



# STAFF REPORT

**Report To:** Board of Supervisors

**Meeting Date:** 10/05/17

**Staff Contact:** Nancy Paulson, Deputy City Manager / Acting Chief Financial Officer

**Agenda Title:** For Possible Action: To adopt Bill No. 123, on second reading, an ordinance of the Board of Supervisors of Carson City, Nevada providing for the issuance of General Obligation (Limited Tax) Sewer Bonds (Additionally Secured by Pledged Revenues), Series 2017B, in the maximum principal amount of \$6,000,000; and providing the form, terms and conditions thereof and covenants relating to the payment of said bonds. (Nancy Paulson, npaulson@carson.org)

**Staff Summary:** This ordinance will authorize the issuance of the Carson City, Nevada, General Obligation (Limited Tax) Sewer Bonds (Additionally Secured by Pledged Revenues), Series 2017B. The Board of Supervisors of the City has determined and hereby declares that the public interest, health and welfare necessitates making certain improvements to the Utility System by acquiring, constructing, improving and equipping facilities pertaining to the Utility System.

**Agenda Action:** Ordinance - Second Reading

**Time Requested:** 5 minutes

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## **Proposed Motion**

I move to adopt Bill No. 123, on second reading, Ordinance No. \_\_\_\_, an ordinance of the Board of Supervisors of Carson City, Nevada providing for the issuance of General Obligation (Limited Tax) Sewer Bonds (Additionally Secured by Pledged Revenues), Series 2017B, in the maximum principal amount of \$6,000,000; and providing the form, terms and conditions thereof and covenants relating to the payment of said bonds.

## **Board's Strategic Goal**

Sustainable Infrastructure

## **Previous Action**

6/1/17 - Board adopted Resolution #2017-R-14, a resolution directing staff to notify the Debt Management Commission of the City's intent to issue sewer general obligation bonds in an amount not to exceed \$6,000,000.

6/19/17 - Debt Management Commission approved.

7/6/17 - Board adopted Resolution #2017-R-29, a Resolution of Intent, proposing the issuance of, and authorizing the publication of notices relating to general obligation (limited tax) sewer bonds (additionally secured by pledged revenues), in the aggregate principal amount not to exceed \$6,000,000, for the purpose of financing sewer projects for the City.

8/17/17 - Public hearing on the City's intent to issue general obligation (limited tax) sewer bonds (additionally secured by pledged revenues) in the aggregate principal amount not to exceed \$6,000,000 for the purpose of financing sewer projects for the City.

9/21/17 - The Board of Supervisors introduced the ordinance on first reading by a vote of 4-0, 1 absent.

**Background/Issues & Analysis**

The issuance of \$6,000,000 in sewer bonds and the related capital projects were included in the FY 18 Budget and Capital Improvement Program approved by the Board on May 18, 2017.

**Applicable Statute, Code, Policy, Rule or Regulation**

NRS Chapters 350 and 244A

**Financial Information**

Is there a fiscal impact?  Yes  No

If yes, account name/number: Estimated annual debt service payments of approximately \$436,000 for 20 years from the Sewer Fund.

Is it currently budgeted?  Yes  No

Explanation of Fiscal Impact: Bond proceeds and the related capital projects were included in the City's FY 18 Budget. Final amounts to include issuance costs and debt service will be added to the Sewer Fund Budget through a budget augmentation in FY 18.

**Alternatives**

Elect to not pursue the financing and accumulate funds to do projects on a pay as you go basis.

**Board Action Taken:**

Motion: \_\_\_\_\_

1) \_\_\_\_\_

2) \_\_\_\_\_

Aye/Nay

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_  
(Vote Recorded By)

Summary - An ordinance authorizing the issuance by Carson City, Nevada of its General Obligation (Limited Tax) Sewer Bonds (Additionally Secured by Pledged Revenues), Series 2017B.

**BILL NO. 123**  
**ORDINANCE NO. \_\_\_\_\_**

**AN ORDINANCE OF THE BOARD OF SUPERVISORS OF CARSON CITY, NEVADA PROVIDING FOR THE ISSUANCE OF GENERAL OBLIGATION (LIMITED TAX) SEWER BONDS (ADDITIONALLY SECURED BY PLEDGED REVENUES), SERIES 2017B; PROVIDING THE FORM, TERMS AND CONDITIONS THEREOF AND COVENANTS RELATING TO THE PAYMENT OF SAID BONDS; AND PROVIDING OTHER MATTERS RELATING THERETO.**

**WHEREAS**, Carson City in the State of Nevada (the “City” and the “State,” respectively) is a political subdivision of the State duly organized and consolidated as a county under the provisions of Section 37A of Article 4 of the Nevada Constitution and operating pursuant to Nevada Revised Statutes (“NRS”) Chapters 244 and 268 and the general laws of the State, when not inconsistent with the Statutes of Nevada 1969, Chapter 213 (the “Charter”); and

**WHEREAS**, the City now owns and operates a municipal sanitary sewer system (the “Sewer System”) and a municipal flood control and drainage system (the “Drainage System” and together with the Sewer System, the “Utility System”); and

**WHEREAS**, the Board of Supervisors of the City (the “Board”) has determined and hereby declares that the public interest, health and welfare necessitates making certain improvements to the Utility System by acquiring, constructing, improving and equipping facilities pertaining to the Utility System (the “Project”); and

**WHEREAS**, pursuant to NRS 244A.0505, the City may acquire, construct, improve and equip sewerage projects, including drainage and flood control projects; and

**WHEREAS**, Sections 7.030 and 2.290 of the Charter provide that the City may borrow money to acquire, improve, equip, operate and maintain a sewer project and for such purpose

may issue bonds or other securities, and the Board has determined and declared that the Project is a municipal purpose within the meaning of said Charter provisions; and

**WHEREAS**, pursuant to the Charter, pursuant to NRS 244A.011 through 244A.065, inclusive (the “County Bond Law”), and pursuant to Chapter 350 of NRS and all laws amendatory thereof which includes the Local Government Securities Laws, being NRS 350.500 through 350.720, and all laws amendatory thereof (the “Bond Act”), the City is authorized to borrow money and to issue general obligation bonds of the City for the purpose of defraying wholly or in part the cost of the Project; and

**WHEREAS**, the Board submitted to the Debt Management Commission of Carson City, Nevada (the “Commission”) the City’s proposal to issue its general obligation (limited tax) sewer bonds (additionally secured by pledged revenues) in the maximum principal amount of \$6,000,000 (the “Proposal”); and

**WHEREAS**, the Commission has heretofore duly approved the Proposal; and

**WHEREAS**, pursuant to NRS 350.020(3), the City published a notice of its intent to issue a maximum of \$6,000,000 of general obligation (limited tax) sewer bonds (additionally secured by pledged revenues), and as of the date hereof, no petition in conformity with NRS 350.020(3) requesting an election on the bonds was presented to the Board; and

**WHEREAS**, pursuant to NRS 350.020(3), the City published a notice of public hearing once each week for three consecutive weeks on its intent to issue a maximum of \$6,000,000 of general obligation (limited tax) sewer bonds (additionally secured by pledged revenues), and held a public hearing thereon; and

**WHEREAS**, the City has previously issued the following Outstanding bonds with a parity lien on the revenues of the City’s Utility System: Carson City, Nevada, General Obligation (Limited Tax) Sewer and Refunding Bonds (Additionally Secured by Pledged Revenues), Series 2015B (the “2015B Bonds”); Carson City, Nevada, General Obligation (Limited Tax) Sewer Bond (Additionally Secured by Pledged Revenues), Series 2015A (the “2015A Bonds” and collectively with the 2015B Bonds, the “2015 Bonds”); Carson City, Nevada, General Obligation (Limited Tax) Sewer Refunding Bonds (Additionally Secured by Pledged Revenues), Series 2014D (the “2014D Bonds”); Carson City, Nevada, General Obligation (Limited Tax) Sewer Bond (Additionally Secured

by Pledged Revenues), Series 2014B (the “2014B Bonds” and collectively with the 2014D Bonds, the “2014 Bonds”); Carson City, Nevada General Obligation (Limited Tax) Sewer Improvement and Refunding Bonds (Additionally Secured by Pledged Revenues) Series 2012B (the “2012 Bonds”); Carson City, Nevada General Obligation (Limited Tax) Sewer Bonds (Additionally Secured by Pledged Revenues), Series 2010F (Taxable Direct Pay Build America Bonds) (the “2010F Bonds”) and Carson City, Nevada General Obligation (Limited Tax) Sewer Improvement and Refunding Bonds (Additionally Secured by Pledged Revenues), Series 2010D (Tax-Exempt) (the “2010D Bonds” and collectively with the 2010F Bonds, the “2010 Bonds”); Carson City, Nevada, General Obligation (Limited Tax) Sewer Bond (Additionally Secured by Pledged Revenues), Series 1998 (the “1998 Bonds”); and

**WHEREAS**, the Board hereby determines that the bonds herein authorized to be issued shall be designated the “Carson City, Nevada, General Obligation (Limited Tax) Sewer Bonds (Additionally Secured by Pledged Revenues), Series 2017B” (the “Bonds”) subject to, among other conditions, the adoption by the Board of this Ordinance specifying the Bond terms and details and approving their sale; and

**WHEREAS**, the City’s Chief Financial Officer (the “Chief Financial Officer”) has been authorized to request, and has requested the State Treasurer, as administrator of the municipal bond bank of the State under NRS Chapter 350A (the “Bond Bank Act”), to make a loan to the City (the “Lending Project”) by purchasing the Bonds of the City herein authorized (the “Municipal Securities”), in the maximum principal amount of \$6,000,000 to effect the Project; and

**WHEREAS**, the State Treasurer requested the State Board of Finance (the “State Board”) to issue state securities (the “State Securities”) in one or more series, to defray the cost of the Lending Project; and

**WHEREAS**, by its resolution duly adopted, the State Board declared its intent to issue the State Securities; and

**WHEREAS**, the City intends to hereby authorize the issuance of Municipal Securities for the Project in a principal amount not to exceed the principal amount of the State Securities issued for the Lending Project, such Municipal Securities to bear interest at the same rates

as the State Securities to be sold for the purpose of providing funds to purchase the Municipal Securities; and

**WHEREAS**, the NRS Chapter 350 and the Bond Bank Act permit Municipal Securities to be sold at a private sale to the State; and

**WHEREAS**, NRS 350.2011 provides that the Bonds may bear interest at a rate or rates which do not exceed by more than 3% the “Index of Twenty Bonds” which was most recently published in The Bond Buyer before a negotiated offer is accepted for the Bonds; and

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

**WHEREAS**, the Board hereby elects to have the provisions of Chapter 348 of NRS (the “Supplemental Bond Act”) apply to the Bonds; and

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

A. It is necessary and for the best interests of the City to effect the Project and to issue the Bonds;

B. Each of the limitations and other conditions to the issuance of the Bonds in the Charter, the County Bond Law, the Bond Act, the Supplemental Bond Act, and in any other relevant act of the State or the Federal Government, has been met; and pursuant to NRS 350.708, this determination of the Board that the limitations in the Bond Act have been met shall be conclusive in the absence of fraud or arbitrary or gross abuse of discretion; and

C. This Ordinance pertains to the sale, issuance and payment of the Bonds; this declaration shall be conclusive in the absence of fraud or gross abuse of discretion in accordance with the provisions of NRS 350.579(2).

**NOW, THEREFORE, THE BOARD OF SUPERVISORS OF CARSON CITY DO ORDAIN:**

**Section 1. Short Title.** This Ordinance shall be known and may be cited as the “2017B Sewer Bond Ordinance.”

**Section 2. Definitions.** The terms in this Section and in the preambles hereof defined for all purposes of this Ordinance and of any instrument amendatory hereof or supplemental hereto, and of any other instrument or any other document relating hereto, except where the context by clear implication otherwise requires, shall have the meanings in this Section and in said preambles specified:

“**BAB Credit**” means the federal tax credit provided in Section 6431 of the Tax Code payable to the City with respect to bonds that are issued pursuant to Section 54AA of the Tax Code.

“**Board**” means the Board of Supervisors of the Carson City, in the State of Nevada, including any successor to the Board of Supervisors.

“**Bond Requirements**” means the principal of, the interest on and any prior redemption premiums due in connection with the Bonds, any Superior Securities, or any Parity Securities, as appropriate, as such principal, interest and premiums become due at maturity or on a Redemption Date, or otherwise.

For the purposes of calculating the Bond Requirements for the purposes of issuing Superior Securities (including refunding securities) or Parity Securities (including refunding securities) or complying with the Rate Covenant set forth in Section 59 herein, in making any calculation of the Bond Requirements to be paid for a period after the date of such calculation on any bonds payable from the Gross Revenues with respect to which the City expects to receive a BAB Credit, “interest” for any Bond Year shall be treated as the amount of interest to be paid by the City on those bonds in that Bond Year less the amount of the BAB Credit then expected to be paid by the United States with respect to interest payments on those bonds in that Bond Year and required by the ordinance or other instrument authorizing those bonds to be used to pay interest on those bonds in that Bond Year, or to reimburse the City for amounts already used to pay interest on those bonds in that Bond Year. If the BAB Credit is not expected to be received as of the date of such calculation, “interest” shall be the total amount of interest to be paid by the City on the bonds without a deduction for the credit to be paid by the United States under Section 6431 of the Tax Code. The

Chief Financial Officer may certify in writing the expected amount and expected date of receipt of any BAB Credit, and that certificate shall be conclusive for purposes of computing the Bond Requirements and for purposes of any other computation for the issuance of additional Superior Securities (including refunding securities) or Parity Securities (including refunding securities).

