



# STAFF REPORT

**Report To:** Board of Supervisors

**Meeting Date:** 07/5/18

**Staff Contact:** Sheri Russell, Chief Financial Officer

**Agenda Title:** For Possible Action: To introduce, on first reading, Bill No.\_\_\_\_, an ordinance designated as the "2018B Water Refunding Bond Ordinance"; authorizing the issuance by Carson City of its "Carson City, Nevada, Taxable/Tax-Exempt General Obligation (Limited Tax) Water Refunding Bond (Additionally Secured by Pledged Revenues) Series 2018B" for the purpose of refunding paying and discharging certain outstanding bonds of the City; 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 bond; additionally securing its payment by a pledge of revenues derived from the water system of the City and providing other matters relating thereto. (Sheri Russell, srussell@carson.org)

**Staff Summary:** This ordinance will authorize the issuance of the "Carson City, Nevada, Taxable/Tax-Exempt General Obligation (Limited Tax) water Refunding Bond (Additionally Secured by Pledged Revenues) Series 2018B" for the purpose of refunding all or a portion of the outstanding "Carson City, Nevada, General Obligation (Limited Tax) Water Improvement Bonds (Additionally Secured By Pledged Revenues, Series 2010A", for the purpose of effectuating interest rate savings.

**Agenda Action:** Ordinance - First Reading

**Time Requested:** 15 minutes

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## **Proposed Motion**

I move to introduce, on first reading, Bill No.\_\_\_\_, an ordinance designated as the "2018B Water Refunding Bond Ordinance"; authorizing the issuance by Carson City of its "Carson City, Nevada, Taxable/Tax-Exempt General Obligation (Limited Tax) Water Refunding Bond (Additionally Secured by Pledged Revenues) Series 2018B" for the purpose of refunding paying and discharging certain outstanding bonds of the City; 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 bond; additionally securing its payment by a pledge of revenues derived from the water system of the City and providing other matters relating thereto.

## **Board's Strategic Goal**

Efficient Government

## **Previous Action**

6-7-18 - Board approved a proposal to refinance the series 2010A Water Bonds and issue up to \$7 Million in new bonds for construction of the East West Transmission Line Project looking at all bonding options available.

## **Background/Issues & Analysis**

In spring 2016, City staff requested the Nevada Division of Environmental Protection through the SRF, refinance the 2010A Water Bonds (Bonds). The Bonds were issued to finance the acquisition of water rights from the Town of Minden. The SRF initially declined the request, pending the City obtain a waiver from the United States Environmental Protection Agency (EPA), allowing the Bonds to be refinanced. The Bonds were financed through the Build America Bonds (BAB) federal subsidy program which had various restrictions.

In spring 2017, City staff requested a waiver from the EPA to refinance the Bonds. In February 2018, the EPA granted the waiver. However, as a condition of the waiver, the savings from the refinancing of the Bonds must be reinvested into a new water improvement project.

This is the first part of a multi-part process in which the \$3.3 million savings from this refinance will be used to partially offset the cost of issuing up to \$7 million in new bonds for the East/West Transmission Line project, thereby fulfilling the EPA's requirement.

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

NRS Chapters 350, 373, 268, 244, 365

**Financial Information**

Is there a fiscal impact?  Yes  No

If yes, account name/number: Water Fund - Debt Service 520-3505-471-83-XX. There will be annual debt service savings between \$328,000 and \$1,117,000 beginning FY 2021.

Is it currently budgeted?  Yes  No

Explanation of Fiscal Impact: The Carson City Budget will be amended upon confirmation of the final issuance amounts. Total debt service savings is projected to be approximately \$3,378,375, with present value savings of approximately \$2,157,005.

**Alternatives**

Elect to not refund bonds.

**Board Action Taken:**

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

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

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

Aye/Nay

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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

**Carson City, Nevada**  
**General Obligation (Limited Tax)**  
**Water SRF Refunding Bond, Series 2018B**  
**Sources & Uses of Funds**

**Issue Summary**

Dated Date	08/15/2018
Par Amount	\$10,212,922
Refunded Par	\$10,100,000
Avg Annual Savings	\$153,562
Total Savings	\$3,378,375
Present Value Savings	\$2,157,005
% of Refunding Par	21.120%
% of Refunded Par	21.356%
Underwriter's Spread	0.000%
Total Costs as % of Par	1.102%
True-Interest-Cost	2.51404%
Bond Yield	2.51404%
Arbitrage Yield Limit	2.42011%
Escrow Yield	2.49113%
Weighted Average Maturity	14.631 years
Refunded Weighted Average Maturity	17.256 years
Negative Arbitrage	\$0

**Sources of Funds:**

Par Amount	\$10,212,922.00
Original Issue Premium	0.00
Cash Contribution	0.00
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Total	\$10,212,922.00

**Uses of Funds:**

Initial Escrow Deposit	\$10.00
Unrestricted Escrow Cost	0.00
Restricted Escrow Cost	10,100,412.00
SRF Loan Fee	0.00
Issuance Costs	112,500.00
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Total	\$10,212,922.00

**Carson City, Nevada**  
**General Obligation (Limited Tax)**  
**Water SRF Refunding Bond, Series 2018B**  
**Debt Service Schedule**

Date	Principal	Rate	Interest <sup>1</sup>	Semi-Annual Debt Service	Escrow Payments <sup>1</sup>	Annual Debt Service
08/15/2018						
01/01/2019		3.040%	\$117,289.74	\$117,289.74	(\$117,289.74)	\$0.00
07/01/2019		3.040%	155,236.41	155,236.41	(155,236.41)	
01/01/2020		3.040%	155,236.41	155,236.41	(155,236.41)	0.00
07/01/2020	\$8,922		155,236.41	164,158.41		
01/01/2021	41,000	2.420%	123,468.40	164,468.40		328,626.81
07/01/2021	41,000	2.420%	122,972.30	163,972.30		
01/01/2022	42,000	2.420%	122,476.20	164,476.20		328,448.50
07/01/2022	68,000	2.420%	121,968.00	189,968.00		
01/01/2023	69,000	2.420%	121,145.20	190,145.20		380,113.20
07/01/2023	67,000	2.420%	120,310.30	187,310.30		
01/01/2024	68,000	2.420%	119,499.60	187,499.60		374,809.90
07/01/2024	99,000	2.420%	118,676.80	217,676.80		
01/01/2025	101,000	2.420%	117,478.90	218,478.90		436,155.70
07/01/2025	102,000	2.420%	116,256.80	218,256.80		
01/01/2026	103,000	2.420%	115,022.60	218,022.60		436,279.40
07/01/2026	104,000	2.420%	113,776.30	217,776.30		
01/01/2027	106,000	2.420%	112,517.90	218,517.90		436,294.20
07/01/2027	107,000	2.420%	111,235.30	218,235.30		
01/01/2028	108,000	2.420%	109,940.60	217,940.60		436,175.90
07/01/2028	110,000	2.420%	108,633.80	218,633.80		
01/01/2029	111,000	2.420%	107,302.80	218,302.80		436,936.60
07/01/2029	112,000	2.420%	105,959.70	217,959.70		
01/01/2030	114,000	2.420%	104,604.50	218,604.50		436,564.20
07/01/2030	455,000	2.420%	103,225.10	558,225.10		
01/01/2031	461,000	2.420%	97,719.60	558,719.60		1,116,944.70
07/01/2031	466,000	2.420%	92,141.50	558,141.50		
01/01/2032	472,000	2.420%	86,502.90	558,502.90		1,116,644.40
07/01/2032	477,000	2.420%	80,791.70	557,791.70		
01/01/2033	483,000	2.420%	75,020.00	558,020.00		1,115,811.70
07/01/2033	489,000	2.420%	69,175.70	558,175.70		
01/01/2034	495,000	2.420%	63,258.80	558,258.80		1,116,434.50
07/01/2034	501,000	2.420%	57,269.30	558,269.30		
01/01/2035	507,000	2.420%	51,207.20	558,207.20		1,116,476.50
07/01/2035	513,000	2.420%	45,072.50	558,072.50		
01/01/2036	519,000	2.420%	38,865.20	557,865.20		1,115,937.70
07/01/2036	526,000	2.420%	32,585.30	558,585.30		
01/01/2037	532,000	2.420%	26,220.70	558,220.70		1,116,806.00
07/01/2037	538,000	2.420%	19,783.50	557,783.50		
01/01/2038	545,000	2.420%	13,273.70	558,273.70		1,116,057.20
07/01/2038	552,000	2.420%	6,679.20	558,679.20		
01/01/2039		2.420%	0.00	0.00		558,679.20
07/01/2039		2.420%	0.00	0.00		
01/01/2040		2.420%	0.00	0.00		0.00
	\$10,212,922		\$3,735,036.87	\$13,947,958.87	(\$427,762.56)	\$13,520,196.31

