

**Carson City
Agenda Report**

Date Submitted: 2/21/12

Agenda Date Requested: 3/01/12

Time Requested: 10 minutes

To: Mayor and Supervisors

From: Nick Providenti, Finance Director

Subject Title: For Possible Action: Action to adopt, on second reading, Bill No. 102, Ordinance No. _____, an ordinance designated by the short title "2012 Sewer Bond Ordinance"; providing for the issuance by Carson City, Nevada of its negotiable, General Obligation (Limited Tax) Sewer Improvement and Refunding Bonds (additionally secured by pledged revenues), Series 2012B; providing the form, terms and conditions of the bonds, the use of their proceeds and providing for the sale thereof; providing for the levy and collection of annual general (ad valorem) taxes for the payment of the bonds; additionally securing their payment by a pledge of revenues derived from the sewer system of the city; ratifying action previously taken toward the issuance of the bonds; and providing other matters relating thereto. (Nick Providenti)

Staff Summary: The City Charter provides 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.

Type of Action Requested: (check one)

Resolution

Ordinance

Formal Action/Motion

Other (Specify)

Does this action require a Business Impact Statement: () Yes (xx) No

Recommended Board Action: I move to adopt, on second reading, Bill No. 102, Ordinance No. _____, an ordinance designated by the short title "2012 Sewer Bond Ordinance"; providing for the issuance by Carson City, Nevada of its negotiable, General Obligation (Limited Tax) Sewer Improvement and Refunding Bonds (additionally secured by pledged revenues), Series 2012B; providing the form, terms and conditions of the bonds, the use of their proceeds and providing for the sale thereof; providing for the levy and collection of annual general (ad valorem) taxes for the payment of the bonds; additionally securing their payment by a pledge of revenues derived from the sewer system of the city; ratifying action previously taken toward the issuance of the bonds; and providing other matters relating thereto.

Explanation for Recommended Board Action: The Board of Supervisors has determined and hereby declares that the public interest, health and welfare necessitates making certain improvements to the Sewer System by acquiring, constructing, equipping and improving facilities pertaining to the Sewer System (the "Project").

Applicable Statute, Code, Policy, Rule or Regulation: NRS chapters 244 and 268, NRS 350.020 and 7.030 and 2.275 of the Charter.

Fiscal Impact: \$3,564,591.94 including principal and interest (estimated) for the new money portion. We are estimating that the refunding amounts will save the city a total of \$320,000 over a twelve year period, which equates to a present value amount of \$280,000.

Explanation of Impact: Sewer Fund - ongoing debt service payment of approximately \$180,000 for the new money portion. The refunding savings will vary and the monthly amounts are not determinable at this time, although we expect to save a total of \$320,000 over a twelve year period.

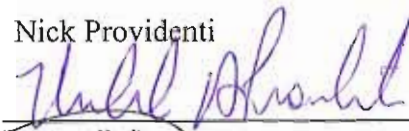
Funding Source: Sewer Fund service charges.

Alternatives: Elect not to borrow money and accumulate funds to do the projects on a pay as you go basis.

Supporting Material: Ordinance


Prepared By: Nick Providenti

Reviewed By:



(Department Head)

Date: 2/21/12

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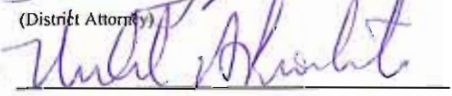
(City Manager)

Date: 2/21/12

: 

(District Attorney)

Date: 2/21/12

: 

(Finance Director)

Date: 2/21/12

Board Action Taken:

Motion: _____

1) _____ Aye/Nay
2) _____

(Vote Recorded By)

Carson City, Nevada
General Obligation (Limited Tax) Sewer Improvement & Refunding Bonds, Series 2012
Debt Service Schedule (New Money)

Date	Principal	Rate	Interest	Semi-Annual Debt Service	Annual Debt Service
03/27/2012					
11/01/2012	\$60,000	2.000%	\$63,991.94	\$123,991.94	
05/01/2013			53,225.00	53,225.00	\$177,216.94
11/01/2013	75,000	3.000%	53,225.00	128,225.00	
05/01/2014			52,100.00	52,100.00	180,325.00
11/01/2014	75,000	4.000%	52,100.00	127,100.00	
05/01/2015			50,600.00	50,600.00	177,700.00
11/01/2015	80,000	4.000%	50,600.00	130,600.00	
05/01/2016			49,000.00	49,000.00	179,600.00
11/01/2016	80,000	5.000%	49,000.00	129,000.00	
05/01/2017			47,000.00	47,000.00	176,000.00
11/01/2017	85,000	5.000%	47,000.00	132,000.00	
05/01/2018			44,875.00	44,875.00	176,875.00
11/01/2018	90,000	5.000%	44,875.00	134,875.00	
05/01/2019			42,625.00	42,625.00	177,500.00
11/01/2019	95,000	5.000%	42,625.00	137,625.00	
05/01/2020			40,250.00	40,250.00	177,875.00
11/01/2020	100,000	5.000%	40,250.00	140,250.00	
05/01/2021			37,750.00	37,750.00	178,000.00
11/01/2021	105,000	5.000%	37,750.00	142,750.00	
05/01/2022			35,125.00	35,125.00	177,875.00
11/01/2022	110,000	5.000%	35,125.00	145,125.00	
05/01/2023			32,375.00	32,375.00	177,500.00
11/01/2023	115,000	5.000%	32,375.00	147,375.00	
05/01/2024			29,500.00	29,500.00	176,875.00
11/01/2024	125,000	5.000%	29,500.00	154,500.00	
05/01/2025			26,375.00	26,375.00	180,875.00
11/01/2025	130,000	5.000%	26,375.00	156,375.00	
05/01/2026			23,125.00	23,125.00	179,500.00
11/01/2026	135,000	5.000%	23,125.00	158,125.00	
05/01/2027			19,750.00	19,750.00	177,875.00
11/01/2027	140,000	5.000%	19,750.00	159,750.00	
05/01/2028			16,250.00	16,250.00	176,000.00
11/01/2028	150,000	5.000%	16,250.00	166,250.00	
05/01/2029			12,500.00	12,500.00	178,750.00
11/01/2029	160,000	5.000%	12,500.00	172,500.00	
05/01/2030			8,500.00	8,500.00	181,000.00
11/01/2030	165,000	5.000%	8,500.00	173,500.00	
05/01/2031			4,375.00	4,375.00	177,875.00
11/01/2031	175,000	5.000%	4,375.00	179,375.00	
05/01/2032			0.00	0.00	179,375.00
	\$2,250,000		\$1,314,591.94	\$3,564,591.94	\$3,564,591.94

