.00%</u>	1999
85,000	<u>7.00%</u>	2000
90,000	<u>7.00%</u>	2001
95,000	<u>7.20%</u>	2002
105,000	<u>7.20%</u>	2003
110,000	<u>7.20%</u>	2004
120,000	<u>7.20%</u>	2005
130,000	<u>7.20%</u>	2006

The principal of and redemption premium, if any, on any Bond shall be payable to the owner thereof as shown on the registration books kept by Registrar, upon maturity or prior redemption thereof and upon presentation and surrender at the office of the Paying Agent. If any Bond shall not be paid upon such presentation and surrender at or after maturity, it shall continue to draw interest at the interest rate borne by said Bond until the principal thereof is paid in full. Payment of interest on any Bond shall be made to the registered owner thereof by check or draft mailed by the Paying Agent, on or before each interest payment date (or, if such interest payment date is not a business day, on or before the next succeeding business day), to such owner at its address as shown on the registration books kept by the Registrar as of the close of business on the 15th day of the calendar month next preceding each interest payment date (other than a special interest payment date hereafter fixed for payment of defaulted interest) (the "Regular Record Date"); but any such interest not so timely paid or duly provided for shall cease to be payable to the owner thereof as shown on the registration books of the Registrar as of the close of business on the Regular Record Date and shall be payable to the owner thereof, at its address, as shown on the registration books of the Registrar as of the close of business on a date fixed to determine the names and addresses of owners for the purpose of paying defaulted interest (the "Special Record Date"). Such Special Record Date shall be fixed by the Registrar whenever moneys become available for payment of the defaulted interest, and notice of the Special Record Date shall be given to the owners of the Bonds not less than 10 days prior thereto by first-class mail to each such owner as shown on the Registrar's registration books as of a date selected by the Registrar, stating the date of the Special Record Date and the date fixed for the payment of such defaulted interest. The Paying Agent may make payments of interest on any Bond by such alternative means as may be mutually agreed to between the owner of such Bond and



the Paying Agent. All such payments shall be made in lawful money of the United States of America without deduction for any service charges of the Paying Agent or Registrar.

Section 13. Prior Redemption Option. Bonds, or portions thereof (\$5,000 or any integral multiple), maturing on and after July 1, 1997, will be subject to redemption prior to their respective maturities, at the option of the County, on and after July 1, 1996, in whole or in part on any interest payment date in inverse order of maturity and by lot within a maturity (giving proportionate weight to Bonds in denominations larger than \$5,000), at a price equal to the principal amount of each Bond, or portion thereof, so redeemed, accrued interest thereon to the redemption date, and a premium computed in accordance with the following schedule:

2.0% of the principal amount of each Bond, or portion thereof, so redeemed if redeemed on or before June 30, 1997;

1.5% of such principal amount if redeemed thereafter and on or before June 30, 1998;

1.0% of such principal amount if redeemed thereafter and on or before June 30, 1999;

0.5% of such principal amount if redeemed thereafter and on or before June 30, 2000; and

No premium if redeemed thereafter.

In the case of Bonds in a denomination larger than \$5,000, a portion of such Bonds (\$5,000 or any integral multiple thereof) may be redeemed, in which case the Registrar shall, without charge to the owner of such Bond, authenticate and issue a

replacement Bond or Bonds for the unredeemed portion thereof. If a Single Bond is issued to evidence the Bonds as hereinbelow provided, installments of principal on the Single Bond due on and after July 1, 1997, shall be subject to prepayment on and after July 1, 1996, in whole, or in part, on any interest payment date in amounts of \$5,000 or any multiple thereof and in inverse order of maturity, at the same prices and terms as if such Single Bond were evidenced by the \$5,000 denomination Bonds designated above.

Section 14. Redemption Notice. Notice of any prior redemption shall be given by the Registrar in the name of the County:

A. By publication of such notice at least once, not less than 30 days prior to the redemption date, in a newspaper of general circulation in the County and as the Board may otherwise determine; and

B. A copy of the notice shall also be mailed by the Registrar by first class, postage prepaid mail, at least 30 days but not more than 60 days prior to the Redemption Date, to the owner of any serial Bond all or a part of which is called for prior redemption at his address as it last appears on the registration books kept by the Registrar.

C. By sending a copy of the notice by certified or registered, first-class, postage prepaid mail, at least 45 days before the Redemption Date (i) to the Financial Consultant at its office in Las Vegas, Nevada, or to any successor thereof known to the Paying Agent; (ii) to the State Treasurer; and (iii) if the Bonds are then evidenced by a Single Bond, to the registered owner thereof.

If at the time of any redemption the State owns all of the then Outstanding Bonds, the requirement of published notice in

paragraph A of this Section may be waived by the State. The notice shall specify the number of the Bonds so to be redeemed if less than all are to be redeemed (or if a Single Bond evidences the Bonds, the installments of principal to be prepaid) and the date fixed for redemption; and the notice shall further state that on the Redemption Date there will become and will be due and payable upon each Bond so to be redeemed (or installments of principal to be prepaid) at the office of the Paying Agent (designated by title), the principal amount thereof, the applicable prior redemption premium, if any, and accrued interest thereon to the Redemption Date, and that from and after such date interest will cease to accrue. Notice having been given in the manner hereinabove provided, the Bond or Bonds (or installments of principal) so called for redemption shall become due and payable on the Redemption Date so designated; and upon presentation thereof at the office of the Paying Agent, the County will pay the Bond or Bonds (or installments of principal) so called for redemption.

Section 15. Negotiability. Subject to the registration provisions herein provided, the Bonds shall be fully negotiable within the meaning of and for the purposes of the Uniform Commercial Code - Investment Securities and each owner shall possess all rights enjoyed by holders of negotiable instruments under the Uniform Commercial Code - Investment Securities.

Section 16. Registration, Transfer and Exchange of Bonds.

A. Books for the registration and transfer of the Bonds shall be kept by the Registrar. Upon the surrender of any Bond at the Registrar, duly endorsed for transfer or accompanied by an assignment in form satisfactory to the Registrar duly executed by the owner or his attorney duly

authorized in writing, the Registrar shall authenticate and deliver in the name of the transferee or transferees a new Bond or Bonds of a like aggregate principal amount and of the same maturity, bearing a number or numbers not previously assigned. Bonds may be exchanged at the Registrar for an equal aggregate principal amount of Bonds of the same maturity of other authorized denominations, as provided in Section 12 hereof. The Registrar shall authenticate and deliver a Bond or Bonds which the owner making the exchange is entitled to receive, bearing a number or numbers not previously assigned. Such transfers and exchanges of Bonds shall be without charge to the owner or any transferee, but the Registrar shall require the payment by the owner of any Bond requesting exchange or transfer, of any tax or other governmental charge required to be paid with respect to such exchange or transfer.

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

C. The person in whose name any Bond shall be registered on the registration books kept by the Registrar shall be deemed and regarded as the absolute owner thereof for the purpose of payment and for all other purposes (except to the extent otherwise provided in Section 12 hereof with respect to interest payments); and payment of or on account of either principal or interest on any Bond shall be made only to or upon the written order of the owner thereof or his legal representative. All such payments

shall be valid and effectual to discharge the liability upon such Bond to the extent of the sum or sums so paid.

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

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

F. The Registrar shall maintain at his office so long as the Bonds are evidenced by a Single Bond, a registration book for the Single Bond showing the name and address of the registered owner, the amounts and dates of any principal prepayments on the Single Bond, and the dates of any transfers of the Single Bond. The Registrar shall permit at all reasonable times the transfer of ownership of the Single Bond on presentation of the Single Bond at his office together with a written request for transfer signed by the registered owner or his attorney duly authorized in writing in a form satisfactory to the Registrar. Any such transfer shall be noted on the registration book and on the

registration panel on the back of the Single Bond. No transfer shall be permitted within 30 days of any principal or interest payment date nor within 45 days of any date on which the County is prepaying all or any portion of the principal of the Single Bond.

Section 17. Execution and Authentication.

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

B. The serial Bonds shall be approved, signed and executed in the name of and on behalf of the County with the manual or facsimile signature of the Chairman, shall be countersigned and executed with the manual or facsimile signature of the Treasurer, and shall be countersigned, subscribed, and executed with the manual or facsimile signature of the Clerk.

C. No Bond shall be valid or obligatory for any purpose unless the certificate of authentication thereon, substantially in the form hereinafter provided, has been duly manually executed by the Registrar. The Registrar's certificate of authentication shall be deemed to have been duly executed by it if manually signed by an authorized officer or employee of the Registrar, but it shall not be necessary that the same officer sign the certificate of authentication on all of the Bonds issued hereunder. By authenticating any of the Bonds initially delivered pursuant

to this Ordinance, the Registrar shall be deemed to have assented to all of the provisions of this Ordinance.

Section 18. Use of Predecessor's Signature. The Bonds bearing the signatures of the officers in office at the time of their execution shall be valid and binding obligations of the County, notwithstanding that before their delivery any or all of the persons who executed them shall have ceased to fill their respective offices. The Chairman, the Treasurer and the Clerk, at the time of the execution of a signature certificate relating to the Bonds, may each adopt as and for his or her own facsimile signature the facsimile signature of his or her predecessor in office if such facsimile signature appears upon any of the Bonds.

Section 19. Incontestable Recital. Pursuant to Section 350.628, Bond Act, the Bonds shall contain a recital that they are issued pursuant to the Bond Act, which recital shall be conclusive evidence of the validity of the Bonds and the regularity of their issuance.

Section 20. State Tax Exemption. Pursuant to Section 350.710, 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 21. Bond Execution. The Chairman, the Clerk and the Treasurer are hereby authorized and directed to prepare and to execute the Bonds as herein provided.

Section 22. Bond Delivery. After registration by the Registrar and after their execution and authentication as provided herein, the Registrar shall cause the Bonds to be delivered to the Purchaser, upon payment being made in accordance with the terms of their sale.

Section 23. Serial Bond Form. Subject to the provisions of this Ordinance, the Bonds shall be in substantially the following form, with such omissions, insertions, endorsements and variations as may be required by the circumstances, be required or permitted by this Ordinance, or be consistent with this Ordinance and necessary or appropriate to conform to the rules and requirements of any governmental authority or any usage or requirement of law with respect thereto:



(Form of Serial Bond)

TRANSFER OF THIS BOND OTHER THAN BY REGISTRATION IS NOT EFFECTIVE

UNITED STATES OF AMERICA

STATE OF NEVADA

COUNTY OF WASHOE

GENERAL OBLIGATION (LIMITED TAX) WATER AND SEWER BOND

(ADDITIONALLY SECURED BY PLEDGED REVENUES)

SERIES AUGUST 1, 1986

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

Interest Rate      Maturity Date      Dated As Of      CUSIP

\_\_\_\_% per annum      July 1,      August 14, 1986

REGISTERED OWNER:

PRINCIPAL AMOUNT:      DOLLARS

Washoe County, in the State of Nevada (the "County" and the "State," respectively) for value received, hereby acknowledges itself to be indebted and promises to pay to the registered owner specified above, or registered assigns, the principal amount specified above, on the maturity date specified above (unless called for earlier redemption), and to pay interest thereon on January 1 and July 1 of each year, commencing on January 1, 1987, at the interest rate per annum specified above, until the principal sum is paid or payment has been provided for, or, if no interest has been paid, from the date of this Bond (being one of the "Bonds," as hereinafter defined). The principal of and redemption premium, if any, on this Bond are payable upon presentation and surrender hereof at the principal office of the County's paying agent for the Bonds (the "Paying Agent"), presently the County Treasurer, Reno, Nevada. Interest on this Bond will be paid on or before each interest payment date (or, if such interest payment date is not a business day, on or

before the next succeeding business day), by check or draft mailed to the person in whose name this Bond is registered (the "registered owner") in the registration records of the County maintained by the County's registrar for the Bonds (the "Registrar"), presently the County Treasurer, Reno, Nevada, and at the address appearing thereon as of the close of business on the 15th day of the calendar month next preceding such interest payment date (the "Regular Record Date"). Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner as of the close of business on the Regular Record Date and shall be payable to the person who is the registered owner as of the close of business on a special record date for the payment of any defaulted interest (the "Special Record Date"). Such Special Record Date shall be fixed by the Registrar whenever moneys become available for payment of the defaulted interest, and notice of the Special Record Date shall be given to the registered owner not less than ten (10) days prior thereto. Alternative means of payment of interest may be used if mutually agreed to by the registered owner and the Paying Agent, as provided in the ordinance of the Board of County Commissioners of the County (the "Board") authorizing the issuance of the Bonds of the series of which this Bond is one (the "Bonds") and designated in Section 1 thereof as the "8-1-86 Bond Ordinance" (the "Ordinance"), duly adopted by the Board prior to the issuance of the Bonds. All such payments shall be made in lawful money of the United States of America without deduction for any service charges of the Paying Agent or Registrar.