**“Bond Year”** means the 12-month period commencing on July 1 of a calendar year and ending on June 30 of the following calendar year.

**“Certificate of the Chief Financial Officer”** means the certificate executed by the Chief Financial Officer, or in such officer’s absence, the City Manager, on or after the date of the sale of the State Securities and on or before the date of closing on the Bonds.

**“City Clerk”** or **“Clerk”** means the de jure or de facto clerk of the City, or his or her successor in functions, if any.

**“City Treasurer”** or **“Treasurer”** means the de jure or de facto treasurer of the City, or his or her successor in functions, if any.

**“Commercial Bank”** means a state or national bank or trust company which is a member of the Federal Deposit Insurance Corporation.

**“Cost of the Project”** means all or any part designated by the Board for the cost of the Project, or interest therein, which cost, at the option of the Board, except as limited by law, may include all or any part of the incidental costs relating to the Project, including, without limitation:

- (a) Preliminary expenses advanced by the City from money available for use therefor, or advanced by the Federal Government, or from any other source, with the approval of the Board;
- (b) The costs in the making of surveys, audits, preliminary plans, other plans, specifications, estimates of costs and other preliminaries;
- (c) The costs of premiums on builders’ risk insurance and performance bonds, or a reasonably allocable share thereof;
- (d) The costs of appraising, printing, estimates, advice, services of engineers, architects, accountants, financial consultants, attorneys at law, clerical help or other agents or employees;



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

(f) The costs of contingencies;

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

(h) The costs of amending any ordinance or other instrument authorizing the issuance of or otherwise appertaining to Outstanding bonds or other securities of the City;

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

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

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

(l) The administrative expenses and issuance costs of the Bonds;  
and

(m) All other expenses necessary or desirable and appertaining to the Project, as estimated or otherwise ascertained by the Board including rebates to the United States under Section 148 of the Tax Code and the expenses of the costs of issuance of the State Securities

reasonably allocated to the City by the State Treasurer (which shall include reasonable costs of the State's rebate calculations, if any).

**“Drainage System”** means the City's flood control and drainage system, consisting of all properties, real, personal, mixed or otherwise, now owned or hereafter acquired by the City through purchase, construction or otherwise, and used in connection with such system of the City, and in any way pertaining thereto, whether or not located within or without or both within and without the boundaries of the City, including, without limitation, improvements, machinery, apparatus, structures, buildings and related or appurtenant furniture, fixtures and other equipment, as such system is from time to time extended, bettered or otherwise improved, or any combination thereof.

**“Federal Government”** means the United States, or any agency, instrumentality or corporation thereof.

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

**“Fiscal Year”** means the 12 months commencing on July 1 of any calendar year and ending on June 30 of the next succeeding calendar year; but if the Nevada Legislature changes the statutory fiscal year relating to the City, the Fiscal Year shall conform to such modified statutory fiscal year from the time of each such notification, if any.

**“General Taxes”** means general (ad valorem) taxes levied by the City against all taxable property within the boundaries of the City (unless otherwise qualified).

**“Gross Revenues”** means all income and revenues derived directly or indirectly by the City from the operation and use and otherwise pertaining to the Utility System or any part thereof, whether resulting from repairs, enlargements, extensions, betterments or other improvements to the Utility System, or otherwise, and includes all revenues received by the City from the Utility System, including, without limitation, all fees, rates and other charges for the use of the Utility System, or for any service rendered by the City in the operation thereof, directly or indirectly, the availability of any such service or the sale or other disposal of any commodity derived therefrom, but excluding any moneys borrowed and used for the acquisition of capital improvements

and any moneys received as grants, appropriations or gifts from the United States, the State or other sources, the use of which is limited by the grantor or donor to the construction of capital improvements for the Utility System, except to the extent any such moneys shall be received as payments for the use of the Utility System, services rendered thereby, the availability of any such service or the disposal of any such commodities. “Gross Revenues” shall also include all income or other gain from the investment of such income and revenues and of the proceeds of securities payable from Gross Revenues or Net Revenues to the extent lawfully available for the purposes of the Utility System.

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

“**Net Revenues**” means the Gross Revenues remaining after the deduction of Operation and Maintenance Expenses.

“**Operation and Maintenance Expenses**” means all reasonable and necessary current expenses of the City, paid or accrued, of operating, maintaining and repairing the Utility System, including, without limitation:

- (a) engineering, auditing, reporting, legal and other overhead expenses relating to the administration, operation and maintenance of the Utility System;
- (b) fidelity bond and property and liability insurance premiums pertaining to the Utility System or a reasonably allocable share of a premium of any blanket bond or policy pertaining to the Utility System;
- (c) payments to pension, retirement, health and hospitalization funds, and other insurance and to any self-insurance fund as insurance premiums not in excess of such premiums which would otherwise be required for such insurance;
- (d) any taxes, assessments, excise taxes or other charges which may be lawfully imposed upon the City, the Utility System, revenues therefrom or the City’s income from or operations of any properties under its control and pertaining to the Utility System, or any privilege in connection with the Utility System or its operations;

(e) the reasonable charges of any Paying Agent or Registrar and any other depository bank pertaining to the Bonds or any other securities payable from Gross Revenues or otherwise pertaining to the Utility System;

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

(g) the costs incurred by the Board in the collection and any refunds of all or any part of Gross Revenues;

(h) any costs of utility services furnished to the Utility System;

(i) any lawful refunds of any Gross Revenues; and

(j) all other administrative, general and commercial expenses pertaining to the Utility System;

but excluding:

(i) any allowance for depreciation;

(ii) any costs of extensions, enlargements, betterments and other improvements, or any combination thereof;

(iii) any reserves for major capital replacements, other than normal repairs;

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

(v) any allowance for the redemption of any Bond or other security or the payment of any interest thereon or any prior redemption premium due in connection therewith;

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

(vii) any other ground of legal liability not based on contract, including, without limitation, negligence in the operation of the Utility System.

**“Outstanding”** when used with reference to the Bonds or any other designated securities payable from Net Revenues and as of any particular date means all of the Bonds or other securities in any manner theretofore and thereupon being executed and delivered:

(a) **Except** any Bond or other security canceled by the City, the Paying Agent or otherwise on the City’s behalf, at or before such date;

(b) **Except** any Bond or other security for the payment or the redemption of which moneys at least equal to its Bond Requirements to the date of maturity or to any Redemption Date shall have theretofore been deposited with a Trust Bank in escrow or in trust for that purpose, as provided in Section 62 hereof; and

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

**“Parity Securities”** means securities of the City pertaining to the Utility System and payable from and secured by Net Revenues on a parity with the Bonds, including the 1998 Bonds, the 2010 Bonds, the 2012 Bonds, the 2014 Bonds, the 2015 Bonds and any securities hereafter issued on a parity with such bonds, to the extent issued in accordance with the terms, conditions and limitations hereof.

**“Paying Agent”** means the City Treasurer or any successor thereto as paying agent for the Bonds.

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

**“Project”** means the acquisition, construction, improvement and equipment of facilities pertaining to the Utility System.

**“Purchaser”** means the State Treasurer on behalf of the Municipal Bond Bank of the State.

**“Redemption Date”** means a date fixed for the redemption prior to their respective maturities of any Bonds or other designated securities payable from any Net Revenues in

any mandatory redemption schedules, or in any notice of prior redemption or otherwise fixed and designated by the City.

**“Redemption Price”** means, when used with respect to a Bond or other designated security payable from any Net Revenues, the principal amount thereof plus accrued interest thereon to the Redemption Date plus the applicable premium, if any, payable upon the redemption thereof prior to the stated maturity date of such Bond or other security on a Redemption Date in the manner contemplated in accordance with the security’s terms.

**“Registrar”** means the City Treasurer or any successor thereto as registrar for the Bonds.

**“Sewer System”** means the sanitary sewer system of the City, consisting of all properties, real, personal, mixed or otherwise, now owned or hereafter acquired by the City through purchase, construction or otherwise, and used in connection with such system of the City, and in any way pertaining thereto, whether or not located within or without or both within and without the boundaries of the City, including, without limitation, improvements, machinery, apparatus, structures, buildings and related or appurtenant furniture, fixtures and other equipment, as such system is from time to time extended, bettered or otherwise improved, or any combination thereof.

**“Single Bond”** means the single registered, negotiable general obligation (limited tax) sewer bond issued hereunder in lieu of serial bonds.

**“Subordinate Securities”** means securities of the City pertaining to the Utility System secured by and payable from Net Revenues inferior and junior to the pledge thereof to the Bonds and any Parity Securities, to the extent issued in accordance with the terms, conditions and limitations hereof.

**“Superior Securities”** means securities of the City pertaining to the Utility System secured by and payable from Net Revenues superior and senior to the pledge thereof to the Bonds and any Parity Securities, to the extent issued in accordance with the terms, conditions and limitations hereof.

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

“**Trust Bank**” means a “commercial bank”, as defined herein, which bank is authorized to exercise and is exercising trust powers, and also means any branch of the Federal Reserve Bank.

“**Utility System**” means the Sewer System together with the Drainage System.

Other capitalized terms used herein shall have the meanings given to such terms in the text hereof, except where the context by clear implication otherwise requires.

**Section 3. Sale of the Bonds.** The Chief Financial Officer, or in such officer’s absence, the City Manager, is authorized to accept the State’s offer to purchase the Bonds, subject to the terms and conditions specified herein.

**Section 4. Ratification.** All action heretofore taken by the Board and the officers of the City directed toward the Project and toward the issuance, sale and delivery of the Bonds is hereby ratified, approved and confirmed.

**Section 5. Estimated Life of Facilities.** The Board, on behalf of the City, has determined and does hereby declare:

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

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

**Section 6. Necessity of Project and Bonds.** It is necessary and in the best interests of the Board, its officers, and the inhabitants of the City, that the City effect the Project and defray wholly or in part the cost thereof by the issuance of the Bonds therefor; and it is hereby so determined and declared.

**Section 7. Authorization of Project.** The Board hereby authorizes the Project.

**Section 8. Ordinance to Constitute Contract.** In consideration of the purchase and the acceptance of the Bonds by those who shall own the same from time to time, the provisions hereof shall be deemed to be and shall constitute a contract between the City and the registered owners from time to time of the Bonds.

**Section 9. Bonds Equally Secured.** The covenants and agreements herein set forth to be performed shall be for the equal benefit, protection and security of the owners of any and

all of the Outstanding Bonds, all of which, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority or distinction except as otherwise expressly provided in or pursuant to this Ordinance.

**Section 10. General Obligations.** All of the Bonds, as to the Bond Requirements, shall constitute general obligations of the City, which hereby pledges its full faith and credit for their payment. So far as possible, Bond Requirements shall be paid from Net Revenues of the Utility System of which the Project is a part (the “Pledged Revenues”). The Bonds as to all Bond Requirements shall also be payable from the General Taxes (except to the extent that other moneys such as Net Revenues are available therefor) as herein provided.

**Section 11. Limitations upon Security.** The payment of the Bonds is not secured by an encumbrance, mortgage or other pledge of property of the City, except for the proceeds of General Taxes and any other moneys pledged for the payment of the Bonds. No property of the City, subject to such exception, shall be liable to be forfeited or taken in payment of the Bonds.

**Section 12. 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 or any other instrument relating thereto, against any individual member of the Board or any officer or other agent of the Board or City, past, present or future, either directly or indirectly through the Board or the City, 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 13. Authorization of Bonds.** For the purpose of providing funds to pay all or a portion of the Cost of the Project, the City shall issue its “Carson City, Nevada, General Obligation (Limited Tax) Sewer Bonds (Additionally Secured by Pledged Revenues), Series 2017B” in the aggregate principal amount to be specified in the Certificate of the Chief Financial Officer, such principal amount not to exceed the aggregate principal amount of \$6,000,000. The State has requested, and the City has agreed, that the obligation of the City hereunder shall be represented in the form of a Single Bond as heretofore defined. The registered owner thereof shall have the right to convert the Single Bond to serial registered Bonds, at its own expense. The Single Bond shall be



substantially in the form as set forth in Section 27 hereof. The Serial Bonds shall be substantially in the form as set forth in Section 25 hereof.

**Section 14. Bond Details.** The Bonds shall be issued in fully registered form, i.e., registered as to both principal and interest. The Bonds shall be dated as of the date of delivery of the Bonds to the State and unless delivered as a Single Bond, shall be issued in denominations of \$5,000 or any integral multiple thereof (provided that no Bond may be in a denomination which exceeds the principal coming due on any maturity date and no individual Bond will be issued with more than one maturity). The Bonds shall bear interest (calculated on the basis of a 360 day year consisting of twelve 30 day months) from their date at the respective rates set forth in the Certificate of the Chief Financial Officer, payable on May 1 and November 1 in each year, commencing on May 1, 2018; provided that those Bonds which are reissued upon transfer, exchange or other replacement shall bear interest at the rates set forth in the Certificate of the Chief Financial Officer from the most recent interest payment date to which interest has been paid or if no interest has been paid, from the date of the Bonds. The Bonds shall bear interest and shall mature on the designated dates (not to exceed 21 years from the date of issuance of the Bonds), in each of the designated amounts of principal, as set forth in the Certificate of the Chief Financial Officer.

