

**Carson City
Agenda Report**

Date Submitted: 3/12/2013

Agenda Date Requested: 3/21/2013

Time Requested: 10 minutes

To: Mayor and Supervisors

From: Nick Providenti, Finance Director

Subject Title: For Possible Action: Action to introduce, on first reading, Bill No. _____, an ordinance authorizing an Installment Purchase Agreement, Deed of Trust and Security Agreement for the purpose of acquiring, improving, and equipping a building project; authorizing the execution of the agreement and other documents related to the agreement; granting a security interest in such building project; and providing the effective date hereof.

Staff Summary: The City has determined that the Installment Purchase Agreement should be entered into in the maximum principal amount of \$1,250,000 in order to finance all or a portion of the cost of acquiring, improving, and equipping a building project (commonly known as the City's BRIC facility on 108 E. Proctor Street).

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 introduce, on first reading, Bill No. _____, an ordinance authorizing an Installment Purchase Agreement, Deed of Trust and Security Agreement for the purpose of acquiring, improving, and equipping a building project; authorizing the execution of the agreement and other documents related to the agreement; granting a security interest in such building project; and providing the effective date hereof.

Explanation for Recommended Board Action: The Board of Supervisors of the City proposes to enter into an installment-purchase agreement in the maximum principal amount of \$1,250,000 under NRS 350.087 to 350.095, inclusive (the "Act") in order to finance all or a portion of the cost of acquiring, improving, and equipping a building project as defined in NRS 244A.019 in the City.

Applicable Statute, Code, Policy, Rule or Regulation: NRS Chapters 244, 265, 268, 350

Fiscal Impact: Estimated to be annual amounts of \$76,800 to \$81,700 in the general fund and \$22,800 to \$24,250 in the Building Permits fund for a period of not more than 16 years.

Explanation of Impact: As described.

Funding Source: General Fund and Building Permits Fund. It is anticipated that the Redevelopment Authority will make a transfer to the General Fund in the approximate amount of \$50,000 per year to pay for its share assuming the amount is appropriated by the Redevelopment Authority.

Authority.

Alternatives: Elect to not pursue the financing and not purchase the BRIC

Supporting Material: Ordinance and Copy of the Installment Purchase Agreement.

Prepared By: Nick Providenti

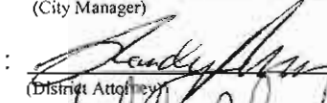
Reviewed By:


(Department Head)

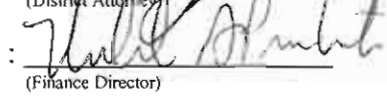
Date: 3/12/13

: 
(City Manager)

Date: 3/12/13

: 
(District Attorney)

Date: 3/12/13

: 
(Finance Director)

Date: 3/12/13

Board Action Taken:

Motion: _____ 1) _____ Aye/Nay

2) _____

(Vote Recorded By)

Summary – an ordinance authorizing an installment purchase agreement, deed of trust and security agreement.

BILL NO. _____
ORDINANCE NO. _____

AN ORDINANCE AUTHORIZING AN INSTALLMENT PURCHASE AGREEMENT, DEED OF TRUST AND SECURITY AGREEMENT FOR THE PURPOSE OF ACQUIRING, IMPROVING, AND EQUIPPING A BUILDING PROJECT; AUTHORIZING THE EXECUTION OF THE AGREEMENT AND OTHER DOCUMENTS RELATED TO THE AGREEMENT; GRANTING A SECURITY INTEREST IN SUCH BUILDING PROJECT; AND PROVIDING THE EFFECTIVE DATE HEREOF.

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

WHEREAS, the Board of Supervisors of the City (the “Board”) proposes to enter into an installment-purchase agreement in the maximum principal amount of \$1,250,000 of the City under NRS 350.087 to 350.095, inclusive (the “Act”), in order to finance all or a portion of the cost of acquiring, improving, and equipping a building project as defined in NRS 244A.019 in the City (the “Project”); and

WHEREAS, NRS 350.087 requires that a notice of intention to authorize an installment purchase agreement be published not less than 10 days prior to the consideration of a resolution authorizing an installment purchase agreement; and

WHEREAS, a notice of intention to act upon the resolution authorizing such installment purchase agreement has been duly published in a newspaper of general circulation in the City not less than 10 days prior to the date of a public hearing thereon, such public hearing was held and the Board adopted an authorization resolution on February 7, 2013 (the “Authorization Resolution”); and

WHEREAS, the Board made certain determinations in the Authorization Resolution as required by the Act; and

WHEREAS, the Authorization Resolution and the necessary documentation were submitted to the State of Nevada, Department of Taxation (the “Department of Taxation”), for approval as required by NRS 350.089; and

WHEREAS, the Board proposes to enter into an installment-purchase agreement, deed of trust and security agreement (the “Agreement”) with a term of more than 10 years, requiring the Board, pursuant to NRS 350.014, to submit to the Carson City Debt Management Commission (the “Commission”) for its approval or disapproval the following proposal:

INSTALLMENT-PURCHASE AGREEMENT PROPOSAL:
Shall the Board of Supervisors of Carson City in the State of Nevada, be authorized to issue an installment-purchase agreement of the City in an aggregate principal amount not to exceed \$1,250,000 for the purpose of financing, wholly or in part, the cost to acquire, improve and equip a building project as defined in NRS 244A.019 in the City, which installment-purchase agreement shall mature not later than 16 years from its date, to bear interest at a rate or rates not in excess of the statutory maximum rate in effect at the time the installment-purchase agreement is entered into, the installment-purchase agreement by its terms to be extinguished by failure of the Board to appropriate money for the ensuing fiscal year for payment of the amounts then due, to be payable from legally available funds of the City, to be secured by a security interest in property of the City as provided in NRS 350.800, and to be entered into upon such terms and conditions, and with such other details as the Board may determine?

(the “Proposal”); and

WHEREAS, the Commission approved the proposal on February 26, 2013; and

WHEREAS, the Executive Director of the Department of Taxation has approved the Proposal and the written approval is attached hereto and recorded in the minutes of the Board; and

[Attach Department of Taxation Approval]

WHEREAS, the City has not previously utilized any of the authority so approved by the Department of Taxation; and

WHEREAS, the Board elects to and hereby determines to issue the Agreement in accordance with the provisions of chapter 350 of NRS and all laws amendatory thereof, which includes the Local Government Securities Law, being 350.500 through 350.720, NRS, and all laws amendatory thereof (the “Bond Act”), Chapter 348 of NRS (the “Supplemental Bond Act”); and

WHEREAS, the Board has authorized the City Finance Director (the “Finance Director”) or his designee to arrange for the issuance and sale of the Agreement, subject to, among other conditions, adoption by the City of this Ordinance specifying the Agreement terms and details and approving its sale; and

WHEREAS, after notice inviting bids for its purchase, the Finance Director, as the chief financial officer of the City, is hereby authorized to sell the Agreement to the best bidder therefor (the “Purchaser”) and the Finance Director is hereby authorized to accept a binding bid for the Agreement, the Agreement to bear interest at the rate or rates per annum provided in the purchase proposal submitted by the Purchaser (the “Purchase Proposal”), such rates not to exceed 3 percent over the Index of Twenty Bonds most recently published in The Bond Buyer prior to the time bids were received for the Agreement, at a price equal to the principal amount thereof plus accrued interest to the date of delivery of the Agreement, if any, plus a premium or less a discount not to exceed 9 percent of the principal amount of the Agreement, all as specified by the Finance Director in the Agreement; and

WHEREAS, the Board has determined and hereby declares:

(A) It is necessary and in the best interests of the City to effect the Project and to issue the Agreement; and

(B) Each of the limitations and other conditions to the issuance of the Agreement in the Act, NRS 244A.011 through 244A.065, inclusive, and pursuant to the Bond Act, the Supplemental Bond Act, and in any other relevant act of the State or the Federal Government, has been met; and pursuant to NRS 350.708 of the 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.

