

Summary -- An ordinance authorizing the issuance of the Washoe County, Nevada, Highway Revenue (Fuel Tax) Refunding Bonds, Series 2019, or if issued in calendar year 2020, the Washoe County, Nevada, Highway Revenue (Fuel Tax) Refunding Bonds, Series 2020, and otherwise concerning the bonds and the motor vehicle fuel and special fuel taxes pledged for their payment.

BILL NO. _____
ORDINANCE NO. _____

AN ORDINANCE AUTHORIZING THE ISSUANCE BY WASHOE COUNTY OF ITS FULLY REGISTERED WASHOE COUNTY, NEVADA, HIGHWAY REVENUE (FUEL TAX) REFUNDING BONDS, SERIES 2019 OR SERIES 2020 IN THE MAXIMUM AGGREGATE PRINCIPAL AMOUNT OF \$75,000,000 FOR THE PURPOSE OF REFINANCING OUTSTANDING OBLIGATIONS; PROVIDING THE FORM, TERMS AND CONDITIONS OF THE BONDS AND THE SECURITY THEREFOR, AND OTHER DETAILS IN CONNECTION THEREWITH; AND PROVIDING FOR ITS ADOPTION AS IF AN EMERGENCY EXISTS AND PROVIDING THE EFFECTIVE DATE HEREOF.

WHEREAS, the County of Washoe, in the State of Nevada (the "County" or the "Issuer," and the "State," respectively), is a county incorporated and operating under the laws of the State; and

WHEREAS, there has been duly prepared and adopted a Land Use and Transportation Element of the Comprehensive Regional Plan of Washoe County, Nevada (the "Plan"); and

WHEREAS, pursuant to Nevada Revised Statutes ("NRS") 373.010 through 373.200 (the "Project Act"), the Board of County Commissioners of the County (the "Governing Body") created the Regional Transportation Commission of Washoe County and referred to in this ordinance as the "Transportation Commission") and, in addition to any other taxes provided by law, the Governing Body now levies and requires to be paid an excise tax of nine cents (9 cents) per gallon on all motor vehicle fuel sold, distributed or used in the County (subject to certain exceptions) and certain excise taxes authorized by NRS 373.065, including annual increases in the excise tax of nine cents (9 cents) per gallon imposed on such fuels based upon increases in the Producer Price Index for Highway and Street Construction, an index published

by the United States Department of Labor which measures inflation in the costs of such construction; and

WHEREAS, pursuant to NRS 373.010 through 373.200, Nevada Revised Statutes ("NRS"), as amended by Chapter 706, Statutes of Nevada, 1981 (the "Project Act"), the Local Government Securities Law (the "Bond Act") and other acts supplemental thereto, including, without limitation, chapter 365, Nevada Revised Statutes, and all laws amendatory thereof (the "Tax Act"), the Governing Body has determined to issue its Washoe County, Nevada, Highway Revenue (Fuel Tax) Refunding Bonds, Series 2019 or Washoe County, Nevada, Highway Revenue (Fuel Tax) Refunding Bonds, Series 2020 (the "2019 Bonds" or the "Bonds") to refund all or a portion of the outstanding Washoe County, Nevada, Highway Revenue (Motor Vehicle Fuel Tax) Bonds, Series 2010B (Taxable Direct Pay Build America Bonds) (the "2010B Bonds"), if any, and all or a portion of the outstanding Washoe County, Nevada, Highway Revenue (Motor Vehicle Fuel Tax) Bonds, Series 2010C (Taxable Recovery Zone Economic Development Bonds) (the "2010C Bonds" and together with the refunded portion of the 2010B Bonds, the "Refunded Bonds"), if any, as set forth in the Escrow Agreement (defined herein) for interest rate savings and to effect other economies (the "Refunding Project" or the "Project"); and

WHEREAS, the 2019 Bonds are special obligations of the County payable from Fuel Taxes (as herein defined), but subject to the exempt sales and other exempt transactions provided by law, and subject to the credits and refunds authorized by law and pertaining thereto except those defrayed as Administration Expenses (as herein defined), after provision is made for the payment of certain Administration Expenses and any required Direct Distributions (as herein defined), including, without limitation, deductions to reimburse dealers and users for certain handling losses, to make certain refunds to taxpayers, and to make certain other remittances and deposits required by law (as more specifically defined herein, the "Gross Pledged Revenues," and the "Net Pledged Revenues," respectively); and

WHEREAS, the County is negotiating the purchase of its Washoe County, Nevada, Highway Revenue (Fuel Tax) Refunding Bonds, Series 2019 (the "2019 Bonds") with J.P. Morgan Securities LLC as representative of itself and Citigroup Global Markets Inc. (collectively, the "Underwriters"); and

WHEREAS, the Assistant County Manager, as the Chief Financial Officer (the "Assistant County Manager"), or in such officer's absence, the County Manager (the "County Manager"), is authorized to accept the bond purchase agreement to be submitted by the Underwriters (the "Bond Purchase Agreement") for the purchase of the 2019 Bonds at a price equal to the principal amount of the 2019 Bonds (not to exceed \$75,000,000), plus a premium, or less a discount not exceeding 9% of the principal amount of the 2019 Bonds, the 2019 Bonds to bear interest at the rates per annum provided in the Bond Purchase Agreement, which must not exceed 3% over the 25 Revenue Bond Index most recently published in The Bond Buyer prior to the time the Bond Purchase Agreement is accepted and calculated in accordance with Chapter 99 of NRS, all as specified by the Assistant County Manager, or in such officer's absence the County Manager, in the Bond Purchase Agreement dated on or before the date of delivery of the 2019 Bonds, and otherwise upon the terms and conditions provided in this Ordinance; and

WHEREAS, pursuant to NRS 350.155, a certificate of the County Manager, as chief administrative officer of the County, and a report of the County's financial adviser have been submitted to the Board, are attached hereto as Exhibit C and are hereby approved; and

WHEREAS, except with respect to the 2010B Bonds, the 2010C Bonds, the Washoe County, Nevada, Highway Revenue (Motor Vehicle Fuel Tax) Bonds, Series 2010A (Tax-Exempt) (the "2010A Bonds"), the Washoe County, Nevada, Highway Revenue (Fuel Tax) Bonds, Series 2010E (Taxable Direct Pay Build America Bonds) (the "2010E Bonds"), the Washoe County, Nevada, Highway Revenue (Fuel Tax) Bonds, Series 2010F (Taxable Recovery Zone Economic Development Bonds) (the "2010F Bonds") and the Washoe County, Nevada, Highway Revenue (Fuel Tax) Refunding Bonds, Series 2018 (the "2018 Bonds"), the County has never pledged nor in any way hypothecated revenues derived or to be derived (directly or indirectly) from any excise tax relating to motor vehicle fuel to the payment of any Outstanding bonds or for any other purpose, with the result that the proceeds of the Net Pledged Revenues may now be pledged lawfully and irrevocably to the 2019 Bonds, all as herein provided; and

WHEREAS, the ordinances authorizing the issuance of the Outstanding 2010A Bonds, 2010B Bonds, 2010C Bonds, 2010E Bonds, 2010F Bonds and 2018 Bonds provide that additional bonds may be issued with a lien on the Net Pledged Revenues (as herein defined) which is on a parity with the lien thereon of the Parity Securities; and

WHEREAS, except as described above, the County has never pledged nor in any way hypothecated revenues derived or to be derived (directly or indirectly) from any excise tax relating to motor vehicle fuel to the payment of any Outstanding bonds or for any other purpose, with the result that the proceeds of the Net Pledged Revenues may now be pledged lawfully and irrevocably to the 2019 Bonds, all as herein provided; and

WHEREAS, the Governing Body has considered, has further determined, and declares:

- a. The Governing Body has studied the desirability and feasibility of refunding the Refunded Bonds and has determined to authorize the issuance of the 2019 Bonds payable from Net Pledged Revenues for refinancing such Refunded Bonds;
- b. It is in the best interests of the County and its inhabitants that the County undertake the Refunding Project by the issuance and sale of the 2019 Bonds to the Underwriters;
- c. The payment of the 2019 Bonds shall be secured by a pledge of and an irrevocable (but not an exclusive) lien on the Net Pledged Revenues on a parity with the pledge thereof and lien thereon to secure the payment of the Parity Securities (as herein defined) and superior to the pledge thereof and the lien thereon to secure the payment of the Subordinate Securities;
- d. Each of the limitations in the Project Act, the Bond Act, the ordinances authorizing the issuance of the 2010A Bonds, 2010B Bonds, 2010C Bonds, 2010E Bonds, 2010F Bonds and 2018 Bonds and in the acts and ordinances supplemental thereto, has been met; and pursuant to NRS 350.708, this determination of the Governing Body that the limitations therein upon the issuance of the 2019 Bonds thereunder have been met shall be conclusive in the absence of fraud or arbitrary and gross abuse of discretion;
- e. The 2019 Bonds will otherwise be issued in strict compliance with the Bond Act, this Ordinance, and all other acts, ordinances and resolutions supplemental thereto; and
- f. It is advisable and in the best interests of the County to make appropriate provisions herein for the future issuance of additional bonds or other securities payable from the Net Pledged Revenues to be derived hereafter, which additional bonds or other securities, if and when authorized in accordance with law, will, subject to designated conditions, occupy a position of parity and enjoy an equality of lien on the Net Pledged Revenues with the 2019 Bonds herein authorized, and further to prescribe the restrictions,

covenants, and limitations which shall govern the issuance of any additional bonds or any other additional securities payable from the Net Pledged Revenues; and

WHEREAS, the Board hereby elects to have Chapter 348, NRS (the "Supplemental Bond Act") apply to the 2019 Bonds; and

WHEREAS, the Governing Body has determined and does declare that this Ordinance pertains to the sale, issuance and payment of the 2019 Bonds; and

WHEREAS, such declaration shall be conclusive in the absence of fraud or gross abuse of discretion in accordance with the provisions of subsection 2 of NRS 350.579; and

WHEREAS, this Ordinance may accordingly be adopted as if an emergency now exists and shall take effect from and after its passage and publication twice by title and collateral statement in accordance with law.

NOW, THEREFORE, THE BOARD OF COUNTY COMMISSIONERS OF THE COUNTY OF WASHOE, IN THE STATE OF NEVADA, DO ORDAIN:

ARTICLE I

SHORT TITLE, DEFINITIONS, INTERPRETATION, RATIFICATION, TRANSMITTAL AND EFFECTIVE DATE

Section 101. Short Title. This ordinance shall be known and may be cited as the "2019 Highway Bond Refunding Ordinance" (the "Ordinance").

Section 102. Meaning and Construction.

A. Definitions. The following terms, except where the context by clear implication otherwise requires, and if the Bonds are issued in calendar year 2020, references to "Series 2019" shall be to "Series 2020", shall have the specified meanings for all purposes of this Ordinance:

The term "acquire" or "acquisition" means the opening, laying out, establishment, purchase, construction, securing, installation, reconstruction, lease, gift, grant from the Federal Government, the State, any body corporate and politic therein, any corporation, or any other Person, the endowment, bequest, devise, condemnation, transfer, assignment, option to purchase, other contract, or other acquirement, or any combination thereof, of any properties pertaining to the Facilities, or an interest therein, or any other properties herein designated.

"Administration Expenses" means the expenses incurred in fixing and collecting the Fuel Taxes and the costs of administering and enforcing laws, rules and

regulations pertaining thereto, including, without limitation, the deductions allowed by law to any dealer or user to cover his costs of collection of the taxes and of compliance with any law pertaining thereto, statute or ordinance, and the dealer's or user's handling costs occasioned by evaporation, spillage or other similar causes, not exceeding two percent (2%) of the amount thereby collected, the reasonable charges against the County or the State acting by or through the Department or otherwise to reimburse the State for the cost to it of rendering its services in the performance by it of all functions incident to the administration or operation of the Tax Ordinance, which charges have been initially fixed by contract between the County and the State in the amount not to exceed one percent (1%) as provided in NRS 373.080 of the gross tax collected pursuant to the Tax Ordinance, but which are subject to renegotiation and reestablishment at a different rate or different amount, and such charges incident to the administration or operation of the Tax Act to defray such administration and operation costs incurred by the State, and also so including any such administration costs pertaining to any Fuel Taxes other than the taxes presently imposed by the Tax Ordinance and by the Tax Act and now or hereafter subject to the pledge and lien to secure the payment of the 2019 Bonds; and the term may include at the County's option (except as limited by law), without limitation:

- (a) Auditing, legal and other overhead expenses of the County directly or indirectly related to the administration, operation and maintenance of the Fuel Taxes;
- (b) Property, liability and other insurance and fidelity bond premiums pertaining to the Net Pledged Revenues or a reasonably allocated share of a premium of any blanket policy or bond pertaining to the Net Pledged Revenues;
- (c) The reasonable charges of any depository bank pertaining to the Fuel Taxes or any securities payable from the Net Pledged Revenues;
- (d) Any general taxes, assessments, excise taxes, or other charges which may be lawfully imposed on the County or its income or operations pertaining to the Fuel Taxes;
- (e) Ordinary and current rentals of equipment or other property pertaining to the Net Pledged Revenues or the Fuel Taxes, or any combination;
- (f) The costs of making any refunds of any Pledged Revenues lawfully due to others;

(g) Expenses in connection with the issuance of bonds or other securities evidencing any loan to the County and payable from the Net Pledged Revenues;

(h) The expenses and compensation of any trustee or other fiduciary pertaining to any securities payable from any portion of the Net Pledged Revenues, the Net Pledged Revenues or the Fuel Taxes, or any combination;

(i) Contractual services, professional services required by this Ordinance, salaries, labor and the cost of materials and supplies used for current operation pertaining to the Net Pledged Revenues or the Fuel Taxes, or any combination; and

(j) All other administrative, general and commercial expenses pertaining to the Fuel Taxes, but:

1. Excluding any operation and maintenance expenses incurred in connection with the Facilities or other streets and highways in the County and not directly pertaining to the Fuel Taxes;

2. Excluding any allowance for depreciation or any amounts for capital replacements, renewals, major repairs and maintenance items (or any combination thereof);

3. Excluding any costs of the acquisition of any Facilities or any improvements thereto or any other costs pertaining to any other street or highway improvements, or any reserves therefor;

4. Excluding any reserves for operation, maintenance or repair of the Facilities or other streets and highways in the County;

5. Excluding any allowance for the redemption of any bonds or other securities evidencing a loan, or the payment of any interest thereon, or any reserve therefor; and

6. Excluding liabilities incurred by the County as the result of its negligence in the operation and maintenance of the Facilities or any other streets and highways in the County or any other ground of legal liability not based on contract, or any reserve therefor.

"BAB Credit" means the credit provided in Section 6431 of the Tax Code which the County directly receives with respect to any Parity Securities or Subordinate Securities in lieu of any credit otherwise available to the holders of such Parity Securities or Subordinate

Securities under Section 54AA(a) of the Tax Code, pursuant to an irrevocable election by the County that Section 54AA of the Tax Code shall apply to such Parity Securities or Subordinate Securities and that subsection (g) of Section 54AA will also apply to such Parity Securities or Subordinate Securities.

"Board" or "Governing Body" means the Board of County Commissioners of Washoe County, in the State of Nevada, or its successor in functions, if any.

"Bond Act" means NRS 350.500 through 350.720, and all laws amendatory thereof, and designated in section 350.500 thereof as the Local Government Securities Law.

"Bond Account" means the "Washoe County, Nevada, Highway Parity Revenue Bonds, Interest and Bond Retirement Fund," previously created and continued by Section 401 hereof.

"Bond Requirements" means the principal of, any prior redemption premiums due, if any, in connection with, and the interest on the 2019 Bonds and any additional bonds or other securities payable from the Net Pledged Revenues, or such part of such securities as may be designated.

For purposes of computing the Bond Requirements of variable interest rate Parity Securities, the interest rate used in the determination shall be the prevailing interest rate on the variable interest rate bonds at the time of calculation, but neither greater than any maximum interest rate pertaining to such variable interest rate nor less than any minimum interest rate pertaining to such variable interest rate. Any such computation shall be made by the Assistant County Manager unless otherwise expressly provided.

In the case of any calculation of the Bond Requirements in the future on the 2019 Bonds and any Parity Securities with respect to which the County expects to receive a BAB Credit or RZEDB Credit, "interest" should be treated as the amount of interest to be paid by the County on the 2019 Bonds and any Parity Securities less the amount of BAB Credit or RZEDB Credit, as the case may be, then expected to be paid by the United States with respect to interest payments on the 2019 Bonds and any Parity Securities and required by this Ordinance or the ordinance or other instrument authorizing those Parity Securities to be used to pay interest on the 2019 Bonds or any Parity Securities, respectively, or to reimburse the County for amounts already used to pay interest on the 2019 Bonds and any Parity Securities. If the BAB Credit or

RZEDB Credit, as the case may be, 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 County on the 2019 Bonds and any Parity Securities without a deduction of the BAB Credit or RZEDB Credit, as the case may be. The Assistant County Manager may certify in writing the expected amount and the expected date of receipt of any BAB Credit or RZEDB Credit, as the case may be, and that certificate shall be conclusive for purposes of this Ordinance.

"Bond Year" for the purposes of this Ordinance means the twelve (12) months commencing on the second day of February of any calendar year and ending on the first day of February of the next succeeding calendar year.

"2010A Bonds" means the securities designated as the Washoe County, Nevada, Highway Revenue (Motor Vehicle Fuel Tax) Bonds, Series 2010A (Tax-Exempt).

"2010B Bonds" means the securities designated as the Washoe County, Nevada, Highway Revenue (Motor Vehicle Fuel Tax) Bonds, Series 2010B (Taxable Direct Pay Build America Bonds).

"2010C Bonds" means the securities designated as the Washoe County, Nevada, Highway Revenue (Motor Vehicle Fuel Tax) Bonds, Series 2010C (Taxable Recovery Zone Economic Development Bonds).

"2010E Bonds" means the securities designated as the Washoe County, Nevada, Highway Revenue (Fuel Tax) Bonds, Series 2010E (Taxable Direct Pay Build America Bonds).

"2010F Bonds" means the securities designated as the Washoe County, Nevada, Highway Revenue (Fuel Tax) Bonds, Series 2010F (Taxable Recovery Zone Economic Development Bonds).

"2018 Bonds" means the securities designated as the Washoe County, Nevada, Highway Revenue (Fuel Tax) Refunding Bonds, Series 2018.

"2019 Bonds" means the securities issued hereunder and designated as the Washoe County, Nevada, Highway Revenue (Fuel Tax) Refunding Bonds, Series 2019 or if issued in calendar year 2020, the Washoe County, Nevada, Highway Revenue (Fuel Tax) Refunding Bonds, Series 2020.

"Chairman" means the de jure or de facto Chairman of the Board, or her or his successor in functions, if any.

"Chief Financial Officer of the RTC" means the de jure or de facto chief financial officer of the RTC, or successor in functions, if any.