1/ Interest through the end of fiscal year 2020 is paid from the escrow account.

**Carson City, Nevada**  
**General Obligation (Limited Tax)**  
**Water SRF Refunding Bond, Series 2018B**  
**Summary Savings Analysis**

<b>Fiscal Year</b>	<b>Refunding Debt Service</b>	<b>Refunded Debt Service</b>	<b>Cashflow Savings/(Loss)</b>	<b>PV Savings/(Loss) @ 2.42011%</b>	<b>Seq. Savings @ 6.60% 1/</b>	<b>Net Annual Savings/(Loss)</b>
2019	\$0	\$0	\$0	\$0	\$0	\$0
2020	0	0	0	0	0	0
2021	328,627	437,360	108,733	99,993	15,543	124,277
2022	328,449	437,360	108,912	97,783	15,543	124,455
2023	380,113	437,360	57,247	48,675	15,543	72,790
2024	374,810	437,360	62,550	52,206	15,543	78,094
2025	436,156	437,360	1,205	(1,971)	15,543	16,748
2026	436,279	437,360	1,081	(2,033)	15,543	16,624
2027	436,294	437,360	1,066	(1,992)	15,543	16,609
2028	436,176	437,360	1,184	(1,855)	15,543	16,728
2029	436,937	437,360	424	(2,407)	15,543	15,967
2030	436,564	437,360	796	(2,061)	15,543	16,339
2031	1,116,945	1,156,446	39,502	25,956	14,978	54,479
2032	1,116,644	1,173,536	56,892	38,143	13,808	70,700
2033	1,115,812	1,193,352	77,541	52,061	12,558	90,098
2034	1,116,435	1,215,679	99,244	66,037	11,219	110,463
2035	1,116,477	1,235,407	118,931	77,964	9,788	128,718
2036	1,115,938	1,257,429	141,491	91,198	8,260	149,751
2037	1,116,806	1,281,528	164,722	104,202	6,629	171,351
2038	1,116,057	1,307,487	191,430	118,744	4,886	196,316
2039	558,679	1,335,090	776,411	474,484	3,024	779,435
2040	0	1,369,013	1,369,013	821,880	1,031	1,370,044
	\$13,520,196	\$16,898,571	\$3,378,375	\$2,157,005	\$241,611	\$3,619,985

1/ Assumes sequestration continues at the current rate of 6.60%. Savings are not guaranteed.

**Carson City, Nevada**  
**General Obligation (Limited Tax)**  
**Water SRF Refunding Bond, Series 2018B**  
**Debt Service Changes**

Fiscal Year	Existing			Refunded Debt Service 2/ (D)	2018B Bond				Grand Total 3/ (I) = C + D + H	Savings/ (Loss) (J) = C - I
	Pre-Subsidy (A)	BAB Subsidy 1/ (B)	Net (C) = A + B		Principal (E)	Interest (F)	Escrow (G)	Total (H) = E..G		
2019	\$5,397,707	(\$235,502)	\$5,162,205	\$0	\$0	\$117,290	(\$117,290)	\$0	\$5,162,205	\$0
2020	5,399,399	(235,502)	5,163,897	0	0	310,473	(310,473)	0	5,163,897	0
2021	5,403,536	(235,502)	5,168,034	(437,360)	49,922	278,705	0	328,627	5,059,301	108,733
2022	5,404,564	(235,502)	5,169,062	(437,360)	83,000	245,449	0	328,449	5,060,151	108,912
2023	5,353,011	(235,502)	5,117,509	(437,360)	137,000	243,113	0	380,113	5,060,262	57,247
2024	5,358,253	(235,502)	5,122,752	(437,360)	135,000	239,810	0	374,810	5,060,201	62,550
2025	5,233,190	(235,502)	4,997,689	(437,360)	200,000	236,156	0	436,156	4,996,484	1,205
2026	5,031,421	(235,502)	4,795,920	(437,360)	205,000	231,279	0	436,279	4,794,839	1,081
2027	5,035,721	(235,502)	4,800,220	(437,360)	210,000	226,294	0	436,294	4,799,153	1,066
2028	3,159,921	(235,502)	2,924,420	(437,360)	215,000	221,176	0	436,176	2,923,235	1,184
2029	3,160,521	(235,502)	2,925,020	(437,360)	221,000	215,937	0	436,937	2,924,596	424
2030	3,063,929	(235,502)	2,828,428	(437,360)	226,000	210,564	0	436,564	2,827,632	796
2031	2,886,017	(226,933)	2,659,084	(1,156,446)	916,000	200,945	0	1,116,945	2,619,582	39,502
2032	2,093,348	(209,212)	1,884,136	(1,173,536)	938,000	178,644	0	1,116,644	1,827,244	56,892
2033	1,818,819	(190,267)	1,628,552	(1,193,352)	960,000	155,812	0	1,115,812	1,551,011	77,541
2034	1,820,860	(169,981)	1,650,879	(1,215,679)	984,000	132,435	0	1,116,435	1,551,634	99,244
2035	1,383,703	(148,296)	1,235,407	(1,235,407)	1,008,000	108,477	0	1,116,477	1,116,477	118,931
2036	1,382,583	(125,154)	1,257,429	(1,257,429)	1,032,000	83,938	0	1,115,938	1,115,938	141,491
2037	1,381,966	(100,438)	1,281,528	(1,281,528)	1,058,000	58,806	0	1,116,806	1,116,806	164,722
2038	1,381,519	(74,031)	1,307,487	(1,307,487)	1,083,000	33,057	0	1,116,057	1,116,057	191,430
2039	1,380,908	(45,818)	1,335,090	(1,335,090)	552,000	6,679	0	558,679	558,679	776,411
2040	1,384,635	(15,622)	1,369,013	(1,369,013)	0	0	0	0	0	1,369,013
	<u>\$73,915,531</u>	<u>(\$4,131,772)</u>	<u>\$69,783,759</u>	<u>(\$16,898,571)</u>	<u>\$10,212,922</u>	<u>\$3,735,037</u>	<u>(\$427,763)</u>	<u>\$13,520,196</u>	<u>\$66,405,384</u>	<u>\$3,378,375</u>

1/ BAB subsidy payments will end after FY2020 due to refinancing of 2010A Bonds.

