

**Carson City
Agenda Report**

Date Submitted: 8/26/2014

Agenda Date Requested: 9/04/2014

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 of the Board of Supervisors of Carson City, Nevada designated by the short title "2014D Sewer Refunding Bond Ordinance"; providing for the issuance of its General Obligation (Limited Tax) Sewer Refunding Bonds (Additionally Secured by Pledged Revenues), Series 2014D; providing the form, terms and conditions of the Bonds; providing for the levy and collection of annual general (ad valorem) taxes for the payment of such bonds; additionally securing their payment by a pledge of revenues derived from the sanitary sewer system and drainage system of the City; and providing other matters relating thereto. (Nick Providenti)

Staff Summary: This ordinance will authorize the issuance of the Carson City, Nevada, General Obligation (Limited Tax) Sewer Refunding Bonds (Additionally Secured by Pledged Revenues), Series 2014D for the purpose of refunding certain of their previously issued General Obligation bonds, and the City hereby determines that it is necessary and in the best interest of the City and its citizens to refund these bonds for the purpose of effecting interest rate savings.

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 of the Board of Supervisors of Carson City, Nevada designated by the short title "2014D Sewer Refunding Bond Ordinance"; providing for the issuance of its General Obligation (Limited Tax) Sewer Refunding Bonds (Additionally Secured by Pledged Revenues), Series 2014D; providing the form, terms and conditions of the Bonds; providing for the levy and collection of annual general (ad valorem) taxes for the payment of such bonds; additionally securing their payment by a pledge of revenues derived from the sanitary sewer system and drainage system of the City; and providing other matters relating thereto.

Explanation for Recommended Board Action: The City is planning to issue bonds for the purpose of refunding certain of their previously issued General Obligation (Limited Tax) Sewer Improvement and Refunding Bonds (Additionally Secured by Pledged Revenues), Series 2003; and its Carson City, Nevada General Obligation (Limited Tax) Drainage Bonds (Additionally Secured by Pledged Revenues), Series 2005B.

Applicable Statute, Code, Policy, Rule or Regulation: NRS Chapters 244, 348, 350, 360,

Fiscal Impact: See attached financial analysis – total cash flow savings is expected to be \$228,489 with present value savings expected to be \$196,021.

Explanation of Impact: Varying ongoing debt service payments per attached schedule.


Funding Source: Reduction of interest expense in the Sewer and Stormwater Drainage Funds.

Alternatives: Not to issue refunding bonds.


Supporting Material: Ordinance and financial analysis.

Prepared By: Nick Providenti

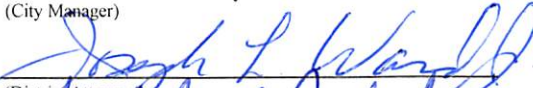
Reviewed By:


(Department Head)

Date: 8/26/14

: 
(City Manager)

Date: 8/26/14

: 
(District Attorney)

Date: 8/26/14

: 
(Finance Director)

Date: 8/26/14

Board Action Taken:

Motion: _____ 1) _____ Aye/Nay
2) _____

(Vote Recorded By)

2014D Sewer Refunding Bonds

**Carson City, Nevada
General Obligation (Limited Tax)
Sewer Refunding Bonds, Series 2014D
Sources and Uses of Funds**

Issue Summary

Dated Date	09/30/2014
Par Amount	\$3,649,000
Refunded Par	3,485,000
Avg Annual Savings	\$20,685
Total Savings	228,489
Present Value Savings	196,021
% of Refunding Par	5.372%
% of Refunded Par	5.625%
Net Underwriting as % of Par	0.137%
Total Costs as % of Par	1.717%
TIC	2.47373%
Arbitrage Yield	2.47605%
Escrow Yield	0.04969%
Refunding Average Life	6.453 years
Refunded Average Life	6.698 years
Negative Arb	\$54,623

Sources of Funds:

Par Amount	\$3,649,000.00
Original Issue Premium	0.00
Cash Contribution	<u>36,517.00</u>
Total	\$3,685,517.00

Uses of Funds:

Initial Escrow Deposit	\$5.00
Restricted Escrow Cost	3,586,336.00
Unrestricted Escrow Cost	36,517.00
Underwriting	5,000.00
Issuance Costs	<u>57,659.00</u>
Total	\$3,685,517.00

**Carson City, Nevada
General Obligation (Limited Tax)
Sewer Refunding Bonds, Series 2014D
Debt Service Schedule**

Date	Principal	Rate	Interest	Total	Annual Debt Service
09/30/2014					
12/01/2014			\$15,148.42	\$15,148.42	
06/01/2015	\$33,000	2.450%	44,700.25	77,700.25	\$92,848.67
12/01/2015	171,000	2.450%	44,296.00	215,296.00	
06/01/2016	40,000	2.450%	42,201.25	82,201.25	297,497.25
12/01/2016			41,711.25	41,711.25	
06/01/2017	343,000	2.450%	41,711.25	384,711.25	426,422.50
12/01/2017			37,509.50	37,509.50	
06/01/2018	351,000	2.450%	37,509.50	388,509.50	426,019.00
12/01/2018			33,209.75	33,209.75	
06/01/2019	360,000	2.450%	33,209.75	393,209.75	426,419.50
12/01/2019			28,799.75	28,799.75	
06/01/2020	368,000	2.450%	28,799.75	396,799.75	425,599.50
12/01/2020			24,291.75	24,291.75	
06/01/2021	378,000	2.450%	24,291.75	402,291.75	426,583.50
12/01/2021			19,661.25	19,661.25	
06/01/2022	387,000	2.450%	19,661.25	406,661.25	426,322.50
12/01/2022			14,920.50	14,920.50	
06/01/2023	396,000	2.450%	14,920.50	410,920.50	425,841.00
12/01/2023			10,069.50	10,069.50	
06/01/2024	406,000	2.450%	10,069.50	416,069.50	426,139.00
12/01/2024			5,096.00	5,096.00	
06/01/2025	416,000	2.450%	5,096.00	421,096.00	426,192.00
	<u>\$3,649,000</u>		<u>\$576,884.42</u>	<u>\$4,225,884.42</u>	<u>\$4,225,884.42</u>

