

# RENO GAZETTE-JOURNAL

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### PROOF OF PUBLICATION

STATE OF NEVADA  
COUNTY OF WASHOE

ss. Tana Ciccotti

being duly sworn, deposes and says:  
That as legal clerk of the RENO GAZETTE-  
JOURNAL, a daily newspaper published in Reno,  
Washoe County, State of Nevada, that the notice:  
Ordinance 1049

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

Dec. 14, 21, 1998

Signed

*Tana Ciccotti*

Subscribed and sworn to before me on 12/22/98

Notary Public

*Susan V. Dummer*

BILL NO. 1225  
ORDINANCE NO. 1049

AN ORDINANCE DESIGNATED AS THE "1998 SALES TAX BOND ORDINANCE," AUTHORIZING THE ISSUANCE OF THE "WASHOE COUNTY, NEVADA, SALES TAX REVENUE BONDS, SERIES 1998" FOR THE PURPOSE OF FINANCING THE ACQUISITION, ESTABLISHMENT, CONSTRUCTION AND EXPANSION OF PROJECTS FOR THE MANAGEMENT OF FLOOD PLAINS AND THE PREVENTION OF FLOODS AND FACILITIES RELATING TO PUBLIC SAFETY IN 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 ADOPTION AS IF AN EMERGENCY EXISTS; AND PROVIDING THE EFFECTIVE DATE HEREOF.

PUBLIC NOTICE IS HEREBY GIVEN, that an adequate number of typewritten copies of the above-numbered and entitled Ordinance are available for public inspection and distribution at the office of the County Clerk of Washoe County, at her office in the County Courthouse in Reno, Nevada, and that such Ordinance was proposed by Commissioner Shaw on December 8, 1998, and was passed and adopted at a regular meeting of the Washoe County Board of County Commissioners at the same meeting on December 8, 1998, by the following vote of the Board of County Commissioners, with all members present:

Those Voting Aye: Joanne Bond, Sue Camp, Mike Mouliot, Jim Shaw.

Those Voting Nay: Jim Galloway

This Ordinance shall be in full force and effect from and after the 21st day of December, 1998, i.e., the date of the second publication of such Ordinance by title only.

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

DATED this December 8, 1998:  
/s/ Joanne Bond, Chairman,  
Board of County Commissioners  
Washoe County, Nevada

(SEAL)  
Attest: /s/ Betty Lewis, County Clerk

No.5066 Dec.14,21, 1998

  
SUSAN V. DUMMAR  
Notary Public - State of Nevada  
Appointment Recorded in Washoe County  
No. 98-4006-2 - Expires August 17, 2002

P.O. BOX 22000, RENO, NEVADA 89520  
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 GANNETT

12/23/98  
PLEASE STAMP & SIGN FOR PAYMENT

1049

S&S DRAFT  
12/03/98

WASHOE COUNTY, NEVADA  
SALES TAX REVENUE BONDS  
SERIES 1998

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Summary-- An ordinance authorizing the issuance of the "Washoe County, Nevada, Sales Tax Revenue Bonds, Series 1998" and otherwise concerning the bonds and the sales tax pledged for their payment.

BILL NO. 1225

ORDINANCE NO. 1049  
(of the Washoe County, Nevada)

**AN ORDINANCE DESIGNATED AS THE "1998 SALES TAX BOND ORDINANCE;" AUTHORIZING THE ISSUANCE OF THE "WASHOE COUNTY, NEVADA, SALES TAX REVENUE BONDS, SERIES 1998" FOR THE PURPOSE OF FINANCING THE ACQUISITION, ESTABLISHMENT, CONSTRUCTION AND EXPANSION OF PROJECTS FOR THE MANAGEMENT OF FLOOD PLAINS AND THE PREVENTION OF FLOODS AND FACILITIES RELATING TO PUBLIC SAFETY IN 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 ADOPTION AS IF AN EMERGENCY EXISTS; AND PROVIDING THE EFFECTIVE DATE HEREOF.**

WHEREAS, Washoe County in the State of Nevada (the "County" and the "State", respectively) is a county duly organized and created under the provisions of Nevada Revised Statutes ("NRS") Section 243.340; and

WHEREAS, Nevada Revised Statutes ("NRS") §§ 350.500 through 350.720, inclusive, designated in § 350.500 thereof as the "Local Government Securities Law" (the "Bond Act"), NRS §§ 244A.011 to 244A.065, inclusive (the "County Bond Law") and NRS chapter 377B (the "Act") in effect provide that the Board of County Commissioners of the County (the "Board") has the power to borrow money for corporate purposes and to evidence such borrowing by the issuance of special obligation bonds; and

WHEREAS, pursuant to the Act, the County is authorized and has authorized the imposition of a tax within the County pursuant to NRS 377B.110 of one-eighth of 1 percent of the gross receipts of any retailer from the sale of all tangible personal property sold at retail, or stored, used or otherwise consumed, in the County on or after April 1, 1999 (the "Sales Tax" or the "Pledged Revenues"); the proceeds of which Sales Tax must be expended to fund the acquisition, construction, establishment, and expansion of one or more projects for the management of flood plains and the prevention of floods and facilities relating to public safety pursuant to the Act and in accordance with a plan approved by the Board (the "Project") and to pay the principal of and interest on notes, bonds or other securities issued to provide money for the Project; and



WHEREAS, pursuant to NRS 377B.150, the County shall deposit the money received from the Sales Tax in the County treasury for credit to the infrastructure fund (the "Infrastructure Fund"); and

WHEREAS, pursuant to the County Bond Law, the Bond Act, the Act and other acts supplemental thereto, the County is herein authorized to issue its "Washoe County, Nevada, Sales Tax Revenue Bonds, Series 1998" (the "1998 Bonds" or the "Bonds") for the purpose of financing the Project and paying the costs of issuance of the Bonds; and

WHEREAS, the 1998 Bonds are special obligations of the County payable solely from the Pledged Revenues; and

WHEREAS, by resolution duly adopted on November 17, 1998, the Board provided for the sale of the 1998 Bonds for the purpose of financing the Project; and

WHEREAS, after receiving bids for the purchase of the Bonds, the County Manager is hereby authorized to sell the Bonds to the best bidder therefor (the "Purchaser") and to accept a binding bid for the Bonds; and

WHEREAS, the Bonds are to bear interest at the rates per annum provided in the bond purchase proposal submitted by the Purchaser (the "Bond Purchase Proposal") and accepted by the County Manager or the Interim Director, Division of Budget and Finance be sold at a price equal to the principal amount thereof plus accrued interest to the date of delivery of the Bonds, less a discount or a premium not to exceed 9 percent of the principal amount of the Bonds, all as specified in the Certificate of the County Manager or the Interim Director, Division of Budget and Finance (defined below) in the principal amount set forth in the Certificate of the County Manager or the Interim Director, Division of Budget and Finance dated on or before the date of delivery of the Bonds (the "Certificate of the County Manager"), which purchase price does not result in an effective interest rate on the Bonds in excess of 3% over the "Index of Revenue Bonds" which was most recently published in The Bond Buyer before the time the Bond Purchase Proposal was accepted for the Bonds; and

WHEREAS, the County has never pledged nor in any way hypothecated the Pledged Revenues 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 1998 Bonds, all as herein provided; and

WHEREAS, the Board has considered, has further determined and declares:

- (a) The Board has studied the desirability and feasibility of the Project and has determined to authorize the issuance of the Bonds payable from Pledged Revenues for the Project;

(b) The Board has approved a plan pursuant to the Act and the Project is included within the plan;

(c) 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 by the issuance and sale of the 1998 Bonds to the Purchaser;

(d) 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 only of the 1998 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 Board to be derived from the Pledged Revenues; 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 of the Pledged Revenues;

(e) The payment of the 1998 Bonds shall be secured by a pledge of and an irrevocable (but not necessarily an exclusive) lien on the Pledged Revenues;

(f) Each of the limitations in the Act, County Bond Law, the Bond Act and in the acts and ordinances supplemental thereto, has been met; and pursuant to section 350.708, Bond Act, this determination of the Board that the limitations therein upon the issuance of the 1998 Bonds thereunder have been met shall be conclusive in the absence of fraud or arbitrary and gross abuse of discretion;

(g) The 1998 Bonds will otherwise be issued in strict compliance with the Act, the County Bond Law, the Bond Act, this Ordinance and all other acts, ordinances and resolutions supplemental thereto;

(h) 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;

(i) 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 or a subordinate position with a subordinate 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 Board hereby elects to have Chapter 348, NRS (the "Supplemental Bond Act") apply to the 1998 Bonds; and

WHEREAS, the Board has determined and does declare that this Ordinance pertains to the sale, issuance and payment of the 1998 Bonds; and

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

WHEREAS, this Ordinance may accordingly be adopted as if an emergency now exists by an affirmative vote of not less than two-thirds of all the voting members of the Board (excluding from any such computation any vacancy on the Board and any member thereof who may vote only to break a tie vote), and this Ordinance may become effective at any time when an emergency instrument of the County may go into effect.

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

## ARTICLE I.

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

Section 101. Short Title. This ordinance shall be known and may be cited as the "1998 Sales Tax 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:

"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 the Act.

The term "Banking Institution" 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, including, without limitation, any "trust bank" as herein defined.

"Board" of "Governing Body" means the Board of County Commissioners of Washoe County, Nevada, or its successor in functions, if any.

"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.

"Bond Fund" means the "Washoe County, Nevada, Sales Tax Revenue Bonds, Bond Fund," created in Subsection A, Section 401 of this Ordinance:

"Bond Requirements" means the principal of, any prior redemption premiums due, if any, in connection with, and the interest on the 1998 Bonds and any additional bonds or other securities payable from the Pledged Revenues, or such part of such securities as may be designated.

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

"Bonds" or "1998 Bonds" means the securities issued hereunder and designated as the "Washoe County, Nevada, Sales Tax Revenue Bonds, Series 1998."

"Business Day" means any day other than a Saturday or Sunday on which banks in Nevada and New York, New York are open for commercial banking business exclusive of any day on which the New York Stock Exchange is closed.

"Clerk" or "County Clerk" means the de jure or de facto clerk of the County, or his successor in functions, if any.

The term "combined average annual principal and interest requirements" means (i) the sum of the Bond Requirements of the 1998 Bonds and any other designated parity securities payable from the Pledged Revenues, which Bond Requirements come due during any Bond Year from the date of calculation to the last day on which any of the 1998 Bonds and any parity securities are due and payable, but not including any securities which are no longer Outstanding under the defeasance provisions of § 901 hereof, (ii) divided by the number of years (including any fraction thereof) from the date of the calculation of the combined average annual principal and interest requirements to the last day on which any of the 1998 Bonds are due and payable.