Summary An ordinance authorizing the issuance of the Carson City, Nevada General Obligation (Limited Tax) Sewer Improvement and Refunding Bonds (Additionally Secured by Pledged Revenues), Series 2012B and providing other matters related thereto.

BILL NO. _____
ORDINANCE NO. _____

AN ORDINANCE DESIGNATED BY THE SHORT TITLE "2012 SEWER BOND ORDINANCE"; PROVIDING FOR THE ISSUANCE BY CARSON CITY, NEVADA OF ITS NEGOTIABLE, GENERAL OBLIGATION (LIMITED TAX) SEWER IMPROVEMENT AND REFUNDING BONDS (ADDITIONALLY SECURED BY PLEDGED REVENUES), SERIES 2012B; PROVIDING THE FORM, TERMS AND CONDITIONS OF THE BONDS, THE USE OF THEIR PROCEEDS AND PROVIDING FOR THE SALE THEREOF; PROVIDING FOR THE LEVY AND COLLECTION OF ANNUAL GENERAL (AD VALOREM) TAXES FOR THE PAYMENT OF THE BONDS; ADDITIONALLY SECURING THEIR PAYMENT BY A PLEDGE OF REVENUES DERIVED FROM THE SEWER SYSTEM OF THE CITY; RATIFYING ACTION PREVIOUSLY TAKEN TOWARD THE ISSUANCE OF THE BONDS; AND PROVIDING OTHER MATTERS RELATING THERETO.

(1) WHEREAS, the Carson City in the State of Nevada (the "City" and "State," respectively) is a political subdivision of the State, duly organized and operating as a consolidated city and county under the provisions of Section 37A of Article 4 of the Nevada Constitution and operating pursuant to Chapter 213, Statutes of Nevada 1969, and all laws amendatory thereof (the "Charter"); and

(2) WHEREAS, the City now owns and operates a municipal sanitary sewer system (the "Sewer System"); and

(3) 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 Sewer System by constructing, reconstructing, improving and extending facilities pertaining to the Sewer System (the "Improvement Project"); and

(4) WHEREAS, Sections 2.290 and 7.030 of the Charter and NRS 244A.011 to 244A.065, inclusive (the "Project Act"), provides 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 determines and declares that the Project is a municipal purpose within the meaning of said provisions; and

(5) **WHEREAS**, pursuant to Sections 2.290 and 7.030 of the Charter and the Project Act, 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 Improvement Project; and

(6) **WHEREAS**, pursuant to NRS 350.011 to 350.0165, inclusive (the "Bond Commission Act"), the Board submitted to the Debt Management Commission of Carson City (the "Commission") the City's proposal to issue its sewer improvement bonds (additionally secured by pledged revenues) in the maximum principal amount of \$2,250,000 (the "Proposal"); and

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

(8) **WHEREAS**, pursuant to NRS 350.020(3), the City published a notice of public hearing and notice of its intent to issue a maximum of \$2,250,000 of general obligation (limited tax) sewer improvement bonds (additionally secured by pledged revenues), a public hearing was held on the issue, and no petition in conformity with NRS 350.020(3) requesting an election on the bonds was presented to the Board within 90 days after such publication; and

(9) **WHEREAS**, none of the general obligation bonds contemplated by the Proposal have previously been sold; and

(10) **WHEREAS**, the Board has previously issued its the 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) (collectively with the 2010F Bonds, the "2010 Bonds"); Carson City, Nevada General Obligation (Limited Tax) Sewer Improvement and Refunding Bonds (Additionally Secured by Pledged Revenues), Series 2003 (the "2003 Bonds"); Carson City, Nevada General Obligation (Limited Tax) Sewer Improvement and Refunding Bonds (Additionally Secured by Pledged Revenues), Series 2002 (the "2002 Bonds"); Carson City, Nevada, General Obligation (Limited Tax) Sewer Bond (Additionally Secured by Pledged Revenues), Series 1998 in

the maximum principal amount of \$6,100,000 (the "1998 Bonds"); the Carson City, Nevada, General Obligation (Limited Tax) Sewer Bond (Additionally Secured by Pledged Revenues), Series September 1995 (the "1995 Bonds"); the Carson City, Nevada General Obligation (Limited Tax) Sewer Bonds, (Additionally Secured by Pledged Revenues), Series June 1994 (the "1994 Bonds"); and

(11) **WHEREAS**, the 2002 Bonds and the 2003 Bonds were sold to the State Municipal Bond Bank and each were evidenced by a single bond; and

(12) **WHEREAS**, pursuant to the Bond Act, the Board is authorized to issue general obligation bonds of the City in order to refund, pay and discharge a portion of the 2002 Bonds and 2003 Bonds (the "Refunded Bonds") to be designated in the Certificate of the Finance Director (as defined herein) for the purpose of reducing interest rates or effecting other economies (the "Refunding Project"), if the Finance Director of the City (the "Finance Director") determines that the Refunding Project will reduce interest rates or effect other economies; and