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

Section 1. This ordinance is hereby designated by the short title the “2013 Installment Purchase Agreement Ordinance” (the “Ordinance”).

Section 2. The Board hereby authorizes the Finance Director to execute the Agreement with the Purchaser evidencing the financing for the Project in the maximum principal amount of \$1,250,000, in substantially the form as currently on file with the City Clerk with such amendments as are deemed necessary by the Finance Director, in the best interests of the City, and not inconsistent with the provisions of this Ordinance. The Finance Director is hereby authorized to negotiate the terms of the Agreement not inconsistent herewith and accept a binding offer for the financing of the Agreement. The principal of the Agreement shall bear interest from the date of delivery at the rate or rates per annum set forth in the Agreement to be repaid over a period of not more than 16 years, which term shall not exceed the useful life of the Project. The Agreement must include a provision which states that, by its terms, the Agreement shall be extinguished by failure of the Board to appropriate money for the ensuing fiscal year for payment of the amounts then due.

Section 3. The Agreement shall be repaid from legally available funds of the City, including, without limitation, monies in the City’s General Fund in the estimated annual amount of \$76,800 to \$81,700 and Building Permits Fund in the estimated annual amount of \$22,800 to \$24,250 for a period of not more than 16 years.

Section 4. The officers of the City be and the same hereby are authorized and directed to take all action necessary to effectuate the provisions of this Ordinance, including, without limitation, the execution of such documents required for the closing of the transaction evidenced by the Agreement.

Section 5. Pursuant to NRS 350.800, the Board hereby determines to grant a deed of trust on and security interest in the Project pursuant to the Agreement.

Section 6. All consistent action taken previously by the Board and the officers of the City directed toward the Project, and toward the execution and delivery of the Agreement, is ratified, approved and confirmed.

Section 7. If any section, paragraph, clause or other provision of this Ordinance shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such

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

Section 8. After the Agreement has been executed, this Ordinance shall constitute an irrevocable contract between the City and the owner or owners of the Agreement; and this Ordinance shall be and shall remain irrevocable until the Agreement as to the payment of all principal of and interest on the Agreement shall be fully paid, canceled and discharged as herein provided and as provided in and subject to the terms of the Agreement.

Section 9. The Board hereby delegates to the Finance Director the designation of the Agreement as a “qualified tax-exempt obligation” for purposes of section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended to the date of delivery of the Agreement (the “Tax Code”), and if the Agreement is so designated, covenants that not more than \$10,000,000 aggregate principal amount of obligations the interest on which is excludable (under section 103(a) of the Tax Code) from gross income for federal income taxes have been or are expected to be issued by or on behalf of the City, including all subordinate entities of the City, during calendar year 2013.

Section 10. 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 11. 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 City 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 this Ordinance, such publication to be in substantially the following form:

(Form of Notice of Filing of an Ordinance)

BILL NO. _____
ORDINANCE NO. _____

AN ORDINANCE AUTHORIZING AN INSTALLMENT PURCHASE AGREEMENT, DEED OF TRUST AND SECURITY AGREEMENT FOR THE PURPOSE OF ACQUIRING, IMPROVING, AND EQUIPPING A BUILDING PROJECT; AUTHORIZING THE EXECUTION OF THE AGREEMENT AND OTHER DOCUMENTS RELATED TO THE AGREEMENT; GRANTING A SECURITY INTEREST IN SUCH BUILDING PROJECT; AND PROVIDING THE EFFECTIVE DATE HEREOF.

PUBLIC NOTICE IS HEREBY GIVEN that an adequate number of 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 N. Carson Street, Suite 1, Carson City, Nevada; and that such Ordinance was proposed by Supervisor _____ on March 21, 2013, and will be considered for adoption at the regular meeting of the Board of Supervisors of Carson City on April 4, 2013.

/s/ Alan Glover
City Clerk

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

Section 12. After this Ordinance is signed by the Mayor and attested and sealed by the Clerk, this Ordinance shall be in effect, after its publication once by its title only, together with the names of the members of the Board voting for or against its passage and a statement that typewritten copies of this Ordinance are available for inspection by all interested parties at the offices of the Clerk. 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 for Publication after Final Adoption of Ordinance)

BILL NO. _____
ORDINANCE NO. _____

AN ORDINANCE AUTHORIZING AN INSTALLMENT PURCHASE AGREEMENT, DEED OF TRUST AND SECURITY AGREEMENT FOR THE PURPOSE OF ACQUIRING, IMPROVING, AND EQUIPPING A BUILDING PROJECT; AUTHORIZING THE EXECUTION OF THE AGREEMENT AND OTHER DOCUMENTS RELATED TO THE AGREEMENT; GRANTING A SECURITY INTEREST IN SUCH BUILDING PROJECT; AND PROVIDING THE EFFECTIVE DATE HEREOF.

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 March 21, 2013, and was passed and adopted at the regular meeting of the Carson City Board of Supervisors held on April 4, 2013 by the following vote of the Board of Supervisors:

Those Voting Aye: _____

Those Voting Nay: _____

Those Absent and Not Voting: _____

Those Abstaining: _____

This ordinance shall be in full force and effect from and after April __, 2013, i.e., the date of publication of such ordinance by its title only.

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

DATED this April 4, 2013.

/s/ Robert L. Crowell
Mayor

Attest:

/s/ Alan Glover
City Clerk

(End of Form for Publication of Notice after Final Adoption of Ordinance)

PASSED AND ADOPTED BY THE BOARD OF SUPERVISORS OF CARSON CITY, NEVADA, THIS APRIL 4, 2013.

Proposed on March 21, 2013.

Proposed by Supervisor _____

Passed on April 4, 2013.

Those Voting Aye: _____

Those Voting Nay: _____

Those Absent and Not Voting: _____

Those Abstaining: _____

Mayor

(SEAL)

City Clerk

This ordinance shall be in force and effect from and after April ____, 2013, i.e., the date of publication of such ordinance by its title only.

STATE OF NEVADA)
) ss.
CARSON CITY)

I, Alan Glover, the duly chosen, qualified and acting City Clerk of Carson City, in the State of Nevada, do hereby certify:

1. The foregoing pages constitute a true, correct and compared copy of an ordinance introduced at a meeting on March 21, 2013, and passed and adopted by the Board of Supervisors of the City (the “Board”) at a meeting of the Board held on April 4, 2013; and the original ordinance has been approved and authenticated by the signature of the Mayor and myself as City Clerk, and sealed with the seal of the City, and has been recorded in the minute book of the Board kept for that purpose in my office, which record has been duly signed by such officers and properly sealed.

2. The members of the Board voted on the introduction of the ordinance on March 21, 2013, as follows:

Those Voting Aye:

3. The members of the Board voted on the passage of the ordinance on April 4, 2013 as set forth in the ordinance.

4. All members of the Board were given due and proper notice of such meetings held on March 21, 2013 and April 4, 2013.

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

- (i) Community Center
851 East William Street
Carson City, Nevada

- (ii) Public Safety Complex
885 East Musser Street
Carson City, Nevada
- (iii) City Hall
201 North Carson
Carson City, Nevada
- (iv) Carson City Library
900 North Roop Street
Carson City, Nevada

are attached as Exhibit A hereto.

6. Prior to 9:00 a.m. at least 3 working days before such meetings, such notices were given to each person, if any, who has requested notice of the meetings of the Board in compliance with NRS 241.020(3)(b) by United States Mail, or if feasible and agreed to by the requestor, by electronic mail.