The term "combined maximum annual principal and interest requirements" means the maximum sum of the principal of and interest on the Outstanding 1998 Bonds, and any other designated parity securities payable from the 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 1998 Bond and any parity securities last become due at maturity or on a date on which any 1998 Bond and any parity securities thereafter maturing has been called for prior redemption, but excluding any reserve requirements to secure such payments unless otherwise expressly provided. Any such computation shall be made by the County Director, Division of Budget & Finance or an Independent Accountant unless otherwise expressly provided.

"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, 1999, the Comparable Bond Year commences on the second day of June 1999, and ends on the first day of June, 2000.

"Construction Fund" means the special account designated as the "Washoe County, Nevada, Sales Tax Revenue Bonds, Series 1998, Construction Fund" created in subsection B, Section 401 hereof.

"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 County 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 pertaining to the Project and the fees and expenses of the Registrar;

(f) The costs of contingencies;

(g) The costs of the capitalization with the proceeds of the 1998 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 the cost of the capitalization of the amounts for immediate deposit in the Reserve Fund, of any replacement expenses, and of any other cost of the issuance of the Bonds, including, without limitation, the payment of premiums to the provider of a Qualified Surety Bond and the provider of a municipal bond insurance policy;

(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 ten

(10) 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.

"County" means the Washoe County, 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 Washoe County.

"County Bond Law" means NRS §§ 244A.011 to 244A.065, inclusive, and all laws amendatory thereof.

"County Treasurer" or "Treasurer" means the de jure or de facto treasurer of the County, or his or her successor in functions, if any.

"County Director, Division of Budget & Finance" means the de jure or de facto County Director, Division of Budget & Finance and Chief Financial Officer of the County or his or her successor in functions, if any, or the County Manager.

"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.

"Events of Default" means the events stated in Section 1003 hereof.

"Facilities" means the properties comprising the acquisition, establishment, constructing or expansion of one or more railroad grade separation projects, 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 acquisition, establishment, constructing or expansion of one or more railroad grade separation projects and in any way pertaining thereto.

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

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

"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.

The terms "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.

The terms "holder" or "owner" or any similar term, when used in connection with any bonds, or any other designated securities, means the Person in possession and the apparent owner of the designated item.

The terms "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.

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

"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.



"Infrastructure Funds" means the infrastructure fund established pursuant to the Act.

"Instrument" means this Ordinance; and the terms "instrument of the County," "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.

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

"Minimum Reserve Requirement" means at any time the lesser of:

- (a) 100% of the combined maximum annual principal and interest requirements, or
- (b) 125% of the combined average annual principal and interest requirements, or
- (c) an amount determined by adding the amount of the Minimum Reserve Requirement in effect immediately prior to the issuance of additional parity securities to an amount equal to 10 percent of the proceeds, within the meaning of Section 148(d)(1) of the I.R.C., of the then proposed to be issued parity securities, and is required to be deposited, accumulated or reaccumulated and maintained in the Reserve Fund pursuant to § 505 hereof.

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

The term "parity bonds" or "parity securities" means in either case notes, bonds or securities payable from the Pledged Revenues on a parity with the Bonds herein authorized to be issued.

"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.

"Pledged Revenues" means all income and revenue derived by the County from the Sales Tax imposed by the County. The Pledged Revenues means all or a portion of the Pledged Revenues but does not include any amounts determined, pursuant to State law, to be subject to valid claims for refunds or amounts on deposit in the Rebate Fund. The designated term indicates sources of revenues and does not necessarily indicate all or any portion or other part of such revenues in the absence of further qualification. "Pledged Revenues" includes income derived from any additional Sales Tax imposed by the County if the Board elects to include the additional tax in "Pledged Revenues" for the remaining term of the Bonds.

"Project" means the acquisition, construction, establishment and expansion of one or more projects for the management of flood plains and the prevention of floods and facilities pertaining to public safety as permitted by the Act and set forth in the plan adopted pursuant to the Act.

"Project Engineer" means the Public Works Director of the County, or any registered or licensed professional engineer, or firm of such engineers, as from time to time determined by the Governing Body:

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

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

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

"Qualified Surety Bond" means any surety bond or any insurance policy which has liquidity features equivalent to an irrevocable and unconditional letter of credit, or any irrevocable and unconditional letter of credit, deposited in the Reserve Fund in lieu of or in partial substitution for monies on deposit therein, the issuer of which is an insurance company rated in the highest rating category by Standard & Poor's Ratings Service and Moody's Investors Service and, if rated by A.M. Best & Company.

"Rebate Fund" means the account designated as the "Washoe County, Nevada, Sales Tax Revenue Bonds, Series 1998, Rebate Fund" created in Section 506 hereof.

"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.

"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).

"Reserve Fund" means the special and separate subaccount designated as the "Washoe County, Nevada, Sales Tax Revenue Bonds, Series 1998, Reserve Fund," created in § 505A of this Ordinance.

"Sales Tax" means the tax imposed pursuant to the Act and the Tax Ordinance, upon retailers at the rate of not more than one-eighth of 1 percent of the gross receipts of any retailer from the sale of tangible personal property sold at retail, or stored, used or otherwise consumed in the County on and after April 1, 1999, less a percentage (calculated on the same basis as the percentage calculated pursuant NRS 374.785(3)(a)) of all fees, taxes, interest and penalties as compensation to the State for the cost of collecting the Sales Tax. In addition, pursuant to the Sales Tax Ordinance, the taxpayer shall deduct and withhold from the Sales Tax otherwise due .25 percent thereof to reimburse himself for the cost of collecting the Sales Tax. Exempted from the Sales Tax are the gross receipts from the sale of, and the storage, use of or other consumption in the County of, (i) tangible personal property the gross receipts from the sale of which, or the storage, use or other consumption of which, the County is prohibited from taxing under the Constitution or laws of the United States or under the constitution or laws of the State; and (ii) tangible personal property used for the performance of a written contract: (a) entered into on or before the effective date of the Sales Tax and if, under the terms of the contract or bid the contract price or bid amount cannot be adjusted to reflect the imposition of the Sales Tax or increase in the Sales Tax; or (b) for the construction of an improvement to real property for which a binding bid was submitted prior to the effective date of the tax or the increase in the Sales Tax if the bid was afterward accepted and if, under the terms of the contract or bid the contract price or bid amount cannot be adjusted to reflect the imposition of the Sales Tax or increase in the Sales Tax. The Sales Tax is held by the County in the "Infrastructure Fund" created by the Act.

"Sales Tax Ordinance" means the ordinance adopted by the Board of the County on December 8, 1998 relating to the imposition of the Sales Tax pursuant to the Act.

"Special Record Date" means a special date fixed by the Registrar to determine the names and addresses of holders of "1998 Bonds," as herein defined, for the payment of any defaulted interest on any 1998 Bonds, as further provided in § 302 (Bond Details) hereof. At least 10 days' notice will be given by the Registrar by first-class regular mail to each owner of a 1998 Bond as stated on the Registrar's registration list at the close of business on a date fixed by the Registrar, stating the date of the Special Record Date fixed for the payment of the defaulted interest of the Bond.

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

The term "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 1998 Bonds, including, but not limited to, bonds or securities which are general obligations of the County additionally secured by Pledged Revenues.

The term "superior bonds" or "superior securities" means in either case bonds or securities payable from the Pledged Revenues and senior to the lien thereon of the Bonds herein authorized to be issued (of which there can be none).

"Supplemental Bond Act" means NRS 348.010 through 348.450.

The term "trust bank" means a Banking Institution as defined herein, which bank is authorized to exercise and is exercising trust powers, and also means any branch of the Federal Reserve Bank.

"Registrar" means Nevada State Bank, as paying agent and registrar for the Bonds, and the term "Registrar" includes any successor "trust bank," as herein defined, which may at any time be substituted in its place as such a registrar or paying agent

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

- (a) Words in the singular number include the plural, and words in the plural include the singular.
- (b) 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.

(c) 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.

(d) 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.

(e) 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, and the owners of the 1998 Bonds and such holders of any other securities payable from) the Pledged Revenues 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 Registrar, the insurer of the Bonds, if any, so long as the insurer is not in default of its obligations under the municipal bond insurance policy, and any owner of any 1998 Bonds and any holder of any such other security in the event of such a reference.

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

- A. Project. Toward the Project,
- B. Sales Tax Ordinance. Toward the passage and approval of the Sales Tax Ordinance,

- C. Taxes. Toward the levy and collection of the Sales Tax pursuant to the Act for repayment of the Bonds, and
- E. Bonds. Toward the sale and delivery of the 1998 Bonds for that purpose, be, and the same hereby is, ratified, approved and confirmed.

Section 106. Ordinance Irrepealable. After any of the 1998 Bonds are issued, this Ordinance shall constitute an irrevocable contract between the County and the holder or holders of the Bonds; and this Ordinance (subject to the provisions of section 901 (Defeasance) and article XI (amendments) of this Ordinance), if any 1998 Bonds are in fact issued, shall be and shall remain irrepealable until the 1998 Bonds, as to all Bond Requirements, shall be fully paid, canceled and discharged, as herein provided, except as herein otherwise expressly provided.

Section 107. Severability. If any section, subsection, paragraph, clause or other provision of this Ordinance shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, subsection, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance.

Section 108. 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 109. Emergency. The Board has expressed in the preambles of this Ordinance that it pertains to the sale, issuance and payment of the Bonds, that this Ordinance may accordingly be adopted as if an emergency now exists, and may become effective at any time when an emergency ordinance of the County may go into effect. Consequently, pursuant to NRS § 350.579 final action shall be taken immediately, and this Ordinance shall be in effect from and after its publication by title as herein provided.