The Bonds are issuable solely as fully registered bonds in denominations of \$5,000 each or (subject to certain conditions) any integral multiple thereof, and are exchangeable for fully registered Bonds of the same maturity in equivalent aggregate principal amounts and in authorized denominations at the aforesaid office of the Registrar but only in the manner,

subject to the limitations and on payment of the charges provided in the Ordinance.

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

This Bond is fully transferable by the registered owner in person or by his duly authorized attorney on the registration books kept by the Registrar upon surrender of this Bond together with a duly executed written instrument of transfer satisfactory to the Registrar. Upon such transfer a new fully registered Bond of authorized denomination or denominations of the same aggregate principal amount and maturity will be issued to the transferee in exchange for this Bond, subject to such terms and conditions as set forth in the Ordinance. The County, the Registrar and Paying Agent may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of payment and for all other purposes, except to the extent otherwise provided hereinabove and in the Ordinance with respect to Regular and Special Record Dates for the payment of interest.

The Bonds, or portions thereof, maturing on and after July 1, 1997, are subject to redemption prior to their respective maturities, at the option of the County, on and after July 1, 1996, in whole, or in part, on any interest payment date in inverse order of maturity and by lot within a maturity (giving proportionate weight to Bonds in denominations larger than \$5,000), at a price equal to the principal amount of each Bond, or portion thereof, so redeemed, accrued interest thereon to the

redemption date, and a premium computed in accordance with the following schedule:

2.0% of such principal amount of each Bond, or portion thereof, so redeemed, if redeemed on or before June 30, 1997;

1.5% of such principal amount if redeemed thereafter and on or before June 30, 1998;

1.0% of such principal amount if redeemed thereafter and on or before June 30, 1999;

0.5% of such principal amount if redeemed thereafter and on or before June 30, 2000; and

No premium if redeemed thereafter.

In the case of Bonds in a denomination larger than \$5,000, a portion of such Bonds (\$5,000 or any integral multiple thereof) may be redeemed, in which case the Registrar, without charge to the owner of such Bond, will authenticate and issue a replacement Bond or Bonds for the unredeemed portion thereof. Redemption shall be made upon not more than sixty (60) nor less than thirty (30) days' prior mailed notice as provided in the Ordinance.

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

This Bond is one of a series of Bonds issued by the County upon its behalf and upon the credit thereof, for the purpose of defraying wholly or in part the cost of acquiring, constructing and improving facilities pertaining to the County's municipal water system and sewer system (the "Project"); and under the authority of and in full compliance with the constitution and laws of the State and pursuant to the Ordinance.

It is hereby certified and recited that this Bond is issued pursuant to an act cited as Sections 350.500 to 350.720, inclusive, Nevada Revised Statutes, designated in Section 350.500 thereof as the Local Government Securities Law (the "Bond Act"); in accordance with the provisions of Section 350.628, Bond Act, this recital conclusively imparts full compliance with all the provisions of the Bond Act, and the Bonds so issued containing this recital are incontestable for any cause whatsoever after their delivery for value; and in accordance with the provisions of Section 350.710, 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.

It is also hereby certified and recited that all the requirements of law have been fully complied with by the proper officers of the County in the issuance of this Bond; that the total indebtedness of the County, including that of this Bond, does not exceed any limit of indebtedness prescribed by the constitution or by the laws of the State; that provision has been made for the levy and collection of general (ad valorem) taxes ("General Taxes") sufficient to pay the Bond Requirements of this Bond when the same become due (except to the extent other funds are available therefor), subject to the limitations imposed by the constitution and statutes of the State; and that the full faith and credit of the County are hereby irrevocably pledged to the punctual payment of the Bond Requirements of this Bond according to its terms.

The payment of the Bonds, as to all Bond Requirements, is additionally secured by an irrevocable pledge of revenues derived by the County from the operation of the County's water system and the County's sanitary sewer system (together, the "Utility System"), after the deduction of operation and maintenance expenses of the Utility System (the remaining Utility System revenues being herein the "Net Pledged Revenues").

Payment of the Bond Requirements due in connection with the Bonds may be made from and as security for such payment there are irrevocably (but not exclusively) pledged, pursuant to the Ordinance, a special account thereby identified as the "Washoe County, Nevada, General Obligation (Limited Tax) Utility System Parity Bonds (Additionally Secured by Pledged Revenues) Pledged Revenues Interest and Principal Retirement Fund" into which account the County covenants to pay from the revenues derived from the Net Pledged Revenues sums sufficient to pay when due the Bond Requirement of the Bonds, except to the extent the proceeds of General Taxes and any other moneys are available therefor.

The Bonds are equitably and ratably secured by a lien on the Net Pledged Revenues, and the Bonds constitute an irrevocable and first lien (but not necessarily an exclusively first lien) upon the Net Pledged Revenues. Bonds and other securities, in addition to the 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 Bonds, in accordance with the provisions of the Ordinance.

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

Reference is made to the Ordinance, and to any and all modifications and amendments thereof, to the Bond Act and to all laws supplemental thereto for an additional description of the nature and extent of the security for the Bonds, the General Taxes, accounts, funds and revenues pledged, the nature and extent and manner of enforcement of the pledge, the rights and remedies of the owners of the Bonds with respect thereto, the terms and conditions upon which the Bonds are issued, and a statement of rights and remedies of the owners of the Bonds.

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

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

This Bond shall not be valid or obligatory for any purpose until the Registrar shall have manually signed the certificate of authentication hereon.

IN WITNESS WHEREOF, the Board of County Commissioners of Washoe County, Nevada, has caused this Bond to be signed and executed in the corporate name of the County with the manual or facsimile signature of the Chairman, to be attested, signed and executed with a manual or facsimile signature of the County Clerk, and to be signed, subscribed and executed by the manual or facsimile signature of the County Treasurer; and has caused a manual or facsimile impression of the seal of the County to be affixed hereon, all as of August 14, 1986.

WASHOE COUNTY, NEVADA

(Manual or Facsimile Signature)  
Chairman

(MANUAL OR FACSIMILE SEAL)

Attested and Countersigned:

Countersigned:

(Manual or Facsimile Signature)  
County Clerk

(Manual or Facsimile Signature)  
County Treasurer

(End of Form of Serial Bond)



(Form of Registrar's Certificate of Authentication for Serial Bonds)

Date of authentication and registration: \_\_\_\_\_

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

COUNTY TREASURER,  
Washoe County,  
as Registrar

By \_\_\_\_\_  
Authorized Officer or Employee

(End of Form of Registrar's Certificate of Authentication for Serial Bonds)

(Form of Assignment for Serial Bonds)

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

\_\_\_\_\_  
Dated: \_\_\_\_\_  
Signature Guaranteed:

\_\_\_\_\_  
Address of transferee:

\_\_\_\_\_  
\_\_\_\_\_  
Social Security or other tax  
identification number of  
transferee:

\_\_\_\_\_  
NOTE: The signature to this Assignment must correspond with the name as written on the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever.

(End of Form of Assignment for Serial Bonds)

Section 24. Use of Single Bond. Notwithstanding the foregoing provisions hereof for serial Bonds, the money to be borrowed from the State of Nevada is to be evidenced by a nonnegotiable single general obligation (limited tax) water and sewer bond in the principal amount and denomination of \$1,445,000 (the "Single Bond"), which Single Bond shall be manually executed in the name of and on the behalf of the County and signed by the Chairman, countersigned by the Treasurer and attested by the Clerk, with the seal of the County affixed thereto. The principal installments, interest and prior redemption premiums shall be paid by check, draft or warrant made to the order of the registered owner of the Single Bond and mailed to the address of the registered owner shown on the registration book of the County. So long as the State is the registered owner, such payment shall be made by depositing with the State Treasurer, not later than 15 days prior to any principal or interest payment date or Redemption Date, the amount coming due on the Single Bond on such date. The final payment on the Single Bond shall be made only on presentation and surrender of the Single Bond at the Paying Agent. The Single Bond shall mature in installments of principal, bear interest and be subject to prepayments of installments of principal, substantially as provided in Sections 12 through 14 hereof. If a portion of the principal of the Single Bond is called for prior redemption, no payment of the principal of, interest on or prior redemption premium due in connection with the Single Bond due on and after the Redemption Date shall be made unless the Single Bond is presented to the Paying Agent and notation of the installments of principal so called for prior redemption is made on such Single Bond. The Single Bond must be registered in the name of its owner, and may be assigned by the registered owner in the manner and with the effect set forth in the provisions for registration contained in the form thereof hereinbelow set forth. Upon written request of the registered owner of the Single Bond or his attorney duly

authorized in writing, in satisfactory form to the Registrar, the County shall issue, at the registered owner's expense (including all governmental taxes, charges or penalties, if any) and within 60 days from the date of such request, serial Bonds, in the denomination of \$5,000 (or multiples thereof) each as set forth in Section 12 hereof, to the extent practicable, as requested by the registered owner, in an aggregate principal amount equal to the amount of the unpaid principal of the Outstanding Single Bond of like tenor and date, in the form prescribed by, and subject to, the provisions of this Ordinance.

Section 25. Form of Single Bond. The Single Bond, the form of assignment therefor and the registration and prepayment panels to be printed thereon, shall be in substantially the following forms with such omissions, insertions, endorsements and variations as to any recitals of fact or other provisions as may be required by the circumstances, be required or permitted by this Ordinance, or be consistent with this Ordinance and necessary or appropriate to conform to the rules and requirements of any governmental authority or any usage or requirement of law with respect thereto:

(Form of Single Bond)

UNITED STATES OF AMERICA  
 STATE OF NEVADA  
 COUNTY OF WASHOE  
 GENERAL OBLIGATION (LIMITED TAX) WATER AND SEWER BOND  
 (ADDITIONALLY SECURED BY PLEDGED REVENUES)  
 SERIES AUGUST 1, 1986

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

\$1,445,000

Washoe County (the "County"), in the State of Nevada (the "County" and the "State," respectively), for value received hereby acknowledges itself to be indebted and promises to pay to the registered owner hereof the principal sum of

ONE MILLION FOUR HUNDRED FORTY-FIVE THOUSAND DOLLARS

in installments of principal in the amounts and years listed below (unless prepaid as provided herein and noted on the Prepayment Panel on the reverse side hereof), together with interest on each unpaid installment from the date of delivery of this bond hereinbelow appearing until the due date of such installment at the interest rate designated below for such installment, said interest being payable on January 1 and July 1 of each year, commencing on January 1, 1987, and said installments of principal bearing interest at the rates, and being payable on July 1 of the years and in amounts as follows:

<u>Principal</u> <u>Maturing</u>	<u>Interest</u> <u>Rates</u> <u>(Per Annum)</u>	<u>Years</u> <u>Maturing</u>
\$ 35,000	<u>9.00%</u>	1987
40,000	<u>9.00%</u>	1988
40,000	<u>9.00%</u>	1989
45,000	<u>9.00%</u>	1990
45,000	<u>9.00%</u>	1991
50,000	<u>8.80%</u>	1992
50,000	<u>6.30%</u>	1993
55,000	<u>6.50%</u>	1994
60,000	<u>6.70%</u>	1995
65,000	<u>6.80%</u>	1996
70,000	<u>6.90%</u>	1997
75,000	<u>7.00%</u>	1998
80,000	<u>7.00%</u>	1999
85,000	<u>7.00%</u>	2000
90,000	<u>7.00%</u>	2001
95,000	<u>7.20%</u>	2002
105,000	<u>7.20%</u>	2003
110,000	<u>7.20%</u>	2004
120,000	<u>7.20%</u>	2005
130,000	<u>7.20%</u>	2006

The principal of, interest on and any prior redemption premiums due in connection with this bond (the "Bond Requirements") are payable by check, draft or warrant made to the order of the registered owner hereof and mailed to the address shown for the registered owner on the registration books of the County. If the State is the registered owner hereof, payment of the Bond Requirements shall be made by depositing with the State Treasurer, not later than 15 days prior to any principal or interest payment date or prior redemption date, the amount coming due on such payment date. If payment of any installment of

principal of this bond is not made when due, interest on such installment shall continue at the interest rate for such installment specified above until such principal installment is paid in full. The final installment of principal on this bond is payable only on presentation and surrender of this bond at the office of the County Treasurer of Washoe County, Nevada (the "Paying Agent").