The principal of any Bond shall be payable to the owner thereof as shown on the registration records kept at the City Treasurer, Carson City, as paying agent and registrar for the Bonds (the “Paying Agent” and the “Registrar”), upon maturity and upon presentation and surrender at the office of the Paying Agent or such other office as designated by the Paying Agent. Notwithstanding the foregoing, so long as the State is the registered owner of the Bonds, all principal payments shall be made by depositing with the State Treasurer, in immediately available funds, not later than 15 days prior to each principal payment date, an amount sufficient to make the payment then due. If the State Treasurer is still the registered owner of the Bonds, such payment 15 days prior to the payment date shall continue to be required if an escrow or trust has been established as provided in Section 62 hereof to make such payment, unless the State Treasurer otherwise agrees. If any Bond shall not be paid upon such presentation and surrender at or after maturity, it shall continue to draw interest at the interest rate borne by said Bond until the principal thereof is paid in full. Payment of interest on any Bond shall be made to the owner thereof by check mailed by the Paying

Agent, on each interest payment date (or, if such interest payment date is not a business day, on the next succeeding business day), to the owner thereof at its address as shown on the registration records kept by the Registrar as of the close of business on the 15th day of the calendar month next preceding each interest payment date (the “Regular Record Date”); but any such interest not so timely paid shall cease to be payable to the owner thereof as shown on the registration records of the Registrar as of the close of business on the Regular Record Date and shall be payable to the owner thereof at its address as shown on the registration records of the Registrar as of the close of business on a date fixed to determine the names and addresses of owners for the purpose of paying defaulted interest (the “Special Record Date”). Such Special Record Date shall be fixed by the Registrar whenever moneys become available for payment of the defaulted interest, and notice of the Special Record Date shall be given to the owners of the Bonds not less than ten days prior thereto by first-class mail to each such owner as shown on the Registrar’s registration records as of a date selected by the Registrar, stating the date of the Special Record Date and the date fixed for the payment of such defaulted interest. The Paying Agent may make payments of interest on any Bond by such alternative means as may be mutually agreed to between the owner of such Bond and the Paying Agent. All such payments shall be made in lawful money of the United States of America without deduction for any service charges of the Paying Agent or Registrar.

**Section 15. Prior Redemption or Prepayment Option.**

A. Optional Redemption or Prepayment. Bonds, or portions thereof (\$5,000 or any integral multiple), or, if a Single Bond is issued as provided herein, installments of principal, maturing before the date designated in the Certificate of the Chief Financial Officer are not subject to redemption or prepayment prior to their maturity date. Bonds, or portions thereof (\$5,000 or any integral multiple), maturing on and after the date designated in the Certificate of the Chief Financial Officer shall be subject to redemption prior to their respective maturities, at the option of the City, on and after the date designated in the Certificate of the Chief Financial Officer in whole or in part at any time from any maturities selected by the City and by lot within a maturity (giving proportionate weight to Bonds in denominations larger than \$5,000), at a price equal to the principal amount of each Bond, or portion thereof, so redeemed, accrued interest thereon to the Redemption Date, and a premium, in the designated amount, and if so provided, in the Certificate of the Chief

Financial Officer. If a Single Bond is issued to evidence the Bonds as herein provided, installments of principal due on and after the date designated in the Certificate of the Chief Financial Officer shall be subject to prepayment on and after the date designated in the Certificate of the Chief Financial Officer in whole or in part, at any time in amounts of \$5,000 or any multiple thereof and from any maturities as are selected by the City, at the same prices and terms as if such Single Bond were evidenced by the \$5,000 denomination Bonds designated above.

B. Partial Redemption. In the case of Bonds in a denomination larger than \$5,000, a portion of such Bond (\$5,000 or any integral multiple thereof) may be redeemed, in which case the Registrar shall, without charge to the owner of such Bond, authenticate and issue a replacement Bond or Bonds for the unredeemed portion thereof. In the case of a partial redemption of Bonds of a single maturity pursuant to subsection (A) hereof, the Paying Agent shall select the Bonds to be redeemed by lot at such time as directed by the City (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. Notice of Redemption. Unless waived by any owner of Bonds to be redeemed, official notice of any such redemption shall be given by the Registrar on behalf of and on direction of the Board, by mailing a copy of an official redemption notice by first class mail, postage prepaid, at least 30 days and not more than 60 days prior to the date fixed for redemption to the registered owner of the Bond or Bonds to be redeemed at the address shown on the registration records or at such other address as is furnished in writing by such registered owner to the Registrar. If at the time of any redemption the State owns all of the then Outstanding Bonds, such notice shall be given to the State Treasurer at least 75 days before the date fixed for redemption. Actual receipt of mailed notice by any owner of Bonds shall not be a condition precedent to redemption of such Bond or Bonds. Failure to give such notice to the registered owner of any Bond, or any defect therein, shall not affect the validity of the proceedings for the redemption of any other Bonds. A

certificate by the Registrar that such notice has been given as herein provided shall be conclusive against all parties.

All official notices of redemption shall be dated and shall state:

- A. the Redemption Date,
- B. the Redemption Prices,
- C. if less than all Outstanding Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed (or, if a Single Bond evidences the Bonds, the installments of principal to be repaid),
- D. that on the Redemption Date the Redemption Price will become due and payable upon each such Bond or portion thereof called for redemption (or installments of principal to be repaid), and that interest thereon shall cease to accrue from and after said date, and
- E. the place where such Bonds are to be surrendered for payment of the Redemption Price, which place of payment shall be the principal office of the Paying Agent (accrued interest to the Redemption Date being payable by mail or as otherwise provided in this Ordinance).

Prior to or on any Redemption Date, the City shall deposit with the Paying Agent an amount of money sufficient to pay the Redemption Price of all the Bonds or portions of Bonds which are to be redeemed on that date.

Official notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the City shall default in the payment of the Redemption Price) such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Paying Agent at the Redemption Price. Installments of interest due on or prior to the Redemption Date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Bond, there shall be prepared for the registered owner a new Bond or Bonds of the same maturity in the amount of the unpaid principal. All Bonds which have been redeemed shall be canceled and destroyed by the Registrar and shall not be reissued. Notwithstanding the provisions of this Section, any notice of redemption may contain a statement that the redemption is conditioned upon the receipt by the Paying Agent of funds on or before the

date fixed for redemption sufficient to pay the Redemption Price of the Bonds so called for redemption, and that if such funds are not available, such redemption shall be canceled by written notice to the owners of the Bonds called for redemption in the same manner as the original redemption notice was given.

**Section 16. Negotiability.** The Bonds shall be fully negotiable within the meaning of and for the purpose of the Uniform Commercial Code - Investment Securities and each owner shall possess all rights enjoyed by holders of negotiable instruments under the Uniform Commercial Code - Investment Securities.

**Section 17. Registration, Transfer and Exchange of Bonds.** Except as otherwise provided in Section 18 hereof:

A. Records for the registration and transfer of the Bonds shall be kept by the Registrar. Upon the surrender of any Bond at the office of the Registrar, duly endorsed for transfer or accompanied by an assignment in form satisfactory to the Registrar duly executed by the owner or his or her 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. The Registrar shall authenticate and deliver a Bond or Bonds which the owner making the exchange is entitled to receive, bearing a number or numbers not previously assigned. For every exchange or transfer of Bonds requested by the owner thereof, the City or the Registrar may make a charge sufficient to reimburse it for any tax, fee, or other governmental charge required to be paid with respect to such exchange or transfer, and except for the first exchange or transfer of a Bond, may charge a sum sufficient to pay the cost of preparing and authenticating each new Bond.

B. The person in whose name any Bond shall be registered on the registration records kept by the Registrar shall be deemed and regarded as the absolute owner thereof for the purpose of payment and for all other purposes (except to the extent otherwise provided in Section 14 hereof with respect to interest payments); and payment of or on account of the Bond Requirements of any Bond shall be made only to or upon the written order of the owner thereof or his or her legal

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

C. 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 City may reasonably require, and upon payment of all expenses in connection therewith, authenticate and deliver a replacement Bond or Bonds of a like aggregate principal amount and of the same maturity, bearing a number or numbers not previously assigned. If such lost, stolen, destroyed or mutilated Bond shall have matured, the Registrar may direct that such Bond be paid by the Paying Agent in lieu of replacement.

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

E. The Registrar shall maintain at his office so long as the Bonds are evidenced by a Single Bond registration records for the Single Bond showing the name and address of the registered owner, the amounts and dates of any principal prepayments on the Single Bond, and the dates of any transfers of the Single Bond. The Registrar shall permit at all reasonable times the transfer of ownership of the Single Bond on presentation of the Single Bond at his office together with a written request for transfer signed by the registered owner or his or her attorney duly authorized in writing in a form satisfactory to the Registrar. Any such transfer shall be noted on the registration records and on the registration panel on the back of the Single Bond. No transfer shall be permitted within 30 days of any principal or interest payment date nor within 75 days of any date on which the City is prepaying all or any portion of the principal of the Single Bond.

**Section 18. Custodial Deposit.**

A. Notwithstanding the foregoing provisions of Sections 14 to 17 of this Ordinance, in the event the Bonds are issued as serial bonds as provided in Section 14 hereof, the Bonds shall initially be evidenced by one Bond for each year in which the Bonds mature in denominations equal to the principal amount which matures in each such year. Such initially delivered Bonds shall be registered in the name of “Cede & Co.,” as nominee for The Depository

Trust Company, the securities depository for the Bonds. The Bonds may not thereafter be transferred or exchanged except:

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

(2) Upon the resignation of The Depository Trust Company or a successor or new depository under clause (1) hereof or this clause (2) or upon a determination by the City 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 City of another depository institution acceptable to the depository then holding the Bonds, which new depository institution must be both a “clearing corporation” as defined in NRS 104.8102 and a qualified and registered “clearing agency” under Section 17A of the Securities Exchange Act of 1934, as amended, to carry out the functions of The Depository Trust Company or such successor or new depository; or

(3) Upon the resignation of The Depository Trust Company or a successor or new depository under clause (1) hereof or clause (2) hereof or upon a determination by the City 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 City, after reasonable investigation, to locate another qualified depository institution under clause (2) hereof to carry out the functions of The Depository Trust Company or such successor or new depository.

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 in the case of 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 then Outstanding maturity of the Bonds 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 Outstanding Bonds by the Registrar,

together with written instructions for transfer satisfactory to the Registrar, new Bonds shall be issued in the denominations of \$5,000 or any integral multiple thereof, as provided in and subject to the limitations of Section 14 hereof, registered in the names of such persons and in such denominations as are requested in such written transfer instructions; provided, 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. Except as provided in Section 17 hereof, the City, the Registrar and the Paying Agent shall be entitled to treat the registered owner of any Bond as the absolute owner thereof for all purposes hereof and any applicable laws, notwithstanding any notice to the contrary received by any or all of them and the City, the Registrar and the Paying Agent shall have no responsibility for transmitting payments to the beneficial owners of the Bonds held by The Depository Trust Company or any successor or new depository named pursuant to subsection A hereof.

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

**Section 19. Execution and Authentication.**

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

B. The Bonds shall be approved, signed and executed in the name of and on behalf of the City with the manual or facsimile signature of the Mayor, shall be countersigned and executed with the manual or facsimile signature of the Treasurer, and shall bear a manual impression or a facsimile of an impression of the official seal of the City attested with the manual or facsimile signature of the Clerk.



C. No Bond shall be valid or obligatory for any purpose unless the certificate of authentication thereon, substantially in the form hereinafter provided, has been duly manually executed by the Registrar. By authenticating any of the Bonds initially delivered pursuant to this Ordinance, the Registrar shall be deemed to have assented to all of the provisions of this Ordinance.

D. The Mayor, the Treasurer and the Clerk are hereby authorized and directed to prepare and to execute the Bonds as herein provided.

**Section 20. Use of Predecessor's Signature.** The Bonds bearing the signatures of the officers in office at the time of the execution of the Bonds shall be valid and binding obligations of the City, notwithstanding that before their delivery any or all of the persons who executed them shall have ceased to fill their respective offices. The Mayor, the Treasurer, and the Clerk at the time of the execution of a signature certificate relating to the Bonds, may each adopt as and for his or her own facsimile signature the facsimile signature of his or her predecessor in office if such facsimile signature appears upon any of the Bonds.

**Section 21. Incontestable Recital.** Pursuant to NRS 350.628, the Bonds shall contain a recital that they are issued pursuant to the Bond Act, which recital shall be conclusive evidence of the validity of the Bonds and the regularity of their issuance.

**Section 22. State Tax Exemption.** Pursuant to NRS 350.710, the Bonds, their transfer and the income therefrom shall forever be and remain free and exempt from taxation by the State or any subdivision thereof, except for the tax on estates imposed pursuant to the provisions of Chapter 375A of NRS and the tax on generation-skipping transfers imposed pursuant to the provisions of Chapter 375B of NRS.

**Section 23. Initial Registration.** The Registrar shall maintain in a separate record the registration records of the City for the Bonds, showing the name and address of the 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.