Section 110. Publication and Effective Date. After this Ordinance is signed by the Chairman and attested and sealed by the Clerk, this Ordinance shall be in effect from and after its publication twice by its title only, together with the names of the Commissioners voting for or against its passage and a statement that typewritten copies of this Ordinance are available for inspection by all interested parties at the office of the County Clerk, such publication to be made in a newspaper published and having a general circulation in the County at least once a week for a period of two weeks, and such publication to be in substantially the following form:

(Form of Publication)

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

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

**AN ORDINANCE DESIGNATED AS THE "1998 SALES TAX BOND ORDINANCE;" AUTHORIZING THE ISSUANCE OF THE "WASHOE COUNTY, NEVADA, SALES TAX REVENUE BONDS, SERIES 1998" FOR THE PURPOSE OF FINANCING THE ACQUISITION, ESTABLISHMENT, CONSTRUCTION AND EXPANSION OF PROJECTS FOR THE MANAGEMENT OF FLOOD PLAINS AND THE PREVENTION OF FLOODS AND FACILITIES RELATING TO PUBLIC SAFETY IN 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 ADOPTION AS IF AN EMERGENCY EXISTS; AND PROVIDING THE EFFECTIVE DATE HEREOF.**

**PUBLIC NOTICE IS HEREBY GIVEN**, that an adequate number of typewritten copies of the above-numbered and entitled Ordinance are available for public inspection and distribution at the office of the County Clerk of Washoe County, at her office in the County Courthouse in Reno, Nevada, and that such Ordinance was proposed by Commissioner \_\_\_\_\_ on December 8, 1998, and was passed and adopted at a regular meeting of the Washoe County Board of County Commissioners at the same meeting on December 8, 1998, by the following vote of the Board of County Commissioners:

Those Voting Aye:

Joanne Bond  
Susan Camp  
Jim Galloway  
Mike Mouliot  
Jim Shaw

Those Voting Nay:

\_\_\_\_\_

Those Absent:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

This Ordinance shall be in full force and effect from and after the 23rd day of December, 1998, i.e., the date of the second publication of such Ordinance by title only.

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

**DATED** this December 8, 1998.

/s/ Joanne Bond  
Chairman  
Board of County Commissioners  
Washoe County, Nevada

(SEAL)

Attest:

/s/ Betty Lewis  
County Clerk

(End of Form of Publication)



## ARTICLE II.

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

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

- A. Compliance with Project, Bond 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, the County Bond Law 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 Improvements is not less than thirty (30) years from the date of the 1998 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 1998 Bonds.

Section 204. Authorization of Project. The Governing Body, on behalf of the County, determines to effect 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 the costs to be paid pursuant to the written commitment from one or more other sources for the expenditure of not less than one-half of the total Cost of the Project and any other cost defrayed or to be defrayed by any source other than the proceeds of the principal amount of the 1998 Bonds.

Section 206. Ordinance to Constitute Contract. In consideration of the purchase and acceptance of the 1998 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 Outstanding 1998 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 1998 Bonds as to all Bond Requirements, shall be payable and collectible solely out of the 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 Reserve Fund and any other special funds herein pledged excluding the Rebate Fund; 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 1998 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 Sales Tax.

Section 210. Modifications of Project. The County reserves the right to make alterations, amendments, additions to and deletions from the Project, subject to provisions of the Act, prior to the withdrawal of all moneys accounted for in the Construction 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, including the Reserve Fund but excluding the Rebate Fund. 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. The 1998 Bonds which are special revenue obligations shall be issued without their being authorized at an election by any electors of the County.

## ARTICLE III.

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

Section 301. Authorization of Bonds. The "Washoe County, Nevada, Sales Tax Revenue Bonds, Series 1998," in the principal amount designated in the Certificate of the County Manager, payable as to all the Bond Requirements solely out of the Pledged Revenues, are hereby authorized to be issued, pursuant to the Act, the Bond Act, the County Bond Law 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 1998 Bonds shall be issued in fully registered form, i.e., registered as to both principal and interest. The 1998 Bonds shall be dated as of the first day of the month in which the Bonds are delivered. Except as provided in Section 307 (Custodial Deposit) hereof, the 1998 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 Bond will be issued for more than one maturity). The Bonds shall bear interest based on a 360 day year of 12 thirty day months, at the rates set forth in the Certificate of the County Manager from their date until their respective fixed maturity dates, payable on June 1 and December 1 of each year commencing on the June 1 or December 1 which is immediately succeeding the date of delivery of the Bonds, except that Bonds which are reissued upon transfer, exchange or other replacement shall bear interest at the rates set forth in the Certificate of the County Manager 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 1998 Bonds. The Bonds shall mature on December 1 in the designated amounts and years as set forth in the Certificate of the County Manager.

The principal of any Bond shall be payable to the registered owner thereof as shown on the registration records Nevada State Bank, as paying agent and registrar (the "Registrar") upon maturity thereof and upon presentation and surrender at the principal office of the Registrar or such other office as designated by the Registrar. 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 307 (Custodial Deposit) hereof, payment of interest on any Bond shall be made to the registered owner thereof by check or draft mailed by the Registrar on each interest payment date (or, if such interest payment date is not a Business Day, on the next succeeding Business Day) to the registered owner thereof at his address as shown on the registration records kept by the Registrar at the close of business on the 15th day of the calendar month next preceding such interest payment date (the "Regular Record Date") but any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner thereof at the close of business on the Regular Record Date and shall be payable to the person who is the registered owner thereof at the close of business on a special record date for the payment of any such defaulted interest (a "Special Record Date"). Such Special Record

Date shall be fixed by the Registrar whenever moneys become available, for payment of the defaulted interest, and notice of the Special Record Date shall be given to the registered owners of the 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 records on a date selected by the Registrar, stating the date of the Special Record Date and the date fixed for the payment of such defaulted interest. If any Bond shall not be paid upon presentation at maturity, it shall continue to draw interest at the rate borne by the Bond prior to maturity until the principal thereof and interest thereon are paid in full. The Registrar 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 Registrar. All such payments shall be made in lawful money of the United States of America.

Section 303. Prior Redemption.

- A. Optional Redemption. The Bonds maturing on the date set forth in the Certificate of the County Manager, if any, shall be subject to redemption prior to their respective maturities, at the option of the County, in whole or in part, from such maturities selected by the County and by any amount within a maturity at any time on the date set forth in the Certificate of the County Manager, if any, at a price equal to the principal amount of each Bond so redeemed, and accrued interest thereon to the redemption date, and a premium, if any; provided the provider of a Qualified Surety Bond has been paid any advances, any interest on amounts advanced and any expenses incurred under the Qualified Surety Bond required to be paid pursuant to an agreement between the County and the provider of such Qualified Surety Bond.
- B. Partial Redemption. If any Bond is in a denomination larger than \$5,000, a portion of such Bond (\$5,000 or any integral multiple thereof) may be redeemed pursuant to subsection A hereof, in which case the Registrar shall, without charge to the owner of such Bond, authenticate and issue a replacement Bond or Bonds for the unredeemed portion thereof. In the case of a partial redemption of Bonds of a single maturity pursuant to subsection A hereof, the Registrar shall select the Bonds to be redeemed by lot at such time as directed by the Board (but at least 30 days prior to the Redemption Date), and if such selection is more than 60 days before a Redemption Date, shall direct the Registrar to appropriately identify the Bonds so called for redemption by stamping them at the time any Bond so selected for redemption is presented to the Registrar for stamping or for transfer or exchange, or by such other method of identification as is deemed adequate by the Registrar and any Bond or Bonds issued in exchange for, or to replace, any Bond so called for prior redemption shall likewise be stamped or otherwise identified.
- C. Mandatory Redemption. The Bonds shall be subject to mandatory sinking fund redemption as provided herein, if so provided in the Certificate of the

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

The remaining principal amount of Term Bonds shall be paid upon presentation and surrender at maturity unless redeemed pursuant to optional redemption prior to maturity.

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

At the option of the County to be exercised by delivery of a written certificate to the Registrar not less than sixty days next preceding any sinking fund redemption date, it may (i) deliver to the Registrar for cancellation Term Bonds, or portions thereof (\$5,000 or any integral multiple thereof) in an aggregate principal amount desired by the County or, (ii) specify a principal amount of Term Bonds, or portions thereof (\$5,000 or any integral multiple thereof) which prior to said date have been redeemed (otherwise than through the operation of the sinking fund) and canceled by the Registrar and not theretofore applied as a credit against any sinking fund redemption obligation. Each Term Bond or portions thereof so delivered or previously redeemed shall be credited by the Registrar at 100% of the principal amount thereof against the obligation of the County on the sinking fund redemption dates and any excess shall be so credited against future sinking fund redemption obligations in such manner as the County determines. In the event the County shall avail itself of the provisions of clause (i) of the first sentence of this paragraph, the certificate required by the first sentence of this paragraph shall be accompanied by the respective Term Bonds or portions thereof to be canceled or in the event the Bonds are registered in the name of

Cede & Co. as provided in Section 307 of this Ordinance, the certificate required by the first sentence of this paragraph shall be accompanied by such direction and evidence of ownership as is satisfactory to The Depository Trust Company.

Section 304. Redemption Notice. Notice of prior redemption shall be given by the Registrar in the name and on behalf of the County by registered or certified mail as long as Cede & Co., or a nominee of a successor depository is the registered owner of the Bonds and otherwise by first class, postage prepaid mail, at least 30 days but not more than 60 days prior to the Redemption Date, to the Municipal Securities Rulemaking Board ("MSRB") and the registered owner of any Bond all or a part of which is called for prior redemption at his address as it last appears on the registration records kept by the Registrar. The notice shall identify the Bonds or portions thereof to be redeemed, specify the Redemption Date, and state that on such date the principal amount thereof will become due and payable at the Registrar (accrued interest to the Redemption Date being payable by mail or as otherwise provided in this Ordinance), and that after such Redemption Date interest will cease to accrue. The notice of prior redemption shall further state that on such date there will become and will be due and payable upon each Bond so to be redeemed at the office of the Registrar (designated by name), the principal amount thereof, accrued interest thereon to the Redemption Date, and that from and after such date interest will cease to accrue. Notice having been given in the manner hereinabove provided, the Bond or Bonds so called for redemption shall become due and payable on the redemption date so designated; and upon presentation thereof at the Registrar, the County will pay the Bond or Bonds so called for redemption. Failure to give such notice by mailing to the owner of any Bond or to the MSRB or any defect therein, shall not affect the validity of the proceedings for the redemption of any other Bonds. Any Bonds redeemed prior to their respective maturities by call for prior redemption (or otherwise) shall not be reissued and shall be canceled the same as Bonds redeemed at or after maturity.

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

Section 305. Negotiability. Subject to the registration and payment provisions herein provided, the 1998 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 306. Registration, Transfer and Exchange of Bonds. Except as otherwise provided in Section 307 (Custodial Deposit) hereof:

- A. Records for the registration and transfer of the 1998 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 Registrar shall not be required to transfer or exchange any Bond subject to redemption during a period beginning at the opening of business 15 days before the date of mailing by the Registrar of a notice of prior redemption of Bonds and ending at the close of business on the day of such mailing, or (ii) any Bond after the mailing of notice calling such Bond, or any portion thereof, for redemption as herein provided.
- C. The person in whose name any Bond shall be registered, 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 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.
- D. If any Bond shall be lost, stolen, destroyed or mutilated, the Registrar shall, upon receipt of such evidence, information or indemnity relating thereto as it or the County may reasonably require, and upon payment of all expenses in connection therewith, authenticate and deliver a replacement Bond or Bonds of a like aggregate principal amount and of the same maturity, bearing a number or numbers not previously assigned. If such lost, stolen, destroyed

or mutilated Bond shall have matured, the Registrar may direct that such Bond be paid by the Registrar in lieu of replacement.