**Carson City, Nevada
General Obligation (Limited Tax)
Sewer Refunding Bonds, Series 2014D
Savings Calculation**

Date	Refunding Debt Service	Refunded Debt Service	Cashflow Savings/(Loss)	PV Savings/(Loss) @ 2.47605%	Annual Savings/(Loss)
09/30/2014		(\$36,517.00)	(\$36,517.00)	(\$36,517.00)	
11/01/2014		4,250.00	4,250.00	4,241.00	
12/01/2014	15,148.42	67,368.75	52,220.33	52,003.04	
05/01/2015		4,250.00	4,250.00	4,189.14	
06/01/2015	77,700.25	67,368.75	(10,331.50)	(10,162.69)	13,871.83
11/01/2015		174,250.00	174,250.00	169,654.41	
12/01/2015	215,296.00	67,368.75	(147,927.25)	(143,730.83)	
05/01/2016		0.00	0.00	0.00	
06/01/2016	82,201.25	67,368.75	(14,832.50)	(14,235.49)	11,490.25
11/01/2016		0.00	0.00	0.00	
12/01/2016	41,711.25	67,368.75	25,657.50	24,323.65	
05/01/2017		0.00	0.00	0.00	
06/01/2017	384,711.25	372,368.75	(12,342.50)	(11,557.77)	13,315.00
11/01/2017		0.00	0.00	0.00	
12/01/2017	37,509.50	61,268.75	23,759.25	21,976.56	
05/01/2018		0.00	0.00	0.00	
06/01/2018	388,509.50	376,268.75	(12,240.75)	(11,183.85)	11,518.50
11/01/2018		0.00	0.00	0.00	
12/01/2018	33,209.75	54,968.75	21,759.00	19,637.16	
05/01/2019		0.00	0.00	0.00	
06/01/2019	393,209.75	384,968.75	(8,241.00)	(7,346.42)	13,518.00
11/01/2019		0.00	0.00	0.00	
12/01/2019	28,799.75	48,368.75	19,569.00	17,231.42	
05/01/2020		0.00	0.00	0.00	
06/01/2020	396,799.75	398,368.75	1,569.00	1,364.68	21,138.00
11/01/2020		0.00	0.00	0.00	
12/01/2020	24,291.75	41,368.75	17,077.00	14,671.57	
05/01/2021		0.00	0.00	0.00	
06/01/2021	402,291.75	406,368.75	4,077.00	3,459.89	21,154.00
11/01/2021		0.00	0.00	0.00	
12/01/2021	19,661.25	34,068.75	14,407.50	12,077.20	
05/01/2022		0.00	0.00	0.00	
06/01/2022	406,661.25	419,068.75	12,407.50	10,273.50	26,815.00
11/01/2022		0.00	0.00	0.00	
12/01/2022	14,920.50	26,368.75	11,448.25	9,363.31	
05/01/2023		0.00	0.00	0.00	
06/01/2023	410,920.50	426,368.75	15,448.25	12,480.33	26,896.50
11/01/2023		0.00	0.00	0.00	
12/01/2023	10,069.50	18,118.75	8,049.25	6,423.30	
05/01/2024		0.00	0.00	0.00	
06/01/2024	416,069.50	438,118.75	22,049.25	17,380.14	30,098.50
11/01/2024		0.00	0.00	0.00	
12/01/2024	5,096.00	9,456.25	4,360.25	3,394.90	
05/01/2025		0.00	0.00	0.00	
06/01/2025	421,096.00	454,456.25	33,360.25	25,656.73	37,720.50
	\$4,225,884.42	\$4,453,420.50	\$227,536.08	\$195,067.88	\$227,536.08
		Plus: Miscellaneous	<u>953.00</u>	<u>953.00</u>	<u>953.00</u>
		Net Savings	\$228,489.08	\$196,020.88	\$228,489.08

Summary - An ordinance authorizing the issuance by Carson City, Nevada of its General Obligation (Limited Tax) Sewer Refunding Bonds (Additionally Secured by Pledged Revenues), Series 2014D and providing other matters relating thereto.

BILL NO. _____

ORDINANCE NO. _____

AN ORDINANCE OF THE BOARD OF SUPERVISORS OF CARSON CITY, NEVADA DESIGNATED BY THE SHORT TITLE "2014D SEWER REFUNDING BOND ORDINANCE"; PROVIDING FOR THE ISSUANCE OF ITS GENERAL OBLIGATION (LIMITED TAX) SEWER REFUNDING BONDS (ADDITIONALLY SECURED BY PLEDGED REVENUES), SERIES 2014D; PROVIDING THE FORM, TERMS AND CONDITIONS OF THE BONDS; PROVIDING FOR THE LEVY AND COLLECTION OF ANNUAL GENERAL (AD VALOREM) TAXES FOR THE PAYMENT OF SUCH BONDS; ADDITIONALLY SECURING THEIR PAYMENT BY A PLEDGE OF REVENUES DERIVED FROM THE SANITARY SEWER SYSTEM AND DRAINAGE SYSTEM OF THE CITY; AND PROVIDING OTHER MATTERS RELATING THERETO.

(1) **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

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

(3) **WHEREAS**, the Board of Supervisors of the City (the "Board") has previously issued its "Carson City, Nevada General Obligation (Limited Tax) Sewer Improvement and Refunding Bonds (Additionally Secured by Pledged Revenues), Series 2003 (the "2003 Bonds") and its "Carson City, Nevada General Obligation (Limited Tax) Drainage

Bonds (Additionally Secured by Pledged Revenues) Series 2005B (the “2005B Drainage Bonds”); and

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

(5) **WHEREAS**, pursuant to the Charter, 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 Board is authorized to issue general obligation bonds of the City in order to refund, pay and discharge all or a portion of the 2003 Bonds and the 2005B Drainage Bonds (the “Refunded Bonds”) to be designated in the Escrow Agreement (as defined herein) for the purpose of reducing interest rates or effecting other economies (the “Refunding Project”), upon determination by the Finance Director of the City (the “Finance Director”) or, in his absence, the City Manager that the Refunding Project will reduce interest rates or effect other economies; and

(6) **WHEREAS**, the Board hereby authorizes the Finance Director or in his absence, the City Manager to arrange for the issuance and sale of the Carson City, Nevada General Obligation (Limited Tax) Sewer Refunding Bonds (Additionally Secured by Pledged Revenues), Series 2014D (the “Bonds” or the “Bond”); and

(7) **WHEREAS**, after a sale pursuant to NRS 350.105 to 350.195 (the “Bond Sale Act”), the Finance Director or, in his absence, the City Manager is hereby authorized to sell the Bonds to the best bidder therefor (the “Purchaser”), and accept a binding bid for the Bonds, the Bonds to bear interest at the rates per annum provided in the bond purchase proposal submitted by the Purchaser (the “Bond Purchase Proposal”) and accepted by the Finance Director, or, in his absence, the City Manager, at a price equal to the principal amount thereof, plus accrued interest to the date of delivery of the Bonds, if any, less a discount not exceeding 9% of the principal amount thereof or plus a premium, all as specified in the Certificate of the Finance Director; and

(8) **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

(9) **WHEREAS**, the Bonds may be evidenced by a single registered bond bearing interest at the same rates and being payable in installments of principal, and the term “Bonds” herein shall refer to such single registered bond; and

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

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

- A. To commence the Refunding Project;
- B. To issue and sell the City’s Bond for the Refunding Project; and
- C. To exercise the incidental powers provided in the Charter and the Bond Act in connection with the powers authorized therein; and

(12) **WHEREAS**, the Board has determined and hereby declares:

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

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

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

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

SECTION 1. **Short Title**. This Ordinance shall be known and may be cited as the “2014D Sewer Refunding Bond Ordinance.”

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

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

"Bond" or **"Bonds"** means the Carson City, Nevada, General Obligation (Limited Tax) Sewer Refunding Bonds (Additionally Secured by Pledged Revenues), Series 2014D issued pursuant to this Ordinance.

"1995 Bonds" means the Carson City, Nevada, General Obligation (Limited Tax) Sewer Bond (Additionally Secured by Pledged Revenues), Series September 1995.

"1998 Bonds" means the Carson City, Nevada, General Obligation (Limited Tax) Sewer Bond (Additionally Secured by Pledged Revenues), Series 1998.

"2003 Bonds" means the Carson City, Nevada General Obligation (Limited Tax) Sewer Improvement and Refunding Bonds (Additionally Secured by Pledged Revenues), Series 2003.