**Section 24. Delivery of Single Bond.** After such registration by the Registrar, the City Treasurer shall cause the Single Bond to be delivered to the State, upon payment being made in accordance with the terms of its sale. The Treasurer shall then register the Single Bond in the name

of the State in the registration records of the City and make notation of such registration on the registration panel appended to the Single Bond.

**Section 25. Serial Bond Form.** Subject to the provisions of this Ordinance, the Serial Bonds shall be in substantially the following form, with such omissions, insertions, endorsements, and variations as may be required by the circumstances, be required or permitted by this Ordinance, or be consistent with this Ordinance and necessary or appropriate to conform to the rules and requirements of any governmental authority or any usage or requirement of law with respect thereto:

(Form of Serial Bond)

TRANSFER OF THIS BOND OTHER THAN BY REGISTRATION IS NOT EFFECTIVE

**CARSON CITY, NEVADA  
GENERAL OBLIGATION (LIMITED TAX)  
SEWER BONDS  
(ADDITIONALLY SECURED BY PLEDGED REVENUES)  
SERIES 2017B**

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

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Dated As of</u>	<u>CUSIP</u>
___% per annum	_____, 20__	_____, 2017	_____

**REGISTERED OWNER: \*\*Cede & Co.\*\***

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

Carson City (the “City”), in the State of Nevada (the “State”), for value received, hereby acknowledges itself to be indebted and promises to pay to the registered owner specified above, or registered assigns, the principal amount specified above, on the maturity date specified above (unless called for earlier redemption), and to pay interest thereon on May 1 and November 1 of each year, commencing on May 1, 2018, at the interest rate per annum specified above, until the principal sum is paid or payment has been provided for or, if such payment date is not a business day, on or before the next succeeding business day. This Bond shall bear interest (calculated on the basis of a 360 day year consisting of twelve 30 day months) from the most recent interest payment date to which interest has been paid or, if no interest has been paid, from the date of the initial delivery of the series of bonds of which this Bond is one (the “Bond”). The principal of and redemption premium, if any, on this Bond are payable upon presentation and surrender hereof at the principal office of the City’s paying agent for the Bonds (as hereinafter defined) or any successor (the “Paying Agent”), presently the City Treasurer, who is also now acting as the City’s registrar for the Bonds (the “Registrar”). Interest on this Bond will be paid on or before each interest payment date (or, if such date is not a business day, on or before the next succeeding business day) by check or draft mailed to the person in whose name this Bond or any predecessor bond is registered (the “registered owner”) in the registration records of the City maintained by the Registrar, at the address appearing thereon, as of the close of business on the fifteenth day of the calendar month next

preceding such interest payment date (the “Regular Record Date”). Any such interest not so timely paid for shall cease to be payable to the person who is the registered owner as of the close of business on the Regular Record Date and shall be payable to the person who is the registered owner as of the close of business on a special record date for the payment of any defaulted interest (the “Special Record Date”). Such Special Record Date shall be fixed by the Registrar whenever moneys become available for payment of the defaulted interest, and notice of the Special Record Date shall be given to the registered owner not less than ten (10) days prior thereto. Alternative means of payment of interest may be used if mutually agreed to by the registered owner and the Paying Agent, as provided in the Ordinance of the Board of Supervisors of the City (the “Board”) authorizing the issuance of the Bonds and designated in Section 1 thereof as the “2017B Sewer Bond Ordinance” (the “Ordinance”), duly adopted by the Board on October 5, 2017. All such payments shall be made in lawful money of the United States of America without deduction for any service charges of the Paying Agent or the Registrar. If this Bond is not paid upon presentation at its maturity, interest at the rate specified above shall continue to be borne hereby until the principal hereof is discharged as provided in the Ordinance.

The Bonds, or portions thereof, are subject to redemption prior to maturity as provided in the Ordinance. Redemption shall be made upon not less than 30 days’ prior mailed notice in the manner and upon the conditions provided in the Ordinance. If this bond is called for redemption and payment is duly provided for as specified in the Ordinance, interest shall cease to accrue hereon from and after the date fixed for redemption.

\*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 equivalent aggregate principal amounts and in authorized denominations at the aforesaid office of the Registrar but only in the manner, subject to the limitations and on payment of the charges provided in the Ordinance.\*

\*This Bond is fully transferable by the registered owner in person or by his or her 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, on payment of the charges and subject to the terms and conditions as set forth in the Ordinance.\*

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

\*\*Unless this certificate is presented by an authorized representative of the Depository Trust Company, a New York corporation (“DTC”), to Issuer 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 a 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, PLEDGED, 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.\*\*

The City, the Registrar and the Paying Agent may deem and treat the person in whose name this bond is registered as the absolute owner hereof for the purpose of payment and for all other purposes, except to the extent otherwise provided hereinabove and in the Ordinance with respect to Regular and Special Record Dates for the payment of interest.

This Bond is one of a series of Bonds issued by the City upon its behalf and upon the credit thereof for the purpose of defraying wholly or in part the cost of acquiring, constructing, improving and equipping facilities pertaining to the City's Utility System (as defined below) . The Bonds are issued under the authority of and in full compliance with the Constitution and laws of the State and pursuant to the Ordinance.

It is hereby certified and recited that all the requirements of law have been fully complied with by the proper officers of the City in the issuance of this Bond; that the total indebtedness of the City, including that of this Bond, does not exceed any limit of indebtedness prescribed by the Constitution, the City's Charter or by the laws of the State; that provision has been made for the levy and collection of annual general (ad valorem) taxes against all the taxable property within the City sufficient to pay the principal of and interest on this Bond when the same become due (except to the extent other funds are available therefor), subject to the limitations imposed by the Constitution and by the statutes of the State; and that the full faith and credit of the City are hereby irrevocably pledged to the punctual payment of the principal of and the interest on this Bond according to its terms.

Payment of the principal of and interest on the Bonds is additionally secured by a pledge of the net revenues ("Net Revenues") derived by the City from the operation and use of, and otherwise pertaining to, the sanitary sewer system and drainage system of the City of which the Project is a part, consisting of all properties, real, personal, mixed or otherwise, now owned or hereafter acquired by the City, through purchase, construction or otherwise, and used in connection with such systems of the City and in any way pertaining thereto, whether or not located within or without or both within and without the boundaries of the City, including, without limitation, improvements, machinery, apparatus, structures, buildings, and related or appurtenant furniture, fixtures and other equipment, or any combination thereof (the "Utility System"), whether resulting from extensions, enlargements, repairs, betterments or other improvements to the Utility System, or otherwise, but excluding (1) moneys raised for capital improvements, and (2) grants, appropriations or gifts for limited uses, and after provision is made for the payment of all necessary and reasonable operation and maintenance expenses of the Utility System, which Net Revenues are so pledged as more specifically provided in the Ordinance.

The Bonds are equitably and ratably secured by such pledge of the Net Revenues, and such pledge constitutes an irrevocable lien (but not necessarily an exclusive lien) upon the Net Revenues on a parity with the lien thereon of any Parity Securities (as defined in the Ordinance) outstanding or hereafter issued and subordinate and junior to the lien thereon of any Superior

Securities (as defined in the Ordinance) hereafter issued. Additional securities may be issued and made payable from the Net Revenues having a lien thereon superior to, on a parity with, or subordinate to such pledge, in each case subject to the conditions of and in accordance with the provisions of the Ordinance.

Reference is made to the Ordinance and to the Bond Act for an additional description of the nature and extent of the security for this Bond, the accounts, funds, or revenues pledged, the nature and extent and manner of enforcement of the pledge, the rights and remedies of the registered owner of this Bond with respect thereto, the terms and conditions upon which this Bond is issued, and a statement of rights, duties, immunities, and obligations of the City, and other rights and remedies of the owner of this Bond.

The Bonds are issued pursuant to Sections 350.500 through 350.720, Nevada Revised Statutes (“NRS”), and all laws amendatory thereof, designated in NRS 350.500 as the Local Government Securities Law (the “Bond Act”); pursuant to NRS 350.628, this recital is conclusive evidence of the validity of the Bonds and the regularity of their issuance; and pursuant to NRS 350.710, the Bonds, their transfer, and the income therefrom shall forever be and remain free and exempt from taxation by the State or any subdivision thereof except the tax on estates imposed pursuant to the provisions of Chapter 375A of Nevada Revised Statutes and the tax on generation-skipping transfers imposed pursuant to the provisions of Chapter 375B of Nevada Revised Statutes.

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

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

**IN WITNESS WHEREOF**, Carson City, Nevada has caused this Bond to be executed in its name with the manual or facsimile signature of its Mayor, to be attested with the manual or facsimile signature of its City Clerk, has caused a manual or facsimile impression of the seal of the City to be affixed hereon, and has caused this bond to be countersigned with the manual or facsimile signature of its City Treasurer, all as of \_\_\_\_\_, 2017.

CARSON CITY, NEVADA

By: \_\_\_\_\_  
                    (Manual or Facsimile Signature)  
                    Mayor

Countersigned:

By: \_\_\_\_\_  
                    (Manual or Facsimile Signature)  
                    City Treasurer

(MANUAL OR FACSIMILE  
CITY SEAL)

Attest:

\_\_\_\_\_  
                    (Manual or Facsimile Signature)  
                    City Clerk

\*                      Insert only if issued as serial bonds pursuant to Section 14 hereof.

\*\*                     Insert only if issued as book entry bonds pursuant to Section 18 hereof.

(End of Form of Serial Bond)

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

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

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

CARSON CITY, NEVADA  
as Registrar

By (Manual Signature)  
City Treasurer

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



(Form of Assignment for Serial Bonds)

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

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

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

\_\_\_\_\_  
Name of Transferee:

Address of Transferee:

Social Security or other tax  
identification number of  
Transferee:

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

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

(End of Form of Assignment for Serial Bonds)

**Section 26. Use of Single Bond.** Notwithstanding the foregoing provisions, the Bonds shall be initially evidenced by a single registered Bond, which Single Bond shall be manually signed and executed in the name of and on behalf of the City by the Mayor, countersigned and manually subscribed by the Treasurer, with the seal of the City affixed thereto and attested and manually signed by the Clerk. The principal installments, interest and any prior redemption premiums, if any, on the Single Bond shall be paid by check, draft or warrant made to the order of the registered owner of the Single Bond and mailed to the address of the registered owner shown on the registration records of the Registrar on such payment date, or if such payment date is not a business day, on the next succeeding business day. So long as the State is the registered owner, such payment shall be made by depositing with the State Treasurer in immediately available funds, not later than 15 days prior to any principal or interest payment date or Redemption Date, the amount coming due on the Single Bond on such date. If the State Treasurer is still the registered owner of the Bonds, such payment 15 days prior to the payment date shall continue to be required if an escrow or trust has been established as provided in Section 62 hereof to make such payment, unless the State Treasurer otherwise agrees. The final installment of principal on the Single Bond shall be made only upon surrender of the Single Bond at the office of the Paying Agent. The Single Bond shall mature in installments of principal, bear interest and be subject to prepayments of installments of principal, substantially as provided in Sections 14 through 24 hereof. If a portion of principal of the Single Bond is called for prior redemption, no payment of the principal or Redemption Price of or interest on the Single Bond due on or after the date fixed for redemption shall be made unless the Single Bond is presented to the Paying Agent and notation of the installments of principal so called for prior redemption is made on the Single Bond. The Single Bond shall be registered in the name of its owner and may be assigned by the registered owner in the manner and with the effect set forth in the provisions for registration contained in the form thereof hereinafter set forth. The City shall pay to the State such amounts as are necessary to pay the City's share of the State's costs of paying the State Securities which are issued to fund the Bonds, including without limitation the City's share of paying agent fees.

**Section 27. Form of Single Bond.** The Single Bond shall be in substantially the following form, said form to be completed with necessary or appropriate variations, insertions, omissions, or endorsements consistent with the provisions of this Ordinance:

(Form of Single Bond)

TRANSFER OF THIS BOND OTHER THAN BY REGISTRATION IS NOT EFFECTIVE

**CARSON CITY, NEVADA  
GENERAL OBLIGATION (LIMITED TAX) SEWER BOND  
(ADDITIONALLY SECURED BY PLEDGED REVENUES)  
SERIES 2017B**

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

Carson City (the “City”), in the State of Nevada (the “State”) for value received hereby acknowledges itself to be indebted and promises to pay to the State of Nevada, c/o the State Treasurer, as Administrator of the Municipal Bond Bank, or registered assigns, the principal sum of

\_\_\_\_\_ **DOLLARS (\$ \_\_\_\_\_)**

in installments of principal in the amounts and on the dates listed below (unless prepaid as provided herein and noted on the Prepayment Panel appended hereto) in lawful money of the United States of America, together with interest on each unpaid installment of principal from the date of this bond appearing below until payment of such installment of principal shall have been discharged as provided in the Ordinance hereinafter mentioned, at the interest rate designated in the Certificate of the Chief Financial Officer, said interest being payable on May 1 and November 1 of each year commencing on May 1, 2018, and said installments of principal bearing interest at the rates, and being payable on the dates designated in the Certificate of the Chief Financial Officer.

