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April

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PROOF OF PUBLICATION

STATE OF NEVADA,
COUNTY OF WASHOE

SS. Mary Lynda Burke

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

_____ of which a copy is hereto attached, was first published in said newspaper in its issue dated the 17th day of April, 19 89 and, 24th _____, the full period of 2 days, the last publication thereof being in the issue of April 24 1989.

Signed *Mary Lynda Burke*

Subscribed and sworn to before me this

24th day of April, 1989
Alice L. Buffalo
Notary Public

NOTICE OF COUNTY ORDINANCE

NOTICE IS HEREBY GIVEN that Bill No. 945, Ordinance No. 770, "An ordinance designated as the "5-1-89 Bond Ordinance," authorizing the issuance by Washoe County of its fully registered "Washoe County, Nevada, Highway Improvement Revenue (Motor Vehicle Fuel Tax) Bonds, Series May 1, 1989," for the purpose of financing street and highway construction within the County; providing the form, terms and conditions of the bonds, the method of their payment and the security therefor, and other details in connection therewith; providing for the disposition and pledge of the proceeds of certain motor vehicle fuel taxes; providing other covenants, and making other provisions concerning such motor vehicle fuel taxes, such bonds, and the revenues pledged for their payment; ratifying action previously taken toward issuing such bonds and effecting the purposes of their issuance; by declaring this ordinance pertains to the sale, issuance and payment of the bonds, providing for its adoption as if an emergency exists; and providing the effective date hereof," was adopted on April 11, 1989, by Commissioners Beck, Cornwall, McDowell, and Reid, with Commissioner Lillard being absent.

Typewritten copies of the ordinance are available for inspection by all interested persons at the office of the County Clerk.

JUDI BAILEY, County Clerk

349008-Ord. #770
April 17,24-id133

ALICE L. BUFFALOE
Notary Public - State of Nevada
Appointment Recorded In Washoe County
MY APPOINTMENT EXPIRES JUNE 5, 1989

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STATE OF NEVADA)
)
COUNTY OF WASHOE) ss.

The Board of County Commissioners of Washoe County met in regular session in full conformity with law and the bylaws of such Board at the Washoe County Administration Building, 1205 Mill Street, Reno, Nevada, on April 11, 1989 at 10:00 a.m.

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

Present:

Chairman: Dianne Cornwall
Larry Beck
James Lillard
Gene McDowell
Rene Reid

Absent:

constituting all the members thereof.

There were also present:

Chief Deputy County Clerk: Betty Lewis
County Manager: John MacIntyre
County Counsel: Edward Dannan

Thereupon, the following proceedings, among others, were had and taken:

Commissioner McDowell introduced a bill for an ordinance, which ordinance was read by title, copies having been given to each member of the Board of County Commissioners and filed with the County Clerk for public examination. The ordinance is as follows:

(The "5-1-89 Bond Ordinance" follows.)

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Summary--An ordinance authorizing the issuance of the "Washoe County, Nevada, Highway Improvement Revenue (Motor Vehicle Fuel Tax) Bonds, Series May 1, 1989", and otherwise concerning the bonds and the motor vehicle fuel taxes pledged for their payment.

BILL NO. 945

ORDINANCE NO. 770

(of Washoe County, Nevada)

AN ORDINANCE DESIGNATED AS THE "5-1-89 BOND ORDINANCE;" AUTHORIZING THE ISSUANCE BY WASHOE COUNTY OF ITS FULLY REGISTERED, "WASHOE COUNTY, NEVADA, HIGHWAY IMPROVEMENT REVENUE (MOTOR VEHICLE FUEL TAX) BONDS, SERIES MAY 1, 1989," FOR THE PURPOSE OF FINANCING STREET AND HIGHWAY CONSTRUCTION WITHIN THE COUNTY; PROVIDING THE FORM, TERMS AND CONDITIONS OF THE BONDS, THE METHOD OF THEIR PAYMENT AND THE SECURITY THEREFOR, AND OTHER DETAILS IN CONNECTION THEREWITH; PROVIDING FOR THE DISPOSITION AND PLEDGE OF THE PROCEEDS OF CERTAIN MOTOR VEHICLE FUEL TAXES; PROVIDING OTHER COVENANTS, AND MAKING OTHER PROVISIONS CONCERNING SUCH MOTOR VEHICLE FUEL TAXES, SUCH BONDS, AND THE REVENUES PLEDGED FOR THEIR PAYMENT; RATIFYING ACTION PREVIOUSLY TAKEN TOWARD ISSUING SUCH BONDS AND EFFECTING THE PURPOSE OF THEIR ISSUANCE; BY DECLARING THIS ORDINANCE PERTAINS TO THE SALE, ISSUANCE AND PAYMENT OF THE BONDS, PROVIDING FOR ITS ADOPTION AS IF AN EMERGENCY EXISTS; AND PROVIDING THE EFFECTIVE DATE HEREOF.

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

WHEREAS, the population of the County is over 100,000;

WHEREAS, there has been duly prepared a Land Use and Transportation Element of the Comprehensive Regional Plan of the Washoe County, Nevada (the "Plan"); and

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

WHEREAS, pursuant to Nevada Revised Statutes ("NRS") §§ 373.010 through 373.200, designated in § 373.010 thereof by the short title, the "County Motor Vehicle Fuel Tax Law" (the "Project Act"), the Board created the Regional Transportation Commission of Washoe County, State of Nevada (referred to in this ordinance as the "Commission"); and

WHEREAS, in addition to any other taxes provided by law, the Governing Body now levies and requires to be paid an excise tax of four cents (4¢) per gallon on all motor vehicle fuel sold, distributed or used in the County (subject to certain exceptions) pursuant to an ordinance originally passed by the County as an emergency measure on June 15, 1965, effective commencing on August 1, 1965 by Ordinance No. 132 (Bill No. 118) imposing an excise tax of one cent (1¢) per gallon, as amended to increase in effect such excise tax to two cents (2¢) per gallon, effective May 1, 1970, (Bill No. 239) and as amended to increase in effect such excise tax to four cents (4¢) per gallons, effective January 1, 1982, by Ordinance No. 520 (Bill No 691) and as otherwise amended (the "Tax Ordinance"); and

WHEREAS, the first representatives of the Commission were selected within thirty (30) days after the passage of the Tax Ordinance, and on July 9, 1965, the County contracted with

the Nevada Tax Commission, since succeeded in its functions by the Nevada Department of Taxation (the "Department"), to perform all functions incident to the administration or operation of the Tax Ordinance, as required by the Project Act and the Tax Ordinance; and

WHEREAS, the major street and highway construction (the "Project") to be financed in part with the proceeds of the bonds herein authorized to be issued is within the area covered by, and is shown in more detail in, the Plan; and

WHEREAS, the Commission has duly evaluated and approved the Project; and

WHEREAS, pursuant to the Project Act, pursuant to NRS §§ 350.500 through 350.720, inclusive, designated in § 350.500 thereof as the "Local Government Securities Law" (the "Bond Act") and other acts supplemental thereto, including, without limitation, NRS chapter 365, and all laws amendatory thereof, the County (a) has heretofore issued its "Washoe County, Nevada, Highway Revenue (Motor Vehicle Fuel Tax) Refunding Bonds, Series September 1, 1976" (the "1976 Bonds"), in the original aggregate principal amount of \$13,340,000, authorized to be issued by Ordinance No. 335 of the County designated by the short title "9-1-76 Bond Ordinance", and its "Washoe County, Nevada, Highway Improvement Revenue (Motor Vehicle Fuel Tax) Bonds, Series July 1, 1978" (the "1978 Bonds"), in the original aggregate principal amount of \$7,000,000, authorized to be issued by Ordinance No. 386 of the County designated by the short title "7-1-78 Bond Ordinance" (collectively, the "Outstanding Superior Lien Bonds"); and (b) is herein authorized to issue its "Washoe County, Nevada, Highway Improvement Revenue (Motor Vehicle Fuel Tax) Bonds, Series May 1, 1989," in the aggregate principal amount of \$7,200,000 (the "1989 Bonds" or the "Bonds"); and

WHEREAS, the Outstanding Superior Lien Bonds and the 1989 Bonds are special obligations of the County payable from Fuel Taxes (as herein defined), now consisting of four cents (4¢) per gallon on all motor vehicle fuel sold, distributed or used in

and levied by the County by the Tax Ordinance, and the County's interest in an additional five and thirty-five hundredths cents (5.35¢) per gallon on all motor vehicle fuel sold, distributed or used in and levied by the State by §§ 365.180 and 365.190 of NRS chapter 365 (the "State Tax Act" or the "Tax Act"), and distributed in part to the County (as well as the other counties of the State) by §§ 365.550 and 365.560, Tax Act, but subject to the exempt sales and other exempt transactions provided by law, and subject to the credits and refunds authorized by law and pertaining thereto except those defrayed as Administration Expenses (as herein defined), after provision is made for the payment of certain Administration Expenses and any required Direct Distributions (as herein defined), including, without limitation, deductions to reimburse dealers and users for certain handling losses, to make certain refunds to taxpayers, and to make certain other remittances and deposits required by law (the "Gross Pledged Revenues," and the "Net Pledged Revenues," respectively); and

WHEREAS, the County applied for bond insurance and has negotiated a policy of insurance unconditionally and irrevocably insuring the County's payment when due of the principal of and interest on the 1989 Bonds with Financial Guaranty Insurance Company (the "Insurer"); and

WHEREAS, the acceptance of the Insurer's commitment to provide insurance signed by the Finance Manager of the Commission is hereby ratified and approved; and

WHEREAS, by resolution designated the "5-1-89 Bond Sale Resolution," duly adopted on February 28, 1989, the Board provided for the public sale of the 1989 Bonds for the purpose of financing the Project and provided that sealed bids for the purchase of the Bonds would be received and publicly opened on April 11, 1989; and

WHEREAS, after published and mailed notice, sealed bids were so received and publicly opened, and the Board has tabulated and analyzed the bids so submitted; and

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WHEREAS, the Board has determined that the bid submitted by Shearson Lehman Hutton (the "Purchaser") for the purchase of the Bonds at a price equal to their principal amount, accrued interest to the date of their delivery, less a discount of \$ 69,840.00 and otherwise upon the terms and conditions provided in this Ordinance, is the best bid by a responsible bidder for the Bonds; and

WHEREAS, the 9-1-76 Bond Ordinance and the 7-1-78 Bond Ordinance provide certain conditions which must be met before additional bonds may be issued with a lien on the Pledged Revenues (as herein defined);

WHEREAS, except as described above, the County has never pledged nor in any way hypothecated revenues derived or to be derived (directly or indirectly) from any excise tax relating to motor vehicle fuel to the payment of any Outstanding Bonds or for any other purpose, with the result that the proceeds of the Pledged Revenues may now be pledged lawfully and irrevocably to the 1989 Bonds, all as herein provided; and

WHEREAS, the Governing Body has considered, has further determined, and declares:

(a) The Governing Body has studied the desirability and feasibility of street and highway construction within the area comprising the Plan and has determined to authorize the issuance of not exceeding \$7,200,000 of Bonds payable from Pledged Revenues for such purpose for the Project;

(b) It is necessary and in the best interests of the County and its inhabitants that the County construct the Project and defray a portion of the Cost of the Project (as herein defined) by the issuance and sale of the 1989 Bonds to the Purchaser;

(c) The total of all revenue bonds and any other securities payable from Pledged Revenues issued on the behalf and in the name of the County, now consisting

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only of the Outstanding Superior Lien Bonds, and for these purposes including the 1989 Bonds to be issued:

(i) will not be in an amount requiring a total debt service in excess of the net receipts estimated by the Governing Body to be derived from the tax imposed pursuant to the provisions of section 373.030, Project Act; and

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

(iii) will be secured as to principal and interest by a pledge authorized by the Project Act of the net receipts from the motor vehicle fuel taxes therein designated, except such portion of such receipts as may be required for Direct Distributions;

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

(e) Pursuant to § 373.130(6), Project Act, and to all provisions in the act supplemental thereto, the payment of the 1989 Bonds will be and are required not only to be secured by a pledge of and by the creation of a lien on the proceeds of the tax levied by the County and collected pursuant to the Project Act but also to be secured additionally by a pledge of and by the creation of a lien on (but not necessarily limited to) the proceeds of the tax levied in §§ 365.180 and 365.190, Tax Act, and transmitted by the State in part to the County originally to be accounted for in the general road fund of the County (in the absence of such pledge and lien), as provided and subject to the exceptions stated in this Ordinance, in the Tax Act, and in the Project Act;

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(f) The net proceeds of the tax levied and collected pursuant to the Project Act are sufficient to pay all bonds and securities, including the 1989 Bonds, from the proceeds thereof;

(g) Thus the limitation imposed by § 373.160(2), Project Act, is met; and accordingly the Governing Body on the behalf and in the name of the County, may additionally secure the payment of the 1989 Bonds by a pledge of and the creation of a lien on not only the proceeds of any motor fuel tax authorized at the time of the issuance of such securities payable from the Pledged Revenues, and authorized in § 373.130(6), Project Act, but also the proceeds of any such tax hereafter authorized to be used or pledged or used and pledged for the payment of such securities, whether such tax be levied or collected by the County, the State, or otherwise, or be levied in at least an equivalent value in lieu of any such tax existing at the time of the issuance of such securities or be levied in supplementation thereof;

(h) Pursuant to § 373.160(3), Project Act, the pledges and liens authorized by subsections 1 and 2, § 373.160, Project Act, will extend to the proceeds of any tax collected for use by the County on any motor vehicle fuel so long as any bonds or other securities issued under the Project Act remain Outstanding and will not be limited to any type or types or motor vehicle fuel in use when the Bonds or other securities are issued; and the revenues pledged for the payment of the 1989 Bonds, as received by the County, will immediately be subject to the lien of each such pledge without any physical delivery thereof, any filing, or further act, and the lien of each such pledge and the obligation to perform the contractual provisions made in this Ordinance will have priority over any or all

other obligations and liabilities of the County, except as may be otherwise provided in the Project Act or in this Ordinance, and subject to any prior pledges and liens heretofore created; and the lien of each such pledge will be valid and binding as against all Persons (as herein defined) having claims of any kind in tort, contract or otherwise against the County, whether such Persons have notice thereof;

(i) The County is not in default in making any payments required by Article V of the 9-1-76 Bond Ordinance or by Article V of the 7-1-78 Bond Ordinance, at the time of the adoption of this Ordinance;

(j) The 1989 Bonds will be payable from that portion of the net proceeds of the Fuel Taxes which may be pledged to secure the payment of the Bonds, i.e., from the Gross Pledged Revenues:

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

(ii) Except for any other Administration Expenses, as such net proceeds are credited to the Regional Street and Highway Fund (the "Highway Fund"), or otherwise, and

(iii) Except such portion of the net proceeds of the Fuel Taxes as may be required for Direct Distributions;

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(k) The payment of the 1989 Bonds shall be secured by a pledge of and an irrevocable and first (but not necessarily an exclusively first) lien on the Pledged Revenues but subject to and subordinate to the pledge thereof and such lien thereon to secure the payment of the Outstanding Superior Lien Bonds;

(l) The pledge of and lien on the Pledged Revenues for the payment of securities payable therefrom and issued under the Project Act have not heretofore been extended to any Fuel Taxes other than the above designated taxes of nine and thirty-five hundredth cents (9.35¢) per gallon; but such pledge and lien has been extended to such taxes by amendment of the Project Act, laws supplemental thereto, and the Tax Ordinance (as hereinafter defined);

(m) In accordance with Section 707 of the 9-1-76 Bond Ordinance, and Section 707 of the 9-1-78 Bond Ordinance, proceeds of the 1989 Bonds will be used only for bettering, enlarging, extending and otherwise improving the Facilities (as herein defined), or any combination thereof;

(n) In accordance with Sections 712 of the 9-1-76 Bond Ordinance and the 7-1-78 Bond Ordinance, the 1989 Bonds will have the interest payable on November 1, 1989, and semiannually thereafter on May 1 and November 1 in each year; and the 1989 Bonds will mature on November 1 in the years designated by the Governing Body;

(o) Each of the limitations in the Project Act, the Bond Act, the 9-1-76 Bond Ordinance and the 7-1-78 Bond Ordinance and in the acts and ordinances supplemental thereto, has been met; and pursuant to §§ 350.708, Bond Act, this determination of the Governing Body that the limitations therein upon the issuance of the 1989 Bonds thereunder have been met

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shall be conclusive in the absence of fraud or arbitrary and gross abuse of discretion;

(p) It is in the best interests of the County to issue the Bonds herein authorized, to sell the bonds to the Purchaser in accordance with the terms hereof and of the bid submitted by the Purchaser, and to insure the payment of the Bonds and to accept the commitment for insurance of the Insurer;

(q) The 1989 Bonds will otherwise be issued in strict compliance with the Bond Act, this Ordinance, and all other acts, ordinances and resolutions supplemental thereto;

(r) It is in the best interests of the County to prohibit the issuance of additional bonds or securities with a lien on the Net Pledged Revenues superior to the lien of the 1989 Bonds, except for securities issued to refund the Outstanding Superior Lien Bonds; and

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

WHEREAS, the Bond Act and all laws amendatory thereof provides that the 1989 Bonds may bear interest at a rate or rates, and may be issued at a price which will result in an effective interest rate, which does not exceed by more than 3%

the "Index of Revenue Bonds" which was most recently published in the MuniWeek before the bids for the 1989 Bonds are received; and

WHEREAS, the effective interest rate on the 1989 Bonds herein authorized does not exceed by more than 3% the Index of Revenue Bonds which was most recently published before bids for the 1989 Bonds were received; and

WHEREAS, the Board hereby elects to have Chapter 348, NRS (the "Supplemental Bond Act") apply to the 1989 Bonds; and

WHEREAS, the Governing Body has determined and does declare that this Ordinance pertains to the sale, issuance and payment of the 1989 Bonds; and

WHEREAS, such declaration shall be conclusive in the absence of fraud or gross abuse of discretion in accordance with the provisions of § 350.579(2), Bond Act; and

WHEREAS, this Ordinance may accordingly be adopted as if an emergency now exists and shall take effect from and after its passage and publication twice by title and collateral statement in accordance with law.