"Clerk" or "County Clerk" means the de jure or de facto county clerk of the County, or her successor in functions, if any.

"Continuing Disclosure Certificate" means the Continuing Disclosure Certificate executed by the RTC in connection with the 2019 Bonds.

"Combined Maximum Annual Principal and Interest Requirements" means the maximum sum of the principal of and interest on any designated securities payable from the Net Pledged Revenues (except for purposes of the definition of Minimum Bond Reserve unless otherwise provided in an ordinance authorizing the issuance of Parity Securities), to be paid during any one Bond Year for the period beginning with the Bond Year in which such computation is made and ending with the Bond Year in which any bond secured by a reserve account for which the calculation is being made last becomes due at maturity or on a date on which any bond secured by a reserve account for which the calculation is being made thereafter maturing has been called for prior redemption, but excluding any reserve requirements to secure such payments unless otherwise expressly provided. Any such computation shall be made by the Assistant County Manager or the Chief Financial Officer of the RTC or an Independent Accountant unless otherwise expressly provided.

In the case of any calculation of the combined maximum annual principal and interest requirements to be paid in the future on any Parity Securities or Subordinate Securities with respect to which the County expects to receive a BAB Credit or an RZEDB Credit, "interest" for any Bond Year should be treated as the amount of interest to be paid by the County on those Parity Securities or Subordinate Securities in that Bond Year less the amount of BAB Credit or RZEDB Credit, as the case may be, then expected to be paid by the United States with respect to interest payments on those Parity Securities or Subordinate Securities in that Bond Year and required by the ordinance or other instrument authorizing those Parity Securities or Subordinate Securities to be used to pay interest on those Parity Securities or Subordinate Securities in that Bond Year or to reimburse the County for amounts already used to pay interest on those Parity Securities or Subordinate Securities in that Bond Year. If the BAB Credit or RZEDB Credit, as the case may be, 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 County on the Parity

Securities or Subordinate Securities without a deduction of the BAB Credit or the RZEDB Credit, as the case may be. The Assistant County Manager may certify in writing the expected amount and the expected date of receipt of any BAB Credit or RZEDB Credit, as the case may be, and that certificate shall be conclusive for purposes of this Ordinance.

"commercial bank" or "Insured Bank" means a state or national bank or trust company which is a member of the Federal Deposit Insurance Corporation and of the Federal Reserve System, is located within the United States, and has a capital and surplus of \$10,000,000 or more, including, without limitation, any "trust bank" as herein defined.

"Comparable Bond Year" means, in connection with any Fiscal Year, the Bond Year which commences in the Fiscal Year. For example, for the Fiscal Year commencing on the first day of July, 2020, the Comparable Bond Year commences on the second day of February, 2020, and ends on the first day of February, 2021.

"Cost of Issuance Account" means account created herein and designated as the "Washoe County, Nevada, Highway Revenue (Fuel Tax) Refunding Bonds, Series 2019, Cost of Issuance Account".

"Cost of the Refunding Project," or any phrase of similar import, means all or any part designated by the Governing Body of the costs of the Refunding Project, or interest in the Improvements being acquired, which cost, at the option of the Governing Body (except as limited by law) may include all or any part of the incidental costs pertaining to the Refunding Project, including, without limitation, but subject to the covenants in Section 823:

(a) Preliminary expenses advanced by the County from funds available for use therefor or any other source, or advanced by any city or town with the approval of the County from funds available therefor or from any other source, or advanced by the State or the Federal Government, with the approval of the County (or any combination thereof);

(b) The costs of appraising, printing, estimates, advice, services of financial consultants, attorneys at law, clerical help, or other agents or employees;

(c) The costs of making, publishing, posting, mailing and otherwise giving any notice in connection with the Refunding Project, the filing or recordation of instruments, the taking of options, the issuance of the 2019 Bonds and any other securities pertaining to the Refunding Project, and the bank fees and expenses;

(d) The costs of contingencies;

(e) The costs of the capitalization with the proceeds of the 2019 Bonds of any interest on the 2019 Bonds for any period not exceeding the period estimated by the Governing Body to effect the Refunding Project plus one (1) year, of any discount on the 2019 Bonds, and of any reserves for the payment of the Bond Requirements of the 2019 Bonds, of any replacement expenses, and of any other cost of the issuance of the 2019 Bonds;

(f) The costs of amending any ordinance, resolution or other instrument authorizing the issuance of or otherwise pertaining to outstanding securities payable from any Net Pledged Revenues;

(g) The costs of funding any short-term loans, construction loans and other temporary loans of not exceeding ten (10) years pertaining to the Refunding Project and of the incidental expenses incurred in connection with such loans; and

(h) All other expenses necessary or desirable and pertaining to the Refunding Project, as estimated or otherwise ascertained by the Governing Body.

"County" or "Issuer" means Washoe County, Nevada, constituting a political subdivision thereof, or any successor municipal corporation; and where the context so indicates, either such term means the geographical area comprising Washoe County.

"County Treasurer" or "Treasurer" means the de jure or de facto county treasurer of the County, or successor in functions, if any.

"Department of Taxation" or "Department" means the Nevada Department of Taxation created by section 11, chapter 748, Statutes of Nevada 1975.

"Direct Distributions" means the shares of the unrefunded balance of the Fuel Taxes levied and collected pursuant to the Project Act and Tax Ordinance, which are subject to refund by reason of the use of such taxed fuel as aviation fuel, and allocated to the local governments which own or control any airports, landing areas and air navigation facilities within the County, pursuant to NRS 373.150.

"Escrow Account" means the special account designated as the Washoe County, Nevada, Highway Revenue (Fuel Tax) Refunding Bonds, Series 2019 Escrow Account to be held by the Escrow Bank and administered according to the provisions of the Escrow Agreement to pay off the Refunded Bonds.

"Escrow Agreement" means the escrow agreement between the Escrow Bank and the County relating to the Refunded Bonds.

"Escrow Bank" means Wells Fargo Bank, National Association, its successors and assigns.

"Events of Default" means the events stated in Section 1003 hereof.

"Facilities" means the properties comprising the street and highway system embraced by the Plan, as from time to time amended, consisting of all properties real, personal, mixed, or otherwise, now owned or hereafter acquired by the County, the State, and any other political subdivision of the State (other than the County), through purchase, construction, or otherwise, and used in connection with the street and highways system within the Plan, as so amended, and in any way pertaining thereto.

"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 of America.

"Assistant County Manager" means the de jure or de facto Assistant County Manager of the County, as chief financial officer of the County, or successor in functions, if any.

"Fiscal Year" means the twelve (12) months commencing on the first day of July of any calendar year and ending on the last day of June of the next succeeding calendar year.

"Fuel Taxes" means the excise taxes collected for use by the County in connection with the privilege of selling, using or distributing motor vehicle fuel and certain special fuels in the County or the State, as the case may be, so long as the 2019 Bonds issued hereunder remain Outstanding, the proceeds of which taxes now or hereafter are authorized to be pledged by the Board for the payment of the 2019 Bonds, whether levied by the County, the State, or otherwise, subject to the exempt sales and to the other exempt transactions provided by law, and subject to the credits and refunds authorized by law and pertaining thereto except those defrayed as Administration Expenses. Such taxes are not necessarily limited to any type or types of motor vehicle or special fuel in use when the 2019 Bonds are issued; and, subject to such exempt sales and to such other exempt transactions, such taxes now consist:

(a) Of a tax levied by the County by the Tax Ordinance pursuant to NRS 373.030 of nine cents (\$.09) per gallon on all motor vehicle fuel sold, distributed or used in the County as provided by the Tax Ordinance, except as therein otherwise provided;

(b) Of a tax levied by the County by the Tax Ordinance pursuant to paragraph (d) of subsection 1 of NRS 373.065 on all motor vehicle fuel sold, distributed or used in the County as provided by the Tax Ordinance, except as therein otherwise provided;

(c) Of taxes levied by the County by the Tax Ordinance pursuant to paragraphs (d) to (m), inclusive, of subsection 1 of section 3 of Chapter 501, Statutes of Nevada 2009 on certain motor vehicle and special fuels sold, distributed or used in the County as provided by the Tax Ordinance, except as therein otherwise provided; and

(d) Not of any portion of any excise tax otherwise now levied by the State;

and such taxes may hereafter consist of any excise taxes pertaining to motor vehicle fuel or special fuels of at least an equivalent value and pledged in lieu of such present taxes by the Board or by statute or of any such excise taxes of any value pledged in supplementation thereof.

"Governing Body" means the Board.

"Gross Pledged Revenues" means all income and revenues derived directly or indirectly by the County from the Fuel Taxes, or any part thereof, whether resulting from excise taxes pertaining to motor vehicle fuel hereafter authorized to be pledged by the Board to the 2019 Bonds, or otherwise, and includes all revenues received for use by the County or any political corporation succeeding to the rights of the County from the Fuel Taxes, but:

(a) Excluding 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 County, and

(b) Excluding any other moneys which are not authorized by statute heretofore or hereafter adopted to be pledged to the payment of the 2019 Bonds.

"hereby," "herein," "hereinabove," "hereinafter," "hereinbefore," "hereof," "hereto," "hereunder" and any similar term refer to this Ordinance and not solely to the particular

portion thereof in which such word is used; "heretofore" means before the adoption of this Ordinance; and "hereafter" means after the adoption of this Ordinance.

"Highway Fund" means the Regional Highway Fund in the treasury of the County, which fund formerly designated the Regional Street and Highway Fund was created by the Tax Ordinance, pursuant to NRS 373.110.

"holder", "Holder" or "owner" or any similar term, when used in connection with any bonds, or any other designated securities, means the Person in possession and the apparent owner of the designated item, if such obligation is registered to bearer or is not registered, and the term means the registered owner of any 2019 Bond or other security which is fully registered for payment as to both principal and interest otherwise than to bearer.

"improve" or "improvement" means the extension, widening, lengthening, betterment, alteration, reconstruction or other major improvement, or any combination thereof, of any properties pertaining to the Facilities, or an interest therein, or any other properties herein designated; but the term does not mean renovation, reconditioning, patching, general maintenance or other minor repair.

"Improvements" means those Facilities acquired or improved by Refunded Bonds.

"Independent Accountant" means any certified public accountant, or firm of such certified public accountants, as from time to time determined by the Governing Body, duly licensed to practice and practicing as such under the laws of the State, appointed and compensated by the Governing Body on behalf and in the name of the County:

- (a) Who is, in fact, independent and not under the domination of the County;
- (b) Who does not have any substantial interest, direct or indirect, with the County, and
- (c) Who is not connected with the County as an officer or employee thereof, but who may be regularly retained to make annual or similar audits of any books or records of the County.

"Instrument" means this Ordinance; and the terms "instrument of the Issuer," "instrument of the Governing Body," "amendatory instrument," "supplemental

instrument," or any phrase of similar import mean any resolution or ordinance adopted by the Governing Body on behalf of the County.

"Insurer" means the entity, if any, or any successor thereof, which insures the 2019 Bonds and whose policy of municipal bond insurance is delivered at the time the 2019 Bonds are delivered.

"Issuer" means the County.

"Minimum Bond Reserve" means, with respect to the 2010A Bonds, the 2010B Bonds, the 2010C Bonds, the 2010E Bonds and the 2010F Bonds, the lesser of: (a) 125% of the combined average annual principal and interest requirements; (b) 100% of the Combined Maximum Annual Principal and Interest Requirements; or (c) an amount equal to 10% of the proceeds of such Bonds, and is required to be deposited, accumulated and maintained as provided in Section 506 hereof.

In connection with the issuance of additional Parity Securities, the County may elect, but is not required, to provide in the ordinance authorizing the issuance of additional Parity Securities for a reserve account solely for such additional Parity Securities in an amount at least equal to the lesser of: (a) 125% of the combined average annual principal and interest requirements of the additional Parity Securities; (b) 100% of the Combined Maximum Annual Principal and Interest Requirements of the additional Parity Securities; or (c) 10% of the proceeds of such additional Parity Securities or a combined Minimum Bond Reserve in which case the Minimum Bond Reserve would mean the lesser of: (a) 125% of the combined average annual principal and interest requirements; (b) 100% of the Combined Maximum Annual Principal and Interest Requirements; or (c) an amount determined by adding the amount of the Minimum Bond Reserve in effect immediately prior to the issuance of additional Parity Securities to an amount equal to 10% of the proceeds of the proposed Parity Securities. In connection with the issuance of additional Parity Securities, the County is not required to establish or maintain a reserve account or a combined reserve account for any additional Parity Securities. The County has elected not to establish or maintain a reserve account or a combined reserve account for the 2019 Bonds.

In the case of any calculation of the combined average annual principal and interest requirements to be paid in the future on any Parity Securities with respect to which the County expects to receive a BAB Credit or RZEDB Credit, "interest" for any Bond Year

should be treated as the amount of interest to be paid by the County on those Parity Securities in that Bond Year less the amount of BAB Credit or RZEDB Credit, as the case may be, then expected to be paid by the United States with respect to interest payments on those Parity Securities in that Bond Year and required by the ordinance or other instrument authorizing those Parity Securities to be used to pay interest on those Parity Securities in that Bond Year or to reimburse the County for amounts already used to pay interest on those Parity Securities in that Bond Year. If the BAB Credit or RZEDB Credit, as the case may be, 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 County on the Parity Securities without a deduction of the BAB Credit or RZEDB Credit, as the case may be. The Assistant County Manager may certify in writing the expected amount and the expected date of receipt of any BAB Credit or RZEDB Credit, as the case may be, and that certificate shall be conclusive for purposes of this Ordinance.

"Net Pledged Revenues" means the Gross Pledged Revenues, after the deduction of the Administration Expenses and Direct Distributions.

The term "newspaper" means a newspaper printed in the English language, published at least once each calendar week.

"2010ABC Ordinance" means the ordinance adopted by the County on February 9, 2010 authorizing the issuance of the 2010A Bonds, the 2010B Bonds and the 2010C Bonds.

"2010EF Ordinance" means the ordinance adopted by the County on November 9, 2010 authorizing the issuance of the 2010E Bonds and the 2010F Bonds.

"2018 Ordinance" means the ordinance adopted by the County on November 27, 2018 authorizing the issuance of the 2018 Bonds.

"Outstanding" when used with reference to the 2019 Bonds or any other designated securities and as of any particular date means all the bonds or any such other securities payable from the Net Pledged Revenues in any manner theretofore or thereupon being executed and delivered:

(a) Except any 2019 Bond or other security canceled by the County or otherwise on the County's behalf, at or before such date;

(b) Except any 2019 Bond or other security for the payment of the redemption of which cash at least equal to the Bond Requirements to the date of maturity or

the Redemption Date, shall have theretofore been deposited with a trust bank in escrow or in trust for that purpose, as provided in Section 901 hereof; and

(c) Except any 2019 Bond in lieu of or in substitution for which another bond shall have been duly executed and delivered.

"Parity Securities" means in either case bonds or securities payable from the Net Pledged Revenues on a parity with the 2019 Bonds herein authorized to be issued, and includes the 2010B Bonds, the 2010C Bonds, the 2010E Bonds, the 2010F Bonds, and the 2018 Bonds.

"Paying Agent" means Wells Fargo Bank, National Association or any successor thereof.

"Person" means a corporation, firm, other body corporate (including the Federal Government, the State, or any other body corporate and politic other than the County), partnership, association or individual, and also includes an executor, administrator, trustee, receiver or other representative appointed according to law.

"Plan" means the Land Use and Transportation Element of the Comprehensive Regional Plan of Washoe County, Nevada approved and adopted by resolution of the Governing Body, as from time to time amended and supplemented.

"Project Act" means NRS 373.010 through 373.200, as from time to time amended, and cited in NRS 373.010, as the County Fuel Tax Law.

"Rebate Account" means the account designated as the "Washoe County, Nevada, Highway Revenue (Fuel Tax) Bonds, Series 2019, Rebate Account" created in Section 507 hereof.

"Redemption Date" means a date fixed for the redemption prior to their respective maturities of any bonds or other designated securities payable from Net Pledged Revenues in any notice of prior redemption or otherwise fixed and designated by the County.

"Refunded Bonds" means the portion of the Outstanding 2010B Bonds and 2010C Bonds as set forth in the Escrow Agreement.

"Refunding Project" means the refunding of the Refunded Bonds, as set forth in the Escrow Agreement and paying the costs of issuance of the 2019 Bonds.

"Registrar" means the Paying Agent, (i.e., Wells Fargo Bank, National Association) which acts as agent of the County for the registration and transfer of 2019 Bonds

and is required to keep records for the registration and transfer of 2019 Bonds, pursuant to Section 305 hereof, and the defined term includes any successor trust bank as registrar appointed as provided herein.

"Regular Record Date" means the 15th day of the calendar month next preceding each interest payment date (other than a special interest payment date hereafter fixed for the payment of defaulted interest).

"RTC" means the Regional Transportation Commission of Washoe County and any successor thereto.

"RZEDB Credit" means the credit provided in Sections 1400U-2 and 6431(b) of the Tax Code which the County directly receives with respect to any Parity Securities or Subordinate Securities in lieu of any credit otherwise available to the holders of such Parity Securities or Subordinate Securities under Section 54AA(a) of the Tax Code, pursuant to an irrevocable election by the County that Section 54AA of the Tax Code shall apply to such Parity Securities or Subordinate Securities and a designation of any such Parity Securities or Subordinate Securities as "Recovery Zone Economic Development Bonds" for purposes of Section 1400U-2 of the Tax Code so that the County will directly receive the credit provided in that Sections 1400U-2 and 6431(b) of the Tax Code with respect to such Parity Securities or Subordinate Securities.

"Special Record Date" means a special date fixed by the Paying Agent to determine the names and addresses of holders of 2019 Bonds for the payment of any defaulted interest on any 2019 Bonds, as further provided in Section 302 hereof. At least 10 days' notice will be given by the Paying Agent by first-class regular mail to each owner of a 2019 Bond as stated on the Registrar's registration list at the close of business on a date fixed by the Paying Agent, stating the date of the Special Record Date fixed for the payment of the defaulted interest of the 2019 Bond.

"State" means the State of Nevada; and where the context so indicates, "State" means the geographical area comprising the State of Nevada.

"Subordinate Securities" means in either case bonds or securities payable from the Net Pledged Revenues and junior to the lien thereon of the 2019 Bonds.

"Superior Securities" means in either case bonds or securities payable from the Net Pledged Revenues and senior to the lien thereon of the 2019 Bonds which are prohibited by this Ordinance as long as the 2019 Bonds are Outstanding.

"Supplemental Bond Act" means NRS 348.010 through 348.450.

"Tax Act" means NRS 365.010 through 365.590, and all laws amendatory thereof.

"Tax Code" means the Internal Revenue Code of 1986, as amended to the date of delivery of the 2019 Bonds.

"Tax Ordinance" means Ordinance Nos. 132, 430, 520, 1149 and 1416 of the County, as may be amended from time to time, and which ordinances are also cited as Sections 20.321 through 20.433, Washoe County Code and Ordinance No. 1416 adopted on August 25, 2009 and effective as of January 1, 2010.