2/ Net of BAB subsidy on 2010A Bonds.

3/ Excludes impact of sequestration on outstanding bonds (2010A and 2010E). Financial impact of sequestration is negligible after FY2020 due to refunding.

Summary - An ordinance authorizing the issuance by Carson City, Nevada of its Taxable/Tax-Exempt General Obligation (Limited Tax) Water Refunding Bond (Additionally Secured by Pledged Revenues), Series 2018B 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 “2018B WATER REFUNDING BOND ORDINANCE”; PROVIDING FOR THE ISSUANCE OF ITS TAXABLE/TAX-EXEMPT GENERAL OBLIGATION (LIMITED TAX) WATER REFUNDING BOND (ADDITIONALLY SECURED BY PLEDGED REVENUES), SERIES 2018B FOR THE PURPOSE OF REFUNDING, PAYING AND DISCHARGING CERTAIN OUTSTANDING BONDS OF THE CITY; PROVIDING THE FORM, TERMS AND CONDITIONS OF THE BOND; PROVIDING FOR THE LEVY AND COLLECTION OF ANNUAL GENERAL (AD VALOREM) TAXES FOR THE PAYMENT OF SUCH BOND; ADDITIONALLY SECURING ITS PAYMENT BY A PLEDGE OF REVENUES DERIVED FROM THE WATER 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 water system (the “Water System”); and

(3) **WHEREAS**, there remain unpaid and outstanding certain bonds previously issued by the City and designated as the "Carson City, Nevada of its General

Obligation (Limited Tax) Water Improvement Bonds (Additionally Secured by Pledged Revenues), Series 2010A (Taxable Direct Pay Build America Bonds)" (the "2010A Bonds"); and

(4) **WHEREAS**, pursuant to the Charter, pursuant to NRS 244A.011 through 244A.065, inclusive (the "Project Act"), and pursuant to chapter 350 of NRS and all laws amendatory thereof which includes the Local Government Securities Laws, being NRS 350.500 through 350.720, and all laws amendatory thereof (the "Bond Act"), the City is authorized to borrow money and to issue general obligation bonds of the City to refund, pay and discharge all or any part of the 2010A Bonds, if any (the "Refunded Bonds") for the purpose of reducing interest rates and effecting other economies and to evidence such borrowing by the issuance of bonds; and

(5) **WHEREAS**, the City has determined and hereby determines to refund, pay and discharge the Refunded Bonds (the "Refunding Project"); and

(6) **WHEREAS**, the Board does hereby declare that it is necessary and for the best interest of the City to complete the Refunding Project and that the bond herein authorized to be issued for such purpose shall be designated as the "Carson City, Nevada, Taxable/Tax-Exempt General Obligation (Limited Tax) Water Refunding Bond (Additionally Secured by Pledged Revenues), Series 2018B" (the "Bonds" or the "Bond"); and

(7) **WHEREAS**, the City requested the Administrator of the Division of Environmental Protection of the State Department of Conservation and Natural Resources, as Administrator of the State of Nevada Account for the Revolving Fund (the "Administrator" and the "Revolving Fund," respectively), under NRS 445A.200 to 445A.295, inclusive (the "SRF Act"), to make a loan to the City by purchasing the Bond in the maximum principal amount of \$10,700,000; and

(8) **WHEREAS**, the Board for Financing Water Projects approved a resolution authorizing the Administrator to make a loan commitment to the City to finance the Refunding Project pursuant to NRS 445A.265 in the maximum principal amount of \$10,700,000; and

(9) **WHEREAS**, NRS 350.105 to 350.195, inclusive, and the SRF Act permit the Bond to be sold at private sale to the State; and



(10) **WHEREAS**, after private negotiation pursuant to the SRF Act, the Board has determined to sell its Bond designated as the “Carson City, Nevada, Taxable/Tax-Exempt General Obligation (Limited Tax) Water Refunding Bond (Additionally Secured by Pledged Revenues), Series 2018B” in the maximum principal amount of \$10,700,000 (the “Bond”) to the State for a price equal to the principal amount thereof, and otherwise upon the terms provided herein; and

(11) **WHEREAS**, the City’s Chief Financial Officer, including any interim Chief Financial Officer (the “Chief Financial Officer”), or in such officer’s absence, the City Manager, including any interim City Manager (the “City Manager”), is hereby authorized to specify in the escrow agreement for the Refunded Bonds (the “Crossover Escrow Agreement”), between ZB, National Association dba Zions Bank (the “Escrow Agent”) and the City which maturities of the Refunded Bonds, if any, will be included in the Refunding Project; and

(12) **WHEREAS**, NRS 350.2011 provides that the Bond 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 Bond; and

(13) **WHEREAS**, the Bond may be evidenced by a single registered bond bearing interest at the Taxable Rate(s) (defined herein) or the Tax-Exempt Rate(s) (defined herein) per annum, as applicable, and being payable in installments of principal; and

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

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

- A. To commence the Refunding Project;
- B. To issue and sell the City’s registered, negotiable taxable/tax-exempt general obligation (limited tax) water refunding bond (additionally secured by pledged revenues) in the maximum principal amount of \$10,700,000; and

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

(16) **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 Bond;

B. Each of the limitations and other conditions to the issuance of the Bond in the Charter, the Refunding Project Act, the SRF Act, 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 Bond; 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 “2018B Water 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:

“**Administrator**” means the Administrator of the Division.

“**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**” means the Carson City, Nevada, Taxable/Tax-Exempt General Obligation (Limited Tax) Water Refunding Bond (Additionally Secured by Pledged Revenues), Series 2018B issued pursuant to this Ordinance.

“**2009 Bond**” means the Carson City, Nevada, General Obligation (Limited Tax) Water Bond (Additionally Secured by Pledged Revenues), Series 2009.

“**2010A Bonds**” means the Carson City, Nevada, General Obligation (Limited Tax) Water Improvement Bonds (Additionally Secured by Pledged Revenues), Series 2010A (Taxable Direct Pay Build America Bonds).

“**2010B Bonds**” means the Carson City, Nevada, General Obligation (Limited Tax) Water Improvement and Refunding Bonds (Additionally Secured by Pledged Revenues), Series 2010B (Tax-Exempt).

“**2010E Bond**” means the Carson City, Nevada, General Obligation (Limited Tax) Water Bonds (Additionally Secured by Pledged Revenues), Series 2010E (Tax-Exempt).

“**2012 Bonds**” means the Carson City, Nevada, General Obligation (Limited Tax) Water Improvement and Refunding Bonds (Additionally Secured by Pledged Revenues), Series 2012A (Tax-Exempt).

“**2014A Bond**” means the Carson City, Nevada, General Obligation (Limited Tax) Water Bond (Additionally Secured by Pledged Revenues), Series 2014A.

“**2014C Bond**” means the Carson City, Nevada, General Obligation (Limited Tax) Water Refunding Bond (Additionally Secured by Pledged Revenues), Series 2014C.