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

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ARTICLE I

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

Section 101. Short Title. This ordinance shall be known and may be cited as the "5-1-89 Bond Ordinance" (the "Ordinance").

Section 102. Meaning and Construction.

A. Definitions. The following terms, except where the context by clear implication otherwise requires, shall have the specified meanings for all purposes of this Ordinance:

(1) "Acquire" or "acquisition" means the opening, laying out, establishment, purchase, construction, securing, installation, reconstruction, lease, gift, grant from the United States of America, any agency, instrumentality or corporation thereof, the State of Nevada, any body corporate and politic therein, any corporation, the State, or any person, the endowment, bequest, devise, condemnation, transfer assignment, option to purchase, other contract, or other acquirement (or any combination thereof) of any project or an interest therein, authorized by NRS chapter 373.

(2) "Acquisition Fund" means the special account designated as the "Washoe County, Nevada, Highway Improvement Revenue (Motor Vehicle Fuel Tax) Bonds, Series May 1, 1989, Project Acquisition Fund" created in subsection C, Section 401 hereof.

(3) "Administration Expenses" means the expenses incurred in fixing and collecting the Fuel Taxes and the costs of administering and enforcing laws, rules and regulations pertaining thereto, including, without limitation, the deductions allowed

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by law to any dealer or user to cover his costs of collection of the taxes and of compliance with any law pertaining thereto, statute or ordinance, and the dealer's or user's handling losses occasioned by evaporation, spillage or other similar causes, not exceeding two percent (2%) of the amount thereby collected, the reasonable charges against the County or the State acting by or through the Department or otherwise to reimburse the State for the cost to it of rendering its services in the performance by it of all functions incident to the administration or operation of the Tax Ordinance, which charges have been initially fixed by contract between the County and the State in the amount of one half percent (.50%) of the gross tax collected pursuant to the Tax Ordinance, but which are subject to renegotiation and reestablishment at a different rate or different amount, and such charges incident to the administration or operation of the Tax Act, not exceeding in the aggregate one percent (1%) of the amount collected from the State's taxes imposed by sections 365.180 and 365.190, Tax Act, to defray such administration and operation costs incurred by the State, also so including those portions of the net proceeds of the tax levied by the State in sections 365.180 and 365.190, Tax Act, needed to make the remittances and deposits required of the State by sections 365.535 and 365.565, Tax Act, and also so including any such administration costs pertaining to any Fuel Taxes other than the taxes presently imposed by the Tax Ordinance and by the Tax Act and now or hereafter subject to the pledge and lien to secure the payment of the 1989 Bonds; and the term may include at the County's option (except as limited by law), without limitation:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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(4) "Board" or "Governing Body" means the Board of County Commissioners of Washoe County, in the State of Nevada, or its successor in functions, if any, or if the context requires, the Regional Transportation Commission of Washoe County, or its successor in functions, if any.

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

(6) "Bond Fund" means the "Washoe County, Nevada, Highway Parity Revenue Bonds, Interest and Bond Retirement Fund," created in Section 401 of the 9-1-76 Bond Ordinance and required to be accumulated, deposited and maintained in sections 505, the 9-1-76 Bond Ordinance and the 7-1-78 Bond Ordinance, and other provisions therein supplemental thereto.

(7) "9-1-76 Bond Ordinance" means Ordinance No. 335, authorizing the issuance of the 1976 Bonds, duly passed and adopted by the Board on October 15, 1976 and effective on October 22, 1976.

(8) "7-1-78 Bond Ordinance" means Ordinance No. 386, authorizing the issuance of the 1978 Bonds, duly passed and adopted by the Board on June 6, 1978 and effective on June 19, 1978.

(9) "1976 Bonds" means those securities issued pursuant to the 9-1-76 Bond Ordinance and designated as the "Washoe County, Nevada, Highway Revenue (Motor Vehicle Fuel Tax) Refunding Bonds, Series September 1, 1976."

(10) "1978 Bonds" means those securities issued pursuant to the 7-1-78 Bond Ordinance and designated as the "Washoe County, Nevada, Highway Improvement Revenue (Motor Vehicle Fuel Tax) Bonds, Series July 1, 1978."

(11) "Bond Requirements" means the principal of, any prior redemption premiums due, if any, in connection with, and the interest on the 1989 Bonds and any additional bonds or other securities payable from the Pledged Revenues, or such part of such securities as may be designated.

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

(13) "Bonds" (except in quotation from the 9-1-76 Bond Ordinance or the 7-1-78 Bond Ordinance) or "1989 Bonds" means the securities issued hereunder and designated as the "Washoe County, Nevada, Highway Improvement Revenue (Motor Vehicle Fuel Tax) Bonds, Series May 1, 1989".

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

(15) "Clerk" or "County Clerk" means the de jure or de facto county clerk of the County, or her successor in functions, if any.

(16) "Combined maximum annual principal and interest requirements" means the maximum sum of the principal of and interest on the Outstanding 1989 Bonds, or any other Outstanding designated securities payable from the Net Pledged Revenues to be paid during any one 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 1989 Bond or other designated securities last becomes due at maturity, but excluding any reserve requirements to secure such payments unless otherwise expressly provided. Any such computation shall be made by an Independent Accountant

unless otherwise expressly provided. For purposes of determining "combined maximum annual principal and interest requirements" in order to compute the Minimum Bond Reserve under Section 506 [Reserve Fund Payment] hereof, and to compute the historic earnings test under Section 703 [Issuance of Additional Parity or Subordinate Securities] hereof, any securities payable from Pledged Revenues hereafter issued, including any refunding securities, issued with a variable rate of interest shall be assumed to bear interest at a fixed rate at least equal to the higher of (i) 9.2% and (ii) the highest rate borne over the preceding 24 months by outstanding variable rate debt payable from Pledged Revenues or, if no such variable rate debt is at the time outstanding under the Ordinance, by variable rate debt for which the interest rate is computed by reference to an index comparable to that to be utilized in determining the interest rate for the debt then proposed to be issued.

(17) "Commercial bank" or "Insured Bank" means a state or national bank or trust company which is a member of the Federal Deposit Insurance Corporation and of the Federal Reserve System, is located within the United States, and has a capital and surplus of \$10,000,000 or more, including, without limitation, any "trust bank" as herein defined.

(18) "Commission" means the Regional Transportation Commission of Washoe County created pursuant to NRS Chapter 373, formerly known as the Street and Highway Commission of Washoe County, or the Commission's successor in functions, if any.

(19) "Comparable Bond Year" means, in connection with any Fiscal Year, the Bond Year which commences in the Fiscal Year. For example, for the Fiscal Year commencing on the first day of July, 1989, the

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Comparable Bond Year commences on the second day of July, 1989, and ends on the first day of July, 1990.

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

(a) Preliminary expenses advanced by the County from funds available for use therefor or any other source, or advanced by any city or town with the approval of the County from funds available therefor or from any other source, or advanced by the State or the Federal Government, with the approval of the County (or any combination thereof);

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

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

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

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

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pertaining to the Project, and the bank fees and expenses;

(f) The costs of contingencies;

(g) The costs of the capitalization with the proceeds of the 1989 Bonds of any interest on the Bonds for any period not exceeding the period estimated by the Governing Body to effect the Project plus one (1) year, of any discount on the Bonds, and of any reserves for the payment of the Bond Requirements of the Bonds, of any replacement expenses, and of any other cost of the issuance of the Bonds;

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

(i) The costs of funding any emergency loans, construction loans and other temporary loans of not exceeding five (5) years pertaining to the Project and of the incidental expenses incurred in connection with such loans;

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

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

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

(21) "County" or "Issuer" means the County of Washoe, in the State of Nevada, and constituting a political subdivision thereof, or any successor municipal corporation; and where the context so indicates, either such term means the geographical area comprising the County of Washoe.

(22) "County Treasurer" or "Treasurer" means the de jure or de facto county treasurer of the County, or his successor in functions, if any.

(23) "Department of Taxation" or "Department" means the Nevada Department of Taxation created by section 11, chapter 748, Statutes of Nevada 1975, being the successor in functions of the Nevada Tax Commission.

(24) "Direct Distributions" means the shares of the proceeds of the Fuel Taxes levied and collected pursuant to the Project Act and the Tax Ordinance and allocated thereunder to those cities and towns within the County, whose respective territories are not included wholly or in part in the Plan in aid of approved construction projects from the Highway Fund, in the proportion which the total assessed valuation of those cities and towns bears to the total assessed valuation of the entire County, pursuant to section 373.150, Project Act. "Direct Distributions" also means the shares of the unrefunded balance of the Fuel Taxes levied and collected pursuant to the project Act and Tax Ordinance, which are subject to refund by reason of the use of such taxed fuel as aviation fuel, and allocated to the local governments which own or control any airports, landing areas and air navigation facilities within the County, pursuant to section 373.150, Project Act.

(25) "Events of default" means the events stated in Section 1003 hereof.

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

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

(28) "Federal Securities" means bills, certificates of indebtedness, notes, bonds or similar securities which are direct obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America.

(29) "Financial Consultant" means Howarth and Associates, with its principal office in Las Vegas, Nevada, which firm has been retained by the Issuer to render to it fiscal advice and to perform financial services in connection with the Bonds.

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

(31) "Fuel Taxes" means the excise taxes collected for use by the County in connection with the privilege of selling, using or distributing motor vehicle fuel in the County or the State, as the case may be, so long as the 1989 Bonds issued hereunder remain outstanding, the proceeds of which taxes now or hereafter are authorized to be pledged for the payment

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of the 1989 Bonds, whether levied by the County, the State, or otherwise, subject to the exempt sales and to the other exempt transactions provided by law, and subject to the credits and refunds authorized by law and pertaining thereto except those defrayed as Administration Expenses. Such taxes are not necessarily limited to any type or types of motor vehicle fuel in use when the 1989 Bonds are issued; and, subject to such exempt sales and to such other exempt transactions, such taxes now consist:

(a) Of a tax levied by the County by the Tax Ordinance pursuant to the Project Act of four cents (4¢) per gallon on all motor vehicle fuel sold, distributed or used in the County as provided by the Tax Ordinance, except as therein otherwise provided, and

(b) Of the County's interest in additional taxes levied by the State in sections 365.180 and 365.190 Tax Act, of three and six-tenths (3.6¢) and one and seventy-five hundredths cents (1.75¢), respectively, per gallon on all motor vehicle fuel sold, distributed, or used in the County, as well as other counties of the State, as provided in sections 365.550 and 365.560, Tax Act, except as otherwise provided in the Tax Act, but

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

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

(32) "Governing Body" means the Board.

(33) "Gross Pledged Revenues" or "gross income" means all income and revenues derived directly

or indirectly by the County from the Fuel Taxes, or any part thereof, whether resulting from excise taxes pertaining to motor vehicle fuel hereafter authorized to be pledged to the Bonds, or otherwise, and includes all revenues received for use by the County or any political corporation succeeding to the rights of the County from the Fuel Taxes, but:

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

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

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

(35) "Highway Fund" means the Regional Street and Highway Fund in the treasury of the County, which fund was created by subsection C, § 2 of the Tax Ordinance, pursuant to section 373.110, Project Act, and is also known as the "General Fund" of the Commission.

(36) "Holder" or "owner" or any similar term, when used in connection with any coupons, any bonds, or any other designated securities, means the Person in possession and the apparent owner of the designated item, if such obligation is registered to bearer or is not registered, and the term means the

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registered owner of any 1984 Bond, 1989 Bond or other security which is fully registered for payment as to both principal and interest otherwise than to bearer.

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

(38) "Improvements" means those Facilities acquired or improved by the Project.

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

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

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

(c) Who 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.

(40) "Instrument" means this Ordinance; and the terms "instrument of the Issuer," "instrument of the Governing Body," "amendatory instrument," "supplemental instrument," or any phrase of similar import mean any resolution or ordinance adopted by the Governing Body on behalf of the County.

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(41) "Insurer", means Financial Guaranty Insurance Company whose policy of municipal bond insurance will be delivered at the time the 1989 Bonds are delivered.

(42) "I.R.C." or "Tax Code" means the Internal Revenue Code of 1986, as amended.

(43) "Issuer" means the County.

(44) "Minimum Bond Reserve" means the amount required to be accumulated, deposited, and maintained in the Reserve Fund pursuant to Section 506 of the 9-1-76 Bond Ordinance, Section 506 of the 7-1-78 Bond Ordinance, Section 506 [Reserve Fund Payments] hereof, and other provisions therein and herein supplemental thereto.

(45) "Net Pledged Revenues" or "net income" means the Gross Pledged Revenues, after the deduction of the Administration Expenses and Direct Distributions, including without limitation in the case the taxes levied by the State in sections 365.180 and 365.190, Tax Act, including without limitation, the deductions from such taxes by the State of amounts for the remittances and deposits required by the provisions of sections 365.535 and 365.565, Tax Act.

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

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

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

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

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

(48) "Outstanding Superior Lien Bonds" means the outstanding 1976 Bonds and 1978 Bonds, and any bonds or securities hereafter authorized to be issued to refund the 1976 Bonds or the 1978 Bonds.

(49) "Parity bonds" or "parity securities" means in either case bonds or securities payable hereafter authorized to be issued from the Pledged Revenues with a lien on the Net Pledged Revenues on a parity with the 1989 Bonds.

(50) "Paying Agent" means Security Pacific Bank Nevada, National Association, in Reno, Nevada or any successor thereof.

(51) "Person" means a corporation, firm, other body corporate (including 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.

(52) "Plan" means the Land Use and Transportation Element of the Comprehensive Regional Plan of the County, as from time to time amended and supplemented.

(53) "Pledged Revenues" means all or a portion of the proceeds of the gross Fuel Taxes, i.e.,

the Gross Pledged Revenues. The term indicates a source of revenues and does not necessarily indicate all or any portion or other part of such revenues in the absence of further qualification.

(54) "Project" or "Improvement Project" means the street and highway construction, as delineated in the Plan, including, without limitation, the acquisition and improvement of:

(a) Any street, avenue, boulevard, alley, highway or other public right-of-way used for any vehicular traffic,

(b) Sidewalks designed primarily for use by pedestrians,

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

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

(55) "Project Act" means the act originally adopted as ch. 470, Statutes of Nevada 1965, designated as NRS 373.010 through 373.200, as from time to time amended, and cited in NRS 373.010, as the County Motor Vehicle Fuel Tax Law.

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

engineers, as from time to time contracted for by the Governing Body:

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

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

(c) Who is selected, retained and compensated by the Commission, and who may be in the regular employ or control of the Commission.

(57) "Rebate Fund" means the account designated as the "Washoe County, Nevada, Highway Improvement Revenue (Motor Vehicle Fuel Tax) Series, May 1, 1989, Rebate Fund" created in Section 508 [Rebate Fund] hereof.

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

(59) "Registrar" means the Paying Agent, (i.e., the Security Pacific Bank Nevada, National Association) which acts as agent of the County for the registration and transfer of Bonds and is required to keep records for the registration and transfer of Bonds, pursuant to § 305 [Registration, Transfer and Exchange of Bonds] hereof, and the defined term includes any successor trust bank as registrar appointed as provided herein.

(60) "Regular Record Date" means the 15th day of the calendar month next preceding each interest payment date (other than a special interest payment

date hereafter fixed for the payment of defaulted interest).

(61) "Reserve Fund" means the "Washoe County, Nevada, Highway Parity Revenue Bonds, Reserve Fund," created in Section 506 of the 9-1-76 Bond Ordinance and other provisions therein, and continued in the 7-1-78 Bond Ordinance and Section 506 [Reserve Fund Payments] hereof supplemental thereto.

(62) "Special Record Date" means a special date fixed by the Paying Agent to determine the names and addresses of holders of "1989 Bonds," as herein defined, for the payment of any defaulted interest on any 1989 Bonds, as further provided in § 302 [Bond Details] hereof. At least 10 days' notice will be given by the Paying Agent by first-class regular mail to each owner of a 1989 Bond as stated on the Registrar's registration list at the close of business on a date fixed by the Paying Agent, stating the date of the Special Record Date fixed for the payment of the defaulted interest of the Bond.

(63) "State" means the State of Nevada; and where the context so indicates, "State" means the geographical area comprising the State of Nevada.

(64) "Subordinate Bond Fund" means the "Washoe County, Nevada, Highway Subordinate Revenue Bond Interest and Bond Retirement Fund" created in Subsection A of Section 401 [Disposition of Bond Proceeds] hereof, and required to be accumulated, deposited and maintained in Section 507 [Subordinate Bond Fund Payments] hereof and other provisions supplemental thereto.

(65) "Subordinate bonds" or "subordinate securities" means in either case bonds or securities payable from the Pledged Revenues and junior to the lien thereon of the 1989 Bonds.

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(66) "Superior Lien Bonds" means the outstanding 1976 Bonds and 1978 Bonds, and any outstanding bonds or securities hereafter authorized to be issued to refund the 1976 Bonds or the 1978 Bonds.

(67) "Supplemental Bond Act" means NRS chapter 348.

(68) "Tax Act" means section 365.010 through 365.090, Nevada Revised Statutes, and all laws amendatory thereof.

(69) "Tax Code" means the Internal Revenue Code of 1986, as amended.

(70) "Tax Ordinance" means Ordinance No. 132 of the County, duly adopted by the Governing Body on June 15, 1965 as amended from time to time.

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

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

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

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

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

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

(5) Any securities held by the County shall not be deemed Outstanding for the purpose of redemption or for the purpose of consents hereunder or for any other purpose provided herein.