The principal of, interest on and any prior redemption premiums (the “Bond Requirements”) due in connection with this bond are payable by check, draft or warrant made to the order of the registered owner hereof and mailed by the Treasurer of the City or any successor thereto as paying agent for this bond (the “Paying Agent”) to the address shown for the registered owner on the registration records of the Treasurer of the City or any successor thereto as registrar for this bond (the “Registrar”). If the State is the registered owner hereof, payment of the Bond Requirements shall be made by depositing with the State Treasurer in immediately available funds, not later than 15 days prior to any principal or interest payment date or prior Redemption Date, the amount coming due on such payment date. If the State Treasurer is still the registered owner of the Bonds, such payment 15 days prior to the payment date shall continue to be required if an escrow or trust has been established as provided in Section 62 of the Ordinance to make such payment, unless the State Treasurer otherwise agrees. If any payment date is not a business day, payment may be made on the next succeeding business day. If payment of any installment of principal of this bond is not made

when due, interest on such installment shall continue at the interest rate for which installment specified above until such principal installment is paid in full. The final installment of principal of this bond is payable only on presentation and surrender of this bond at the office of the Paying Agent.

This single bond is issued by the City (the “Bond”) to defray, wholly or in part, the cost of acquiring, constructing, improving and equipping facilities pertaining to the City’s Utility System (as defined below). The Bond is issued under the authority of and in full compliance with the Constitution and laws of the State, and pursuant to an ordinance duly adopted by the Board of Supervisors of the City (the “Board”) on October 5, 2017 (the “Ordinance”).

Installments of principal of the Bond shall be subject to optional redemption prior to maturity as provided and if provided in the Ordinance and the Certificate of the Chief Financial Officer. Prepayment shall be made on not less than 30 days’ prior mailed notice in the manner and upon the conditions provided in the Ordinance. If the State of Nevada is the owner hereof not less than 75 days prior mailed notice of any prepayment shall be given. If a prepayment is made on this Bond as specified in the Ordinance, interest shall cease to accrue on the amount prepaid from and after the date fixed for prepayment. If a portion of the principal of this Bond is called for prepayment, no payment of the principal of, interest on or prior redemption premium due in connection with this Bond due on and after the prepayment date shall be made unless this Bond is presented to the Paying Agent and notation of the installments of principal so called for prepayment is made on prepayment panel appended hereto.

It is hereby certified and recited that all the requirements of law have been fully complied with by the proper officers of the City in the issuance of this Bond; that the total indebtedness of the City, including that of this Bond, does not exceed any limit of indebtedness prescribed by the Constitution, the City’s Charter or by the laws of the State; that provision has been made for the levy and collection of annual general (ad valorem) taxes against all the taxable property within the City sufficient to pay the principal of and interest on this Bond when the same become due (except to the extent other funds are available therefor), subject to the limitations imposed by the Constitution and by the statutes of the State; and that the full faith and credit of the City are hereby irrevocably pledged to the punctual payment of the principal of and the interest on this Bond according to its terms.

Payment of the principal of and interest on the Bonds is additionally secured by a pledge of the net revenues (“Net Revenues”) derived by the City from the operation and use of, and otherwise pertaining to, the sanitary sewer system and drainage system of the City of which the Project is a part, consisting of all properties, real, personal, mixed or otherwise, now owned or hereafter acquired by the City, through purchase, construction or otherwise, and used in connection with such systems of the City and in any way pertaining thereto, whether or not located within or without or both within and without the boundaries of the City, including, without limitation, improvements, machinery, apparatus, structures, buildings, and related or appurtenant furniture, fixtures and other equipment, or any combination thereof (the “Utility System”), whether resulting from extensions, enlargements, repairs, betterments or other improvements to the Utility System, or

otherwise, but excluding (1) moneys raised for capital improvements, and (2) grants, appropriations or gifts for limited uses, and after provision is made for the payment of all necessary and reasonable operation and maintenance expenses of the Utility System, which Net Revenues are so pledged as more specifically provided in the Ordinance.

This Bond is equitably and ratably secured by such pledge of the Net Revenues, and such pledge constitutes an irrevocable lien (but not necessarily an exclusive lien) upon the Net Revenues on a parity with the lien thereon of any Parity Securities (as defined in the Ordinance) outstanding or hereafter issued and subordinate and junior to the lien thereon of any Superior Securities (as defined in the Ordinance) hereafter issued. Additional securities may be issued and made payable from the Net Revenues having a lien thereon superior to, on a parity with, or subordinate to such pledge, in each case subject to the conditions of and in accordance with the provisions of the Ordinance.

Reference is made to the Ordinance and to the Bond Act for an additional description of the nature and extent of the security for this Bond, the accounts, funds, or revenues pledged, the nature and extent and manner of enforcement of the pledge, the rights and remedies of the registered owner of this Bond with respect thereto, the terms and conditions upon which this Bond is issued, and a statement of rights, duties, immunities, and obligations of the City, and other rights and remedies of the owner of this Bond.

The Bond is issued pursuant to NRS 350.500 through 350.720, and all laws amendatory thereof, designated in NRS 350.500 as the Local Government Securities Law (the "Bond Act"); pursuant to NRS 350.628, this recital is conclusive evidence of the validity of the Bond and the regularity of its issuance; and pursuant to NRS 350.710, the Bonds, their transfer, and the income therefrom shall forever be and remain free and exempt from taxation by the State or any subdivision thereof except the tax on estates imposed pursuant to the provisions of Chapter 375A of Nevada Revised Statutes and the tax on generation-skipping transfers imposed pursuant to the provisions of Chapter 375B of Nevada Revised Statutes.

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

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

Reference is made to the Ordinance and to the Bond Act for an additional description of the nature and extent of the security for the Bond, the accounts, funds, or the rights and remedies of the registered owners of the Bond with respect thereto, the terms and conditions upon which the

Bond is issued, and a statement of rights, duties, immunities and obligations of the City, and other rights and remedies of the owner of the Bond.

This Bond shall not be entitled to any benefits under the Ordinance or be valid or obligatory for any purpose until the registration panel hereon shall have been manually signed on behalf of the Registrar.

This Bond is fully transferable by the registered owner hereof in person or by his or her duly authorized attorney, at said office of the Registrar, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the Ordinance, and upon surrender of this Bond together with a duly executed written instrument of transfer satisfactory to the Registrar. Any such transfer shall be noted in the registration records of the City maintained by the Registrar and noted on the registration panel appended to this Bond. The Registrar shall not be required to register the transfer of this Bond during the seventy-five days next preceding any date fixed for the prepayment of principal installments or during the thirty days next preceding any date for the payment of principal of or interest on this Bond.

On written request of the registered owner hereof or his or her attorney duly authorized in writing in a form satisfactory to the Registrar, the City shall issue, at the registered owner's expense and within 60 days from the date of such request, negotiable, registered bonds in the denomination of \$5,000 each or any multiple thereof in an aggregate principal amount equal to the amount of unpaid principal of this bond, maturing at same times as, and bearing interest at the same interest rates as such unpaid principal, and otherwise containing such terms, limitations and conditions prescribed in and being in the form provided in the Ordinance.

No transfer of this Bond shall be valid unless made on the registration records maintained at the principal office of the Registrar.

IN WITNESS WHEREOF, Carson City, Nevada has caused this Bond to be executed in its name by the manual signature of its Mayor, to be countersigned with the manual signature of

its City Treasurer, and to be attested by the manual signature of its City Clerk and has caused the seal of the City to be affixed hereto, all as of \_\_\_\_\_, 2017.

CARSON CITY, NEVADA

\_\_\_\_\_  
(Manual Signature)  
Mayor  
Carson City, Nevada

Countersigned:

(SEAL)

Attest:

\_\_\_\_\_  
(Manual Signature)  
City Treasurer  
Carson City, Nevada

\_\_\_\_\_  
(Manual Signature)  
City Clerk  
Carson City, Nevada

(End of Form of Single Bond)

(Form of Registration Panel Appended to Single Bond)

**MANDATORY REGISTRATION FOR PAYMENT  
AS TO PRINCIPAL AND INTEREST**

The within single bond is registered in the office of the Treasurer of Carson City, Nevada, as Registrar in the name of the last owner listed below, and the principal amount of the Bond and interest thereon shall be payable only to such owner, all in accordance with the within-mentioned Ordinance.

<u>Date of Registration</u>	<u>Name of Owner</u>	<u>Address of Owner</u>	<u>Signature of Registrar</u>
_____	State of Nevada, c/o State Treasurer, as Administrator of the Municipal Bond Bank of the State of Nevada	State Treasurer 101 N. Carson #4 Carson City, Nevada 89701	_____
_____	_____	_____	_____
_____	_____	_____	_____

(End of Form of Registration Panel Appended to Single Bond)



(Form of Principal Prepayment Panel on Single Bond)

PREPAYMENT PANEL

The following installments of principal (or portions thereof) of this Bond have been prepaid by Carson City, Nevada, in accordance with the terms of the within-mentioned Ordinance.

<u>Date of Prepayment</u>	<u>Due Date of Installments (or portions thereof)</u>	<u>Principal Amount Prepaid</u>	<u>Signature of Paying Agent</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

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

(Form of Assignment for Single Bond)

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 of Transferee:

Address of Transferee:

Social Security or other tax  
identification number of  
Transferee:

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

(End of Form of Assignment for Single Bond)

**Section 28. Delivery of the Single; Deposit of Proceeds.**

A. When the Single Bond has been duly executed, the Treasurer shall deliver it to the State upon receipt of the principal amount for the Project. The Treasurer shall register the Single Bond in the name of the State in the registration records of the City and make notation of such registration on the back of the Single Bond.

B. The remaining balance of the proceeds derived from the sale of the Bonds shall be credited to a separate account hereby created and to be known as the “Carson City, Nevada, General Obligation (Limited Tax) Sewer Bonds (Additionally Secured by Pledged Revenues), Series 2017B, Acquisition Account” (the “Acquisition Account”) hereby created to be held by the City.

**Section 29. Money for the Project.** All moneys received and held by the City for the Project from all sources, including, without limitation, the Bond proceeds deposited therein and any surplus Net Revenues appropriated by the City for that purpose shall be deposited in the Acquisition Account and except as herein otherwise expressly provided, shall be used and paid out solely for the purpose of defraying the Cost of the Project, including, without limitation, the costs of issuing the Bonds, all costs to be paid to the State Treasurer as administration costs and costs associated with the State’s sale of State Securities related to the Bonds, which the Board hereby determines are necessary and desirable and pertain to the Project. Until proceeds of the Bonds are applied as hereinabove provided the Bond proceeds shall be subject to a lien thereon and pledge thereof for the benefit of the owners of the Bonds from time to time as provided herein.

**Section 30. Completion of Project.** The City, with the proceeds derived from the sale of the Bonds, shall proceed to complete the Project with due diligence.

**Section 31. Use of Investment Gain.** Pursuant to NRS 350.658, and except as may otherwise be required herein, any gain from any investment and any reinvestment of any proceeds of the Bonds shall be deposited promptly upon the receipt of such gain at any time or from time to time into the Acquisition Account to defray, in part, the Cost of the Project or, if adequate provision has been made for the Project, into the Bond Fund hereinafter created, for the respective payment of the principal of or interest on the Bonds or any combination thereof. As provided herein, the annual General Taxes for the payment of the principal of or interest on the Bonds levied after

such deposits of any such investment or reinvestment gain may be diminished to the extent of the availability of such deposit for the payment of such principal or interest.

**Section 32. Prevention of Bond Default.** Subject to the provisions of this Ordinance, the Treasurer shall use any Bond proceeds credited to the Acquisition Account, without further order or warrant, to pay the Bond Requirements of the Bonds as the same become due whenever and to the extent moneys 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 relating to the Project. The Treasurer shall promptly notify the Board of any such use.

**Section 33. Purchaser Not Responsible.** The validity of the Bonds shall not be dependent on nor be affected by the validity or regularity of any proceedings relating to the Project, or any part thereof, or to the completion of the Project. Neither the Purchaser, nor any subsequent owner of any Bond shall in any manner be responsible for the application or disposal by the City or by any of its officers, agents and employees of the moneys derived from the sale of the Bonds or of any other moneys referred to in this Ordinance.

**Section 34. General Tax Levies.** So far as possible, the Bond Requirements of the Bonds shall be paid from the Net Revenues of the Utility System. However, pursuant to NRS 350.596, at any time when there are not on hand sufficient funds on deposit in the Bond Fund to pay, when due the principal of and interest on the Bonds, the Bond Requirements shall be paid out of the Acquisition Account, or out of a general fund of the City or out of any other funds that may be available for such purpose, including, without limitation, any proceeds of General Taxes. For the purpose of repaying any moneys so paid from any such fund or funds (other than any moneys available without replacement for the payment of such Bond Requirements on other than a temporary basis), and for the purpose of creating funds for the payment of the Bond Requirements, there are hereby created two separate accounts designated as the “Carson City, Nevada, General Obligation (Limited Tax) Sewer Bonds (Additionally Secured by Pledged Revenues) Series 2017B, Interest Account” (the “Interest Account”) and the “Carson City, Nevada, General Obligation (Limited Tax) Sewer Bonds (Additionally Secured by Pledged Revenues) Series 2017B, Principal Account” (the “Principal Account” and collectively with the Interest Account, the “Bond Fund”). Pursuant to

NRS 350.592 and 350.594, there shall be duly levied immediately after the issuance of the Bonds and annually thereafter, until all of the Bond Requirements shall have been fully paid, satisfied and discharged, a General Tax on all property, both real and personal, subject to taxation within the boundaries of the City, including the net proceeds of mines, fully sufficient to reimburse such fund or funds for any such amounts temporarily advanced to pay such initial installments of principal and interest, and to pay the interest on the Bonds becoming due after such initial installment, and to pay and retire the Bonds as they thereafter become due at maturity as herein provided, after there are made due allowances for probable delinquencies. The proceeds of such annual levies shall be duly credited to such separate accounts for the payment of such Bond Requirements. In the preparation of the annual budget or appropriation resolution or ordinance for the City, the Board shall first make proper provisions through the levy of sufficient General Taxes for the payment of the interest on and the retirement of the principal of the bonded indebtedness of the City, including, without limitation, the Bonds, subject to the limitation imposed by NRS 361.453 and Section 2, art. 10, of the State Constitution, and the amount of money necessary for this purpose shall be a first charge against all such revenues received by the City.