7. An affidavit of publication of the notice of filing of the ordinance is attached hereto as Exhibit B.

8. 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 April 4, 2013.

City Clerk

EXHIBIT A

(Attach Copy of Notices of Meetings on March 21, 2013 and April 4, 2013)

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)

Assessor Parcel Nos.: 004-215-07)
004-202-01)
004-202-02)
)
)
)
RECORDING REQUESTED BY AND)
WHEN RECORDED, RETURN TO:)
)
)
Sherman & Howard L.L.C.)
50 West Liberty Street, Suite 1000)
Reno, NV 89501)
)
Attn: Jennifer Stern, Esq.)
_____)

\$(Principal Amount)

**INSTALLMENT PURCHASE AGREEMENT, DEED OF TRUST
AND SECURITY AGREEMENT**

by and between

Carson City, Nevada
as Borrower

and

[Name of Lender],
as Lender

DATED AS OF APRIL __, 2013

**This is a security agreement with respect to chattels,
as well as a deed of trust on real estate and other property.**

This **INSTALLMENT PURCHASE AGREEMENT, DEED OF TRUST AND SECURITY AGREEMENT** (the "Agreement"), dated as of April __, 2013, is entered into by and between Carson City (the "City"), Nevada (the "State"), a consolidated city/county duly organized and existing under the constitution and laws of the State of Nevada, and [Name of Lender] (the "Lender"), a [national banking association] [state banking corporation] with an address at _____.

WITNESSETH:

WHEREAS, Article I of this Agreement sets forth the definitions of all capitalized terms used herein except where the context indicates otherwise; and

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

WHEREAS, the City is governed by a Board of Supervisors (the "Board"); and

WHEREAS, the City, through the Board, has the power, among other things, to acquire the Financed Property (as defined herein) in accordance with the terms of the Purchase Agreement (as defined herein); and

WHEREAS, the Board has heretofore determined and does hereby determine and declare that it is necessary and in the best interests of the City and its inhabitants that the City acquire the Financed Property; and

WHEREAS, pursuant to NRS 350.087 to 350.095, inclusive, and 350.800, the Board has the authority to enter into transactions whereby the City acquires property necessary for the operation of the City and another party acquires or retains a security interest in that property, provided that such a transaction does not create a general obligation which must be counted against any debt limit because the obligation by its terms may be extinguished by failure of the Board to appropriate money for the ensuing fiscal year for payment of the amounts then due; and

WHEREAS, all obligations of the Board and the City hereunder will be extinguished automatically upon the Board's failure for any reason to appropriate money for the ensuing fiscal year for the payment of the amounts then due (an "Event of Non-appropriation" as defined herein) as provided herein; and

WHEREAS, pursuant to this Agreement, the City has also granted to the Lender a deed of trust and security interest in the Financed Property to secure the repayment of this Agreement; and

WHEREAS, the Board hereby finds and determines that the granting of a security interest in the Financed Property will result in a lower financing cost to the City; and

WHEREAS, the acquisition of the Financed Property and the execution, performance and delivery of this Agreement, have been authorized, approved and directed by the Board.

NOW THEREFORE, for and in consideration of the mutual covenants and promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

That the City, in consideration of the premises and the mutual covenants herein contained, and for other good, valuable and sufficient consideration, the receipt of which is hereby acknowledged, in order to secure the payment of the Base Payments hereunder, and to secure the performance and observance of all of the covenants and conditions in this Agreement, and to declare the terms and conditions hereof, has executed and delivered this Agreement and has granted, bargained, sold, warranted, mortgaged, aligned, remised, released, conveyed, assigned, pledged, set over and confirmed, and by these presents does grant, bargain, sell, warrant, mortgage, alien, remise, release, convey, assign, pledge, set over and confirm unto the Lender and to its successors and assigns forever, all and singular the following described property, franchises and income, without retaining any present or future interest or reversion whatsoever:

(a) the real estate constituting the Financed Property, as more fully described in Exhibit B hereto, and all buildings, additions and real property improvements now or hereafter located thereon and the tenements, hereditaments, appurtenances, rights, privileges and immunities thereto belonging or appertaining (subject to Permitted Encumbrances);

(b) all Base Payments and any other receipts receivable by the Lender from or on behalf of the City pursuant hereto; and

(c) all moneys and securities from time to time held by the City under this Agreement (if any) and any and all other real or personal property of every name and nature from time to time hereafter by delivery or by writing of any kind specially mortgaged, pledged, or hypothecated, as and for additional security hereunder, by the City, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof.

TO HAVE AND TO HOLD the same with all privileges and appurtenances hereby conveyed and assigned, or agreed or intended to be, to the Lender and its successors and assigns forever;

PROVIDED, HOWEVER, if there are paid to the Lender all sums of money due or to become due to the Lender in accordance with the terms and provisions hereof, then upon such final payment this Agreement and the rights hereby granted shall cease, terminate and be void;

otherwise this Agreement to be and remain in full force and effect unless otherwise terminated pursuant to the provisions hereof.

THIS AGREEMENT FURTHER WITNESSETH and it is expressly declared, that this Agreement or any supplement hereto is to be executed and delivered and all said property, rights, interests, revenues and receipts hereby pledged, assigned and mortgaged are to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as hereinafter expressed as follows:

ARTICLE I

DEFINITIONS

The following will have the meanings specified below unless the context clearly requires otherwise:

“Additional Payments” means the cost of all taxes, insurance premiums, costs of maintenance, upkeep and repair, and all other charges and costs (together with all interest and penalties that may accrue thereon in the event that the City shall fail to pay the same, as specifically set forth herein) which the City assumes or agrees to pay hereunder with respect to the Financed Property. Additional Payments do not include the Base Payments.

“Agreement” means this Installment Purchase Agreement, Deed of Trust and Security Agreement and any amendments hereto, including the Exhibits attached hereto.

“Agreement Term” means the term of this Agreement as provided in Article III hereof.

“Base Payments” means the installments of principal and interest payable by the City to the Lender pursuant to Section 4.2 hereof as set forth in Exhibit A attached hereto.

“Building” means the building generally described in Exhibit B to this Agreement, which is located on the Land.

“Board” means the Board of Supervisors of the City.

“Code” or “Tax Code” means the Internal Revenue Code of 1986, as amended to the date hereof.

“City” means Carson City, Nevada.

“City Representative” means the City’s Mayor, Treasurer, Finance Director, City Clerk or any other person or persons at the time designated to act on behalf of the City for purposes of performing any act under this Agreement by a written certificate furnished by the City to the

Lender containing the specimen signature of such person or persons and signed on behalf of the City by the City Clerk. Such designation of the City Representative may be changed by the City from time to time by furnishing a new certificate to the Lender.

“Deed of Trust Trustee” means _____ or its successors as trustee title holder for the benefit of the Lender.

“Escrow Agent” means Northern Nevada Title Company, which is the entity named as the escrow agent in the Purchase Agreement.

“Event of Default” means one or more events of default as defined in Section 14.1 hereof.

“Event of Non-appropriation” means the Board’s failure, for any reason, specifically to budget and appropriate moneys to pay all Base Payments and reasonably estimated Additional Payments for the next Fiscal Year, as provided in Section 4.6 hereof.

“Extraordinary Revenues” means (i) all net proceeds (i.e. net of expenses), if any, of casualty and property damage insurance and condemnation awards relating to the Financed Property not applied to the repair, restoration, modification, improvement or replacement of the Financed Property; and (ii) any net proceeds (i.e. net of expenses) received as a consequence of defaults or breaches of warranty in connection with the Financed Property and not applied to the repair, restoration, modification, improvement or replacement of the Financed Property; and (ii) all net proceeds derived from foreclosure and sale or liquidation of the Financed Property pursuant to Section 14.2 of this Agreement.