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

Section 104. Parties Interested Herein. Nothing herein expressed or implied is intended or shall be construed to confer any right, remedy or claim under or by reason hereof or any covenant, condition or stipulation hereof upon or to give such to any person, other than the County, the Governing Body, the Insurer and the owners of the 1989 Bonds and such holders of any other securities payable from the Pledged Revenues and any coupons pertaining to such securities when reference is expressly made thereto. All the covenants, stipulations, promises and

agreements herein contained by and on behalf of the County shall be for the sole and exclusive benefit of the County, the Governing Body, the Insurer, the Paying Agent and any owner of any 1989 Bonds and any holder of any such other security and any coupon pertaining thereto in the event of such a reference.

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

A. Project. Toward the Project,

B. Bonds. Toward the sale and delivery of the 1989 Bonds for that purpose, including the acquisition of insurance for the payment of the 1989 Bonds, be, and the same hereby is, ratified, approved and confirmed.

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

A. To the clerk of the City of Reno,

B. To the clerk of the City of Sparks,

C. To the Treasurer, and

D. To the Commission.

Section 107. Ordinance Irrepealable. After any of the 1989 Bonds are issued, this Ordinance shall constitute an irrevocable contract between the County and the holder or holders of the 1989 Bonds; and this Ordinance (subject to the provisions of section 901 [Defeasance] and Article XI [Amendments] hereof), if any Bonds are in fact issued, shall be and shall remain irrepealable until the Bonds, as to all Bond Requirements, shall be fully paid, canceled and discharged, as herein provided, except as herein otherwise expressly provided.

Section 108. Severability. If any section, subsection, paragraph, clause or other provision of this Ordinance shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such

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section, subsection, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance.

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

Section 110. Emergency; Effective Date and Publication. The Governing Body has expressed in the preambles to this Ordinance that it pertains to the sale, issuance and payment of the Bonds and accordingly may be adopted as if an emergency now exists, pursuant to NRS 350.579. Consequently, final action shall be taken immediately, and this Ordinance shall be in effect from and after its publication as hereinafter provided. After this Ordinance is signed by the Chairman and attested and sealed by the Clerk, it shall be published by title only, together with the names of the commissioners voting for or against its passage, and with a statement that typewritten copies are available for inspection by all interested parties at the office of the Clerk, such publication to be made in the Reno Gazette-Journal, a newspaper published and having general circulation in the County, at least once a week for a period of two (2) weeks by two (2) insertions, pursuant to NRS section 244.100, and all laws thereunto enabling, such publication to be in substantially the following form:

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(Form of Publication)

BILL NO. _____
ORDINANCE NO. _____
(of Washoe County, Nevada)

AN ORDINANCE DESIGNATED AS THE "5-1-89 BOND ORDINANCE;" AUTHORIZING THE ISSUANCE BY WASHOE COUNTY OF ITS FULLY REGISTERED, "WASHOE COUNTY, NEVADA, HIGHWAY IMPROVEMENT REVENUE (MOTOR VEHICLE FUEL TAX) BONDS, SERIES MAY 1, 1989," FOR THE PURPOSE OF FINANCING STREET AND HIGHWAY CONSTRUCTION WITHIN THE COUNTY; PROVIDING THE FORM, TERMS AND CONDITIONS OF THE BONDS, THE METHOD OF THEIR PAYMENT AND THE SECURITY THEREFOR, AND OTHER DETAILS IN CONNECTION THEREWITH; PROVIDING FOR THE DISPOSITION AND PLEDGE OF THE PROCEEDS OF CERTAIN MOTOR VEHICLE FUEL TAXES; PROVIDING OTHER COVENANTS, AND MAKING OTHER PROVISIONS CONCERNING SUCH MOTOR VEHICLE FUEL TAXES, SUCH BONDS, AND THE REVENUES PLEDGED FOR THEIR PAYMENT; RATIFYING ACTION PREVIOUSLY TAKEN TOWARD ISSUING SUCH BONDS AND EFFECTING THE PURPOSE OF THEIR ISSUANCE; BY DECLARING THIS ORDINANCE PERTAINS TO THE SALE, ISSUANCE AND PAYMENT OF THE BONDS, PROVIDING FOR ITS ADOPTION AS IF AN EMERGENCY EXISTS; AND PROVIDING THE EFFECTIVE DATE HEREOF.

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PUBLIC NOTICE IS HEREBY GIVEN that typewritten copies of the above-numbered and entitled ordinance are available for inspection by all interested parties at the office of the County Clerk of Washoe County, Nevada, at her office at the Washoe County Administration Building, 1205 Mill Street, Reno, Nevada; and that said ordinance was proposed by Commissioner _____ on April 11, 1989, and was passed and

adopted without amendment at the regular meeting on April 11, 1989, by the following vote of the Board of County Commissioners:

Those Voting Aye:

Dianne Cornwall
Larry Beck
James Lillard
Gene McDowell
Rene Reid

Those Voting Nay:

Those Absent and Not

Voting:

This ordinance shall be in full force and effect from and after _____, 1989, i.e., the date of the second publication of such ordinance by its title only.

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

DATED this April 11, 1989.

/s/ Dianne Cornwall
Chairman
Board of County Commissioners
Washoe County, Nevada

(SEAL)

Attest:

/s/ Judi Bailey
County Clerk

(End of Form of Publication)

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ARTICLE II

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

Section 201. Authority for Ordinance. This Ordinance is adopted pursuant to the Project Act, the Bond Act, and the Supplemental Bond Act; and the County determines:

A. Compliance with Project Act, Bond Act, and Supplemental Bond Acts. The provisions of this Ordinance are necessary to carry out the purposes of the County in accordance with the Project Act, the Bond Act, and the Supplemental Bond Act; and

B. Approval. The total cost of, and plans and specifications for, the Project (to the extent heretofore determined and prepared) are approved.

Section 202. Life of Improvements. The Governing Body determines:

A. Estimated Life. The estimated life or estimated period of usefulness of the Project improvements is not less than eleven (11) years from the date of the Bonds; and

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

Section 203. Necessity of Project and Bonds. It is necessary and in the best interest of the County and its inhabitants that the County undertake the Project and issue the 1989 Bonds.

Section 204. Authorization of Project. The Governing Body, on behalf of the County, determines to better, enlarge, extend and otherwise improve the Facilities by effecting the Project and the Project is hereby so authorized.

Section 205. Estimated Cost of Project. The Cost of the Project is estimated not to exceed an amount received from the sale of the Bonds, excluding any such cost defrayed or to be defrayed by any source other than the proceeds of the principal amount of the 1989 Bonds.

Section 206. Ordinance to Constitute Contract. In consideration of the purchase and acceptance of the 1989 Bonds by those who shall own the same from time to time, the provisions of the Ordinance shall be deemed to be and shall constitute contracts between the County and the owners from time to time of the Bonds.

Section 207. Bonds Equally Secured. The covenants and agreements of the County herein set forth shall be for the equal benefit, protection and security of the owners of any and all of the 1989 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, except as otherwise expressly provided in or pursuant to this Ordinance.

Section 208. Special Obligations. All of the 1989 Bonds as to all Bond Requirements, shall be payable and collectible solely out of the Net Pledged Revenues, which revenues are so pledged; the owner or owners thereof may not look to any general or other fund for the payment of such Bond Requirements, except the special funds herein pledged; the Bonds shall not constitute an indebtedness or a debt within the meaning of any constitutional or statutory provision or limitation; and the Bonds shall not be considered or held to be general obligations of the County but shall constitute its special obligations.

Section 209. Character of Agreement. None of the covenants, agreements, representations, and warranties contained herein or in the 1989 Bonds, in the absence of any breach thereof, shall ever impose or be construed as imposing any liability, obligation, or charge against the County (except the special funds pledged) or its general credit, payable out of its

general fund or out of any funds derived from taxation other than the Fuel Taxes.

Section 210. Modifications of Project. The Governing Body reserves the right to make alterations, amendments, additions to, and deletions from the Project, subject to the approval of the Commission, prior to the withdrawal of all moneys accounted for in the Acquisition Fund.

Section 211. No Pledge of Property. The payment of the Bonds is not secured by any encumbrance, mortgage or other pledge of property of the County, except for its 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 212. No Recourse Against Officers and Agents. No recourse shall be had for the payment of the Bond Requirements of the Bonds or for any claim based thereon or otherwise upon this Ordinance against any individual member of the Governing Body or any officer or other agent of the County, past, present or future, either directly or indirectly through the Governing Body or the County, or otherwise, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any penalty or otherwise, all such liability, if any, being by the acceptance of the Bonds and as a part of the consideration of their issuance specially waived and released.

Section 213. No Bond Election Nor Other Preliminaries. The 1989 Bonds shall be issued without their being authorized at an election by any electors of the County or without any other preliminaries being taken other than tendering them for the receipt of offers for their public sale.

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ARTICLE III

AUTHORIZATION, TERMS, EXECUTION,
REGISTRATION, USE OF DEPOSITORY, INSURANCE FOR, AND
ISSUANCE OF BONDS

Section 301. Authorization of Bonds. The "Washoe County, Nevada, Highway Improvement Revenue (Motor Vehicle Fuel Tax) Bonds, Series May 1, 1989," in the principal amount of \$7,200,000, payable as to all the Bond Requirements solely out of the Net Pledged Revenues, are hereby authorized to be issued, pursuant to the Project Act, the Bond Act, and the Supplemental Bond Act. The County pledges irrevocably, but not necessarily exclusively, such revenues to the payment of the Bond Requirements of the Bonds, the proceeds thereof to be used (except as herein otherwise expressly provided) solely to defray the Cost of the Project.

Section 302. Bond Details. The 1989 Bonds shall be issued in fully registered form, i.e., registered as to both principal and interest. The 1989 Bonds shall be dated as of May 1, 1989. Except as provided in Section 305 [Registration, Transfer and Exchange of Bonds] hereof, the 1989 Bonds shall be issued in denominations of \$5,000 and 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 for more than one maturity). The Bonds shall bear interest at the rates shown below from their date until their respective fixed maturity dates, payable on November 1 and May 1 of each year commencing on November 1, 1989, except that 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 1989 Bonds. The Bonds shall mature serially on November 1 in the designated amounts and years as follows:

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<u>Years Maturing</u>	<u>Principal Amounts Maturing</u>	<u>Annual Interest Rate</u>
1990	\$515,000	<u>7.50%</u>
1991	555,000	<u>6.85%</u>
1992	590,000	<u>6.90%</u>
1993	635,000	<u>6.95%</u>
1994	680,000	<u>7.00%</u>
1995	730,000	<u>7.05%</u>
1996	785,000	<u>7.10%</u>
1997	840,000	<u>7.15%</u>
1998	900,000	<u>7.20%</u>
1999	970,000	<u>7.25%</u>

The principal of any Bond shall be payable to the registered owner thereof as shown on the registration books kept by Security Pacific Bank Nevada, National Association, Reno, Nevada as Registrar (the "Registrar") upon maturity thereof and upon presentation and surrender at the office of Security Pacific Bank Nevada, National Association, in Reno, Nevada as Paying Agent (the "Paying Agent"). If any Bond shall not be paid upon presentation and surrender at or after maturity, it shall continue to draw interest at the interest rate borne by said Bond until the principal thereof is paid in full. Except as provided in Section 305 [Registration, Transfer and Exchange of Bonds] hereof, payment of interest on any Bond shall be made to the registered owner thereof by check or draft mailed by the Paying Agent on each interest payment date (or, if such interest payment date is not a business day, on the next succeeding business day), to the registered owner thereof at his address as shown on the registration books kept by the Registrar at the close of business on the 15th day of the calendar month next preceding such interest payment date (the "Regular Record Date"); but any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner thereof at the close of business on the Regular Record Date and shall be payable to the person who is the registered owner

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thereof at the close of business on a special record date for the payment of any such defaulted interest (a "Special Record Date"). Such Special Record Date shall be fixed by the Registrar whenever moneys become available for payment of the defaulted interest, and notice of the Special Record Date shall be given to the registered owners of the Bonds not less than ten (10) days prior thereto by first-class mail to each such registered owner as shown on the Registrar's registration books on a date selected by the Registrar, stating the date of the Special Record Date and the date fixed for the payment of such defaulted interest. The Paying Agent may make payments of interest on any Bond by such alternative means as may be mutually agreed to between the owner of such Bond and the Paying Agent (provided, however, that the County shall not be required to make funds available to the Paying Agent prior to the due dates of interest and principal, respectively). All such payments shall be made in lawful money of the United States of America, without charge for any fees or charges of the Paying Agent or Registrar.

Section 303. No Prior Redemption. The Bonds are not subject to redemption prior to their maturity.

Section 304. Negotiability. Subject to the registration and payment provisions herein provided, the 1989 Bonds shall be fully negotiable within the meaning of and for the purposes of the Uniform Commercial Code -- Investment Securities, and each registered owner shall possess all rights enjoyed by registered owners of negotiable instruments under the Uniform Commercial Code -- Investment Securities.

Section 305. Registration, Transfer and Exchange of Bonds.

A. Records for the registration and transfer of the 1989 Bonds shall be kept by the Registrar. Upon the surrender for transfer of any Bond at the Registrar, duly endorsed for transfer or accompanied by an assignment in form satisfactory to the Registrar duly executed by the registered owner or 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 302 [Bond Details] hereof. The Registrar shall authenticate and deliver the Bond or Bonds which the registered owner making the exchange is entitled to receive, bearing number or numbers not previously assigned. 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 and may require the payment of a fee sufficient to pay the cost of preparing and authenticating a new bond.

B. The person is whose name any Bond shall be registered, in the registration records kept by the Registrar, shall be deemed and regarded as the absolute owner thereof for the purpose of making payment thereof (except to the extent otherwise provided in Section 302 [Bond Details] hereof with respect to interest payments, and except in certain circumstances when the rights of bond owners are assigned to and vested in the Insurer) and for all other purposes; and payment of or on account of either principal or interest on any Bond shall be made only to or upon the written order of the registered owner thereof or his or her legal representative, but such registration may be changed upon transfer of such Bond in the manner and subject to the conditions and limitation provided herein. All such payments shall be valid and effectual to discharge the liability upon such Bond to the extent of the sum or sums so paid.

C. If any Bond shall be lost, stolen, destroyed or mutilated, the Registrar shall, upon receipt of such

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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, the Registrar may direct that such Bond be paid by the Paying Agent in lieu of replacement.

D. 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 cancelled by the Paying Agent or Registrar, and counterparts of a certificate of such cancellation shall be furnished by the Paying Agent or Registrar to the County.

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

A. Filings with Secretary of State. Pursuant to section 350.638, Bond Act, and to the act cited as the Uniform Facsimile Signatures of Public Officials Act, designated as chapter 351, Nevada Revised Statutes, and to the Supplemental Bond Act and prior to the execution of any 1989 Bonds, the Chairman, the Treasurer and the Clerk shall each file with the Secretary of State of the State of Nevada his or her manual signature certified by him or her under oath.

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

each Bond shall be signed, executed and attested with such a manual or a facsimile of the signature of the Clerk.

Section 307. Authentication. No Bond shall be valid or obligatory for any purpose unless the certificate of authentication thereon, substantially in the form hereinafter provided, has been duly manually executed by the Registrar. The Registrar's certificate of authentication shall be deemed to have been duly executed by it if it is manually signed by an authorized officer or employee of the Registrar, but it shall not be necessary that the same officer or employee sign the certificate of authentication on all of the 1989 Bonds issued hereunder. By authenticating any of the 1989 Bonds delivered pursuant to this Instrument, the Registrar shall be deemed to have assented to all of the provisions of this Ordinance.

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

Section 309. Incontestable Recital in Bonds. Pursuant to section 350.628, Bond Act, each Bond shall recite that it is issued pursuant to the Project Act, to the Bond Act, and to the Supplemental Bond Act, which recital shall be conclusive evidence of the validity of the Bonds and the regularity of their issuance.

Section 310. 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 311. Bond Execution. The Chairman, the Treasurer and the Clerk are authorized and directed to prepare and to execute the Bonds as herein provided.

Section 312. Registrar's Registration. In a separate book or electronic records, the Registrar shall maintain the registration records of the County for the 1989 Bonds showing the name and address of the registered owner of each Bond authenticated and delivered, the date of authentication, the maturity of the Bond and its interest rate, principal amount and Bond number and its prefix, if any.

Section 313. Bond Delivery. After such registration by the Registrar, he shall cause the Bonds to be delivered to the Purchaser, upon due payment being made in accordance with the terms of their sale.

Section 314. Reissuance. In case any Outstanding Bond shall be lost, apparently destroyed, or wrongfully taken, it may be reissued, at the discretion of the County, in the form and tenor of the lost, destroyed or taken Bond as provided in section 104.8405 of the Uniform Commercial Code -- Investment Securities, as from time to time amended, and all laws supplemental thereto; nothing contained in the provisions of Section 314 hereof shall be construed as prohibiting the County from reissuing, pursuant to other provisions herein, in the Project Act or the Bond Act, or otherwise, upon such terms and conditions as the Governing Body may determine, any Outstanding Bond which shall not have become lost, apparently destroyed, or wrongfully taken.