"Transportation Commission" means the Regional Transportation Commission of Washoe County (formerly the "Regional Street and Highway Commission"), or the commission's successor in functions, if any.

"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.

B. Construction. This Ordinance, except where the context by clear implication herein otherwise requires, shall be construed as follows:

(1) Words in the singular number include the plural, and words in the plural include the singular.

(2) Words in the masculine gender include the feminine and the neuter, and when the sense so indicates words of the neuter gender refer to any gender.

(3) Articles, sections, subsections, paragraphs and subparagraphs mentioned by number, letter, or otherwise, correspond to the respective articles, sections, subsections, paragraphs and subparagraphs of this Ordinance so numbered or otherwise so designated.

(4) The titles applied to articles, sections, subsections, paragraphs and subparagraphs in this Ordinance are inserted only as a matter of convenience and ease in reference and in no way define, limit or describe the scope of any provisions of this Ordinance.

(5) Any securities held by the County shall not be deemed Outstanding for the purpose of redemption or for the purpose of consents hereunder or for any other purpose provided herein.

Section 103. Successors. Whenever the County or the Governing Body is named or is referred to, such provisions shall be deemed to include any successors of the County or the Governing Body, respectively, whether so expressed or not. All of the covenants, stipulations, obligations and agreements by or on behalf of and other provisions for the benefit of the County or the Governing Body contained herein shall bind and inure to the benefit of any such successors and shall bind and inure to the benefit of any officer, board, district, commission, authority, agent or instrumentality to whom or to which there shall be transferred by or in accordance with law any right, power or duty of the County or the Governing Body or of their respective successors, if any, the possession of which is necessary or appropriate in order to comply with any such covenants, stipulations, obligations, agreements or other provisions hereof.

Section 104. Parties Interested Herein. Nothing herein expressed or implied is intended or shall be construed to confer any right, remedy or claim under or by reason hereof or any covenant, condition or stipulation hereof upon or to give such to any person, other than the County, the Governing Body, the Insurer, if any, and the owners of the 2019 Bonds and such holders of any other securities payable from the Net Pledged Revenues pertaining to such securities when reference is expressly made thereto. All the covenants, stipulations, promises and agreements herein contained by and on behalf of the County shall be for the sole and exclusive benefit of the County, the Governing Body, the Paying Agent, the Insurer, if any, and any owner of any 2019 Bonds and any holder of any such other security in the event of such a reference.

Section 105. Ratification. All action heretofore taken (not inconsistent with the provisions of this Ordinance) by the Governing Body, and the officers of the County, and otherwise taken by the County directed:

- A. Project. Toward the Refunding Project, and
- B. Bonds. Toward the sale and delivery of the 2019 Bonds for that purpose, be, and the same hereby is, ratified, approved and confirmed.

Section 106. Transmittal of Ordinance. The Clerk is hereby authorized, instructed and directed to transmit a certified copy of this Ordinance;

- A. To the clerk of the City of Reno,
- B. To the clerk of the City of Sparks, and
- C. To the Treasurer.

Section 107. Ordinance Irrepealable. After any of the 2019 Bonds are issued, this Ordinance shall constitute an irrevocable contract between the County and the holder or holders of the 2019 Bonds; and this Ordinance (subject to the provisions of Section 901 and Article XI hereof), if any 2019 Bonds are in fact issued, shall be and shall remain irrepealable until the 2019 Bonds, as to all Bond Requirements, shall be fully paid, canceled and discharged, as herein provided, except as herein otherwise expressly provided.

Section 108. Severability. If any section, subsection, paragraph, clause or other provision of this Ordinance shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, subsection, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance.

Section 109. Repealer. All bylaws, orders, and other instruments, or parts thereof, inconsistent herewith are hereby repealed to the extent only of such inconsistency. This repealer shall not be construed to revive any bylaw, order, or other instrument, or part thereof, heretofore repealed.

Section 110. Effective Date and Publication. The Governing Body has expressed in the preambles to this Ordinance that it pertains to the sale, issuance and payment of the 2019 Bonds and accordingly may be adopted as if an emergency now exists, pursuant to NRS 350.579. Consequently, final action shall be taken immediately, and this Ordinance shall be in effect from and after its publication as hereinafter provided. After this Ordinance is signed by the Chairman and attested and sealed by the Clerk, it shall be published by title only, together with the names of the commissioners voting for or against its passage, and with a statement that typewritten copies are available for inspection by all interested persons at the office of the Clerk, such publication to be made in the Reno Gazette Journal, a newspaper published and having general circulation in the County, at least once a week for a period of two (2) weeks by two (2) insertions, pursuant to NRS 244.100, and all laws thereunto enabling, such publication to be in substantially the following form:

(Form of Publication)

BILL NO. _____

ORDINANCE NO. _____

(of Washoe County, Nevada)

AN ORDINANCE AUTHORIZING THE ISSUANCE BY WASHOE COUNTY OF ITS FULLY REGISTERED WASHOE COUNTY, NEVADA, HIGHWAY REVENUE (FUEL TAX) REFUNDING BONDS, SERIES 2019 OR SERIES 2020 IN THE MAXIMUM AGGREGATE PRINCIPAL AMOUNT OF \$75,000,000 FOR THE PURPOSE OF REFINANCING OUTSTANDING OBLIGATIONS; PROVIDING THE FORM, TERMS AND CONDITIONS OF THE BONDS AND THE SECURITY THEREFOR, AND OTHER DETAILS IN CONNECTION THEREWITH; AND PROVIDING FOR ITS ADOPTION AS IF AN EMERGENCY EXISTS AND PROVIDING THE EFFECTIVE DATE HEREOF.

PUBLIC NOTICE IS HEREBY GIVEN, that typewritten copies of the above-numbered and entitled ordinance are available for inspection by all interested persons at the office of the County Clerk of Washoe County, Nevada, at her office in the Washoe County Administration Complex, 1001 East Ninth Street, Bldg. A, Reno, Nevada; and that the ordinance was proposed, passed and adopted without amendment on November 19, 2019 by the following vote of the Board of County Commissioners:

Those Voting Aye:

Vaughn Hartung
Marsha Berkbigler
Kitty Jung
Bob Lucey
Jeanne Herman

Those Voting Nay:

Those Absent:

Those Abstaining:

This Ordinance shall be in full force and effect from and after November __, 2019, i.e., the date of the second publication of such ordinance by its title only.

IN WITNESS WHEREOF, the Board of County Commissioners of Washoe County, Nevada, has caused this Ordinance to be published by title only.

DATED this November 19, 2019.

/s/ Vaughn Hartung
Chair
Board of County Commissioners
Washoe County, Nevada

(SEAL)

Attest:

/s/ Nancy Parent
County Clerk

(End of Form of Publication)

ARTICLE II

GOVERNING BODY'S DETERMINATIONS, AUTHORITY FOR AND AUTHORIZATION OF PROJECT, NECESSITY OF PROJECT AND BONDS, PROJECT COST, AND OBLIGATION OF COUNTY

Section 201. Authority for Ordinance. This Ordinance is adopted pursuant to the Project Act, the Bond Act, and the Supplemental Bond Act. The County determines that the provisions of this Ordinance are necessary to carry out the purposes of the County in accordance with the Project Act, the Bond Act, and the Supplemental Bond Act.

Section 202. Approval. The total Cost of the Refunding Project (to the extent heretofore determined and prepared) is approved.

Section 203. Necessity of Refunding Project and Bonds. It is necessary and in the best interest of the County and its inhabitants that the County undertake the Refunding Project and issue the 2019 Bonds.

Section 204. Authorization of Refunding Project. The Governing Body, on behalf of the County, authorizes the Refunding Project.

Section 205. Estimated Cost of Project. The Cost of the Refunding Project is estimated not to exceed an amount received from the sale of the 2019 Bonds, excluding any such cost defrayed or to be defrayed by any source other than the proceeds of the principal amount of the 2019 Bonds.

Section 206. Ordinance to Constitute Contract. In consideration of the purchase and acceptance of the 2019 Bonds by those who shall own the same from time to time, the provisions of the Ordinance shall be deemed to be and shall constitute a contract between the County and the owners from time to time of the 2019 Bonds.

Section 207. Bonds Equally Secured. The covenants and agreements of the County herein set forth shall be for the equal benefit, protection and security of the owners of any and all of the Outstanding 2019 Bonds all of which, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority or distinction, except as otherwise expressly provided in or pursuant to this Ordinance.

Section 208. Special Obligations. All of the 2019 Bonds as to all Bond Requirements, shall be payable and collectible solely out of the Net Pledged Revenues, which revenues are so pledged; the owner or owners thereof may not look to any general or other fund

for the payment of such Bond Requirements, except the special funds herein pledged; the 2019 Bonds shall not constitute an indebtedness or a debt within the meaning of any constitutional or statutory provision or limitation; and the 2019 Bonds shall not be considered or held to be general obligations of the County but shall constitute its special obligations.

Section 209. Character of Agreement. None of the covenants, agreements, representations, and warranties contained herein or in the 2019 Bonds, in the absence of any breach thereof, shall ever impose or be construed as imposing any liability, obligation, or charge against the County (except the special funds pledged) or its general credit, payable out of its general fund or out of any funds derived from taxation other than the Fuel Taxes.

Section 210. No Pledge of Property. The payment of the 2019 Bonds is not secured by any encumbrance, mortgage or other pledge of property of the County, except for its Net Pledged Revenues and any other moneys pledged for the payment of the 2019 Bonds. No property of the County, subject to such exception, shall be liable to be forfeited or taken in payment of the 2019 Bonds.

Section 211. No Recourse Against Officers and Agents. No recourse shall be had for the payment of the Bond Requirements of the 2019 Bonds or for any claim based thereon or otherwise upon this Ordinance against any individual member of the Governing Body or any officer or other agent of the County, past, present or future, either directly or indirectly through the Governing Body or the County, 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 2019 Bonds and as a part of the consideration of their issuance specially waived and released.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION, USE OF DEPOSITORY, AND ISSUANCE OF BONDS

Section 301. Authorization of Bonds. The Washoe County, Nevada, Highway Revenue (Fuel Tax) Refunding Bonds, Series 2019 or, if issued in calendar year 2020, the Washoe County, Nevada, Highway Revenue (Fuel Tax) Refunding Bonds, Series 2020 (not to exceed \$75,000,000 in aggregate principal amount), payable as to all the Bond Requirements solely out of the Net Pledged Revenues, are hereby authorized to be issued, pursuant to the Project Act, the Bond Act, and the Supplemental Bond Act. The County pledges irrevocably, but not necessarily exclusively, the Net Pledged Revenues to the payment of the Bond Requirements of the 2019 Bonds, the proceeds thereof to be used (except as herein otherwise expressly provided) solely to defray the cost of the Refunding Project.

Section 302. Bond Details. The 2019 Bonds shall be issued in fully registered form, i.e., registered as to both principal and interest. The 2019 Bonds shall be dated as of the date of delivery of the 2019 Bonds. Except as provided in Section 306 hereof, the 2019 Bonds shall be issued in denominations of \$5,000 and any integral multiple thereof provided that more than one bond may be issued for each maturity date. The 2019 Bonds shall bear interest (on the basis of a 360-day year of twelve 30-day months) at the rates set forth in the Bond Purchase Agreement from their date until their respective fixed maturity dates, payable on February 1 and August 1 of each year commencing on August 1, 2020, except that 2019 Bonds which are reissued upon transfer, exchange or other replacement shall bear interest at the rates set forth in the Bond Purchase Agreement from the most recent interest payment date to which interest has been paid or duly provided for, or if no interest has been paid, from the date of the 2019 Bonds. The 2019 Bonds shall mature on the dates and in the amounts as set forth in the Bond Purchase Agreement.

The principal of any 2019 Bond and redemption premium, if any, shall be payable to the registered owner thereof as shown on the registration records kept by the Registrar upon maturity thereof and upon presentation and surrender at the office of the Paying Agent or at such other office as designated by the Paying Agent. If any 2019 Bond shall not be paid upon presentation and surrender at or after maturity, it shall continue to draw interest at the interest rate borne by said 2019 Bond until the principal thereof is paid in full. Except as provided in

Section 306 hereof, payment of interest on any 2019 Bond shall be made to the registered owner thereof by check or draft mailed by the Paying Agent on each interest payment date (or, if such interest payment date is not a business day, on the next succeeding business day), to the registered owner thereof at his address as shown on the registration records kept by the Registrar at the close of business on the 15th day of the calendar month next preceding such interest payment date (the "Regular Record Date"); but any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner thereof at the close of business on the Regular Record Date and shall be payable to the person who is the registered owner thereof at the close of business on a special record date for the payment of any such defaulted interest (a "Special Record Date"). Such Special Record Date shall be fixed by the Registrar whenever moneys become available for payment of the defaulted interest, and notice of the Special Record Date shall be given to the registered owners of the 2019 Bonds not less than ten (10) days prior thereto by electronic mail to each such registered owner as shown on the Registrar's registration records on a date selected by the Registrar, stating the date of the Special Record Date and the date fixed for the payment of such defaulted interest. The Paying Agent may make payments of interest on any 2019 Bond by such alternative means as may be mutually agreed to between the owner of such 2019 Bond and the Paying Agent (provided, however, that the County shall not be required to make funds available to the Paying Agent prior to the due dates of interest and principal, respectively). All such payments shall be made in lawful money of the United States of America.

Section 303. Prior Redemption. Except as otherwise provided in the Bond Purchase Agreement:

A. Optional Redemption. The 2019 Bonds, or portions thereof (\$5,000 or any integral multiple thereof), maturing on and after the date set forth in the Bond Purchase Agreement, if any, shall be subject to optional redemption prior to their respective maturities, at the option of the County, as directed by the Assistant County Manager, on and after the date set forth in the Bond Purchase Agreement, in whole or in part at any time, from such maturities as are selected by the Assistant County Manager and by lot within a maturity, at a price equal to the principal amount of each 2019 Bond, or portion thereof, to be so redeemed, plus accrued interest thereon to the redemption date, and a premium, if any, computed in accordance with the schedule set forth in the Bond Purchase Agreement.

B. Mandatory Sinking Fund Redemption. The 2019 Bonds maturing on the dates specified in the Bond Purchase Agreement, if any (the "Term Bonds"), are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof and accrued interest to the redemption date. As and for a sinking fund for the redemption of the Term Bonds, there shall be deposited into the Bond Account on or before the dates designated in the Bond Purchase Agreement, a sum which, together with other moneys available therein is sufficient to redeem (after credit is provided below) the Term Bonds on the dates and in the principal amounts as provided in the Bond Purchase Agreement.

Term Bonds being redeemed in part will be selected by lot in such manner as the Registrar may determine.

Not more than 60 days nor less than 20 days prior to the sinking fund payment dates for the Term Bonds, the Registrar shall proceed to select for redemption (in the manner described above) from all outstanding Term Bonds, a principal amount of the Term Bonds equal to the aggregate principal amount of the Term Bonds redeemable with the required sinking fund payments.

At the option of the County to be exercised by delivery of a written notice from the Assistant County Manager to the Registrar not less than sixty days next preceding any sinking fund redemption date, the County may (i) deliver to the Registrar for cancellation Term Bonds or portions thereof (\$5,000 or any integral multiple thereof) in an aggregate principal amount desired by the County or, (ii) specify a principal amount of Term Bonds or portions thereof (\$5,000 or any integral multiple thereof) which prior to said date have been redeemed (otherwise than through the operation of the sinking fund) and canceled by the Registrar and not theretofore applied as a credit against any sinking fund redemption obligation with respect to such Term Bond. Each Term Bond or portion thereof so delivered or previously redeemed shall be credited by the Registrar at 100% of the principal amount thereof against the obligation of the County on the sinking fund redemption date and any excess shall be so credited against future sinking fund redemption obligations in such manner as the County determines. In the event the County shall avail itself of the provisions of clause (i) of the first sentence of this paragraph, the certificate required by the first sentence of this paragraph shall be accompanied by the respective Term Bonds or portions thereof to be canceled, or in the event the Term Bonds are registered in the name of Cede & Co., the certificate required by the first sentence of this paragraph shall be

accompanied by such direction and evidence of ownership as is satisfactory to The Depository Trust Company.

C. Partial Redemption. In the event of any partial redemption as described above, the Registrar shall, without charge to the Holder of such 2019 Bond, authenticate and issue a replacement 2019 Bond for the unredeemed portion thereof.

D. Redemption Notice. Notice of prior redemption shall be given by the Registrar in the name and on behalf of the County by electronic mail as long as Cede & Co., or a nominee of a successor depository is the registered owner of the 2019 Bonds and otherwise by first class, postage prepaid mail, at least 20 days but not more than 60 days prior to the Redemption Date, to the Municipal Securities Rulemaking Board ("MSRB") and the registered owner of any 2019 Bond all or a part of which is called for prior redemption at his address as it last appears on the registration records kept by the Registrar. The notice shall identify the 2019 Bonds or portions thereof to be redeemed, specify the Redemption Date, and state that on such date the principal amount thereof will become due and payable at the Paying Agent (accrued interest to the Redemption Date being payable by mail or as otherwise provided in this Ordinance), and that after such Redemption Date interest will cease to accrue. The notice of prior redemption shall further state that on such date there will become and will be due and payable upon each 2019 Bond so to be redeemed at the office of the Paying Agent (designated by name) or at such other office as is designated by the Paying Agent, the principal amount thereof, accrued interest thereon to the Redemption Date, and that from and after such date interest will cease to accrue. Notice having been given in the manner hereinabove provided, the 2019 Bond or 2019 Bonds so called for redemption shall become due and payable on the redemption date so designated; and upon presentation thereof at the Paying Agent or at such other office as is designated by the Paying Agent, the County will pay the 2019 Bond or 2019 Bonds so called for redemption. Any 2019 Bonds redeemed prior to their respective maturities by call for prior redemption (or otherwise) shall not be reissued and shall be canceled the same as 2019 Bonds redeemed at or after maturity.

Notwithstanding the provisions of this section, any notice of redemption may contain a statement that the redemption is conditional upon the receipt by the Paying Agent of funds on or before the date fixed for redemption sufficient to pay the redemption price of the 2019 Bonds so called for redemption, and that if such funds are not available, such redemption

shall be canceled by written notice to the owners of the 2019 Bonds called for redemption in the same manner as the original redemption notice was mailed.

Section 304. Negotiability. Subject to Section 306 hereof and to the registration and payment provisions herein provided, the 2019 Bonds shall be fully negotiable within the meaning of and for the purposes of the Uniform Commercial Code -- Investment Securities, and each registered owner shall possess all rights enjoyed by registered owners of negotiable instruments under the Uniform Commercial Code -- Investment Securities.