“Financed Property” means, collectively, the Land and the Building described in Exhibit B attached hereto.

“Fiscal Year” means the year ending June 30 of any calendar year.

“Interest Rate” means _____ % per annum.

“Land” means the real estate legally described in Exhibit B attached hereto.

“Lender” means [Name of Lender], and any successor or assignee thereof.

“Lender Representative” means the Lender’s officer or any person or persons at the time designated to act on behalf of the Lender for purposes of performing any act under this Agreement by a written certificate furnished by the Lender to the City containing the specimen signature of such person or persons and signed on behalf of the Lender by an officer of the Lender. Such designation of the Lender Representative may be changed by the Lender from time to time by furnishing a new certificate to the City.

“Permitted Encumbrances” means, as of any particular time, (i) liens for taxes and assessments not then delinquent, or liens which may remain unpaid pending contest pursuant to the provisions of this Agreement; (ii) this Agreement; (iii) utility, access and other easements, rights of way, restrictions and exceptions and other minor defects, irregularities, encumbrances and clouds on title which the City Representative certifies will not interfere with or impair the Financed Property, including rights or privileges in the nature of easements; (iv) any financing statements filed to perfect security interests pursuant to this Agreement; and (v) those easements, rights of way, encumbrances, restrictions and exceptions set forth in Exhibit C hereto.

“Purchase Agreement” means the Purchase Agreement, dated June 2, 2010, as amended by a First Amendment to Purchase Agreement, dated as of February 15, 2013, between the City, as assignee of the Carson City Redevelopment Authority, as buyer, and Fireside Investments, LLC, as seller.

ARTICLE II

REPRESENTATIONS, COVENANTS AND WARRANTIES OF THE CITY

Section 2.1. Representations, Covenants and Warranties of the City. The City represents, covenants and warrants as follows:

(A) the City is duly organized and existing as a consolidated city/county under the constitution and laws of the State. The City is authorized by statute to enter into the transaction contemplated by this Agreement and to carry out its obligations hereunder. The City has duly authorized and approved the execution and delivery of this Agreement and all other documents related to this transaction;

(B) the City will comply with any local, state and federal laws, regulations and ordinances which apply to the Financed Property and this transaction;

(C) nothing in this Agreement shall be construed as unlawfully diminishing, delegating or otherwise restricting any of the sovereign powers of the City;

(D) the acquisition of the Financed Property by the City under the terms and conditions provided for in this Agreement is necessary, convenient and in furtherance of the City’s governmental purposes and is in the best interests of the citizens and inhabitants of the City;

(E) to the extent permitted by law, the City agrees that it will not cancel this Agreement due to an Event of Non-appropriation if any funds are appropriated to it, or by it, to pay Base Payments, Additional Payments, if any, and other amounts related to the acquisition of the Financed Property. To the extent permitted by law, this paragraph will not be construed so as to permit the City to terminate this Agreement in order to acquire or lease any other facilities or to

allocate funds directly or indirectly to perform essentially the same application for which the Financed Property is intended during the original Agreement Term;

(F) the City represents that the Financed Property and the financing thereof through this Agreement are essential to the City's proper, efficient and economic operation and are in the best interests of the City;

(G) neither the execution and delivery hereof, nor the fulfillment of or compliance with the terms and conditions hereof, nor the consummation of the transactions contemplated hereby conflicts with or results in a breach of the terms, conditions or provisions of any law or restriction or any agreement or instrument to which the City is now a party or by which the City is bound, or constitutes a default under any of the foregoing or results in the creation or imposition of any prohibited lien or encumbrance upon any of the property or assets of the City; and

(H) to the knowledge of the City, there is no litigation or proceeding pending or threatened against the City or any other person affecting the right of the City to execute this Agreement, or the ability of the City to levy and collect the taxes for the benefit of the City, or to the ability of the City to use the taxes and other moneys available to the City to make the payments required hereunder, or the ability of the City to make annual appropriations for and to make the payments required hereunder or to otherwise comply with the obligations contained herein.

Section 2.2. Representations, Covenants and Warranties of the Lender. The Lender represents, covenants and warrants as follows:

(A) the Lender is duly organized and existing as a [national banking association] [state banking corporation]. The Lender is authorized to enter into the transaction contemplated by this Agreement and to carry out its obligations hereunder. The Lender has duly authorized and approved the execution and delivery of this Agreement and all other documents related to this transaction;

(B) the Lender has a net worth of \$500,000 or more and is entering into the Agreement for investment and not for resale;

(C) the Lender has knowledge and experience in financial and business matters that renders it capable of evaluating the merits and risks of investment in the transaction and has received such information as it has deemed necessary to make such an evaluation; and

(D) the Lender is able to bear the economic risk of investment in this Agreement.

ARTICLE III

TERM OF AGREEMENT

Section 3.1. Duration of the Agreement Term. The Agreement Term shall commence as of the date hereof and shall continue until April 1, 2028, unless earlier terminated as provided in Section 3.2 hereof. In the event that the City shall anticipate that an Event of Non-appropriation will occur, effective on June 30 of any year, the City shall give written notice to such effect to the Lender not later than June 1 of such year; provided, however, that a failure to give such notice in and of itself shall not prevent an Event of Non-appropriation from occurring effective on June 30 of such year, nor result in any additional liability on the part of the City, except for the commencement of foreclosure proceedings pursuant to Section 14.2 hereof upon the occurrence of an Event of Default. The occurrence of an Event of Non-appropriation shall be conclusively determined by whether or not the Board has, on or before June 30 of a particular year, specifically budgeted and appropriated moneys to pay all the Base Payments and reasonably estimated Additional Payments for the next ensuing Fiscal Year beginning on July 1 immediately following such June 30, all as further provided in Section 4.6 hereof. The City Representative (or any other officer at any time charged with the responsibility of formulating budget proposals) agrees to use his/her best efforts to include prior to June 30 of each year, in the annual budget proposals submitted to the Board, items for all payments required under this Agreement for the next ensuing Fiscal Year commencing on July 1, until such time (if any) as an Event of Non-appropriation shall occur.

Section 3.2. Termination of Agreement Term. The Agreement Term shall terminate upon the earliest of any of the following events:

- (A) June 30 of any Fiscal Year during which there has occurred an Event of Non-appropriation pursuant to Section 4.6 hereof (provided that the Agreement Term will not be deemed to have been terminated if the Event of Non-appropriation is cured as provided in Section 4.6 hereof);
- (B) an Event of Default and termination hereof by the Lender hereunder; or
- (C) discharge of this Agreement as provided in Article XIII hereof.

Termination of the Agreement Term shall extinguish all unaccrued obligations of the City under this Agreement, but other provisions hereof, including all obligations of the City accrued prior to such termination (which for purposes of the enforcement of the security interests granted in Section 4.1 hereof shall include all unpaid principal and accrued interest due hereunder) shall be continuing until and except to the extent satisfied by discharge of this Agreement as provided in Article XII hereof.

ARTICLE IV

PAYMENTS BY THE CITY

Section 4.1. Security Provisions. For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and in order to secure the payment of the Base Payments and all other amounts which may be payable hereunder and to secure the performance by the City of all covenants expressed or implied by this Agreement, (a) the City hereby irrevocably grants, bargains, sells, transfers and assigns to the Deed of Trust Trustee in trust with power of sale for the benefit of the Lender the Financed Property, subject to Permitted Encumbrances, and (b) the City hereby pledges and grants to the Lender a present security interest, within the meaning of the Uniform Commercial Code of the State, with respect to any part of the Financed Property which may or might now or hereafter be or deemed to be fixtures. This Agreement and the grant hereunder is intended to constitute a deed of trust pursuant to Chapter 107 of the NRS with respect to the Financed Property, and, to the extent not inconsistent with the terms of this Agreement, covenants numbered 1 through 9 of Section 107.030 of the NRS are hereby adopted and made a part of this deed of trust. The City covenants to cooperate with the Lender in signing such documents as are necessary to perfect the security interests granted hereby.