Section 315. Bond Form. Subject to the provisions of this Ordinance, each Bond shall be in substantially the following form, with such omissions, insertions, endorsements and variations as to any recitals of fact or other provisions as may be required by the circumstances, be required or permitted by this Ordinance, or be consistent with this Ordinance and necessary or appropriate to conform to the rules and requirements

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of any governmental authority or any usage or requirement of law
with respect thereto:

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(Form of Bond)

TRANSFER OF THIS BOND OTHER THAN BY REGISTRATION IS NOT EFFECTIVE

UNITED STATES OF AMERICA
STATE OF NEVADA
WASHOE COUNTY
HIGHWAY IMPROVEMENT REVENUE (MOTOR VEHICLE FUEL TAX) BOND
SERIES MAY 1, 1989

NO. R- _____

\$ _____

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Dated As Of</u>	<u>CUSIP</u>
___ % per annum	November 1, ___	May 1, 1989	_____

REGISTERED OWNER:

PRINCIPAL AMOUNT:

DOLLARS

The County of Washoe, in the State of Nevada (herein the "County" and the "State," respectively), for value received hereby promises to pay to the registered owner above specified solely from the special funds provided therefor, as hereinafter set forth, the Principal Amount specified above, on the Maturity Date specified above and to pay interest thereon on November 1 and May 1 of each year commencing on November 1, 1989, at the Interest Rate per annum specified above, until the principal sum is paid or payment has been provided therefor. This Bond will

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bear interest from the most recent interest payment date to which interest has been paid or provided for, or, if no interest has been paid, from the date of this Bond. The principal of this Bond is payable upon presentation and surrender thereof at the principal office of the County's registrar and paying agent (the "Registrar" or the "Paying Agent"), presently the Security Pacific Bank Nevada, National Association, in Reno, Nevada. Interest on this Bond will be paid on each interest payment date (or, if such interest payment date is not a business day, on the next succeeding business day), by check or draft mailed to the person in whose name this Bond is registered (the "registered owner") in the registration records of the County maintained by the Registrar and at the address appearing thereon at the close of business on the 15th day of the calendar month next preceding such interest payment date (the "Regular Record Date"). Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner hereof at the close of business on the Regular Record Date and shall be payable to the person who is the registered owner hereof at the close of business on a Special Record Date for the payment of any defaulted interest. Such Special Record Date shall be fixed by the Registrar whenever moneys become available for payment of the defaulted interest, and notice of the Special Record Date shall be given by first-class mail to the registered owners of the Bonds of the series of which this is one (the "1989 Bonds" or the "Bonds") mailed not less than ten days prior thereto. If, upon presentation at maturity, payment of this Bond is not made as herein provided, interest shall continue at the same rate specified above until the principal hereof is paid in full. All such principal and interest (the "Bond Requirements") shall be payable in lawful money of the United States of America without deduction for the services of the Paying Agent or Registrar.

The Bonds the series of which this Bond is one (the "Bonds" or the 1989 Bonds") are not subject to redemption prior to their respective maturities.

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The Bonds do not constitute a debt or an indebtedness of the County within the meaning of any constitutional or statutory provision or limitation, shall not be considered or held to be general obligations of the County, and are payable and collectible solely out of the net income derived from certain excise taxes concerning motor vehicle fuel, now consisting of four cents (4¢) per gallon levied by the County on all motor vehicle fuel sold, distributed or used in the County, and of the County's interest in an additional five and thirty-five hundredths cents (5.35¢) per gallon levied by the State on all motor vehicle fuel sold, distributed or used in the State and distributed in part to the County (as well as the other counties of the State), subject to certain exceptions, the net income of which taxes (subject to certain exceptions) is so pledged; and the owner hereof may not look to any general or other fund for the payment of the Bond Requirements of this obligation except the special funds pledged therefor.

The County, as of the date of issuance hereof, has outstanding its "Washoe County, Nevada, Highway Revenue (Motor Vehicle Fuel Tax) Refunding Bonds, Series September 1, 1976" (the "1976 Bonds"), which were authorized to be issued by Ordinance No. 335 of the County (the "9-1-76 Bond Ordinance") and its "Washoe County, Nevada, Highway Improvement Revenue (Motor Vehicle Fuel Tax) Bonds, Series July 1, 1978 (the "1978 Bonds"), which were authorized to be issued by Ordinance No. 386 of the County (the "7-1-78 Bond Ordinance") (the 1976 bonds and the 1978 Bonds collectively referred to as the "Outstanding Superior Lien Bonds").

The Bonds are authorized to be issued by an ordinance heretofore adopted and approved by the Board of County Commissioners (the "Board") of the County designated in Section 101 thereof by the short title "5-1-89 Bond Ordinance" (the "Bond Ordinance"). Payment of the Bond Requirements of the Bonds shall be made solely from and as security for such payment there are irrevocably pledged, pursuant to the Bond Ordinance, a

special account identified as the "Washoe County, Nevada, Highway Subordinate Revenue Bonds, Interest and Bond Retirement Fund" (the "Subordinate Bond Fund") into which accounts the County covenants to pay, respectively, from the revenues derived from such motor vehicle fuel taxes, including, without limitation, if hereafter authorized by law, any excise taxes pertaining to motor vehicle fuel of at least an equivalent value and pledged in lieu of such present taxes or any such excise taxes of any value pledged in supplementation of such present taxes (herein the "Gross Pledged Revenues"), after provision for the payment of certain administration expenses and direct distributions, and except for certain unpledged portions of such net income of such motor vehicle fuel taxes (the remaining revenues being herein sometimes designated as the "Net Pledged Revenues"), and after provision for payment of the principal of, interest on, any prior redemption premiums due on, and Minimum Bond Reserve for the Outstanding Superior Lien Bonds as defined in and required by the 9-1-76 Bond Ordinance and the 7-1-78 Bond Ordinance, sums sufficient to pay when due the Bond Requirements of the Bonds.

The Bonds are equitably and ratably secured by a lien on such Net Pledged Revenues, and subject to and subordinate to the lien thereon of the Outstanding Superior Lien Bonds, the 1989 Bonds constitute an irrevocable and first lien (but not necessarily an exclusively first lien) upon such Net Pledged Revenues. Bonds and other securities, in addition to the 1989 Bonds, subject to expressed conditions, may be issued and made payable from such Net Pledged Revenues having a lien thereon subordinate and junior to the lien or, subject to additional expressed conditions, having a lien thereon on a parity with the lien of the 1989 Bonds, in accordance with the provisions of the Bond 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 Bond Ordinance.

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This Bond is one of a series of Bonds of like tenor, and date, except as to number, amount, interest rate, and maturity, authorized for the purpose of defraying the costs of certain street and highway construction in the County (the "Project").

Reference is made to the Bond Ordinance and any and all modifications and amendments thereof and supplements thereto, to the Tax Ordinance therein designated, to the contract pertaining to such ordinance between the State and the County, to the State's County Motor Vehicle Fuel Tax Law, now cited as sections 373.010 through 373.200, Nevada Revised Statutes, and all laws amendatory thereof (herein the "Project Act"), to the Local Government Securities Law, now cited as sections 350.500 through 350.720, Nevada Revised Statutes, and all laws amendatory thereof (herein the "Bond Act"), to the Supplemental Bond Act now cited as sections 348.010 through 348.450 Nevada Revised Statutes (herein the "Supplemental Bond Act"), to chapter 365, Nevada Revised Statutes, and all laws amendatory thereof (herein the "Tax Act"), and to all laws supplemental thereto, for an additional description of the nature and extent of the security for the 1989 Bonds, the accounts, funds or revenues pledged, the nature and extent and manner of enforcement of the pledge, the rights and remedies of the owners of the 1989 Bonds with respect thereto, the terms and conditions upon which the 1989 Bonds are issued, and a statement of rights, duties, immunities and obligations of the County, and other rights and remedies of the owners of the 1989 Bonds.

The 1989 Bonds are issued pursuant to the County Motor Vehicle Fuel Tax Law, i.e., the Project Act, and to the Local Government Securities Law, i.e., the Bond Act, and the Supplemental Bond Act; pursuant to section 350.628 of the Bond Act, this recital is conclusive evidence of the validity of the Bonds and the regularity of their issuance; and pursuant to section 350.710 of the Bond Act, the Bonds, their transfer, and

the income therefrom shall forever be and remain free and exempt from taxation by the State or any subdivision thereof.

To the extent and in the respects permitted by the Bond Ordinance, the provisions of the Bond 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 Bond Ordinance. The pledge of revenues and other obligations of the County are taken in the manner and subject to the conditions and exceptions prescribed in the Bond Ordinance. The pledge of revenues and other obligations of the County under the Bond Ordinance may be discharged at or prior to the respective maturities of the 1989 Bonds upon the making of provision for the payment thereof on the terms and conditions set forth in the Bond Ordinance.

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

No recourse shall be had for the payment of the Bond Requirements of this Bond or for any claim based thereon or otherwise in respect to the Bond Ordinance, 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 such governing body or the County, or otherwise, whether by virtue of any constitution, statute or rule of law, or by the endorsement of any penalty or otherwise, all such liability, if any, being by the acceptance of this Bond and as a part of the consideration of its issuance specifically waived and released.

The Bonds are issuable solely as fully registered Bonds in denominations of \$5,000 each or any integral multiple thereof

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and are exchangeable for fully registered Bonds of the same maturity in equal aggregate principal amounts and in authorized denominations at the aforesaid office of the Registrar (and Paying Agent), but only in the manner, subject to the limitations, and on payment of the charges provided the Bond Ordinance.

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

This Bond is fully transferable by the registered owner hereof in person or by his duly authorized attorney on the registration records 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 Bond Ordinance. The County and the Registrar and Paying Agent may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of making payment (except to the extent otherwise provided hereinabove and in the Bond Ordinance with respect to the Regular and Special Record Dates for the payment of interest) and for all other purposes and neither the County nor the Registrar and Paying Agent shall be affected by notice to the contrary.

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

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IN WITNESS WHEREOF, the County has caused this Bond to be signed and executed in its name and upon its behalf with the manual or facsimile signature of the Chairman of its Board of County Commissioners, and to be countersigned, manually subscribed and executed with the manual or facsimile signature of its County Treasurer; has caused the manual or facsimile of the seal of the County to be affixed hereon; has caused this Bond to be signed, executed and attested with the manual or facsimile signature of its County Clerk; all as of the first day of May, 1989.

COUNTY OF WASHOE, NEVADA

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

Countersigned:

(Manual or Facsimile Signature)
County Treasurer

(MANUAL IMPRESSION OR FACSIMILE SEAL)

Attest:

(Manual or Facsimile Signature)
County Clerk

[End of Form of Bond]

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

Date of authentication
and registration: _____

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

Security Pacific Bank Nevada,
National Associates, Reno
Nevada, as Registrar

By _____ (Manual Signature)
Authorized Officer or Employee

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

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STATEMENT OF INSURANCE

Financial Guaranty Insurance Company ("Financial Guaranty") has issued a policy containing the following provisions with respect to the Washoe County, Nevada, Highway Improvement Revenue (Motor Vehicle Fuel Tax) Bonds, Series May 1, 1989 (the "Bonds") such policy being on file at the principal office of the Registrar as Paying Agent (the "Paying Agent"):

Financial Guaranty hereby unconditionally and irrevocably agrees to pay for disbursement to the Bondholders that portion of the principal of and interest on the Bonds which is then due for payment and which the issuer of the Bonds (the "Issuer") shall have failed to provide. Due for payment means, with respect to the principal, the stated maturity date thereof, but not any earlier date on which the payment of principal of the Bonds is due by reason of acceleration, and with respect to interest, the stated date for payment of such interest.

Upon receipt of telephonic or telegraphic notice, subsequently confirmed in writing, or written notice by registered or certified mail, from a Bondholder or the Paying Agent to Financial Guaranty that the required payment of principal or interest has not been made by the Issuer to the Paying Agent, Financial Guaranty on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with Citibank, N.A., or its successor as its agent (the "Fiscal Agent"), sufficient to make the portion of such payment not paid by the Issuer. Upon presentation to the Fiscal Agent of evidence satisfactory to it of the Bondholder's right to receive such payment and any appropriate instruments of assignment required to vest all of such Bondholder's right to such payment in Financial Guaranty, the Fiscal Agent will disburse such amount to the Bondholder.

As used herein the term "Bondholder" means the person other than the Issuer who at the time of nonpayment of a Bond is entitled under the terms of such Bond to payment thereof.

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The policy is non-cancellable for any reason.
FINANCIAL GUARANTY INSURANCE COMPANY

(End of Statement of Insurance)

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(Form of Assignment for Bonds)

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

Dated: _____

Signature Guaranteed:

Name and address of transferee:

Social Security or other tax
identification number
of transferee:

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

NOTICE: TRANSFER FEES MUST BE PAID TO THE REGISTRAR IN ORDER TO TRANSFER OR EXCHANGE THIS BOND AS PROVIDED IN THE WITHIN-MENTIONED BOND ORDINANCE.

(End of Form of Assignment for Bonds)

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(Form of Legal Opinion Certificate)

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

I, the undersigned, County Clerk of the County of Washoe in the State of Nevada, do hereby certify that the following approving legal opinion of Sherman & Howard, Attorneys at Law, Denver, Colorado, to wit:

(Attorney's approving opinion to be inserted in submargins, including complimentary closing and "/s/ Sherman & Howard")

is a true, perfect and complete copy of a manually executed and dated copy thereof on file in the records of the County in my office; that manually executed and dated copies of the opinion were forwarded to a representative of the original purchasers and that the opinion was dated and issued as of the date of initial delivery of any payment to the issuer for the Bonds of the Series of which this Bond is one.

IN WITNESS WHEREOF, I have caused to be hereunto set my facsimile signature.

Facsimile Signature
 County Clerk

(End of Form of Legal Opinion Certificate)

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ARTICLE IV

USE OF BOND PROCEEDS

Section 401. Disposition of Bond Proceeds. The proceeds of the 1989 Bonds, upon their receipt, shall be accounted for in the following manner and priority and are hereby pledged therefor:

A. Subordinate Bond Fund. First, there shall be credited to a separate account hereby created and to be known as the "Washoe County, Nevada, Highway Subordinate Revenue Bond Interest and Bond Retirement Fund" (the "Subordinate Bond Fund") all moneys received, if any, as accrued interest on the Bonds from their sale by the County from their date to the date or respective dates of their delivery to the Purchaser to apply on the payment of interest on the 1989 Bonds as the same becomes due after their delivery, in accordance with subsection A, Section 507 [Subordinate Bond Fund Payments] hereof.

B. Acquisition Fund. Second, the balance of the proceeds derived from the sale of the Bonds, except as herein otherwise expressly provided, shall be credited to a separate account hereby created and to be known as the "Washoe County, Nevada, Highway Improvement Revenue (Motor Vehicle Fuel Tax) Bonds, Series May 1, 1989, Project Acquisition Fund" (the "Acquisition Fund").

Section 402. Moneys for Project. All moneys received and held by the County for the Project from all sources, including, without limitation, surplus Pledged Revenues appropriated by the Governing Body for that purpose, shall be deposited in the Acquisition Fund, including, without limitation, the Bond proceeds deposited therein pursuant to subsection C, Section 401 [Disposition of Bond Proceeds] hereof. The moneys in the Acquisition Fund, except as herein otherwise expressly

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provided, shall be used and paid out solely for the purpose of defraying the Cost of the Project.

Section 403. Application of Acquisition Fund. Moneys, except as herein otherwise expressly provided, shall be withdrawn from the Acquisition Fund for the Project only upon warrants approved by the Governing Body. No such warrant for any sum for construction work shall be issued the Commission has received a monthly progress estimate from the Project Engineer certifying that such a sum is due and owing for materials supplied or work satisfactorily completed in substantial accordance with the plans and specifications for the work involved.

Section 404. Prevention of Bond Default. The Treasurer shall use any Bond proceeds credited to the Acquisition Fund, without further order or warrant, to pay the Bond Requirements of the 1989 Bonds as the same become due whenever and to the extent moneys in the Subordinate Bond Fund or otherwise available therefor are insufficient for that purpose, unless such Bond proceeds shall be needed to defray obligations accrued and to accrue under any contracts then existing and pertaining to the Project. The Treasurer shall promptly notify:

A. Chairman of the Board of County Commissioners. The Chairman of the Board of County Commissioners,

B. Chairman of the Commission. The Chairman of the Commission,

C. Manager. The County Manager,

D. Comptroller. The County Comptroller, and

E. Board of County Commissioners. The Clerk of the Board of County Commissioners for the Board of County Commissioners,

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

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Sections 504 [First Charges] through 512 [Use of Remaining Revenues] hereof.

Section 405. Completion of Project. When the Project shall have been completed in accordance with the relevant plans and specifications and all amounts due therefor, including all proper incidental expenses, shall have been paid, or for which full provision shall have been made, the Treasurer, upon the receipt from the Project Engineer of a certificate so stating the completion of the Project, and upon the receipt of a resolution adopted by the Commission so ordering, shall cause to be transferred to the Subordinate Bond Fund, for the payment of the Bond Requirements of the 1989 Bonds, all surplus moneys remaining in the Acquisition Fund, if any, except for any moneys designated in the resolution to be retained to pay any unpaid accrued costs or contingent obligations. Nothing herein contained:

A. Periodic Transfers. Prevents the Treasurer from causing to be transferred from the Acquisition Fund to the Subordinate Bond Fund at any time prior to the termination of the Acquisition Fund any moneys which the Project Engineer by certificate and the Commission by resolution determine will not be necessary for the Project; or

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

Section 406. Purchaser Not Responsible. The validity of the Bonds shall not be dependent on or be affected by the validity or regularity of any proceedings relating to the

Project. The Purchaser of the 1989 Bonds, any associate thereof, and any subsequent holder of any 1989 Bonds shall in no manner be responsible for the application or disposal by the County or by any of its officers, agents and employees of the moneys derived from the sale of the Bonds or of any other moneys herein designated.