Installments of principal of this bond coming due on and after July 1, 1997, are subject to payment prior to their due dates, at the option of the County on and after July 1, 1996, in whole, or in part, on any interest payment date in inverse order of maturity and in amounts of \$5,000 or any multiple thereof, at a price equal to the principal amount prepaid, accrued interest to the prepayment date, and a premium computed as follows:

2.0% of such principal amount of such Installment, or portion thereof, so redeemed if redeemed on or before June 30, 1997;

1.5% of such principal amount if redeemed thereafter and on or before June 30, 1998;

1.0% of such principal amount if redeemed thereafter and on or before June 30, 1999;

0.5% of such principal amount if redeemed thereafter and on or before June 30, 2000;

No premium if redeemed thereafter.

Prepayment shall be made on not less than 45 days' mailed notice in the manner provided in the ordinance authorizing the issuance of this bond and designated in Section 1 thereof by the short title "8-1-86 Bond Ordinance" (the "Ordinance"), duly adopted by

the Board of County Commissioners of the County before the issuance of this bond. If a portion of the principal of this bond is called for prepayment, no payment of the principal of, interest on or prior redemption premium due in connection with this bond due on and after the prepayment date shall be made unless this bond is presented to the Paying Agent and notation of the installments of principal so called for prepayment is made on the reverse side hereof.

This single bond is duly authorized to defray in part the cost of acquiring, constructing and improving facilities pertaining to the County's public water system for the collection, transportation, treatment, purification and distribution of water, and all appurtenances thereto, and facilities pertaining to the County's public sanitary sewerage system for the collection, interception, transportation, treatment, purification and disposal of sewage, liquid wastes, solid wastes, night soil and industrial wastes, and all appurtenances thereto, under the authority of and in full compliance with the constitution and laws of the State, and pursuant to the Ordinance.

It is hereby certified and recited that this bond is issued pursuant to an act cited as Sections 350.500 to 350.720, inclusive, Nevada Revised Statutes, designated in Section 350.500 thereof as the Local Government Securities Law (the "Bond Act"); in accordance with the provisions of Section 350.628, Bond Act, this recital conclusively imparts full compliance with all the provisions of the Bond Act, and the bonds so issued containing this recital are incontestable for any cause whatsoever after their delivery for value; and in accordance with the provisions of Section 350.710, Bond Act, the bonds, their transfer and the income therefrom shall forever be and remain free and exempt from taxation by the State any subdivision thereof.



It is also hereby certified and recited that all the requirements of law have been fully complied with by the proper officers of the County in the issuance of this bond; that the total indebtedness of the County, including that of this bond, does not exceed any limit of indebtedness prescribed by the constitution or by the laws of the State; that provision has been made for the levy and collection of general (ad valorem) taxes ("General Taxes") sufficient to pay the Bond Requirements of this bond when the same become due (except to the extent other funds are available therefor), subject to the limitations imposed by the constitution and statutes of the State; and that the full faith and credit of the County are hereby irrevocable pledged to the punctual payment of the Bond Requirements of this bond according to its terms.

The payment of this bond, as to all Bond Requirements, is additionally secured by an irrevocable pledge of revenues derived by the County from the operation of the County's water system and the County's sanitary sewer system (together, the "Utility System"), after the deduction of operation and maintenance expenses of the Utility System (the remaining Utility System revenues being herein the "Net Pledged Revenues").

Payment of the Bond Requirements due in connection with this bond may be made from and as security for such payment there is irrevocably (but not exclusively) pledged, pursuant to the Ordinance, a special account thereby identified as the "Washoe County, Nevada, General Obligation (Limited Tax) Utility System Parity Bonds (Additionally Secured by Pledged Revenues) Pledged Revenues Interest and Principal Retirement Fund" into which account the County covenants to pay from the revenues derived from the Net Pledged Revenues sums sufficient to pay when due the Bond Requirement of this bond, except to the extent the proceeds of General Taxes and any other moneys are available therefor.

This single bond is secured by a lien on the Net Pledged Revenues and constitutes an irrevocable and first lien (but not necessarily an exclusively first lien) upon the Net Pledged Revenues. Bonds and other securities, in addition to this bond, 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 this bond, in accordance with the provisions of the Ordinance.

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

Reference is made to the Ordinance, and to any and all modifications and amendments thereof, to the Bond Act and to all laws supplemental thereto, for an additional description of the nature and extent of the security for the bonds, the General Taxes, accounts, funds and revenues pledged, the nature and extent and manner of enforcement of the pledge, the rights and remedies of the owner of this bond with respect thereto, the terms and conditions upon which this bond is issued, and a statement of rights and remedies of the owner of this bond.

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

payment thereof on the terms and conditions set forth in the Ordinance.

This single bond must be registered in the name of its owner and may be transferred only on presentation of this bond together with a written request for transfer signed by the registered owner or his attorney duly authorized in writing in a form satisfactory to the Paying Agent at the office of the Paying Agent. Any such transfer shall be noted in the registration books of the County maintained at the office of the Paying Agent and noted on the reverse side hereof. No transfer of ownership shall be permitted within 30 days of any principal or interest payment date nor within 45 days of any date on which the County is prepaying all or any portion of the principal hereof.

On written request of the registered owner hereof or his attorney duly authorized in writing in a form satisfactory to the Paying Agent, the County shall issue, at the registered owner's expense and within 60 days from the date of such request, serial bonds in the denomination of \$5,000 (or integral multiples thereof) each in an aggregate principal amount equal to the amount of unpaid principal on this bond at the time such serial bonds are issued, maturing at same times as and bearing interest at the same interest rates as such unpaid principal, and otherwise containing such terms and conditions prescribed in and being in the form provided in the Ordinance.

No recourse shall be had for the payment of the Bond Requirements of this bond or for any claim based thereon or otherwise in respect to the Ordinance, against any individual member of the Board of County Commissioners of the Court any officer or other agent of the County, past, present or future, either directly or indirectly through the Board of the County, or otherwise, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any penalty or otherwise, all

such liability, if any, being by the acceptance of this bond and as a part of the consideration of its issuance specially waived and released.

IN WITNESS WHEREOF, the Board of County Commissioners of Washoe County, Nevada, has caused this bond to be signed and executed in the corporate name of the County with the manual signature of the Chairman, to be attested, countersigned and executed with a manual signature of the County Clerk, and to be countersigned, subscribed and executed by the manual signature of the County Treasurer, and has caused the seal of the County to be affixed hereon, all as of the 14th day of August, 1986 (i.e., the date of the delivery hereof).

WASHOE COUNTY, NEVADA

By (Manual Signature)  
Chairman

(CITY SEAL)

Attested and Countersigned:

(Manual Signature)  
County Clerk

Countersigned:

(Manual Signature)  
County Treasurer

(End of Form of Single Bond)

(Form of Principal Prepayment Panel on Back of Single Bond)

PREPAYMENT PANEL

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

<u>Date of Prepayment</u>	<u>Due Date of Installment (or portion thereof) Prepaid</u>	<u>Principal Amount Prepaid</u>	<u>Signature of County Treasurer</u>

(End of Form of Principal Prepayment Panel on Back of Single Bond)

(Form of Registration Panel on Back of Single Bond)

MANDATORY REGISTRATION FOR PAYMENT AS TO PRINCIPAL  
AND INTEREST

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

Date of Registration	Name of Owner	Address of Owner	Signature of Registrar
	State of Nevada, c/o State Treasurer, as Administrator of the Municipal Bond Bank of the State of Nevada	State Treasurer, Capitol Complex, Carson City, Nevada 89710	

(End of Form of Registration Panel on Back of Single Bond)

(Form of Assignment Panel on Back of Single Bond)

ASSIGNMENT PROVISION

For value received, \_\_\_\_\_ hereby assigns and transfers unto \_\_\_\_\_ the within bond, together with accrued interest thereon, hereby irrevocably constituting and appointing \_\_\_\_\_ attorney to transfer this bond on the books of Washoe County, Nevada, at the office of the County Treasurer of Washoe County with full power of substitution in the premises.

Dated: \_\_\_\_\_

\_\_\_\_\_

(End of Form of Assignment Panel on Back of Single Bond)

Section 26. Use of Bond Proceeds. When the Single Bond has been duly executed, the County Treasurer shall deliver it to the State on receipt of the agreed purchase price and shall register it in the name of the State in the registration books of the County and make notation of such registration on the back of the Single Bond as provided herein. Any premium shall be deposited in the Bond Fund created below. The balance of the funds realized from the sale of the Bonds shall be placed in a special account hereby created in the treasury of the County designated as the "Washoe County, Nevada, General Obligation (Limited Tax) Water and Sewer Bonds (Additionally Secured by Pledged Revenues) Series August 1, 1986, Construction Fund" (the "Construction Fund"), and shall be applied solely to the Project including without limitation, as a part of the Cost of the Project as provided in Section 350.516, Bond Act, all costs of issuing the Bonds and all costs of issuance of the State Securities which the Board hereby determines are necessary and desirable and appertain to the Project. After completion of the Project, or after adequate provision therefor is made, any unexpended balance of Bond proceeds shall be deposited in the Principal Fund created below. The State shall in no manner be responsible for the application of the proceeds of the Bonds by the County, or by any of its officers, agents and employees.

Section 27. Use of Investment Gain. Pursuant to Section 350.658, Bond Act, any gain from any investment and any reinvestment of any proceeds of the Bonds shall be deposited promptly upon the receipt of such gain at any time or from time to time into the Construction Fund to defray, in part, the cost of the Project or, if adequate provision has been made for the Project, into the Principal Fund or the Interest Fund, hereinafter created, for the respective payment of the principal of or interest on the Bonds. As provided herein, annual general (ad valorem) taxes ("General Taxes") for the payment of the



principal of or interest on the Bonds levied after such deposits may be diminished to the extent of the availability of such deposits for the payment of such principal or interest.

Section 28. Completion of Project. The County, with the proceeds derived from the sale of the Bonds, shall proceed to complete the Project without delay and with due diligence to the best of the County's ability, as hereinabove provided. A contract or contracts for the construction and other acquisition of the improvements shall be let as soon as practicable after the delivery of any Bonds except to the extent theretofore let, if theretofore let.

Section 29. Prevention of Bond Default. Subject to the provisions of Sections 31 and 34 hereof, the Treasurer shall use any Bond proceeds credited to the Construction Fund, without further order or warrant, to pay the Bond Requirements as the same become due whenever and to the extent moneys otherwise available therefor are insufficient for that purpose, unless such Bond proceeds shall be needed to defray obligations accrued and to accrue under any contracts then existing and pertaining to the Project.

Section 30. Purchaser Not Responsible. The validity of the Bonds shall not be dependent on nor be affected by the validity or regularity of any proceedings relating to the Project, or any part thereof, or to the completion of the Project. The State, any associate thereof, and any subsequent owner of any Bond shall in no manner be responsible for the application or disposal by the County or by any of its officers, agents and employees of the moneys derived from the sale of the Bonds or of any other moneys herein designated.