Section 305. Registration, Transfer and Exchange of Bonds. Except as otherwise provided in Section 306 hereof:

A. Records for the registration and transfer of the 2019 Bonds shall be kept by the Registrar. Upon the surrender for transfer of any 2019 Bond at the Registrar, duly endorsed for transfer or accompanied by an assignment in form satisfactory to the Registrar duly executed by the registered owner or his attorney duly authorized in writing, the Registrar shall authenticate and deliver in the name of the transferee or transferees a new 2019 Bond or 2019 Bonds of a like aggregate principal amount and of the same maturity bearing a number or numbers not previously assigned. 2019 Bonds may be exchanged at the Registrar for an equal aggregate principal amount of 2019 Bonds of the same maturity of other authorized denominations, as provided in Section 302 hereof. The Registrar shall authenticate and deliver the 2019 Bond or 2019 Bonds which the registered owner making the exchange is entitled to receive, bearing number or numbers not previously assigned. Such transfers and exchanges of the 2019 Bonds shall be without charge to the owner or any transferee, but the Registrar shall require the payment by the owner of any 2019 Bond requesting exchange or transfer, of any tax or other governmental charge required to be paid with respect to such exchange or transfer.

B. The person in whose name any 2019 Bond shall be registered, in the registration records kept by the Registrar, shall be deemed and regarded as the absolute owner thereof for the purpose of making payment thereof (except to the extent otherwise provided in Section 302 hereof with respect to interest payments) and for all other purposes; and payment of or on account of either principal or interest on any 2019 Bond shall be made only to or upon the written order of the registered owner thereof or his legal representative, but such registration may be changed upon transfer of such 2019 Bond in the manner and subject to the conditions and

limitation provided herein. All such payments shall be valid and effectual to discharge the liability upon such 2019 Bond to the extent of the sum or sums so paid.

C. If any 2019 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 County may reasonably require, and upon payment of all expenses in connection therewith, authenticate and deliver a replacement 2019 Bond or 2019 Bonds of a like aggregate principal amount and of the same maturity, bearing a number or numbers not previously assigned. If such lost, stolen, destroyed or mutilated 2019 Bond shall have matured, the Registrar may direct that such 2019 Bond be paid by the Paying Agent in lieu of replacement.

D. Whenever any 2019 Bond shall be surrendered to the Paying Agent upon payment thereof, or to the Registrar for transfer, exchange or replacement as provided herein, such 2019 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 County.

Section 306. Custodial Deposit.

A. Notwithstanding the foregoing provisions of Sections 302 to 305 hereof, the 2019 Bonds shall initially be evidenced by one 2019 Bond for each year and interest rate in which the 2019 Bonds mature in denominations equal to the aggregate principal amount of the 2019 Bonds maturing at such interest rate in that year. Such initially delivered 2019 Bonds shall be registered in the name of "Cede & Co." as nominee for The Depository Trust Company, the securities depository for the 2019 Bonds. The 2019 Bonds may not thereafter be transferred or exchanged except:

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

(2) upon the resignation of The Depository Trust Company or a successor or new depository under clause (1) or this clause (2) of this subsection A, or a determination by the County that The Depository Trust Company or such successor or new depository is no longer able to carry out its functions, and the designation by the County of another depository institution acceptable to the County and to the depository then holding the

2019 Bonds, which new depository institution must be both a "clearing corporation" as defined in NRS 104.8102 and a qualified and registered "clearing agency" under Section 17A of the Securities Exchange Act of 1934, as amended, to carry out the functions of The Depository Trust Company or such successor or new depository; or

(3) upon the resignation of The Depository Trust Company or a successor or new depository under clause (1) or clause (2) of this subsection A, or a determination of the County that The Depository Trust Company or such successor or new depository is no longer able to carry out its functions, and the failure by the County, after reasonable investigation, to locate another qualified depository institution under clause (2) to carry out such depository functions.

B. In the case of a transfer to a successor of The Depository Trust Company or its nominee as referred to in clause (1) of subsection A hereof or designation of a new depository pursuant to clause (2) of subsection A hereof, upon receipt of the Outstanding 2019 Bonds by the Registrar, together with written instructions for transfer satisfactory to the Registrar, a new 2019 Bond for each maturity of the 2019 Bonds then Outstanding shall be issued to such successor or new depository, as the case may be, or its nominee, as is specified in such written transfer instructions. In the case of a resignation or determination under clause (3) of subsection A hereof and the failure after reasonable investigation to locate another qualified depository institution for the 2019 Bonds as provided in clause (3) of subsection A hereof, and upon receipt of the outstanding 2019 Bonds by the Registrar, together with written instructions for transfer satisfactory to the Registrar, new 2019 Bonds shall be issued in the denominations of \$5,000 or any integral multiple thereof, as provided in and subject to the limitations of Section 302 hereof, registered in the names of such persons, and in such denominations as are requested in such written transfer instructions; however, the Registrar shall not be required to deliver such new 2019 Bonds within a period of less than 60 days from the date of receipt of such written transfer instructions.

C. The County, the Registrar and the Paying Agent shall be entitled to treat the registered owner of any 2019 Bond as the absolute owner thereof for all purposes hereof and any applicable laws, notwithstanding any notice to the contrary received by any or all of them and the County, the Registrar and the Paying Agent shall have no responsibility for transmitting

payments to the beneficial owners of the 2019 Bonds held by The Depository Trust Company or any successor or new depository named pursuant to subsection A hereof.

D. The County, the Registrar and the Paying Agent shall endeavor to cooperate with The Depository Trust Company or any successor or new depository named pursuant to clause (1) or (2) of subsection A hereof in effectuating payment of the Bond Requirements of the 2019 Bonds by arranging for payment in such a manner that funds representing such payments are available to the depository on the date they are due.

E. Upon any partial redemption of any maturity of the 2019 Bonds, Cede & Co., (or its successor) in its discretion may request the County to issue and authenticate a new 2019 Bond or shall make an appropriate notation on the 2019 Bond indicating the date and amount of prepayment, except in the case of final maturity, in which case the 2019 Bond must be presented to the Paying Agent prior to payment.

Section 307. Execution of Bonds. The 2019 Bonds shall be executed as follows:

A. Filings with Secretary of State. Pursuant to NRS 350.638 and to the act cited as the Uniform Facsimile Signatures of Public Officials Act, designated as chapter 351 of NRS and to the Supplemental Bond Act and prior to the execution of any 2019 Bonds by facsimile signature, the Chairman, the Treasurer and the Clerk shall each file with the Secretary of State of the State of Nevada his or her manual signature certified under oath.

B. Manner of Execution. Each 2019 Bond shall be signed and executed in the name of and on behalf of the County with the manual or the engraved, imprinted, stamped or otherwise reproduced facsimile of the signature of the Chairman and shall be countersigned with the manual or the engraved, imprinted, stamped or otherwise reproduced facsimile of the signature of the Treasurer; each 2019 Bond shall be authenticated with the manual or the printed, engraved, stamped or otherwise placed thereon facsimile of the official seal of the County; and each 2019 Bond shall be signed, executed and attested with such a manual or a facsimile of the signature of the Clerk.

C. Authentication. No 2019 Bond shall be valid or obligatory for any purpose unless the certificate of authentication thereon, substantially in the form hereinafter provided, has been duly manually executed by the Registrar. The Registrar's certificate of authentication shall be deemed to have been duly executed by it if it is manually signed by an

authorized officer or employee of the Registrar, but it shall not be necessary that the same officer or employee sign the certificate of authentication on all of the 2019 Bonds issued hereunder. By authenticating any of the 2019 Bonds delivered pursuant to this Ordinance, the Registrar shall be deemed to have assented to all of the provisions of this Ordinance.

Section 308. Use of Predecessor's Signature. The 2019 Bonds bearing the signatures of the officers in office at the time of the signing thereof shall be the valid and binding obligations of the County, notwithstanding that before the delivery thereof and the payment therefor any or all of the persons whose signatures appear thereon shall have ceased to fill their respective offices. The Chairman, the Treasurer and the Clerk, at the time of the execution of the 2019 Bonds and of the signature certificate, may adopt as and for his or her own facsimile signature the facsimile signature of the predecessor in office in the event that such facsimile signature appears upon any of the 2019 Bonds.

Section 309. Incontestable Recital in Bonds. Pursuant to NRS 350.628, each 2019 Bond shall recite that it is issued pursuant to the Bond Act, which recital shall be conclusive evidence of the validity of the 2019 Bonds and the regularity of their issuance.

Section 310. State Tax Exemption. Pursuant to NRS 350.710, the 2019 Bonds, their transfer, and the income therefrom shall forever be and remain free and exempt from taxation by the State or any subdivision thereof except for the tax on estates imposed pursuant to Chapter 375A of NRS and the tax on generation skipping transfers imposed pursuant to Chapter 375B of NRS.

Section 311. Bond Execution. The Chairman, the Treasurer and the Clerk are authorized and directed to prepare and to execute the 2019 Bonds as herein provided.

Section 312. Registrar's Registration and Delivery. In a separate book or electronic records, the Registrar shall maintain the registration records of the County for the 2019 Bonds showing the name and address of the registered owner of each 2019 Bond authenticated and delivered, the date of authentication, the maturity of the 2019 Bond and its interest rate, principal amount and 2019 Bond number and its prefix, if any. After such registration, the Registrar shall cause the 2019 Bonds to be delivered to the Underwriters, upon due payment being made in accordance with the terms of their sale.

Section 313. Execution and Use of Official Statement. The distribution, use and execution of the official statement for the 2019 Bonds (the "Official Statement"), in substantially

the proposed form now before the Board, but with such supplements, amendments, additions and deletions as are consistent with the facts and this resolution and are approved by the Assistant County Manager are hereby approved, ratified and confirmed. The Assistant County Manager or designee is authorized to deem the official statement or preliminary official statement to be a "final" official statement on behalf of the County for the purposes of Rule 15(c)2-12 of the Securities and Exchange Commission.

Section 314. Causes for Reissuance. In case any Outstanding 2019 Bond shall be lost, apparently destroyed, or wrongfully taken, it may be reissued, at the discretion of the County, in the form and tenor of the lost, destroyed or taken 2019 Bond as provided in section 104.8405 of the Uniform Commercial Code--Investment Securities, as from time to time amended, and all laws supplemental thereto.

Section 315. Other Reissuance. Nothing contained in the provisions of Section 314 hereof shall be construed as prohibiting the County from reissuing, pursuant to other provisions herein, in the Project Act or the Bond Act, or otherwise, upon such terms and conditions as the Governing Body may determine, any Outstanding 2019 Bond which shall not have become lost, apparently destroyed, or wrongfully taken.

Section 316. Bond Form. Subject to the provisions of this Ordinance, each 2019 Bond shall be in substantially the following form, with such omissions, insertions, endorsements and variations as to any recitals of fact or other provisions as may be required by the circumstances, be required or permitted by this Ordinance, or be consistent with this Ordinance and necessary or appropriate to conform to the rules and requirements of any governmental authority or any usage or requirement of law with respect thereto:

(Form of Bond)

TRANSFER OF THIS BOND OTHER THAN BY REGISTRATION IS NOT EFFECTIVE

WASHOE COUNTY, NEVADA
HIGHWAY REVENUE (FUEL TAX) REFUNDING BOND
SERIES [2019][2020]

NO. R _____ \$ _____

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Dated As Of</u>	<u>CUSIP</u>
___ per annum	_____, 1, _____	_____, 2019	_____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ DOLLARS

The County of Washoe, in the State of Nevada (herein the "County" and the "State," respectively), for value received hereby promises to pay to the registered owner above specified solely from the special funds provided therefor, as hereinafter set forth, the Principal Amount specified above, on the Maturity Date specified above and to pay interest thereon on February 1 and August 1 of each year commencing on _____, 20__, at the Interest Rate per annum specified above, until the principal sum is paid or payment has been provided therefor. This Bond will bear interest from the most recent interest payment date to which interest has been paid or provided for, or, if no interest has been paid, from the date of this Bond. The principal of and redemption premium, if any, on this Bond is payable upon presentation and surrender thereof at the principal office of the County's registrar and paying agent (the "Registrar" or the "Paying Agent"), presently Wells Fargo Bank, National Association, in the office as designated by the Paying Agent. Interest on this Bond will be paid on each interest payment date (or, if such interest payment date is not a business day, on the next succeeding business day), by check or draft mailed to the person in whose name this Bond is registered (the "registered owner") in the registration records of the County maintained by the Registrar and at the address appearing thereon at the close of business on the 15th day of the calendar month next preceding such interest payment date (the "Regular Record Date"). Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner hereof at the close of business on the Regular Record Date and shall be payable to the person who is the registered owner hereof at the close of business on a Special Record Date for the payment of any defaulted interest. Such Special Record Date shall be fixed by the Registrar whenever moneys become available for payment of the defaulted interest, and notice of the Special Record Date shall be given to the registered owners of the Bonds of the series of which this is one (the "Bonds") not less than ten days prior thereto. If, upon presentation at maturity, payment of this Bond is not made as herein provided, interest shall continue at the same rate specified above until the principal hereof is paid in full. All such principal, interest, and any prior redemption premiums due (the "Bond Requirements") shall be payable in lawful money of the United States of America without deduction for the services of the Paying Agent or Registrar. The Bonds are issued pursuant to an ordinance adopted by the Board of County Commissioners

on November 19, 2019 (herein the "Bond Ordinance"). A copy of the Bond Ordinance is on file for public inspection in the office of the Clerk of the County in Reno, Nevada.

The Bonds are subject to redemption prior to their respective maturities as set forth in the Bond Purchase Agreement.

The Bonds are issuable solely as fully registered Bonds in denominations of \$5,000 each or any integral multiple thereof and are exchangeable for fully registered Bonds of the same maturity in equal aggregate principal amounts and in authorized denominations at the aforesaid office of the Registrar (and paying agent), but only in the manner, subject to the limitations, and on payment of the charges provided in the Bond Ordinance.

This Bond must be registered in the name of the owner as to both principal and interest on the registration records kept by the Registrar in conformity with the provisions stated herein and endorsed hereon and subject to the terms and conditions set forth in the Bond Ordinance. No transfer of this Bond shall be valid unless made on the registration records maintained at the principal office of the Registrar by the registered owner or his attorney duly authorized in writing.

This Bond is fully transferable by the registered owner hereof in person or by his duly authorized attorney on the registration records kept by the Registrar upon surrender of this Bond together with a duly executed written instrument of transfer satisfactory to the Registrar. Upon such transfer a new fully registered Bond of authorized denomination or denominations of the same aggregate principal amount and maturity will be issued to the transferee in exchange for this Bond, subject to such terms and conditions as set forth in the Bond Ordinance.

The County and the Registrar and Paying Agent may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of making payment (except to the extent otherwise provided hereinabove and in the Bond Ordinance with respect to the Regular and Special Record Dates for the payment of interest) and for all other purposes and neither the County nor the Registrar and Paying Agent shall be affected by notice to the contrary.

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the County or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

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

Payment of the Bond Requirements of the Bonds shall be made solely from and as security for such payment there are irrevocably pledged, pursuant to the Ordinance, one special account identified as the "Washoe County, Nevada, Highway Parity Revenue Bonds, Interest and

Bond Retirement Fund" into which account the County covenants to pay from the revenues derived from such motor vehicle fuel taxes and certain taxes on special fuels, including, without limitation, if hereafter authorized by law, any excise taxes pertaining to motor vehicle fuel of at least an equivalent value and pledged in lieu of such present taxes or any such excise taxes of any value pledged in supplementation of such present taxes (as more particularly described in the Bond Ordinance, the "Gross Pledged Revenues"), after provision only for the payment of certain administration expenses and direct distributions, and except for certain unpledged portions of such net income of such motor vehicle fuel taxes and taxes on special fuels (the remaining revenues, as more particularly described in the Bond Ordinance, being herein sometimes designated as the "Net Pledged Revenues"), sums sufficient to pay when due the Bond Requirements of the Bonds.

The Bonds do not constitute a debt or an indebtedness of the County within the meaning of any constitutional or statutory provision or limitation, shall not be considered or held to be general obligations of the County, and are payable and collectible solely out of the Net Pledged Revenues, subject to certain exceptions, the Net Pledged Revenues of which taxes (subject to certain exceptions) is so pledged; and the owner hereof may not look to any general or other fund for the payment of the Bond Requirements of this obligation except the special funds pledged therefor.

The Bonds are equitably and ratably secured by a lien on such Net Pledged Revenues, and the Bonds constitute an irrevocable lien (but not an exclusive lien) upon such Net Pledged Revenues. Bonds and other securities, in addition to the Bonds, subject to expressed conditions, may be issued and made payable from such Net Pledged Revenues having a lien thereon subordinate and junior to the lien or, subject to additional expressed conditions, having a lien thereon on a parity with the lien thereon of the 2010A Bonds, the 2010B Bonds, the 2010C Bonds, the 2010E Bonds, the 2010F Bonds and the 2018 Bonds, in accordance with the provisions of the Bond Ordinance.

The County covenants and agrees with the owner of this Bond and with each and every person who may become the owner hereof that it will keep and will perform all of the covenants of the Bond Ordinance.

This Bond is one of a series of Bonds of like tenor, and date, except as to number, amount, interest rate, and maturity, authorized for the purpose of defraying the costs of refunding certain outstanding obligations of the County.

Reference is made to the Bond Ordinance and any and all modifications and amendments thereof and supplements thereto, to the Tax Ordinance therein designated, to the contract pertaining to such ordinance between the State and the County, to the State's County Motor Vehicle Fuel Tax Law, now cited as NRS 373.010 through 373.200, and all laws amendatory thereof (herein the "Project Act"), to the Local Government Securities Law, now cited as NRS 350.500 through 350.720, and all laws amendatory thereof (herein the "Bond Act"), to the Supplemental Bond Act now cited as NRS 348.010 through 348.450 (herein the "Supplemental Bond Act"), to chapter 365, and all laws amendatory thereof (herein the "Tax Act"), and to all laws supplemental thereto, for an additional description of the nature and extent of the security for the Bonds, the accounts, funds or revenues pledged, the nature and extent and

manner of enforcement of the pledge, the rights and remedies of the owners of the Bonds with respect thereto, the terms and conditions upon which the Bonds are issued, and a statement of rights, duties, immunities and obligations of the County, and other rights and remedies of the owners of the Bonds.

The Bonds are issued pursuant to the Bond Act and pursuant to NRS 350.628, this recital is conclusive evidence of the validity of the Bonds and the regularity of their issuance; and pursuant to NRS 350.710, the Bonds, their transfer, and the income therefrom shall forever be and remain free and exempt from taxation by the State or any subdivision thereof except the tax on estates imposed pursuant to the provisions of Chapter 375A of NRS or the tax on generation skipping transfers imposed pursuant to Chapter 375B of NRS.

To the extent and in the respects permitted by the Bond Ordinance, the provisions of the Bond Ordinance or any instrument amendatory thereof or supplemental thereto may be modified or amended by action of the County taken in the manner and subject to the conditions and exceptions prescribed in the Bond Ordinance. The pledge of revenues and other obligations of the County under the Bond Ordinance may be discharged at or prior to the respective maturities of the Bonds upon the making of provision for the payment thereof on the terms and conditions set forth in the Bond Ordinance.