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

Section 307. Custodial Deposit.

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

(1) to any successor of The Depository Trust Company or its nominee, which successor must be both a "clearing corporation" as defined in subsection 3 of NRS § 104.8102, and a qualified and registered "clearing agency" under Section 17A of the Securities Exchange Act of 1934, as amended; or

(2) upon the resignation of The Depository Trust Company or a successor or new depository under clause (1) or this clause (2) of this subsection A, or a determination by the County that The Depository Trust Company or such successor or new depository is no longer able to carry out its functions, and the designation by the County of another depository institution acceptable to the County and to the depository then holding the Bonds, which new depository institution must be both a "clearing corporation" as defined in subsection 3 of NRS § 104.8102 and a qualified and registered "clearing agency" under Section 17A of the Securities Exchange Act of 1934, as amended, to carry out the functions of The Depository Trust Company or such successor or new depository; or

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



- B. In the case of a transfer to a successor of The Depository Trust Company or its nominee as referred to in clause (1) of subsection A hereof or designation of a new depository pursuant to clause (2) of subsection A hereof, upon receipt of the Outstanding Bonds by the Registrar, together with written instructions for transfer satisfactory to the Registrar, a new Bond for each maturity of the Bonds then Outstanding shall be issued to such successor or new depository, as the case may be, or its nominee, as is specified in such written transfer instructions. In the case of a resignation or determination under clause (3) of subsection A hereof and the failure after reasonable investigation to locate another qualified depository institution for the Bonds as provided in clause (3) of subsection A hereof, and upon receipt of the Outstanding Bonds by the Registrar, together with written instructions for transfer satisfactory to the Registrar, new Bonds shall be issued in the denominations of \$5,000 or any integral multiple thereof, as provided in and subject to the limitations of § 302 hereof, registered in the names of such Persons, and in such denominations as are requested in such written transfer instructions: however, the Registrar shall not be required to deliver such new Bonds within a period of less than 60 days from the date of receipt of such written transfer instructions.
- C. The County and the Registrar shall be entitled to treat the registered owner of any Bond as the absolute owner thereof for all purposes hereof and any applicable laws, notwithstanding any notice to the contrary received by any or all of them and the County, the Registrar and the Registrar shall have no responsibility for transmitting payments to the beneficial owners (the "Beneficial Owners") of the Bonds held by The Depository Trust Company or any successor or new depository named pursuant to subsection A hereof.
- D. The County and the Registrar shall endeavor to cooperate with The Depository Trust Company or any successor or new depository named pursuant to clause (1) or (2) of subsection A hereof in effectuating payment of the Bond Requirements of the Bonds by arranging for payment in such a manner that funds representing such payments are available to the depository on the date they are due.
- E. Upon any partial redemption of any maturity of the Bonds, Cede & Co. (or its successor), in its discretion may request the County to issue and authenticate a new Bond or shall make an appropriate notation on the Bond indicating the date and amount of prepayment, except in the case of final maturity, in which case the Bond must be presented to the Registrar prior to payment.

Section 308. 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 1998 Bonds by facsimile signature, 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 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.
- C. Authentication. No Bond shall be valid or obligatory for any purpose unless the certificate of authentication thereon, substantially in the form hereinafter provided, has been duly manually executed by the Registrar. The Registrar's certificate of authentication shall be deemed to have been duly executed by it if 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 1998 Bonds issued hereunder. By authenticating any of the 1998 Bonds delivered pursuant to this Ordinance, the Registrar shall be deemed to have assented to all of the provisions of this Ordinance.

Section 309. Use of Predecessor's Signature. The Bonds bearing the signatures of the officers in office at the time of the signing thereof shall be the valid and binding obligations of the County, notwithstanding that before the delivery thereof and the payment therefor any or all of the persons whose signatures appear thereon shall have ceased to fill their respective offices. 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 310. 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 311. 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, except the tax on estates imposed pursuant to the provisions of chapter 375A of NRS or the tax on generation-skipping transfers imposed pursuant to the provisions of chapter 375B of NRS.

Section 312. Bond Execution. The Chairman, the Treasurer and the Clerk are authorized and directed to prepare and to execute the Bond as herein provided.

Section 313. Registrar's Registration. In a separate book or electronic records, the Registrar shall maintain the registration records of the County for the 1998 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 314. Bond Delivery. After such registration by the Registrar, he or she shall cause the Bonds to be delivered to the Purchaser, upon due payment being made in accordance with the terms of their sale.

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

(Form of Bond)

TRANSFER OF THIS BOND OTHER THAN BY REGISTRATION IS NOT EFFECTIVE

UNITED STATES OF AMERICA  
WASHOE COUNTY, NEVADA  
SALES TAX REVENUE BOND  
SERIES 1998

NO. R- \_\_\_\_\_ \$ \_\_\_\_\_

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Dated As Of</u>	<u>CUSIP</u>
___% per annum	December 1, ____	December 1, 1998	_____

REGISTERED OWNER:

PRINCIPAL AMOUNT: \_\_\_\_\_ DOLLARS

Washoe County, Nevada, 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 June 1 and December 1 of each year commencing on June 1, 1999, at the Interest Rate per annum specified above, until the principal sum is paid or payment has been provided therefor. This Bond will bear interest from the most recent interest payment date to which interest has been paid or provided for, or, if no interest has been paid, from the date of this Bond. The principal of 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 "Registrar"), presently Nevada State Bank or such other office designated by the Registrar. 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 "1998 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.

The Bonds are subject to optional and mandatory redemption as set forth in the Bond Ordinance.

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

\*\*The Bonds are not transferable or exchangeable, except as set forth in the Bond Ordinance.\*\*

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

This Bond must be registered in the name of the 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 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 shall be affected by notice to the contrary.

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 income derived from certain Pledged Revenues (as defined in the Bond Ordinance) 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.

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, Sales Tax Revenue Bonds, Series 1998, Bond Fund" into which account the County covenants to pay, from revenues derived from the Pledged Revenues, sums sufficient to pay when due the Bond Requirements of the Bonds.

The Bonds are equitably and ratably secured by a lien on such Pledged Revenues, and the 1998 Bonds constitute an irrevocable lien (but not necessarily an exclusive lien) upon such Pledged Revenues. Bonds and other securities, in addition to the 1998 Bonds, subject to expressed conditions, may be issued and made payable from such 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 1998 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.

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.

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 Nevada Revised Statutes ("NRS") §§ 244A.011 to 244A.065, inclusive (the "County Bond Law") and NRS chapter 377B (the "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"), and to all laws supplemental thereto, for an additional description of the nature and extent of the security for the 1998 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 1998 Bonds with respect thereto, the terms and conditions upon which

the 1998 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 1998 Bonds.

The 1998 Bonds are issued pursuant to the Act, the County Bond Law, 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, except the tax on estates imposed pursuant to the provisions of chapter 375A of NRS or the tax on generation-skipping transfers imposed pursuant to the provisions of chapter 375B of NRS.

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 1998 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 Act, the County Bond Law, 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, 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.

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

IN WITNESS WHEREOF, the 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, and to be countersigned, manually subscribed and executed with the manual or facsimile signature of the 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 December, 1998.

WASHOE COUNTY, NEVADA

(Manual or Facsimile Signature)  
Chairman

(Manual or Facsimile Signature)  
County Treasurer

(MANUAL IMPRESSION OR  
FACSIMILE SEAL)

Attest:

(Manual or Facsimile Signature)  
County Clerk

(End of Form of Bond)

\*Insert only if Bonds are delivered pursuant to Section 307(A)(3).

\*\*Insert only if Bonds are initially delivered to DTC.



(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.

NEVADA STATE BANK, as registrar

By \_\_\_\_\_ (Manual Signature)  
Authorized Officer

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

(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, with out 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)

(Form of Prepayment Panel)

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

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

[Insert Statement of Insurance, if any]

## ARTICLE IV.

## USE OF BOND PROCEEDS

Section 401. Disposition of Bond Proceeds. The proceeds of the 1998 Bonds, upon their receipt, shall be accounted for in the following manner and priority and are hereby pledged therefor:

- A. Bond Fund. First; there shall be credited to a separate account hereby created and to be known as the "Washoe County, Nevada, Sales Tax Revenue Bonds, Series 1998, Bond Fund" (the "Bond Fund") and held by the Treasurer, all moneys received, if any, as accrued interest on the Bonds from their sale by the County from their date to the date of their delivery to the Purchaser, to apply on the payment of interest on the 1998 Bonds as the same becomes due after their delivery and all moneys to be deposited in the Bond Fund as capitalized interest designated by the County Director, Division of Budget & Finance for the period not exceeding the period estimated by the Board to effect the Project plus one year.
- B. Construction 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, Sales Tax Revenue Bonds, Series 1998, Capital Projects Fund" (the "Construction Fund") and held by the Treasurer.
- C. Extraordinary Maintenance Fund. Pursuant to NRS § 354.6105, the County shall deposit an amount equal to one-half of one percent of the total amount of Bond proceeds, less the amount of such proceeds being used to finance capital projects for the construction of public roads, for the control of floods or for the transmission or treatment of water, waste water or sewerage, into one or more separate accounts in the fund for the extraordinary maintenance, repair or improvement of capital projects. Available moneys of the County or funds realized from the sale of the Bonds shall be used for such purpose.

Section 402. Moneys for Project. All moneys received and held by the County for the Project from all sources, including, without limitation, any surplus Pledged Revenues appropriated by the Governing Body for that purpose, shall be deposited in the Construction Fund, including, without limitation, the Bond proceeds deposited therein pursuant to subsection B, Section 401 (Disposition of Bond Proceeds) hereof. The moneys in the Construction Fund, except as herein otherwise expressly provided, shall be used and paid out solely for the purpose of defraying the Cost of the Project.

Section 403. Application of Construction Fund. Moneys, except as herein otherwise expressly provided, shall be withdrawn from the Construction Fund for the Project only

upon request by the Project Engineer and the direction of the County Director, Division of Budget & Finance.