Section 31. General Tax Levies. So far as possible, the Bond Requirements of the Bonds shall be paid from the Net

Revenues. However, pursuant to Section 350.596, Bond Act, the interest falling due on the Bonds on or before January 1, 1987, shall be paid out of the Construction Fund or out of general fund of the County or out of any other funds that may be available for such purpose, including, without limitation, any proceeds of General Taxes. For the purpose of repaying any moneys so paid from any such fund or funds (other than any moneys available without replacement for the payment of such Bond Requirements on other than a temporary basis), and for the purpose of creating funds for the payment of the Bond Requirements, there are hereby created separate accounts designated respectively as the "Washoe County, Nevada, General Obligation (Limited Tax) Utility System Parity Bonds (Additionally Secured by Pledged Revenues) Principal Fund" (the "General Tax Principal Fund") and the "Washoe County, Nevada, General Obligation (Limited Tax) Utility System Parity Bonds (Additionally Secured by Pledged Revenues) Interest Fund" (the "General Tax Interest Fund"). Pursuant to Sections 350.592 and 350.594, Bond Act, there shall be duly levied immediately after the issuance of the Bonds and annually thereafter, until all of the Bond Requirements shall have been fully paid, satisfied and discharged, a General Tax on all property, both real and personal, subject to taxation within the boundaries of the County, including the net proceeds of mines, fully sufficient to reimburse such fund or funds for any such amounts temporarily advanced to pay such initial installment of interest, and to pay the interest on the Bonds becoming due after such initial installment, and to pay and retire the Bonds as they thereafter become due as hereinabove provided, after there are made due allowances for probable delinquencies. The proceeds of such annual levies shall be duly credited to such separate accounts for the payment of such Bond Requirements. In the preparation of the annual budget or appropriation resolution or ordinance for the County, the Board shall first make proper provisions through the levy of sufficient General Taxes for the payment of the interest on and the retirement of the principal of the bonded

indebtedness of the County, including, without limitation, the Bonds, subject to the limitation imposed by NRS 361.453 and Section 2, Art. 10, Nevada Constitution, and the amount of money necessary for this purpose shall be a first charge against all the revenues received by the County.

Section 32. Priorities for Bonds. As provided in NRS 361.463, in any year in which the total General Taxes levied against the property in the County by all overlapping units within the boundaries of the County may exceed the limitation of \$3.64 on each \$100 of assessed valuation imposed by NRS 361.453, or a lesser or greater amount fixed by the State Board in any fiscal year, and it shall become necessary by reason thereof to reduce the levies made by any and all such units, the reductions so made shall be in General Taxes levied by such unit or units (including, without limitation, the County and the State) for purposes other than the payment of their bonded indebtedness, including interest thereon. The General Taxes levied for the payment of such bonded indebtedness and the interest thereon shall always enjoy a priority over General Taxes levied by each such unit (including, without limitation, the County and the State) for all other purposes where reduction is necessary in order to comply with the limitation of NRS 361.453.

Section 33. Correlation of Levies. Such General Taxes shall be levied and collected in the same manner and at the same time as other taxes are levied and collected, and the proceeds thereof for the Bonds herein authorized shall be kept in the Principal Fund and in the Interest Fund, which accounts shall be used for no other purpose than the payment of principal and interest, respectively, as the same fall due.

Section 34. Use of General Fund. Any sums becoming due on the Bonds at any time when there are on hand from such General Taxes (and any other available moneys) insufficient funds

to pay the same shall be promptly paid when due from general funds on hand belonging to the County, reimbursement to be made for such general funds in the amounts so advanced when the General Taxes herein provided for have been collected, pursuant to Section 350.596, Bond Act.

Section 35. Use of Other Funds. Nothing in this Ordinance prevents the County from applying any funds (other than General Taxes) that may be available for that purpose to the payment of the Bond Requirements as the same, respectively, mature, and upon such payments, the levy or levies herein provided may thereupon to that extent be diminished, pursuant to Section 350.598, Bond Act.

Section 36. Legislative Duties. In accordance with Section 350.592, Bond Act, it shall be the duty of the Board annually, at the time and in the manner provided by law for levying other General Taxes of the County, if such action shall be necessary to effectuate the provisions of this Ordinance, to ratify and carry out the provisions hereof with reference to the levy and collection of General Taxes; and the Board shall require the officers of the County to levy, extend and collect such General Taxes in the manner provided by law for the purpose of creating funds for the payment of the principal of the Bonds and the interest thereon. Such General Taxes, when collected shall be kept for and applied only to the payment of the principal of and the interest on the Bonds as hereinbefore specified.

Section 37. Appropriation of General Taxes. In accordance with Section 350.602, Bond Act, there is hereby specially appropriated the proceeds of such General Taxes to the payment of such principal and interest; and such appropriations will not be repealed nor the General Taxes postponed or diminished (except as herein otherwise expressly provided) until

the principal of and the interest on the Bonds have been wholly paid.

Section 38. Pledge of Revenues. Subject only to the right of the County to cause amounts to be withdrawn and paid on account of operation and maintenance expenses of the Utility System and to be withdrawn 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 this Ordinance are hereby pledged to secure the payment of the Bond Requirements of the Bonds; and this pledge shall be valid and binding from and after the date of the first delivery of any Bonds, and the moneys, as received by the County and hereby pledged, shall immediately be subject to the lien of this pledge without any physical delivery thereof, any filing or further act, and the lien of this pledge and the obligation to perform the contractual provisions hereby made shall have priority over any or all other obligations and liabilities of the County, except for any Outstanding bonds and any other securities hereafter authorized the liens of which on the Pledged Revenues are on a parity with the lien thereon of the Bonds; and the lien of this pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the County (except as herein otherwise provided) irrespective of whether such parties have notice thereof.

Section 39. Revenue Fund Deposits. So long as any of the Bonds shall be Outstanding, as to any Bond Requirements, the entire Gross Pledged Revenues, upon their receipt from time to time by the County, shall be set aside and credited immediately to the special and separate account hereby created and known as the "Washoe County, Nevada, Utility System Gross Pledged Revenues Fund" (the "Revenue Fund")."

Section 40. Administration of Revenue Fund. So long as any of the Bonds shall be Outstanding, as to any Bond Requirements, each Fiscal Year the Revenue Fund shall be administered, and the moneys on deposit therein shall be applied in the order of priority, as provided in §§ 41 through 46 hereof.

Section 41. O. & M. Expenses. First, as a first charge on the Revenue Fund, from time to time there shall be set aside in and credited to the special and separate account hereby created and known as the "Washoe County, Nevada, Utility System Operation and Maintenance Fund" (the "Operation and Maintenance Fund"), moneys sufficient to pay operation and maintenance expenses, as budgeted and approved in accordance with and all laws supplemental thereto, as such expenses become due and payable, and thereupon they shall be promptly paid. Any surplus remaining at the end of the Fiscal Year and not needed for operation and maintenance expenses shall be transferred to the Revenue Fund and shall be used for the purposes thereof, as herein provided.

Section 42. Bond Fund. Second, and subject to the aforesaid provisions, from any moneys remaining in the Revenue Fund, there shall be credited to the special and separate account hereby created and known as the "Washoe County, Nevada, General Obligation (Limited Tax) Utility System Parity Bonds (Additionally Secured By Pledged Revenues) Pledged Revenues Interest and Principal Fund (the "Bond Fund") the following:

A. Monthly, commencing on the first day of the month immediately succeeding the delivery of any of the Bonds and any parity securities hereafter issued, 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 Section 27 hereof, to pay the next maturing installment of interest on the Outstanding Bonds and any Outstanding parity securities hereafter issued, and monthly thereafter, commencing on each interest payment date, one-sixth of the amount necessary, together with any other moneys from time to time available therefor from whatever source, to pay the next maturing installment of interest on the Outstanding Bonds and any Outstanding parity securities hereafter issued, except to the extent any other moneys are available therefor.

B. Monthly, commencing on the first day of the month immediately succeeding the delivery of any of the Bonds and any parity securities hereafter issued, or, in the case of the Bonds, commencing on September 1, 1986, if such date is later, 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 Bonds and any parity securities hereafter issued, and monthly thereafter, commencing on each principal payment date, one-twelfth of the amount necessary, together with any other moneys from time to time available therefor from whatever source, to pay the next maturing installment of principal of the Outstanding Bonds and any Outstanding parity securities hereafter

issued, except to the extent any other moneys are available therefor.

The moneys credited to the Bond Fund shall be used to pay the Bond Requirements of the Bonds and any Outstanding parity securities as such Bond Requirements become due.

Section 43. Termination of Deposits. No payment need be made into the Bond Fund if the amounts in the Bond Fund total a sum at least equal to the entire amount of the Outstanding Bonds and any Outstanding parity securities hereafter issued as to all Bond Requirements to their respective maturities or to any Redemption Date on which the County shall have obligated itself to exercise its option to redeem prior to their maturities the Outstanding Bonds or the Outstanding parity securities thereafter maturing, and both accrued and not accrued, in which case moneys in such account in an amount, except for any interest or other gain to accrue from any investment of moneys in Federal Securities from the time of any such investment to the time or respective times the proceeds of any such investment or deposit shall be needed for such payment, at least equal to such Bond Requirements, shall be used, together with any such gain from such investments, solely to pay such Bond Requirements as the same become due; and any moneys in excess thereof in such account and any other moneys derived from the Pledged Revenues may be used in any lawful manner determined by the Board.

Section 44. Defraying Delinquencies. If at any time the County 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 at such time equal to the difference between that paid from the Net Pledged Revenues and the full amount so stipulated. If securities (other than the Bonds) are Outstanding any lien to secure the payment of which on the Net Pledged Revenues is on a parity with the lien



hereon of the Bonds, and if the proceedings authorizing issuance of those securities require the replacement of moneys in a reserve account therefor, then the moneys replaced in such reserve account shall be replaced on a pro rata basis related to the principal amount of the then Outstanding Bonds and the then Outstanding other parity securities, as moneys become available therefor.

Section 45. Payment of Additional Bonds. Third, and subject to the provisions hereinabove stated, but either concurrently or subsequent to the payments required by Section 42 hereof, as hereinbelow provided, any moneys remaining may be used by the County for the payment of Bond Requirements of additional Bonds or other additional securities payable from the Net Pledged Revenues and hereafter authorized to be issued in accordance with this Ordinance, including reasonable reserves for such securities, as the same accrue; but the lien of such additional bonds or other additional securities on the Net 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 as herein provided.

Section 46. Use of Surplus Revenues. After the payments hereinabove required to be made by Sections 39 through 45 hereof are made, any remaining Pledged Revenues may be used at any time during any Fiscal Year whenever in the Fiscal Year there shall have been credited to each Operation and Maintenance Fund, to the Bond Fund and to each other security fund and reserve fund, if any, for the payment of any other securities payable from the Pledged Revenues, all amounts required to be deposited in those special accounts for such portion of the Fiscal Year, as hereinabove provided, for any one or any combination of lawful purposes relating to the Utility System, or otherwise, as the Board may from time to time determine, including, without limitation, the payment of any Bond Requirements of any bonds or

other securities relating to the Utility System, general obligations or special obligations, and regardless of whether the respective proceedings authorizing or otherwise relating to the issuance of the securities provides for their payment from Pledged Revenues.

Section 47. Administration of Accounts. The special accounts designated in this Ordinance shall be administered as follows:

A. Each of such special accounts shall be maintained as a book account and kept separate from all other accounts as a trust account solely for the purposes herein designated therefor, and the moneys accounted for in such special book accounts shall be deposited in one bank account or more in a commercial bank or commercial banks as determined and designated by the Board (except as otherwise expressly stated herein). Nothing herein prevents the commingling of moneys accounted for in any two or more book accounts relating to the Utility System in any bank account or any investment in Federal Securities hereunder. Each bank account shall be continuously secured to the fullest extent required or permitted by the laws of the State for the securing of public funds and shall be irrevocable and not withdrawable by anyone for any purpose other than the respective designated purposes. Each periodic payment shall be credited to the proper book account not later than the date therefor herein designated, except that when any such date shall be a Saturday, a Sunday or a legal holiday, then the payment shall be made on or before the next preceding secular day.

B. Any moneys in any such special account and not needed for immediate use, may be invested or reinvested by the Treasurer by deposit in one or more commercial banks as

provided in subsection G of this Section, in Federal Securities which either shall be subject to redemption at any time at a fixed value by the holder thereof at the option of such holder, or shall mature not later than five days before 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. 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.

C. Before the Treasurer invests or reinvests any moneys accounted for in the Construction Fund, the Project Engineer shall furnish to the Treasurer a certificate setting forth a schedule of the amounts and times when moneys 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 the certificates or any addendum thereto, and shall have no liability or responsibility for any loss on any investment or reinvestment made or changes in accordance with the certificate or any addendum thereto.

D. The Treasurer shall have no obligation to make any investment or reinvestment hereunder, unless any moneys on hand and account for in any one account exceed \$5,000 and at least \$5,000 therein will not be needed for a period of not less than 60 days. In that event the Treasurer shall invest or reinvest in Federal Securities to the extent practicable not less than substantially all the amount which will not be needed during such 60-day period, except for any moneys on deposit in an interest-bearing account in any commercial bank, regardless of whether such moneys are evidenced by a certificate of deposit or otherwise, pursuant

to subsection G of this Section. The Treasurer may invest or reinvest any moneys on hand at any time as provided in subsection B of this Section even though he is not obligated to do so.