Section 4.2. Base Payments and Additional Payments. The City shall pay installments of interest on April 1 and October 1 of each year beginning on October 1, 2013, to and including April 1, 2028, and shall pay installments of principal on April 1 and October 1 of each year beginning _____, 2013, to and including April 1, 2028 (collectively, the "Base Payments"). Base Payments shall be paid directly to the Lender in accordance with this Agreement during the Agreement Term as set forth in Exhibit A attached hereto and made a part hereof.

All Additional Payments shall be paid by the City on a timely basis directly to the person or entity to which such Additional Payments are owed. If the City's estimates of Additional Payments for any Fiscal Year are not itemized in the budget required to be furnished to the Lender under Section 3.1 hereof, the City shall furnish an itemization of such estimated Additional Payments to the Lender on or before the June 15 preceding such Fiscal Year if so required by the Lender. Upon request, the City will provide the Lender proof of payment of such Additional Payments to the person or entity.

Section 4.3. Interest Component. A portion of each payment of Base Payments is paid as, and represents payment of, interest, and Exhibit A hereto, as it may be amended hereunder, sets forth the interest component of each payment of Base Payments.

Section 4.4. Manner of Payment. The Base Payments and, if paid, any prepayments, shall be paid in lawful money of the United State of America to the Lender by check or draft mailed, electronically transferred or delivered to the Lender on or before the Base Payment date. If a Base Payment is not made when due, interest on such Base Payment shall accrue from the due date until such Base Payment is paid in full at the Interest Rate.

Section 4.5. No Set-Offs. The obligation of the City to pay the Base Payments and Additional Payments required under this Article IV and other Sections hereof, during the Agreement Term, shall be absolute and unconditional in all events except as expressly provided hereunder, and payment of the Base Payments and Additional Payments during the Agreement Term shall not be

abated through accident or unforeseen circumstances. Notwithstanding any dispute between the City and the Lender, the City shall, during the Agreement Term, make all payments of Base Payments and Additional Payments when due and shall not withhold any Base Payments or Additional Payments pending final resolution of such dispute, nor shall the City assert any right of set-off or counterclaim against its obligation to make such payments required hereunder. No action or inaction on the part of the Lender shall affect the City's obligation to pay Base Payments and Additional Payments during the Agreement Term.

Section 4.6. Non-appropriation. In the event that the Board shall not specifically budget and appropriate, on or before June 30 of each Fiscal Year, moneys to pay all Base Payments and the reasonably estimated Additional Payments coming due for the next ensuing Fiscal Year, an Event of Non-appropriation shall be deemed to have occurred; subject, however, to each of the following provisions:

(A) the Lender may declare an Event of Non-appropriation on any earlier date on which the Lender receives official, specific written notice from the Board that no appropriation will be made for the succeeding Fiscal Year to make the payments required by Section 4.2 hereof;

(B) absent such notice from the Board, the Lender may give written notice to the Board of an Event of Non-appropriation, on or before the next following July 1; but any failure of the Lender to give such written notice shall not prevent the Lender from declaring an Event of Non-appropriation or from taking any remedial action which would otherwise be available to the Lender; and

(C) the Lender may waive any Event of Non-appropriation which is cured by the City within a reasonable time and if waived shall immediately notify the Board.

In the event that during any Fiscal Year any Additional Payments shall become due which were not included in the City's current budget and appropriations, and if there are no moneys available to pay such Additional Payments pursuant to Section 4.2 hereof, then, in the event that moneys are not specifically budgeted and appropriated to pay such Additional Payments by June 30 of such Fiscal Year, an Event of Non-appropriation shall be deemed to have occurred, subject to the provisions stated in paragraphs (A) through (C) above. If an Event of Non-appropriation occurs, all obligations of the Board and the City hereunder will be extinguished automatically upon the Board's failure for any reason to appropriate money for the ensuing fiscal year for the payment of the amounts then due and the City shall not be obligated (other than with respect to the security interest in the Financed Property), to make payment of the Base Payments or Additional Payments or any other payments provided for herein which accrue after June 30 of the Fiscal Year during which such Event of Non-appropriation occurs.

After the expiration of any Fiscal Year during which an Event of Non-appropriation occurs, the Lender may proceed to foreclose on and sell or liquidate the Financed Property as

provided in Section 14.2 hereof or take one or any combination of the other steps described in Section 14.2 hereof.

Section 4.7. Disposition of Base Payments. Upon receipt by the Lender of each payment of Base Payments, the Lender shall apply the amount of such Base Payments in the following manner and order:

FIRST, the amount of such payment of Base Payments designated and paid as interest under Exhibit A, plus the amount of any past due interest due hereunder, shall be applied to first pay past due interest, then current interest; and

SECOND, the remaining portion of such payment of Base Payments shall be applied to pay principal.

Section 4.8. Prohibition of Adverse Budget or Appropriation Modifications. The City shall not, during any Fiscal Year during the Agreement Term, make any budgetary transfers or other modifications to its then existing budget and appropriation measures relating to the Financed Property or this Agreement which would adversely affect the City's ability to meet its obligations hereunder for such Fiscal Year without the prior written consent of the Lender made after written disclosure by the City of the fact the modification will adversely affect the City's ability to meet its obligations hereunder.

ARTICLE V

ACQUISITION OF THE FINANCED PROPERTY

Section 5.1. Acquisition of the Financed Property. On the date of this Agreement, the Lender shall purchase this Agreement for a price of \$_____. Of such amount, \$_____ shall be transmitted by the Lender to the Escrow Agent and be used by the Escrow Agent to promptly acquire the Financed Property (in the name of the City) in accordance with the Purchase Agreement and the settlement statement prepared in connection therewith. The balance of such amount shall be transmitted by the Lender to the City and be used by the City to pay the costs of issuing this Agreement.

Section 5.2. Title to the Financed Property. Title to the Financed Property shall be held by the City, subject to the security interest granted by this Agreement.

Section 5.2. Implementation of this Agreement This Agreement shall be considered implemented by the City and the Lender as of the date of its delivery.

Section 5.3. Quiet Enjoyment of Financed Property. The Lender hereby covenants to provide the City during the Agreement Term with the quiet use and enjoyment of the Financed Property, and the City shall during the Agreement Term peaceably and quietly have and hold and enjoy such Financed Property, without suit, trouble or hindrance from the Lender, except as

expressly set forth in this Agreement; provided, however, the City shall not make any material modifications to the Financed Property (defined as any modifications costing in the aggregate in excess of \$50,000) without the written consent of the Lender.

ARTICLE VI

PREPAYMENT PROVISIONS

Section 6.1. Prepayments. The principal of this Agreement is subject to prepayment at the option of the City at any time on or after _____ in whole or in part, together with accrued interest thereon to the date of such prepayment, upon 10 days' notice to the Lender.

ARTICLE VII

REVENUES AND FUNDS

Section 7.1. Source of Payment. The principal of and interest due hereunder shall be payable solely from Base Payments to be derived from legally available revenues of the City and paid to the Lender by the City under this Agreement, and under certain circumstances, from prepayments of principal or from Extraordinary Revenues.

Section 7.2. No General Obligations. This Agreement does not constitute a general obligation indebtedness of the City.