Section 404. Prevention of Bond Default. The Treasurer shall use any Bond proceeds credited to the Construction Fund and the Reserve Fund, without further order or warrant, to pay the Bond Requirements of the 1998 Bonds as the same become due whenever and to the extent moneys in the Bond Fund and the Reserve Fund or otherwise available therefor are insufficient for that purpose, unless such Bond proceeds shall be needed to defray obligations accrued and to accrue under any contracts then existing and pertaining to the Project. The Treasurer shall promptly notify the Board and the County Manager of any such use. Any moneys so used shall be restored to the Construction Fund from the first Pledged Revenues thereafter received and not needed to meet the requirements provided in Article V.

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 notice from the Project Engineer so stating the completion of the Project, shall cause to be transferred to the Bond Fund, for the payment of the Bond requirements of the 1998 Bonds, all surplus moneys remaining in the Construction Fund, if any, except for any moneys designated 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 Construction Fund to the Bond Fund at any time prior to the termination of the Construction Fund any moneys which the Project Engineer or the County Director, Division of Budget & Finance determines will not be necessary for the Project; or
- B. Limitations Upon Transfers. Requires the transfer to the Bond Fund of any surplus moneys (other than Bond proceeds) received as grants, appropriations or gifts, the use of which moneys is limited by 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 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 and any subsequent owner of any 1998 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 1998 Bonds in the Construction Fund are applied as hereinabove provided and used to defray the Cost of the Project from time to time, the Bond proceeds in the Construction Fund shall be subject to a lien thereon and pledge thereof for the benefit solely of the holders of the 1998 Bonds or of any securities hereunder issued of which the lien on the Pledged Revenues is on a parity with or subordinate to the lien of the Bonds.

## 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 to pay the Cost of the Project as provided herein, the Pledged Revenues and all moneys and securities paid or to be paid to or held or to be held in any account under Article V of this Ordinance and under Section 401 (Disposition of Bond Proceeds) hereto including amounts in the Reserve Fund, 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 1998 Bonds, except as provided in Section 407 (Lien on Bond Proceeds) hereof; and this pledge shall be valid and binding so far as the 1998 Bonds are concerned from and after the date of the delivery of any 1998 Bonds, and the moneys, as received by the County and hereby pledged, shall immediately be subject to the lien of this pledge without any physical delivery thereof, any filing, or further act, and the lien of this pledge and the obligation to perform the contractual provisions hereby made shall have priority over any or all other obligations and liabilities of the County, except for any other securities hereafter authorized, the liens of which on the Pledged Revenues are on a parity with the lien thereon of the 1998 Bonds; and the lien of this pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the County (except as herein otherwise provided), irrespective of whether such parties have notice thereof. All funds and accounts created by this Ordinance shall be separate and special funds or accounts and shall be held by the Treasurer.

Section 502. Infrastructure Fund Deposits. So long as any of the 1998 Bonds shall be Outstanding, as to any Bond Requirements, the entire Pledged Revenues, pursuant to the Act and the Sales Tax Ordinance, except for amounts refunded to taxpayers as provided in such statutes and ordinances, shall be set aside upon the receipt of such revenues by the County and credited to the special account in the treasury of the County established pursuant to the Act and designated as the Infrastructure Fund.

Section 503. Administration of Infrastructure 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 Infrastructure Fund as provided in Section 504 (Bond Fund Payments) through Section 509 (Use of Remaining Revenues) hereof.

Section 504. Bond Fund Payments. First, from any moneys in the Infrastructure Fund, there shall be credited to the Bond Fund concurrently with payments to the bond funds for any parity securities, the following:

- A. Monthly, commencing on August 1, 1999, an amount in equal monthly installments necessary, together with any other moneys from time to time available therefor from whatever source, including, without limitation, the moneys, if any, provided in subsection A, Section 401, and in Section 405

hereof, to pay the next maturing installment of interest on the Bonds, and monthly thereafter, commencing on each interest payment date, one-sixth of the amount necessary, together with any other moneys from time to time available therefor and on deposit therein from whatever source, to pay the next maturing installment of interest on the Bonds then Outstanding and any Outstanding parity securities hereafter except to the extent any other moneys are available therefor.

- B. Monthly, commencing on or before November 1, 1999, an amount in equal monthly installments necessary, together with any other moneys from time to time available therefor from whatever source, to pay the next installment of principal of the Bonds coming due at maturity, and monthly thereafter, commencing on each principal payment date, one-twelfth of the amount necessary, together with any other moneys from time to time available therefor and on deposit therein from whatever source, to pay the next installment of principal of the Bonds coming due at maturity, or subject to mandatory sinking fund redemption, if any. The moneys credited to the Bond Fund shall be used to pay the Bond Requirements of the Bonds as the Bond Requirements become due, including any mandatory sinking fund payments, if any, and any outstanding parity securities hereafter issued, except to the extent any other moneys are available therefor.

Section 505. Reserve Fund.

A. An amount equal to the Minimum Reserve Requirement shall be credited to a separate account hereby created and to be known as the "Washoe County, Nevada, Sales Tax Revenue Bonds, Series 1998, Reserve Fund" (the "Reserve Fund") and held by the Treasurer, except as herein otherwise expressly provided. Initially, the Reserve Fund shall be funded with a Qualified Surety Bond in an amount equal to the Minimum Reserve Requirement. Second, but subsequent to the payments into the Bond Fund, except as provided in §§ 508 and 509 hereof, from any moneys remaining in the Infrastructure Fund there shall be credited by the Treasurer to the Reserve Fund, commencing or recommencing on the first day of the month next succeeding each date on which any 1998 Bonds or any parity securities hereafter authorized are delivered, in the following order:

- (i) an amount equal to the payment to the provider of a Qualified Surety Bond of any amounts advanced under the Qualified Surety Bond required to be paid pursuant to an agreement between the County and the provider of the Qualified Surety Bond;
- (ii) an amount equal to the Minimum Reserve Requirement less the amount of any other moneys available therein and the available balance of any Qualified Surety Bond which are accounted for in the Reserve Fund, to accumulate or reaccumulate, together with any moneys from any source other than Pledged Revenues deposited therein, and to maintain the Reserve Fund as a continuing reserve in an amount

equal to the Minimum Reserve Requirement, to meet possible deficiencies in the Bond Fund; and

(iii) an amount equal to the payment to the provider of a Qualified Surety Bond of any interest on amounts advanced and any expenses incurred under the Qualified Surety Bond required to be paid pursuant to an agreement between the County and the provider of the Qualified Surety Bond.

B. The moneys in the Reserve Fund shall be accumulated or reaccumulated and maintained as a continuing reserve to be used, except as hereinafter provided in §§ 508 and 509 hereof, and shall be used solely for the payment of the Bond Requirements of the Bonds and any parity bonds hereafter issued in the event moneys in the Bond Fund are insufficient to make such payments when due, whether on an interest payment date, redemption date, sinking fund redemption date, maturity date, or otherwise. The funds held in the Reserve Fund shall be transferred to the Bond Fund if needed to prevent a default in the payment of the Bond Requirements of the Bonds or any parity bonds hereafter issued to the extent Pledged Revenues are insufficient therefor, first to make up any deficiency in moneys available to pay interest and then to make up any deficiency in moneys available to pay principal. If the Reserve Fund is funded with a Qualified Surety Bond and moneys in the Bond Fund are insufficient to make payments when due, the Treasurer shall deliver a "Demand for Payment" as set forth in the agreement between the County and the provider of the Qualified Surety Bond at least three days prior to the date on which funds are required. In the event the Reserve Fund is funded with two or more one Qualified Surety Bonds, the Treasurer shall make a pro rata draw on each Qualified Surety Bond to make up any deficiency in the Bond Fund. On the final maturity date of the Bonds or any parity bonds, any moneys in the Reserve Fund may be used to pay the Bond Requirements of the Bonds or any parity bonds, as the case may be, on such final maturity date, as long as an amount equal to the Minimum Reserve Requirement remains in the Reserve Fund after such payment.

C. If at any time any amount is withdrawn from the Reserve Fund because of a deficiency in the Bond Fund, the Treasurer shall immediately notify the County Manager and the County Director, Division of Budget & Finance of such deficiency, and instruct the County to make up such deficiency from Pledged Revenues on deposit in the Revenue Fund by making one or more payments for deposit in the Reserve Fund within the next succeeding twelve consecutive months. Payments to make up any deficiency in the Reserve Fund shall be used in the following order of priority: first, to reimburse the provider of the Qualified Surety Bond in order to reinstate the Qualified Surety Bond; and second, to replenish cash or Authorized Investments in the Reserve Fund.

D. At such times as moneys are to be transferred out of the Reserve Fund for deposit into the Bond Fund pursuant to this Section, the Treasurer shall use cash, Authorized Investments or amounts derived from a draw on a Qualified Surety Bond in such order of priority as the County Director, Division of Budget & Finance or the provider of the Qualified Surety



Bond shall direct. Any Qualified Surety Bond shall be valued for all purposes of this Ordinance at the amount available to be paid under such policy.

E. The Treasurer shall maintain adequate records, verified with the provider of the Qualified Surety Bond, if any, as to the amount available to be drawn at any given time under the Qualified Surety Bond and as to the amounts paid and owing to the provider of the Qualified Surety Bond pursuant to the agreement between the County and the provider relating to the issuance of the Qualified Surety Bond.

Section 506. Rebate Fund. Third, and after the payments hereinabove required to be made by Sections 504 through 505 hereof are made, the County shall deposit Pledged Revenues into the "Washoe County, Nevada, Sales Tax Revenue Bonds, Series 1998, 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 818 (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 Reserve Fund. Payments into similar rebate funds for additional parity bonds shall be made concurrently with payments into the Rebate Fund.

Section 507. Termination of Deposits. No payment need be made into the Bond Fund, if the amount in the Bond Fund and the Reserve Fund totals a sum at least equal to the entire amount of the Outstanding 1998 Bonds and any Outstanding parity securities hereafter issued as to all Bond Requirements to their respective maturities or to any redemption date on which the County shall have exercised or shall have obligated itself to exercise its option to redeem prior to their respective maturities the Outstanding 1998 Bonds or any such Outstanding parity securities 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 funds and any other moneys derived from the Pledged Revenues may be used in any lawful manner determined by the Governing Body.