"2005B Drainage Bonds" means the Carson City, Nevada General Obligation (Limited Tax) Drainage Bonds (Additionally Secured by Pledged Revenues) Series 2005B.

"2010D Bonds" means the Carson City, Nevada General Obligation (Limited Tax) Sewer Improvement and Refunding Bonds (Additionally Secured by Pledged Revenues), Series 2010D (Tax-Exempt).

"2010F Bonds" means the Carson City, Nevada General Obligation (Limited Tax) Sewer Bonds (Additionally Secured by Pledged Revenues), Series 2010F (Taxable Direct Pay Build America Bonds).

"2012 Bonds" means the Carson City, Nevada General Obligation (Limited Tax) Sewer Improvement and Refunding Bonds (Additionally Secured by Pledged Revenues) Series 2012B.

“2014B Bonds” means the Carson City, Nevada, General Obligation (Limited Tax) Sewer Bond (Additionally Secured by Pledged Revenues), Series 2014B.

“Bond Fund” means the two separate accounts designated as the “Carson City, Nevada, General Obligation (Limited Tax) Sewer Refunding Bonds (Additionally Secured by Pledged Revenues), Series 2014D Interest Account” (the “Interest Account”) and the “Carson City, Nevada, General Obligation (Limited Tax) Sewer Refunding Bonds (Additionally Secured by Pledged Revenues), Series 2014D Principal Account” (the “Principal Account”) created herein.

“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 54 herein, in making any calculation of the Bond Requirements to be paid for a period after the date of such calculation on any bonds payable from the Gross Revenues with respect to which the City expects to receive a BAB Credit, “interest” for any Bond Year shall be treated as the amount of interest to be paid by the City on those bonds in that Bond Year less the amount of the BAB Credit then expected to be paid by the United States with respect to interest payments on those bonds in that Bond Year and required by the ordinance or other instrument authorizing those bonds to be used to pay interest on those bonds in that Bond Year, or to reimburse the City for amounts already used to pay interest on those bonds in that Bond Year. If the BAB Credit is not expected to be received as of the date of such calculation, “interest” shall be the total amount of interest to be paid by the City on the bonds without a deduction for the credit to be paid by the United States under Section 6431 of the Tax Code. The 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 July 1 of a calendar year and ending on June 30 of the following calendar year.

“Certificate of the Finance Director” means the certificate executed by the Finance Director or in his absence the City Manager on or after the date of the sale of and on or before the date of closing on the Bonds.

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

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

“Commercial Bank” means a state or national bank or trust company which is a member of the Federal Deposit Insurance Corporation, including without limitation any trust bank.

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

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

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

“Fiscal Year” means the 12 months commencing on July 1 of any calendar year and ending on June 30 of the next succeeding calendar year; but if the Nevada Legislature

changes the statutory fiscal year relating to the City, the Fiscal Year shall conform to such modified statutory fiscal year from the time of each such notification, if any.

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

“Gross Revenues” means all income and revenues derived directly or indirectly by the City from the operation and use and otherwise pertaining to the Utility System or any part thereof, whether resulting from repairs, enlargements, extensions, betterments or other improvements to the Utility System, or otherwise, and includes all revenues received by the City from the Utility System, including, without limitation, all fees, rates and other charges for the use of the Utility System, or for any service rendered by the City in the operation thereof, directly or indirectly, the availability of any such service or the sale or other disposal of any commodity derived therefrom, but excluding any moneys borrowed and used for the acquisition of capital improvements and any moneys received as grants, appropriations or gifts from the United States, the State or other sources, the use of which is limited by the grantor or donor to the construction of capital improvements for the Utility System, except to the extent any such moneys shall be received as payments for the use of the Utility System, services rendered thereby, the availability of any such service or the disposal of any such commodities. “Gross Revenues” shall also include all income or other gain from the investment of such income and revenues and of the proceeds of securities payable from Gross Revenues or Net Revenues to the extent lawfully available for the purposes of the Utility System.

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

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

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

(b) fidelity bond and property and liability insurance premiums pertaining to the Utility System or a reasonably allocable share of a premium of any blanket bond or policy pertaining to the Utility System;

(c) payments to pension, retirement, health and hospitalization funds, and other insurance and to any self-insurance fund as insurance premiums not in excess of such premiums which would otherwise be required for such insurance;

(d) any taxes, assessments, excise taxes or other charges which may be lawfully imposed upon the City, the Utility System, revenues therefrom or the City's income from or operations of any properties under its control and pertaining to the Utility System, or any privilege in connection with the Utility System or its operations;

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

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

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

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

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

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

but excluding:

- (i) any allowance for depreciation;
- (ii) any costs of extensions, enlargements, betterments and other improvements, or any combination thereof;
- (iii) any reserves for major capital replacements, other than normal repairs;
- (iv) any reserves for operation, maintenance or repair of the Utility System;
- (v) any allowance for the redemption of any Bond or other security or the payment of any interest thereon or any prior redemption premium due in connection therewith;
- (vi) any liabilities incurred in the acquisition or improvement of any properties comprising any project or any existing facilities, or any combination thereof, pertaining to the Utility System, or otherwise; and
- (vii) any other ground of legal liability not based on contract, including, without limitation, negligence in the operation of the Utility System.

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

- (a) Except any Bond or other security canceled by the City, the Paying Agent or otherwise on the City’s behalf, at or before such date;
- (b) Except any Bond or other security for the payment or the redemption of which moneys at least equal to its Bond Requirements to the date of maturity or to any Redemption Date

shall have theretofore been deposited with a trust bank in escrow or in trust for that purpose, as provided in Section 57 hereof; and

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

“Parity Securities” means securities of the City pertaining to the Utility System and payable from and secured by Net Revenues on a parity with the Bonds, including the 1995 Bonds, the 1998 Bonds, the 2003 Bonds, the 2010D Bonds, the 2010F Bonds, the 2012 Bonds, the 2014B Bonds, and any securities hereafter issued on a parity with such bonds, to the extent issued in accordance with the terms, conditions and limitations hereof.

“Paying Agent” means the Treasurer of the City or any successor thereto as 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.

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

“Redemption Price” means, when used with respect to a Bond or any 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 Escrow Agreement.

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

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

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

“Superior Securities” means securities of the City, such as the 2005B Drainage Bonds, pertaining to the Sewer System, Drainage System, or Utility System secured by and payable from Net Revenues superior and senior to the pledge thereof to the Bonds and any Parity Securities, to the extent issued in accordance with the terms, conditions and limitations hereof.

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

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

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

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

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

SECTION 4. **Ratification; Escrow Agreement.** All action heretofore taken by the Board and the officers of the City directed toward the Refunding Project and toward the

issuance, sale and delivery of the Bonds is hereby ratified, approved and confirmed. The form, terms and provisions of the Escrow Agreement (the "Escrow Agreement") between the City and Zions First National Bank, N.A. (the "Escrow Agent") are hereby ratified, approved and confirmed and the City Treasurer is hereby authorized to execute the Escrow Agreement on behalf of the City with such changes as are approved by the City Treasurer whose execution thereof shall be conclusive evidence of such officer's approval of any such changes.

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

A. The estimated life or estimated period of usefulness of the project to be refinanced with the Bonds is not less than 12 years from the date the Bonds were issued to finance such Refunding Project; and

B. The Bonds shall mature at such time or times not exceeding such estimated life or estimated period of usefulness as set forth in the Certificate of the Finance Director.