ARTICLE VIII

TAX CERTIFICATION

Section 8.1. Tax Covenant. The City covenants for the benefit of the Lender that it will not take any action or omit to take any action with respect to this Agreement, the proceeds hereof, any other funds of the City or any facilities financed with the proceeds of this Agreement (including, specifically, the Financed Property) if such action or omission (i) would cause the interest on this Agreement 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 this Agreement 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 this Agreement until the date on which all obligations of the City in fulfilling the above covenant under the Tax Code have been met.

ARTICLE IX

MAINTENANCE; TAXES; INSURANCE AND OTHER

CHARGES; INDEMNITY

Section 9.1. Maintenance of the Financed Property. The City agrees and hereby covenants that at all times during the Agreement Term the City will maintain, preserve and keep the Financed Property or cause the Financed Property to be maintained, preserved and kept, with the appurtenances and every part and parcel thereof, in good repair, working order and condition, and that the City will from time to time make or cause to be made all necessary and proper repairs. The Lender shall not have any responsibility in any of these matters or for the making of any additions, modifications or replacements to the Financed Property.

Section 9.2. Taxes, Other Governmental Charges and Utility Charges. In the event that the Financed Property or any portion thereof shall, for any reason, be deemed subject to taxation, assessments or charges lawfully made by any governmental body, the amount of all such taxes, assessments and governmental charges shall be paid as Additional Payments as provided in Section 4.2 hereof. The City shall not allow any liens for taxes, assessments or governmental charges to exist with respect to the Financed Property or any portion thereof (including, without limitation, any taxes levied upon the Financed Property or any portion thereof which, if not paid, will become a charge on the Financed Property or any portion thereof, or any interest therein).

The City may, at its expense and in its name, in good faith contest any such taxes, assessments, and other charges but, in the event of any such contest, may not permit the taxes, assessments, or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom. Such payment shall not constitute a waiver of the right to contest such taxes, assessments, or other charges.

Section 9.3. Provisions Regarding Insurance. The City shall, at its own expense, cause property damage insurance to be carried and maintained with respect to the Financed Property in an amount equal to the cost of the Financed Property which may have a deductible in such amount as is acceptable to the Lender and shall provide the Lender, at its request, with evidence of such insurance. That policy shall name the Lender as a co-insured. The City may, in its discretion, insure the Financed Property under blanket insurance policies which insure not only the City for the Financed Property, but also the City for other property or other entities for their property, as long as such blanket insurance policies comply with the requirements hereof.

The City shall, at its own expense, cause public liability insurance to be carried and maintained with respect to the Financed Property in an amount as is customary for facilities similar to the Financed Property. That policy shall name the Lender as a co-insured. The public liability insurance required by this Section 9.3 may be by blanket insurance policy or policies.

If the City shall insure against property damage or public liability risks for facilities similar to the Financed Property through a self-insured fund, the City, at its election, may provide for these insurances, partially or wholly by means of a self-insurance fund. The City shall provide to the Lender a certificate of the City Representative setting forth the self-insurance reserve amount at least

once in each Fiscal Year, and shall amend such certificate if that reserve is reduced by 25% or more during the Fiscal Year.

Section 9.4. Settlement of Losses. No agent or employee of the City or the Lender shall have the power to adjust or settle any loss with respect to the Financed Property, whether or not covered by insurance, without the prior written consent of the other, which consent shall not be unreasonably withheld except that losses not exceeding \$10,000 may be adjusted or settled by the City without the consent of the Lender. The City shall provide the Lender with written notice of any loss with respect to the Financed Property within 30 days of such loss.

Section 9.5. Additional Advances. In the event that the City shall fail to pay any Additional Payments, the Lender may (but shall be under no obligation to) pay such Additional Payments, which Additional Payments, together with interest thereon at the Interest Rate, the City agrees to reimburse to the Lender, as Additional Payments, subject to the provisions of Section 4.2 hereof.

Section 9.6. Indemnity. To the extent permitted by law, the City shall indemnify the Lender against, and hold the Lender harmless from any and all claims, actions, suits, proceedings, costs, expenses, damages and liabilities, at law or in equity of whatsoever kind and nature, in contract or tort, including attorneys' fees, arising out of, relating to, connected with, or resulting from this Agreement or the Financed Property. The City's obligations hereunder will survive the expiration of this Agreement with respect to events occurring prior to the expiration hereof.

ARTICLE X

DAMAGE, DESTRUCTION AND CONDEMNATION; USE OF NET PROCEEDS; TITLE

Section 10.1. Damage, Destruction and Condemnation. If, during the Agreement Term, (i) the Financed Property or any portion thereof shall be destroyed (in whole or in part), or damaged by fire or other casualty; or (ii) title to, or the temporary or permanent use of, the Financed Property or any portion thereof shall be taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority; or (iii) a material defect or breach of warranty with respect to the Financed Property shall exist and render the Financed Property unavailable for use by the City; or (iv) title to or the use of all or any portion of the Financed Property shall be lost by reason of a defect in title thereto; then the City shall be obligated to continue to pay the amounts specified in Sections 4.2 and 10.2 hereof.

Section 10.2. Obligation of the City to Repair and Replace the Project. So long as no Event of Default or Event of Non-appropriation has occurred and is continuing, the City and the Lender shall cause the net proceeds of any insurance policies or condemnation awards with respect to the Financed Property, or any net proceeds received as a consequence of default or breach of any warranty relating to the Financed Property, made available by reason of any occurrence described in Section 10.1 hereof, to be applied to the prompt repair, restoration, modification, improvement or

replacement of the Financed Property by the City; or if in the opinion of the City with the consent of the Lender, which consent shall not be unreasonably withheld, it is unreasonable to repair or replace the Financed Property, such net proceeds shall be applied as a prepayment of principal as provided in Section VI hereof. In carrying out any of the provisions of this Section, the District shall have all power and authority granted under Article V hereof. The balance of any such net proceeds remaining after such repair, restoration, modification, improvement or replacement has been completed shall be applied to amounts due hereunder. Any repair, restoration, modification, improvement or replacement paid for in whole or in part out of such net proceeds shall be the property of the City, subject to this Agreement and the security interest granted hereby, and shall be included as part of the Financed Property under this Agreement for all purposes.

For the purposes of Article X hereof, “net proceeds” shall mean the amount remaining from the gross proceeds of any insurance claim or condemnation award or received as a consequence of default or breach of warranty after deducting all expenses (including attorney’s fees) incurred in the collection of such claim or award.

Section 10.3 Insufficiency of Net Proceeds. If the City has determined that it is reasonable to repair or replace the Financed Property and the net proceeds are insufficient to pay in full the cost of any replacement, repair, restoration of the Financed Property, the City shall complete the work and pay any cost in excess of the amount of the net proceeds. The City hereby agrees that, if by reason of such insufficiency of the net proceeds, the City shall incur expenses, it shall not be entitled to any reimbursement therefor from the Lender nor shall the City be entitled to any diminution of the amounts payable specified in Sections 4.2 and 10.2 hereof. If the City has determined under Section 10.2 hereof that it will apply the net proceeds to principal in Section 6.1 hereof and if the net proceeds are insufficient to pay in full the Unamortized Balance (as defined below) associated with that part of the Financed Property which has suffered the Loss (as defined below), then the City shall pay to Lender an additional amount so that the total of the net proceeds plus the payment by the City equals the Unamortized Balance. The City hereby agrees that, if by reason of such insufficiency of the net proceeds, the City shall incur expenses, it shall not be entitled to any reimbursement therefor from the Lender nor shall the City be entitled to any diminution of the payment of the amounts specified in Sections 4.2 and 11.2 hereof. “Unamortized Balance” shall mean an amount equal to the remaining Principal Base Payments multiplied by a fraction, the numerator of which is the cost of the Financed Property which suffered the Loss (determined by the City in its sole discretion) and the denominator of which is \$[Principal Amount]. “Loss” shall mean any one of the events described in Section 10.1 hereof.