Section 508. Payment of Additional Securities. Fourth, 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 with respect to parity securities, and subject to the payment of the provider of a Qualified Surety Bond of any interest on amounts advanced and any expenses incurred under the Qualified Surety Bond required to be paid pursuant to an agreement between the County and the provider of such Qualified Surety Bond, any moneys remaining in the Infrastructure 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 Pledged Revenues subordinate to the lien of the 1998 Bonds and subordinate to the lien of any securities

hereafter issued on a parity with the 1998 Bonds which are hereafter authorized to be issued in accordance with Article VII and any other provisions herein supplemental thereto, including any reasonable reserves required 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 1998 Bonds and any Bonds on a parity with the 1998 Bonds, as herein provided. (Any additional securities on a parity with the 1998 Bonds shall be payable from the Bond Fund pursuant to Sections 504 (Bond Fund Payments) through 506 (Rebate Fund) hereof concurrently with payments for the Bonds.)

Section 509. Use of Remaining Revenues. After the transfers hereinabove required to be made are made, and subject to the payment of the provider of a Qualified Surety Bond of any advances, any interest on amounts advanced and any expenses incurred under the Qualified Surety Bond required to be paid pursuant to an agreement between the County and the provider of such Qualified Surety Bond, any remaining Pledged Revenues in the Infrastructure 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 Rebate Fund, and to each other bond account and reserve account, if any, for the payment of any additional parity or 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 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. For the purpose of accounting for such remaining revenues to meet the requirements of the Act, there shall be deemed to have been used in any Fiscal Year from the moneys accounted for in the Infrastructure Fund from the Sales Tax for the payment of the principal of and interest on the Bonds and any additional parity bonds or subordinate bonds and for the payment of any deficiency in the Reserve Fund and for deposit into the Construction Fund to pay the Costs of the Project.

## 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.

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 Registrar (each of which funds consists of a self-balancing group of accounts and constitutes an independent fiscal and accounting entity) in any Authorized Investment 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 not be a Business Day, then such payment shall be made on or before the next preceding Business Day.

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 investments authorized under State law and, if there is an insurer of the Bonds, in investments permitted by the insurer of the Bonds ("Authorized Investments"). 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 Registrar upon each date of such investment or reinvestment, but Authorized Investments in any 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 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 shall be valued as frequently as deemed necessary, 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 Construction 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.

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 it 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 reinvestment 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 any Minimum Reserve Requirement (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, and pursuant to Section 509 (Defraying Delinquencies) hereof. Except as provided in Section 603 (Investment of Moneys) hereof, no loss or profit in any account 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.

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.

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.

## ARTICLE VII.

## SECURITIES LIENS AND ADDITIONAL SECURITIES

Section 701. Lien on the Bonds. The 1998 Bonds authorized herein constitute an irrevocable lien (but not necessarily an exclusive lien) upon the Pledged Revenues.

Section 702. Equality of Bonds. The 1998 Bonds authorized to be issued hereunder and any securities hereafter authorized to be issued with a lien on the Pledged Revenues on a parity with the lien of the 1998 Bonds and from time to time Outstanding are equitably and ratably secured by a lien on the Pledged Revenues and shall not be entitled to any priority one over the other in the application of the Pledged Revenues regardless of the time or times of the issuance of such securities, it being the intention of the Governing Body that there shall be no priority among the 1998 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 Parity Securities. Nothing in this Ordinance prevents the issuance by the County of additional bonds or other additional securities payable from the Pledged Revenues and constituting a lien thereon on a parity with, but not prior nor superior to, the lien thereon of the 1998 Bonds or prevents the issuance of bonds or other securities refunding all or a part of the 1998 Bonds, except as provided in Sections 708 through 712 hereof; but before any such additional parity bonds or other additional parity securities are authorized or actually issued (excluding any parity refunding bonds or other parity refunding securities other than any securities refunding subordinate bonds or other subordinate securities, as permitted in Section 709 hereof).

- A. Absence of Default. At the time of the adoption of the supplemental instrument authorizing the issuance of the additional securities as provided in Section 712 hereof, the County shall not be in default in making any payments required by Article V hereof.
- B. Earnings Test. Except as hereinafter otherwise expressly provided, the Pledged Revenues as certified by the County Director, Division of Budget & Finance for any twelve consecutive months out of the previous eighteen months immediately preceding the date of the issuance of such additional parity securities were at least sufficient to pay an amount equal to 150% of the combined maximum annual principal and interest requirements of the Outstanding 1998 Bonds and any other Outstanding parity securities of the County and the parity bonds or other parity securities proposed to be issued (excluding any reserves therefor).
- C. Adjustment of Pledged Revenues. If any Sales 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 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 Sales Tax had accrued and been payable for the full Fiscal Year designated based upon the known collections of Pledged Revenues preceding such adjustment. The aforementioned estimation is to be effected by an Independent Accountant.

- 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 the County Director, Division of Budget & Finance or an Independent Accountant, based upon estimates thereby as provided in subsection C of Section 703 hereof, that such Pledged Revenues, when adjusted as hereinabove provided in subsections C and D of Section 703 hereof, are sufficient to pay such amounts, as provided in subsection B of Section 703 hereof, shall be conclusively presumed to be accurate in determining the right of the County to authorize, issue, sell and deliver additional bonds or other additional securities on a parity with the 1998 Bonds.

Section 705. Subordinate Securities Permitted. Nothing herein contained prevents the County 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 1998 Bonds, including general obligation bonds or other securities additionally secured from the Pledged Revenues. Subordinate securities may be issued without a debt service reserve fund

Section 706. Superior Securities Prohibited. 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 1998 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 as authorized by the Act.

Section 708. Issuance of Refunding Securities. At any time after the 1998 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 and 709 through 712 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 hereof, and subject to the inclusion of any such rights and privileges designated in Section 709 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 1998 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 Revenues is refunded, then such securities may not be refunded without the consent of the owner or owners of the unrefunded portion of such securities:

- A. Requirements Not Increased. Unless the refunding bonds or other refunding securities do not increase for any Bond Year or Fiscal 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 and 704 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 (or delegating to the County Manager or chief administrative officer of the County the fixing of such terms in accordance with State law) and any other 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 County.

## ARTICLE VIII.

## MISCELLANEOUS PROTECTIVE COVENANTS

Section 801. General. The County hereby particularly covenants and agrees with the owners of the Bonds and makes provisions which shall be a part of its contract with such owners to the effect and with the purposes set forth in the following provisions and sections of this Article.

Section 802. Performance of Duties. The County shall faithfully and punctually perform or cause to be performed all duties with respect to the Pledged Revenues and the Project required by the Act, the Constitution and laws of the State and the various resolutions, ordinances and other instruments of the County, including, without limitation, the proper segregation of the proceeds of the Bonds and the Pledged Revenues and their application from time to time to the respective accounts provided therefor.

Section 803. Further Assurances. At any and all times the County, except when otherwise required by law, shall, so far as it may be authorized by law, pass, make, do, execute, acknowledge, deliver and file or record all and every such further instruments, acts, deeds, conveyances, assignments, transfers, other documents and assurances as may be necessary or desirable for the better assuring, conveying, granting, assigning and confirming all and singular the rights, the Pledged Revenues, and other moneys and accounts hereby pledged or assigned, or which the County may hereafter become bound to pledge or to assign, or as may be reasonable and required to carry out the purposes of this Ordinance and to comply with the Act, the Bond Act and all laws supplemental thereto. The County shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Pledged Revenues and other moneys and accounts pledged hereunder and all the rights of every owner of any Bonds against all claims and demands of all Persons whomsoever.

Section 804. Conditions Precedent. Upon the date of issuance of any Bonds, all conditions, acts and things required by the Constitution or statutes of the State, including without limitation, the Act and the Bond Act, or this Ordinance, to exist, to have happened, and to have been performed precedent to or in the issuance of the Bonds shall exist, have happened, and have been performed; and the Bonds, together with all other obligations of the County, shall not contravene any debt or other limitation prescribed by the State Constitution or statutes.

Section 805. Covenant to Perform. The County shall observe and perform all of the terms and conditions contained in this Ordinance and the Act, the Bond Act and all laws supplemental thereto and shall comply with all valid acts, rules, regulations, orders and directives of any legislative, executive, administrative or judicial body applicable to the Project, to any such other facilities, or to the County.

Section 806. Protective Security. The County and the officers, agents and employees of the County shall not take any action in such manner or to such extent as might

prejudice the security for the payment of the Bond Requirements of the Bonds and any other securities payable from the Pledged Revenues according to the terms thereof. No contract shall be entered into nor any other action taken by which the rights of any owner of any Bond or other security payable from the Pledged Revenues might be prejudicially and materially impaired or diminished.

Section 807. Accumulation of Interest Claims. In order to prevent any accumulation of coupons or claims for interest after maturity, the County shall not directly or indirectly extend or assent to the extension of the time for the payment of any coupon or claim for interest on any of the Bonds or any other securities payable from the Pledged Revenues; and the County shall not directly or indirectly be a party to or approve any arrangements for any such extension or for the purpose of keeping alive any of such coupons or other claims for interest. If the time for the payment of any such coupons or of any other such installment of interest shall be extended in contravention of the foregoing provisions, such coupon or installment or installments of interest after such extension or arrangement shall not be entitled in case of default hereunder to the benefit or the security of this Ordinance, except upon the prior payment in full of the principal of all Bonds and any such other securities then Outstanding and of all matured interest on such securities the payment of which has not been extended.

Section 808. Prompt Payment of Bonds. The County shall promptly pay the Bond Requirements of every Bond issued hereunder and secured hereby at the places, on the dates, and in the manner specified herein and in the Bonds according to the true intent and meaning hereof.

Section 809. Use of Pledged Revenues. None of the Pledged Revenues shall be used for any purpose other than as provided herein. The County shall apply the Pledged Revenues to the payment of the Bonds, any other securities payable from Pledged Revenues, and the interest thereon (but not necessarily exclusively thereto), and the County is not obligated to make such payments from any other source or moneys, but it is not prohibited from making such payments from any moneys which may be lawfully used for that purpose.

Section 810. Use of Bond Fund. The Bond Fund shall be used solely and only and the moneys credited to such account are hereby pledged for the purpose of paying the Bond Requirements of the 1998 Bonds and any parity securities hereafter authorized and then Outstanding, except for those moneys in excess of such Bond Requirements, both accrued and not accrued, to their respective maturities or any Redemption Date or Redemption Dates, whichever due date is earlier, if any (subject to the provisions of §§ 509, 606, and 901 hereof)

Section 811. Additional Securities. Any other securities hereafter authorized to be issued and payable from the Pledged Revenues shall not hereafter be issued, unless the additional securities are also issued in conformance with the provisions of Articles VI and VIII hereof.

Section 812. Other Liens. Other than as provided herein, there are no liens or encumbrances of any nature whatsoever on or against the Project, or any part thereof, or on or against the Pledged Revenues derived or to be derived.