SECTION 6. **Necessity of the Refunding Project and Bonds.** It is necessary and in the best interests of the Board, its officers, and the inhabitants of the City, that the City effect the 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.

SECTION 7. **Authorization of Project.** The Board hereby authorizes the Refunding Project.

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

SECTION 9. **Bonds Equally Secured.** The covenants and agreements herein set forth to be performed shall be for the equal benefit, protection and security of the owners of any and all of the Outstanding Bonds, all of which, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority or distinction except as otherwise expressly provided in or pursuant to this Ordinance.

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

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

SECTION 12. **No Recourse Against Officers and Agents.** No recourse shall be had for the payment of the Bond Requirements of the Bonds or for any claim based thereon or otherwise upon this Ordinance authorizing their issuance or any other instrument relating thereto, against any individual member of the Board or any officer or other agent of the Board or City, past, present or future, either directly or indirectly through the Board or the City, or otherwise, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any penalty or otherwise, all such liability, if any, being by the acceptance of the Bonds and as a part of the consideration of their issuance specially waived and released.

SECTION 13. **Authorization of Bonds.** For the purpose of effectuating the Refunding Project, the City shall issue its "Carson City, Nevada, General Obligation (Limited Tax) Sewer Refunding Bonds (Additionally Secured by Pledged Revenues), Series 2014D," in the principal amount set forth in the Certificate of the Finance Director, not to exceed the principal amount necessary to effect the Refunding Project. The obligation of the City hereunder shall be represented in the form of a single, registered Bond. The Bond shall be substantially in the form as set forth in Section 23 hereof.

SECTION 14. **Bond Details.** The Bonds shall be issued as a single Bond and dated initially as of the date of delivery thereof to the Purchaser. The installments of principal of

the Bond shall bear interest (calculated on the basis of a 360 day year consisting of twelve 30 day months) at the rates per annum set forth in the Certificate of the Finance Director, and payable semiannually on June 1 and December 1 of each year commencing on December 1, 2014. The installments of principal of the Bond shall be payable on the dates and in the amounts as designated in the Certificate of the Finance Director, not to exceed 12 years from the date of delivery of the Bonds. The installments of principal and interest prior to final payment shall be payable to the registered owner thereof as shown on the registration records kept by the Registrar, as of the close of business on the 15th day of the month next preceding such payment date. The final payment shall be payable upon presentation and surrender of the Bond at the office designated by the Paying Agent. 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 the Bond shall be made to the registered owner thereof by check or draft mailed by the Paying Agent, on each interest payment date (or, if such interest payment date is not a business day, on the next succeeding business day), to the registered owner thereof, at his or her address as shown on the registration records kept by the Registrar as of the close of business on the fifteenth day of the calendar month next preceding each interest payment date. 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 of principal and interest shall be made in lawful money of the United States of America without deduction for any service charges of the Paying Agent or Registrar.

SECTION 15. **Prepayment Option.** 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, from any maturities as are selected by the City, at the times and at a premium, if any, as designated in the Certificate of the Finance Director.

SECTION 16. **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 registered or

certified mail, postage prepaid, at least 10 days prior to the date fixed for redemption to the registered owner of the Bond 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. Actual receipt of mailed notice by any owner of Bond shall not be a condition precedent to redemption of such Bond. 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 the Bond. A certificate by the Registrar that such notice has been given as herein provided shall be conclusive against all parties.

Official notice of redemption having been given as aforesaid, the Bond or installments of principal of the Bond 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 Bond, or installments of principal of the Bond, shall cease to bear interest. Upon surrender of such Bond for redemption in accordance with said notice, such Bond, or installments of principal thereof, 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.

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 installments of principal of the Bond so called for redemption, and that if such funds are not available, such redemption shall be cancelled by written notice to the registered owner of the Bond called for redemption in the same manner as the original redemption notice was mailed.

SECTION 17. **Negotiability.** The Bonds shall be fully negotiable within the meaning of and for the purpose of the Uniform Commercial Code - Investment Securities and each owner shall possess all rights enjoyed by holders of negotiable instruments under the Uniform Commercial Code - Investment Securities.

SECTION 18. **Registration, Transfer and Exchange of Bonds.**

A. Records for the registration and transfer of the Bonds shall be kept by the Registrar. Upon the surrender of any Bond at the Registrar, duly endorsed for transfer or accompanied by an assignment in form satisfactory to the Registrar duly executed by the owner or his or her attorney duly authorized in writing, the Registrar shall register the name of the transferee on the registration panel appended to the 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; and payment of or on account of either principal or interest on any Bond shall be made only to or upon the written order of the registered owner thereof or his or her legal representative. 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 of a like principal amount. If such lost, stolen, destroyed or mutilated Bond shall have matured, or been called for prepayment, 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 registration records for the Bond showing the name and address of the registered owner, the amounts and dates of any principal prepayments on the Bond, and the dates of any transfers of the Bond. The Registrar shall permit at all reasonable times the transfer of ownership of the Bond on presentation of the 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 appended to the Bond. No transfer shall be permitted within 15 days of any principal or interest payment date.

SECTION 19. Execution and Authentication.

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

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

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

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

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

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

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

SECTION 23. **Bond Form.** Subject to the provisions of this Ordinance, the Bond 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 Bond)

TRANSFER OF THIS BOND OTHER THAN BY REGISTRATION IS NOT EFFECTIVE

**CARSON CITY, NEVADA
GENERAL OBLIGATION (LIMITED TAX) SEWER REFUNDING BOND
(ADDITIONALLY SECURED BY PLEDGED REVENUES)
SERIES 2014D**

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 _____, 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 June 1 and December 1 of each year commencing on December 1, 2014, 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 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 City (the "Bond") to defray, in part, the cost of refunding a portion of the City's outstanding general obligation sewer and drainage 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 September 18, 2014 (the "Ordinance").

This Bond is issued pursuant to Chapter 213, Statutes of Nevada, 1969 (the "Charter"); pursuant to Nevada Revised Statutes ("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"); and pursuant to NRS Chapter 348 (the "Supplemental Bond Law"); pursuant to NRS 350.628, this recital is conclusive evidence of the validity of the Bond and the regularity of their issuance; and pursuant to NRS 350.710, the Bond, its transfer, and the income therefrom shall forever be and remain free and exempt from taxation by the State or any subdivision thereof, except for the tax on estates imposed pursuant to the provisions of Chapter 375A of NRS and except for the tax on generation skipping transfers imposed pursuant to the provisions of Chapter 375B of NRS.

Installments of principal of the Bond shall be subject to optional redemption prior to maturity as provided, if so provided, in the Ordinance and the Certificate of the Finance Director. Prepayment shall be made on not less than 10 days' prior notice in the manner and upon the conditions provided in the Ordinance. 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, recited and warranted that all of 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 or by the laws of the State or the Charter of the City; that provision has been made for the levy and collection of annual general (ad valorem) taxes ("General Taxes") against all taxable property within the City sufficient to pay the Bond Requirements of this Bond when the same become due (except to the extent that other revenues are available therefor), subject to the limitations imposed by the Constitution and statutes of the State; and that the full faith and credit of the City are hereby irrevocably pledged to the punctual payment of the Bond Requirements of this Bond according to its terms.