(13) **WHEREAS**, pursuant to NRS 350.688, the City is authorized to agree with the State to exchange any outstanding bonds issued by the City and held by the State for refunding bonds of the City, or otherwise to surrender, at such price and time and otherwise upon such conditions and other terms and in such manner as may be mutually agreeable, such outstanding bonds of the City for such refunding at any time prior to their respective maturities or to any date as of which the City has the right and option to call on its behalf such outstanding bonds for prior redemption as expressly provided in the outstanding bonds and any resolution authorizing their issuance; and

(14) **WHEREAS**, the Board hereby authorizes the Finance Director or designee to arrange for the issuance and sale of Carson City, Nevada General Obligation (Limited Tax) Sewer Improvement and Refunding Bonds (Additionally Secured by Pledged Revenues), Series 2012B (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

(15) **WHEREAS**, the Finance Director 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 aggregate

principal amount necessary to effect the Improvement Project and the Refunding Project (collectively, the "Project"); and

(16) **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

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

(18) **WHEREAS**, the City intends to hereby authorize the issuance of Municipal Securities for the Improvement Project and the Refunding 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

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

(20) **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

(21) **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

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

(23) **WHEREAS**, the Board is therefore authorized by the Charter, the Project Act, the Bond Act and NRS 350.020, without any further preliminaries:

A. To commence the Project;

B. To issue and sell the City's registered, negotiable general obligation (limited tax) sewer improvement and refunding bonds (additionally secured by pledged revenues) in the maximum principal amount of \$2,250,000 for the Improvement Project and in the maximum principal amount of \$4,750,000 for the Refunding Project; and

C. To exercise the incidental powers provided in the Charter, the Project Act and the Bond Act in connection with the powers authorized therein; and

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

(25) **WHEREAS**, the Board has determined and does hereby declare:

A. This Ordinance pertains to the sale, issuance and payment of the Bonds; and

B. Such declaration shall be conclusive in the absence of fraud or gross abuse of discretion in accordance with the provisions of Subsection 2 of NRS 350.579.

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

SECTION 2. Short Title. This Ordinance shall be known and may be cited as the "2012 Sewer Bond Ordinance."

SECTION 3. Sale of Bonds. The Finance Director of the City is authorized to accept the State's offer to purchase the Bonds, subject to the terms and conditions specified herein.

SECTION 4. 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:

"Acquisition Account" means the special account designated as the "Carson City, Nevada, General Obligation (Limited Tax) Sewer Improvement and Refunding Bonds (Additionally Secured by Pledged Revenues), Series 2012B, Project and Acquisition Account" and created herein.

"BAB Credit" has the meaning set forth in the ordinance authorizing the 2010F Bonds.

"Banking Institution" means a state or national bank or trust company which is a member of the Federal Deposit Insurance Corporation.

"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 58 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, such as the 2010F Bonds, "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 Finance Director 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 November 2 of a calendar year and ending on November 1 of the following calendar year.

"Certificate of the Finance Director" means the certificate executed by the Finance Director of the City on or after the date of the sale of the State Securities and on or before the date of closing on the Bonds.

"Cost of the Improvement Project" means all or any part designated by the Board for the cost of the Improvement 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 Improvement 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 Improvement Project, the filing or recondition of instruments, the taking of options, the issuance of the Bonds and any other securities relating to the Improvement 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 Improvement Project of any Operation and Maintenance Expenses appertaining to the Improvement Project and of any interest on the Bonds or other securities relating to the Improvement Project for any period not

exceeding the period estimated by the Board to effect the Improvement 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 Improvement 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 Improvement Project, and of acquiring lands to which such buildings, structures or other facilities may be moved or relocated;

(l) All other expenses necessary or desirable and appertaining to the Improvement 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.

"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 Sewer System or any part thereof, whether resulting from repairs, enlargements, extensions, betterments or other improvements to the Sewer System, or otherwise, and includes all revenues received by the City from the Sewer System, including, without limitation, all fees, rates, and other charges for the use of the Sewer 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 Sewer System, except to the extent any such moneys shall be received as payments for the use of the Sewer 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 Sewer System.

"Improvement Project" means constructing, reconstructing, improving and extending facilities pertaining to the Sewer System.

"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 Sewer System, including, without limitation:

(A) engineering, auditing, reporting, legal and other overhead expenses relating to the administration, operation and maintenance of the Sewer System;

(B) fidelity bond and property and liability insurance premiums pertaining to the Sewer System or a reasonably allocable share of a premium of any blanket bond or policy pertaining to the Sewer 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 General Taxes, assessments, excise taxes or other charges which may be lawfully imposed upon the City, the Sewer System, revenues therefrom or the City's income from or operations of any properties under its control and pertaining to the Sewer System, or any privilege in connection with the Sewer System or its operations;

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

(F) contractual services, professional services, salaries, other administrative expenses and costs of materials, supplies, repairs and labor pertaining to the Sewer System or to the issuance of the Bonds, or any other securities relating to the Sewer 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 Sewer System;
- (I) any lawful refunds of any Gross Revenues; and
- (J) all other administrative, general and commercial expenses pertaining to the Sewer 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 Sewer 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 Sewer System, or otherwise; and
- (vii) any liabilities imposed on the City for any grounds of legal liability not based on contract, including, without limitation, negligence in the operation of the Sewer 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 as defined herein 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 60 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 Sewer System and payable from and secured by Net Revenues on a parity with the Bonds, including the 2010 Bonds, 2003 Bonds, 2002 Bonds, 1998 Bonds, 1995 Bonds, 1994 Bonds, and any securities hereafter issued to the extent issued in accordance with the terms, conditions and limitations hereof.

"Paying Agent" means the City Treasurer or any successor thereto or any successor paying agent for the Bonds appointed by the Board.

"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 Improvement Project and the Refunding Project.