**Section 35. Priorities for Bonds.** As provided in NRS 361.463, in any year in which the total General Taxes levied against the property in the City by all overlapping units within the boundaries of the City exceeds the limitation imposed by NRS 361.453, or a lesser or greater amount fixed by the State Board of Examiners in any Fiscal Year, and it becomes necessary by reason thereof to reduce the levies made by any and all such units, the reductions so made shall be in General Taxes levied by such unit or units (including, without limitation, the City and the State) for purposes other than the payment of their bonded indebtedness, including interest thereon. The General Taxes levied for the payment of such bonded indebtedness and the interest thereon shall always enjoy a priority over General Taxes levied by each such unit (including, without limitation, the City and the State) for all other purposes where reduction is necessary in order to comply with the limitation of NRS 361.453.

**Section 36. Correlation of Levies.** Such General Taxes shall be levied and collected in the same manner and at the same time as other taxes are levied and collected. The proceeds thereof for the Bonds shall be kept in the Principal Account and in the Interest Account,

which accounts shall be used for no other purpose than the payment of principal and interest, respectively, on the Bonds as the same fall due.

**Section 37. Use of General Fund.** Any sums becoming due on the Bonds at any time when there are on hand from such General Taxes (and any other available moneys) insufficient funds to pay the same shall be promptly paid when due from the general fund of the City, reimbursement to be made to such general fund in the amounts so advanced when the General Taxes herein provided for have been collected, pursuant to NRS 350.596.

**Section 38. Use of Other Funds.** Nothing in this Ordinance prevents the City from applying any funds (other than General Taxes but including Net Revenues) that may be available for that purpose to the payment of the Bond Requirements as the same, respectively, fall due, and upon such payments, the levy or levies herein provided may thereupon to that extent be diminished, pursuant to NRS 350.598.

**Section 39. Legislative Duties.** In accordance with NRS 350.592, it shall be the duty of the Board annually, at the time and in the manner provided by law for levying other General Taxes of the City, if such action shall be necessary to effectuate the provisions of this Ordinance, to ratify and carry out the provisions hereof with reference to the levy and collection of General Taxes; and the Board shall require the officers of the City to levy, extend and collect such General Taxes in the manner provided by law for the purpose of creating funds for the payment of the principal of the Bonds and the interest thereon. Such General Taxes when collected shall be kept for and applied only to the payment of the principal of and the interest on the Bonds as hereinbefore specified.

**Section 40. Appropriation of General Taxes.** In accordance with NRS 350.602, there is hereby specially appropriated the proceeds of such General Taxes to the payment of such principal of and interest on the Bonds; and such appropriations will not be repealed nor the General Taxes postponed or diminished (except as herein otherwise expressly provided) until the Bond Requirements of the Bonds have been wholly paid.

**Section 41. Pledge of Net Revenues.** Subject only to the provisions of this Ordinance permitting the application thereof for or to the purposes and on the terms and conditions set forth herein, there are hereby additionally pledged to secure the payment of the principal of and interest on the Bonds in accordance with its terms and the provisions of this Ordinance, all of the Net

Revenues of the Utility System. This pledge shall be valid and binding from and after the date of the delivery of the Bonds, and the Net Revenues as received by the City 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 shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the City (except as herein otherwise provided) irrespective of whether such parties have notice thereof. The lien of this pledge and the obligation to perform the contractual provisions hereby made shall be subordinate and junior to the lien thereon of any Superior Securities hereafter issued but shall have priority over any and all other obligations and liabilities of the City payable from the Net Revenues, except as herein otherwise provided. The lien of this pledge for the Bonds is on a parity with the pledge of the Net Revenues for the Parity Securities. The Bonds and the Parity Securities shall be equitably and ratably secured by the pledge of Net Revenues hereunder, and the Bonds and the Parity Securities are not entitled to any priority one over the other in the application of Net Revenues.

**Section 42. Revenue Fund.** So long as any of the Bonds hereby authorized shall be Outstanding as to any Bond Requirements, the entire Gross Revenues, upon their receipt from time to time by the City shall be set aside and credited immediately to a special account heretofore created designated as the “Carson City Utility System Gross Revenues Fund” (the “Revenue Fund”). So long as any of the Bonds hereby authorized shall be Outstanding as to any Bond Requirements each Fiscal Year, the Revenue Fund shall be administered and the moneys on deposit in each account shall be applied in the order of priority specified in Sections 43 through 48 hereof.

**Section 43. Operation and Maintenance Fund.** First, from time to time there shall be transferred and credited to a separate account heretofore created in the treasury of the City and continued hereby and designated as the “Carson City Utility System Operation and Maintenance Fund” (the “Operation and Maintenance Fund”) moneys sufficient to pay Operation and Maintenance Expenses, as budgeted and approved in accordance with law, as such expenses become due and payable, and thereupon they shall be promptly paid. Any surplus remaining in the Operation and Maintenance Fund at the end of the Fiscal Year of the City and not needed for Operation and Maintenance Expenses shall be transferred to the Revenue Fund.

**Section 44. Superior Securities.** Second, from any moneys thereafter remaining in the Revenue Fund, i.e., from the Net Revenues, there shall be transferred and credited to the funds and accounts established for the Superior Securities such transfers and credits as are required by the bond ordinances authorizing the Superior Securities prior to the application of Net Revenues for securities that are subordinate to the Superior Securities.

**Section 45. Bond Funds.** Third, from any moneys thereafter remaining in the Revenue Fund and concurrent with transfers to the bond funds created with respect to any Parity Securities, there shall be concurrently transferred and credited to the Bond Fund as follows:

A. Monthly, commencing on the first day of the month immediately succeeding the delivery date of the Bonds, an amount in equal monthly installments necessary, together with any other moneys from time to time available therefor from whatever source, to pay the next maturing installment of interest on the Outstanding 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 Outstanding Bonds.

B. Monthly, commencing on the first day of the month immediately succeeding the delivery date of the Bonds, an amount in equal monthly installments necessary, together with any other moneys from time to time available therefor from whatever source, to pay the next installment of principal on the Outstanding Bonds coming due, and monthly thereafter, commencing on each principal payment date, one twelfth of the amount necessary to pay the next installments of principal of the Outstanding Bonds coming due.

The money credited to the Bond Fund shall be used to pay the Bond Requirements of the Bonds as such Bond Requirements become due.

**Section 46. Rebate Accounts.** Fourth, after the aforementioned deposits, there shall be transferred and credited to a special and separate account hereby created and designated as the “Carson City, General Obligation (Limited Tax) Sewer Bonds (Additionally Secured by Pledged Revenues), Series 2017B, Rebate Account” (the “Rebate Account”) and to the funds or accounts established for payment of amounts due the United States under Section 148(f) of the Tax Code in connection with any Outstanding Parity Securities in such amounts as are required to be deposited



therein to meet the City's obligations under the covenant contained in Section 61 hereof, in accordance with Section 148(f) of the Tax Code and the covenants contained in the respective bond ordinances authorizing the issuance of the Outstanding Parity Securities.

**Section 47. Payment of Subordinate Securities.** Fifth, any moneys thereafter remaining in the Revenue Fund may be used by the City for the payment of the principal of and interest on, and payments to the United States required by Section 148(f) of the Tax Code with respect to, Subordinate Securities and may be used to create reasonable reserves for such securities.

**Section 48. Surplus Revenues.** Sixth, any moneys thereafter remaining in the Revenue Fund may be used by the City at the end of any Fiscal Year of the City, or whenever there shall have been credited all amounts required to be deposited in the respective foregoing separate accounts for all of that Fiscal Year, for any lawful purposes of the City, as the Board may from time to time determine, including, without limitation, for the creation of operation and maintenance reserves and capital reserves, the payment of capital costs and major maintenance costs of the Utility System, to pay any other obligations pertaining to the Utility System or otherwise.

**Section 49. Termination of Deposits.** No payment need be made into the Bond Fund if the amounts in that fund total a sum at least equal to the entire amount of the Outstanding Bonds as to all Bond Requirements to their respective maturities both accrued and not accrued, in which case moneys in such fund in an amount, except for any interest or other gain to accrue from any investment of moneys in Federal Securities from the time of any such investment to the time or respective times the proceeds of any such investment or deposit shall be needed for such payment, at least equal to such Bond Requirements, shall be used, together with any such gain from such investments, solely to pay such Bond Requirements as the same become due.

**Section 50. Equal Security.** The Bonds and any Parity Securities from time to time Outstanding shall be equally and ratably secured by the pledge of Net Revenues hereunder and shall not be entitled to any priority one over the other in the application of the Net Revenues regardless of the time or times of the issuance of the Bonds and any Parity Securities.

**Section 51. Defraying Delinquencies.** If at any time the City shall for any reason fail to pay into the Bond Fund or the Rebate Account the full amount above stipulated from the Net Revenues, then an amount shall be paid first into the Bond Fund and second into the Rebate Account

at such time equal to the difference between that paid from the Net Revenues and the full amount so stipulated. If Parity Securities are Outstanding, and if the proceedings authorizing issuance of those securities require the replacement of moneys in a bond fund, reserve fund or rebate account therefor, then the moneys replaced in such funds shall be replaced on a pro rata basis related to the principal amount of the then Outstanding Bonds and the then Outstanding Parity Securities, as moneys become available therefor, first into all of such bond funds and reserve funds and second into all such rebate accounts.

**Section 52. Conditions to Issuance of Superior Securities.**

A. Nothing herein, except as expressly hereinafter provided, shall prevent the issuance by the City of securities payable from Net Revenues and constituting a lien thereon superior and senior to the lien thereon of the Bonds and any Parity Securities, provided, however, that the following are express conditions to the authorization and issuance of any such Superior Securities:

(1) The 1998 Bonds shall all no longer be Outstanding.

(2) At the time of adoption of the instrument authorizing the issuance of the additional Superior Securities, the City shall not be in default in the payment of the principal of or interest on the Bonds.

(3) So long as the Bonds are Outstanding, the Pledged Revenues (subject to adjustments as hereinafter provided) projected by the Chief Financial Officer, the City Engineer or an independent accountant or consulting engineer to be derived in the later of (a) the Fiscal Year immediately following the Fiscal Year in which the facilities to be financed with the proceeds of the additional Superior Securities are projected to be completed or (b) the first Fiscal Year for which no interest has been capitalized for the payment of any Superior Securities, including the Superior Securities proposed to be issued, will be sufficient to pay at least an amount equal to the combined maximum annual principal and interest requirements (to be paid during any one Bond Year in which the additional Superior Securities are issued and ending on the principal payment date of the year in which any then Outstanding Bonds last mature) of the Outstanding Bonds, any Outstanding Superior Securities and the Superior Securities proposed to be issued (excluding any reserves therefor).

(4) The Superior Securities proposed to be issued shall not be issued as general obligations but shall be issued solely as special obligations secured by and payable from the Net Revenues of the Utility System.

B. In any determination of whether or not additional Superior Securities may be issued in accordance with the foregoing earnings test, consideration shall be given to any probable estimated increase or reduction in Operation and Maintenance Expenses that will result from the expenditure of the funds proposed to be derived from the issuance and sale of the additional Superior Securities.

C. In any determination of whether or not additional Superior Securities may be issued in accordance with the foregoing earnings test, the respective annual principal (or Redemption Price) and interest requirements shall be reduced to the extent such requirements are scheduled to be paid with moneys held in trust or in escrow for that purpose by any Trust Bank, including the known minimum yield from any investment in Federal Securities.

D. A written certificate or written opinion by the Chief Financial Officer, the City Engineer, or an independent accountant or consulting engineer that the foregoing earnings test is met shall be conclusively presumed to be accurate in determining the right of the City to authorize, issue, sell and deliver additional Superior Securities.

E. In connection with the authorization of any such additional securities the Board may on behalf of the City adopt any additional covenants or agreements with the holders of such additional securities; provided, however, that no such covenant or agreement may be in conflict with the covenants and agreements of the City herein and no such covenant or agreement may be materially adverse to the interests of the holders of the Bonds. Any finding of the Board to the effect that the foregoing requirements are met shall, if made in good faith, conclusively establish that the foregoing requirements have been met for purposes of this Ordinance.

**Section 53. Conditions to Issuance of Additional Parity Securities.**

A. Nothing herein, except as expressly hereinafter provided, shall prevent the issuance by the City of additional securities payable from Net Revenues and constituting a lien thereon on a parity with the lien thereon of the Bonds, provided, however, that the following are express conditions to the authorization and issuance of any such Parity Securities:

(1) At the time of adoption of the instrument authorizing the issuance of the additional Parity Securities, the City shall not be in default in the payment of the principal of or interest on the Bonds.