“**Bond Fund**” means the two separate accounts designated as the “Carson City, Nevada, Taxable/Tax-Exempt General Obligation (Limited Tax) Water Refunding Bond (Additionally Secured by Pledged Revenues), Series 2018B Interest Account” (the “Interest Account”) and the “Carson City, Nevada, Taxable/Tax-Exempt General Obligation (Limited Tax) Water Refunding Bond (Additionally Secured by Pledged Revenues), Series 2018B Principal Account” (the “Principal Account”) created herein.

“**Bondholder**” means the owner of the Bond for federal income tax purposes, which is the registered owner of the Bond.

**“Bond Requirements”** means the principal of, the interest on and any prior redemption premiums due in connection with the Bond, 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 53 herein, in making any calculation of the Bond Requirements to be paid for a period after the date of such calculation on any bonds payable from the Gross Revenues with respect to which the City expects to receive a BAB Credit, “interest” for any Bond Year shall be treated as the amount of interest to be paid by the City on those bonds in that Bond Year less the amount of the BAB Credit then expected to be paid by the United States with respect to interest payments on those bonds in that Bond Year and required by the ordinance or other instrument authorizing those bonds to be used to pay interest on those bonds in that Bond Year, or to reimburse the City for amounts already used to pay interest on those bonds in that Bond Year. If the BAB Credit is not expected to be received as of the date of such calculation, “interest” shall be the total amount of interest to be paid by the City on the bonds without a deduction for the credit to be paid by the United States under Section 6431 of the Tax Code. The Chief Financial Officer may certify in writing the expected amount and expected date of receipt of any BAB Credit, and that certificate shall be conclusive for purposes of computing the Bond Requirements and for purposes of any other computation for the issuance of additional Superior Securities (including refunding securities) or Parity Securities (including refunding securities).

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

**“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.

“**Division**” means the State of Nevada Division of Environmental Protection of the Department of Conservation and Natural Resources.

“**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 Water System or any part thereof, whether resulting from repairs, enlargements, extensions, betterments or other improvements to the Water System, or otherwise, and includes all revenues received by the City from the Water System, including, without limitation, all fees, rates and other charges for the use of the Water System, or for any service rendered by the City in the operations 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 Water System, except to the extent any such moneys shall be received as payments for the use of the Water 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 Water 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 Water System, including, without limitation:

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

(b) fidelity bond and property and liability insurance premiums pertaining to the Water System or a reasonably allocable share of a premium of any blanket bond or policy pertaining to the Water 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 Water System, revenues therefrom or the City’s income from or operations of any properties under its control and pertaining to the Water System, or any privilege in connection with the Water System or its operations;

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

(f) contractual services, professional services, salaries, other administrative expenses and costs of materials, supplies, repairs and labor pertaining to the Water System or to the issuance of the Bond, or any other securities relating to the Water 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 Water System;

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

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

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

**“Outstanding”** when used with reference to the Bond or any other designated securities payable from Net Revenues and as of any particular date means all of the Bond 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 56 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 Water System and payable from and secured by Net Revenues on a parity with the Bond, including the 2009 Bond, the 2010A Bonds, the 2010B Bonds, the 2010E Bond, the 2012 Bonds, the 2014A Bond, the 2014C Bond and any securities hereafter issued on a parity with such bonds, to the extent issued in accordance with the terms, conditions and limitations hereof.

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

**“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 the respective maturities of any Bond or other designated securities payable from any Net Revenues in any notice of prior redemption or otherwise fixed and designated by the City.

**“Redemption Price”** means, when used with respect to the 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 the Bond or other security on a Redemption Date in the manner contemplated in accordance with the security’s terms.

**“Refunded Bonds”** means the 2010A Bonds designated in the Escrow Agreement.

**“Refunding Project”** means the refunding of certain of the 2010A Bonds with all or a portion of the proceeds of the Bond as specified in the Escrow Agreement.

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

**“Revolving Fund”** means the Account for the Revolving Fund as defined in NRS 445A.203 to finance the construction of “projects” as defined in NRS 445A.230 of the State of Nevada created by NRS 445A.255.

**“Safe Drinking Water Act”** means the “Safe Drinking Water Act,” 42 U.S.C. Sections 300f et seq., as amended.

**“State”** means the State of Nevada, acting by and through the Administrator of the Division of the Department of Conservation and Natural Resources as Administrator of the Account for the Revolving Fund to finance the construction of projects defined in NRS 445A.230 of the State of Nevada.

**“State Treasurer”** means the duly elected and acting Treasurer of the State of Nevada.

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

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

**“Taxable Interest”** means the interest borne by the Bond prior to the Tax-Exempt Reissuance Date, which interest shall be included in gross income for federal income tax purposes.

**“Tax-Exempt Interest”** means the interest to be borne by the Bond on and after the Tax-Exempt Reissuance Date, which interest is excluded from gross income for federal income tax purposes unless a Determination of Taxability shall occur.

**“Taxable Rate”** means the rate of interest per annum that will apply to the Bond prior to the Tax-Exempt Reissuance Date, as set forth in the Loan Contract.

**“Tax-Exempt Bond”** means the Bond on and after the Tax-Exempt Reissuance Date.

**“Tax-Exempt Rate”** means the rate of interest per annum which will apply to the Tax-Exempt Bond, as set forth in the Loan Contract.

**“Tax-Exempt Reissuance Date”** means the January 1 or July 1 on which the Bond bearing Taxable Interest is reissued (for federal income tax purposes) for a Bond bearing Tax-Exempt Interest. Such date may not occur until the City has provided the registered owners of the Bond with 30 days’ notice of the City’s intent to reissue the Bond as a Tax-Exempt Bond and, provided such notice has been given, such date shall be deemed to occur on the January 1 or July 1 that the Tax-Exempt Reissuance Opinion is delivered to the City and all registered owners of the Bonds are permitted to rely on such Tax-Exempt Reissuance Opinion.

**“Tax-Exempt Reissuance Opinion”** means an opinion of nationally recognized bond counsel to the effect that, on and after the Tax-Exempt Reissuance Date, the interest on the Tax-Exempt Bond will be excluded from the gross income of the recipients thereof for federal income tax purposes. The Tax-Exempt Reissuance Opinion will be delivered to the City but the registered owners of the Bond on the Tax-Exempt Reissuance Date shall be entitled to receive a reliance letter with respect thereto.

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

“**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.

“**Water System**” means the water 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.

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 Bond and Approval of Loan Contract.** The sale of the Bond to the State on the terms provided herein and in accordance with the loan agreement between the Division and the City (the “Loan Contract”), to be executed by the City Manager or the Chief Financial Officer on behalf of the City, is hereby approved and accepted in substantially the form as is now on file with the City, with such changes as are approved by the City Manager or the Chief Financial Officer, whose execution thereof shall constitute conclusive evidence of the approval of such changes.

SECTION 4. **Ratification.** 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 Bond is hereby ratified, approved and confirmed.

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

A. The estimated life or estimated period of usefulness of the facilities refinanced by the Refunding Project is not less than 21 years; and

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

SECTION 6. **Necessity of the Refunding Project and Bond**. 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 Bond therefor; and it is hereby so determined and declared.