Payment of the Bond Requirements of this Bond is additionally secured by a pledge of the net revenues ("Net Revenues") derived by the City from the operation and use of, and otherwise pertaining to, the sanitary sewer system and drainage system of the City, consisting of all properties, real, personal, mixed or otherwise, now owned or hereafter acquired by the City, through purchase, construction or otherwise, and used in connection with such systems of the City and in any way pertaining thereto, whether or not located within or without or both within and without the boundaries of the City, including, without limitation,

improvements, machinery, apparatus, structures, buildings, and related or appurtenant furniture, fixtures and other equipment, or any combination thereof (the "Utility System"), whether resulting from extensions, enlargements, repairs, betterments or other improvements to the Utility System, or otherwise, but excluding (1) moneys raised for capital improvements, and (2) grants, appropriations or gifts for limited uses, and after provision is made for the payment of all necessary and reasonable operation and maintenance expenses of the Utility System, which Net Revenues are so pledged as more specifically provided in the Ordinance.

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

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

To the extent and in the respects permitted by the Ordinance, the provisions of the Ordinance may be amended or otherwise modified by action of the City taken in the manner and subject to the conditions and exceptions prescribed in the Ordinance. The pledge of Net Revenues under the Ordinance may be discharged at or prior to the respective maturities or prior prepayment of this Bond upon the making of provision for the payment thereof on the terms and conditions set forth in the Ordinance.

This Bond shall not be entitled to any benefits under the Ordinance or be valid or obligatory for any purpose until the registration panel appended hereto 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 hereto. No transfer of this Bond shall be valid unless made on the registration records maintained at the principal office of the Registrar.

No recourse shall be had for the payment of the Bond Requirements of this Bond or for any claim based thereon or otherwise upon the Ordinance or any 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.

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 the ____ day of _____, 2014.

CARSON CITY, NEVADA

(Manual Signature)
Mayor
Carson City, Nevada

Countersigned:

(SEAL) _____
Attest: _____
City Treasurer
Carson City, Nevada

(Manual Signature)
City Clerk
Carson City, Nevada

(End of Form of Bond)

(Form of Registration Panel on Bond)

MANDATORY REGISTRATION FOR PAYMENT
AS TO PRINCIPAL AND INTEREST

The within 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>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

(End of Form of Registration Panel on Bond)

(Form of Principal Prepayment Panel on 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) Prepaid</u>	<u>Principal Amount Prepaid</u>	<u>Signature of Paying Agent</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

(End of Form of Principal Prepayment Panel on 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 24. **Replacement of Registrar or Paying Agent.** If the Registrar or Paying Agent initially appointed hereunder shall resign, or if the Board shall reasonably determine that said Registrar or Paying Agent has become incapable of performing its duties hereunder, the Treasurer may, upon notice given to each owner of any Bond at his or her address last shown on the registration records, 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 person or institution serve as both Registrar and Paying Agent hereunder, but the City shall have the right to have the same person or institution serve as both Registrar and Paying Agent.

Any successor by merger with the Registrar and Paying Agent is automatically appointed as Registrar and Paying Agent hereunder without any further action of the Board, as long as the successor otherwise is qualified to act as Registrar and Paying Agent pursuant to this Section. Any bank, trust company or national banking association into which the Registrar and/or Paying Agent or its successor may be converted, merged or with which it may be consolidated, or to which it may sell or otherwise transfer all or substantially all of its corporate trust business shall be the successor of the Registrar and/or Paying Agent under this Ordinance with the same rights, powers, duties and obligations and subject to the same restrictions, limitations, and liabilities as its predecessor, all without the execution or filing of any papers or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

SECTION 25. **Call for Prior Redemption; Notice of Redemption.** The City hereby authorizes the City Treasurer to irrevocably call, on behalf of the City, for prior redemption the Refunded Bonds designated in the Escrow Agreement on the dates specified therein. Unless waived by the State Treasurer in the case of the 2003 Bonds being refunded, the Finance Director and the Registrar are hereby authorized and directed to give forthwith upon the issuance of the Bonds a notice of prior redemption and defeasance of the Refunded Bonds and are hereby authorized and directed to give notice of defeasance and 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 26. **Delivery of the Bond; Use of Proceeds.** When the Bond has been duly executed, the Finance Director shall deliver it to the Purchaser upon receipt of the agreed purchase price, as stated in the Certificate of the Finance Director. The Finance Director shall cause the proceeds of the Bond to be applied as follows:

A. First, there shall be deposited into a special account hereby created and designated as the “Carson City, Nevada General Obligation (Limited Tax) Refunding Bonds (Additionally Secured by Pledged Revenues) Series 2014CD&E, Escrow Account” (the “Escrow Account”) to be held by the Escrow Agent an amount from Bond proceeds and any other moneys therein (including moneys deposited therein, if any, from the debt service fund for the Refunded Bonds), and any initial cash remaining uninvested, fully sufficient to establish the Escrow Account and to buy the Federal Securities designated in the Escrow Agreement for credit to the Escrow Account, to be used solely for the purpose of paying the Bond Requirements of the Refunded Bonds as provided in the Escrow Agreement. Any unexpended balance of Bond proceeds in the Escrow Account, if needed for costs of issuance of the Bonds, shall be deposited into the Cost of Issuance Account (hereafter defined), and if not needed for payment of such costs of issuance, shall be deposited into the Bond Fund hereinafter created to be used to pay the principal of and interest on the Bonds.

B. Second, the balance of the proceeds received from the sale of the Bonds shall be deposited into a special account hereby created and designated as the “Carson City, Nevada, General Obligation (Limited Tax) Sewer Refunding Bonds (Additionally Secured by Pledged Revenues), Series 2014D, Cost of Issuance Account” (the “Cost of Issuance Account”) to be held by the City. Moneys in the Cost of Issuance Account shall be used solely to defray wholly or in part the cost of the Refunding Project including, without limitation, as provided in NRS 350.516, all costs of issuing the Bonds, all issuance costs related to the Bonds, and the costs of rebates to the United States under Section 148 of the Tax Code, which the Board hereby determines are necessary and desirable and appertain to the Refunding Project. After all expenses have been paid or adequate provision therefor is made, pursuant to NRS 350.650, any

unexpended balance of Bond proceeds (or, unless otherwise required by law, any other moneys) remaining in the Cost of Issuance Account shall be deposited into the Bond Fund hereinafter created to be used to pay the principal of and interest on the Bonds.

SECTION 27. **Investments; 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 (except in the Escrow Account) shall be deposited promptly upon the receipt of such gain at any time or from time to time into the Cost of Issuance Account to defray, in part, the costs of issuance of the Bonds or, if adequate provision has been made for such payment, into the Bond Fund hereinafter created, for the respective payment of the principal of or interest on the Bonds or any combination thereof. As provided herein, the annual General Taxes for the payment of the principal of or interest on the Bonds levied after such deposits of any such investment or reinvestment gain may be diminished to the extent of the availability of such deposit for the payment of such principal or interest.

SECTION 28. **Purchaser Not Responsible; Completion of Project.** The validity of the Bonds shall not be dependent on nor be affected by the validity or regularity of any proceedings relating to the Refunding Project, or any part thereof, or to the completion of the Refunding Project. The City shall proceed to complete the Refunding Project with due diligence to the best of the City's ability hereinabove provided.