Section 407. Lien on Bond Proceeds. Until and unless the proceeds of the 1989 Bonds in the Acquisition Fund are applied as hereinabove provided and used to defray the Cost of the Project from time to time, the Bond proceeds in the Acquisition Fund shall be subject to a lien thereon and pledge thereof for the benefit solely of the holders of the 1989 Bonds or of any securities hereunder issued of which the lien on the Net Pledged Revenues is on a parity with or subordinate to the lien of the Bonds

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ARTICLE V

ADMINISTRATION OF AND ACCOUNTING FOR
PLEDGED REVENUES

Section 501. Pledge Securing Bonds. Subject only to the rights and obligations of the County to cause amounts to be withdrawn therefrom and paid on account of Administration Expenses, to make the Direct Distributions, and to make the payments required to be made by the 9-1-76 Bond Ordinance and the 7-1-78 Bond Ordinance into the Bond Fund and the Reserve Fund to pay the Bond Requirements and Minimum Bond Reserve requirements for the Outstanding Superior Lien Bonds, and to pay the Cost of the Project as provided herein, the Gross Pledged Revenues and all moneys and securities paid or to be paid to or held or to be held in any account under Article V of this Ordinance and under Section 401 [Disposition of Bond Proceeds] hereof, except moneys required to be deposited in the Rebate Fund (hereafter created), are hereby pledged to secure the payment of the Bond Requirements of the 1989 Bonds, except as provided in Section 407 [Lien on Bond Proceeds] hereof; and this pledge shall be valid and binding so far as the 1989 Bonds are concerned from and after the date of the first delivery of any 1989 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 the Outstanding Superior Lien Bonds, and for any Outstanding Bonds or other Outstanding securities hereafter authorized, the liens of which on the Pledged Revenues are on a parity with the lien thereon of the 1989 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

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otherwise provided), irrespective of whether such parties have notice thereof.

Section 502. Highway Fund Deposits. So long as any of the 1989 Bonds shall be Outstanding, as to any Bond Requirements, the entire Gross Pledged Revenues, except for such amounts withheld by dealers, users and the Department to reimburse themselves (excluding the Department) for handling losses occasioned by evaporation, spillage and other similar causes, and to reimburse themselves (including the Department) for the costs of their respective services in the performance by them of all functions incident to the administration of the Fuel Taxes, and constituting Administration Expenses, pursuant to the Project Act, to the Tax Act, to the Tax Ordinance, and to the contract pertaining thereto between the County and the State acting by and through the Department, except for amounts refunded to taxpayers as provided in such statutes, ordinance and contract, and except for the required share of the Net Proceeds of the taxes levied by the State in sections 365.180 and 365.190, Tax Act, needed to make the remittances and deposits required of the State by sections 365.535 and 365.565, Tax Act, shall continue to be set aside upon the receipt of such revenues by the County and credited to the special account in the County Treasury of the County created by subsection C, section 12, Tax Ordinance, pursuant to section 373.110, Project Act, and designated as the "Regional Street and Highway Fund" (the "Highway Fund").

Section 503. Administration of Highway Fund. So long as any of the Bonds hereby authorized shall be Outstanding, as to any Bond Requirements, the following payments shall be made from the Highway Fund as provided in Sections 504 [First Charges] through 512 [Use of Remaining Revenues] hereof.

Section 504. First Charges. First, as a first charge on the Highway Fund, there shall from time to time be withdrawn and set aside:

A. Administration Expenses. Initially, as a first charge thereon, sufficient moneys to pay any

Administration Expenses not withheld by dealers, users and the Department or otherwise defrayed by other than the Issuer as permitted in Section 502 [Highway Fund Deposits] hereof; and

B. Direct Distribution. Thereafter, as the next charge thereon, sufficient moneys to make required Direct Distributions.

Nothing herein contained permits the payment of any Administration Expenses incurred by the Issuer with any proceeds of the taxes levied by the State in sections 365.180 and 365.190, Tax Act, or otherwise, or requires the withdrawal from the Highway Fund of any moneys allocated for the payment of Administration Expenses or Direct Distributions until obligations pertaining thereto have accrued and become due, and any such moneys so allocated may be retained in the Highway Fund pending withdrawals for the payment of such obligations. Any such withdrawals becoming surplus and remaining at the end of the Fiscal Year and not needed for Administration Expenses or Direct Distributions shall be transferred back to the Highway Fund and shall be used for the purposes thereof, as herein provided.

Section 505. Bond Fund Payments. Second, and subject to the aforesaid provisions (except as otherwise required in the case of the 1976 Bonds by the 9-1-76 Bond Ordinance or in the case of the 1978 Bonds by the 7-1-78 Bond Ordinance), from any moneys remaining in the Highway Fund, i.e., from the Net Pledged revenues, the following transfers shall be made for the payment of the Outstanding Superior Lien Bonds. There shall continue to be credited to the "Washoe County, Nevada, Highway Parity Revenue Bonds, Interest and Bond Retirement Fund" created in Section 401 of the 9-1-76 Bond Ordinance (the "Bond Fund") the following:

(A) Monthly, commencing on each interest payment date, one-sixth of the amount necessary to pay the next maturing installments of interest on the Outstanding Superior Lien Bonds, except to the extent any other moneys are available therefor.

(B) Monthly, commencing on each principal payment date, one-twelfth of the amount necessary to pay the next maturing installments of principal of the Outstanding Superior Lien Bonds, 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 Outstanding Superior Lien Bonds, as the same become due.

Section 506. Reserve Fund Payments. Third, but concurrently with the transfers required to be made to the Bond Fund by section 505 [Bond Fund Payments] hereof, except as provided in sections 509 [Termination of Deposits] and 510 [Defraying Delinquencies] hereof, there shall continue to be credited monthly from the remaining Net Pledged Revenues to a special account created in section 506 of the 9-1-76 Bond Ordinance known as the "Washoe County, Nevada, Highway Parity Bonds, Reserve Fund" (the "Reserve Fund"), commencing on each payment date (or the date on which the moneys accounted for in the Reserve Fund for any other reason are less than the Minimum Bond Reserve as hereinafter defined) such sums in substantially equal monthly amounts as shall be necessary, together with the moneys credited thereto, to accumulate (and reaccumulate if necessary) in not more than 60 such installments the Reserve Fund as a continuing reserve in an amount not less than the combined maximum principal and interest requirements of the Outstanding Superior Lien Bonds and any Outstanding securities hereafter issued to refund the Outstanding Superior Lien Bonds (the "Minimum Bond Reserve"). No transfer need be made to the Reserve Fund so long as the moneys therein shall equal not less than the Minimum Bond Reserve. The moneys in the Reserve Fund shall continue to be accumulated and maintained as a continuing reserve to be used, except as provided in sections 509 [Termination of Deposits], 510 [Defraying Delinquencies], 606 [Accounting for Investments] and 901 [Defeasance] hereof, and other provisions herein supplemental to such sections, only to prevent

deficiencies in the payment of the principal of and the interest on the Outstanding Superior Lien Bonds and any securities hereafter issued to refund the Outstanding Superior Lien Bonds resulting from the failure to deposit into the Bond Fund sufficient funds to pay such principal and interest as the same accrue.

Section 507. Subordinate Bond Fund Payments. Fourth, and subject to the aforesaid provisions, from any moneys remaining in the Highway Fund, i.e, from the Net Pledged Revenues, the following transfers shall be made to the Subordinate Bond Fund for the payment of the securities hereafter designated:

(A) Monthly, commencing on the first day of the month immediately succeeding the delivery of any of the 1989 Bonds and any parity securities hereafter issued with a lien on the Net Pledged Revenues on a parity with the lien of the 1989 Bonds, an amount in equal monthly installments necessary, together with any other moneys from time to time available therefor from whatever source, including without limitation the moneys, if any, provided in subsection A, Section 401 [Disposition of Bond Proceeds], and in Section 405 [Completion of Project] hereof, to pay the next maturing installment of interest on the Outstanding 1989 Bonds and any Outstanding securities hereafter issued with a lien on the Net Pledged Revenues on a parity with the lien of the 1989 Bonds, and monthly thereafter, commencing on each interest payment date, one-sixth of the amount necessary to pay the next maturing installment of interest on the Outstanding 1989 Bonds and any Outstanding securities hereafter issued with a lien on the Net Pledged Revenues on a parity with the lien of the 1989 Bonds, except to the extent any other moneys are available therefor.

B. Monthly, commencing on November 1, 1989, one-twelfth of the amount necessary to pay the next maturing installment of principal of the Outstanding 1989 Bonds and

any Outstanding parity securities hereafter issued with a lien on the Net Pledged Revenues on a parity with the lien of the 1989 Bonds, except to the extent any other moneys are available therefor.

The moneys credited to the Subordinate Bond Fund shall be used to pay the Bond Requirements of the 1989 Bonds and any Outstanding parity securities hereafter issued with a lien on the Net Pledged Revenues on a parity with the lien of the 1989 Bonds, as the same become due.

Section 508. Rebate Fund. Fifth, after the payments hereinabove required to be made are made, the County shall deposit Net Pledged Revenues into the "Washoe County, Nevada, Highway Improvement Revenue (Motor Vehicle Fuel Tax) Bonds, Series May 1, 1989, Rebate Fund" (the "Rebate Fund") as required under Section 148 of the Internal Revenue Code of 1986, as amended (the "Tax Code") and regulations promulgated thereunder and shall apply such funds to the extent required to comply with the covenant in Section 826 [Tax Covenant] hereof to make payments to the United States. Any moneys in such fund not needed for such purpose shall be transferred to the Highway Fund. Payments into similar rebate funds for additional bonds hereafter issued with a lien on the Net Pledged Revenues on a parity with the lien on the 1989 Bonds shall be made concurrently with payments into the Rebate Fund.

Section 509. Termination of Deposits. No payment need be made into the Subordinate Bond Fund if the amount in the Subordinate Bond Fund totals a sum at least equal to the entire amount of the Outstanding 1989 Bonds and any Outstanding securities hereafter issued with a lien in the Net Pledged Revenue on a parity with the lien of the 1989 Bonds as to all Bond Requirements to their respective maturities or to any redemption date on which the County shall have exercised or shall have obligated itself to exercise its option to redeem prior to their respective maturities any such Outstanding securities hereafter issued with a lien on the Net Pledged Revenues on a

parity with the lien of the 1989 Bonds thereafter maturing, and both accrued and not accrued, in which case moneys in those two accounts in an amount, except for any interest or other gain to accrue from any investment of moneys in Federal Securities from the time of any such deposit to the time or respective times the proceeds of any such investment shall be needed for such payment, at least equal to such Bond Requirements, shall be used together with any such gain from investments solely to pay such Bond Requirements as the same become due; and any moneys in excess thereof in those two accounts and any other moneys derived from the Pledged Revenues may be used in any lawful manner determined by the Governing Body.

Section 510. Defraying Delinquencies. If in any month 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 in such month from the Reserve Fund equal to the difference between that paid from the Net Pledged Revenues and the full amount so stipulated. The money so used shall be replaced in the Reserve Fund from the first Net Pledged Revenues thereafter received and not required to be otherwise applied by Sections 505 [Bond Fund Payments] and 506 [Reserve Fund Payments] hereof. The moneys in the Bond Fund and in the Reserve Fund shall be used solely and only for the purpose of paying the Bond Requirements of the Outstanding Superior Lien Bonds; but any moneys at any time in excess of the Minimum Bond Reserve in the Reserve Fund, including, without limitation, any such excess resulting from investment gain as provided in Section 606 [Accounting for Investments] hereof, may be withdrawn therefrom, and transferred from time to time to the Bond Fund, and used as herein provided for the redemption of the Outstanding Superior Lien Bonds as they become due at maturity, on any Redemption Date, or as they otherwise are made available for payment by purchase in the open market or otherwise; and also any moneys in the Bond Fund and in the Reserve Fund in excess of the Outstanding Superior Lien Bond

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Requirements, both accrued and not accrued, to the respective maturities or designated Redemption Date of the Outstanding Superior Lien Bonds may be used as hereinabove provided in this Section 509 [Termination of Deposits] hereof.

Section 511. Payment of Additional Subordinate Securities. Sixth, and subject to the provisions hereinabove in this Article V, but subsequent to the payments hereinabove required to be made, as provided in Article VII hereof, any moneys remaining in the Highway Fund may be used by the County for the payment of Bond Requirements of additional Bonds or other additional securities payable from the Pledged Revenues having a lien on the Net Pledged Revenues subordinate to the lien of the 1989 Bonds and subordinate to the lien of any securities hereafter issued on a parity with the 1989 Bonds which are hereafter authorized to be issued in accordance with Article VII and any other provisions herein supplemental thereto, including reasonable reserves for such securities, as the same accrue; but the lien of such additional Bonds or other additional securities on the Pledged Revenues and the pledge thereof for the payment of such additional securities shall be subordinate to the lien and pledge of the 1989 Bonds and any Bonds on a parity with the 1989 Bonds, as herein provided. (Any additional securities on a parity with the 1989 Bonds shall be payable from the Subordinate Bond Fund pursuant to Sections 507 [Subordinate Bond Fund Payments] through 508 [Rebate Fund] hereof.)

Section 512. Use of Remaining Revenues. After the transfers hereinabove required to be made are made, any remaining Net Pledged Revenues in the Highway Fund may be used at the end of any Fiscal Year or whenever in any Fiscal Year there shall have been credited to the Bond Fund, to the Reserve Fund, to the Subordinate Bond Fund, to the Rebate Fund, and to each other Bond account and reserve account, if any, for the payment of any additional subordinate securities, all amounts required to be credited to those special accounts for all of that Fiscal Year, both accrued and thereafter becoming due in the balance of the

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Fiscal Year, as hereinabove provided in this Article V, for any one or any combination of lawful purposes, as the Governing Body may from time to time determine, including, without limitation:

A. State Tax of 3.60¢. The use of the proceeds received by the County pursuant to section 365.550, Tax Act (or such part thereof as may remain after there are made the payments hereinabove required to be made in the preceding sections of this article) of the tax of three and six-tenths cents (3.60¢) per gallon levied by the State on motor vehicle fuel by section 365.180, Tax Act, for any one or combination of purposes (other than the payment of securities issued pursuant to the Project Act or any law supplemental thereto) permitted by section 365.550, as from time to time amended, and by all laws supplemental thereto; and

B. State Tax of 1.75¢. The apportionment by the County of the proceeds received pursuant to section 365.560, Tax Act (or such part thereof as may remain after there are made the payments hereinabove required to be made in the preceding sections of this article) between the County, towns with town board organized under NRS 269.016 to 269.019 (Town Board Form of Government), and the incorporated cities within the County pursuant to section 365.560 from the tax of one and three quarter cent (1.75¢) per gallon levied by the State in section 365.190, Tax Act, as allocated by the State to the County and received by it, and the use of the part remaining to the County after such allocation for any one or combination of purposes (other than the payment of securities issued pursuant to the Project Act or any law supplemental thereto) permitted by subsection 3, section 365.560, Tax Act, as from time to time amended, and by all laws supplemental thereto.

For the purpose of accounting for such remaining revenues to meet the requirements of sections 365.550 and 365.560, Tax Act, there

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

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ARTICLE VI

GENERAL ADMINISTRATION

Section 601. Administration of Accounts. The special accounts designated in Articles IV and V hereof shall be administered as provided in this Article VI (except as may be otherwise provided in the 9-1-76 Bond Ordinance or the 7-1-78 Bond Ordinance, for any account created in such ordinance so long as the Outstanding Superior Lien Bonds authorized thereby or any bonds hereafter authorized to refund the Outstanding Superior Lien Bonds remain Outstanding).

Section 602. Places and Times of Deposits. 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 purpose herein designated therefor, and the moneys accounted for in such special Bond accounts shall be deposited in one bank account or more in an Insured Bank or Insured Banks as determined and designated by the Governing Body (except as otherwise expressly stated herein). Nothing herein shall prevent the commingling of moneys accounted for in any two (2) or more book accounts pertaining to the Pledged Revenues or to any such fund and any other funds of the County (each of which funds consists of a self-balancing group of accounts and constitutes an independent fiscal and accounting entity) in any Authorized Investments hereunder. Each such bank account shall be continuously secured to the fullest extent required or permitted by the laws of the State for the securing of public funds and shall be irrevocable and not withdrawable by anyone for any purpose other than the respective designated purposes. Each periodic payment shall be credited to the proper account not later than the date therefor herein designated, except that when any such date shall be a Saturday, a Sunday or a legal holiday, then such payment shall be made on or before the next succeeding secular day.

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Section 603. Investment of Moneys. Any moneys in any such account, and not needed for immediate use, may be invested or reinvested by the Treasurer in one or more of the following authorized investments ("Authorized Investments") if at the time of the investment, the investment is lawful under the laws of the State:

A. Federal Securities;

B. Direct obligations and fully guaranteed certificates of beneficial interest of the Export-Import Bank of the United States; superior debt obligations of the Federal Home Loan Banks; debentures of the Federal housing Administration; guaranteed mortgage-backed bonds and guaranteed pass-through obligations of the Government National Mortgage Corporation; guaranteed Title XI financing of the U.S. Maritime Administration; mortgage-backed securities and senior debt obligations of the Federal National Mortgage Association; and participation certificates and senior debt obligations of the Federal Home Loan Mortgage Corporation (collectively, "Agency Obligations");

C. Direct obligations of any state of the United States of America or any subdivision or agency thereof whose unsecured general obligation debt is rated "A3" or better by Moody's Investors Service and "A-" or better by Standard & Poor's Corporation, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose unsecured general obligation debt is rated "A3" or better by Moody's Investors Service and "A-" or better by Standard & Poor's Corporation;

D. Commercial paper rated "Prime-1" by Moody's Investors Service and "A-1" or better by Standard & Poor's Corporation;

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E. Obligations rated "A3" or better by Moody's Investors Service and "A-" or better by Standard & Poor's Corporation;

F. Deposits, Federal funds or bankers acceptances of any domestic bank, including a branch office of a foreign bank which branch office is located in the United States, provided legal opinions are received to the effect that full and timely payment of such deposit or similar obligation is enforceable against the principal office or any branch of such bank.

(1) has an unsecured, uninsured and unguaranteed obligations rated "Prime-1" or "A3" or better by Moody's Investors Service and "A-1" or "A-" or better by Standard & Poor's Corporation; or

(2) is the lead bank of a parent bank holding company with an uninsured, unsecured and unguaranteed obligation meeting the rating requirements in (a) above.