"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 the respective maturities of any Bond or other designated securities payable from any Net Revenues 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.

"Refunding Project" means the refunding of the Refunded Bonds as designated in the Certificate of the Finance Director.

"Registrar" means the City Treasurer or any successor thereto or any successor registrar for the Bonds appointed by the Board.

"Sewer System" means the 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, 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) water improvement and refunding bond issued hereunder in lieu of serial bonds.

"Subordinate Securities" means securities of the City pertaining to the Sewer System and payable from and secured by Net Revenues subordinate and junior to the pledge thereof to the Bonds, to the extent issued in accordance with the terms, conditions and limitations hereof.

"Superior Securities" means securities of the City pertaining to the Sewer System and payable from and secured solely by Net Revenues superior to the pledge thereof to the Bonds, 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 "Banking Institution", as defined herein, which bank is authorized to exercise and is exercising trust powers, and also means any branch of the Federal Reserve Bank.

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 5. Ratification. All action taken previously by the Board and the officers of the City directed toward the Project and toward the sale and issuance of the Bonds is ratified, approved and confirmed.

SECTION 6. Necessity of Project and Bonds; Estimated Life of Facilities.

A. It is necessary and in the best interests of the Board, the officers of the City and the inhabitants of the City that the City effect the Improvement Project and the Refunding 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.

B. The Board, on behalf of the City, has determined and does hereby declare:

(i) The estimated life or estimated period of usefulness of the Project to be financed and refinanced with the Bonds is not less than 30 years from the date of delivery of the Bonds; and

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

SECTION 7. 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 owners from time to time of the Bonds.

SECTION 8. Bonds Equally Secured. The covenants and agreements herein set forth to be performed on behalf of the City shall be for the equal benefit, protection and security of the owners of any and all of the outstanding Bonds, all of which, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds over any other thereof, except as otherwise expressly provided in or pursuant to this Ordinance.

SECTION 9. General Obligation. All of the Bonds, as to the Bond Requirements, shall constitute general obligations of the City, which hereby pledges the full faith and credit of the City for their payment. The Bonds as to all Bond Requirements shall be payable from general (ad

valorem) taxes (the "General Taxes") (except to the extent that other moneys are available therefor) as herein provided.

SECTION 10. 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 11. Authorization of Bonds. For the purpose of providing funds to pay a portion of the cost of the Project, the City shall issue the "Carson City, Nevada General Obligation (Limited Tax) Sewer Improvement and Refunding Bonds (Additionally Secured by Pledged Revenues), Series 2012B" in the aggregate principal amount to be specified in the Certificate of the Finance Director, such principal amount not to exceed the aggregate principal amount of \$7,000,000 (not to exceed \$2,250,000 for the Improvement Project and \$4,750,000 for the Refunding Project). 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 26 hereof. The serial Bonds shall be substantially in the form as set forth in Section 24 hereof.

SECTION 12. 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 Finance Director, payable on May 1 and November 1 in each year, commencing on November 1, 2012; 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 Finance Director 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 30

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 Finance Director.

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 60 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 13. 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 Finance Director 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 Finance Director 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 Finance Director 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 Finance Director. 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 Finance Director shall be subject to prepayment on and after the date designated in the Certificate of the Finance Director 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 cancelled by written notice to the owners of the Bonds called for redemption in the same manner as the original redemption notice was mailed.

SECTION 14. Negotiability. Subject to the registration provisions herein provided, 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 15. Registration, Transfer and Exchange of Bonds. Except as otherwise provided in Section 15 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 11 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 16. Custodial Deposit.

A. Notwithstanding the foregoing provisions of Sections 11 to 14 of this Ordinance, in the event the Bonds are issued as serial bonds as provided in Section 23 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 11 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 14 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 17. Execution and Authentication.

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

B. The Bonds shall be signed and executed in the name of and on behalf of the City with the manual or facsimile signature of the Mayor, shall be signed and executed with the manual or facsimile signature of the City 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. The Registrar's certificate of authentication shall be deemed to have been duly executed by it if manually signed by an authorized officer or employee of the Registrar, but it shall not be necessary that the same person sign the certificate of authentication on all of the Bonds issued hereunder. By authenticating any of the Bonds initially delivered pursuant to this Ordinance, the Registrar shall be deemed to have assented to all of the provisions of this Ordinance.

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

SECTION 19. Incontestable Recital. Pursuant to 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 20. 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 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 21. Bond Execution. The Mayor, the Clerk and the City Treasurer are hereby authorized and directed to prepare and to execute the Bonds as herein provided.

SECTION 22. 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 23. 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 their 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 24. 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 or 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 IMPROVEMENT AND
REFUNDING BOND
(ADDITIONALLY SECURED BY PLEDGED REVENUES)
SERIES 2012B**

No. _____ \$ _____

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Dated As of</u>	<u>CUSIP</u>
___% per annum	_____ 1, ____	_____, 2012	

REGISTERED OWNER:

PRINCIPAL AMOUNT: _____ DOLLARS

Carson City, in the State of Nevada (the "City" and the "State", respectively) for value received, hereby acknowledges itself to be indebted and for value received 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 November 1, 2012, at the interest rate per annum specified above, until the principal sum is paid or payment has been provided for. This bond shall bear interest 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 "Bonds"). 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 or any successor (the "Paying Agent"), presently the Treasurer of the City, in Carson City, Nevada, who is also now acting as the City's Registrar for the Bonds (the "Registrar"). Interest on this bond will be paid on each interest payment date (or, if such date is not a business day, on the next succeeding business day) by check or draft mailed to the person in whose name this bond is registered (the "registered owner") in the registration records of the City maintained by the Registrar, at the address appearing thereon as of the close of business on the 15th day of the calendar month next preceding such interest payment date (the "Regular Record Date"). Any such interest not so timely paid 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 "2012 Sewer Bond Ordinance" (the "Ordinance"), duly adopted by the Board on March 1, 2012. 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. 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 the City's sewer system, and refunding a portion of the City's outstanding general obligation sewer bonds additionally secured by pledged revenues; certain of such bonds are to be issued in exchange for a portion of the outstanding refunded bonds which are to be paid and canceled. 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 this Bond is additionally secured by a pledge of the net revenues (herein called the "Net Revenues") derived by the City from the operation and use of, and otherwise pertaining to, the sewer 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 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, machinery, apparatus, structures and buildings, and related or appurtenant furniture, fixtures and other equipment, or any combination thereof (herein called the "Sewer System"), whether resulting from extension, enlargements, repairs, betterments or other improvements to the Sewer 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 Sewer System, which Net Revenues are so pledged as more specifically provided in the Ordinance.