Section 10.4. Cooperation of the Lender. The Lender shall cooperate fully with the City at the expense of the City in filing any proof of loss with respect to any insurance policy or warranty covering the events described in Section 10.1 hereof and the Lender may participate in the prosecution or defense of any prospective or pending condemnation proceeding with respect to the Financed Property or any portion thereof. In no event shall the Lender or the City voluntarily settle, or consent to the settlement of, any proceeding arising out of any insurance claim, or prospective or pending condemnation proceeding with respect to Financed Property or any portion thereof without the written consent of the other party hereto, except that the City may settle claims of up to \$10,000

without the consent of the Lender, and except the Lender may act without the consent of the City if an Event of Non-appropriation or an Event of Default has occurred and is continuing. The City shall provide the Lender with written notice of the settlement of any claim under \$10,000 within 30 days of such settlement.

Section 10.4. Title to Financed Property. Title to the Financed Property and any and all additions and modifications thereto and replacements thereof shall be held in the name of the City, subject to this Agreement, until foreclosed on as provided in Section 14.2 hereof, notwithstanding (i) a termination of this Agreement by the City by reason of an Event of Non-appropriation as provided in Section 4.6 hereof; (ii) the occurrence of one or more Events of Default; (iii) the occurrence of any event of damage, destruction, condemnation, or construction defect or title defect as provided in Section 10.2 hereof; or (iv) the violation by the City of any provision of this Agreement. The City shall have complete fee simple right, title and interest to the Financed Property or any additions and modifications thereto or replacements thereof, except as expressly set forth in this Agreement. Concurrently with the execution and delivery of this Agreement, the Lender shall be provided with a commitment for a standard mortgagee's title insurance policy issued to the Lender, insuring the City's fee simple title to the Financed Property, subject only to Permitted Encumbrances, in an aggregate amount not less than \$[Principal Amount].

ARTICLE XI DISCLAIMER OF WARRANTIES; OTHER COVENANTS

Section 11.1. Disclaimer of Warranties. The City hereby acknowledges and declares that the City is solely responsible for the selection, maintenance and operation of the Financed Property and that the Lender has no responsibility therefor. The City understands that the Lender is not responsible for and makes no warranties with respect to the Financed Property. In no event shall the Lender be liable for any direct or indirect, incidental, special or consequential damage in connection with or arising out of the existence, furnishing, functioning or use by the City of the Financed Property.

THE LENDER, NOT BEING A SELLER OF THE FINANCED PROPERTY (AS SUCH TERM IS USED IN THE UNIFORM COMMERCIAL CODE AS ENACTED IN THE STATE OF NEVADA) NOR A SELLER'S AGENT, HEREBY EXPRESSLY DISCLAIMS, AND MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR PARTICULAR PURPOSE OR FITNESS FOR USE OF THE FINANCED EQUIPMENT, OR ANY OTHER WARRANTY WITH RESPECT THERETO AND, AS TO LENDER, THE CITY PURCHASES THE FINANCED PROPERTY AS IS.

Section 11.2. Further Assurances and Corrective Instruments. The Lender and the City agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Financed Property, or for otherwise carrying out the intention hereof.

Section 11.3. City and Lender Representatives. Whenever under the provisions hereof the approval of the City is required, or the City, or the Lender is required to take some action at the request of the other, unless otherwise provided, such approval or such request shall be given for the City by the City Representative, and for the Lender by the Lender Representative, and the City and the Lender shall be authorized to act on any such approval or request.

Section 11.4. Inspection. The City agrees that the Lender and its duly authorized agents shall have the right at all reasonable times to examine and inspect the Financed Property or any portion thereof. The City further agrees that the Lender and its duly authorized agents shall have such rights of access to the Financed Property or any portion thereof as may be reasonably necessary for the proper maintenance of the Financed Property in the event of failure by the City to perform its obligations under Section 9.1 hereof. The Lender and its duly authorized agents shall also be permitted, at all reasonable times, to examine the books, records, reports and other papers of the City with respect to the Financed Property.

Section 11.5. Financial Statements and Budget. The City shall furnish the Lender with annual audited financial statements certified by an independent certified public accountant as soon as available and in any event within 180 days from the close of the City's Fiscal Year and copies of the City's annual budget within 180 days of the end of the Fiscal Year. The City shall furnish the Lender such additional financial information as the Lender may reasonably request.

ARTICLE XII

DISCHARGE OF AGREEMENT

Section 12.1. Discharge of this Agreement. If, when the whole amount of the principal of and interest due and payable hereunder shall be paid, together with all other sums payable hereunder, then the right, title and interest of the Lender in and to the Financed Property, and all covenants, agreements and other obligations of the City to the Lender shall, except as specifically provided herein, thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Lender shall execute such documents as may be reasonably required by the City to release the security interests created hereunder.

ARTICLE XIII

ASSIGNMENT, LEASING, ENCUMBRANCE AND SELLING

Section 13.1. Assignment and Leasing by the City. This Agreement may not be assigned by the City for any reason without the written consent of the Lender.

Section 13.2. Assignment by the Lender. This Agreement may not be assigned by the Lender, except with the prior written consent of the City. Upon the City's consent to assignment of the Lender's interests under this Agreement, the City agrees to execute all documents, including notices of assignment and chattel mortgages or financing statements which may be reasonably requested by the Lender or its assignee to protect their interests in the Financed Property and in this Agreement.

Section 13.3 Restrictions on Encumbrance or Sale of Project. The City and the Lender agree that, except for (i) the City's grant of a security interest in the Financed Property pursuant to Section 4.1 hereof; (ii) any exercise by the Lender of the remedies afforded by Section 14.2 hereof; and (iii) any assignment by the Lender pursuant to Section 13.2 hereof, neither the Lender nor the City will encumber, sell, assign, lease, transfer or convey the Financed Property or any portion thereof during the Agreement Term.

ARTICLE XIV

EVENTS OF DEFAULT AND REMEDIES; EVENTS OF NON-APPROPRIATION

Section 14.1. Events of Default Defined. Any one of the following shall be "Events of Default" under this Agreement:

(A) failure by the City to pay any Base Payments required to be paid under Section 4.2 hereof, during the Agreement Term, on the date such payment was due;

(B) failure by the City to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in paragraph (A) above, for a period of 60 days after written notice, specifying such failure and requesting that it be remedied, shall be given to the City by the Lender, unless the Lender shall agree in writing to an extension of such time prior to its expiration; provided, however, that if the failure stated in the notice cannot be corrected within the applicable period, the Lender shall not unreasonably withhold its consent to an extension of such time if corrective action shall be instituted by the City within the applicable period and diligently pursued until the default is corrected.

(C) proceedings under any bankruptcy, insolvency, reorganization or similar legislation shall be instituted by or against the City, or a receiver, custodian, or similar officer shall be appointed for the City or any of its property, and such proceedings or appointments shall not be vacated, or fully stayed, within 20 days after the institution or occurrence thereof; or

(D) Any representation, warranty or covenant made by the City is found to be incorrect or misleading in any material respect on the date made.

Section 14.2. Remedies on Default. Whenever any Event of Default referred to in Section 14.1 hereof shall have happened and be continuing, the Lender may, take one or any combination of the following remedial steps:

(A) terminate the Agreement Term and give notice to the City to vacate the Financed Property;

(B) commence foreclosure proceedings with respect to and sell, or otherwise liquidate or dispose of any portion of the Financed Property in accordance with the provisions of Chapter 107 of NRS or in any court of competent jurisdiction;

(C) recover from the City the maximum amount legally available or contractual payments under this Agreement under the City's then current budget and appropriation measures;

(D) exercise all rights and remedies of a secured party under the Nevada Uniform Commercial Code with respect to the Financed Property, the funds and accounts under this Agreement (if any) and any other portion of the Financed Property subject to a security interest granted under Section 4.1 hereof; and/or.