Section 813. Corporate Existence. The County shall maintain its corporate identity and existence so long as any of the Bonds remain Outstanding, unless another body corporate and politic by operation of law succeeds to the powers, privileges, rights, liabilities, disabilities, duties and immunities of the County and is obligated by law to fix and collect the Pledged Revenues as herein provided without adversely affecting to any substantial degree at any time the privileges and rights of any owner of any Outstanding Bond.

Section 814. Collection of Pledged Revenues. The Board, on behalf of the County, shall cause the Pledged Revenues, to be collected as soon as reasonable, shall prescribe and enforce rules and regulations or impose contractual obligations for the payment thereof, including without limitation, the imposition of penalties for any defaults, to the end that the Pledged Revenues shall be adequate to meet the requirements of this Ordinance and of any other instruments supplemental hereto.

Section 815. Records. So long as any of the Bonds and any other securities payable from the Pledged Revenues remain Outstanding, proper books of record and account shall be kept by the County, separate and apart from all other records and accounts, showing complete and correct entries of all transactions relating to the Project or the Pledged Revenues, or to both. Such books shall include (but not necessarily be limited to) monthly records showing:

- A. Receipts. The revenues received from the Pledged Revenues, and
- B. Expenses. A detailed statement of the expenditures from the Pledged Revenues.

Section 816. Maintenance and Inspection of Records. All requisitions, requests, certificates, opinions and other documents received by any individual on behalf of the County in connection with the Project under the provisions of this Ordinance shall be retained in the County's official records. The Registrar shall have the right at all reasonable times to inspect all records, accounts and data relating thereto, concerning the Project and the Pledged Revenues, to make copies of such records, accounts and data, and to inspect the Project and all properties comprising the Project.

Section 817. Completion of Project. The County, with the proceeds derived from the sale of the Bonds and any other available moneys, shall proceed to cause the Project to be completed without delay to the best of the County's ability and with due diligence, as herein provided.

Section 818. Tax Covenant. The County covenants for the benefit of the owners of the Bonds that it will not take any action or omit to take any action with respect to the Bonds, the proceeds thereof, any other funds of the County or any project 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 Tax Code, or (ii) would cause interest on the Bonds to lose its exclusion from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except to the extent such interest is required to be included in the adjusted current earnings adjustment applicable to corporations under Section 56 of the Tax Code in calculating corporate alternative minimum taxable income. The foregoing covenant shall remain in full force and effect notwithstanding the payment in full or defeasance of the Bonds until the date on which all obligations of the County in fulfilling the above covenant under the Tax Code have been met.

Section 819. Continuing Disclosure Undertaking. The County covenants for the benefit of the holders and beneficial owners of the Bonds to comply with the provisions of the final Continuing Disclosure Certificate in substantially the form now on file with the County Clerk, to be executed by the County Manager and delivered in connection with the delivery of the Bonds.

## ARTICLE IX.

## MISCELLANEOUS

Section 901. Defeasance. When all Bond Requirements of any 1998 Bond have been duly paid (including, without limitation, any amounts due and owing to the insurer of the Bonds, if any, pursuant to a municipal bond insurance policy relating to any such Bond), the pledge and lien and all obligations hereunder as to that Bond shall thereby be discharged and the Bond shall no longer be deemed to be Outstanding within the meaning of this Ordinance. There shall be deemed to be such due payment when the County has placed in escrow or in trust with a trust bank located within or without the State, an amount sufficient (including the known minimum yield available for such purpose from Federal Securities in which such amount wholly or in part may be initially invested) to meet all Bond Requirements of the 1998 Bond, as the same become due to the final maturity of the Bond or upon any prior redemption date as of which the County shall have exercised or shall have obligated itself to exercise its prior redemption option. The Federal Securities shall become due prior to the respective times on which the proceeds thereof shall be needed, in accordance with a schedule established and agreed upon between the County and such bank at the time of the creation of the escrow or trust, or the Federal Securities shall be subject to redemption at the option of the holders thereof to assure such availability as so needed to meet such schedule.

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 a statement of insurance, if applicable;
- B. Final Certificate. The execution of such certificates as may be reasonably required by the Purchaser or the insurer, if any, relating, inter alia, to:
  - (1) The signing of the 1998 Bonds,
  - (2) The tenure and identity of the officials of the Governing Body and of the County,
  - (3) The exclusion of interest on the 1998 Bonds from gross income for purposes of federal income taxation,
  - (4) The adequacy and completeness of the Preliminary and Final Official Statements,
  - (5) The delivery of the 1998 Bonds and the receipt of the Bond purchase price, and
  - (6) If it is in accordance with fact, the absence of litigation, pending or threatened, affecting the validity thereof.

C. Information. The assembly and dissemination of financial and other information concerning the County, the Board and the 1998 Bonds; and

D. Official Statement. The preparation of the Final Official Statement for use for prospective buyers of the 1998 Bonds, including, without limitation, such use by the Purchaser and its associates, if any.

E. Certificate of the County Manager; Continuing Disclosure Certificate; Financial Guaranty Agreement. The execution and delivery of the Certificate of the County Manager, the Continuing Disclosure Certificate and the Financial Guaranty Agreement by the County Manager in substantially the forms on file with the Clerk are hereby authorized and approved.

Section 903. Statute of Limitations. No action or suit based upon any 1998 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 1998 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 1998 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 Infrastructure 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 1998 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 1998 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 1998 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 1998 Bonds, may be proved by reference to the registration records kept by the Registrar.

Section 905. Warranty Upon Issuance of Bonds. Any 1998 Bonds, when duly executed and delivered for the purpose provided in this Ordinance, shall constitute a warranty by and on behalf of the County for the benefit of each and every future owner of any of the 1998 Bonds that the 1998 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 1998 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, 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. Governmental Powers. The enforceability of the obligations of the County 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 County, 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 County, or any other governmental entity of their respective sovereign powers. Generally, the County can neither contract away any such sovereign powers nor limit or inhibit by contract the proper exercise of such powers, and this Ordinance does not purport to do so.

Section 909. Subrogation of Bondholder's Rights. If the principal, or the redemption price, if applicable, and interest due on the Bonds shall be paid by the insurer, if any, of the Bonds, the assignment and pledge of Pledged Revenues, and all covenants, agreements, other obligations, liabilities, and duties of the City, the Registrar or the Paying Agent, or any of them, as the case may be, to the holders of the Bonds shall continue to exist; and the insurer shall be subrogated to the rights and privileges of such holders of the bonds so paid by the insurer.

Section 910. Insurer Treated as Holder. So long as it has not defaulted on its obligations under a municipal bond insurance policy with respect to the Bonds, the insurer, if any, of the Bonds shall be deemed to be the holder of the Bonds as provided below:

(a) Consent to Amendments. At any time the consent of a holder of Bond is required for adoption of an amendatory or supplemental instrument, the insurer must consent in writing to the adoption of the instrument, which consent must be obtained in lieu of the consents required to be obtained from the holders of the Bonds.

(b) Other Purposes. Following an Event of Default for all other purposes (except payment of the principal of and interest on the Bonds unless the insurer is entitled to such payment by virtue of its ownership of a Bond or subrogation), until after the curing of all defaults which may theretofore have occurred, the insurer shall be treated as the holder of all of the Bonds.

(c) Notices. A copy of any notices required to be sent pursuant to the provisions of this Ordinance must be sent to the insurer of the Bonds at the address for notices indicated on the municipal bond insurance policy or in the absence of an address for notices, at the office indicated by the insurer.

## ARTICLE X.

## PRIVILEGES, RIGHTS AND REMEDIES

Section 1001. Bondowner's Remedies. Each owner of any 1998 Bond (or, in lieu thereof, the insurer of the Bonds, if any, as long as such insurer is not in default in its payment of obligations under the policy insuring the Bonds) shall be entitled to all of the privileges, rights and remedies provided herein, in the Act, the Bond Act, the County Bond Law, 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) hereof, but subject to the provisions herein concerning the Pledged Revenues and the proceeds of the 1998 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 1998 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 insurer of the Bonds, if any, or from the owners of ten percent (10%) in principal amount of the 1998 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 1998 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 1998 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 insurer of the Bonds, if any, or 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 § 1003 hereof, then and in every case the owner or owners of not less than a majority in principal amount of the Bonds then Outstanding or the insurer of the Bonds, if any, including, without limitation, a trustee or trustees therefor, may proceed against the County and its agents, officers and employees to protect and to enforce the rights of any owner of Bonds under this Ordinance by mandamus or by other suit, action or special proceedings in equity or at law, in any court of competent jurisdiction, either for the appointment of a receiver or for the specific performance of any covenant or agreement contained herein or in an award of execution of any power herein granted for the enforcement of any proper, legal or equitable remedy as the owner or owners may deem most effectual to protect and to enforce the rights aforesaid, or thereby to enjoin any act or thing which may be unlawful or in violation of any right of any owner of any Bond, or to require the County to act as if it were the trustee of an express trust, or any combination of such remedies. All such proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all owners of the Bonds and any parity securities then Outstanding.

Section 1005. Receiver's Rights and Privileges. Any receiver appointed in any proceedings to protect the rights of such owners 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 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 owner 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. If the County fails or refuses to proceed as in this Section provided, the owner or owners of not less than ten percent (10%) in principal amount of the 1998 Bonds then outstanding, after demand in writing, may proceed to protect and to enforce the rights of the owners of the Bonds as hereinabove provided; and to that end any such owners of Outstanding 1998 Bonds shall be subrogated to all rights of the County 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 Sales 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 owners of the 1998 Bonds in such proceedings, so including the filing of any claims for unpaid Sales 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 owners of the outstanding 1998 Bonds and of any Outstanding securities on a parity with the 1998 Bonds.

## ARTICLE XI.

CONCERNING THE REGISTRAR AND PAYING AGENT

Section 1101. Appointment of Registrar. Nevada State Bank is hereby appointed and confirmed as registrar and paying agent. The Registrar shall signify its acceptance of the duties and obligations imposed upon it by this Ordinance by executing the certificate of authentication endorsed upon the Bonds; and the Registrar shall be deemed to have accepted such duties and obligations not only with respect to the Bonds so authenticated, but also with respect to all the Bonds thereafter to be issued hereunder.

Section 1102. Property Held in Trust. All moneys and securities held by the Registrar at any time pursuant to the terms of this Instrument shall be and hereby are assigned, transferred, and set over unto such Registrar in trust for the purposes and under the terms and conditions on this Instrument.