G. Deposits of any bank or savings and loan association which has combined capital, surplus and undivided profits of not less than \$3 million, provided such deposits are fully insured by the Federal Deposit Insurance Corporation or Federal Savings and Loan Insurance Corporation;

H. Investments in a money-market fund rated "Am" or "Am-G" or better by Standard & Poor's Corporation;

I. Repurchase agreements collateralized by Federal Securities or Agency Obligations with any registered broker/dealer subject to the Securities Investors' Protection Corporation jurisdiction, which has an uninsured, unsecured and unguaranteed obligation rated "Prime-1" or "A3" or better by Moody's Investors Service and "A-1" or "A'" or better by Standard &

Poor's Corporation, or any commercial bank with the above ratings, provided:

(1) a master repurchase agreement or specific written repurchase agreement governs the transaction,

(2) the securities are held free and clear of any lien by the Issuer or an independent third party acting solely as agent for the Issuer, and such third party is (i) a Federal Reserve Bank, (ii) a bank which is a member of the Federal Deposit Insurance Corporation and which has combined capital, surplus and undivided profits of not less than \$25 million, or (iii) a bank approved in writing for such purpose by the Insurer and the Issuer shall have received written confirmation from such third party that it holds such securities, free and clear of any lien, as agent for the Issuer,

(3) a perfected first security interest under the Uniform Commercial Code, or book entry procedures prescribed at 31 CFR 306.1 et seq. or 31 CFR 350.0 et seq. in such securities is created for the benefit of the Issuer,

(4) the repurchase agreement has a term of thirty days or less, or the Issuer will value the collateral securities no less frequently than monthly and will liquidate the collateral securities if any deficiency in the required collateral percentage is not restored within two business days of such valuation.

(5) the repurchase agreement matures at least ten days (or other appropriate liquidation period) prior to a debt service payment date, and

(6) the fair market value of the securities

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in relation to the amount of the repurchase obligation is equal to at least 100%; and

(j) Investment agreements with a bank or insurance company which has an unsecured, uninsured and unguaranteed obligation (or claims-paying ability) rated "A3" or better by Moody's Investors Service and "A-" or better by Standard & Poor's Corporation, or is the lead bank of a parent bank holding company with an uninsured, unsecured and unguaranteed obligation meeting such rating requirements, provided:

(1) interest is paid at least semi-annually at a fixed rate during the entire term of the agreement, consistent with bond payment dates,

(2) Investments (except Investment Agreements) shall be valued as frequently as deemed necessary by the Insurer, but not less often than quarterly, at the market value thereof, exclusive of accrued interest. Deficiencies in any fund or account shall be remedied no later than the succeeding valuation date. Investments in the Debt Service Reserve Fund shall mature within five years of the date of purchase thereof.

(3) moneys invested thereunder may be withdrawn without any penalty, premiums, or charge upon not more than one day's notice (provided such notice may be amended or canceled at any time prior to the withdrawal date),

(4) the agreement is not subordinated to any other obligations of such insurance company or bank,

(5) the same guaranteed interest rate will be paid on any future deposits made to restore the reserve to its required amount, and

(6) the Issuer receives an opinion of

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counsel that such agreement is an enforceable obligation of such insurance company or bank.

Authorized Investments shall be immediately available in lawful money of the United States on demand, or 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 on or prior to the date or respective dates on which the proceeds are to be expended as estimated by the Treasurer upon each date of such investment or reinvestment, but Authorized Investments in the Reserve Fund shall so be subject to redemption at the holder's option at face value or shall mature at least 5 days prior to the last maturity date of the Outstanding Superior Lien Bonds or any other Outstanding securities, but in no event exceeding 10 years from the date of the investment or reinvestment. For the purpose of any such investment or reinvestment, Authorized Investments 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. Authorized Investments (except Investment Agreements) shall be valued as frequently as deemed necessary by the Insurer, but not less often than quarterly, at the market value thereof, exclusive of accrued interest. Deficiencies in any fund or account shall be remedied no later than the succeeding valuation date.

Section 604. Scheduling Disbursements. Before the Treasurer invests or reinvests any moneys accounted for in the Acquisition Fund, the Project Engineer shall furnish to the Treasurer a certificate setting forth a schedule of amounts and times when funds are estimated by the Project Engineer to be needed to pay the Cost of the Project. The Treasurer may conclusively rely upon the estimates contained in such certificate or any addendum thereto, and shall have no liability or responsibility for any loss on any investment or reinvestment made or changed in accordance with any such certificate or any addendum thereto.

Section 605. Required and Permissive Investments. The Treasurer shall have no obligation to make any investment or reinvestment hereunder, unless any moneys on hand and accounted for in any one account exceeds \$5,000 and at least \$5,000 therein will not be needed for a period of not less than sixty (60) days. In such event the Treasurer shall invest or reinvest in Authorized Investments not less than substantially all the amount which will not be needed during such sixty-day period, except for any moneys on deposit in an interest-bearing account in any Insured Bank, regardless whether such moneys are evidenced by certificate of deposit or otherwise, pursuant to Sections 603 [Investments of Moneys] and 608 [Character of Funds] hereof. The Treasurer may invest or reinvest any moneys on hand at any time as provided in Section 603 [Investment of Moneys] hereof even though he is not obligated to do so.

Section 606. Accounting for Investments. The Authorized Investments so purchased as an investment or reinvestment of moneys in any such account shall be deemed at all times to be a part of the account and held in trust therefor. Except as herein otherwise provided, any interest or other gain in any account from any investments and reinvestments in Authorized Investments and from any deposits of moneys in any Insured Bank pursuant to this article shall be credited to the account, and any loss in any account resulting from any such investments and reinvestments in Authorized Investments and from any such deposits in any Insured Bank shall be charged or debited to the account; but any gain from any such investments or reinvestments of moneys in the Reserve Fund in excess of the Minimum Bond Reserve (as well as any such excess resulting from other than any investments or reinvestments) may be withdrawn from the Reserve Fund and transferred and credited from time to time to the Bond Fund pursuant to the 1976 Bond Ordinance and to the 1978 Bond Ordinance, and pursuant to Section 510 [Defraying Delinquencies] hereof. Except as provided in Section 603 [Investment of Moneys] hereof, no loss or profit in any account

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on any investments or reinvestments in Authorized Investments or any certificates of deposit shall be deemed to take place as a result of fluctuations in the market quotations of the investments, reinvestments or certificates prior to the sale or maturity thereof. The expenses of purchase, safekeeping, sale and all other expenses incident to any investment or reinvestment of moneys pursuant to this Article VI shall be accounted for as Administrative Expenses, as permitted by Section 504 [First Charges] hereof.

Section 607. Redemption or Sale of Authorized Investments. The Treasurer shall present for redemption at maturity or sale on the prevailing market at the best price obtainable any Authorized Investments so purchased as an investment or reinvestment of moneys in any account whenever it shall be necessary so to do in order to provide moneys to meet any withdrawal, payment or transfer from such account. Neither the Treasurer nor any other officer of the County shall be liable or responsible for any loss resulting from any such investment or reinvestment made in accordance with this Ordinance. The Treasurer shall promptly notify the County Manager, the Board of County Commissioners and the Commission of any gain or loss in any account.

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

Section 609. Accelerated Payments. Nothing contained in Article V hereof prevents the accumulation in any account herein designated of any monetary requirements at a faster rate than the rate or minimum rate, as the case may be, provided in Article V; but no payment shall be accelerated if such acceleration shall cause the Governing Body to default in the payment of any obligation of the County pertaining to the Pledged Revenues. Nothing herein contained requires in connection with the Pledged Revenues received in any Fiscal Year the accumulation of monetary requirements in any account for the

payment in the Comparable Bond Year of Bond Requirements due in connection with any series of Bonds or other securities payable from the Pledged Revenues and heretofore, herein or hereafter authorized, in excess of such Bond Requirements due in such Comparable Bond Year, or of any reserves required to be accumulated and maintained therefor, and of any existing deficiencies, and payable from such account, as the case may be, except as may be otherwise provided herein.

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

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ARTICLE VII

SECURITIES LIENS AND ADDITIONAL
SECURITIES

Section 701. First Lien Bonds. The 1989 Bonds authorized herein, subject to the payment of Administrative Expenses and Direct Distributions, and subject to and subordinate to the Outstanding Superior Lien Bonds, constitute an irrevocable and first lien (but not necessarily an exclusively first lien) upon the Gross Pledged Revenues.

Section 702. Equality of Bonds. The 1989 Bonds authorized to be issued hereunder and any securities or hereafter authorized to be issued with a lien on the Net Pledged Revenue on a parity with the lien of the 1989 Bonds and from time to time Outstanding are equitably and ratably secured by a lien on the Pledged Revenues (subject to and subordinate to the Outstanding Superior Lien Bonds) and shall not be entitled to any priority one over the other in the application of the Pledged Revenues regardless of the time or times of the issuance of such securities, it being the intention of the Governing Body that there shall be no priority among the 1989 Bonds and any such parity securities regardless of the fact that they may be actually issued and delivered at different times, except as expressly set forth herein.

Section 703. Issuance of Additional Parity or Subordinate Securities. Except for bonds or other securities issued to refund any or all of the Outstanding Superior Lien Bonds pursuant to sections 706 [Superior Securities Permitted Only to Refund Outstanding Superior Lien Bonds], 708 [Issuance of Refunding Securities], and 709 [Partial Refundings] hereof, the County shall not authorize or issue any additional bonds or other securities with a lien on the Net Pledged Revenues which is superior to the lien of the 1989 Bonds or superior to the lien of any bonds or other securities issued with a lien on a parity with

the 1989 Bonds. Nothing in this Ordinance contained, subject to the limitations stated in Sections 712 [Payment Date] and 712 [Supplemental Instrument] hereof, 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 or superior to, the lien thereon of the 1989 Bonds or prevents the issuance of Bonds or other securities refunding all or a part of the 1989 Bonds, except as provided in Sections 708 [Issuance of Refunding Bonds] through 712 [Supplemental Instrument] hereof; but before any such additional parity Bonds or other additional parity securities are authorized or actually issued (excluding any parity refunding Bonds or other parity refunding securities other than any securities refunding subordinate Bonds or other subordinate securities, as permitted in Section 709 [Partial Refundings] hereof):

A. Absence of Default. At the time of the adoption of the supplemental instrument authorizing the issuance of the additional securities as provided in Section 712 [Supplemental Instrument] hereof, the County shall not be in violation of Section 816 [Maintenance of Fuel Taxes] hereof or in default in making the payments required by Section 507 [Subordinate Bond Fund Payments] hereof.

B. Historic Earnings Test. The Net Pledged Revenues derived in the Fiscal Year immediately preceding the date of the issuance of such additional parity securities shall have been at least sufficient to pay an amount equal to 150% of the combined maximum annual principal and interest requirements of the Outstanding Superior Lien Bonds, the Outstanding 1989 Bonds, any Outstanding bonds issued with a lien on the Pledged Revenues which is on a parity with the lien thereon on the 1989 Bonds, and the Bonds or other securities proposed to be issued (excluding any

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reserves therefor), except as hereinafter otherwise expressly provided; but, the County may authorize and issue additional bonds or other securities to refund any Outstanding Bonds and may authorize and issue additional bonds or other securities with a lien on the Net Pledged Revenues that is subordinate to the lien of the 1989 Bonds without complying with this subsection B of this Section.

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

D. Reduction of Annual Requirements. The respective annual Bond Requirements (including as such a requirement for the purposes of this Section 703 the amount of any prior redemption premiums due on any prior redemption date as of which the County shall have exercised or shall have obligated itself to exercise its prior redemption option) shall be reduced to the extent such 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 within or without the State, including the known minimum yield from any investment in Federal Securities.

Section 704. Certification of Revenues. A written certification or written opinion by an Independent Accountant, based upon estimates thereby as provided in subsection C of

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Section 703 [Issuance of Additional Parity or Subordinate Securities] hereof, that such Net Pledged Revenues, when adjusted as hereinabove provided in subsections C and D of Section 703 [Issuance of Additional Parity or Subordinate Securities] hereof, are sufficient to pay such amounts, as provided in subsection B of Section 703 [Issuance of Additional Parity or Subordinate Securities] 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 1989 Bonds.

Section 705. Subordinate Securities Permitted. Nothing herein contained, subject to the limitations stated in Section 712 [Supplemental Instrument] hereof, prevents the Issuer from issuing additional Bonds or other additional securities payable from the Pledged Revenues and having a lien thereon subordinate, inferior and junior to the lien thereon of the 1989 Bonds.

Section 706. Superior Securities Permitted Only to Refund Outstanding Superior Lien Bonds. Nothing herein contained permits the County to issue additional Bonds or other additional securities payable from the Pledged Revenues and having a lien thereon prior and superior to the lien thereon of the 1989 Bonds, except bonds or other securities issued to refund any or all of the Outstanding Superior Lien Bonds.

Section 707. Use of Proceeds. The proceeds of any additional Bonds or other additional securities (other than any funding or refunding securities) payable from the Pledged Revenues shall be used only for bettering, enlarging, extending and otherwise improving the Facilities (or any combination thereof).

Section 708. Issuance of Refunding Securities. At any time after the 1989 Bonds, or any part thereof, are issued and remain Outstanding, if the Governing Body shall find it desirable to refund any Outstanding Bonds or other Outstanding securities payable from and constituting a lien upon the Pledged Revenues, such Bonds or other securities, or any part thereof,

may be refunded (but only with the consent of the owner or owners of all such Outstanding securities unless the Bonds or other securities at the time or times of their required surrender for payment shall then mature or shall be then callable for prior redemption for refunding purposes at the County's Option upon proper call), regardless whether the priority of the lien for the payment of the refunding securities on the Pledged Revenues is changed (except as provided in Sections 706 [Superior Securities Permitted Only to Refund Outstanding Superior Lien Obligations] and 709 [Partial Refundings] through 712 [Supplemental Instrument] hereof).

Section 709. Partial Refundings. The refunding Bonds or other refunding securities so issued shall enjoy complete equality of lien with the portion of any Bonds or other securities of the same issue which is not refunded, if there are any; and the owner or owners of such refunding Bonds or such other refunding securities shall be subrogated to all of the rights and privileges enjoyed by the owner or owners of the unrefunded Bonds or other unrefunded securities of the same issue partially refunded by the refunding securities.

Section 710. Limitations Upon Refundings. Any refunding Bonds or other refunding securities payable from the Pledged Revenues shall be issued with such details as the Governing Body may by instrument provide, subject to the provisions of Section 712 [Supplemental Instrument] hereof, and subject to the inclusion of any such rights and privileges designated in Section 709 [Partial Refundings] hereof, but without any impairment of any contractual obligation imposed upon the County by any proceedings authorizing the issuance of any unrefunded portion of such Outstanding securities of any one or more issues (including but not necessarily limited to the Outstanding Superior Lien Bonds and the 1989 Bonds).

Section 711. Protection of Securities Not Refunded. If only a part of the Outstanding Bonds and any other Outstanding securities of any issue or issues payable from the Pledged

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Revenues is refunded, then such securities may not be refunded without the consent of the holder or holders of the unrefunded portion of such securities:

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

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

C. Default and Earnings Test. Unless the refunding Bonds or other refunding securities are issued in compliance with Sections 703 [Issuance of Additional Parity or Subordinate Securities] and 704 [Certification of Revenues] hereof.

Section 712. Supplemental Instrument. Additional bonds or other additional securities payable from the Pledged Revenues shall be issued only after authorization thereof by a supplemental instrument of the Governing Body stating the purpose or purposes of the issuance of such additional securities, directing the application of the proceeds thereof to such purpose or purposes, directing the execution thereof, and fixing and determining the date, principal amount, maturity or maturities, designation and numbers thereof, the maximum rate or the rate or rates of interest to be borne thereby, any prior redemption privileges of the County with respect thereto and any other

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provisions thereof in accordance with this Ordinance. All additional securities shall bear such date, shall bear such numbers and series designation, letters or symbols prefixed to their numbers distinguishing them from each other security, shall be payable at such place or places, may be subject to redemption prior to maturity on such terms and conditions, and shall bear interest at such rate or at such different or varying rates per annum, as may be fixed by instrument or other document of the Governing Body. The Insurer shall be provided with a full transcript of proceedings, including any such supplemental instrument, promptly upon the adoption of any such supplemental instruments.

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ARTICLE VIII

MISCELLANEOUS PROTECTIVE COVENANTS

Section 801. General. The County 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 purpose set forth in the following provisions and sections of this Article.

Section 802. Performance of Duties. The County, acting by and through the Governing Body or otherwise, will faithfully and punctually perform or cause to be performed all duties with respect to the Pledged Revenues and the Facilities required by the Constitution and laws of the State and the various instruments of the County, including, without limitation, the proper segregation of the proceeds of the 1989 Bonds and Pledged Revenues and their application to the respective accounts provided from time to time therefor.

Section 803. Contractual Obligations. The County shall perform all contractual obligations undertaken by it under the contract to purchase the Bonds with the Purchaser and any other agreements relating to the Bonds, the Pledged Revenues and the Project (or any combination thereof) with all other Persons.

Section 804. Further Assurances. At any and all times the County shall, so far as it may be authorized by law, pass, make, do, execute, acknowledge, deliver and file or record all and every such further instruments, acts, deeds, conveyances, assignments, transfers, other documents, and assurances as may be necessary or desirable for the better assuring, conveying, granting, assigning and confirming all and singular the rights, the Pledged Revenues, and other moneys and accounts hereby pledged or assigned, or intended so to be, or which the County may hereafter become bound to pledge or to assign, or as may be reasonable and required to carry out the purposes of this Ordinance and to comply with the Project Act and the Bond Act.

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The County, acting by and through the Governing Body, or otherwise, shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Pledged Revenues and other moneys and accounts pledged hereunder and all the rights of every holder of any Bond hereunder against all claims and demands of all Persons whomsoever.