E. 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 deposits of money in any commercial bank shall be credited to the Revenue Fund, 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 Revenue Fund; but no such gain shall be transferred to the Revenue Fund at any time, from the Bond Fund before, in the case of the Bonds, January 1, 1987, and in the case of any parity securities hereafter issued before the first interest payment date following delivery of such securities, if the moneys accounted for therein for the payment of the Bond Requirements of the Bonds then Outstanding do not after any such transfer at least equal the amount of unpaid Bond Requirements accruing to such date; and any loss from any such investments or reinvestments of moneys accounted for in the Construction Fund shall be debited to such account. 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 before the sale or maturity thereof. In the computation of the amount in any account for any purpose hereunder, except as herein otherwise expressly provided, Federal Securities and certificates of deposit shall be valued at the cost thereof (including any

amount paid as accrued interest at the time of purchase of the obligation) and other bank deposits shall be valued at the amounts deposited, exclusive of any accrued interest or any other gain to the County until such gain is realized 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 hereunder shall be accounted for as operation and maintenance expenses and charged to the Operation and Maintenance Fund.

F. 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 to do so in order to provide moneys to meet any withdrawals, payment or transfer from such account. The Treasurer and each other officer of the County shall not be liable or responsible for any loss resulting from any such investment or reinvestment made in accordance with this Ordinance.

G. The moneys in any account herein authorized shall consist either of lawful money of the United States or Federal Securities, or both. Moneys deposited in a demand or time deposit account in or evidenced by a certificate of deposit of any commercial bank, appropriately secured according to the laws of the State, shall be deemed lawful money of the United States.

H. Nothing contained herein prevents the accumulation in any account herein designated of any monetary requirements at a faster rate than the rate or minimum rate provided therefor, as the case may be; but no payment shall be so accelerated if such acceleration shall

cause the Board to default in the payment of any obligations of the County relating to the Pledged Revenues. Nothing herein, in connection with the Pledged Revenues received in any Fiscal Year, requires the accumulation in any account for the payment in the Comparable Bond Year of Bond Requirements due in connection with any series of bonds or other securities payable from the Pledged Revenues and herein or hereafter authorized, in excess of the Bond Requirements due in the Comparable Bond Year, and of any existing deficiencies, and payable from such account, as the case may be, except as may be otherwise provided herein.

I. The moneys credited to any account designated herein for the payment of the Bond Requirements due in connection with any series of bonds or other securities payable from the Pledged Revenues and herein or hereafter authorized shall be used, without requisition, voucher, warrant or further order or authority (other than is contained herein), or any other preliminaries, to pay promptly the Bond Requirements payable from such account as such bonds or other securities become due, upon the respective interest payment dates and Redemption Dates, if any, on which the County is obligated to pay such bonds or other securities, or upon the respective interest payment and maturity dates of the bonds or other securities, as provided therefor herein or otherwise, except to the extent any other moneys are available therefor, including, without limitation, moneys accounted for in the Bond Fund.

J. Notwithstanding any other provision herein, this Ordinance requires the accumulation in any account designated herein 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 thereof payable from such account but also the

prior redemption premiums due, whenever the County shall have exercised or shall have obligated itself to exercise a prior redemption option relating thereto, except to the extent provision is otherwise made therefor, if any prior redemption premium is due in connection therewith. In that event moneys shall be deposited into such account in due season for the payment of all such Bond Requirements without default as the same become due.

Section 48. First Lien Bonds. The Bonds authorized herein, subject to the payment of all necessary and reasonable operation and maintenance expenses of the Utility System, constitute an irrevocable and first lien (but not necessarily an exclusively first lien) upon the Gross Pledged Revenues.

Section 49. Bond Equality. The Bonds and any parity securities hereafter authorized to be issued and from time to time Outstanding are equally and ratably secured by a lien on the Pledged Revenues and shall be not entitled to any priority one over the other in the application of the Pledged Revenues, regardless of the time or times of the issuance of the Bonds and any other such securities, it being the intention of the County that there shall be no priority among the Bonds and any such parity securities, regardless of the fact that they may be actually issued and delivered at different times.

Section 50. Issuance of Parity Lien Bonds. Nothing herein prevents the issuance by the County of additional bonds or other additional securities payable from the Pledged Revenues and constituting a lien thereon on a parity with, but not prior nor superior to, the lien thereon of the Bonds, nor prevents the issuance of bonds or other securities refunding all or a part of the Bonds (or funding or refunding any other then Outstanding securities payable from Pledged Revenues), except as provided in Sections 55 through 60 hereof; but before any such additional

parity bonds or other additional parity securities are authorized or actually issued (excluding any parity refunding securities other than any securities refunding subordinate bonds or other subordinate securities, as permitted in subsection C of Section 58 hereof):

A. At the time of the adoption of the supplemental instrument authorizing the issuance of the additional securities as provided in Section 60 hereof, the County shall not be in default in making any payments required by Sections 39 through 46 hereof.

B. Except as hereinbelow otherwise provided, the Gross Pledged Revenues projected by a Independent Engineer to be derived in the later of (i) the Fiscal Year immediately following the Fiscal Year in which the facilities to be financed with the proceeds of the additional parity securities are projected to be completed or (ii) the first Fiscal Year for which no interest has been capitalized for the pyament of any parity securities, including the parity securities proposed to be issued, will be sufficient to pay at least:

(1) An amount equal to the operation and maintenance expenses of the Utility System for such Fiscal Year, and

(2) An amount equal to the principal and interest requirements (to be paid during that Fiscal Year) of the Outstanding Bonds, any other Outstanding parity securities of the County and the parity bonds or other parity securities proposed to be issued (excluding any reserves therefor).



C. In determining whether or not additional parity bonds or other parity securities may be issued as aforesaid under the projected earnings test in subsection B of this Section, consideration shall be given to any probable estimated increase (but not reduction) in operation and maintenance expenses of the Utility System that will result from the expenditure of the funds proposed to be derived from the issuance and sale of the additional bonds or other additional securities.

D. The respective annual Bond Requirements (including as such a requirement not only the principal of and interest on the securities but also the amount of any prior redemption premiums due on any Redemption Date as of which the County shall have exercised or shall have obligated itself to exercise its prior redemption option, if any, by a call of securities for payment then) shall be reduced to the extent the Bond Requirements are scheduled to be paid in each of the respective Bond Years with moneys held in trust or in escrow for that purpose by any trust bank located within or without the State and exercising trust powers, including the know minimum yield from any investment in Federal Securities.

Section 51. Certification of Revenues. A written certification or written opinion by an Independent Engineer, based upon estimates thereby as provided in subsection C of Section 50 hereof, that the annual revenues when adjusted as hereinabove provided in subsection D of Section 50 hereof, are sufficient to pay such amounts as provided in subsection B of Section 50 hereof, shall be conclusively presumed to be accurate in determining the right of the County to authorize, issue, sell and deliver additional bonds or other additional securities on a parity with the Bonds.

Section 52. Subordinate Obligations Permitted.

Nothing herein prevents the County from issuing additional bonds or other additional securities payable from the Pledged Revenues having a lien thereon subordinate, inferior and junior to the lien thereon of the Bonds.

Section 53. Superior Obligations Prohibited.

Nothing herein permits the County to issue additional bonds or additional securities payable from the Pledged Revenues and having a lien thereof prior and superior to the lien thereon of the Bonds.

Section 54. Use of Bond 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 pay the cost of a project, including incidental expenses, for the betterment, enlargement, extension, other improvement and equipment of the Utility System, or any portion thereof.

Section 55. Issuance of Refunding Bonds.

At any time after the Bonds, or any part thereof, are issued and remain Outstanding, if the Board shall find it desirable to refund any Outstanding Bonds or other Outstanding securities payable from and constituting a lien upon any Pledged Revenues, such Bonds or other securities, or any part thereof, may be refunded only if the Bonds or other securities at the time or times of their required surrender for payment shall then mature or shall be then callable for prior redemption for the purpose of refunding them at the County's option upon proper call, unless the owner or owners of all such Outstanding securities consent to such surrender and payment, regardless of whether the priority of the lien for the payment of the refunding securities on the Pledged Revenues is changed (except as provided in Sections 53 and 56 through 60 hereof).

Section 56. Equality of Refunding Bonds. The refunding bonds or other refunding securities so issued shall enjoy complete equality of lien with the portion of any securities of the same issue which is not refunded, if there is any; and the owner or owners of the refunding securities shall be subrogated to all of the rights and privileges enjoyed by the owner or owners of the unrefunded securities of the same issue partially refunded by the refunding securities.

Section 57. Limitations on Refundings. Any refunding bonds or other refunding securities payable from any Pledged Revenues shall be issued with such details as the Board may by instrument provide, subject to the provisions of Sections 59 and 60 hereof, and subject to the inclusion of any such rights and privileges designated in Section 56 hereof, but without any impairment of any contractual obligation imposed upon the County by any proceedings authorizing the issuance of any unrefunded portion of the Outstanding securities of any one or more issues (including, without limitation, the Bonds).

Section 58. Partial Refundings. If only a part of the Outstanding Bonds and other Outstanding securities of any issue or issues payable from the Pledged Revenues is refunded, then such securities may not be refunded without the consent of the owner or owners of the unrefunded portion of such securities:

A. Unless the refunding bonds or other refunding securities do not increase for any Bond Year the aggregate principal and interest requirements evidenced by the refunding securities and by the Outstanding securities not refunded on and before the last maturity date or last Redemption Date, if any, whichever is later, of the unrefunded securities, and unless the lien of any refunding bonds or other refunding securities on the Pledged Revenues

is not raised to a higher priority than the lien thereon of the Bonds or other securities thereby refunded; or

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

C. Unless the refunding bonds or other refunding securities are issued in compliance with Section 50 hereof (including subsections A through D thereof) and Section 51 hereof.

Section 59. Board Action on Additional Bonds. Additional bonds or other additional securities payable from the Pledged Revenues shall be issued only after authorization thereof by a supplemental instrument of the Board stating the purpose or purposes of the issuance of the additional bonds or other additional securities, directing the application of the proceeds thereof to such purpose or purposes, directing the executing thereof, and fixing and determining the date, principal amount, maturity or maturities, designation and numbers thereof, the maximum rate or rates of interest to be borne thereby, any prior redemption privileges of the County with respect thereto and other provisions thereof in accordance with this Ordinance. All additional bonds or other additional securities shall bear such date, shall bear such numbers and series designation, letters or symbols prefixed to their numbers distinguishing them from each other security, shall be payable at such place or places, may be subject to redemption prior to maturity on such terms and conditions, and shall bear interest at such rate or at such different and varying rates per annum, as may be fixed by instrument or other document of the Board.

Section 60. Protective Covenants. The County hereby particularly covenants and agrees with the owners of the Bonds pertaining thereto and makes provisions which shall be a part of its contract with such owners to the effect and with the purposes set forth in the following provisions of this Section:

A. The County, acting by and through the Board or otherwise, shall faithfully and punctually perform or cause to be performed all duties with respect to the Pledged Revenues required by the constitution and laws of the State and the various resolutions, ordinances and other instruments of the County, including, without limitation, the proper segregation of the proceeds of the Bonds and the Pledged Revenues and their application from time to time to the respective accounts provided therefor. The County, acting by and through the Board, 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 owner of any Bonds against all claims and demands of all Persons whomsoever.

B. The County, acting by and through the Board, shall at all times operate the Utility System properly and in a sound and economical manner; and the County shall maintain, preserve and keep the same properly or cause the same so to be maintained, preserved and kept, with the appurtenances and every part and parcel thereof in good repair, working order and condition, and shall from time to time make or cause to be made all necessary and proper repairs, replacements and renewals so that at all times the operation may be properly and advantageously conducted in conformity with standards customarily followed by municipalities operating facilities of like size and character. The County, acting by and through the Board or

otherwise, shall establish and enforce reasonable rules and regulations governing the operation, care, repair, maintenance, management, control, occupancy, use and services of the Utility System and the disconnection therefrom. The County shall observe and perform all of the terms and conditions contained in this Ordinance and the Project Act, the Bond Act and all laws supplemental thereto and shall comply with all valid acts, rules, regulations, orders and directives of any legislative, executive, administrative or judicial body applicable to the Utility System, to any such other facilities, or to the County.