It is further certified, recited and warranted that all the requirements of law have been fully complied with by the proper officers of the County in the issuance of this Bond, and that it is issued pursuant to and in strict conformity with the Constitution and laws of the State, particularly the terms and provisions of the Project Act, the Bond Act, the Supplemental Bond Act, and all laws supplemental thereto.

No recourse shall be had for the payment of the Bond Requirements of this Bond or for any claim based thereon or otherwise in respect to the Bond Ordinance, against any individual member of the board of county commissioners of the County, or any officer or other agent of the County, past, present or future, either directly or indirectly through such governing body or the County, or otherwise, whether by virtue of any constitution, statute or rule of law, or by the endorsement of any penalty or otherwise, all such liability, if any, being by the acceptance of this Bond and as a part of the consideration of its issuance specifically waived and released.

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

IN WITNESS WHEREOF, the County has caused this Bond to be signed and executed in its name and upon its behalf with the manual or facsimile signature of the Chair of its Board of County Commissioners, and to be countersigned, manually subscribed and executed with the manual or facsimile signature of its County Treasurer; has caused the manual or facsimile of the seal of the County to be affixed hereon; has caused this Bond to be signed, executed and attested with the manual or facsimile signature of its County Clerk; all as of _____, 2019.

COUNTY OF WASHOE, NEVADA

By (Manual or Facsimile Signature)
Chair
Board of County Commissioners

Countersigned:

(MANUAL IMPRESSION
OR FACSIMILE SEAL)

(Manual or Facsimile Signature)
County Treasurer

Attest:

(Manual or Facsimile Signature)
County Clerk

(End of Form of Bond)

* Insert only if the Bonds are not delivered pursuant to Section 306(A)(3) of this Bond Ordinance.

** Insert only if the Bonds are initially delivered to The Depository Trust Company pursuant to Section 306(A) of this Bond Ordinance.

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

Date of authentication
and registration:_____

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

Wells Fargo Bank, National Association
as Registrar

By_____(Manual Signature)_____
Authorized Officer

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

(Insert Form of Statement of Insurance, if any)

(Form of Prepayment Panel)

The following installments of principal (or portions thereof) of this Bond have been prepaid by the County, in accordance with the terms of the Bond Ordinance authorizing the issuance of this Bond.

<u>Date of Prepayment</u>	<u>Principal Prepaid</u>	<u>Signature of Authorized Representative of DTC</u>

(End of Form of Prepayment Panel)

(Form of Assignment for the Bonds)

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

Signature(s) guarantee should be made by a
guarantor Institution participating in the
Securities Agents Medallion Program

Dated: _____

Name and address of transferee:

Social Security or other tax
identification number
of transferee:

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

(End of Form of Assignment for the Bonds)

ARTICLE IV

USE OF BOND PROCEEDS

Section 401. Disposition of Bond Proceeds. The proceeds of the Bonds, upon their receipt, shall be accounted for in the following manner and priority and are hereby pledged therefor:

A. Bond Account. First, to the extent not needed for the Refunding Project, there shall be credited to the separate account created in a 2009 bond ordinance, continued in the 2010ABC Ordinance, continued in the 2010EF Ordinance, continued in the 2018 Bond Ordinance and continued in this Ordinance known as the "Washoe County, Nevada, Highway Parity Revenue Bonds Interest and Bond Retirement Fund" (the "Bond Account") all moneys received, if any, as accrued interest on the Bonds from their date to the date or respective dates of their delivery to the Underwriters to apply to the payment of interest on the Bonds as the same becomes due after their delivery, in accordance with subsection B, Section 505 hereof.

B. Escrow Account. Second, there shall be deposited from the proceeds of the Bonds (or other available moneys of the County) into the separate account hereby created and designated the "Washoe County, Nevada, Highway Revenue (Fuel Tax) Refunding Bonds, Series 2019 Escrow Account (the "Escrow Account") in an amount sufficient to refund, pay and discharge the Refunded Bonds to be held by the Escrow Bank and administered according to the provisions of the Escrow Agreement. The monies in the Escrow Account shall be applied to the Refunding Project. After completion of the Refunding Project, or after adequate provision is made therefore, any unexpended balance of Bond proceeds in the Escrow Account shall be deposited in the Bond Fund to be used to pay the principal of and interest on the 2019 Bonds.

C. Cost of Issuance Account. Third, the balance of the proceeds derived from the sale of the 2019 Bonds, except as herein otherwise expressly provided, shall be credited to a separate account hereby created and to be known as the "Washoe County, Nevada, Highway Revenue (Fuel Tax) Refunding Bonds, Series 2019, Cost of Issuance Account" (the "Cost of Issuance Account"). After payment of the costs of issuance of the 2019 Bonds, or after adequate provision is made therefore, any unexpended balance of Bond proceeds in the Cost of Issuance Account shall be deposited in the Bond Fund to be used to pay the principal of and interest on the 2019 Bonds.

Section 402. Prevention of Bond Default. The Treasurer shall use any 2019 Bond proceeds credited to the Cost of Issuance Account, without further order or warrant, to pay the Bond Requirements of the 2019 Bonds as the same become due whenever and to the extent moneys in the Bond Account or otherwise available therefor are insufficient for that purpose, unless such 2019 Bond proceeds shall be needed to defray obligations accrued and to accrue under any contracts then existing and pertaining to the Refunding Project. The Treasurer shall promptly notify:

- A. Chairman. The Chairman,
 - B. Manager. The County Manager,
 - C. Assistant County Manager. The Assistant County Manager as the County Chief Financial Officer, and
 - D. Governing Body. The Clerk for the Governing Body, of any such use.
- Any moneys so used shall be restored to the Cost of Issuance Account from the first Net Pledged Revenues thereafter received and not needed to meet the requirements provided in Sections 504 through 511 hereof.

Section 403. Underwriters Not Responsible. The validity of the 2019 Bonds shall not be dependent on or be affected by the validity or regularity of any proceedings relating to the Refunding Project. The Underwriters of the 2019 Bonds, any associate thereof, and any subsequent holder of any 2019 Bonds shall in no manner be responsible for the application or disposal by the County or by any of its officers, agents and employees of the moneys derived from the sale of the 2019 Bonds or of any other moneys herein designated.

Section 404. Use of Escrow Account.

A. The amounts deposited into the Escrow Account shall be used to acquire the Federal Securities identified in Exhibit 1 to the Escrow Agreement and to establish the beginning cash balance in the Escrow Account designated in the Escrow Agreement, if any. All amounts received from such Federal Securities and such beginning cash balance shall be applied solely to the payment of the principal of and interest on the Refunded Bonds until the Refunded Bonds have been paid in full and discharged as to all principal and interest. No further warrant, resolution or other action of the Board shall be necessary for the Escrow Bank to transfer monies for the payment of the Refunded Bonds such amounts received from such Federal Securities and beginning cash balance to so pay the Refunded Bonds. The uninvested cash and Federal

Securities deposited in the Escrow Account shall at all times be sufficient to fully pay all the principal of and interest on the Refunded Bonds.

B. The sufficiency of the Escrow Account for the purposes set forth in this Section and in Section 401B hereof shall be verified by a certified public accountant as provided in NRS 350.698. The Escrow Agreement shall be in substantially the form on file with the Clerk, and the Assistant County Manager is hereby authorized to execute it in final form. After payment in full of the Refunded Bonds, or after adequate provision has been made therefor, the Escrow Account shall terminate, and any funds remaining in the Escrow Account shall be applied to any lawful purpose or purposes of the County as the Chief Financial Officer may determine.

Section 405. Maintenance of Escrow Account.

A. The Escrow Account shall be maintained by the County 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 the interest due in connection with the Refunded Bonds, both accrued and not accrued, as the same become due up to and including the redemption date set forth in the Escrow Agreement (the "Refunded Redemption Date"); and to redeem, on the applicable Refunded Redemption Date, the Refunded Bonds then Outstanding and maturing on such Refunded Redemption Date, for the principal amount thereof, accrued interest to the Refunded Redemption Date, and the required premium, if any.

B. Moneys shall be withdrawn by the Escrow Bank from the Escrow Account in sufficient amounts and at such times to permit the payment without default of interest due in connection with the Refunded Bonds. Any moneys remaining in the Escrow Account after provision shall have been made for the redemption in full of the Refunded Bonds shall be applied to any lawful purpose of the County as the Board may hereafter determine.

If for any reason the amount in the Escrow Account shall at any time be insufficient for its purpose, the County 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, interest and redemption premium due in connection with the Refunded Bonds as herein provided.

ARTICLE V

ADMINISTRATION OF AND ACCOUNTING FOR PLEDGED REVENUES

Section 501. Pledge Securing Bonds. Subject only to the rights and obligations of the County to cause amounts to be withdrawn therefrom to pay the Cost of the Refunding Project as provided herein, the Net Pledged Revenues and all moneys and securities paid (or to be paid) to or held (or to be held) in the Bond Account, are hereby pledged to secure the payment of the Bond Requirements of the Outstanding 2019 Bonds and this pledge shall be valid and binding so far as the 2019 Bonds are concerned from and after the date of the first delivery of any 2019 Bonds, and the moneys, as received by the County and hereby pledged, 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 and the obligation to perform the contractual provisions hereby made shall have priority over any or all other obligations and liabilities of the County, except for any Outstanding Parity Securities hereafter issued, the liens of which on the Net Pledged Revenues are on a parity with the lien thereon of the 2010A Bonds, the 2010B Bonds, the 2010C Bonds, the 2010E Bonds, the 2010F Bonds the 2018 Bonds and the 2019 Bonds; 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 County (except as herein otherwise provided), irrespective of whether such parties have notice thereof.

Section 502. Highway Fund Deposits. So long as any of the 2019 Bonds shall be Outstanding, as to any Bond Requirements, the entire Gross Pledged Revenues, except for such amounts withheld by dealers, users and the Department to reimburse themselves (excluding the Department) for handling losses occasioned by evaporation, spillage and other similar causes, and to reimburse themselves (including the Department) for the costs of their respective services in the performance by them of all functions incident to the administration of the Fuel Taxes, and constituting Administration Expenses, pursuant to the Project Act, to the Tax Act, to the Tax Ordinance, and to the contract pertaining thereto between the County and the State acting by and through the Department, and except for amounts refunded to taxpayers as provided in such statutes, ordinance and contract, shall continue to be set aside upon the receipt of such Gross Pledged Revenues by the County and credited to the Highway Fund.

Section 503. Administration of Highway Fund. So long as any of the 2019 Bonds hereby authorized shall be Outstanding, as to any Bond Requirements, payments shall be made from the Highway Fund as provided in Sections 504 through 511 hereof.

Section 504. First Charges. First, as a first charge on the Highway Fund, there shall from time to time be withdrawn and set aside:

A. Administration Expenses. Initially, as a first charge thereon, sufficient moneys to pay any Administration Expenses not defrayed by other than the County as permitted in Section 502 hereof; and

B. Direct Distribution. Thereafter, as the next charge thereon, sufficient moneys to make required Direct Distributions.

Nothing herein contained requires the withdrawal from the Highway Fund of any moneys allocated for the payment of Administration Expenses or Direct Distributions until obligations pertaining thereto have accrued and become due, and any such moneys so allocated may be retained in the Highway Fund pending withdrawals for the payment of such obligations. Any such withdrawals becoming surplus and remaining at the end of the Fiscal Year and not needed for Administration Expenses or Direct Distributions shall be transferred back to the Highway Fund and shall be used for the purposes thereof, as herein provided.

Section 505. Bond Account Payments. Second, and subject to the aforesaid provisions, from any moneys remaining in the Highway Fund, i.e., from the Net Pledged Revenues, the following transfers shall be made for the payment of the securities hereinafter designated:

A. Parity Securities. First, there shall continue to be credited to the Bond Account the following:

(1) Monthly, commencing on each interest payment date, one-sixth of the interest on the Outstanding Parity Securities, except to the extent any other moneys are available therefor.

(2) Monthly, commencing on each principal payment date, one-twelfth of the amount necessary to pay the next maturing installment of principal of the Outstanding Parity Securities, except to the extent any other moneys are available therefor.

B. 2019 Bonds. Concurrently with the payments provided by subsection A of this section, there shall be credited to the Bond Account, the following:

(1) Monthly, commencing on the first day of the month immediately succeeding the delivery of any of the 2019 Bonds and any Parity Securities hereafter issued, an amount in equal monthly installments necessary, together with any other moneys from time to time available therefor from whatever source, including without limitation the moneys, if any, provided in subsection A, Section 401, and in Section 405 hereof, to pay the next maturing installment of interest on the Outstanding 2019 Bonds and any Outstanding Parity Securities hereafter issued, and monthly thereafter, commencing on each interest payment date, one-sixth of the amount necessary to pay the next maturing installment of interest on the Outstanding 2019 Bonds and any Outstanding Parity Securities hereafter issued, except to the extent any other moneys are available therefor.

(2) Monthly, commencing on the first day of the month immediately succeeding the delivery of any of the 2019 Bonds and any Parity Securities hereafter issued, 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 2019 Bonds and any Outstanding Parity Securities hereafter issued, and monthly thereafter, commencing on each principal payment date, one-twelfth of the amount necessary to pay the next maturing installment of principal of the Outstanding 2019 Bonds and any Outstanding Parity Securities hereafter issued, except to the extent any other moneys are available therefor.

In accordance with Section 609, this section does not require the accumulation of monetary requirements in the Bond Fund in the Comparable Bond Year in excess of the Bond Requirements due in connection with the Outstanding 2019 Bonds and any Outstanding Parity Securities due in such Comparable Bond Year. The moneys credited to the Bond Account shall be used to pay the Bond Requirements of the 2019 Bonds and any Outstanding Parity Securities, as the same become due.

Section 506. Reserve Account Payments. Third, but concurrently with the transfers required to be made to the Bond Account by Section 505 hereof, except as provided in Sections 507 through 509 hereof, there shall be credited monthly from the remaining Net Pledged Revenues to reserve funds or accounts for any Parity Securities in such amounts as are required by the ordinances authorizing such Parity Securities to maintain the Minimum Bond Reserve in such reserve funds or account for any Parity Securities.

The County hereby elects that the 2019 Bonds shall not have a reserve account combined or otherwise; provided, however, that the County may elect, but is not required, to provide for a combined reserve account in the ordinance authorizing the issuance of any additional Parity Securities (and may do so by electing to secure such additional Parity Securities with a combined reserve account with any Parity Securities, provided an additional deposit, if necessary, is made equal to the Minimum Bond Reserve then applicable to a combined reserve) or may elect, but is not required, to provide for a separate reserve account for any additional Parity Securities or may not provide a reserve account in connection with additional Parity Securities.

Section 507. Rebate Account. After the payments hereinabove required to be made by Sections 504 through 506 hereof are made and concurrently with the payments required to be made to rebate accounts for any Outstanding Parity Securities heretofore or hereafter issued, the County shall deposit Net Pledged Revenues into the "Washoe County, Nevada, Highway Revenue (Fuel Tax) Bonds, Series 2019, Rebate Account" (the "Rebate Account") as required under Section 148 of the Internal Revenue Code of 1986, as amended (the "Tax Code") and regulations promulgated thereunder and shall apply such funds to the extent required to comply with the covenant in Section 819 hereof to make payments to the United States. Any moneys in such account not needed for such purpose shall be transferred to the Highway Fund. Payments into similar rebate accounts for additional Parity Securities shall be made concurrently with payments into the Rebate Account.

Section 508. Termination of Deposits. No payment need be made into the Bond Account if the amount in the Bond Account and the amount in any reserve account for any Outstanding Parity Securities (provided that no amounts in any reserve account for any Outstanding Parity Securities shall be used for any payment on the 2019 Bonds) total a sum at least equal to the entire amount of the Outstanding 2019 Bonds and any Outstanding Parity Securities heretofore or hereafter issued as to all Bond Requirements to their respective maturities or to any redemption date on which the County shall have exercised or shall have obligated itself to exercise its option to redeem prior to their respective maturities the Outstanding 2019 Bonds or any such Outstanding Parity Securities thereafter maturing, and both accrued and not accrued, in which case moneys in those two accounts 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 deposit to the time or respective times the proceeds of any such investment shall be needed for such payment, at least equal to such Bond Requirements, shall be used together with any such gain from investments solely to pay such Bond Requirements as the same become due; and any moneys in excess thereof in those two accounts and any other moneys derived from the Net Pledged Revenues may be used in any lawful manner determined by the Governing Body.

Section 509. Defraying Delinquencies. The moneys in the Bond Account shall be used solely and only for the purpose of paying the Bond Requirements of the 2019 Bonds and any Outstanding Parity Securities heretofore or hereafter issued, and the moneys in any reserve account for Outstanding Parity Securities shall be used solely and only for the purpose of paying the Bond Requirements of the Outstanding Parity Securities secured by such reserve account (and any additional Parity Securities that the County may elect in the ordinance authorizing their issuance to be secured by a reserve account, provided an additional deposit, if necessary, may be made to a reserve account in order to fund such reserve account to an amount equal to the Minimum Bond Reserve then applicable to a combined reserve); but any moneys at any time in excess of the Minimum Bond Reserve in a reserve account, including, without limitation, any such excess resulting from investment gain as provided in Section 605 hereof, may be withdrawn therefrom, and transferred from time to time to the Bond Account, and used for the redemption of any such Outstanding Parity Securities as they become due at maturity, on any Redemption Date, or as they otherwise are made available for payment by purchase in the open market or otherwise; and also any moneys in the Bond Account and in such reserve account in excess of the Bond Requirements, both accrued and not accrued, to the respective maturities or designated Redemption Date of any such Outstanding Parity Securities may be used as herein provided.

Section 510. Payment of Additional Subordinate Securities. Fourth, and subject to the provisions hereinabove in this Article V, but subsequent to the payments required by Sections 504, 505, 506, 507 and 508 hereof, as provided in Article VII hereof, any moneys remaining in the Highway Fund may be used by the County for the payment of Bond Requirements of Subordinate Securities payable from the Net Pledged Revenues and hereafter authorized to be issued in accordance with Article VII and any other provisions herein supplemental thereto, including reasonable reserves for such securities, as the same accrue; but

the lien of such additional bonds or other additional securities on the Net Pledged Revenues and the pledge thereof for the payment of such additional securities shall be subordinate to the lien and pledge of the 2019 Bonds and any Parity Securities, as herein provided. Payments into reserve funds or accounts for additional Subordinate Securities shall be made after the payments required by Sections 504, 505, 506, 507 and 508 hereof.

Any additional Parity Securities shall be payable from the Bond Account or (except as later set forth in this paragraph) a separately created reserve account, pursuant to Sections 505 through 508 hereof, but shall not be payable from a reserve account created for particular series of Parity Securities unless the County elects in the ordinance authorizing their issuance to secure such Parity Securities by such reserve account and provides an additional deposit, if necessary, in order to fund such reserve account to an amount equal to the Minimum Bond Reserve then applicable to a combined reserve.