SECTION 29. **General Tax Levies.** So far as possible, the Bond Requirements of the Bonds shall be paid from Net Revenues of the Utility System. However, pursuant to NRS 350.596, the principal and 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 promptly paid when due 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 two separate accounts designated as the "Carson City, Nevada, General Obligation (Limited Tax) Sewer Refunding Bonds (Additionally Secured by Pledged Revenues),

Series 2014D Interest Account” (the “Interest Account”) and the “Carson City, Nevada, General Obligation (Limited Tax) Sewer Refunding Bonds (Additionally Secured by Pledged Revenues), Series 2014D Principal Account” (the “Principal Account”) (the Interest Account and the Principal Account 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 the application of the rate to the net proceeds of minerals to reimburse such fund for any such amounts temporarily advanced to pay such initial installments of principal and interest, and to pay the interest on the Bonds becoming due after such initial installment, and to pay, retire and redeem the Bonds as they thereafter become due at maturity as herein provided, after there are made due allowances for probable delinquencies. The proceeds of such annual levies shall be duly credited to such separate accounts for the payment of such Bond Requirements. In the preparation of the annual budget or appropriation resolution or ordinance for the City, the Board shall first make proper provisions through the levy of sufficient General Taxes for the payment of the interest on and the retirement of the principal of the bonded indebtedness of the City, including, without limitation, the Bonds, subject to the limitation imposed by NRS 361.453 and Section 2, Article 10, State Constitution, and the amount of money necessary for this purpose shall be a first charge against all the revenues received by the City.

SECTION 30. **Priorities for Bonds.** As provided in NRS 361.463, in any year in which the total General Taxes levied against the property in the City by all overlapping units within the boundaries of the City exceeds the limitation imposed by NRS 361.453, or a lesser or greater amount fixed by the State Board of Examiners in any fiscal year, and it becomes necessary for that reason to reduce the levies made by any of those units, the reductions so made shall be in General Taxes levied by such unit or units (including, without limitation, the City and the State) for purposes other than the payment of their bonded indebtedness, including interest thereon. The General Taxes levied for the payment of such bonded indebtedness and the interest thereon shall always enjoy a priority over General Taxes levied by each such unit (including,

without limitation, the City and the State) for all other purposes where reduction is necessary in order to comply with the limitation of NRS 361.453.

SECTION 31. **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 32. **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 moneys) sufficient funds to pay the same shall be promptly paid when due from the general fund of the City, reimbursement to be made for such general fund in the sums so advanced when the General Taxes herein provided for have been collected, pursuant to NRS 350.596.

SECTION 33. **Use of Other Funds.** Nothing in this Ordinance prevents the City from applying any funds (other than General Taxes but including Net Revenues) that may be available for that purpose to the payment of the Bond Requirements as the same, respectively, fall due, and upon such payments, the levy or levies herein provided may thereupon to that extent be diminished, pursuant to NRS 350.598.

SECTION 34. **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 35. **Appropriation of General Taxes.** In accordance with NRS 350.602, there is hereby specially appropriated the proceeds of such General Taxes to the payment of such principal of and interest on the Bonds; and such appropriations will not be

repealed nor the General Taxes postponed or diminished (except as herein otherwise expressly provided) until the Bond Requirements of the Bonds have been wholly paid.

SECTION 36. **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 their terms and the provisions of this Ordinance, all of the Net Revenues of the Utility System. The Net Revenues of the Drainage System heretofore were additionally pledged to secure the repayment of principal of and interest on the 1995 Bonds, the 1998 Bonds, the 2003 Bonds, the 2010D Bonds, the 2010F Bonds, the 2012 Bonds, and the 2014B Bonds. This pledge shall be valid and binding from and after the date of the delivery to the Purchaser of the Bond; and the Net Revenues as received by the City shall immediately be subject to the lien of this pledge without any physical delivery thereof, any filing or further act; and the lien of this pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the City (except as herein otherwise provided) irrespective of whether such parties have notice thereof. The lien of this pledge and the obligation to perform the contractual provisions hereby made shall be subordinate and junior to the lien thereon of any Superior Securities hereafter issued but shall have priority over any and all other obligations and liabilities of the City payable from the Net Revenues, except as herein otherwise provided. The lien of this pledge for the Bonds is on a parity with the pledge of the Net Revenues for the Parity Securities, the Bonds and any other Parity Securities hereafter issued, and shall be equally and ratably secured by the pledge of Net Revenues and are not entitled to any priority one over the other in the application of the Net Revenues.

SECTION 37. **Revenue Fund.** So long as any of 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 heretofore created in the treasury of the City and hereby continued and designated as the "Carson City Utility 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 38 through 43.

SECTION 38. **Operation and Maintenance Fund.** First, from time to time there shall be transferred and credited to a separate account heretofore created in the treasury of the City and continued hereby and designated as the "Carson City Utility System Operation and Maintenance Fund" (the "Operation and Maintenance Fund") moneys sufficient to pay Operation and Maintenance Expenses, as budgeted and approved in accordance with law, as such expenses become due and payable, and thereupon they shall be promptly paid. Any surplus remaining in the Operation and Maintenance Fund at the end of the Fiscal Year of the City and not needed for Operation and Maintenance Expenses shall be transferred to the Revenue Fund.

SECTION 39. **Superior Securities.** Second, from any moneys thereafter remaining in the Revenue Fund, i.e., from the Net Revenues, there shall be transferred and credited to the funds and accounts established for the Superior Securities such transfers and credits as are required by the bond ordinances authorizing the Superior Securities prior to the application of Net Revenues for securities that are subordinate to the Superior Securities.

SECTION 40. **Bond Fund.** Third, from any moneys thereafter remaining in the Revenue Fund, and concurrent with transfers to any bond funds created with respect to any Parity Securities, there shall be transferred and credited to the Bond Fund the following transfers:

A. Monthly, commencing on the first day of the month immediately succeeding the delivery date of the Bonds, an amount in equal monthly installments necessary, together with any other moneys from time to time available therefor from whatever source, to pay the next maturing installment of interest on the Outstanding Bonds, and monthly thereafter, commencing on such interest payment date, one-sixth of the amount necessary, together with any other moneys from time to time available therefor and on deposit therein from whatever source, to pay the next maturing installment of interest on the Outstanding Bonds, except to the extent any other moneys are available therefor.

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

any other moneys from time to time available therefor and on deposit therein from whatever source, to pay the next maturing installment of principal of the Outstanding Bonds, except to the extent any other moneys are available therefor.

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 41. **Payment of Rebate Accounts.** Fourth, after the aforementioned deposits, there shall be transferred and credited to a special and separate account hereby created and designated as the "Carson City, General Obligation (Limited Tax) Sewer Refunding Bonds (Additionally Secured by Pledged Revenues), Series 2014D, Rebate Account" (the "Rebate Account") and to the funds or accounts established for payment of amounts due the United States under Section 148(f) of the Tax Code in connection with any Outstanding Parity Securities in such amounts as are required to be deposited therein to meet the City's obligations under the covenant contained in Section 56 hereof, in accordance with Section 148(f) of the Tax Code and the covenants contained in the respective bond ordinances authorizing the issuance of the Outstanding Parity Securities.

SECTION 42. **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 Subordinate Securities and may be used to create reasonable reserves for such securities.

SECTION 43. **Surplus Revenues.** Sixth, any moneys thereafter remaining in the Revenue Fund may be used by the City at the end of any Fiscal Year of the City, or whenever there shall have been credited all amounts required to be deposited in the respective foregoing separate accounts for all of that Fiscal Year, for any lawful purposes of the City, as the Board may from time to time determine, including, without limitation, for the creation of operation and maintenance reserves and capital reserves, the payment of capital costs and major maintenance costs of the Utility System, to pay any other obligations pertaining to the Utility System or otherwise.