This Bond is equally 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. Additional securities may be issued and made payable from the Net Revenues of the Sewer System and having a lien thereon subordinate to, superior to, or on a parity with such pledge, in each case subject to the conditions of and in accordance with 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, the Board of Supervisors of 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 _____, 2012.

CARSON CITY, NEVADA

(Manual or Facsimile Signature)

Mayor

Carson City, Nevada

Countersigned:

(Manual or Facsimile Signature)

City Treasurer

Carson City, Nevada

(MANUAL OR FACSIMILE
CITY SEAL)

Attest:

(Manual or Facsimile Signature)

City Clerk
Carson City, Nevada

- * Insert only if issued as serial bonds pursuant to Section 11 hereof.
- ** Insert only if issued as book entry bonds pursuant to Section 15 hereof.

(End of Form of Serial Bond)

(Form of Assignment for Bonds)

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

Dated: _____

Signature Guaranteed: _____

Name 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 Bonds)

SECTION 25. 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, 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 60 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 11 through 22 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 26. 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 IMPROVEMENT AND
REFUNDING BOND
(ADDITIONALLY SECURED BY PLEDGED REVENUES)
SERIES 2012B**

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 Finance Director, said interest being payable on May 1 and November 1 of each year commencing on November 1, 2012, and said installments of principal bearing interest at the rates, and being payable on the dates designated in the Certificate of the Finance Director.

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 60 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 the City's sewer system and refunding a portion of the City's outstanding general obligation sewer bonds additionally secured by pledged revenues; certain of such bonds are to be issued in exchange for a portion of the outstanding refunded bonds which are to be paid and canceled. 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 March 1, 2012 (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 Finance Director. 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 this Bond is additionally secured by a pledge of the net revenues (herein called the "Net Revenues") derived by the City from the operation and use of, and otherwise pertaining to, the sewer 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 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, machinery, apparatus, structures and buildings, and related or appurtenant furniture, fixtures and other equipment, or any combination thereof (herein called the "Sewer System"), whether resulting from extension, enlargements, repairs, betterments or other improvements to the Sewer 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 Sewer System, which Net Revenues are so pledged as more specifically provided in the Ordinance.

This Bond is equally 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. Additional securities may be issued and made payable from the Net Revenues of the Sewer System and having a lien thereon subordinate to, superior to, or on a parity with such pledge, in each case subject to the conditions of and in accordance with 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 _____, 2012.

CARSON CITY, NEVADA

(Manual Signature)

Mayor
Carson City, Nevada

Countersigned:

(SEAL)

(Manual Signature)

Attest:

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 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 Bond)

SECTION 27. Delivery of the Single Bond; Use of Bond 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 Improvement Project and the notation on the Refunded Bonds of the installments of principal prepaid. 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 Improvement and Refunding Bonds (Additionally Secured by Pledged Revenues), Series 2012B, Project and Acquisition Account" hereby created to be held by the City.

SECTION 28. 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 Improvement 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 2012 Bonds, which the Board hereby determines are necessary and desirable and pertain to the Project. The City, with the proceeds derived from the sale of the Bonds, shall proceed to complete the Project with due diligence. 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 29. 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 Improvement Project or, if adequate provision has been made for the Project, into the Bond Fund hereinafter created, for the 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 30. Completion of the Project. When any amounts in the Acquisition Account are no longer needed to pay the Cost of the Improvement Project, upon the direction of the City Finance Director, the City Treasurer shall cause to be transferred to the Bond Fund all surplus moneys remaining in the Acquisition Account, if any, except for any moneys designated by the City Finance Director to be retained to pay any unpaid accrued costs or contingent obligations and the sums so transferred shall be applied to the payment of the principal and interest due on the Bonds. Nothing herein:

A. Periodic Transfers. Prevents the Treasurer from causing to be transferred from the Acquisition Account to the Bond Fund any moneys which will not be necessary for the Project; nor

B. Limitations upon Transfers. Requires the transfer to the Bond Fund from the Acquisition Account of any moneys in the Acquisition Account derived from a source other than Bond proceeds.

SECTION 31. Tax Covenant. The City covenants for the benefit of the owners of the Bonds that it will not take any action or omit to take any action with respect to the Bonds, the proceeds thereof, any other funds of the City or any facilities financed or refinanced with the proceeds of the Bonds if such action or omission (i) would cause the interest on the Bonds to lose its exclusion from gross income for federal income tax purposes under Section 103 of the Tax Code or (ii) would cause interest on the Bonds to lose its exclusion from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except to the extent such interest is required to be included in the adjusted current earnings adjustment applicable to corporations under Section 56 of the Tax Code in calculating corporate alternative minimum taxable income. The foregoing covenant shall remain in full force and effect notwithstanding the payment in full or defeasance of the Bonds until the date on which all obligations of the City in fulfilling the above covenant under the Tax Code have been met.

SECTION 32. Payment of Bonds. The City covenants and agrees with each and every owner that the City will make the principal and interest payments on the Bonds at the place, on the dates and in the manner specified according to the true intent and meaning thereof.