Section 511. Use of Remaining Revenues. After the transfers hereinabove required to be made by Sections 504 through 510 hereof are made, any remaining Net Pledged Revenues in the Highway Fund may be used at the end of any Fiscal Year or whenever in any Fiscal Year there shall have been credited to the Bond Account and to each other bond fund and reserve fund, if any, for the payment of any additional Parity Securities, all amounts required to be credited to those special accounts for all of that Fiscal Year, both accrued and thereafter becoming due in the balance of the Fiscal Year, as hereinabove provided in this Article V, for any one or any combination of lawful purposes, as the Governing Body may from time to time determine.

ARTICLE VI

GENERAL ADMINISTRATION

Section 601. Administration of Accounts. The special accounts designated in Articles IV and V hereof shall be administered as provided in this Article VI.

Section 602. Places and Times of Deposits. Each of such special accounts shall be maintained as a book account and kept separate from all other accounts as a trust account solely for the purpose herein designated therefor, and the moneys accounted for in such special bond accounts shall be deposited in one bank account or more in an Insured Bank or Insured Banks as determined and designated by the Governing Body (except as otherwise expressly stated herein). Nothing herein shall prevent the commingling of moneys accounted for in any two (2) or more book accounts pertaining to the Net Pledged Revenues or to any such fund and any other funds of the County (each of which funds consists of a self-balancing group of accounts and constitutes an independent fiscal and accounting entity) in any bank account or any investment in Permitted Securities hereunder. Each such bank account shall be continuously secured to the fullest extent required or permitted by the laws of the State for the securing of public funds and shall be irrevocable and not withdrawable by anyone for any purpose other than the respective designated purposes. Each periodic payment shall be credited to the proper account not later than the date therefor herein designated, except that when any such date shall be a Saturday, a Sunday or a legal holiday, then such payment shall be made on or before the next preceding secular day.

Section 603. Investment of Moneys. Any moneys in any such account, and not needed for immediate use, may be invested or reinvested by the Treasurer in securities permitted under State law and permitted by the Insurer (the "Permitted Securities").

Section 604. Required and Permissive Investments. The Treasurer shall have no obligation to make any investment or reinvestment hereunder, unless any moneys on hand and accounted for in any one account exceeds \$25,000 and at least \$25,000 therein will not be needed for a period of not less than sixty (60) days. In such event the Treasurer shall invest or reinvest in Permitted Securities not less than substantially all the amount which will not be needed during such sixty-day period, except for any moneys on deposit in an interest-bearing account in any Insured Bank, regardless whether such moneys are evidenced by certificate of deposit or otherwise, pursuant to Sections 603 and 607 hereof. The Treasurer may invest or

reinvest any moneys on hand at any time as provided in Section 603 hereof even though he or she is not obligated to do so.

Section 605. Accounting for Investments. The Permitted Securities so purchased as an investment or reinvestment of moneys in any such account shall be deemed at all times to be a part of the account and held in trust therefor. Except as herein otherwise provided, any interest or other gain in any account from any investments and reinvestments in Permitted Securities and from any deposits of moneys in any Insured Bank pursuant to this article shall be credited to the account, and any loss in any account resulting from any such investments and reinvestments in Permitted Securities and from any such deposits in any Insured Bank shall be charged or debited to the account. No loss or profit in any account on any investments or reinvestments in Permitted Securities or any certificates of deposit shall be deemed to take place as a result of fluctuations in the market quotations of the investments, reinvestments or certificates prior to the sale or maturity thereof. In the computation of the amount in any account for any purpose hereunder, except as herein otherwise expressly provided, Permitted Securities and certificates of deposit shall be valued at the cost thereof (including any amount paid as accrued interest at the time of the purchase of the obligation) and other bank deposits shall be valued at the amounts deposited, exclusive of any accrued interest or any other gain to the County until such gain is realized by the presentation for payment, or otherwise. The expenses of purchase, safekeeping, sale and all other expenses incident to any investment or reinvestment of moneys pursuant to this article VI shall be accounted for as Administrative Expenses, as permitted by Section 504 hereof.

Section 606. Redemption or Sale of Permitted Securities. The Treasurer shall present for redemption at maturity or sale on the prevailing market at the best price obtainable any Permitted Securities and certificates of deposit so purchased as an investment or reinvestment of moneys in any account whenever it shall be necessary so to do in order to provide moneys to meet any withdrawal, payment or transfer from such account. Neither the Treasurer nor any other officer of the County shall be liable or responsible for any loss resulting from any such investment or reinvestment made in accordance with this Ordinance. The Treasurer shall promptly notify the Assistant County Manager and the Governing Body of any gain or loss in any account.

Section 607. Character of Funds. The moneys in any account herein authorized shall consist either of lawful money of the United States or Permitted Securities, or both such money and such securities. Moneys deposited in a demand or time deposit account in or evidenced by a certificate of deposit of any Insured Bank, pursuant to Section 602 hereof, appropriately secured according to the laws of the State, shall be deemed lawful money of the United States.

Section 608. Accelerated Payments Not Permitted. Nothing contained in Article V hereof prevents the accumulation in any account herein designated of any monetary requirements at a faster rate than the rate or minimum rate, as the case may be, provided in Article V; but no payment shall be accelerated if such acceleration shall cause the Governing Body to default in the payment of any obligation of the County pertaining to the Net Pledged Revenues. Nothing herein contained requires in connection with the Net Pledged Revenues received in any Fiscal Year the accumulation of monetary requirements in any account for the payment in the Comparable Bond Year of Bond Requirements due in connection with any series of bonds or other securities payable from the Net Pledged Revenues and heretofore, herein or hereafter authorized, in excess of such Bond Requirements due in such Comparable Bond Year, or of any reserves required to be accumulated and maintained therefor, and of any existing deficiencies, and payable from such account, as the case may be, except as may be otherwise provided herein.

Section 609. Payment of Bond Requirements. The moneys credited to any account designated in Article V hereof for the payment of the Bond Requirements due in connection with any series of bonds or other securities payable from the Net Pledged Revenues and heretofore, herein or hereafter authorized shall be used, without requisition, voucher, warrant or further order or authority (other than is contained herein) or any other preliminaries, to pay promptly the Bond Requirements payable from such account as such securities become due, upon the respective redemption dates, if any, on which the County is obligated to pay such securities, or upon the respective interest payment and bond maturity dates of such securities, as provided therefor herein or otherwise, except to the extent any other moneys are available therefor, including, without limitation, moneys accounted for in the Bond Account.

Section 610. Payment of Redemption Premiums. Notwithstanding any other provision herein, this Ordinance requires the accumulation in any account designated in Article

V hereof for the payment of any series of bonds or other securities payable from the Net Pledged Revenues of amounts sufficient to pay not only the principal thereof and interest thereon, but also the prior redemption premiums due in connection therewith, as the same become due, whenever the County shall have exercised or shall have obligated itself to exercise a prior redemption option pertaining thereto, except to the extent provision is otherwise made therefor, if any prior redemption premium is due in connection therewith. In such event moneys shall be deposited into such account in due season for the payment of all such Bond Requirements without default as the same become due.

ARTICLE VII

SECURITIES LIENS AND ADDITIONAL SECURITIES

Section 701. Lien of the 2019 Bonds on the Net Pledged Revenues. The 2019 Bonds authorized herein constitute an irrevocable lien (but not an exclusive lien) upon the Net Pledged Revenues.

Section 702. Equality of Bonds. The 2019 Bonds authorized to be issued hereunder and any Parity Securities heretofore or hereafter authorized to be issued and from time to time Outstanding are equitably and ratably secured by a lien on the Net Pledged Revenues and shall not be entitled to any priority one over the other in the application of the Net Pledged Revenues regardless of the time or times of the issuance of such securities, it being the intention of the Governing Body that there shall be no priority among the 2019 Bonds and any such Parity Securities regardless of the fact that they may be actually issued and delivered at different times.

Section 703. Issuance of Parity Securities. Nothing in this Ordinance contained, subject to the limitations stated in Section 713 hereof, prevents the issuance by the County of additional Parity Securities payable from the Net Pledged Revenues and constituting a lien thereon on a parity with, but not prior nor superior to, the lien thereon of the 2019 Bonds or prevents the issuance of bonds or other securities refunding all or a part of the 2019 Bonds, except as provided in Sections 708 through 713 hereof; but before any such additional Parity Securities are authorized or actually issued (excluding any parity refunding bonds or other refunding Parity Securities other than any securities refunding Parity Securities, as permitted in Section 709 hereof).

A. Absence of Default. At the time of the adoption of the supplemental instrument authorizing the issuance of the additional securities as provided in Section 713 hereof, the County shall not be in default in making any payments required by Article V hereof.

B. Historic Earnings Test. The Net Pledged Revenues derived in any twelve consecutive months of the last eighteen months of the Fiscal Year immediately preceding the date of the issuance of such additional Parity Securities shall have been at least sufficient to pay an amount equal to 200% of the Combined Maximum Annual Principal and Interest Requirements of the Outstanding 2019 Bonds and any other Outstanding Parity Securities of the County and the Parity Securities proposed to be issued (excluding any reserves therefor), except as hereinafter otherwise expressly provided.

C. Adjustment of Net Pledged Revenues. If any Fuel Tax constituting supplemental Net Pledged Revenues had not accrued and been payable for the full Fiscal Year immediately preceding the date of the issuance of any such additional Parity Securities, any amount of Net Pledged Revenues which was actually collected for the designated Fiscal Year may be increased to an amount which it is estimated would have been collected if such Fuel Tax had accrued and been payable for the full Fiscal Year designated based upon the known collections of Net Pledged Revenues preceding such adjustment.

In any computation of such earnings test as to whether or not Parity Securities may be issued as provided in Section 703B, the amount of the Net Pledged Revenues for the twelve consecutive months of the last eighteen months of the Fiscal Year immediately preceding the date of the issuance shall be decreased by, and may be increased by, the amount of any loss or gain conservatively estimated by the Assistant County Manager of the County or the Chief Financial Officer of the RTC making the computations under such Section (with an annual inflation factor for gains not to exceed 3%), which loss or gain results from any change in the rate of the levy of that part of the Fuel Taxes constituting a part of the Net Pledged Revenues which change took effect during the twelve consecutive months of the last eighteen months of the Fiscal Year immediately preceding the date of the issuance or shall take effect during any succeeding Fiscal Year prior to or following the issuance of such Parity Securities, as if such modified rate shall have been in effect during the entire twelve consecutive months of the last eighteen months of the Fiscal Year immediately preceding the date of the issuance and as if such change shall have been made before the computation of the designated earnings test.

D. Reduction of Annual Requirements. The respective annual Bond Requirements (including as such a requirement for the purposes of this Section 703 the amount of any prior redemption premiums due on any prior redemption date as of which the County shall have exercised or shall have obligated itself to exercise its prior redemption option) shall be reduced to the extent such Bond Requirements are scheduled to be paid in each of the respective Bond Years with moneys held in trust or in escrow for that purpose by any trust bank within or without the State, including the known minimum yield from any investment in Federal Securities.

Section 704. Certification of Revenues. A written certification or written opinion by the Assistant County Manager, the Chief Financial Officer of the RTC or an

Independent Accountant, based upon estimates thereby as provided in subsection C of Section 703 hereof, that such Net Pledged Revenues, when adjusted as hereinabove provided in subsections C and D of Section 703 hereof, are sufficient to pay such amounts, as provided in subsection B of Section 703 hereof, shall be conclusively presumed to be accurate in determining the right of the County to authorize, issue, sell and deliver additional bonds of other additional securities on a parity with the 2019 Bonds.

Section 705. Subordinate Securities Permitted. Nothing herein contained, subject to the limitations stated in Section 713 hereof, prevents the County from issuing additional Subordinate Securities payable from the Net Pledged Revenues and having a lien thereon subordinate, inferior and junior to the lien thereon of the 2019 Bonds.

Section 706. Superior Securities Prohibited. Nothing herein contained permits the County or the RTC to issue Superior Securities payable from the Net Pledged Revenues and having a lien thereon prior and superior to the lien thereon of the 2019 Bonds.

Section 707. Use of Proceeds. The proceeds of any additional bonds or other additional securities (other than any funding or refunding securities) payable from the Net Pledged Revenues shall be used only for bettering, enlarging, extending and otherwise improving the facilities (or any combination thereof).

Section 708. Issuance of Refunding Securities. At any time after the 2019 Bonds, or any part thereof, are issued and remain Outstanding, if the Governing Body shall find it desirable to refund any Outstanding 2019 Bonds or other Outstanding securities payable from and constituting a lien upon the Net Pledged Revenues, such 2019 Bonds or other securities, or any part thereof, may be refunded (but only with the consent of the owner or owners of all such Outstanding securities unless the 2019 Bonds or other securities at the time or times of their required surrender for payment shall then mature or shall be then callable for prior redemption for refunding purposes at the County's option upon proper call), regardless whether the priority of the lien for the payment of the refunding securities on the Net Pledged Revenues is changed (except as provided in Sections 706 and 709 through 713 hereof).

Section 709. Partial Refundings. The refunding bonds or other refunding securities so issued shall enjoy complete equality of lien with the portion of any bonds or other securities of the same issue which is not refunded, if there are any; and the owner or owners of such refunding bonds or such other refunding securities shall be subrogated to all of the rights

and privileges enjoyed by the owner or owners of the unrefunded bonds or other unrefunded securities of the same issue partially refunded by the refunding securities.

Section 710. Limitations Upon Refundings. Any refunding bonds or other refunding securities payable from the Net Pledged Revenues shall be issued with such details as the Governing Body may by instrument provide, subject to the provisions of Section 713 hereof, and subject to the inclusion of any such rights and privileges designated in Section 709 hereof, but without any impairment of any contractual obligation imposed upon the County by any proceedings authorizing the issuance of any unrefunded portion of such Outstanding securities of any one or more issues (including but not necessarily limited to the 2019 Bonds).

Section 711. Protection of Securities Not Refunded. If only a part of the Outstanding 2019 Bonds and any other Outstanding securities of any issue or issues payable from the Net Pledged Revenues is refunded, then such securities may not be refunded without the consent of the holder or holders of the unrefunded portion of such securities:

A. Requirements Not Increased. Unless the refunding bonds or other refunding securities do not increase for any Bond Year the aggregate principal and interest requirements evidenced by such refunding securities and by the Outstanding securities not refunded on and prior to the last maturity date of such unrefunded securities, and the lien of any refunding bonds or other refunding securities on the Net Pledged Revenues is not raised to a higher priority than the lien thereon of the 2019 Bonds or other securities thereby refunded; or

B. Subordinate Lien. Unless the lien on the Net Pledged Revenues for the payment of the refunding securities is subordinate to each such lien for the payment of any securities not refunded; or

C. Default and Earnings Test. Unless the refunding bonds or other refunding securities are issued in compliance with Sections 703 and 704 hereof.

Section 712. Payment Dates of Additional Securities. Any additional Parity or Subordinate Securities (including but not necessarily limited to any funding or refunding securities) issued in compliance with the terms hereof shall bear interest, be payable on such dates and in such manner, and mature, as provided in the ordinance authorizing their issuance.

Section 713. Supplemental Instrument. Additional bonds or other additional securities payable from the Net Pledged Revenues shall be issued only after authorization thereof by a supplemental instrument of the Governing Body stating the purpose or purposes of the

issuance of such additional securities, directing the application of the proceeds thereof to such purpose or purposes, directing the execution thereof, and fixing and determining the date, principal amount, maturity or maturities, designation and numbers thereof, the maximum rate or the rate or rates of interest to be borne thereby, payment dates, maturity date or dates, any prior redemption privileges of the County with respect thereto and any other provisions thereof in accordance with this Ordinance. All additional securities shall bear such date, shall bear such numbers and series designation, letters or symbols prefixed to their numbers distinguishing them from each other security, shall be payable at such place or places, may be subject to redemption prior to maturity on such terms and conditions, and shall bear interest at such rate or at such different or varying rates per annum, as may be fixed by instrument or other document of the Governing Body.

ARTICLE VIII

MISCELLANEOUS PROTECTIVE COVENANTS

Section 801. General. The County covenants and agrees with the owners of the 2019 Bonds pertaining thereto and makes provisions which shall be a part of its contract with such owners to the effect and with the purpose set forth in the following provisions and sections of this Article.

Section 802. Performance of Duties. The County, acting by and through the Governing Body or otherwise, will faithfully and punctually perform or cause to be performed all duties with respect to the Net Pledged Revenues and the Facilities required by the Constitution and laws of the State and the various instruments of the County, including, without limitation, the proper segregation of the proceeds of the 2019 Bonds and Net Pledged Revenues and their application to the respective accounts provided from time to time therefor.

Section 803. Contractual Obligations. The County shall perform all contractual obligations undertaken by it under the contract to purchase the 2019 Bonds with the Underwriters and any other agreements relating to the 2019 Bonds, the Net Pledged Revenues and the Refunding Project (or any combination thereof) with all other Persons.

Section 804. Further Assurances. At any and all times the County shall, so far as it may be authorized by law, pass, make, do, execute, acknowledge, deliver and file or record all and every such further instruments, acts, deeds, conveyances, assignments, transfers, other documents, and assurances as may be necessary or desirable for the better assuring, conveying, granting, assigning and confirming all and singular the rights, the Net Pledged Revenues, and other moneys and accounts hereby pledged or assigned, or intended so to be, or which the County may hereafter become bound to pledge or to assign, or as may be reasonable and required to carry out the purposes of this Ordinance and to comply with the Project Act and the Bond Act. The County, acting by and through the Governing Body, or otherwise, shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Net Pledged Revenues and other moneys and accounts pledged hereunder and all the rights of every holder of any 2019 Bond hereunder against all claims and demands of all Persons whomsoever.

Section 805. Conditions Precedent. Upon the date of issuance of any 2019 Bonds, all conditions, acts and things required by the Federal or State Constitution or Federal or State statutes to exist, to have happened, and to have been performed precedent to or in the

issuance of the 2019 Bonds shall exist, have happened, and have been performed; and the 2019 Bonds, together with all other obligations of the County shall not contravene any debt or other limitation prescribed by the State Constitution or statutes.

Section 806. Rules, Regulations and Other Details. The County, acting by and through the Governing Body, shall establish and enforce reasonable rules and regulations governing the Fuel Taxes. The County shall observe and perform all of the terms and conditions contained in the Project Act and the Bond Act and shall comply with all valid acts, rules, regulations, orders and directions of any legislative, executive, administrative or judicial body applicable to the Fuel Taxes or to the County.