SECTION 44. **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 45. **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 such Parity Securities.

SECTION 46. **Defraying Delinquencies.** If at any time the City shall for any reason fail to pay into the Bond Fund the full amount above stipulated from the Net Revenues, then an amount shall be paid into the Bond Fund at such time equal to the difference between that paid from the Net Revenues and the full amount so stipulated. If Parity Securities are Outstanding, and if the proceedings authorizing issuance of those securities require the replacement of moneys in a bond fund, reserve account 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 accounts and second into all such rebate accounts.

SECTION 47. **Conditions to Issuance of Superior Securities.**

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

(1) The 1995 Bonds, the 1998 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 Bond.

(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 Utility System.

(5) The City shall not issue any additional securities payable from the revenues of the City's Drainage System on a parity with the lien thereon of the 2005B Drainage Bonds; except, the City may refund any portion of the Outstanding 2005B Drainage Bonds with refunding bonds, so long as such refunding bonds do not extend the final maturity date of the 2005B Drainage Bonds.

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

C. In any determination of whether or not additional Superior Securities may be issued in accordance with the foregoing earnings test, the respective annual principal (or redemption price) and interest requirements shall be reduced to the extent such

requirements are scheduled to be paid with moneys held in trust or in escrow for that purpose by any Trust Bank, including the known minimum yield from any investment in Federal Securities.

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

E. In connection with the authorization of any such additional securities the Board may on behalf of the City adopt any additional covenants or agreements with the holders of such additional securities; provided, however, that no such covenant or agreement may be in conflict with the covenants and agreements of the City herein and no such covenant or agreement may be materially adverse to the interests of the holders of the Bond. 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 48. Conditions to Issuance of Additional Parity Securities.

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

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

(2) The Pledged Revenues (subject to adjustments as hereinafter provided) projected by the Finance Director, City Engineer or an independent accountant or consulting engineer to be derived in the later of (a) the Fiscal Year immediately following the Fiscal Year in which the facilities to be financed with the proceeds of the additional Parity Securities are projected to be completed or (b) the first Fiscal Year for which no interest has been capitalized for the payment of any Parity Securities, including the Parity

Securities proposed to be issued, will be sufficient to pay at least an amount equal to the Bond Requirements (to be paid during that Fiscal Year) of the Outstanding Bond, any Outstanding Superior Securities, any Outstanding Parity Securities and the Parity Securities proposed to be issued (excluding any reserves therefor).

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

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

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

E. In connection with the authorization of any such additional securities the Board may on behalf of the City adopt any additional covenants or agreements with the holders of such additional securities; provided, however, that no such covenant or agreement may be in conflict with the covenants and agreements of the City herein and no such covenant or agreement may be materially adverse to the interests of the holder of the Bond. 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 49. Subordinate Securities. Nothing herein, except as expressly hereinafter provided, shall prevent the City from issuing additional securities payable from Net

Revenues and constituting a lien thereon subordinate to the lien thereon of the Bond and any Outstanding Parity Securities.

SECTION 50. Issuance of Refunding Bonds.

A. At any time after the Bond is issued and remains Outstanding, if the City shall find it desirable to refund any portion of the Outstanding Bond, any Outstanding Superior Securities, any Outstanding Parity Securities, or any Outstanding Subordinate Securities, such Bond or other securities, or any part thereof, may be refunded only if the Bond or other securities at the time or times of their required surrender for payment shall then mature or shall be then callable for prior redemption for the purpose of refunding them at the City's option upon proper call, unless the owner or owners of all such Outstanding securities consent to such surrender and payment, regardless of whether the priority of the lien for the payment of the refunding securities on the Net Revenues is changed. Bonds or other securities issued to refund Outstanding Superior Securities may be issued as Superior Securities provided such bonds or other securities (1) are issued in compliance with Section 47 hereof or (2) are issued in compliance with subsection (C)(1) of this Section 50 and are issued solely as special obligations secured by and payable from the Net Revenues of the Utility System. Except as provided in the immediately preceding sentence, and notwithstanding subsection (C)(3) or any other provision of this Section 50, no refunding bonds or other refunding securities may be issued as Superior Securities.

B. Any refunding bonds or other refunding securities payable from any Net Revenues shall be issued with such details as the Board may by ordinance provide, subject to the provisions of this Section but without any impairment of any contractual obligation imposed upon the City by any proceedings authorizing the issuance of any unrefunded portion of the Outstanding securities of any one or more issues (including, without limitation, the Bond).

C. If only a part of the Outstanding Bond and other Outstanding securities of any issue or issues payable from the Net Revenues is refunded, then such securities may not be refunded without the consent of the owner or owners of the unrefunded portion of such securities:

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

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

(3) Unless the refunding bonds or other refunding securities are issued in compliance with Section 47 or 48 hereof.

SECTION 51. **Operation of the System.** The City shall at all times operate the Utility System properly and in a sound and economical manner and shall maintain, preserve and keep the Utility System, or cause the same to be maintained, preserved and kept, in good repair, working order and condition. The City also shall from time to time make or cause to be made all necessary and proper repairs, replacements and renewals so that at all times the operation of the Utility System may be properly and advantageously conducted in conformity with standards customarily followed by municipalities operating sanitary sewer systems and drainage systems of like size and character.

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

SECTION 52. **Payment of Taxes, Etc.** The City shall pay or cause to be paid all taxes, assessments and other municipal or governmental charges, if any, lawfully levied or assessed upon or in respect of the Utility System or any part thereof, or upon any portion of the Gross Revenues, when the same shall become due. The City shall duly observe and comply with

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

SECTION 53. **No Competing Facilities.** The City shall neither construct nor permit to be constructed other facilities or structures to be operated by the City separate from the Utility System and competing for Gross Revenues otherwise available for the payment of the Bonds or any other securities payable from Net Revenues; provided, however, that nothing herein contained shall impair the police powers of the City or otherwise cause the City to violate any applicable law.

SECTION 54. **Rate Covenant.** The City shall charge against users or against purchasers of services or commodities pertaining to the Utility System such fees, rates and other charges as shall be sufficient to produce Gross Revenues annually which, together with any other funds available therefor, will be in each Fiscal Year of the City at least equal to the sum of:

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

B an amount equal to the 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 Utility System, including, without limitation, debt service on any Subordinate Securities and any other securities pertaining to the Utility System, operation and maintenance reserves, capital reserves and prior deficiencies pertaining to any account relating to Gross Revenues.

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

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

SECTION 55. **Books of Record and Account**. So long as any installments of the Bonds remain Outstanding, proper books 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 Utility System and to all moneys pertaining thereto, including, without limitation, the Gross Revenues.