C. The County shall pay or cause to be paid all taxes and assessments or other municipal or governmental charges, if any, lawfully levied or assessed upon or in respect of the Utility System, or upon any part thereof, 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 the Utility System or any part thereof, except for any period during which the same is being contested in good faith by proper legal proceedings. The County shall not create or suffer to be created any lien or charge upon the Utility System, or any part thereof, or upon the Pledged Revenues, except the pledge and lien created by this Ordinance for the payment of the Bond Requirements in connection with the Bonds, and except as herein otherwise permitted. The County shall pay or cause to be discharged or shall make adequate provision to satisfy and to discharge, within 60 days after the same shall become payable, all lawful claims and demands for labor, materials, supplies or other objects, which, if unpaid, might by law become a lien upon the Utility System, or any part thereof, or the Pledged Revenues; but nothing herein requires the County to pay or to cause to be discharged or to make

provision for any such tax, assessment, lien or charge, so long as the validity thereof is contested in good faith and by appropriate legal proceedings.

D. In order to prevent any accumulation of claims for interest after maturity, the County shall not directly or indirectly extend or assent to the extension of the time for the payment of any claim for interest on any of the Bonds or any other securities payable from the Pledged Revenues; and the County shall not directly or indirectly be a party to or approve any arrangements for any such extension or for the purpose of keeping alive any of such claims for interest. If the time for the payment of any such installment of interest shall be extended in contravention of the foregoing provisions, such installment or installments of interest after such extension or arrangement shall not be entitled in case of default hereunder to the benefit or the security of this Ordinance, except upon the prior payment in full of the principal of all Bonds and any such other securities then Outstanding and of all matured interest on such securities the payment of which has not been extended. The County shall promptly pay the Bond Requirements of every Bond issued hereunder and secured hereby at the places, on the dates and in the manner specified herein and in the Bonds according to the true intent and meaning hereof. The Bond Fund shall be used solely, and the moneys credited to such accounts are hereby pledged, for the purpose of paying the Bond Requirements of the Bonds and subject to the provisions concerning surplus moneys.

E. The County shall maintain its corporate identity and existence so long as any of the Bonds remain Outstanding, unless another body corporate and politic by operation of law succeeds to the powers, privileges, rights,

liabilities, disabilities, duties and immunities of the County and is obligated by law to operate and maintain the Utility System and to fix and collect the Pledged Revenues as herein provided without adversely affecting to any substantial degree at any time the privileges and rights of any owner of any Outstanding Bond.

F. Neither all nor a substantial part of the Utility System shall be sold, leased, mortgaged, pledged, encumbered, alienated or otherwise disposed of, until all the Bonds have been paid in full, as to all Bond Requirements, or unless provision has been made therefor, or until the Bonds have otherwise been redeemed, including, without limitation, the termination of the pledge as herein authorized; and the County shall not dispose of its title, or to any useful part thereof, so including any property necessary to the operating and use of the Utility System and the lands and interests in lands comprising the sites of the Utility System. The County, acting by and through the Board, at any time or from time to time may sell, exchange, lease or otherwise dispose of any property constituting a part of the Utility System and not useful in the operation thereof, or which shall cease to be necessary for the efficient operation thereof, or which shall have been replaced by other property of at least equal value. Any proceeds of any such sale, exchange, or other disposition received and not used to replace such property so sold or so exchanged or otherwise so disposed of, and any proceeds of any such lease received shall be deposited by the County as Pledged Revenues.

G. The County shall employ experienced and competent personnel who shall have full control over and shall operate the Utility System for the County, subject to the reasonable control and direction of the Board. If the



County defaults in paying promptly the Bond Requirements of the Bonds and any other securities payable from the Pledged Revenues as the same fall due, or in the keeping of any covenants herein contained, and if such default continues for a period of 60 days, or if the Net Pledged Revenues in any Fiscal Year fail to equal at least the amount of the Bond Requirements of the Outstanding Bonds and any other securities, the County shall retain a firm of competent management engineers skilled in the operation of such facilities to assist the management of the facilities so long as such default continues or so long as the Net Pledged Revenues are less than the amount hereinabove designated.

H. Each official of the County or other individual having custody of any Pledged Revenues or of any other moneys relating to such facilities, including, without limitation, bond proceeds, or responsible for the handling of such moneys, shall be bonded at all times in the amount required by law, 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 blanket bond, shall be regarded and paid as operation and maintenance expenses of the Utility System.

I. While any of the Bonds remain Outstanding and unpaid, the fees, rates and other charges for the use of or otherwise relating to services rendered by the Utility System to users thereof, within or without the boundaries of the County, and also to all purchasers of by-products or commodities, shall be reasonable and just, taking into account and consideration public interests and needs, the moneys derived from General Taxes, the cost and value of the Utility System, the operation and maintenance expenses thereof, the proper and necessary allowances for the

depreciation thereof, and the amounts necessary to meet the Bond Requirements of all Bonds and any other securities payable from the Pledged Revenues, including, without limitation, reserves and any replacement funds therefor. There shall be charged against users or against purchasers of services or commodities relating to the Utility System such fees, rates and other charges as shall be at least adequate to meet the requirements of this subsection. Such charges shall be sufficient to produce Gross Pledged Revenues annually, together with the proceeds from any General Taxes and any other funds available therefor, to pay in each Fiscal Year:

(1) An amount equal to the annual operation and maintenance expenses for the Fiscal Year,

(2) An amount equal to both the principal of and the interest on the Bonds and any other securities payable from the Pledged Revenues in the Comparable Bond Year, and

(3) Any amounts required to meet then existing deficiencies relating to any account relating to the Pledged Revenues or any securities payable therefrom;

but the foregoing rate maintenance covenant is subject to compliance by the County with any legislation of the United States or the State or any regulation or other action taken by the Federal Government or any State agency or public body of the State pursuant to such legislation, in the exercise of the police power thereof for the public welfare, which legislation, regulation or action limits or otherwise inhibits the amounts of fees, rates and other charges due to the County for the use of or otherwise relating to, and all

services rendered by, the Utility System, including, without limitation, increases in the amounts of such charges. All of such Pledged Revenues shall be subject to distribution to the payment of operation and maintenance expenses and to the payment of the Bond Requirements of all securities payable from the Pledged Revenues, including reasonable reserves therefor. The County, acting by and through the Board, shall continue to establish, fix and levy the fees, rates and other charges which are required by this Section, if such action is necessary therefor. No reduction in any initial or existing schedule of charges may be made unless:

(1) The Board, on behalf of the County, has fully complied with the provisions of Sections 39 through 46 hereof for at least the full Fiscal Year immediately preceding such reduction of the schedule of charges; and

(2) The estimated revenues resulting from the proposed schedule, after its proposed reduction, shall be sufficient each subsequent Fiscal Year to pay:

(a) An amount equal to the annual operation and maintenance expenses for such Fiscal Year,

(b) An amount equal to the Bond Requirements of the Bonds and any other securities payable from the Pledged Revenues in the Comparable Bond Year (including the reserves therefor), and

(c) Any amounts required to meet then existing deficiencies relating to any account relating to the Pledged Revenues or any securities payable therefrom.

J. So long as any of the Bonds and any other securities payable from the Pledged Revenues remain Outstanding, proper books of record and account shall be kept by the County, separate and apart from all other records and accounts, showing complete and correct entries of all transactions relating to the Utility System, or to the Pledged Revenues, or to any. Such books shall include (but not necessarily be limited to) monthly records showing the Gross Pledged Revenues and other moneys received and relating to the Utility System, the respective purposes for which such moneys were paid and the respective accounts in which such moneys were accounted for, and complete and correct entries of all transactions relating to the receipt, disbursement, allocation and application of all moneys. Any owner of any of the Bonds or any other securities payable from the Pledged Revenues, or any duly authorized agent or agents of such owner, or the State Treasurer, shall have the right at all reasonable times to inspect all records, accounts and data relating thereto, concerning the Pledged Revenues, to make copies of such records, accounts and data, and to inspect the Utility System and all properties comprising the Utility System.

K. The County, acting by and through the Board, shall at all times maintain fire and extended coverage insurance, workmen's compensation insurance, public liability insurance and all such other insurance as is customarily maintained with respect to facilities of like character against loss of or damage to such facilities, against loss of Pledged Revenues and against public and

other liability to the extent reasonably necessary to protect the interest of the County and of each owner of a bond or any other security payable from the Pledged Revenues, except as herein otherwise provided. The County may establish a program of self-insurance in lieu of providing the insurance hereinabove in this Section required. If at any time the County is unable to obtain insurance to the extent provided herein, the County shall maintain such insurance to the extent it is reasonably obtainable. The proceeds of any such property insurance relating to such facilities shall be payable to the County, and shall be applied to the necessary costs involved in such repair and replacement and to the extent not so applied, shall be deposited in the Revenue Fund as Pledged Revenues. If the costs of such repair and replacement of the damaged or destroyed property exceed the proceeds of the property insurance available for payment of the same, moneys in the Revenue Fund shall be used to the extent necessary for such purposes.

L. In order to ensure the completion of any project to construct or otherwise acquire additional facilities to better, extend or otherwise improve the Utility System and to protect the owner or owners of any Bonds, the County shall require each 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 \$10,000 in amount. Any sum or sums derived from such performance bond or performance bonds shall be used within six months after such receipt for the completion of the construction and, if not so used within that period, shall be placed in and shall be subject to the provisions of the Revenue Fund.

M. The Board annually shall levy, or cause to be levied, General Taxes on all taxable property in the County fully sufficient to pay the Bond Requirements of Outstanding Bonds (and any other indebtedness or other obligations of the County), except to the extent other revenues are available therefor, including, without limitation, the Net Pledged Revenues pledged for the payment of the Bonds, as the Bond Requirements accrue, a reasonable allowance being made for delinquent tax collections anticipated at the time of each levy, at the time and in the manner provided by law for levying other taxes; and the Board shall require the officers of the County and the County to levy, extend and collect General Taxes in the manner provided by law for the purpose of creating funds for the payment of the Bond Requirements of the Bonds, other indebtedness, or general obligations. General Taxes for the Bonds, when collected, shall be kept for and applied only to the payment of the Bond Requirements of the Bonds, as herein provided.

N. The County, with the proceeds derived from the sale of the Bonds and any other available moneys, shall proceed to cause the Project to be completed without delay to the best of the County's ability and with due diligence, as herein provided. A contract or contracts from the construction and other acquisition of the Project shall be let by the County as soon as practicable after the delivery of the Bonds, except to the extent theretofore let.

O. The County shall neither construct nor permit to be constructed other facilities or structures to be operated by the County separate from the Utility System and competing for Pledged Revenues otherwise available for the payment of the Bonds or any other securities payable from Pledged Revenues; but nothing herein contained impairs the police power of the County. As long as any of the Bonds are

Outstanding, the County shall neither grant any franchise or license to any competing facilities, nor shall it permit during such period (except as it may legally be required so to do) any Person to sell such services or any rights to the use of similar facilities to any user, public or private, within the County.

P. The County shall defend against every suit, action or proceeding at any time brought against any owner of any Bonds or other securities payable from Pledged Revenues upon any claim arising out of the receipt, application or disbursement of any of the Gross Pledged Revenues, or involving such owner's rights under this Ordinance or other proceedings pertaining to the issuance of such securities; the County shall also indemnify and save harmless any such owners against any and all liability, claim or assertion by any Person whomsoever, arising out of such receipt, application or disbursement; but such owner at his election may appear in and defend any such suit, action or proceedings; and notwithstanding any contrary provision hereof, this covenant shall continue and remain in full force and effect, even though all indebtedness, liabilities, obligations and other sums secured hereby may have been fully paid and satisfied, and the obligations under this Ordinance may have been released and the lien hereof discharged.

Q. No free service, facilities, by-products or other commodities shall be furnished by the Utility System or both except as hereinbelow provided. If the County elects in any manner to use the Utility System or any part thereof, or any service or commodities derived therefrom, any such use, service or commodities will be paid for from the County's general fund or from other available revenues other than Pledged Revenues at the reasonable value of the

use so made; but during any Fiscal Year in which surplus revenues are available for use pursuant to Section 46 hereof, the County need not pay for any such use by the County of any water, sewage effluent, other commodities or other properties of the Utility System or use or services pertaining thereto. All the income so derived from the County shall be deemed to be income derived from the operation of the Utility System, to be used and to be accounted for in the same manner as any other income derived from the operation of the Utility System.