SECTION 7. **Authorization of Refunding Project and Crossover Escrow Agreement**. The Board hereby authorizes the Refunding Project. The Chief Financial Officer, or in such officer's absence, the City Manager, is hereby authorized to execute and deliver on behalf of the City the Crossover Escrow Agreement between the City and the Escrow Agent in substantially the form now on file with the City, with such changes as designated by the Chief Financial Officer or the City Manager which are consistent with the provisions of this Ordinance.

SECTION 8. **Ordinance to Constitute Contract**. In consideration of the purchase and the acceptance of the Bond 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 Bond.

SECTION 9. **Bond 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 Bond, 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**. The Bond, as to the Bond Requirements, shall constitute a general obligation of the City, which hereby pledges its full faith and credit for its payment. So far as possible, Bond Requirements shall be paid from Net Revenues of the Water System (the "Pledged Revenues"). The Bond 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 Bond 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 Bond. No property of the City, subject to such exception, shall be liable to be forfeited or taken in payment of the Bond.

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

SECTION 13. **Authorization of Bond.** For the purpose of providing funds to pay all or a portion of the cost of the Refunding Project, the City shall issue its “Carson City, Nevada, Taxable/Tax-Exempt General Obligation (Limited Tax) Water Refunding Bond (Additionally Secured by Pledged Revenues), Series 2018B” in the maximum principal amount of \$10,700,000. The obligation of the City hereunder shall be represented in the form of a single, registered, negotiable bond. The Bond shall be substantially in the form as set forth in Section 22 hereof.

SECTION 14. **Bond Details; Reissuance of Bond as a Tax-Exempt Bond.** The Bond shall be issued in fully registered form, i.e., registered as to both principal and interest. The Bond shall be dated initially as of the date of delivery thereof to the State, and shall be issued as a single bond in the maximum principal amount of \$10,700,000, as set forth in the Loan Contract. The City’s indebtedness as represented by the Bond shall be \$10,700,000 or such lesser amount as shall represent the aggregate principal amount under the Loan Contract. The Bond shall bear interest (calculated on the basis of a 360-day year consisting of twelve 30-day months) at the Taxable Rate or the Tax-Exempt Rate, as applicable, set forth in the Loan Contract on the unpaid principal amount until the principal thereof is paid in full, and such interest shall be payable on the dates specified in the Loan Contract. Interest payments shall be made semiannually on January 1 and July 1, commencing on January 1, 2019. Principal

payments shall be made semiannually on January 1 and July 1, commencing on the date set forth in the Loan Contract. The amount of principal and interest payments shall be substantially in the amounts set forth in the Loan Contract, provided that such payments shall amortize the outstanding principal amount of the Bond by the date which is no more than 20 years from the date of delivery of the Bond.

If the Bond is reissued upon replacement, it shall bear interest from the most recent interest payment date to which interest has been paid, or if no interest has been paid, from the date of closing. The installments of principal and interest on the Bond shall be paid, as long as the State is the registered owner of the Bond, by electronic funds transfer to the State, and otherwise by check, wire or warrant made to the order of the registered owner of the Bond and mailed to the address of the registered owner shown on the registration records kept by the Registrar as of the close of business on the day immediately prior to such payment date, or if such date is not a business day, on or before the next succeeding business day. So long as the State is the registered owner, such payment shall be made by depositing with the State Treasurer, not later than the principal or interest payment date, the amount coming due on the Bond on such date, or if such payment date is not a business day, on or before the next succeeding business day, immediately available funds in an amount sufficient to make the payment then due. The final installment of principal on the Bond whether at maturity or prior redemption (if the State consents to such prior redemption), shall be made only on presentation and surrender of the Bond, as provided in Section 22 hereof, at the office of the Paying Agent. If any installment of principal shall not be paid when due, interest shall continue to accrue at the rate set forth in the Loan Contract until the principal thereof is paid in full, plus a penalty in the amount of one-tenth of one percent (0.1%) will be due for each day of nonpayment commencing 10 days after the maturity date of that principal installment. The Paying Agent may make payments on the Bond by such alternative means as may be mutually agreed to between the owner of the Bond and the Paying Agent. All such payments shall be made in lawful money of the United States of America without deduction for any service charges of the Paying Agent or Registrar.

The Bond shall initially be issued bearing Taxable Interest. On and after the Tax-Exempt Reissuance Date, if any, the Bond will be reissued (for federal income tax purposes) as a

Tax-Exempt Bond bearing Tax-Exempt Interest. The (i) issuance of a Tax-Exempt Reissuance Opinion upon which all Bondholders are permitted to rely, (ii) receipt of a completed and signed Form 8038-G, (iii) a tax certificate of the City, and (iv) the City not being in default of any of its payment obligations hereunder are conditions precedent to the occurrence of the Tax-Exempt Reissuance Date. If such conditions precedent are not satisfied, there will be no Tax-Exempt Reissuance Date, the Bond will continue to bear Taxable Interest, and the interest thereon will be included in the gross income of the recipients thereof for federal income tax purposes. By its purchase of the Bond, each registered owner of the Bond consents to the reissuance of the Bond as a Tax-Exempt Bond bearing Tax-Exempt Interest on and after the Tax-Exempt Reissuance Date, subject to satisfaction of the foregoing conditions precedent.

SECTION 15. **Prepayment.** The Bond, or portions thereof, are subject to prepayment prior to the respective maturities of the installments of principal, in whole or in part, at the option of the City, on any January 1, or July 1, at a price equal to the principal amount of the Bond or portion thereof, so prepaid and the accrued interest thereon to the Redemption Date; provided that (i) the State consents in writing to such prepayment, or (ii) a change in use of the facilities refinanced by the Bond occurs which change in use necessitates remedial action under Treas. Reg. 1.141-12 in order to comply with the covenant in Section 55 hereof. If all or a portion of the principal of the Bond is so called for prepayment, no payment of the principal or interest on the Bond due on or after the date fixed for redemption shall be made unless the Bond is presented to the Paying Agent and notation of the installments of principal prepaid is made on the Bond.

Unless waived by the owner of the Bond, notice of prepayment shall be given by the Registrar, by first class, postage prepaid mail, at least 30 days prior to the date fixed for prepayment to the registered owner of the Bond at the address as it last appears on the registration records kept by the Registrar. Actual receipt of mailed notice by the registered owner shall not be a condition precedent to prepayment. A certificate by the Registrar that notice of prepayment has been given as provided in this Section shall be conclusive as against all parties; and no owner may object thereto or may object to the cessation of interest on the prepayment date on the ground that he failed actually to receive such notice of prepayment.

Notwithstanding the provisions of this Section, any notice of prepayment may contain a statement that the prepayment is conditional upon the receipt by the Paying Agent of funds on or before the date fixed for prepayment sufficient to pay the redemption price of the installments of principal of the Bond so called for prepayment, and that if such funds are not available, such prepayment shall be cancelled by written notice to the owner of the Bond called for prepayment in the same manner as the original prepayment notice was given.

SECTION 16. **Compliance with Federal and State Laws.** The City agrees that it will, at all times that the Bond is outstanding, comply with and require its contractors and subcontractors to comply with all applicable federal and state laws, rules, guidelines, regulations and requirements. The City covenants that it will comply with the requirements of the Safe Drinking Water Act and 40 CFR Part 31 and comply with, implement and fulfill all environmental mitigation measures committed to by the City as a part of its request to the Administrator for financing from the Revolving Fund.