SECTION 33. Prevention of Bond Default. Subject to the provisions of this Ordinance, the City Treasurer shall use any Bond proceeds credited to the Acquisition Account, without further order or warrant, to pay the Bond Requirements as the same become due whenever and to the extent moneys otherwise available therefor are insufficient for that purpose, unless such Bond proceeds shall be needed to defray obligations accrued and to accrue under any contracts then existing and pertaining to the Project.

SECTION 34. Purchaser Not Responsible. The validity of the Bonds shall not be dependent on nor be affected by the validity or regularity of any proceedings relating to the Project, or any part thereof, or to the completion of the Project. The Purchaser and any subsequent owner of any Bond shall in no manner be responsible for the application 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 herein designated.

SECTION 35. General Tax Levies. Pursuant to NRS 350.596, the interest falling due on the Bonds at any time when there are not on hand from the Net Revenues sufficient funds to pay the same shall be paid out of the 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 separate accounts designated respectively as the "Carson City, Nevada, General Obligation (Limited Tax) Sewer Improvement and Refunding Bonds (Additionally Secured by Pledged Revenues), Series 2012B Principal Account" (the "Principal Account") and the "Carson City, Nevada, General Obligation (Limited Tax) Sewer Improvement and Refunding Bonds (Additionally Secured by Pledged Revenues), Series 2012B Interest Account" (the "Interest Account"; and collectively, 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 fully sufficient together with the revenue which will result from application of the rate to the net proceeds of minerals to reimburse such fund or funds for any such amounts temporarily advanced to pay such initial

installment of interest, and to pay the interest on the Bonds becoming due after such initial installment, and to pay and retire the Bonds as they thereafter come due at maturity, 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, Article 10, State Constitution, and the amount of money necessary for this purpose shall be a first charge against all legally available revenues received by the City.

SECTION 36. 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 may exceed the limitation imposed by NRS 361.453, and it shall become necessary for that reason to reduce the levies made by any of those units, the reduction so made shall be in General Taxes levied by those 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 37. Correlation of Levies. Such General Taxes shall be levied and collected in the same manner and at the same time as other taxes are levied and collected, and the proceeds thereof for the Bonds 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, as the same fall due.

SECTION 38. Use of General Fund. Any sums becoming due on the Bonds at any time when there are not on hand from such General Taxes (and any other available money) sufficient funds to pay the same shall be promptly paid when due from the general fund on hand belonging to the City, reimbursement to be made for such general fund in the amounts so advanced when the General Taxes herein provided for have been collected, pursuant to NRS 350.596.

SECTION 39. Use of Other Funds. Nothing in this Ordinance prevents the City from applying any funds (other than General Taxes) that may be available for that purpose to the payment of the Bond Requirements and upon such payments, the levy or levies herein provided may thereupon to that extent be diminished, pursuant to NRS 350.598.

SECTION 40. 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 41. 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 principal of and the interest on the Bonds have been wholly paid.

SECTION 42. 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 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 Sewer System. This pledge shall be valid and binding from and after the date of the delivery to the Purchaser 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 have priority over any and all other obligations and liabilities of the City payable from the Net Revenues, except for any Outstanding Parity Securities or Superior Securities as herein provided. The lien of this pledge for 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 43. Revenue Fund. So long as the Bonds shall be Outstanding, the entire Gross Revenues, upon their receipt from time to time by the City, shall be set aside and credited immediately to a separate account created in the treasury of the City and designated as the "Carson City Sewer System Gross Revenues Fund" (the "Revenue Fund"). So long as any of the Bonds shall be Outstanding, the Revenue Fund shall be administered and the moneys on deposit therein shall be applied in the order of priority specified in Sections 43 through 47.

SECTION 44. Operation and Maintenance Fund. First, from time to time there shall be transferred and credited to a separate account created in the treasury of the City and designated as the "Carson City Sewer 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 45. Superior Securities; Parity Bond Fund. A. 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.

B. Third, from any moneys thereafter remaining in the Revenue Fund and concurrent with transfers to the Bond Fund created with respect to the Parity Securities and with respect to any Parity Securities hereafter issued, there shall be transferred and credited to the Bond Fund monthly, commencing on the first day of the month immediately succeeding the delivery date of the Bonds, an amount in substantially equal monthly installments necessary, together with any other moneys from time to time available therefor from whatever source, to pay the next maturing installments of principal and interest on the Outstanding Bonds. 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 Account. Fourth, after the aforementioned deposits, and from the Net Revenues 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 Improvement and Refunding Bonds (Additionally Secured by Pledged Revenues), Series 2012B, Rebate Account" (the "Rebate Account") and to any other fund or account established for payment of amounts due the United States under Section 148(f) of the Tax Code in connection with the Parity Securities in such amounts as are required to be deposited therein to meet the City's obligations under the covenant contained in Section 30 hereof, in accordance with Section 148(f) of the Tax Code. Such deposits shall be made at such times as are required by Section 148(f) of the Tax Code and such covenant and amounts in the Rebate Account shall be used for the purpose of making the payments to the United States required by such covenant and Section 148(f) of the Tax Code. Any amounts in the Rebate Account in excess of those required to be on deposit therein may be withdrawn therefrom and deposited into the Revenue Fund.

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 Sewer System, to pay any other obligations pertaining to the 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 the Bond or 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 and reserve funds and second into all such rebate accounts.

SECTION 52. Conditions to Issuance of Superior Securities and Additional Parity Securities.

A. Conditions to the Issuance of Superior Securities. 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 1994 Bonds, the 1995 Bonds, the 1998 Bonds, the 2002 Bonds, and the 2003 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) The Pledged Revenues (subject to adjustments as hereinafter provided) projected by the Finance Director, 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 Bond Requirements (to be paid during that Fiscal Year) 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 Sewer System.