Section 805. Conditions Precedent. Upon the date of issuance of any 1989 Bonds, all conditions, acts and things required by the Federal or State Constitution or Federal or State statutes to exist, to have happened, and to have been performed precedent to or in the issuance of the Bonds shall exist, have happened, and have been performed; and the Bonds, together with all other obligations of the County shall not contravene any debt or other limitation prescribed by the State Constitution or statutes.

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

Section 807. Payment of Governmental Charges. 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 Fuel Taxes, or upon any portion of the Pledged Revenues, when the same shall become due, and shall duly observe and comply with all valid requirements of any municipal or governmental authority relative to any part of the Fuel Taxes, except for any period during which the same is being contested in good faith by proper legal proceedings. The

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County shall not create or suffer to be created any lien or charge upon the Pledged Revenues, except the pledge and lien created by the 9-1-76 Bond Ordinance for the payment of the Bond Requirements due in connection with the 1976 Bonds, the 7-1-78 Bond Ordinance for the payment of the Bond Requirements due in connection with the 1978 Bonds, this Ordinance for the payment of the Bond Requirements due in connection with the 1989 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 sixty (60) days after the same shall become payable, all lawful claims and demands for labor, materials, supplies of other objects which, if unpaid, might by law become a lien upon the Facilities, or any part thereof, or the Pledged Revenues; but nothing in this section contained requires the County to pay or to cause to be discharged or to make provision for any such lien or charge, so long as the validity thereof is contested in good faith and by appropriate legal proceedings.

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

Section 809. Accumulation of Interest Claims. 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 1989 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 any of such

coupons or other claims for interest. If the time for the payment of any such installment of interest is 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 other securities then Outstanding and of all matured interest on such securities the payment of which has not been extended.

Section 810. Prompt Payment of Bonds. The County shall promptly pay the Bond Requirements of every 1989 Bond issued hereunder and secured hereby at the place, on the dates, and in the manner specified herein and in the Bonds according to the true intent and meaning hereof.

Section 811 Use of Subordinate Bond Fund. The Subordinate Bond Fund shall be used solely and only and the moneys credited to such accounts are hereby pledged for the purpose of paying the Bond Requirements of the 1989 Bonds and any parity securities heretofore or hereafter authorized, except for those moneys in the Subordinate Bond Fund as are in excess of such Bond Requirements, both accrued and not accrued, to their respective maturities or any other due dates (subject to the provisions concerning surplus moneys in Sections 509 [Termination of Deposits], 510 [Defraying Delinquencies], 606 [Accounting for Investments] and 901 [Defeasance] hereof).

Section 812. Additional Securities. The County shall not hereafter issue any Bonds or other securities payable from the Pledged Revenues so long as any 1989 Bonds herein authorized are Outstanding, unless such additional Bonds or other securities are issued in conformance with the provisions of Articles V and VII hereof.

Section 813. Other Liens. Other than as provided by the 9-1-76 Bond Ordinance, the 7-1-78 Bond Ordinance and this Ordinance, there are no liens or encumbrances of any nature whatsoever on or against the Pledged Revenues.

Section 814. Corporate Existence. The County shall maintain its corporate identity and existence so long as any of the 1989 Bonds issued hereunder 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 levy and collect or cause to be levied and collected the Fuel Taxes herein provided without adversely affecting to any substantial degree the privileges and rights of any holder of any Outstanding Bond at any time.

Section 815. Fidelity Bonds. Each official of the County or other person having custody of any Pledged Revenues or of any other moneys pertaining thereto, including, without limitation, Bond proceeds, or responsible for the handling of such moneys, shall be bonded at all times in an amount of at least \$500,000, which bond shall be conditioned upon the proper application of such funds (but need not necessarily be limited thereto). The costs of each such bond or a reasonably allocated share of the costs of any such blanket bond may be considered and paid as Administrative Expenses.

Section 816. Maintenance of Fuel Taxes. While the Bonds or any of them remain Outstanding and unpaid, the County shall cause Fuel Taxes to be levied and collected in amounts of not less than nine and thirty-five hundredths cents (9.35¢) per gallon on all motor vehicle fuel sold, distributed or used in the County as provided in this Ordinance, in the Tax Ordinance, in the Project Act, and in the Tax Act, except as otherwise provided in this Ordinance, such ordinance and such acts, including, without limitation, provisions therein for any deductions and any refunds not constituting Administrative Expenses or Direct Distributions, and so including provisions in this Ordinance, such Ordinance and such acts pertaining to exempt sales and other exempt transactions, or to amounts derived from any other excise taxes pertaining to motor vehicle fuel of at least an equivalent

value and pledged in lieu of such present taxes, regardless of whether now or hereafter fixed and imposed.

Section 817. Collection of Fuel Taxes. The County shall cause all proceeds of the Fuel Taxes to be collected as soon as reasonable, shall prescribe and enforce rules and regulations for the payment thereof, and shall provide methods of collection, by the Department, or otherwise, and penalties, to the end that the Net Pledged Revenues shall be adequate to meet the requirements hereof. So long as any 1989 Bonds remain Outstanding, the Governing Body on the behalf and in the name of the County shall not exercise any option granted pursuant to subsection 3, section 365.190, Tax Act, or otherwise, to decline to accept the tax levied by the State in section 365.190 of one and three-quarter cents (1.75¢) per gallon on motor vehicle fuel sold, distributed or used in the County; and during the period the 1989 Bonds remain Outstanding, the Governing Body shall not adopt any resolution or other instrument declining to accept such tax, wholly or in part.

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

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

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

C. Expenses and Distributions. A detailed statement of the Administrative Expenses, both the amounts retained by the Department and any other such expenses, and of any Direct Distributions, to the

extent reflected by the books and other records of the County, including, without limitation, reports received from the State,

D. Securities Payments. A detailed statement of amounts credited to various accounts for the payment of Bonds and any other securities payable from the Pledged Revenues, and reserves therefor, including, without limitation, the Subordinate Bond Fund and the Subordinate Reserve Fund, and

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

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

Section 819. Rights Concerning Records and Facilities. Any owner of any of the 1989 Bonds or any other securities payable from the Pledged Revenues or any duly authorized agent or agents of such owner, or the Purchaser shall have the right at all reasonable times to inspect all records, accounts and data of the County relating thereto, concerning the Pledged Revenues, and to make copies of such records, accounts and data.

Section 820. Audits Required. The County within one hundred eighty (180) days following the close of the Fiscal Year, commencing with the Fiscal Year ending on the last day of June, 1989, shall order an audit for the Fiscal Year of such books and accounts to be made forthwith by an Independent Accountant, and shall order an audit report showing the receipts and disbursements for each account of the County pertaining to the Pledged Revenues, and such audit report will be available for inspection by the Purchaser, or any owner of any of the securities payable from the Pledged Revenues. Nothing herein

contained requires an audit of any books and accounts of the Department.

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

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

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

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

D. Recapitulation. A recapitulation of each account created by the various ordinances, and any other proceedings authorizing the issuance of Outstanding Bonds and any other Outstanding securities payable from the Pledged Revenues, into which account are put moneys derived from the Fuel Taxes, any sale of Federal Securities, and any sale of such Outstanding Bonds and any other such Outstanding securities of the

County, or any other properties thereof, such analysis to show the balance in such account at beginning of the audit period, the deposits and withdrawals during such period, and the balance at the end of such period.

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

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

B. Others. Any other Person designated in any instrument or other proceedings pertaining to any Outstanding securities payable from the Pledged Revenues other than the 1989 Bonds.

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

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

Section 824. Performance Bonds. In order to insure the completion of the Project, the Board shall require each firm, corporation or other Person with whom it may contract for construction of a Project to furnish a Performance Bond in the

full amount of any contract exceeding \$5,000 in amount. Any such construction contract shall provide that payment thereunder shall not be made by the Board in excess of ninety percent (90%) of current estimates until the completion of such construction under the contract and the acceptance of the construction by the Board; however, any time after fifty percent (50%) of the work has been completed, the Regional Transportation Commission may, if in the Regional Transportation Commission's opinion satisfactory progress is being made, make any of the remaining partial payments in full. Any sum or sums derived from such Performance Bond shall be used within six (6) months after such receipt for the completion of such construction and, if not so used within such period, shall be placed in and shall be subject to the provisions of the Highway Fund provided for herein.

Section 824. Completion of Project. The Board, 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 Board's ability, as hereinabove provided.

Section 825. Tax Covenant. The County covenants for the benefit of the owners of the Bonds that it will not take any action or omit to take any action with respect to the Bonds, the proceeds thereof, any other funds of the County or any facilities financed with the proceeds of the Bonds if such action or omission (i) would cause the interest on the Bonds to lose its exclusion from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Tax Code"), (ii) would cause interest on the Bonds to lose its inclusion from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except to the extent such interest is required to be included in the adjusted net book income and adjusted current earnings adjustments applicable to corporations under Section 56 of the Tax Code in calculating corporate alternative minimum taxable income, or (iii) would subject the County to any penalties under Section 148 of the Tax Code. The foregoing covenant shall remain in full force and

effect notwithstanding the payment in full or defeasance of the Bonds until the date on which all obligations of the County in fulfilling the above covenant under the Tax Code have been met.

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ARTICLE IX

MISCELLANEOUS

Section 901. Defeasance. When all Bond Requirements of the 1989 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; provided, however, that if the principal of or interest on the 1989 Bonds shall be paid by any Insurer of the 1989 Bonds, the pledge of the Pledged Revenues and all covenants, agreements, and other obligations of the County to the Owners hereunder shall continue to exist and such Insurer shall be subrogated to the rights of the Owners until all the Bond Requirements of the Bonds are paid. 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 wholly or in part) to meet all Bond Requirements of the 1989 Bonds, as the same become due to the final maturities of the 1989 Bonds. The Federal Securities shall become due prior to the respective times in which the proceeds thereof shall be needed, in accordance with a schedule established and agreed upon between the County and such bank at the time of the creation of the escrow or trust, or the Federal Securities shall be subject to redemption at the option of the holders thereof to assure such availability as so needed to meet such schedule. For the purpose of this section "Federal Securities" shall include only Federal Securities which are not callable for redemption prior to their maturities except at the option of the owner thereof. When such defeasance is accomplished the Paying Agent shall mail written notice of the defeasance to the registered owners of the Bonds at the address

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last shown on the registration records for the Bonds maintained by the Registrar.

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

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

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

- (1) The signing of the 1989 Bonds,
- (2) The tenure and identity of the officials of the Governing Body and of the County, and of the Commission,
- (3) The exclusion of interest on the 1989 Bonds from gross income for purposes of federal income taxation,
- (4) The adequacy and completeness of the official statement,
- (5) The delivery of the 1989 Bonds and the receipt of the Bond purchase price,
- (6) If it is in accordance with fact, the absence of litigation, pending or threatened, affecting the validity thereof; and
- (7) The policy of insurance and the commitment therefore provided by the Insurer;

C. Information. The assembly and dissemination of financial and other information

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concerning the County, the Commission, and the 1989 Bonds;

D. Official Statement. The preparation of the Final Official Statement for use for prospective buyers of the 1989 Bonds, including, without limitation, such use by the Purchaser and its associates, if any; and

E. Bond Issuance. The sale and issuance of the 1989 Bonds pursuant to the provisions of this Ordinance and to any supplemental instrument.

Section 903. Statute of Limitations. No action or suit based upon any 1989 Bond, or other obligation of the County shall be commenced after it is barred by any statute of limitations pertaining thereto. Any trust or fiduciary relationship between the County and the owner of any 1989 Bond or other obligee regarding any such obligation shall be conclusively presumed to have been repudiated on the maturity date or other due date thereof unless the 1989 Bond is presented for payment or demand 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 shall revert to the Highway Fund, unless the Governing Body shall otherwise provide by instrument of the County. Nothing hereby contained prevents the payment of any such obligation after any action or suit for its collection has been barred if the Governing Body deems it in the best interests of the public so to do and orders such payment to be made.

Section 904. Evidence of Bondowners. Any request, consent or other instrument which this Ordinance may require or may permit to be signed and to be executed by the owner of any 1989 Bonds may be in one or more instruments of similar tenor and shall be signed or shall be executed by each such owner in person or by his attorney appointed in writing. Proof of the execution of any such instrument or of an instrument appointing any such

attorney, or the holding by any Person of the Bonds, shall be sufficient for any purpose of this Ordinance (except as otherwise herein expressly provided) if made in the following manner:

A. Proof of Execution. The fact and the date of the execution by any owner of any 1989 Bonds or his attorney of such instrument may be provided by the certificate, which need not be acknowledged or verified, of an officer of a bank or trust company satisfactory to the Clerk or of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he purports to act, that the individual signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer; the authority of the individual or individuals executing any such instrument on behalf of a corporate owner of any Bonds may be established without further proof if such instrument is signed by an individual purporting to be the president or vice president of such corporation with a corporate seal affixed and attested by an individual purporting to be its secretary or an assistant secretary; and the authority of any Person or Persons executing any such instrument in any fiduciary or representative capacity may be established without further proof if such instrument is signed by a Person or Persons purporting to act in such fiduciary or representative capacity; and

B. Proof of Holdings. The amount of the 1989 Bonds owned by any Person executing any instrument as an owner of Bonds and the numbers, date and other identification thereof, together with the date of his holding the 1989 Bonds, may be proved by reference to the registration records kept by the Registrar.

Section 905. Warranty Upon Issuance of Bonds. Any 1989 Bonds, when duly executed and delivered for the purpose provided in this Ordinance, shall constitute a warranty by and on

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behalf of the County for the benefit of each and every future holder of any of the 1989 Bonds that the 1989 Bonds have been issued for a valuable consideration in full conformity with law.

Section 906. Immunities of Purchaser. The Purchaser and any associate thereof are under no obligation to any owner of the 1989 Bonds for any action that they may or may not take or in respect of anything that they may or may not do by reason of any information contained in any reports or other documents received by them under the provisions of this Ordinance. The immunities and exemptions from liability of the Purchaser and any associate thereof hereunder extend to their partners, directors, successors, employees and agents.

Section 907. Prior Contracts. Nothing herein contained impairs the County's obligation of contracts with any Person in connection with the County, including, without limitation, the Pledged Revenues, the Outstanding 1976 Bonds, the Outstanding 1978 Bonds, this Ordinance, the Facilities or the Project (or any combination thereof). If any provision herein is inconsistent with any provision in any existing contract pertaining to the County in such a manner as to effect prejudicially and materially the rights and privileges thereunder, so long as such contract shall remain viable and in effect such provision therein shall control such inconsistent provision herein and the latter provision shall be subject and subordinate to such provision in such existing contract.

Section 908. Replacement of Registrar or Paying Agent. If the Registrar or Paying Agent initially appointed hereunder shall resign, or if the Board, on the behalf and in the name of the County, shall reasonably determine that the Registrar or Paying Agent has become incapable of performing its duties hereunder, the Board for the County may, upon notice mailed to each owner of any Bond at his address last shown on the registration record and to the Insurer, appoint a successor Registrar or Paying Agent, or both. No resignation or dismissal of the Registrar or Paying Agent may take effect until a

successor is appointed. Every such successor Registrar or Paying Agent shall be a trust bank. It shall not be required that the same institution serve as both Registrar and Paying Agent hereunder, but the Board shall have the right to have the same institution serve as both Registrar and Paying Agent hereunder.

Section 909. Governmental Powers. The enforceability of the obligations of the Issuer is:

A. State and U.S. Powers. Subject to the reasonable exercise in the future by the State and its governmental bodies of the police power inherent in the sovereignty of the State and to the exercise by the United States of the powers delegated to it by the Constitution of the United States,

B. Limitations upon Suits. Subject to the limitations stated in the 11th Amendment, Constitution of the United States, upon suits against states in federal courts by citizens of other states or citizens or subjects of foreign states, and

C. Sovereign Immunity. Subject to the possible passage hereafter of a State statute re-establishing the doctrine of sovereign immunity (heretofore waived by the State subject to certain exceptions and conditions) of the State, the Issuer, and any other political subdivision of the State from liability and suits thereagainst in the absence of the State's consent thereto.

Nothing herein prohibits or limits the exercise by the Federal Government, the State, the Issuer, or any other governmental entity of their respective sovereign powers. Generally, the Issuer can neither contract away any such sovereign powers nor limit or inhibit by contract the proper exercise of such powers, and this Instrument does not purport to do so.

ARTICLE X

PRIVILEGES, RIGHTS AND REMEDIES

Section 1001. Bondowner's Remedies. Each owner of any 1989 Bond shall be entitled to all of the privileges, rights and remedies provided herein, in the Project Act, the Bond Act, the Supplemental Bond Act and this Ordinance, and as otherwise provided or permitted at law or in equity or by other statute, except as provided in Sections 209 [Character of Agreement] through 213 [No Bond Election Nor Other Preliminaries] hereof, but subject to the provisions herein concerning the Pledged Revenues and the proceeds of the 1989 Bonds.

Section 1002. Right to Enforce Payment. Nothing in this article affects or impairs the right of any owner of any Bond issued hereunder to enforce the payment of the Bond Requirements of 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 1003. Events of Default. Each of the following events is hereby declared an "event of default":

A. Nonpayment of Principal. Payment of the principal of any of the 1989 Bonds, shall not be made when the same shall become due and payable, either at maturity or otherwise;

B. Nonpayment of Interest. Payment of any installment of interest shall not be made when the same becomes due and payable;

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

D. Nonperformance of Duties. The County shall have failed to carry out and, to perform (or in good faith to begin the performance of) all acts and things lawfully required to be carried out or to be performed by it under

any contract relating to the Pledged Revenues, or otherwise, including, without limitation, this Ordinance, and such failure shall continue for sixty (60) days after receipt of notice from the Purchaser of the Bonds, from the Insurer, or from the owners of ten percent (10%) in principal amount of the 1989 Bonds then Outstanding.