Section 1103. Deposit and Security of Funds. Subject to the provisions of Article VI hereof, all moneys (not including securities) held by the Registrar may, subject to the provisions of this section, be deposited by the Registrar in demand or time deposit in its banking department or with such other Banking Institutions as may be designated by the County. No such moneys shall be deposited with any Banking Institution, other than the Registrar, in an amount exceeding 50% of the amount which an officer of such bank shall certify to the Registrar and to the County as the combined capital and surplus of such bank. No such moneys shall be deposited or remain on deposit with any Banking Institution, including the Registrar, in excess of the amount guaranteed by the Federal Deposit Insurance Corporation or other Federal agency:

- A. Pledge of Collateral Security. Unless such bank shall have lodged with the trust department of the Registrar or, with the written approval of the Registrar and of the County, pledged to some other Banking Institution for the benefit of the County and every holder of any Bond issued hereunder, as collateral security for the moneys deposited, Federal Securities or such securities as are provided by law for securing a deposit in a Banking Institution in the State of cities and towns in the State, having a market value (exclusive of accrued interest) at least equal to 110% of the amount of such moneys; or
- B. Surety Bond. Unless, in lieu of such collateral security as to all or any part of such moneys, there shall have been lodged with the trust department of the Registrar for the benefit of the County and every holder of any Bond issued hereunder, and remain in full force and effect as security for such moneys or

part thereof, the indemnifying bond or bonds of a surety company or companies qualified as surety for deposits of funds of the United States and qualified to transact business in the state in which such Banking Institution is located in a sum at least equal to the amount of such moneys or part thereof.

The Registrar shall allow and credit interest on any such moneys held by it at such rate as it customarily allows upon similar funds of similar size and under similar conditions or as required by law. Interest or any other gain in respect of moneys or on securities in any account shall be credited in accordance with the provisions of Article VI.

Section 1104. Permitted Transactions with County. The Registrar, and any other Banking Institution to which this Instrument pertains may buy, hold, sell or deal in, or be a pledgee of the bonds and any other securities of the County and may engage or be interested in any financial or other transaction with the County, all as freely as if they were not Registrar, or such other bank hereunder.

Section 1105. Commingling of Moneys. Except as herein otherwise provided, all moneys received by the Registrar, whether as Registrar or otherwise, until used or applied as herein provided, shall be held in trust for the purposes for which they were paid, but need not be segregated from other moneys except to the extent required by law, unless herein otherwise expressly provided.

Section 1106. Resignation of Registrar. The Registrar, or any successor thereof, may at any time resign and be discharged of its duties and obligations hereunder by giving not less than 60 days' written notice to the County. Such resignation shall take effect upon the day specified in such notice unless previously a successor shall have been appointed by the County or holders of Bonds as herein provided, in which event such resignation shall take effect immediately on the appointment of such successor.

Section 1107. Removal of Registrar. The Registrar, or any successor thereof, may be removed at any time by the County, as long as the County is not in default pursuant to the terms of this Ordinance or any other instrument authorizing the issuance of parity securities, and at any time by the holders of a majority in principal amount of the Bonds and any other bonds payable from Pledged Revenues then Outstanding, which payment is secured by a lien on such revenues, excluding any such bonds held by or for the account of the County, by an instrument or concurrent instruments in writing signed and acknowledged by such holders of bonds or by their attorneys-in-fact duly authorized and delivered to the County. Copies of each such instrument shall be delivered by the County to the Registrar and to any successor thereof.

Section 1108. Successor Registrar. In case the Registrar, or any successor thereof, shall resign or shall be removed or shall become incapable of acting or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator, or conservator thereof or of its property shall be appointed,

or if any public officer shall take charge or control thereof or of its property or affairs, a successor may be appointed by the County, or in the case of removal of the Registrar by the holders, a successor may be appointed by the holders of a majority in principal amount of the then Outstanding Bonds and any other parity bonds payable from Pledged Revenues, which payment is secured by a lien on such revenues or in lieu thereof, by the bond insurer, excluding any such bonds held by or for the account of the County, by an instrument or concurrent instruments in writing signed and acknowledged by such holders of such parity bonds or by their attorneys-in-fact duly authorized and delivered to the County. Pending such appointment by holders of such bonds or the bond insurer, the County shall forthwith appoint a successor to act until such appointment is made by the holders of such bonds. Copies of each such instrument and of any instrument of the County providing for any such appointment shall be delivered by the County to the successor and to the predecessor Registrar. If no appointment of a successor shall be made within 30 days after the Registrar has been removed or resigned or after the occurrence of any other event requiring or authorizing such appointment, any holder of such parity bonds or the Registrar of such bonds may apply to any court of competent jurisdiction for the appointment of such a successor, and the court thereupon after such notice, if any, as the court may deem proper and may prescribe, may appoint such successor. Any successor appointed under the provisions of this section shall be a trust bank and willing and able to accept the appointment on reasonable and customary terms and authorized by law to perform all the duties required by this Instrument.

Section 1109. Merger or Consolidation. Any company in which the Registrar may be merged or with which it may consolidate or any company resulting from any merger or consolidation to which it shall be a party or any company to which the Registrar may sell or transfer all or substantially all of its corporate trust business, if such company is a trust bank qualified to be a successor to the Registrar under the provisions of § 1108 hereof, shall be the successor to the Registrar without any further act, deed, or conveyance.

## ARTICLE XII.

## AMENDMENT OF ORDINANCE

Section 1201. 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 of any additional consideration:

- A. Without the consent of or notice to the registered owners of the Bonds for the purpose of curing any ambiguity or formal defect or omission herein;
- B. If there is an insurer of the Bonds, in lieu of the written consent of owners of the Bonds as set forth in this Article, with the written consent of the insurer of the Bonds (as long as the insurer has not defaulted on its insurance policy with respect to such Bonds) in connection with any other amendment; and
- C. If there is no insurer of the Bonds, or the insurer has defaulted in its payment of obligations on its insurance policy with respect to the Bonds, with the written consent of the owners of sixty-six percent (66%) in aggregate principal amount of the 1998 Bonds Outstanding at the time of the adoption of such amendatory or supplemental instrument, not including in any case any 1998 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 1998 Bonds issued hereunder if such refunding securities are not owned by the County.

Section 1202. Limitations Upon Amendments. No such instrument shall permit without the consent of the owners of the Bonds adversely affected thereby:

- A. Changing Payment. A change in the maturity of the principal of any Outstanding 1998 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 1998 Bonds then Outstanding.



Section 1203. 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 to be mailed within thirty (30) days to the registered owners of the Bonds and the insurer of the Bonds, if any. 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 Registrar for public inspection. Whenever the insurer of the Bonds, if any, has consented to an amendment of this Ordinance, a copy of such amendment shall be sent to Moody's Investors Services and Standard and Poors' Ratings Group if such agencies are maintaining a rating on the Bonds at the time of such amendment. Whenever at any time within one (1) year from the date of mailing notice of such amendment there shall be filed in the office of the Registrar an instrument or instruments executed by the owners of at least sixty-six percent (66%) in aggregate principal amount of the 1998 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 1204. Binding Consent to Amendment. If the owners of at least sixty-six percent (66%) in aggregate principal amount of the 1998 Bonds Outstanding, at the time of the adoption of such amendatory instrument, or the predecessors in title of such owners, shall have consented to and approved the adoption thereof as herein provided, no owner of any Bond whether or not 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 1205. Time Consent Binding. Any consent given by the owner of a 1998 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 owner who gave such consent or by a successor in title by filing notice of such revocation with the Registrar, but such revocation shall not be effective if the owners of sixty-six percent (66%) in aggregate principal amount of the 1998 Bonds Outstanding have, prior to the attempted revocation, consented to and approved the amendatory instrument referred to in such revocation.

Section 1206. 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 1998 Bonds thereunder may be modified or amended in any respect upon the adoption by the County and upon the filing with the Registrar of an instrument to that effect and with the consent of the owners of all the then Outstanding 1998 Bonds, such consent to be given as provided in Section 904 hereof; and no notice to owners of 1998 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 1207. 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 1998 Bonds provided for in this article, and the County shall not be entitled with respect to such 1998 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 Registrar a certificate of the County Director, Division of Budget & Finance, upon which the County may rely, describing all Bonds so to be excluded.

Section 1208. 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 Registrar, suitable notation shall be made on such Bond by the Registrar 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 1209. 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.

**PASSED AND ADOPTED BY AN AFFIRMATIVE VOTE OF AT LEAST TWO-THIRDS OF THE MEMBERS OF THE BOARD OF COUNTY COMMISSIONERS OF WASHOE COUNTY, NEVADA, THIS ~~AUGUST 19, 1997~~ DECEMBER 8, 1998.**

Proposed on December 8, 1998  
Proposed by Commissioner Jim Shaw  
Passed December 8, 1998.  
Vote:

Ayes:	Joanne Bond Susan Camp <del>Jim Galloway</del> Mike Mouliot Jim Shaw
Nays:	<u>Jim Galloway</u>
Absent:	<u>No one</u>

[SEAL]  
Attest:

[Signature]  
County Clerk

[Signature]  
Chairman of the Board

This Ordinance shall be in force and effect from and after the <sup>21st</sup>~~23rd~~ day of December, 1998, i.e, the date of the second publication of such Ordinance by its title only.

STATE OF NEVADA )  
 ) ss.  
COUNTY OF WASHOE )

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

1. The foregoing pages are a true, correct and compared copy of the ordinance adopted by Board of County Commissioners (the "Board") of the County at a meeting held on December 8, 1998. The original of the ordinance has been approved and authenticated by the signatures of the Chairman of the Board and myself as County Clerk and sealed with the seal of the County, and has been recorded in the minute book of the Board kept for that purpose in my office.

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

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

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

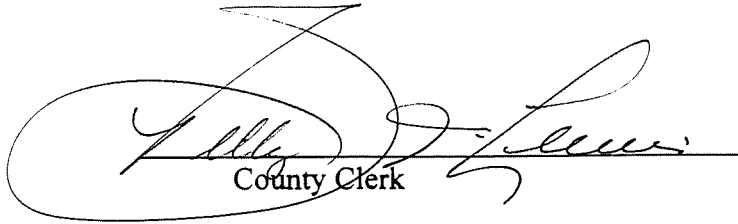
- A. Washoe County Administration Complex  
1001 East Ninth Street  
Reno, Nevada
- B. Washoe County Courthouse  
Virginia and Court Streets  
Reno, Nevada
- C. Washoe County Library  
301 South Center Street  
Reno, Nevada
- D. Justice Court  
630 Greenbrae Drive  
Sparks, Nevada

is attached as Exhibit "A".

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

**IN WITNESS WHEREOF**, I have hereunto set my hand this December 8, 1998.

(SEAL)



County Clerk