B. Conditions to the Issuance of Additional Parity Securities. Nothing herein, except as expressly hereinafter provided, shall prevent the issuance by the City of Parity 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 Parity Securities, the City shall not be in default in the payment of principal of or interest on the Bonds.

(2) The Net Revenues (subject to adjustments as hereinafter provided) projected by the City Manager, the Finance Director or an independent accountant or consulting engineer to be derived in the later of (i) the Fiscal Year immediately following the Fiscal Year in which the facilities to be financed with the proceeds of the additional Parity Securities are projected to be completed or (ii) the first Fiscal Year for which no interest has been capitalized for the 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 principal and interest requirements (to be paid during that Fiscal Year) of the Outstanding Bonds, the Outstanding Parity Securities and the Parity Securities proposed to be issued (excluding any reserves therefor).

C. In any determination of whether or not Superior Securities or Parity Securities may be issued in accordance with the applicable 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 Superior Securities or Parity Securities.

D. In any determination of whether or not Superior Securities or Parity Securities may be issued in accordance with the applicable 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 within or without the State, including the known minimum yield from any investment in Federal Securities.

E. A written certificate or written opinion by the City Manager, the City's Finance Director, or an independent accountant or consulting engineer that the applicable 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 Superior Securities or Parity Securities.

F. In connection with the authorization of any such Superior Securities or Parity Securities, the Board may on behalf of the City adopt any additional covenants or agreements with the holders of such Superior Securities or Parity 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. Subordinate Securities for the Sewer System. 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 Outstanding Parity Securities.

SECTION 54. 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 or other Outstanding

Parity or 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 Gross Revenues is changed (except as provided in Section 52 hereof).

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

C. Any refunding bonds or other refunding securities payable from any Gross 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).

D. If only a part of the Outstanding Bonds and other Outstanding securities of any issue or issues payable from the Gross 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 Gross 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 hereof.

SECTION 55. Operation of the System. The City shall at all times operate the Sewer System properly and in a sound and economical manner and shall maintain, preserve and keep the Sewer System properly, or cause the same so 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 Sewer System may be properly and advantageously conducted in conformity with standards customarily followed by municipalities operating sewer systems of like size and character.

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

SECTION 56. 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 Sewer 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 Sewer 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 Sewer 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 Outstanding Parity 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 Sewer 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 57. 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 Sewer 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 58. Rate Covenant. The City shall charge against users or against purchasers of services or commodities pertaining to the Sewer 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 debt service 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 Sewer System, including, without limitation, debt service on any Subordinate Securities and any other securities pertaining to the Sewer 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 of America, 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 subject to collection by the City for the use of or otherwise pertaining to, and all services rendered by, the Sewer System.

Subject to the foregoing, the City shall cause all fees, rates and other charges pertaining to the Sewer 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 59. Records of Record and Account. So long as any of the Bonds remains Outstanding, proper records of record and account 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 Sewer System and to all moneys pertaining thereto, including, without limitation, the Gross Revenues.

SECTION 60. Defeasance. When all Bond Requirements of any Bond have been duly paid, the pledge and lien and all obligations hereunder as to that Bond shall thereby be discharged and the Bond shall no longer be deemed to be outstanding within the meaning of this Ordinance. There shall be deemed to be due payment of any outstanding Bond when the City has placed in escrow or in trust with a trust bank located within or without the State, an amount sufficient (including the known minimum yield available for such purpose from Federal Securities in which such amount wholly or in part may be initially invested) to meet all Bond Requirements of such Bond as the same become due to the final maturity of such Bond. 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 bank at the time of the creation of the escrow or trust, or the Federal Securities shall be subject to redemption at the option of the holders thereof to assure availability as so needed to meet the schedule. For the purpose of this Section, the term "Federal Securities" shall include only Federal Securities as defined in NRS 350.522 which are not callable for redemption prior to their maturities except at the option of the holder 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 address last shown on the registration records for the Bonds maintained by the Registrar.

SECTION 61. 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 Board or the Treasurer 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 Paying 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 62. 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; or
- 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 63. Call for Prior Redemption; Notice of Redemption. The City hereby authorizes the Finance Director to irrevocably call, on behalf of the City, for prior redemption the Refunded Bonds designated in the Certificate of the Finance Director on the date specified therein. Unless waived by the State Treasurer, the Treasurer is hereby authorized and directed to give forthwith upon the issuance of the Bonds notices of prior redemption and defeasance of the Refunded Bonds and are hereby authorized and directed to give notice of prior redemption in the manner and at such time and otherwise in accordance with the provisions of the bond ordinances authorizing the Refunded Bonds.

SECTION 64. 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 to the signing of the Bonds, the tenure and identity of the officials of the City, the assessed valuation of the taxable property in and the indebtedness of the City, the exclusion of interest on the Bonds from gross income for federal income tax purposes to the extent provided herein, the delivery of the Bonds and the receipt of the Bond purchase price, 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 of the Certificate of the Finance Director; and
- D. The sale and issuance of the Bonds pursuant to the provisions of this Ordinance.

SECTION 65. Ordinance Irrepealable. After any of the Bonds are issued, this Ordinance shall constitute an irrevocable contract between the City and the owner or owners of the Bonds; and this Ordinance shall be and shall remain irrepealable until the Bonds, as to all Bond Requirements, shall be fully paid, canceled and discharged as herein provided.

SECTION 66. Repealer. All ordinances, resolutions, 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 ordinance, resolution, bylaw or order, or part hereof, heretofore repealed.