R. The County shall cause all fees, rates and other charges relating to the Utility System to be collected as soon as reasonable, shall prescribe and enforce rules and regulations or impose contractual obligations for the payment thereof and for the connection with and the disconnection therefrom, and shall provide methods of collection and penalties, including, without limitation, the denial of service for nonpayment of such fees, rates and other charges to the end that the Gross Pledged Revenues shall be adequate to meet the requirements hereof. All bills for use, service or facilities furnished or served by or through the Utility System shall be rendered to customers on a regularly established day of each and every month, every other month, quarter, half-year or year, monthly, bimonthly, quarterly, semiannually or annually in advance, or not later than a regularly established day of each month, two successive months or quarter in which the use, service or facilities were rendered. The fees, rates and other charges due shall be collected in a lawful manner, including, without limitation, the discontinuance of service by the County, subject to any exception implied by law for the preservation of the police power. The County shall take all steps necessary to collect by any legal means any fee,



rate or other charge pertaining thereto which shall be delinquent for more than six months.

Section 61. Tax Covenant. The County covenants for the benefit of the owners of the Bonds that it will not make any use of the proceeds of the Bonds, any funds reasonably expected to be used to pay the principal of or interest on the Bonds, or any other funds of the County, and will not make any use of any facilities financed with the proceeds of the Bonds which would cause the interest on the Bonds to become subject to federal income taxation under present federal law, and that it will not take any action or omit to take any action with respect to the Bonds, the proceeds thereof or any facilities financed thereby if such action or omission would cause the interest on the Bonds to become subject to federal income taxation under present federal law. This covenant requires the County to comply with the provisions of Section 103, Tax Code, as amended to the date of delivery of the Bonds.

Section 62. Pending Tax Legislation Covenant. The County covenants for the benefit of the registered owners of the Bonds that it will take all steps necessary to comply with those requirements applicable to the Bonds imposed under (i) H.R. 3838, 99th Congress, 1st Session, passed by the House of Representatives of the United States of America on December 17, 1985 (the "House Bill") to the extent necessary to maintain the exemption of interest on the Bonds from federal income taxation under the House Bill in its form as of the date of delivery of the Bonds (except the minimum tax imposed on certain insurance companies by Section 1023 of the House Bill) and (ii) H.R. 3838 as passed by the Senate on June 24, 1986, with an amendment in the nature of a substitute (the "Senate Bill") to the extent necessary to maintain the exemption of interest on the Bonds from federal income taxation under the Senate Bill in its form as of the date of delivery of the Bonds (except the alternative minimum

tax imposed on certain corporations by Section 1101 of the Senate Bill); provided, however, that this covenant does not require the County:

(1) to comply with those requirements of the House Bill for which a postponed effective date is endorsed in the Joint Statement by the chairmen and ranking members of the House Committee on Ways and Means and Senate Committee on Finance and Secretary of the Treasury on the Effective Dates of Pending Tax Reform Legislation released on March 14, 1986 (the "Joint Statement"), or

(2) to comply with any other requirement of the House Bill or Senate Bill in the event that compliance with that requirement ceases to be necessary (because of a change in the effective date applicable to that requirement, or because of a substantive change in the provisions of the House Bill or Senate Bill imposing that requirement) in order to maintain the exemption of the interest on the Bonds from federal income taxation under the House Bill or the Senate bill or any combination thereof that is enacted into law (except the insurance company minimum tax imposed by Section 1023 of the House Bill and the corporate minimum tax imposed by Section 1101 of the Senate Bill).

The County further covenants, represents and warrants that the proceeds of the Bonds will be used in such a manner that the Bonds will be bonds to which the Joint Statement's endorsement of a postponement of the effective date of certain provisions of the House Bill applies.

Section 63. Defeasance. When all Bond Requirements of the Bonds have been duly paid, the pledge and lien and all obligations hereunder shall thereby be discharged and the Bonds shall no longer be deemed to be Outstanding within the meaning of

this Ordinance. There shall be deemed to be such due payment when the County has placed in escrow or in trust with a trust bank located within or without the State, an amount sufficient (including the known minimum yield available for such purpose from Federal Securities in which such amount wholly or in part may be initially invested) to meet all Bond Requirements of the Bonds, as the same become due to the final maturities of the Bonds, or upon any Redemption Date as of which the County shall have exercised or shall have obligated itself to exercise its prior redemption option by a call of Bonds for payment then. The Federal Securities shall become due before the respective times on which the proceeds thereof shall be needed, in accordance with a schedule established and agreed upon between the County and the bank at the time of the creation of the escrow or trust, or the Federal Securities shall be subject to redemption at the option of the holders thereof to assure availability as so needed to meet the schedule.

Section 64. Limitation of Actions. No action or suit based upon any Bonds or other obligation of the County shall be commenced after it is barred by any statute of limitations relating thereto. Any trust or fiduciary relationship between the County and the owner of any Bonds or other obligee regarding any such other obligation shall be conclusively presumed to have been repudiated on the maturity date or other due date thereof unless the Bonds are presented for payment or demand for payment of any such other obligation is otherwise made before the expiration of the applicable limitation period. Any moneys from whatever source derived remaining in any account reserved, pledged or otherwise held for the payment of any such obligation, action or suit for the collection of which has been barred, shall revert to the Revenue Fund, unless the Board shall otherwise provide by instrument of the County. Nothing herein prevents the payment of any such obligation after any action or suit for its collection has been barred if the Board deems it in the best

interests of the public to do so and orders such payment to be made.

Section 65. Further Assurances. Any Bonds authorized as herein provided, when duly executed and delivered for the purpose provided for in this Ordinance shall constitute a warranty by and on behalf of the County for the benefit of each and every future owner of any of the Bonds that the Bonds have been issued for a valuable consideration in full conformity with law.

Section 66. Owners Rights. Each owner of any Bond issued hereunder shall be entitled to all of the privileges, rights and remedies provided or permitted in the Project Act and the Bond Act, and as otherwise provided or permitted by law or in equity or by other statutes, except as otherwise provided herein, but subject to the provisions herein concerning the pledge of and the covenants and the other contractual provisions concerning the Pledged Revenues and the proceeds of the Bonds.

Section 67. Owners Enforcement. Nothing herein affects or impairs the right of any owner of any Bond to enforce the payment of the Bond Requirements due in connection with his Bond or the obligation of the County to pay the Bond Requirements of each Bond to the owner thereof at the time and the place expressed in the Bond.

Section 68. Events of Default. Each of the following events is hereby declared an "event of default":

A. Payment of the principal of any of the Bonds, or any prior redemption premium due in connection therewith, or both, is not made when the same becomes due and payable, either at maturity or by proceedings for prior redemption, or otherwise;

B. Payment of any installment of interest is not made when the same becomes due and payable;

C. The County for any reason is rendered incapable of fulfilling its obligations hereunder;

D. The County fails to carry out and to perform (or in good faith to begin the performance of) all acts and things lawfully required to be carried out or to be performed by it under any contract relating to the Pledged Revenues or to the Utility System, or otherwise, including, without limitation, this Ordinance, and such failure continues for 60 days after receipt of notice from the owners of 10% in principal amount of the Bonds then Outstanding;

E. The County discontinues or unreasonably delays or fails to carry out with reasonable dispatch the reconstruction of any part of the Utility System which is destroyed or damaged and is not promptly repaired or replaced (whether the failure promptly to repair the same is due to impracticality of the repair or replacement or is due to a lack of moneys therefor or for any other reason);

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

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

Section 69. Remedies for Defaults. Upon the happening and continuance of any of the events of default, then and in every case the owner or owners of not less than 10% in principal amount of the Bonds then Outstanding, including, without limitation, a trustee or trustees therefor, may proceed against the County and its agents, officers and employees to protect and to enforce the rights of any owner of Bonds under this Ordinance by mandamus or by other suit, action or special proceedings in equity or at law, in any court of competent jurisdiction, either for the appointment of a receiver or for the specific performance of any covenant or agreement contained herein or in an award of execution of any power herein granted for the enforcement of any proper, legal or equitable remedy as the owner or owners may deem most effectual to protect and to enforce the rights aforesaid, or thereby to enjoin any act or thing which may be unlawful or in violation of any right of any owner of any Bond, or to require the County to act as if it were the trustee of an express trust, or any combination of such remedies. All proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all owners of the Bonds, and any parity securities then Outstanding.

Section 70. Receivers. Any receiver appointed in any proceedings to protect the rights of owners hereunder, the consent to any such appointment being hereby expressly granted by the County, may enter and may take possession of the Utility

System, subject to the rights and privileges of any lessee or other user under any lease or other contract, may operate and maintain the same, may prescribe fees, rates and other charges, and may collect, receive and apply all Pledged Revenues arising after the appointment of the receiver in the same manner as the County itself might do.

Section 71. Rights and Privileges Cumulative. The failure of any owner of any Outstanding Bond to proceed in any manner herein provided shall not relieve the County, the Board or any officers, agents or employees thereof of any liability for failure to perform or carry out any duty, obligation or other commitment. Each right or privilege of any owner (or trustee thereof) is in addition and is cumulative to any other right or privilege, and the exercise of any right or privilege by or on behalf of any owner shall not be deemed a waiver of any other right or privilege thereof.

Section 72. Duties upon Defaults. Upon the happening of any of the events of default, the County, in addition, shall do and perform all proper acts on behalf of and for the owners of Bonds to protect and to preserve the security created for the payment of their Bonds and to insure the payment of the Bond Requirements promptly as the same become due. During any period of default, so long as any of the Bonds issued hereunder, as to any Bond Requirements, are Outstanding, except to the extent it may be unlawful to do so, all Pledged Revenues shall be paid into the Bond Fund. If the County fails or refuses to proceed as in this Section provided, the owner or owners of not less than 10% in principal amount of the Bonds then Outstanding, after demand in writing, may proceed to protect and to enforce the rights of the owners of the Bonds as hereinabove provided; and to that end any such owners of Outstanding Bonds shall be subrogated to all rights of the County under any agreement or other contract involving the Utilities System or the Pledged Revenues entered

into before the effective date of this Ordinance or thereafter while any of the Bonds are Outstanding.

Section 73. User Bankruptcies. If any user of the Utility System or any Person paying fees, rates or other charges pertaining thereto or to Pledged Revenues, or to both such Utility System and such money, 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 County, and its appropriate officers are hereby authorized and directed, to take all necessary steps for the benefit of the owners of the Bonds in such proceedings, including the filing of any claims for unpaid fees, rates, other charges and any other payments or otherwise arising from the breach of any of the covenants, terms or conditions of any contract involving the Utility System or the Pledged Revenues.

Section 74. Prejudicial Action Unnecessary. Nothing herein requires the County to proceed as provided herein if the Board determines in good faith and without any gross abuse of its discretion that if the County so proceeds it is more likely than not to incur a net loss rather than a net gain, or the action is otherwise likely to affect materially and prejudicially the owners of the Outstanding Bonds and any outstanding parity securities.

Section 75. Amendment of Ordinance. This Ordinance may be amended or supplemented by instruments adopted by the Board in accordance with the laws of the State, without receipt by the County of any additional consideration, but with the written consent of the owners of 66% in aggregate principal amount of the Bonds authorized by this Ordinance and Outstanding at the time of the adoption of the amendatory or supplemental instrument, excluding Bonds which may then be held or owned for



the account of the County, but including such refunding securities as may be issued for the purpose of refunding any of the Bonds if the refunding securities are not owned by the County.

Section 76. Amendments Prohibited. No such instrument shall permit:

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

B. 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 owner of the Bond; or

C. The creation of a lien upon or a pledge of revenues ranking prior to the lien or to the pledge created by this Ordinance; or

D. A reduction of the principal amount or percentages or otherwise affecting the description of Bonds the consent of the owners of which is required for any modification or amendment; or

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

F. The modification of or otherwise materially and prejudicially affecting the rights or privileges of the owners of less than all of the Bonds then Outstanding.