(2) So long as the Bonds are Outstanding, the Pledged Revenues (subject to adjustments as hereinafter provided) projected by the Chief Financial Officer, City Engineer or an independent accountant or consulting engineer to be derived in the later of (a) the Fiscal Year immediately following the Fiscal Year in which the facilities to be financed with the proceeds of the additional Parity Securities are projected to be completed or (b) the first Fiscal Year for which no interest has been capitalized for the payment of any Parity Securities, including the Parity Securities proposed to be issued, will be sufficient to pay at least an amount equal to the combined maximum annual principal and interest requirements (to be paid during any one Bond Year in which the additional Parity Securities are issued and ending on the principal payment date of the year in which any then Outstanding Bonds last mature) of the Outstanding Bonds, any Outstanding Superior Securities, any Outstanding Parity Securities and the Parity Securities proposed to be issued (excluding any reserves therefor).

B. In any determination of whether or not additional Parity Securities may be issued in accordance with the foregoing earnings test, consideration shall be given to any probable estimated increase or reduction in Operation and Maintenance Expenses that will result from the expenditure of the funds proposed to be derived from the issuance and sale of the additional Parity Securities.

C. In any determination of whether or not additional Parity Securities may be issued in accordance with the foregoing earnings test, the respective annual principal (or Redemption Price) and interest requirements shall be reduced to the extent such requirements are scheduled to be paid with moneys held in trust or in escrow for that purpose by any Trust Bank, including the known minimum yield from any investment in Federal Securities.

D. A written certificate or written opinion by the Chief Financial Officer, the City Engineer, or an independent accountant or consulting engineer that the foregoing earnings test is met shall be conclusively presumed to be accurate in determining the right of the City to authorize, issue, sell and deliver additional Parity Securities.

E. In connection with the authorization of any such additional securities the Board may on behalf of the City adopt any additional covenants or agreements with the holders of such additional securities; provided, however, that no such covenant or agreement may be in conflict with the covenants and agreements of the City herein and no such covenant or agreement may be materially adverse to the interests of the holders of the Bonds. Any finding of the Board to the effect that the foregoing requirements are met shall, if made in good faith, conclusively establish that the foregoing requirements have been met for purposes of this Ordinance.

**Section 54. Subordinate Securities.** Nothing herein, except as expressly hereinafter provided, shall prevent the City from issuing additional securities payable from Net Revenues and constituting a lien thereon subordinate to the lien thereon of the Bonds and any Parity Securities.

**Section 55. Issuance of Refunding Bonds.**

A. At any time after the Bonds, or any part thereof, are issued and remain Outstanding, if the City shall find it desirable to refund any Outstanding Bonds, any Outstanding Superior Securities, any Outstanding Parity Securities, or any Outstanding Subordinate Securities, such Bonds or other securities, or any part thereof, may be refunded only if the Bonds or other securities at the time or times of their required surrender for payment shall then mature or shall be then callable for prior redemption for the purpose of refunding them at the City's option upon proper call, unless the owner or owners of all such Outstanding securities consent to such surrender and payment, regardless of whether the priority of the lien for the payment of the refunding securities on the Net Revenues is changed. Bonds or other securities issued to refund Outstanding Superior Securities may be issued as Superior Securities provided such bonds or other securities (1) are issued in compliance with Section 52 hereof or (2) are issued in compliance with subsection (C)(1) of this Section 55 and are issued solely as special obligations secured by and payable from the Net Revenues of the Utility System. Except as provided in the immediately preceding sentence, and notwithstanding subsection (C)(3) or any other provision of this Section 55, no refunding bonds or other refunding securities may be issued as Superior Securities.

B. Any refunding bonds or other refunding securities payable from any Net Revenues shall be issued with such details as the Board may by ordinance provide, subject to the

provisions of this Section but without any impairment of any contractual obligation imposed upon the City by any proceedings authorizing the issuance of any unrefunded portion of the Outstanding securities of any one or more issues (including, without limitation, the Bonds).

C. If only a part of the Outstanding Bonds and other Outstanding securities of any issue or issues payable from the Net 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:

(1) Unless the refunding bonds or other refunding securities do not increase for any Bond Year the aggregate principal and interest requirements evidenced by the refunding securities and by the Outstanding securities not refunded on and before the last maturity date or last Redemption Date, if any, whichever is later, of the unrefunded securities, and unless the lien of any refunding bonds or other refunding securities on the Net Revenues is not raised to a higher priority than the lien thereon of the Bonds or other securities thereby refunded; or

(2) Unless the lien on any Net Revenues for the payment of the refunding securities is subordinate to each such lien for the payment of any securities not refunded; or

(3) Unless the refunding bonds or other refunding securities are issued in compliance with Section 52 or 53 hereof.

**Section 56. Operation of the System.** The City shall at all times operate the Utility System properly and in a sound and economical manner and shall maintain, preserve and keep the Utility System, or cause the same to be maintained, preserved and kept, in good repair, working order and condition. The City also shall from time to time make or cause to be made all necessary and proper repairs, replacements and renewals so that at all times the operation of the Utility System may be properly and advantageously conducted in conformity with standards customarily followed by municipalities operating sanitary sewer systems and drainage systems of like size and character.

Except for the use of the Utility System or services pertaining thereto in the normal course of business, neither all nor a substantial part of the Utility System shall be sold, leased, mortgaged, pledged, encumbered, alienated or otherwise disposed of until the Bond Requirements of the Bonds have been paid in full, or unless provision has been made therefor as hereinafter provided.

**Section 57. Payment of Taxes, Etc.** The City shall pay or cause to be paid all taxes, assessments and other municipal or governmental charges, if any, lawfully levied or assessed upon or in respect of the Utility System or any part thereof, or upon any portion of the Gross Revenues, when the same shall become due. The City shall duly observe and comply with all valid requirements of any municipal or governmental authority relative to the Utility System or any part thereof, except for any period during which the validity of the same is being contested in good faith by proper legal proceedings. The City shall not create or suffer to be created any lien or charge on the Utility System or any part thereof, or upon the Gross Revenues, except the pledge and lien created by this Ordinance for the payment of the Bonds and any Superior Securities, Parity Securities, or Subordinate Securities issued in accordance herewith, and except as herein otherwise permitted. The City shall pay or cause to be discharged or shall make adequate provision to satisfy and to discharge within 60 days after the same shall become payable, all lawful claims and demands for labor, materials, supplies or other objects which, if unpaid, might by law become a lien upon the Utility System or any part thereof, or upon the Gross Revenues. Nothing herein contained requires the City to pay or cause to be discharged or to make provision for any such tax, assessment, lien, charge or demand before the time when payment thereon shall be due, or so long as the validity thereof shall be contested in good faith by appropriate legal proceedings.

**Section 58. No Competing Facilities.** The City shall neither construct nor permit to be constructed other facilities or structures to be operated by the City separate from the Utility System and competing for Gross Revenues otherwise available for the payment of the Bonds or any other securities payable from Net Revenues; provided, however, that nothing herein contained shall impair the police powers of the City or otherwise cause the City to violate any applicable law.

**Section 59. Rate Covenant.** The City shall charge against users or against purchasers of services or commodities pertaining to the Utility System such fees, rates and other charges as shall be sufficient to produce Gross Revenues annually which, together with any other funds available therefor, will be in each Fiscal Year of the City at least equal to the sum of:

A. an amount equal to the annual Operation and Maintenance Expenses for such Fiscal Year;

B an amount equal to the Bond Requirements due in such Fiscal Year on the then Outstanding Bonds, any Outstanding Superior Securities, and any Outstanding Parity Securities; and

C. any other amounts payable from the Net Revenues and pertaining to the Utility System, including, without limitation, debt service on any Outstanding Subordinate Securities and any other securities pertaining to the Utility System, operation and maintenance reserves, capital reserves and prior deficiencies pertaining to any account relating to Gross Revenues.

The foregoing rate covenant is subject to compliance by the City with any legislation of the United States, the State or other governmental body, or any regulation or other action taken by the United States, the State or any agency or political subdivision of the State pursuant to such legislation, in the exercise of the police power thereof for the public welfare, which legislation, regulation or action limits or otherwise inhibits the amounts of fees, rates and other charges collectible by the City for the use of or otherwise pertaining to, and all services rendered by, the Utility System.

Subject to the foregoing, the City shall cause all fees, rates and other charges pertaining to the Utility System to be collected as soon as reasonable and shall provide methods of collection and penalties to the end that the Gross Revenues shall be adequate to meet the requirements hereof.

**Section 60. Accounts and Records.** So long as any of the Bonds remain Outstanding, proper accounts and records shall be kept by the City, separate and apart from all other records and accounts, showing complete and correct entries of all transactions relating to the Utility System and to all moneys pertaining thereto, including, without limitation, the Gross Revenues.

**Section 61. Tax Covenant.** The City covenants for the benefit of the registered 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 City or any facilities financed with the proceeds of the Bonds if such action or omission (i) would cause the interest on the Bonds to lose its exclusion from gross income for federal income tax purposes under Section 103 of the 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 of corporations. 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 City in fulfilling the above covenant under the Tax Code have been met.

**Section 62. Defeasance.** When all Bond Requirements of any Bond have been duly paid, the pledge, the 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 City has placed in escrow or in trust with a Trust Bank, an amount sufficient (including the known minimum yield available for such purpose from the Federal Securities in which such amount may be initially invested wholly or in part) to meet all Bond Requirements of the Bond, as the same become due to the final maturity of the Bond, or upon any Redemption Date as of which the City shall have exercised or shall have obligated itself to exercise its prior redemption option by a call of the Bond for payment then. The Federal Securities shall become due before the respective times on which the proceeds thereof shall be needed, in accordance with a schedule established and agreed upon between the City and the Trust Bank at the time of the creation of the escrow or trust, or the Federal Securities shall be subject to redemption at the option of the holders thereof to assure availability as needed to meet the schedule. For the purpose of this Section “Federal Securities” shall include only Federal Securities which are not callable for redemption prior to their maturities except at the option of the owner thereof. When such defeasance is accomplished the Paying Agent shall mail written notice of the defeasance to the registered owner of the Bond at the addresses last shown on the registration records for the Bonds maintained by the Registrar.

**Section 63. Amendments.** This Ordinance may be amended or supplemented by instruments adopted by the City, without receipt by the City of any additional consideration, but with the written consent of the State Treasurer if the State is the owner of the Bonds, or the owners of at least a majority in aggregate principal amount of the Bonds authorized by this Ordinance and Outstanding at the time of the adoption of the amendatory or supplemental instrument, excluding bonds which may then be held or owned for the account of the City, but including such refunding

securities as may be issued for the purpose of refunding any of the Bonds if the refunding securities are not owned by the City. No such instrument shall permit:

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

B. A reduction in the principal amount of any Bond, the rate of interest thereon, without the consent of the owner of the Bond;

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

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

E. The modification of, or other action which materially and prejudicially affects the rights or privileges of the owners of less than all of the Bonds then Outstanding.

Whenever the City proposes to amend or modify this Ordinance under the provisions of this Section, it shall cause notice of the proposed amendment to be given not later than 30 days prior to the date of the proposed enactment of the amendment by mailing to the State Treasurer (if the State is the owner of the Bonds) and each other registered owner of the Bonds. The notice shall briefly set forth the nature of the proposed amendment and shall state that a copy of the proposed amendatory instrument is on file in the office of the Clerk for public inspection.

Whenever at any time within one year from the date of the mailing of such notice there shall be filed in the office of the Clerk an instrument or instruments executed by the State Treasurer or the owners of at least a majority in aggregate principal amount of the Bonds then Outstanding, which instrument or instruments shall refer to the proposed amendatory instrument described in the notice and shall specifically consent to and approve the adoption of the instrument, thereupon, but not otherwise, the City may adopt the amendatory instrument and the instrument shall become effective.

If the State Treasurer or the owners of at least a majority in aggregate principal amount of the Bonds Outstanding, at the time of the adoption of the amendatory instrument, or the predecessors in title of such owners shall have consented to and approved the adoption thereof as

herein provided, no owner of any Bond, whether or not the owner shall have consented to or shall have revoked any consent as in this article provided, shall have any right or interest to object to the adoption of the amendatory instrument or to object to any of the terms or provisions therein contained or to the operation thereof or to enjoin the City from taking any action pursuant to the provisions thereof. Any consent given by the owner of a Bond pursuant to the provisions hereof shall be irrevocable.

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 City as to the action; and if any Bond so authenticated and delivered shall bear such notation, then upon demand of the owner of any Bond Outstanding at such effective date and upon presentation of his or her Bond for the purpose at the principal office of the Registrar, suitable notation shall be made on the Bond by the Registrar as to any such action. If the City so determines, new Bonds so modified as in the opinion of the City to conform to such action shall be prepared, authenticated and delivered; and upon demand of the owner of any Bond then Outstanding, shall be exchanged without cost to the owner for Bonds then Outstanding upon surrender of the Bonds.

**Section 64. Replacement of Registrar or Paying Agent.** If the Registrar or Paying Agent initially appointed hereunder shall resign, or if the Board or the Treasurer shall reasonably determine that it is in the best interests of the City to approve a successor Registrar or Paying Agent, upon notice mailed to each owner of any Bond at his or her address last shown on the registration records, the Chief Financial Officer may appoint a successor Registrar or Paying Agent, or both. No resignation or dismissal of the Registrar or Paying Agent may take effect until a successor is appointed. It shall not be required that the same institution or person serve as both Registrar and Paying Agent hereunder, but the City shall have the right to have the same institution or person serve as both Registrar and Paying Agent.