Section 807. Payment of Governmental Charges. The County shall pay or cause to be paid all taxes and assessments or other municipal or governmental charges, if any, lawfully levied or assessed upon or in respect of the Fuel Taxes, or upon any portion of the Net Pledged Revenues, when the same shall become due, and shall duly observe and comply with all valid requirements of any municipal or governmental authority relative to any part of the Fuel Taxes, except for any period during which the same is being contested in good faith by proper legal proceedings. The County shall not create or suffer to be created any lien or charge upon the Net Pledged Revenues, except the pledge and lien created by this Ordinance for the payment of the Bond Requirements due in connection with the 2019 Bonds, and except as herein otherwise permitted. The County shall pay or cause to be discharged or shall make adequate provision to satisfy and to discharge, within sixty (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 Facilities, or any part thereof, or the Net Pledged Revenues; but nothing in this section contained requires the County to pay or to cause to be discharged or to make provision for any such lien or charge, so long as the validity thereof is contested in good faith and by appropriate legal proceedings.

Section 808. Protection of Security. The County, the officers, agents and employees of the County, and the Governing Body shall not take any action in such manner or to such extent as might prejudice the security for the payment of the Bond Requirements of the securities payable from the Net Pledged Revenues according to the terms of such securities. No contract shall be entered into nor any other action taken by which the rights of any holder of any

2019 Bond or any other security payable from the Net Pledged Revenues might be impaired or diminished.

Section 809. Accumulation of Interest Claims. In order to prevent any accumulation of claims for interest after maturity, the County shall not directly or indirectly extend or assent to the extension of the time for the payment of any claim for interest on any of the 2019 Bonds or any other securities payable from the Net Pledged Revenues; and the County shall not directly or indirectly be a party to or approve any arrangements for any such extension or for the purpose of keeping any of such claims for interest. If the time for the payment of any such installment of interest is extended in contravention of the foregoing provisions, such installment or installments of interest after such extension or arrangement shall not be entitled in case of default hereunder to the benefit or the security of this Ordinance, except upon the prior payment in full of the principal of all 2019 Bonds and any other securities then Outstanding and of all matured interest on such securities the payment of which has not been extended.

Section 810. Prompt Payment of Bonds. The County shall promptly pay the Bond Requirements of every 2019 Bond issued hereunder and secured hereby at the place, on the dates, and in the manner specified herein and in the 2019 Bonds according to the true intent and meaning hereof.

Section 811. Use of Bond Accounts. The Bond Account shall be used solely and only the moneys credited to such account are hereby pledged for the purpose of paying the Bond Requirements of the 2019 Bonds and any Parity Securities heretofore or hereafter authorized, except for those moneys in the Bond Account as are in excess of such Bond Requirements, both accrued and not accrued, to their respective maturities or any other due dates (subject to the provisions concerning surplus moneys in Sections 508, 509 and 606 hereof).

Section 812. Additional Securities. The County shall not hereafter issue any bonds or other securities payable from the Net Pledged Revenues so long as any 2019 Bonds herein authorized are Outstanding, unless such additional bonds or other securities are issued in conformance with the provisions of Articles V and VII hereof.

Section 813. Other Liens. Other than as provided by this Ordinance, there are no liens or encumbrances of any nature whatsoever on or against the Net Pledged Revenues.

Section 814. Corporate Existence. The County shall maintain its corporate identity and existence so long as any of the 2019 Bonds issued hereunder remain Outstanding,

unless another body corporate and politic by operation of law succeeds to the powers, privileges, rights, liabilities, disabilities, duties and immunities of the County and is obligated by law to levy and collect or cause to be levied and collected the Fuel Taxes herein provided without adversely affecting to any substantial degree the privileges and rights of any holder of any Outstanding 2019 Bond at any time.

Section 815. Maintenance of Fuel Taxes. While the 2019 Bonds or any of them remain Outstanding and unpaid, the County shall cause Fuel Taxes to be levied and collected in amounts of not less than nine cents (9 cents) per gallon on all motor vehicle fuel sold, distributed or used in the County, not less than the amount required by paragraph (d) of subsection 1 of NRS 373.065 on all motor vehicle fuel sold, distributed or used in the County and not less than the amount required pursuant to paragraphs (d) to (m), inclusive, of subsection 1 of section 3 of Chapter 501, Statutes of Nevada 2009 on certain special fuels sold, distributed or used in the County, as provided in this Ordinance, in the Tax Ordinance, in the Project Act, and in the Tax Act, except as otherwise provided in this Ordinance, such ordinance and such acts, including, without limitation, provisions therein for any deductions and any refunds not constituting Administrative Expenses or Direct Distributions, and so including provisions in this Ordinance, such Ordinance and such acts pertaining to exempt sales and other exempt transactions, or to amounts derived from any other excise taxes pertaining to motor vehicle fuel of at least an equivalent value and pledged in lieu of such present taxes, regardless of whether now or hereafter fixed and imposed.

Section 816. Collection of Fuel Taxes. The County shall cause all proceeds of the Fuel Taxes to be collected as soon as reasonable, shall prescribe and enforce rules and regulations for the payment thereof, and shall provide methods of collection, by the Department, or otherwise, and penalties, to the end that the Net Pledged Revenues shall be adequate to meet the requirements hereof.

Section 817. Records. So long as any of the 2019 Bonds and any other securities payable from the Net Pledged Revenues remain Outstanding, proper records and accounts will be kept by the County, separate and apart from other records and accounts, showing complete and correct entries of all transactions relating to the Fuel Taxes upon their receipt by the County from the State or otherwise. Such records shall include (but not necessarily be limited to) monthly or quarterly records showing:

A. Gross Pledged Revenues. The Gross Pledged Revenues, to the extent of their receipt by the County,

B. Classification. The revenues received from the Fuel Taxes by classes of customers, to the extent it is practicable to show such information,

C. Expenses and Distributions. A detailed statement of the Administrative Expenses, both the amounts retained by the Department and any other such expenses, and of any Direct Distributions, to the extent reflected by the records of the County, including, without limitation, reports received from the State,

D. Securities Payments. A detailed statement of amounts credited to various accounts for the payment of 2019 Bonds and any other securities payable from the Net Pledged Revenues, and reserves therefor, including, without limitation, the Bond Account, and

E. Other Withdrawals. The amounts of any other withdrawals from the proceeds of the Fuel Taxes to the extent reflected by reports from the State to the County and by other records of the County.

All requisitions, requests, certificates, opinions and other documents received by any Person on behalf of the County in connection with the Fuel Taxes under the provisions of this Ordinance shall be retained in such officer's possession or in the County's official records.

Section 818. Rights Concerning Records and Facilities. Any owner of any of the 2019 Bonds or any other securities payable from the Net Pledged Revenues or any duly authorized agent or agents of such owner, or the Underwriters shall have the right at all reasonable times to inspect all records, accounts and data of the County relating thereto, concerning the Net Pledged Revenues, and to make copies of such records, accounts and data.

Section 819. Tax Covenant. The County covenants for the benefit of the owners of the 2019 Bonds that it will not take any action or omit to take any action with respect to the 2019 Bonds, the proceeds thereof, any other funds of the County or any facilities financed or refinanced with the proceeds of the 2019 Bonds if such action or omission (i) would cause the interest on the 2019 Bonds to lose its exclusion from gross income for federal income tax purposes under Section 103 of the Tax Code or (ii) would cause interest on the 2019 Bonds to lose its exclusion from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code. The foregoing covenant shall remain in full force and effect notwithstanding the

payment in full or defeasance of the 2019 Bonds until the date on which all obligations of the County in fulfilling the above covenant under the Tax Code have been met.

Section 820. Continuing Disclosure Undertaking. The County and the Transportation Commission covenant for the benefit of the holders and the beneficial owners of the 2019 Bonds to comply with the provisions of the Continuing Disclosure Certificate, which shall be in substantially the form now on file with the County Clerk, to be executed by the Chief Financial Officer of the RTC and delivered in conjunction with the delivery of the 2019 Bonds. Failure of the County and the Transportation Commission to comply with the Continuing Disclosure Certificate shall not constitute an Event of Default hereunder.

ARTICLE IX

MISCELLANEOUS

Section 901. Defeasance. When all Bond Requirements of any 2019 Bond have been duly paid, the pledge and lien and all obligations hereunder as to that 2019 Bond shall thereby be discharged and the 2019 Bond shall no longer be deemed to be Outstanding within the meaning of this Ordinance; provided, however, that if the principal of or interest on the 2019 Bond shall be paid by any Insurer of the 2019 Bond, the pledge of the Net Pledged Revenues and all covenants, agreements, and other obligations of the County to the owners hereunder shall continue to exist and such Insurer shall be subrogated to the rights of the owners. There shall be deemed to be such due payment when the County has placed in escrow or in trust with a trust bank located within or without the State, an amount sufficient (including the known minimum yield available for such purpose from Federal Securities in which such amount wholly or in part may be initially invested) to meet all Bond Requirements of the 2019 Bond, as the same become due to the final maturity of the 2019 Bond or upon any prior redemption date as of which the County shall have exercised or shall have obligated itself to exercise its prior redemption option. The Federal Securities shall become due prior to the respective times on which the proceeds thereof shall be needed, in accordance with a schedule established and agreed upon between the County and such bank at the time of the creation of the escrow or trust, or the Federal Securities shall be subject to redemption at the option of the holders thereof to assure such availability as so needed to meet such schedule.

Section 902. Delegated Powers. The officers of the County and the Transportation Commission be, and they hereby are, authorized and directed to take all action necessary or appropriate to effectuate the provisions of this Ordinance, including, without limitation:

A. Printing Bonds. The printing of the 2019 Bonds, including, without limitation, if requested by the Underwriters, the printing on each 2019 Bond of a statement of insurance;

B. Final Certificates. The execution of such certificates as may be reasonably required by the Underwriters, relating, inter alia, to:

(1) The signing of the 2019 Bonds and the deposit of the 2019 Bonds with The Depository Trust Company,

(2) The tenure and identity of the officials of the Governing Body and of the County,

(3) The exemption of interest on the 2019 Bonds from federal income taxation,

(4) The adequacy and completeness of the official statement,

(5) The delivery of the 2019 Bonds and the receipt of the 2019 Bond purchase price, and

(6) If it is in accordance with fact, the absence of litigation, pending or threatened, affecting the validity thereof;

C. Information. The assembly and dissemination of financial and other information concerning the County and the 2019 Bonds;

D. Official Statement. The preparation and execution of the Final Official Statement for use for prospective buyers of the 2019 Bonds, including, without limitation, such use by the Underwriters and its associates, if any; and

E. Agreements and Bond Issuance. The completion and execution of the Bond Purchase Agreement, the Escrow Agreement, an agreement with the Paying Agent and Registrar regarding obligations of the Paying Agent and Registrar hereunder and for the 2019 Bonds in substantially the forms on file with the County Clerk with such changes as may be approved by the Assistant County Manager and the completion and execution of the sale and issuance of the 2019 Bonds pursuant to the provisions of this Ordinance and to any supplemental instrument.

Section 903. Statute of Limitations. No action or suit based upon any 2019 Bond, or other obligation of the County shall be commenced after it is barred by any statute of limitations pertaining thereto. Any trust or fiduciary relationship between the County and the owner of any 2019 Bond or other obligee regarding any such obligation shall be conclusively presumed to have been repudiated on the maturity date or other due date thereof unless the 2019 Bond is presented for payment or demand before the expiration of the applicable limitation period. Any moneys from whatever source derived remaining in any account reserved, pledged or otherwise held for the payment of any such obligation, action or suit shall revert to the Highway Fund, unless the Governing Body shall otherwise provide by instrument of the County. Nothing hereby contained prevents the payment of any such obligation after any action or suit

for its collection has been barred if the Governing Body deems it in the best interests of the public so to do and orders such payment to be made.

Section 904. Evidence of Bondowners. Any request, consent or other instrument which the Ordinance may require or may permit to be signed and to be executed by the owner of any 2019 Bonds may be in one or more instruments of similar tenor and shall be signed or shall be executed by each such owner in person or by his attorney appointed in writing. Proof of the execution of any such instrument or of an instrument appointing any such attorney, or the holding by any Person of the 2019 Bonds, shall be sufficient for any purpose of this Ordinance (except as otherwise herein expressly provided) if made in the following manner:

A. Proof of Execution. The fact and the date of the execution by any owner of any 2019 Bonds or his attorney of such instrument may be provided by the certificate, which need not be acknowledged or verified, of an officer of a bank or trust company satisfactory to the Clerk or of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he purports to act, that the individual signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer; the authority of the individual or individuals executing any such instrument on behalf of a corporate owner of any 2019 Bonds may be established without further proof if such instrument is signed by an individual purporting to be the president or vice president of such corporation with a corporate seal affixed and attested by an individual purporting to be its secretary or an assistant secretary; and the authority of any Person or Persons executing any such instrument in any fiduciary or representative capacity may be established without further proof if such instrument is signed by a Person or Persons purporting to act in such fiduciary or representative capacity; and

B. Proof of Holdings. The amount of the 2019 Bonds owned by any Person executing any instrument as an owner of 2019 Bonds and the numbers, date and other identification thereof, together with the date of his holding the 2019 Bonds, may be proved by reference to the registration records kept by the Registrar or may be provided by a certificate which need not be acknowledged or verified, in form satisfactory to the Clerk, executed by a member of a financial firm or by an officer of a bank or trust company, insurance company or financial corporation or other depository satisfactory to the Clerk, or by any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he

purports to act, showing at the date therein mentioned that such Person exhibited to such member, officer, notary public or other officer so authorized to take acknowledgments of deeds or had on deposit with such depository the 2019 Bonds described in such certificate; and such certificate may be given by a member of a financial firm or by an officer of any bank, trust company, insurance company or financial corporation or depository satisfactory to the Clerk or by a notary public or other officer so authorized to take acknowledgments of deeds with respect to 2019 Bonds owned by such holder, if acceptable to the Clerk; but the Clerk may nevertheless in his discretion require further or other proof in cases where he deems the same advisable.

Section 905. Warranty Upon Issuance of Bonds. Any 2019 Bonds, when duly executed and delivered for the purpose provided in this Ordinance, shall constitute a warranty by and on behalf of the County for the benefit of each and every future holder of any of the 2019 Bonds that the 2019 Bonds have been issued for a valuable consideration in full conformity with law.

Section 906. Immunities of Underwriters. The Underwriters and any associate thereof are under no obligation to any owner of the 2019 Bonds for any action that they may or may not take or in respect of anything that they may or may not do by reason of any information contained in any reports or other documents received by them under the provisions of this Ordinance. The immunities and exemptions from liability of the Underwriters and any associate thereof hereunder extend to their partners, directors, successors, employees and agents.

Section 907. Prior Contracts. Nothing herein contained impairs the County's obligation of contracts with any Person in connection with the County, including, without limitation, the Net Pledged Revenues, the Outstanding 2019 Bonds, this Ordinance, the Facilities, and the Refunding Project (or any combination thereof). If any provision herein is inconsistent with any provision in any existing contract pertaining to the County in such a manner as to effect prejudicially and materially the rights and privileges thereunder, so long as such contract shall remain viable and in effect such provision therein shall control such inconsistent provision herein and the latter provision shall be subject and subordinate to such provision in such existing contract.

Section 908. Replacement of Registrar or Paying Agent. If the Registrar or Paying Agent initially appointed hereunder shall resign, or if the Board, on the behalf and in the name of the County, shall reasonably determine that the Registrar or Paying Agent has become

incapable of performing its duties hereunder, the Board for the County may, upon notice mailed to each owner of any 2019 Bond at his 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. Every such successor Registrar or Paying Agent shall be a trust bank. It shall not be required that the same institution serve as both Registrar and Paying Agent hereunder, but the Board shall have the right to have the same institution serve as both Registrar and Paying Agent hereunder.

Any corporation or association into which the Registrar or Paying Agent may be converted or merged, or with which they may be consolidated, or to which they may sell or transfer their corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer, to which they are a party, shall be and become the successor Registrar or Paying Agent under this Ordinance, without the execution or filing of any instrument or any further act, deed, or conveyance on the part of any of the parties hereto, anything in this Ordinance to the contrary notwithstanding.

ARTICLE X

PRIVILEGES, RIGHTS AND REMEDIES

Section 1001. Bondowner's Remedies. Each owner of any 2019 Bond shall be entitled to all of the privileges, rights and remedies provided herein, in the Project Act, the Bond Act, the Supplemental Bond Act and this Ordinance, and as otherwise provided or permitted at law or in equity or by other statute, except as provided in Sections 209 through 212 hereof, but subject to the provisions herein concerning the Net Pledged Revenues and the proceeds of the 2019 Bonds.

Section 1002. Right to Enforce Payment. Nothing in this article affects or impairs the right of any owner of any 2019 Bond issued hereunder to enforce the payment of the Bond Requirements of his 2019 Bond or the obligation of the County to pay the Bond Requirements of each 2019 Bond to the owner thereof at the time and the place expressed in the 2019 Bond.

Section 1003. Events of Default. Each of the following events is hereby declared an "event of default":

A. Nonpayment of Principal and Premium. Payment of the principal of any of the 2019 Bonds, shall not be made when the same shall become due and payable, either at maturity or otherwise;

B. Nonpayment of Interest. Payment of any installment of interest shall not be made when the same becomes due and payable;

C. Incapable to Perform. The County shall for any reason be rendered incapable of fulfilling its obligations hereunder;

D. Nonperformance of Duties. The County shall have failed to carry out and to perform (or in good faith to begin the performance of) all acts and things lawfully required to be carried out or to be performed by it under any contract relating to the Net Pledged Revenues, or otherwise, including, without limitation, this Ordinance, and such failure shall continue for sixty (60) days after receipt of notice from either the Underwriters of the 2019 Bonds or from the owners of at least ten percent (10%) in aggregate principal amount of the 2019 Bonds then Outstanding.

E. Appointment of Receiver. An order or decree shall be entered by a court of competent jurisdiction with the consent or acquiescence of the County appointing a receiver or

receivers for the Net Pledged Revenues and any other moneys subject to the lien to secure the payment of the 2019 Bonds or if an order or decree having been entered without the consent or acquiescence of the County, shall not be vacated or discharged or stayed on appeal within sixty (60) days after entry; and

F. Default of Any Provision. The County shall make default in the due and punctual performance of any other of the representations, covenants, conditions, agreements and other provisions contained in the 2019 Bonds or in this Ordinance on its part to be performed, and if such default shall continue for sixty (60) days after written notice specifying such default and requiring the same to be remedied shall have been given to the County by either the Underwriters of the 2019 Bonds or by the owners of at least ten percent (10%) in aggregate principal amount of the 2019 Bonds then Outstanding.

Section 1004. Remedies for Default. Upon the happening and continuance of any of the Events of Default, as provided in Section 1003 hereof, then and in every case the owner or owners of not less than ten percent (10%) in aggregate principal amount of the 2019 Bonds then Outstanding, including, without limitation, a trustee or trustees therefor, may proceed against the County and its agents, officers and employees to protect and to enforce the rights of any owner of 2019 Bonds under this Ordinance by mandamus or by other suit, action or special proceedings in equity or at law, in any court of competent jurisdiction, either for the appointment of a receiver or for the specific performance of any covenant or agreement contained herein or in an award of execution of any power herein granted for the enforcement of any proper, legal or equitable remedy as such owner or owners may deem most effectual to protect and to enforce the rights aforesaid, or thereby to enjoin any act or thing which may be unlawful or in violation of any right of any holder of any 2019 Bond, or to require the County to act as if it were the trustee of an expressed trust, or any combination of such remedies. All such proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all holders of the 2019 Bonds then Outstanding.