SECTION 56. **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 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 57. **Defeasance.** When all Bond Requirements of any Bond have been duly paid, the pledge, the lien and all obligations hereunder as to that Bond shall thereby be discharged, such Bond shall no longer be deemed to be Outstanding within the meaning of this Ordinance. There shall be deemed to be such due payment when the City has placed in escrow or in trust with a Trust Bank located within or without the State, an amount sufficient (including the known minimum yield available for such purpose from the Federal Securities in which such amount may be initially invested wholly or in part) to meet all Bond Requirements of such Bond, as the same become due to the final maturity of the Bond, or upon any Redemption Date as of which the City shall have exercised or shall have obligated itself to exercise its prior redemption option by a call of such Bond for payment. 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 holder thereof to assure availability as needed to meet the schedule. For the purpose of this Section "Federal Securities" shall include only Federal Securities which are not callable for redemption prior to their maturities except at the option of the owner thereof. When such defeasance is accomplished the Paying Agent shall mail written notice of the defeasance to the registered owner of the Bond at the address last shown on the registration records for the Bonds maintained by the Registrar.

SECTION 58. **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 owners of 66% in aggregate principal amount of the Bonds 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. 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 Bond or any installment of interest thereon;

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

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

D. The establishment of priorities as between 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 the Bonds then Outstanding.

Whenever the City proposes to amend or modify this Ordinance under the provisions hereof, it shall cause notice of the proposed amendment to be mailed within 30 days to the 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 City Clerk for public inspection.

Whenever at any time within one year from the date of such notice there shall be filed in the office of the City Clerk an instrument or instruments executed by the owners of at least 66% 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 Board may adopt the amendatory instrument and the instrument shall become effective.

If the owners of at least 66% 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 thereto, 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 provided in this Section 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, suitable notation shall be made on the Bond 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, registered 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 such Bonds.

SECTION 59. **Prevention of Bond Default.** Subject to the provisions of this Ordinance, the Treasurer shall use any Bond proceeds credited to the Cost of Issuance Account, without further order or warrant, to pay the Bond Requirements of the Bonds as the same become due whenever and to the extent moneys otherwise available therefor are insufficient for that purpose, unless such Bond proceeds shall be needed to defray obligations accrued and to accrue under any contracts then existing and relating to the Refunding Project. The Treasurer shall promptly notify the Board of any such use.

SECTION 60. **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 Bond;
- B. The execution of such certificates as may be reasonably required by the Purchaser relating, inter alia,
 - (1) to the signing of the Bond,
 - (2) to the tenure and identity of the officials of the City,
 - (3) to the assessed valuation of the taxable property in and the indebtedness of the City,

- (4) to the rate of taxes levied against the taxable property within the City,
- (5) to the exclusion of interest on the Bonds from gross income for federal income tax purposes,
- (6) to the delivery of the Bond and the receipt of the Bond purchase price,
- (7) to the completeness and accuracy of any information provided the Purchaser in connection with the Bonds as of the date of delivery of the Bond, and
- (8) if it is in accordance with fact, to the absence of litigation, pending or threatened, affecting the validity of the Bonds; and
- (9) the execution of the Escrow Agreement and the Certificate of the Finance Director; and

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

SECTION 61. **Implied Repealer.** All resolutions and ordinances, bylaws and orders, or parts thereof, inconsistent herewith are hereby repealed to the extent only of such inconsistency. This repealer shall not be construed to revive any resolution, ordinance, bylaw, order, or part thereof, heretofore repealed.

SECTION 62. **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. _____
ORDINANCE NO. _____

AN ORDINANCE OF THE BOARD OF SUPERVISORS OF CARSON CITY, NEVADA DESIGNATED BY THE SHORT TITLE "2014D SEWER REFUNDING BOND ORDINANCE"; PROVIDING FOR THE ISSUANCE OF ITS GENERAL OBLIGATION (LIMITED TAX) SEWER REFUNDING BONDS (ADDITIONALLY SECURED BY PLEDGED REVENUES), SERIES 2014D; PROVIDING THE FORM, TERMS AND CONDITIONS OF THE BONDS; PROVIDING FOR THE LEVY AND COLLECTION OF ANNUAL GENERAL (AD VALOREM) TAXES FOR THE PAYMENT OF SUCH BONDS; ADDITIONALLY SECURING THEIR PAYMENT BY A PLEDGE OF REVENUES DERIVED FROM THE SANITARY SEWER SYSTEM AND DRAINAGE SYSTEM OF THE CITY; 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 at 201 North Carson Street, Suite 1, Carson City, Nevada and that such Ordinance was proposed on September 4, 2014, and will be considered for adoption at the regular meeting of the Board of Supervisors of Carson City held on September 18, 2014.

/s/ Alan Glover
City Clerk

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

SECTION 63. **Publication and Effective Date.** After this Ordinance is signed by the Mayor and attested and sealed by the Clerk, this Ordinance shall be in effect, after its publication once by its title only, together with the names of the members of the Board voting for or against its passage and a statement that typewritten copies of this Ordinance are available for inspection by all interested parties at the offices of the Clerk. 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 OF THE BOARD OF SUPERVISORS OF CARSON CITY, NEVADA DESIGNATED BY THE SHORT TITLE "2014D SEWER REFUNDING BOND ORDINANCE"; PROVIDING FOR THE ISSUANCE OF ITS GENERAL OBLIGATION (LIMITED TAX) SEWER REFUNDING BONDS (ADDITIONALLY SECURED BY PLEDGED REVENUES), SERIES 2014D; PROVIDING THE FORM, TERMS AND CONDITIONS OF THE BONDS; PROVIDING FOR THE LEVY AND COLLECTION OF ANNUAL GENERAL (AD VALOREM) TAXES FOR THE PAYMENT OF SUCH BONDS; ADDITIONALLY SECURING THEIR PAYMENT BY A PLEDGE OF REVENUES DERIVED FROM THE SANITARY SEWER SYSTEM AND DRAINAGE SYSTEM OF THE CITY; AND PROVIDING OTHER MATTERS RELATING THERETO.

PUBLIC NOTICE IS HEREBY GIVEN that the above entitled Ordinance was proposed by Supervisor _____ at the regular meeting of the Carson City Board of Supervisors held on September 4, 2014, and was passed and adopted at the regular meeting of the Carson City Board of Supervisors held on September 18, 2014 by the following vote of the Board of Supervisors:

Those Voting Aye: _____

Those Voting Nay: _____

Those Absent: _____

This Ordinance shall be in full force and effect from and after the ____ day of September, 2014.

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

DATED this September 18, 2014.

/s/ Robert L. Crowell
Mayor

Attest:

/s/ Alan Glover
City Clerk

(End of Form of Publication of Adoption of Ordinance)

SECTION 64. **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 September 4, 2014.

Passed on the September 18, 2014.

Those Voting Aye:

Those Voting Nay:

Those Absent:

Mayor

(SEAL)

City Clerk

This Ordinance shall be force and effect from and after the ____ day of September, 2014, i.e., the date of the 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, 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 (the "Board") of Carson City, Nevada (the "City" and the "State"), at a lawful meeting of the Board held on September 4, 2014, and adopted by the Board at a lawful meeting of the Board held on September 18, 2014, 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 September 4, 2014, as follows:

Those Voting Aye:

Those Voting Nay:

Those Absent:

3. The members of the Board voted on the final passage of the ordinance on September 18, 2014, as set forth following the ordinance.

4. All members of the Board were duly notified of said meetings held on September 4, 2014, and September 18, 2014.

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, the City's website, the State's official website and at least three (3) other separate, prominent places within the jurisdiction of the Board, to wit:

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

(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 Chapter 241 of NRS.

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 September 18, 2014.

(SEAL)

City Clerk

EXHIBIT A

(Attach Copy of Notices of Meetings of September 4, 2014 and September 18, 2014)

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)