E. Appointment of Receiver. An order or decree shall be entered by a court of competent jurisdiction with the consent or acquiescence of the County appointing a receiver or receivers for the Pledged Revenues and any other moneys subject to the lien to secure the payment of the 1989 Bonds, or if an order or decree having been entered without the consent or acquiescence of the County, shall not be vacated or discharged or stayed on appeal within sixty (60) days after entry; and

F. Default of Any Provision. The County shall make default in the due and punctual performance of any other of the representations, covenants, conditions, agreements and other provisions contained in the 1989 Bonds or in this Ordinance on its part to be performed, and if such default shall continue for sixty (60) days after written notice specifying such default and requiring the same to be remedied shall have been given to the County by the Purchaser of the Bonds, by the Insurer, or by the owners of ten percent (10%) in principal amount of the Bonds then Outstanding.

Section 1004. Remedies for Default. Upon the happening and continuance of any of the events of default, as provided in Section 1003 [Events of Default] hereof, then and in every case the owner or owners of not less than ten percent (10%) in principal amount of the 1989 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 such 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 holder of any 1989 Bond, or to require the County to act as if it were the trustee of an expressed trust, or any combination of such remedies. All such proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all holders of the 1989 Bonds then Outstanding.

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

Section 1006. Rights and Privileges Cumulative. The failure of any owner of any Outstanding Bond or the Insurer to proceed in any manner herein provided shall not relieve the County, its Governing Body, or any of its officers, agents or employees of any liability for failure to perform or carry out any duty, obligation or other commitment. Each right or privilege of any such holder or of the Insurer 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 of them shall not be deemed a waiver of any other right or privilege thereof.

Section 1007. Duties Upon Defaults. Upon the happening of any of the events of default as provided in Section 1003 [Events of Default] hereof, 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 and then into the Subordinate Bond Fund. If the County fails or refuses to proceed as in this Section provided, the Insurer or the holder or holders of not less than ten percent (10%) in principal amount of the 1989 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 holders of Outstanding 1989 Bonds shall be subrogated to all rights of the Issuer under any agreement or contract involving the Pledged Revenues entered into prior to the effective date of this Ordinance or thereafter while any of the Bonds are Outstanding.

Section 1008. Duties in Bankruptcy Proceedings. If any Person obligated to pay any Fuel Tax proceeds under any laws of the United States relating to bankruptcy, including, without limitation, any action under any law providing for corporate reorganization, it shall be the duty of the County, and its appropriate officers are hereby authorized and directed, to take all necessary steps for the benefit of the holders of the 1989 Bonds in such proceedings, so including the filing of any claims for unpaid Fuel Tax proceeds and other payments to or otherwise arising from the breach of any of the covenants, terms or conditions of any instrument or obligation pertaining to the Pledged Revenues, except to the extent that the State acting by and through the Department or otherwise takes such action, unless the Governing Body by resolution or other instrument determines that the costs of such action are likely to exceed the amounts thereby recovered from such taxpayer.

Section 1009. Prejudicial Action Unnecessary. Nothing in this article requires the County to proceed as provided herein

if the Governing Body determines in good faith and without any 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 such action is otherwise likely to affect materially and prejudicially the holders of the Outstanding Superior Lien Bonds, of the Outstanding 1989 Bonds and of any Outstanding securities on a parity with the 1989 Bonds.

Section 1010. Rights of Insurer. Notwithstanding the foregoing provisions of this Article X, after any Event of Default, and so long as any Insurer of the 1989 Bonds is not in default in its payment obligations under its policy of insurance relating to payment of the 1989 Bonds, any such Insurer of the 1989 Bonds shall have the complete and exclusive right to pursue and enforce any and all remedies available to the Owners of the 1989 Bonds under this Article X.

Section 1011. No Waiver of Event of Default Without Prior Written Consent of Insurer. The prior written consent of the Insurer shall be required for any waiver of any Event of Default.

Section 1012. Insurer's Access to Registration Records Upon Certain Events of Default. Upon the occurrence of an Event of Default which would require the Bond Insurer to make payments under its policy of insurance relating to the payment of the 1989 Bonds, the Insurer and its designated agent shall be provided with access to the registration books of the County relating to the 1989 Bonds.

Section 1013. Duty to Provide Financial Information to Insurer. After each Fiscal Year the County shall provide the following information to the Insurer:

(A) Within 180 days after each fiscal years, a copy of each of the annually audited financial reports of the County; and

(B) By June of each years, a copy of the County's upcoming year's budget; and

(C) The County shall provide the Insurer with such additional information as is reasonably requested by the Bond Insurer from time to time.

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ARTICLE XI

AMENDMENT OF ORDINANCE

Section 1101. Privilege of Amendment. This Ordinance may be amended or supplemented by instruments adopted by the Governing Body in accordance with the laws of the State, without receipt by the County or any additional consideration, but with the written consent of the Insurer if it is not in default in its payment obligation under the policy of insurance relating to the Bonds, or if the Insurer is in default in its payment obligations under the policy of insurance relating to the Bonds and here with the written consent of the holders of sixty-six percent (66%) in aggregate principal amount of the 1989 Bonds Outstanding at the time of the adoption of such amendatory or supplemental instrument, not including in any case any 1989 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 1989 Bonds issued hereunder if such refunding securities are not owned by the County.

Section 1102. Limitations Upon Amendments. No such instrument shall permit without the consent of the Insurer and the owners of the Bonds adversely affected thereby:

A. Changing Payment. A change in the maturity of the principal of any Outstanding 1989 Bond or any installment of interest thereon; or

B. Reducing Return. A reduction in the principal amount of any Bond, or the rate of interest thereon, without the consent of the holder of the Bond; or

C. Prior Lien. The creation of a lien upon or a pledge of revenues ranking prior to the lien or to the pledge created by this Ordinance except as herein specifically provided; or

D. Modifying Any Bond. A reduction of the principal amount or percentages or otherwise affecting the

description of Bonds or the consent of the holders of which is required for any such modification or amendment; or

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

F. Partial Modification. The modifications of or otherwise prejudicially affecting the rights or privileges of the holders of less than all of the 1989 Bonds then Outstanding.

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

A. Publication. To be published one (1) time in a newspaper or journal published in the County, and in a financial newspaper or journal published in New York, New York, as determined by the Governing Body; and

B. Mailing. To be mailed within thirty (30) days to each:

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

(2) The Financial Consultant, or any successor thereof known to the Clerk, and

(3) The registered owners of the Bonds, and

(4) The Insurer, if any, or to any successor thereof known to the Clerk.

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

C. Time for Amendment. Whenever at any time within one (1) year from the last date of the publication of such notice there shall be filed in the office of the Clerk an instrument or instruments executed by the owners of at

least sixty-six percent (66%) in aggregate principal amount of the 1989 Bonds then Outstanding, which instrument or instruments shall refer to the proposed amendatory instrument described in such notice and shall specifically consent to and approve the adoption of such instrument, thereupon, but not otherwise, the Governing Body may adopt such amendatory instrument and such instrument shall become effective.

Section 1104. Binding Consent to Amendment. If the owners of at least sixty-six percent (66%) in aggregate principal amount of the 1989 Bonds Outstanding, at the time of the adoption of such amendatory instrument, or the predecessors in title of such holders, shall have consented to and approved the adoption thereof as herein provided, no owner of any Bond whether or not such owner shall have consented to or shall have revoked any consent as in this article provided, shall have any right or interest to object to the adoption of such amendatory instrument or to object to any of the terms or provisions therein contained or to the operation thereof or to enjoin or restrain the County from taking any action pursuant to the provisions thereof.

Section 1105. Time Consent Binding. Any consent given by the owner of a 1989 Bond pursuant to the provisions of this article shall be irrevocable for a period of six (6) months from the date of the publication of the notice above provided for and shall be conclusive and binding upon all future owners of the same Bond during such period. Such consent may be revoked at any time after six (6) months from the last date of the publication of such notice, by the holder who gave such consent or by a successor in title by filing notice of such revocation with the Clerk, but such revocation shall not be effective if the owners of sixty-six percent (66%) in aggregate principal amount of the 1989 Bonds Outstanding have, prior to the attempted revocation, consented to and approved the amendatory instrument referred to in such revocation.

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Section 1106. Unanimous Consent. Notwithstanding anything contained in the foregoing provisions of this article, the terms and the provisions of this Ordinance or of any instrument amendatory thereof or supplemental thereto, the rights and the obligations of the County and of the owners of the 1989 Bonds thereunder 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 1989 Bonds, such consent to be given as provided in Section 904 hereof; and no notice to owners of 1989 Bonds, either by mailing or by publication, shall be required, nor shall the time of consent be limited except as may be provided in such consent.

Section 1107. Exclusion of County's Bonds. Bonds owned or held by or for the account of the County shall not be deemed Outstanding and shall be excluded for the purpose of consent or of other action or of any calculation of Outstanding 1989 Bonds provided for in this article, and the County shall not be entitled with respect to such 1989 Bonds to give any consent or to take any other action provided for in this article. At the time of any consent or of other action taken under this article, the County shall furnish the Clerk a certificate of the Treasurer, upon which the County may rely, describing all Bonds so to be excluded.

Section 1108. Notation on Bonds. Bonds authenticated and delivered after the effective date of any action taken as in this article provided may bear a notation by endorsement or otherwise in form approved by the Governing Body as to such action; and if any such Bond so authenticated and delivered shall bear such notation, then upon demand of the 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 such Bond by the Clerk as to any such action. If the Governing Body shall so determine, new Bonds so modified as in the opinion of the Governing Body to

conform to such action shall be prepared, authenticated and delivered; and upon demand of the owner of any Bond then Outstanding, shall be exchanged without cost to such owner for Bonds then Outstanding upon surrender of such Bonds.

Section 1109. Proof of Instruments and Bonds. The fact and date of execution of any instrument under the provisions of this article, the amount and number of the Bonds held by any Person executing such instrument, and the date of his holding the same may be proved as provided by Section 904 hereof.

Proposed on April 11, 1989.

Proposed by Commissioner McDowell.

Passed on April 11, 1989.

Ayes:

Dianne Cornwall

Larry Beck

Gene McDowell

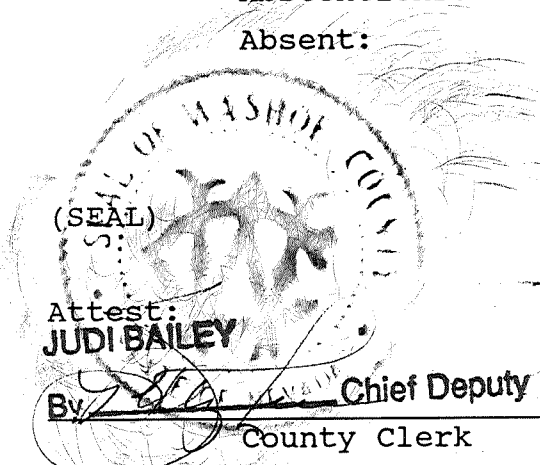
Rene Reid

Nays:

Abstentions:

Absent:

James Lillard



[Signature]
Chairman
Board of County Commissioners
Washoe County, Nevada

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This ordinance shall be in force and effect from and after April 24, 1989, i.e., the date of the second publication of such ordinance by its title only.

There are no rules of the Board which would prevent, unless suspended in case of emergency, the final passage and adoption at this meeting of the foregoing bill for an ordinance, such final adoption will require an affirmative vote of at least two-thirds of the members of the Board.

Commissioner McDowell then moved that the Ordinance entitled:

AN ORDINANCE DESIGNATED AS THE "5-1-89 BOND ORDINANCE;" AUTHORIZING THE ISSUANCE BY WASHOE COUNTY OF ITS FULLY REGISTERED, "WASHOE COUNTY, NEVADA, HIGHWAY IMPROVEMENT REVENUE (MOTOR VEHICLE FUEL TAX) BONDS, SERIES MAY 1, 1989," FOR THE PURPOSE OF FINANCING STREET AND HIGHWAY CONSTRUCTION WITHIN THE COUNTY; PROVIDING THE FORM, TERMS AND CONDITIONS OF THE BONDS, THE METHOD OF THEIR PAYMENT AND THE SECURITY THEREFOR, AND OTHER DETAILS IN CONNECTION THEREWITH; PROVIDING FOR THE DISPOSITION AND PLEDGE OF THE PROCEEDS OF CERTAIN MOTOR VEHICLE FUEL TAXES; PROVIDING OTHER COVENANTS, AND MAKING OTHER PROVISIONS CONCERNING SUCH MOTOR VEHICLE FUEL TAXES, SUCH BONDS, AND THE REVENUES PLEDGED FOR THEIR PAYMENT; RATIFYING ACTION PREVIOUSLY TAKEN TOWARD ISSUING SUCH BONDS AND EFFECTING THE PURPOSE OF THEIR ISSUANCE; BY DECLARING THIS ORDINANCE PERTAINS TO THE SALE, ISSUANCE AND PAYMENT OF THE BONDS, PROVIDING FOR ITS ADOPTION AS IF AN EMERGENCY EXISTS; AND PROVIDING THE EFFECTIVE DATE HEREOF.

introduced and read by title at this meeting, be now finally passed and adopted as read as an ordinance, as if an emergency exists. Commissioner Beck seconded the motion. The question being upon the final passage and adoption of such bill as an ordinance, the roll was called with the following result:

Those Voting Aye:

Dianne Cornwall
Larry Beck

Gene McDowell
Rene Reid

Those Voting Nay:

Those Abstaining:

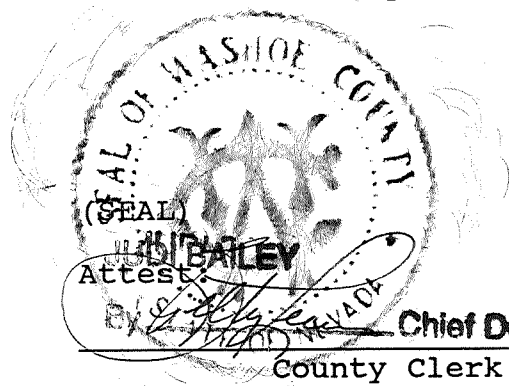
Those Absent:

James Lillard

The presiding officer thereupon declared that at least two-thirds of the members of the Board of County Commissioners of Washoe County, Nevada, having voted in favor thereof, such motion was carried and the foregoing Bill was duly passed and adopted as an ordinance.

The ordinance is to be approved and authenticated by the signature of the Chairman of such Board of County Commissioners, sealed with the seal of Washoe County, attested by the County Clerk and recorded in the minute book of such Board, such record to be signed by such officers and properly sealed and is to be published twice by title.

Thereupon, after considering other matters not concerning the foregoing Ordinance upon motion duly made, seconded and adopted, such meeting was adjourned.



Dianne Cornwall
Chairman
Board of County Commissioners
Washoe County, Nevada

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STATE OF NEVADA)
) SS.
 COUNTY OF WASHOE)

I, Judi Bailey, am the duly chosen and qualified Clerk of Washoe County, and in the performance of my duties as Clerk do hereby certify:

1. The foregoing pages numbered -1- to -121-, inclusive, are a full and correct copy of the record of proceedings of the Board of said County taken at a regular meeting thereof held on April 11, 1989 so far as such minutes relate to said ordinance, a copy of which is therein set forth; and the copy of such ordinance in such minutes is a true, correct, compared copy of the originals proposed at such meeting.

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

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

- (i) Washoe County Administration
 Building
 1205 Mill Street
 Reno, Nevada
- (ii) Washoe County Courthouse
 Virginia and Court Streets
 Reno, Nevada
- (iii) Washoe County Library
 301 South Center Street
 Reno, Nevada

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(iv) Justice Court
814 "B" Street
Sparks, Nevada

is attached as Exhibit "A".

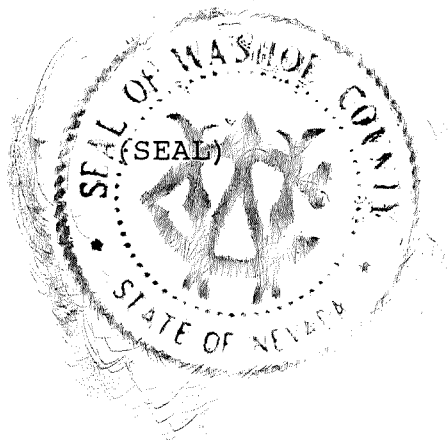
4. At least 3 working days before such meeting, such notice was mailed to each member of the Board and to each person, if any, who has requested notice of meetings of the Board in the same manner in which notice is required to be mailed to a member of the Board.

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of Washoe County, Nevada, this April 11, 1989.

JUDI BAILEY

Judi Bailey Chief Deputy

County Clerk



89-321

(Exhibit A)

COUNTY COMMISSIONERS

Dianne Cornwall, Chairman
 Larry Beck, Vice-Chairman
 Jim Lillard
 Gene McDowell
 Rene Reid

COUNTY MANAGER

John A. Macintyre

**ASSISTANT
DISTRICT ATTORNEY**

Edward Dannan

A G E N D A**MEETING OF****WASHOE COUNTY BOARD OF COMMISSIONERS****AUDITORIUM — 1205 Mill Street, Reno, Nevada**

April 11, 1989

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

The Washoe County Commission Chambers are accessible to the handicapped. With a 24-hour advance request, a sign language interpreter may be made available (call 328-2000).

AN AGENDA **CAUCUS** MEETING WILL BE HELD IN THE MANAGER'S CONFERENCE ROOM ON **MONDAY, APRIL 10, 1989, AT 1:30 P.M.,** IN ORDER TO REVIEW **AGENDA ITEMS FOR THE REGULAR MEETING OF THE WASHOE COUNTY BOARD OF COMMISSIONERS AS DESCRIBED BELOW.**

- 10:00 a.m. 14. A. (2) First reading and adoption of an Ordinance authorizing the issuance of the "Washoe County, Nevada, Highway Improvement Revenue (Motor Vehicle Fuel Tax) Bonds, Series May 1, 1989", and otherwise concerning the bonds and the motor vehicle fuel taxes pledged for their payment.

89-321