SECTION 17. **Registration of Bond.**

A. Records for the registration of the Bond shall be kept by the Registrar.

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 the Bond to the extent of the sum or sums so paid.

C. If the 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. If such lost, stolen, destroyed or mutilated Bond shall have matured, or shall have been called for redemption, 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 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.

**SECTION 18. Execution and Authentication.**

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

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

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

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

**SECTION 19. Use of Predecessor's Signature.** The Bond bearing the signatures of the officers in office at the time of the execution of the Bond shall be a valid and binding obligation 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 Bond, 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 the Bond.

SECTION 20. **Incontestable Recital.** Pursuant to NRS 350.628, the Bond shall contain a recital that it is issued pursuant to the Bond Act, which recital shall be conclusive evidence of the validity of the Bond and the regularity of its issuance.

SECTION 21. **State Tax Exemption.** 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.

SECTION 22. **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  
TAXABLE/TAX-EXEMPT GENERAL OBLIGATION (LIMITED TAX)  
WATER REFUNDING BOND  
(ADDITIONALLY SECURED BY PLEDGED REVENUES)  
SERIES 2018B**

**No. R-1**  
**LOAN CONTRACT NO.** \_\_\_\_\_

**PRINCIPAL AMOUNT:** \$ \_\_\_\_\_

Carson City (the "City"), in the State of Nevada (the "State") for value received hereby acknowledges itself to be indebted and promises to pay to the State of Nevada, c/o the State Treasurer, for deposit to the Account for the Revolving Fund to refinance the construction of projects defined in NRS 445A.230 (the "Revolving Fund") the principal amount of

\_\_\_\_\_ **AND NO/100 DOLLARS**

under the State Drinking Water State Revolving Fund Loan Contract (the "Loan Contract") between the City and the State Division of Environmental Protection of the Department of Conservation and Natural Resources, as is hereby required to be shown by the City Treasurer, acting as registrar (the "Registrar"), or the City's Chief Financial Officer, in installments of principal in the amounts and on the dates in accordance with the Loan Contract and pursuant to the ordinance duly adopted by the Board of Supervisors (the "Board") of the City on July 19, 2018 and designated in Section 1 by the short title "2018B Water Refunding Bond Ordinance" (the "Ordinance") (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 the unpaid principal until payment of principal shall have been discharged as provided in the Ordinance, said interest being calculated at the Tax Exempt Rate (defined below) or the Taxable Rate (defined below), as applicable, as specified in the Loan Contract, and said installments of principal being payable on January 1 and July 1 of the years and in the amounts and at the times designated in the Loan Contract, not to exceed 20 years from the date of the delivery of this Bond. From the date of delivery of this Bond until the Tax-Exempt Reissuance Date (as defined in the Ordinance), interest on the unpaid installments of principal of this Bond shall bear interest at the rate of \_\_\_\_\_% per annum (the "Taxable Rate"). On and after the Tax-Exempt Reissuance Date, interest on the unpaid installments of principal of this Bond shall bear interest at the rate of \_\_\_\_\_% per annum (the "Tax-Exempt Rate").

The principal and interest due in connection with this Bond (the "Bond Requirements") are payable, as long as the State is the registered owner of the Bond, by electronic funds transfer, and otherwise by check, draft, wire or warrant made to the registered

owner hereof and mailed by the City Treasurer 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 City Treasurer or any successor thereto as Registrar for this Bond. So long as the State is the registered owner, payment of the Bond Requirements shall be made by depositing with the State Treasurer, on or before any principal or interest payment date or prior redemption date, the amount coming due on such payment date by electronic transfer in immediately available funds. If any payment date is not a business day, payment may be made on or before 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 specified for such installment in the Ordinance until such principal installment is paid in full, plus a penalty in the amount of one-tenth of one percent (0.1%) will be due for each day of nonpayment commencing 10 days after the maturity date of that principal installment. The final installment of principal on this Bond is payable only on presentation and surrender of this Bond at the office of the Paying Agent.

This Bond is issued by the City to defray, in part, the cost of refunding, paying and discharging certain outstanding bonds of the City. This 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 July 19, 2018 (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"); pursuant to NRS 350.020(3); pursuant to NRS 244A.011 through 244A.065, inclusive (the "Project Act"); pursuant to NRS 445A.200 to 445A.295, inclusive (the "SRF 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 its 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.

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 any 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 the 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 water 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, or any combination thereof (the “Water System”), whether resulting from extensions, enlargements, repairs, betterments or other improvements to the Water 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 Water 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



(Form of Registration Panel)

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>
_____	State of Nevada, Treasurer, as Custodian of the Account for the Revolving Fund of the State of Nevada	State Treasurer 101 N. Carson St. Suite 4 Carson City Nevada 89701	_____
_____	_____	_____	_____
_____	_____	_____	_____

(End of Form of Registration Panel)

(Form of Principal Prepayment Panel)

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)



SECTION 23. **Replacement of Registrar or Paying Agent.** If the Registrar or Paying Agent initially appointed hereunder shall resign, or if the City shall reasonably determine that said Registrar or Paying Agent has become incapable of performing its duties hereunder, the City Treasurer may, upon notice mailed to the State Treasurer or any other 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 24. **Delivery of the Bond; Deposit of Proceeds.** When the Bond has been duly executed, the City Treasurer shall cause it to be delivered to the State upon receipt of the principal amount of the Bond and shall authenticate and register it in the name of the State on the Bond registration records of the Registrar and make notation of such registration on the registration panel appended to the Bond. Upon the issuance of the Bond, the City Treasurer shall cause the proceeds of the Bond to be applied as follows:

A. First, there shall be deposited into an account designated as the "Carson City, Nevada, Taxable/Tax-Exempt General Obligation (Limited Tax) Water Refunding Bond (Additionally Secured by Pledged Revenues), Series 2018B Crossover Escrow Account"

(the "Crossover Escrow Account") to be held by the Escrow Agent an amount fully sufficient, together with any other moneys therein (including any monies deposited therein from the debt service fund for the 2010A Bonds), to be used for the payment of (i) the principal amount of the Refunded Bonds to be redeemed in advance of maturity on May 1, 2020, and (ii) the interest on the Bond until January 1, 2020, as provided in the Crossover Escrow Agreement.

B. The balance remaining after the deposit into the Crossover Escrow Account as provided above shall be set aside in a special account designated as the "Carson City, Nevada Taxable/Tax-Exempt General Obligation (Limited Tax) Water Refunding Bond (Additionally Secured by Pledged Revenues), Series 2018B Cost of Issuance Account" (the "Cost of Issuance Account"), to be used to pay the costs of issuance for the Bond. After all incidental expenses have been paid, 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 (defined below) for the respective payment of the installments of principal of or interest on the Bond as the same become due.

**SECTION 25. Maintenance of the Crossover Escrow Account.**

A. The Crossover Escrow Account shall be maintained by the City in an amount at the time of those initial deposits therein and at all times subsequently at least sufficient, together with the known minimum yield to be derived from the initial investment and any temporary reinvestment of the deposits therein or any part thereof in Federal Securities, to pay (i) the principal amount of the Refunded Bonds to be redeemed in advance of maturity on May 1, 2020, and (ii) the interest on the Bond until January 1, 2020, in accordance with the ordinance of the Board authorizing the issuance of the Refunded Bonds and as provided in the Crossover Escrow Agreement.