Section 1005. Receiver's Rights and Privileges. Any receiver appointed in any proceedings to protect the rights of such holders hereunder, the consent of any such appointment being hereby expressly granted by the County, may collect, receive and apply all Net Pledged Revenues arising after the appointment of such receiver in the same manner as the County itself might do.

Section 1006. Rights and Privileges Cumulative. The failure of any owner of any Outstanding 2019 Bond to proceed in any manner herein provided shall not relieve the County, its Governing Body, or any of its officers, agents or employees of any liability for failure to perform or carry out any duty, obligation or other commitment. Each right or privilege of any such holder (or trustee hereof) is in addition and is cumulative to any other right or privilege, and the exercise of any right or privilege by or on behalf of any owner shall not be deemed a waiver of any other right or privilege thereof.

Section 1007. Duties Upon Defaults. Upon the happening of any of the Events of Default as provided in Section 1003 hereof, the County, in addition, shall do and perform all proper acts on behalf of and for the owners of 2019 Bonds to protect and to preserve the security created for the payment of their 2019 Bonds and to insure the payment of the Bond Requirements promptly as the same become due. During any period of default, so long as any of the 2019 Bonds issued hereunder, as to any Bond Requirements, are Outstanding, except to the extent it may be unlawful to do so, all Net Pledged Revenues shall be paid into the Bond Account. If the County fails or refuses to proceed as in this Section provided, the holder or holders of not less than ten percent (10%) in aggregate principal amount of the 2019 Bonds then Outstanding, after demand in writing, may proceed to protect and to enforce the rights of the owners of the 2019 Bonds as hereinabove provided; and to that end any such holders of Outstanding 2019 Bonds shall be subrogated to all rights of the Issuer under any agreement or contract involving the Net Pledged Revenues entered into prior to the effective date of this Ordinance or thereafter while any of the 2019 Bonds are Outstanding.

Section 1008. Duties in Bankruptcy Proceedings. If any Person obligated to pay any Fuel Tax proceeds under any laws of the United States relating to bankruptcy, including, without limitation, any action under any law providing for corporate reorganization, it shall be the duty of the County, and its appropriate officers are hereby authorized and directed, to take all necessary steps for the benefit of the holders of the 2019 Bonds in such proceedings, so including the filing of any claims for unpaid Fuel Tax proceeds and other payments to or otherwise arising from the breach of any of the covenants, terms or conditions of any instrument or obligation pertaining to the Net Pledged Revenues, except to the extent that the State acting by and through the Department or otherwise takes such action, unless the Governing Body by

resolution or other instrument determines that the costs of such action are likely to exceed the amounts thereby recovered from such taxpayer.

Section 1009. Prejudicial Action Unnecessary. Nothing in this article requires the County to proceed as provided herein if the Governing Body determines in good faith and without any abuse of its discretion that if the County so proceeds it is more likely than not to incur a net loss rather than a net gain or such action is otherwise likely to affect materially and prejudicially the holders of the Outstanding 2019 Bonds and any Outstanding Parity Securities.

Section 1010. Rights of Insurer. Notwithstanding the foregoing provisions of this Article X, after any Event of Default consisting of nonpayment of principal or interest as provided in Section 1003(A) or (B) hereof, and so long as any Insurer of the 2019 Bonds is not in default under its policy of insurance relating to payment of the 2019 Bonds, any such Insurer of the 2019 Bonds shall have the complete and exclusive right to pursue and enforce any and all remedies available to the owners of the 2019 Bonds under this Ordinance.

ARTICLE XI

AMENDMENT OF ORDINANCE; MUNICIPAL BOND INSURANCE

Section 1101. Privilege of Amendments. This Ordinance may be amended or supplemented by instruments adopted by the Governing Body in accordance with the laws of the State, without receipt by the County of any additional consideration, without the consent of or notice to the holders of the 2019 Bonds for the purpose of curing any ambiguity or formal defect or omission herein and in connection with any other amendment, with the written consent of the Insurer or the holders of a majority in aggregate principal amount of the 2019 Bonds and any Parity Securities heretofore or hereafter issued and Outstanding at the time of the adoption of such amendatory or supplemental instrument, not including in any case any 2019 Bonds or Parity Securities which may then be held or owned for the account of the County, but including such refunding securities as may be issued for the purpose of refunding any of the 2019 Bonds issued hereunder or any Parity Securities if such refunding securities are not owned by the County.

Section 1102. Limitations Upon Amendments. No such instrument shall permit:

A. Changing Payment. A change in the maturity or in the terms of redemption of the principal of any Outstanding 2019 Bond or any Parity Securities or any installment of interest thereon; or

B. Reducing Return. A reduction in the principal amount of any 2019 Bond or any Parity Securities, the rate of interest thereon, or any prior redemption premium payable in connection therewith, without the consent of the holder of the 2019 Bond or Parity Securities; or

C. Prior Lien. The creation of a lien upon or a pledge of revenues ranking prior to the lien or to the pledge created by this Ordinance; or

D. Modifying Any Bond. A reduction of the principal amount or percentages or otherwise affecting the description of 2019 Bonds or Parity Securities or the consent of the holders of which is required for any such modification or amendment; or

E. Priorities Between Bonds and Parity Securities. The establishment of priorities as between 2019 Bonds and Parity Securities issued and Outstanding under the provisions of this Ordinance or another County ordinance; or

F. Partial Modification. The modifications of or otherwise prejudicially affecting the rights or privileges of the holders of less than all of the 2019 Bonds and Parity Securities then Outstanding.

G. Consent of Insurer. Notwithstanding the foregoing provisions of this Article XI, as to any 2019 Bonds the payment of which is insured by any Insurer, the written consent of such Insurer, in lieu of the written consent of the owners of the 2019 Bonds, must be obtained in order for such 2019 Bonds to be counted toward the amount required to consent to an amendment of this Ordinance.

Section 1103. Notice of Amendment. Whenever the Governing Body proposes to amend or modify this Ordinance under the provisions of this article, it shall cause notice of the proposed amendment to be electronically mailed within thirty (30) days to the registered owners of the 2019 Bonds and any Parity Securities, and the Insurer, if any, or to any successor thereof known to the Clerk. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy of the proposed amendatory instrument is on file in the office of the Clerk for public inspection.

A. Time for Amendment. Whenever at any time within one (1) year from the last date of the mailing of such notice electronically there shall be filed in the office of the Clerk an instrument or instruments executed by the owners of at least sixty-six percent (66%) in aggregate principal amount of the 2019 Bonds and Parity Securities then Outstanding, which instrument or instruments shall refer to the proposed amendatory instrument described in such notice and shall specifically consent to and approve the adoption of such instrument, thereupon, but not otherwise, the Governing Body may adopt such amendatory instrument and such instrument shall become effective.

Section 1104. Binding Consent to Amendment. If the owners of at least fifty-one percent (51%) in aggregate principal amount of the 2019 Bonds and Parity Securities Outstanding, at the time of the adoption of such amendatory instrument, or the predecessors in title of such holders, shall have consented to and approved the adoption thereof as herein provided, no owner of any 2019 Bond or parity bond whether or not such owner shall have consented to or shall have revoked any consent as in this article provided, shall have any right or interest to object to the adoption of such amendatory instrument or to object to any of the terms or provisions therein contained or to the operation thereof or to enjoin or restrain the County from taking any action pursuant to the provisions thereof.

Section 1105. Time Consent Binding. Any consent given by the owner of a 2019 Bond or parity bond pursuant to the provisions of this article shall be irrevocable for a period of

six (6) months from the date of the mailing of the notice above provided for and shall be conclusive and binding upon all future owners of the same 2019 Bond or parity bond during such period. Such consent may be revoked at any time after six (6) months from the last date of the mailing of such notice, by the holder who gave such consent or by a successor in title by filing notice of such revocation with the Clerk, but such revocation shall not be effective if the owners of not less than fifty-one percent (51%) in aggregate principal amount of the 2019 Bonds and Parity Securities Outstanding have, prior to the attempted revocation, consented to and approved the amendatory instrument referred to in such revocation.

Section 1106. Unanimous Consent. Notwithstanding anything contained in the foregoing provisions of this article, the terms and the provisions of this Ordinance or of any instrument amendatory thereof or supplemental thereto, the rights and the obligations of the County and of the owners of the 2019 Bonds and Parity Securities thereunder may be modified or amended in any respect upon the adoption by the County and upon the filing with the Clerk of an instrument to that effect and with the consent of the owners of all the then Outstanding 2019 Bonds and Parity Securities, such consent to be given as provided in Section 904 hereof; and no notice to owners of 2019 Bonds and Parity Securities, either by mailing or by publication, shall be required, nor shall the time of consent be limited except as may be provided in such consent.

Section 1107. Exclusion of County's Bonds. 2019 Bonds and Parity Securities owned or held by or for the account of the County shall not be deemed Outstanding and shall be excluded for the purpose of consent or of other action or of any calculation of Outstanding 2019 Bonds and Parity Securities provided for in this article, and the County shall not be entitled with respect to such 2019 Bonds and Parity Securities to give any consent or to take any other action provided for in this article. At the time of any consent or of other action taken under this article, the County shall furnish the Clerk a certificate of the Treasurer, upon which the County may rely, describing all 2019 Bonds and Parity Securities so to be excluded.

Section 1108. Notation on Bonds. 2019 Bonds and Parity Securities authenticated and delivered after the effective date of any action taken as in this article provided may bear a notation by endorsement or otherwise in form approved by the Governing Body as to such action; and if any such 2019 Bond or parity bond so authenticated and delivered shall bear such notation, then upon demand of the owner of any 2019 Bond or parity bond Outstanding at such effective date and upon presentation of his 2019 Bond or parity bond for the purpose at the

principal office of the Clerk, suitable notation shall be made on such 2019 Bond or parity bond by the Clerk as to any such action. If the Governing Body shall so determine, new 2019 Bonds or Parity Securities so modified as in the opinion of the Governing Body to conform to such action shall be prepared, authenticated and delivered; and upon demand of the owner of any 2019 Bond or parity bond then Outstanding, shall be exchanged without cost to such owner for 2019 Bonds or Parity Securities then Outstanding upon surrender of such 2019 Bonds or Parity Securities.

Section 1109. Proof of Instruments and Bonds. The fact and date of execution of any instrument under the provisions of this article, the amount and number of the 2019 Bonds or Parity Securities held by any Person executing such instrument, and the date of his holding the same may be proved as provided by Section 904 hereof.

PASSED AND ADOPTED BY AN AFFIRMATIVE VOTE OF AT LEAST TWO-THIRDS OF THE MEMBERS OF THE BOARD OF COUNTY COMMISSIONERS OF WASHOE COUNTY, NEVADA, THIS NOVEMBER 19, 2019.

Proposed on November 19, 2019.

Proposed by Commissioner _____

Passed November 19, 2019.

Vote:

Ayes: Vaughn Hartung
Marsha Berkbigler
Kitty Jung
Bob Lucey
Jeanne Herman

Nays: _____

Absent: _____

Abstaining: _____

(SEAL) _____
Chair
Board of County Commissioners
Washoe County, Nevada

Attest:

County Clerk

This Ordinance shall be in force and effect from and after the ____ day of the month of December of the year 2019, the date of the second publication of such ordinance by its title only.

STATE OF NEVADA)
) ss.
WASHOE COUNTY)

I am the duly chosen, qualified and acting Clerk of Washoe County (the "County"), in the State of Nevada and do hereby certify:

1. The foregoing pages are a true, correct and compared copy of an ordinance adopted by Board of County Commissioners (the "Board") of the County at a meeting held on November 19, 2019 (the "Ordinance").

2. The members of the Board voted on the Ordinance as follows:

Those Voting Aye:

Vaughn Hartung
Marsha Berkbigler
Kitty Jung
Bob Lucey
Jeanne Herman

Those Voting Nay:

Those Absent:

3. The original of the Ordinance has been approved and authenticated by the signatures of the Chair of the Board and myself as County Clerk 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 the officers and properly sealed.

4. After adoption, the Ordinance was published twice by title and an affidavit of publication is attached hereto as Exhibit B.

IN WITNESS WHEREOF, I have hereunto set my hand on _____, 2019.

County Clerk
Washoe County, Nevada

The undersigned does hereby certify:

1. All members of the Board were given due and proper notice of the meeting held on November 19, 2019.

2. Public notice of such meeting was given and such meeting was held and conducted in full compliance with the provisions of NRS 241.020. A copy of the notice of meeting and excerpts from the agenda for the meeting relating to the Ordinance, as posted not later than 9:00 a.m. on the third working day prior to the meeting, on the County's website, on the State's official website, and at the following locations:

- (i) Washoe County Administration Complex
1001 East Ninth Street, Bldg. A
Reno, Nevada
- (ii) Washoe County Courthouse-Clerk's Office
75 Court Street
Reno, Nevada
- (iii) Washoe County Central Library
301 South Center Street
Reno, Nevada
- (iv) Sparks Justice Court
1675 East Prater Way
Sparks, Nevada

is attached as Exhibit A.

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

IN WITNESS WHEREOF, I have hereunto set my hand on November 19, 2019.

County Manager
(or representative thereof)
Washoe County, Nevada

EXHIBIT A

(Attach Copy of Notice of Meeting)

EXHIBIT B

(Attach Affidavit of Publication of Ordinance)

EXHIBIT C

(Attach Certificate of County Manager and Financial Adviser's Report)

Washoe County, Nevada
Highway Revenue (Fuel Tax) Refunding Bonds
Series 2019 or Series 2020

CERTIFICATE OF INTERIM COUNTY MANAGER PURSUANT TO NRS 350.155

IT IS HEREBY CERTIFIED pursuant to NRS 350.155 by the undersigned, Interim County Manager of Washoe County, Nevada (the "County"), in connection with the sale and issuance of the above captioned bonds (the "Bonds"), being issued for the purposes described in the ordinance of the Board of County Commissioners of the County to be considered for adoption on November 19, 2019, authorizing the issuance of the Bonds:

1. As described in the certificate of Hobbs Ong & Associates, Inc. and PFM Financial Advisors LLC, as municipal advisors to the County in connection with the Bonds, attached to this certificate and made a part hereof, the Bonds are being sold at a time when, because of particular conditions in the market, a negotiated sale may provide a benefit to the County which would not be available if the Bonds were sold by competitive bid. The estimated amount of benefit which could accrue to the County is stated in the attached.
2. The particular conditions in the market which indicate that a negotiated sale of the Bonds may provide a benefit to the County are the continued market volatility in municipal debt markets due to geo-political events, including trade conflict with China and concern over slowing economies in Europe, China and Southeast Asia and the flexibility of two options for funding the escrow with an extended close or a shorter closing as stated in the attached. A negotiated offering provides the County the flexibility and ability to pre-market the transaction with the expected benefits of a lower effective interest cost to the County.

Dated on _____, 2019.

David Solaro
Interim County Manager of
Washoe County, Nevada



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October 30, 2019

Ms. Stephanie Haddock
Chief Financial Officer
Washoe County Regional Transportation Commission
1105 Terminal Way
Reno, NV 89502

Dear Ms. Haddock:

As required by the Nevada Revised Statutes, this letter serves as the municipal advisors' certification of the recommendation to utilize a negotiated sale method for the Washoe County, Nevada, Highway Revenue (Fuel Tax) Refunding Bonds, Series 2019 (the "Series 2019 Bonds"). The Series 2019 Bonds will be issued to provide funds to the Washoe County Regional Transportation Commission (the "RTC") to refund the outstanding Series 2010B and Series 2010C Bonds for debt service savings.

PFM Financial Advisors, LLC. ("PFM") and Hobbs, Ong & Associates, Inc. ("HOA") recommend using a negotiated sale method for the Series 2019 Bonds as described below.

Maintaining Flexibility in a Volatile Market

The municipal market has experienced significant volatility over the past six months, due in large part to geo-political events, including the trade conflict with China and the concern over slowing economies in Europe, China and Southeast Asia. Additionally, the recent reductions in the federal funds rate initiated by the Federal Open Market Committee (FOMC) were not expected at the beginning of the year, and have forced investors to react. It is anticipated that the FOMC may lower the fed funds rate one more time before the end of the year, prior to the RTC completing with the proposed refunding. These events have led investors to continually re-evaluate where to invest their capital and have driven volatility in the municipal bond market.

Benchmark tax-exempt borrowing rates (i.e., the 10-year yield for the AAA MMD) have fluctuated by 75 basis points since April 2019. The same rates have moved approximately 35 basis points since September 1st, 2019. With continually changing rates – both positive and negative – the RTC does not want to advertise a competitive sale date, have interest rates unexpectedly increase, and surprise investors with a change to the advertised sale date. A negotiated transaction will allow the RTC to maintain continual dialogue with investors – through a selected underwriting team – and allow better timing for the sale date of the bonds.

Additionally, the financing team is considering two options in terms of the time between pricing and closing the bonds. Under the first option, the RTC may elect for an extended closing date for the Series 2019 Bonds in order to shorten the duration of the refunding escrow. Specifically, the Series 2019 Bonds would be expected to price in early December 2019, and would close on February 1, 2020. This would limit the escrow-life to approximately one day. While a typical closing period is two to three weeks, this six week close may provide economic benefit to the RTC by minimizing the duration of the escrow. Alternatively, a second option is to price in early December and close in late December and fund an escrow at closing. The escrow would hold the 2019 bond proceeds until the call date of



February 1, 2020. A final strategy will be based upon the lowest cost option and will be determined closer to the pricing date in early December. Again, it will be useful to have pre-selected underwriters as part of a negotiated transaction to determine the lowest cost option of the two alternatives and to communicate the final decision to potential investors.

Because of the market volatility and the desired flexibility surrounding the pricing date and the duration of the escrow, PFM and HOA recommend a negotiated transaction for the Series 2019 Bonds. By maintaining flexibility in terms of timing and structuring the escrow and close date, we estimate that a negotiated sale may allow the County/RTC to price up to 5 basis points lower than under a competitive sale. This translates to annual cost savings of approximately \$18,000 for the proposed \$59.7 million refunding bond issuance.

We hope this discussion addresses your question regarding the recommended method of sale. We are pleased to discuss further if you have any questions. We look forward to working with the County and the RTC on the upcoming issuance.

Sincerely,

A handwritten signature in black ink, appearing to read 'P. Shellenberger', with a long, sweeping horizontal line extending to the right.

Peter Shellenberger
Managing Director
PFM Financial Advisors LLC

A handwritten signature in black ink, appearing to read 'Katherine Ong Sisolak', with a stylized, cursive script.

Katherine Ong Sisolak
Director
Hobbs, Ong & Associates, Inc.