SECTION 67. 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. _____

AN ORDINANCE DESIGNATED BY THE SHORT TITLE "2012 SEWER BOND ORDINANCE"; PROVIDING FOR THE ISSUANCE BY CARSON CITY, NEVADA OF ITS NEGOTIABLE, GENERAL OBLIGATION (LIMITED TAX) SEWER IMPROVEMENT AND REFUNDING BONDS (ADDITIONALLY SECURED BY PLEDGED REVENUES), SERIES 2012B; PROVIDING THE FORM, TERMS AND CONDITIONS OF THE BONDS, THE USE OF THEIR PROCEEDS AND PROVIDING FOR THE SALE THEREOF; PROVIDING FOR THE LEVY AND COLLECTION OF ANNUAL GENERAL (AD VALOREM) TAXES FOR THE PAYMENT OF THE BONDS; ADDITIONALLY SECURING THEIR PAYMENT BY A PLEDGE OF REVENUES DERIVED FROM THE SEWER SYSTEM OF THE CITY; RATIFYING ACTION PREVIOUSLY TAKEN TOWARD THE ISSUANCE OF THE 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 of Carson City, 201 North Carson Street, Suite No. 1, Carson City, Nevada and that such Ordinance was proposed by Supervisor _____ on February 16, 2012, and will be considered for adoption at the regular meeting of the Board of Supervisors of Carson City held on March 1, 2012.

/s/ _____ Alan Glover
City Clerk

SECTION 68. 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 of Supervisors 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. 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. _____

ORDINANCE NO. _____

AN ORDINANCE DESIGNATED BY THE SHORT TITLE "2012 SEWER BOND ORDINANCE"; PROVIDING FOR THE ISSUANCE BY CARSON CITY, NEVADA OF ITS NEGOTIABLE, GENERAL OBLIGATION (LIMITED TAX) SEWER IMPROVEMENT AND REFUNDING BONDS (ADDITIONALLY SECURED BY PLEDGED REVENUES), SERIES 2012B; PROVIDING THE FORM, TERMS AND CONDITIONS OF THE BONDS, THE USE OF THEIR PROCEEDS AND PROVIDING FOR THE SALE THEREOF; PROVIDING FOR THE LEVY AND COLLECTION OF ANNUAL GENERAL (AD VALOREM) TAXES FOR THE PAYMENT OF THE BONDS; ADDITIONALLY SECURING THEIR PAYMENT BY A PLEDGE OF REVENUES DERIVED FROM THE SEWER SYSTEM OF THE CITY; RATIFYING ACTION PREVIOUSLY TAKEN TOWARD THE ISSUANCE OF THE 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 February 16, 2012, and was passed and adopted at the regular meeting of the Carson City Board of Supervisors held on March 1, 2012, by the following vote of the Board of Supervisors:

Those Voting Aye:

Robert L. Crowell
Karen Abowd
Shelly Aldean
John McKenna
Molly Walt

Those Voting Nay:

Those Absent:

This Ordinance shall be in full force and effect from and after the ____ day of March, 2012.

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

DATED this March 1, 2012.

/s/ Robert Crowell
Mayor

Attest:

/s/ Alan Glover
City Clerk

(End of Form of Publication)

SECTION 69. 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.

Proposed on February 16, 2012.

Passed on the March 1, 2012.

Those Voting Aye:

Robert L. Crowell
Karen Abowd
Shelly Aldean
John McKenna
Molly Walt

Those Voting Nay:

Those Absent:

Mayor

(SEAL)

City Clerk

This Ordinance shall be force and effect from and after the _____ day of March, 2012.

STATE OF NEVADA)
) ss.
CARSON CITY)

I, Alan Glover, the duly chosen, qualified and acting City Clerk of Carson City, Nevada (the "City") do hereby certify:

(1) The foregoing pages are a true, perfect and a complete copy of an ordinance proposed by the Board of Supervisors of Carson City, Nevada (the "Board"), at a lawful meeting of the Board held on February 16, 2012, and adopted by the Board at a lawful meeting of the Board held on March 1, 2012, as recorded in the official record book of the proceedings of the City kept in my office.

(2) The members of the Board voted on the introduction of the ordinance on February 16, 2012 as follows:

Those Voting Aye:

Robert L. Crowell
Karen Abowd
Shelly Aldean
John McKenna
Molly Walt

Those Voting Nay:

Those Absent:

(3) The members of the Board voted on the final passage of the ordinance as set forth following the ordinance.

(4) All members of the Board were duly notified of said meetings held on February 16, 2012 and March 1, 2012.

(5) In compliance with NRS 241.020, written notice of each of the meetings was given at least three (3) working days before each meeting, including in the notice the time, place, location and agenda of the meeting:

(a) By delivering a copy of the notice to each member of the Board,

(b) By posting a copy of the notice at the principal office of the Board, or if there is no principal office, at the building in which the meeting is to be held, and at least three (3) other separate, prominent places within the jurisdiction of the Board, to wit:

- (i) Community Center
851 East William
Carson City, Nevada
- (ii) Bulletin Board at
Carson City Courthouse
885 E. Musser
Carson City, Nevada
- (iii) Executive Offices Building
201 North Carson
Carson City, Nevada
- (iv) Bulletin Board at the
Carson City Library
900 North Roop Street
Carson City, Nevada

(c) By giving a copy of the notice to each person, if any, who has requested notice of the meetings of the Board in accordance with the provisions of NRS Chapter 241.

A copy of such notices as posted and given are attached hereto as Exhibit A.

(6) An affidavit of publication of the notice of filing of the ordinance is attached hereto as Exhibit B.

(7) An affidavit of publication of the notice of adoption of the ordinance is attached hereto as Exhibit C.

IN WITNESS WHEREOF, I have hereunto set my hand this March 1, 2012.

(SEAL)

City Clerk

EXHIBIT A

(Attach Copy of Notices of Meetings of February 16, 2012 and March 1, 2012)

EXHIBIT B

(Attach Affidavit of Publication of Notice of Filing of an Ordinance)

EXHIBIT C

(Attach Affidavit of Publication of Notice of Adoption of an Ordinance)