B. Moneys shall be withdrawn by the Escrow Agent from the Crossover Escrow Account in sufficient amounts and at such times to permit the payment of the principal due on the Refunded Bonds and to pay certain interest due on the Bond as described above, in accordance with the provisions of the Crossover Escrow Agreement. Any moneys remaining in the Crossover Escrow Account after provision shall have been made for the payment in full of the principal of the Refunded Bonds and certain interest on the Bond as

described above, shall be applied to any lawful purpose of the City as the City may hereafter determine.

C. If for any reason the amount in the Crossover Escrow Account shall at any time be insufficient for its purpose, the City shall forthwith from the first moneys available therefor deposit in such account such additional moneys as shall be necessary to permit the payment in full of the principal due on the Refunded Bonds and certain interest due on the Bond as described above.

SECTION 26. **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 Bond (except proceeds in the Crossover 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 Bond or, if adequate provision has been made, into the Bond Fund hereinafter created, for the respective payment of the principal of or interest on the Bond or any combination thereof. As provided herein, the annual General Taxes for the payment of the principal of or interest on the Bond 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 27. **Purchaser Not Responsible.** The validity of the Bond 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 State shall not in any manner be responsible for the application or disposal by the City or by any of its officers, agents and employees of the moneys derived from the sale of the Bond or of any other moneys referred to in this Ordinance.

SECTION 28. **General Tax Levies.** So far as possible, the Bond Requirements of the Bond shall be paid from Net Revenues of the Water System. However, pursuant to NRS 350.596, the principal and interest falling due on the Bond 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, Taxable/Tax-Exempt General Obligation (Limited Tax) Water Refunding Bond (Additionally Secured by Pledged Revenues), Series 2018B Interest Account” (the “Interest Account”) and the “Carson City, Nevada, Taxable/Tax-Exempt General Obligation (Limited Tax) Water Refunding Bond (Additionally Secured by Pledged Revenues), Series 2018B 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 Bond 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 Bond becoming due after such initial installment, and to pay, retire and redeem the Bond 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 Bond, 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 29. **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 30. **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 Bond 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 31. **Use of General Fund.** Any sums becoming due on the Bond 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 32. **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 33. **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 Bond 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 Bond as hereinbefore specified.

SECTION 34. **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 Bond; 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 Bond have been wholly paid.

SECTION 35. **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 Bond in accordance with its terms and the provisions of this Ordinance, all of the Net Revenues of the Water System. This pledge shall be valid and binding from and after the date of the delivery to the State 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 Bond is on a parity with the pledge of the Net Revenues for the Parity Securities, the Bond 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 36. **Revenue Fund.** So long as the Bond 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 Water System Gross Revenues Fund" (the

“Revenue Fund”). So long as the Bond 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 37 through 42.

SECTION 37. **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 Water 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 38. **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 39. **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 Bond, 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 Bond, 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 Bond, 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 Bond, 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 Bond 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 Bond, 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 Bond as such Bond Requirements become due.

SECTION 40. **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, Taxable/Tax-Exempt General Obligation (Limited Tax) Water Refunding Bond (Additionally Secured by Pledged Revenues), Series 2018B, 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 55 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 41. **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 42. **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 Water System, to pay any other obligations pertaining to the Water System or otherwise.

SECTION 43. **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 Bond as to all Bond Requirements to its 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 44. **Equal Security.** The Bond 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 Bond and any such Parity Securities.

SECTION 45. **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 Bond 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 46. **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 2009 Bond shall 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 Chief Financial Officer, the City Engineer or an independent accountant or consulting engineer to be derived in the later of (a) the Fiscal Year immediately following the Fiscal Year in which the facilities to be financed with the proceeds of the additional Superior Securities are projected to be completed or (b) the first Fiscal Year for which no interest has been capitalized for the payment of any Superior Securities, including the Superior Securities proposed to be issued, will be sufficient to pay at least an amount equal to the Bond Requirements (to be paid during that Fiscal Year) of the Outstanding Bond 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 Water System.

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

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

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

E. In connection with the authorization of any such additional securities the Board may on behalf of the City adopt any additional covenants or agreements with the holders of such additional securities; provided, however, that no such covenant or agreement may be in conflict with the covenants and agreements of the City herein and no such covenant or agreement may be materially adverse to the interests of the holders of the 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 47. 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 Chief Financial Officer, City Engineer or an independent accountant or consulting engineer to be derived in the later of (a) the Fiscal Year immediately following the Fiscal Year in which the facilities to be financed with the proceeds of the additional Parity Securities are projected to be completed or (b) the first Fiscal Year for which no interest has been capitalized for the payment of any Parity Securities, including the Parity Securities proposed to be issued, will be sufficient to pay at least an amount equal to the 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 Chief Financial Officer, the City Engineer, or an independent accountant or consulting engineer that the foregoing earnings test is met shall be conclusively presumed to be accurate in determining the right of the City to authorize, issue, sell and deliver additional Parity Securities.

E. In connection with the authorization of any such additional securities the Board may on behalf of the City adopt any additional covenants or agreements with the holders of such additional securities; provided, however, that no such covenant or agreement may be in conflict with the covenants and agreements of the City herein and no such covenant or agreement may be materially adverse to the interests of the 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 48. **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 49. **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 46 hereof or (2) are issued in compliance with subsection (C)(1) of this Section 49 and are issued solely as special obligations secured by and payable from the Net Revenues of the Water System. Except as provided in the immediately preceding sentence, and notwithstanding subsection (C)(3) or any other provision of this Section 49, 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 46 or 47 hereof.

SECTION 50. **Operation of the System**. The City shall at all times operate the Water System properly and in a sound and economical manner and shall maintain, preserve and keep the Water 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 Water System may be properly and advantageously conducted in conformity with standards customarily followed by municipalities operating water systems of like size and character.

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

SECTION 51. **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 Water 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 Water 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 Water System or any part thereof, or upon the Gross Revenues, except the pledge and lien created by this Ordinance for the payment of the Bond 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 Water 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 52. **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 Water System and competing for Gross Revenues otherwise available for the payment of the Bond 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 53. **Rate Covenant.** The City shall charge against users or against purchasers of services or commodities pertaining to the Water 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 Bond, any Outstanding Superior Securities, and any Outstanding Parity Securities; and

C. any other amounts payable from the Net Revenues and pertaining to the Water System, including, without limitation, debt service on any Subordinate Securities

and any other securities pertaining to the Water 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 Water System.

Subject to the foregoing, the City shall cause all fees, rates and other charges pertaining to the Water 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 54. **Books of Record and Account.** So long as any installments of the Bond 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 Water System and to all moneys pertaining thereto, including, without limitation, the Gross Revenues.

SECTION 55. **Tax Covenant.** The City covenants for the benefit of the owners of the Tax-Exempt Bond that it will not take any action or omit to take any action with respect to the Tax-Exempt Bond, the proceeds thereof, any other funds of the City or any facilities refinanced with the proceeds of the Tax-Exempt Bond if such action or omission (i) would cause the interest on the Bond 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 Tax-Exempt Bond to lose its exclusion from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code, except to the extent that such interest is required to be included in calculating the adjusted current earnings adjustment applicable to corporations for purposes of computing corporate alternative minimum taxable income for taxable years of corporations beginning before January 1, 2018. The foregoing covenant shall remain in full force and effect notwithstanding the



payment in full or defeasance of the Tax-Exempt Bond until the date on which all obligations of the City in fulfilling the above covenant under the Tax Code have been met.