Any corporation or association into which the Registrar or Paying Agent may be converted or merged, or with which they may be consolidated, or to which they may sell or transfer their corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer, to which they are a party, shall be and become the successor Registrar or Paving Agent under this Resolution,

without the execution or filing of any instrument or any further act, deed, or conveyance on the part of any of the parties hereto, anything in this Resolution to the contrary notwithstanding

**Section 65. Prevention of Bond Default.** Subject to the provisions of this Ordinance, the Treasurer shall use any Bond proceeds credited to the Acquisition Account, without further order or warrant, to pay the Bond Requirements of the Bonds as the same become due whenever and to the extent moneys 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 relating to the Project. The Treasurer shall promptly notify the Board of any such use.

**Section 66. Delegated Powers.** The officers of the City are hereby authorized and directed to take all action necessary or appropriate to effectuate the provisions of this Ordinance, including, without limitation:

- A. The printing of the Bonds or the Single Bond;
- B. The execution of such certificates as may be reasonably required by the State, relating, inter alia,
  - (1) to the signing of the Bonds,
  - (2) to the tenure and identity of the officials of the City,
  - (3) to the assessed valuation of the taxable property in and the indebtedness of the City,
  - (4) to the rate of taxes levied against the taxable property within the City,
  - (5) to the exemption of interest on the Bonds from federal income taxation,
  - (6) to the delivery of the Bonds and the receipt of the Bond purchase price,
  - (7) to the completeness and accuracy of any information provided in connection with the Bonds as of the date of delivery of the Bonds, and
  - (8) to, if it is in accordance with fact, the absence of litigation, pending or threatened, affecting the validity of the Bonds and the custodial deposit of any serial

Bonds with The Depository Trust Company and the completeness and accuracy of any information provided the State in connection with the Bonds as of the date of delivery of the Single Bond;

C. The execution and delivery of the Certificate of the Chief Financial Officer; and

D. The assembly and dissemination of financial and other information concerning the City and the Bonds.

**Section 67. Implied Repealer.** All resolutions and ordinances, bylaws and orders, or parts thereof, inconsistent herewith are hereby repealed to the extent only of such inconsistency. This repealer shall not be construed to revive any resolution, ordinance, bylaw, order, or part thereof, heretofore repealed.

**Section 68. Severability.** If any section, paragraph, clause or provision of this Ordinance shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance.

**Section 69. Publication of Proposed Ordinance.** When first proposed, this Ordinance must be read to the Board by title, after which an adequate number of copies of this Ordinance must be filed with the Clerk for public distribution. Notice of the filing must be published once in a newspaper published and having general circulation in the City at least 10 days before the adoption of the Ordinance, such publication to be in substantially the following form:

(Form of Publication of Notice of Filing of an Ordinance)

**BILL NO. 123**  
**ORDINANCE NO. \_\_\_\_\_**

**AN ORDINANCE OF THE BOARD OF SUPERVISORS OF CARSON CITY, NEVADA PROVIDING FOR THE ISSUANCE OF GENERAL OBLIGATION (LIMITED TAX) SEWER BONDS (ADDITIONALLY SECURED BY PLEDGED REVENUES), SERIES 2017B; PROVIDING THE FORM, TERMS AND CONDITIONS THEREOF AND COVENANTS RELATING TO THE PAYMENT OF SAID BONDS; AND PROVIDING OTHER MATTERS RELATING THERETO.**

**PUBLIC NOTICE IS HEREBY GIVEN** that an adequate number of typewritten copies of the above-numbered and entitled proposed Ordinance are available for public inspection and distribution at the office of the City Clerk, 885 East Musser Street, Suite 1028, Carson City, Nevada and that such Ordinance was proposed on September 21, 2017, and will be considered for adoption at the regular meeting of the Board of Supervisors of Carson City held on October 5, 2017.

/s/ Sue Merriwether  
City Clerk

(End of Form of Publication of Notice of Filing of an Ordinance)

**Section 70. Publication and Effective Date.** After this Ordinance is signed by the Mayor and attested and sealed by the Clerk, this Ordinance shall be in effect, after its publication once by its title only, together with the names of the members of the Board 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 offices of the Clerk, unless a petition satisfying the requirements of NRS 350.020(3) is presented to the City Clerk on behalf of the Board on or before 9:00 a.m. on October 9, 2017, in which case, the City shall take no further action with respect to the issuance of the Bonds unless otherwise directed by the Board. Such publication shall be made in the Nevada Appeal, a newspaper published and having a general circulation in the City, and such publication to be in substantially the following form:

(Form of Publication of Adoption of Ordinance)

**BILL NO. 123**  
**ORDINANCE NO. \_\_\_\_\_**

**AN ORDINANCE OF THE BOARD OF SUPERVISORS OF CARSON CITY, NEVADA PROVIDING FOR THE ISSUANCE OF GENERAL OBLIGATION (LIMITED TAX) SEWER BONDS (ADDITIONALLY SECURED BY PLEDGED REVENUES), SERIES 2017B; PROVIDING THE FORM, TERMS AND CONDITIONS THEREOF AND COVENANTS RELATING TO THE PAYMENT OF SAID BONDS; AND PROVIDING OTHER MATTERS RELATING THERETO.**

**PUBLIC NOTICE IS HEREBY GIVEN** that the above entitled Ordinance was proposed by Supervisor \_\_\_\_\_ at the regular meeting of the Carson City Board of Supervisors held on September 21, 2017, and was passed and adopted at the regular meeting of the Carson City Board of Supervisors held on October 5, 2017 by the following vote of the Board of Supervisors:

Those Voting Aye:

Those Voting Nay: \_\_\_\_\_

Those Absent and Not Voting: \_\_\_\_\_

Those Abstaining: \_\_\_\_\_

This Ordinance shall be in full force and effect from and after October \_\_, 2017, i.e., the date of publication of this Ordinance by its title only and the expiration of the 90 day petition period (i.e., 9:00 a.m. on October 9, 2017).

**IN WITNESS WHEREOF**, the Board of Supervisors of the Carson City, Nevada has caused this Ordinance to be published by title only.

DATED this October 5, 2017.

/s/ Robert L. Crowell  
Mayor



Attest:

/s/ Sue Merriwether  
City Clerk

(End of Form of Publication of Adoption of Ordinance)

PASSED AND ADOPTED BY THE BOARD OF SUPERVISORS OF CARSON CITY, THIS OCTOBER 5, 2017.

Proposed on September 21, 2017.

Passed on the October 5, 2017.

Those Voting Aye: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Those Voting Nay: \_\_\_\_\_

Those Absent and Not Voting: \_\_\_\_\_

Those Abstaining: \_\_\_\_\_

Mayor

(SEAL)

\_\_\_\_\_  
City Clerk

This Ordinance shall be force and effect from and after October \_\_, 2017, i.e., the date of publication of this Ordinance by its title only and following the expiration of the 90 day petition period (i.e., 9:00 a.m. on October 9, 2017).

STATE OF NEVADA        )  
                                      ) ss.  
CARSON CITY             )

I, Sue Merriwether, the duly chosen, qualified and acting City Clerk of Carson City (herein “City”), Nevada, do hereby certify:

1. The foregoing pages constitute a true, correct and compared copy of an ordinance introduced at a meeting on September 21, 2017, and passed and adopted by the Board of Supervisors of the City (the “Board”) at a meeting of the Board held on October 5, 2017; and the original ordinance has been approved and authenticated by the signature of the Mayor and myself as City Clerk, and sealed with the seal of the City, and has been recorded in the minute book of the Board kept for that purpose in my office, which record has been duly signed by such officers and properly sealed.

2. Members of the Board voted on the passage of the ordinance as set forth in such ordinance.

3. All members of the Board were given due and proper notice of such meetings held on September 21, 2017 and October 5, 2017.

4. Public notice of such meetings was given and such meetings were held and conducted in full compliance with the provisions of NRS 241.020. A copy of the notices of meetings and excerpts from the agendas for the meetings relating to the ordinance, as posted at least 3 working days in advance of the meetings at the City’s website, the State of Nevada’s official website, and at the:

- (i) Community Center  
851 East William Street  
Carson City, Nevada
- (ii) Public Safety Complex  
885 East Musser Street  
Carson City, Nevada
- (iii) City Hall  
201 North Carson Street  
Carson City, Nevada

(iv) Carson City Library  
900 North Roop Street  
Carson City, Nevada

(v) Business Resource & Innovation Center (BRIC)  
108 East Proctor Street  
Carson City, Nevada

are attached as Exhibit A hereto.

5. Prior to 9:00 a.m. at least 3 working days before such meetings, such notices were given to each person, if any, who has requested notice of the meetings of the Board in accordance with the provisions of Chapter 241 of NRS.

6. A proof and statement of publication of the notice of filing of the ordinance is attached hereto as Exhibit B.

7. A proof and statement of the publication of the notice of adoption of the ordinance is attached hereto as Exhibit C.

**IN WITNESS WHEREOF**, I have hereunto set my hand and the seal of Carson City, Nevada, this October 5, 2017.

(SEAL)

\_\_\_\_\_  
City Clerk

EXHIBIT "A"

(Attach Copy of Notices of Meetings on September 21, 2017 and October 5, 2017)

EXHIBIT "B"

(Attach Proof and Statement of Publication of Notice of Filing of the Ordinance)

EXHIBIT "C"

(Attach Proof and Statement of Publication of Notice of Adoption of the Ordinance)

**Carson City, Nevada**  
**General Obligation (Limited Tax)**  
**Sewer Bonds, Series 2017B**  
**Sewer System Supported Debt Service Coverage Analysis**

FY Ending June 30	Pledged Revenues	Existing Bonds Debt Service	Proposed GO-Rev Bonds			GO-Rev Debt Service	Go-Rev Coverage	2012 MTGO Debt Service <sup>1</sup>	Combined	
			Principal	Interest	Total				Debt Service	Coverage
2017	\$6,812,361									
2018	8,061,701	\$3,683,668	\$0	\$122,851	\$122,851	\$3,806,519	2.118	\$216,297	\$4,022,816	2.004
2019	8,061,701	4,020,203	185,000	249,550	434,550	4,454,753	1.810	215,786	4,670,539	1.726
2020	8,061,701	3,790,762	195,000	240,050	435,050	4,225,812	1.908	107,703	4,333,515	1.860
2021	8,061,701	3,795,450	205,000	230,050	435,050	4,230,500	1.906	0	4,230,500	1.906
2022	8,061,701	3,797,637	215,000	219,550	434,550	4,232,187	1.905	0	4,232,187	1.905
2023	8,061,701	3,792,087	225,000	208,550	433,550	4,225,637	1.908	0	4,225,637	1.908
2024	8,061,701	3,799,825	235,000	197,050	432,050	4,231,875	1.905	0	4,231,875	1.905
2025	8,061,701	3,506,900	250,000	184,925	434,925	3,941,825	2.045	0	3,941,825	2.045
2026	8,061,701	3,508,612	260,000	172,175	432,175	3,940,787	2.046	0	3,940,787	2.046
2027	8,061,701	3,509,150	275,000	158,800	433,800	3,942,950	2.045	0	3,942,950	2.045
2028	8,061,701	3,508,512	290,000	144,675	434,675	3,943,187	2.044	0	3,943,187	2.044
2029	8,061,701	3,506,687	305,000	129,800	434,800	3,941,487	2.045	0	3,941,487	2.045
2030	8,061,701	3,511,622	320,000	115,775	435,775	3,947,397	2.042	0	3,947,397	2.042
2031	8,061,701	3,321,037	330,000	102,775	432,775	3,753,812	2.148	0	3,753,812	2.148
2032	8,061,701	3,226,606	345,000	89,275	434,275	3,660,881	2.202	0	3,660,881	2.202
2033	8,061,701	3,063,884	360,000	75,175	435,175	3,499,059	2.304	0	3,499,059	2.304
2034	8,061,701	3,063,300	375,000	60,475	435,475	3,498,775	2.304	0	3,498,775	2.304
2035	8,061,701	1,295,057	390,000	46,638	436,638	1,731,695	4.655	0	1,731,695	4.655
2036	8,061,701	420,857	400,000	33,800	433,800	854,657	9.433	0	854,657	9.433
2037	8,061,701	0	415,000	20,556	435,556	435,556	18.509	0	435,556	18.509
2038	8,061,701	0	425,000	6,906	431,906	431,906	18.665	0	431,906	18.665
2039	8,061,701	0	0	0	0	0	n/a	0	0	n/a
2040	8,061,701	0	0	0	0	0	n/a	0	0	n/a
2041	8,061,701	0	0	0	0	0	n/a	0	0	n/a
2042	8,061,701	0	0	0	0	0	n/a	0	0	n/a
		\$62,121,857	\$6,000,000	\$2,809,401	\$8,809,401	\$70,931,258		\$539,786	\$71,471,044	

MADS: \$4,454,753  
Occurs in FY: 2019

<sup>1</sup> Not secured by a lien upon the pledged revenues, but expected to be paid from these revenues after payment of the revenue secured bonds.