(E) take whatever action at law or in equity which appears necessary or desirable to enforce its rights in and to the Financed Property under this Agreement.

No right or remedy is intended to be exclusive of any other right or remedy, but each and every such right or remedy shall be cumulative and in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

Upon or at any time after the occurrence of any Event of Default hereunder, the Lender shall at once become entitled to (but shall have no affirmative obligation with respect to) the possession, use and enjoyment of the Financed Property or any part thereof, and to the rents, issues and profits thereof, from the date of such occurrence and continuing during the pendency of any proceedings for sale by the Lender. Such possession shall at once be delivered to the Lender in accordance with the terms of this Agreement.

Upon the occurrence of an Event of Default, the lien on the Financed Property created and vested in the Lender hereunder may be foreclosed either by sale at public auction or by proceedings in equity. Upon any such sale, the Lender may bid for and purchase the Financed Property and, upon compliance with the terms of sale, may hold, retain and possess and dispose of such property in his, her or their own absolute right without further accountability; and any purchaser at any such sale may, if permitted by law, after allowing for the proportion of the total purchase price required to be paid in cash for the costs and expenses of the sale, compensation and other charges, in paying purchase money, turn in Base Payments outstanding under this Agreement in lieu of cash, to the amount which shall, upon distribution of the Net Proceeds of such sale, be payable thereon.

Section 14.3. Limitations on Remedies. A judgment requiring a payment of money (other than proceeds from the exercise of the rights of the Lender under its security interest in the Financed Property) may be entered against the City by reason of an Event of Default only as to the City's liabilities described in paragraph (C) of Section 14.2 hereof.

Section 14.4. No Remedy Exclusive. Subject to Section 14.3 hereof, no remedy herein conferred upon or reserved to the Lender is intended to be exclusive, and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time as often as may be deemed expedient. In order to entitle the Lender to exercise any remedy reserved in this Article XIV, it shall not be necessary to give any notice, other than such notice as may be required in this Article XIV or by applicable law.

Section 14.5. Delay or Omission No Waiver. No delay or omission of the Lender to exercise any right or power accruing upon any default shall exhaust or impair any such right or power or shall be construed to be a waiver of any such default, or acquiescence therein; and every power and remedy given by this Agreement may be exercised from time to time and as often as may be deemed expedient.

Section 14.6. No Waiver of One Default to Affect Another. No waiver of any default hereunder shall extend to or affect any subsequent or any other then existing default or shall impair any rights or remedies consequent thereon.

Section 14.7. Discontinuance of Proceedings on Default; Position of Parties Restored. In case the Lender shall have proceeded to enforce any right under this Agreement and

such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Lender, then and in every such case the City and the Lender shall be restored to their former positions and rights hereunder with respect to the Project and other security hereunder, and all rights, remedies and powers of the Lender shall continue as if no such proceedings had been taken.

Section 14.8. Agreement to Pay Attorneys' Fees and Expenses. In the event that either party hereto shall default under any of the provisions hereof and the non-defaulting party shall employ attorneys or incur other expenses for the collection of Base Payments and Additional Payments, or the enforcement or performance or observance of any other obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it shall on demand therefor pay the non-defaulting party the reasonable fees of such attorneys and such other expenses so incurred by the non-defaulting party, to the extent that such attorneys' fees and expenses may be determined to be reasonable by a court of competent jurisdiction.

Section 14.9. Remedies on Occurrence of an Event of Non-appropriation. On the occurrence of an Event of Non-Appropriation, the Lender shall have all of the remedies specified in Section 14.2 hereof, subject to all of the provisions of Sections 14.3 through 14.7 hereof.

ARTICLE XV

MISCELLANEOUS

Section 15.1. Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when delivered or sent by registered or certified mail addressed as follows:

(A) City:

Carson City, Nevada
201 North Carson Street
Carson City, NV 89701
Attention: Finance Director

(B) Lender:

[Name of Lender]
[Street Address of Lender]
[City, State, Zip Code of Lender]
[Phone Number of Lender]
[Facsimile Number of Lender]
Attention: [Contact]

The City and the Lender may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

Section 15.2. Binding Effect. This Agreement shall inure to the benefit of and shall be binding upon the City and the Lender and their respective successors and assigns.

Section 15.3. Saturdays, Sundays and Holidays. If the date for making any payment or the last date for performance of any act or the exercise of any right, as provided in this Agreement, shall be a Saturday, Sunday, or a legal holiday, or any other on which banking institutions in Nevada are authorized by law to remain closed, such payment may be made or act performed or right exercised on the next succeeding day not a Saturday, Sunday, legal holiday or other day on which such banking institutions are authorized by law to remain closed, with the same force and effect as if done on the nominal date provided in this Agreement.

Section 15.4. Severability. In the event that any provision of this Agreement, other than the requirement of the City to pay Base Payments and Additional Payments and the requirement of the Lender to release the security interest in the Financed Property under the conditions set forth in this Agreement, shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 15.5. Execution in Counterparts. This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 15.6. Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Nevada.

Section 15.7. Captions. The captions or headings herein are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Agreement.

Section 15.8. Amendment. This Agreement may be amended only in writing executed by both the Lender and the City.

IN WITNESS WHEREOF, the City and the Lender have caused this Agreement to be executed in their respective names by their duly authorized officials or officers, all as of the date first above written.

CARSON CITY, NEVADA

Finance Director

STATE OF NEVADA)
) ss.
CITY OF CARSON CITY)

On this ___ day of _____, _____, personally appeared before me, Nickolas Providenti, Finance Director, Carson City, Nevada, known to me to be the person who executed the foregoing Installment Purchase Agreement, Deed of Trust and Security Agreement.

SUBSCRIBED AND AFFIRMED TO
BEFORE ME THIS ___ DAY
OF APRIL, 2013.

NOTARY PUBLIC

[NAME OF LENDER].

By: _____
[Name]

Title:

STATE OF _____)
) ss.
COUNTY OF _____)

On this ____ day of _____, _____, personally appeared before me, _____,
the _____ of [Name of Lender], known to me to be the person who executed the foregoing
Installment Purchase Agreement, Deed of Trust and Security Agreement.

SUBSCRIBED AND AFFIRMED TO
BEFORE ME THIS ____ DAY
OF APRIL, 2013.

NOTARY PUBLIC

EXHIBIT A

SCHEDULE OF BASE PAYMENTS

EXHIBIT B

DESCRIPTION OF FINANCED PROPERTY

All that certain real property situated in the County of Carson City, State of Nevada, described as follows:

Parcel No. 1:

The East 14 feet of the South 60 feet of Lot 9 and the South 60 Feet of Lots 10 and 11, in Block 31, of PROCTOR AND GREEN'S DIVISION of Carson City, State of Nevada.

The East 14 feet of the North 5 feet of the South 65 feet of Lot 9 and the North 5 feet of the South 65 feet of Lots 10 and 11, in Block 31, of PROCTOR AND GREEN'S DIVISION of Carson City, State of Nevada.

Parcel No. 2:

Lot 5, in Block 19, of PROCTOR AND GREEN'S DIVISION, Carson city, State of Nevada.

Parcel No. 3:

All of Lot 4 and the West 5 feet of Lot 3, in Block 19, of PROCTOR AND GREEN'S DIVISION, Carson City, State of Nevada.

EXHIBIT C

SCHEDULE OF PERMITTED ENCUMBRANCES

[TO BE INSERTED FROM TITLE COMMITMENT]