SECTION 56. **Defeasance**. When all Bond Requirements of the Bond have been duly paid, the pledge, the lien and all obligations hereunder as to that Bond shall thereby be discharged and the Bond shall no longer be deemed to be Outstanding within the meaning of this Ordinance. There shall be deemed to be such due payment when the City has placed in escrow or in trust with a Trust Bank 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 the Bond, as the same become due to the final maturity of the Bond, or upon any Redemption Date as of which the State Treasurer shall have consented to and the City shall have exercised or shall have obligated itself to exercise its prior redemption option by a call of the 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 Trust Bank at the time of the creation of the escrow or trust, or the Federal Securities shall be subject to redemption at the option of the 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. Notwithstanding the City's deposit of Federal Securities to meet the requirements set forth above, for so long as the Bond bears Taxable Interest the City is obligated to contribute additional securities to pay the Bond Requirements of the Bond if necessary to provide sufficient amounts to satisfy the Bond Requirements of the Bond unless the City has obtained an opinion of nationally recognized bond counsel to the effect that such continuing City obligation to contribute additional securities is not necessary to prevent a deemed reissuance under Section 1001 of the Code. When such defeasance is accomplished the Paying Agent shall mail written notice of the defeasance to the State Treasurer or any other registered owners of the Bond at the addresses last shown on the registration records for the Bond maintained by the Registrar.

SECTION 57. **Amendments.** This Ordinance may be amended or supplemented by instruments adopted by the City, without receipt by the City of any additional consideration, but with the written consent of the State Treasurer at the time of the adoption of the amendatory or supplemental instrument. 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, without the consent of the State Treasurer;

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

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

D. The establishment of priorities as between the Bond 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 State.

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 State Treasurer. 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 State Treasurer, 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. Any consent given by the State Treasurer pursuant to the provisions hereof shall be irrevocable.

Any Bond 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 a 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 State Treasurer 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, a new Bond 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 the Bond then Outstanding upon surrender of such Bond.

SECTION 58. **Prevention of Bond Default.** Subject to the provisions of this Ordinance, the City Treasurer shall use any Bond proceeds credited to the Cost of Issuance Account (but not the Crossover Escrow Account), without further order or warrant, to pay the Bond Requirements of the Bond 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 City Treasurer shall promptly notify the Board of any such use.

SECTION 59. **Redemption of Refunded Bonds.** The City hereby elects to call for prior redemption the Refunded Bonds, at the price equal to the principal amount of each Refunded Bond, or portion thereof, so redeemed, as set forth in the Escrow Agreement. The paying agent and registrar for the Refunded Bonds is authorized to give a notice of prior redemption of the Refunded Bonds in accordance with the terms of this Ordinance and the ordinance authorizing the issuance of the Refunded Bonds.

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 State, 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 Bond 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 State in connection with the Bond 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 Bond; and

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

D. The completion and execution of the Crossover Escrow Agreement.

SECTION 61. **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 “2018B WATER REFUNDING BOND ORDINANCE”; PROVIDING FOR THE ISSUANCE OF ITS TAXABLE/TAX-EXEMPT GENERAL OBLIGATION (LIMITED TAX) WATER REFUNDING BOND (ADDITIONALLY SECURED BY PLEDGED REVENUES), SERIES 2018B FOR THE PURPOSE OF REFUNDING, PAYING AND DISCHARGING CERTAIN OUTSTANDING BONDS OF THE CITY; PROVIDING THE FORM, TERMS AND CONDITIONS OF THE BOND; PROVIDING FOR THE LEVY AND COLLECTION OF ANNUAL GENERAL (AD VALOREM) TAXES FOR THE PAYMENT OF SUCH BOND; ADDITIONALLY SECURING ITS PAYMENT BY A PLEDGE OF REVENUES DERIVED FROM THE WATER 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 885 East Musser Street, Suite 1028, Carson City, Nevada and that such Ordinance was proposed on July 5, 2018, and will be considered for adoption at the regular meeting of the Board of Supervisors of Carson City held on July 19, 2018.

/s/ Sue Merriwether  
City Clerk

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

SECTION 62. **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 “2018B WATER REFUNDING BOND ORDINANCE”; PROVIDING FOR THE ISSUANCE OF ITS TAXABLE/TAX-EXEMPT GENERAL OBLIGATION (LIMITED TAX) WATER REFUNDING BOND (ADDITIONALLY SECURED BY PLEDGED REVENUES), SERIES 2018B FOR THE PURPOSE OF REFUNDING, PAYING AND DISCHARGING CERTAIN OUTSTANDING BONDS OF THE CITY; PROVIDING THE FORM, TERMS AND CONDITIONS OF THE BOND; PROVIDING FOR THE LEVY AND COLLECTION OF ANNUAL GENERAL (AD VALOREM) TAXES FOR THE PAYMENT OF SUCH BOND; ADDITIONALLY SECURING ITS PAYMENT BY A PLEDGE OF REVENUES DERIVED FROM THE WATER 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 July 5, 2018, and was passed and adopted at the regular meeting of the Carson City Board of Supervisors held on July 19, 2018 by the following vote of the Board of Supervisors:

Those Voting Aye:

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

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

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

This Ordinance shall be in full force and effect from and after July \_\_, 2018, i.e., the date of publication of this Ordinance by its title only.

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

DATED this July 19, 2018.

/s/ Robert L. Crowell  
Mayor

Attest:

/s/ Sue Merriwether  
City Clerk

(End of Form of Publication of Adoption of Ordinance)



SECTION 63. **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.

PASSED AND ADOPTED BY THE BOARD OF SUPERVISORS OF CARSON CITY, THIS JULY 19, 2018.

Proposed on July 5, 2018.

Passed on the July 19, 2018.

Those Voting Aye:

Those Voting Nay:

Those Absent and Not Voting:

Those Abstaining:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_  
Mayor

(SEAL)

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

This Ordinance shall be force and effect from and after July \_\_, 2018, i.e., the date of publication of this Ordinance by its title only.

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

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

1. The foregoing pages constitute a true, correct and compared copy of an ordinance introduced at a meeting on July 5, 2018, and passed and adopted by the Board of Supervisors of the City (the “Board”) at a meeting of the Board held on July 19, 2018; and the original ordinance has been approved and authenticated by the signature of the Mayor and myself as City Clerk, and sealed with the seal of the City, and has been recorded in the minute book of the Board kept for that purpose in my office, which record has been duly signed by such officers and properly sealed.

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

3. All members of the Board were given due and proper notice of such meetings held on July 5, 2018 and July 19, 2018.

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

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

- (iv) Carson City Library  
900 North Roop Street  
Carson City, Nevada
- (v) Business Resource & Innovation Center (BRIC)  
108 East Proctor Street  
Carson City, Nevada

are attached as Exhibit A hereto.

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

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

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

**IN WITNESS WHEREOF**, I have hereunto set my hand and the seal of Carson City, Nevada, this July 19, 2018.

(SEAL)

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

EXHIBIT "A"

(Attach Copy of Notices of Meetings on July 5, 2018 and July 19, 2018)

EXHIBIT "B"

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

EXHIBIT "C"

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