Section 77. Notice of Amendment. Whenever the Board proposes to amend or modify this Ordinance under the provisions hereof, it shall cause notice of the proposed amendment:

A. To be published, unless the Single Bond herein authorized is owned by the State, one time in each:

(1) A newspaper published and of general circulation in Washoe County, in the State of Nevada, and

(2) A financial newspaper or journal published in the City of New York, in the State of New York, as determined by the Board; and

B. To be mailed within 30 days to each:

(1) The State Treasurer, and

(2) The Financial Consultant, at its office in Las Vegas, Nevada, or to any successor.

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

Section 78. Time for Amendment. Whenever at any time within one year from the date of the publication, if any, of such notice in the City of New York, New York, or the mailing of such notice to the State Treasurer if the State is the registered owner of the Single Bond herein authorized, there shall be filed in the office of the Clerk an instrument or instruments executed by the owners of at least 66% in aggregate principal amount of

the Bonds then Outstanding, which instrument or instruments shall refer to the proposed amendatory instrument described in the notice and shall specifically consent to and approve the adoption of the instrument, thereupon, but not otherwise, the Board may adopt the amendatory instrument and the instrument shall become effective.

Section 79. Binding Consent to Amendment. If the owners of at least 66% in aggregate principal amount of the Bonds Outstanding, at the time of the adoption of the amendatory instrument, or the predecessors in title of such owners shall have consented to and approved the adoption thereof as herein provided, no owner of any Bond, whether or not the owner shall have consented to or shall have revoked any consent as herein provided, shall have any right or interest to object to the adoption of the amendatory instrument or to object to any of the terms or provisions therein contained or to the operation thereof or to enjoin the County from taking any action pursuant to the provisions thereof.

Section 80. Time Consent Binding. Any consent given by the owner of a Bond pursuant to the provisions hereof shall be irrevocable for a period of six months from the date of the publication, if any, of the notice above provided for, and shall be conclusive and binding upon all future owners of the same Bond during that period. The consent may be revoked at any time after six months from the date of the publication, if any, of the notice in a financial newspaper or journal published in New York, New York, by the owner who gave the consent or by a successor in title by filing notice of the revocation with the Clerk, but the revocation shall not be effective if the owners of 66% in aggregate principal amount of the Bonds Outstanding, before the attempted revocation, consented to and approved the amendatory instrument referred to in the revocation.

Section 81. Consent of All Owners. Notwithstanding anything contained in the foregoing provisions hereof, the terms and the provisions of this Ordinance or of any instrument amendatory hereof or supplemental hereto and the rights and the obligations of the County and of the owners of the Bonds hereunder may be modified or amended in any respect upon the adoption by the County and upon the filing with the Clerk of an instrument to that effect and with the consent of the owners of all the then Outstanding Bonds; and no notice to owners of Bonds, either by mailing or publication, shall be required as provided in Section 77 hereof, nor shall the time of consent be limited except as may be provided in the consent.

Section 82. Certificate. At the time of any consent or of other action taken hereunder, the County shall furnish to the Clerk a certificate of the Treasurer, upon which the County may rely, describing all Bonds to be excluded, for the purpose of consent or of other action or of any calculation of Outstanding Bonds provided for herein, and the County shall not be entitled with respect to such Bonds to give any consent or to take any other action provided for in Sections 75 through 80 hereof.

Section 83. Notation On Bonds. Bonds authenticated and delivered after the effective date of any action taken as in Sections 75 through 80 hereof provided may bear a notation by endorsement or otherwise in form approved by the Board as to the action; and if any Bond so authenticated and delivered shall bear such notation, then upon demand of the owner of any Bond Outstanding at such effective date and upon presentation of his Bond for the purpose at the principal office of the Clerk, suitable notation shall be made on the Bond by the Clerk as to any such action. If the Board so determines, new Bonds so modified as in the opinion of the Board to conform to such action shall be prepared, authenticated and delivered; and upon demand of the owner of any Bond then Outstanding, shall be exchanged

without cost to the owner for Bonds then Outstanding upon surrender of the Bonds.

Section 84. Ordinance Irrepealable. After issuance of the State Securities and until the Single Bond is delivered to the State, this Ordinance shall constitute an irrevocable contract between the County and the State. After the delivery of the Single Bond, the provisions of the Bond Act and of this Ordinance shall be a part of the irrevocable contract between the County and the owner or owners from time to time of the Bonds issued hereunder.

Section 85. Delegated Powers. The officers of the County hereby are authorized and directed to take all action necessary or appropriate to effectuate the provisions of this Ordinance, including, without limiting the generality of the foregoing:

A. The printing of the Bonds or the Single Bond;  
and

B. The execution of such certificates as may be required by the State relating to the signing of the Single Bond, the tenure and identity of the officials of the County, the assessed valuation of the taxable property in and the indebtedness of the County, the rate of General Taxes levied against the taxable property within the County, the delivery of the Single Bond and the receipt of the bond purchase price, the exemption of interest on the Bonds from federal income taxation, the completeness and accuracy of any information provided the State in connection with the Bonds as of the date of delivery of the Single Bond, and, if it is in accordance with the facts, the absence of litigation, pending or threatened, affecting the validity of

the Bonds or affecting the completeness or accuracy of such information.

Section 86. Implied Repealer. All ordinances, resolutions, or parts thereof, in conflict with the provisions of this Ordinance, are hereby repealed to the extent only of such inconsistency. This repealer shall not be construed to revive any ordinance or resolution, or part thereof, heretofore repealed, and this Ordinance shall be irrevocable until the Bonds and the interest thereon shall be fully paid, satisfied and discharged, as herein provided.

Section 87. Emergency. The Board has expressed in the preambles of this Ordinance that it pertains to the sale, issuance and payment of the Bonds, that this Ordinance may accordingly be adopted as if an emergency now exists, and may become effective at any time when an emergency ordinance of the County may go into effect. Consequently, pursuant to NRS 350.579, final action shall be taken immediately and this Ordinance shall be in effect from and after its publication by title as herein provided.

Section 88. Publication. This Ordinance shall be in effect from and after its publication as hereinbelow provided, and after this Ordinance is signed by the Chairman and attested by the Clerk, it shall be published by title only, together with the names of the Commissioners voting for or against its passage, once a week for two consecutive weeks in a newspaper having general circulation in the County, such publication to be in substantially the following form:

(Form of Publication)

ORDINANCE NO.

A ORDINANCE DESIGNATED AS THE "8-1-86 BOND ORDINANCE"; PROVIDING FOR THE ISSUANCE BY WASHOE COUNTY, NEVADA, OF ITS FULLY REGISTERED GENERAL OBLIGATION (LIMITED TAX) WATER AND SEWER BONDS (ADDITIONALLY SECURED BY PLEDGED REVENUES) SERIES AUGUST 1, 1986, IN THE AGGREGATE PRINCIPAL AMOUNT OF \$1,445,000; PROVIDING THAT THE BONDS MAY BE EVIDENCED BY A SINGLE REGISTERED BOND IN THE SAME PRINCIPAL AMOUNT; STATING THE PURPOSES FOR WHICH THE BONDS ARE ISSUED; PROVIDING DETAILS CONCERNING THE BONDS, THEIR FORM AND THEIR SALE; PROVIDING FOR THE LEVY AND COLLECTION OF ANNUAL GENERAL (AD VALOREM) TAXES FOR THE PAYMENT OF THE BONDS; PROVIDING OTHER DETAILS CONCERNING THE BONDS; ADDITIONALLY SECURING THEIR PAYMENT BY A PLEDGE OF REVENUES DERIVED FROM THE OPERATION OF THE COUNTY'S WATER SYSTEM AND SANITARY SEWER SYSTEM; RATIFYING ACTION PREVIOUSLY TAKEN BY THE COUNTY AND ITS OFFICERS; AND BY DECLARING THAT THIS ORDINANCE PERTAINS TO THE SALE, ISSUANCE AND PAYMENT OF THE BONDS PROVIDING FOR ITS ADOPTION AS IF AN EMERGENCY EXISTS.

PUBLIC NOTICE IS HEREBY GIVEN that the above-numbered and entitled ordinance was proposed on the 17th day of July, 1986, and was passed and adopted at the same meeting of the Board of County Commissioners on the 17th day of July, 1986, as if an emergency existed, by the following vote of the Board of County Commissioners:

Those Voting For:	Jim King
	James Lillard
	Gene McDowell
	Dick Ritter
	Belie Williams
Those Voting Against:	None
Those Absent:	None

This ordinance shall be in full force and effect from and after \_\_\_\_\_ . 1986, i.e., the date of the second publication of such ordinance by its title only.

Public notice is also given that an adequate number of copies of the above entitled ordinance are available for public inspection and distribution at the Office of the County Clerk at the County Administration Building, 1205 Mill Street, Reno, Washoe County, Nevada.

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

DATED this July 17, 1986.

/s/ Jim King  
Chairman

(SEAL)

Attest:

/s/ Judi Bailey  
County Clerk

(End of Form of Publication)

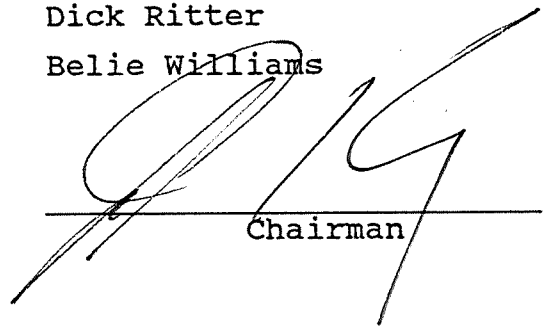


Section 89. Severability. If any section, paragraph, clause or other provision of this Ordinance shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or other provision shall not affect any of the remaining provisions of this Ordinance.

Proposed on the 17th day of July, 1986.  
Proposed by Commissioner Lillard.  
Passed the 17th day of July, 1986.

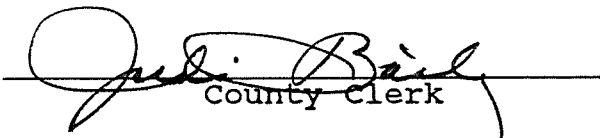
Ayes:

Jim King  
James Lillard  
Dick Ritter  
Belie Williams

  
Chairman

(SEAL)

Attest:

  
County Clerk

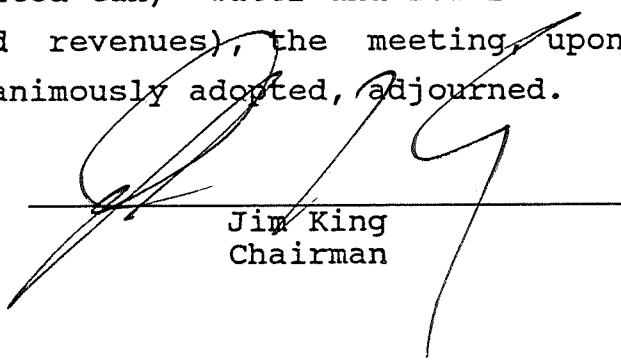
This ordinance shall be in full force and effect from and after the 30th day of July, 1986, i.e., the date of the second publication of the ordinance by its title only.

Commissioner Williams then moved that the foregoing bill introduced and read by title in full at this meeting, be now finally passed and adopted as an ordinance. Commissioner Ritter seconded the motion. The question being upon the final passage and adoption of the bill as an ordinance, the roll was called with the following result:

Those Voting For:	Jim King
	James Lillard
	<del>James Lillard</del>
	Dick Ritter
	Belie Williams
Those Voting Against:	<u>None</u>
Those Absent:	<u>Gene McDowell</u>

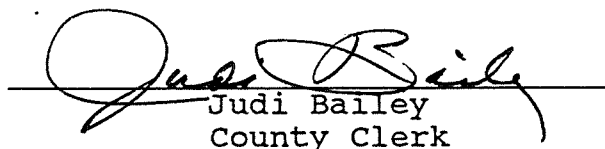
The presiding officer thereupon declared that <sup>2/3 of</sup> the members of the Board having voted in favor thereof, such motion was carried and such bill was duly passed and adopted as an ordinance (as if an emergency exists).

Thereupon, after the consideration of the other business not relevant to the matters contained in the ordinance for the general obligation (limited tax) water and sewer bonds (additionally secured by pledged revenues), the meeting, upon motion duly made, seconded and unanimously adopted, adjourned.

  
\_\_\_\_\_  
Jim King  
Chairman

(SEAL)

Attest:

  
\_\_\_\_\_  
Judi Bailey  
County Clerk