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RENO EVENING GAZETTE and NEVADA STATE JOURNAL  
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DESCRIPTION OF LEGAL ADVERTISING

Bill #627  
*Ord. 456*  
3349008

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March																			X							X					

PROOF OF PUBLICATION

STATE OF NEVADA, }  
COUNTY OF WASHOE } ss.

Alice Buffaloe

NOTICE OF COUNTY ORDINANCE  
NOTICE IS HEREBY GIVEN that Bill No. 627, Ordinance No. 456, entitled "An Ordinance authorizing a escrow revision program in connection with an escrow fund established with the proceeds of the Washoe County, Nevada, Highway Revenue (Motor Vehicle Fuel Tax) Refunding Bonds, Series September 1, 1974; authorizing the execution of an escrow revision agreement in connection therewith; providing for other matters relating thereto, including the retention of special counsel; providing for adoption as if an emergency exists; and providing the effective date hereof," was adopted on March 18, 1980, by Commissioners Farr, Stoes, Underwood, Brown and Ferrari. Typewritten copies of the Ordinance are available for inspection by all interested persons at the Office of the County Clerk.  
3349008-Bill #627  
vv/March 19, 80/GAZ

being first duly sworn, deposes and says: That she is the legal clerk of THE RENO EVENING GAZETTE, a daily newspaper published in Reno, in Washoe County, in the State of Nevada. That the notice of \_\_\_\_\_ Ordinance #456 Bill # 627

\_\_\_\_\_ of which a copy is hereto attached, was first published in said newspaper in its issue dated the \_\_\_\_\_ 19th. day of \_\_\_\_\_ March, 19 80 and, \_\_\_\_\_ March 26th, the full period of \_\_\_\_\_ 2 days, the last publication thereof being in the issue of \_\_\_\_\_ March 26th, 19 80

Signed *Alice Buffaloe*

Subscribed and sworn to before me this \_\_\_\_\_ 26th day of \_\_\_\_\_ March, 19 80

W. J. CHITWOOD  
Notary Public - State of Nevada  
Washoe County  
My Commission expires May 21, 1981

*W. J. Chitwood*  
Notary Public

BILL NO. 627

ORDINANCE NO. 456

AN ORDINANCE AUTHORIZING AN ESCROW REVISION PROGRAM IN CONNECTION WITH AN ESCROW FUND ESTABLISHED WITH THE PROCEEDS OF THE "WASHOE COUNTY, NEVADA, HIGHWAY REVENUE (MOTOR VEHICLE FUEL TAX) REFUNDING BONDS, SERIES SEPTEMBER 1, 1976"; AUTHORIZING THE EXECUTION OF AN ESCROW REVISION AGREEMENT IN CONNECTION THEREWITH; PROVIDING FOR OTHER MATTERS RELATING THERETO, INCLUDING THE RETENTION OF SPECIAL COUNSEL; PROVIDING FOR ADOPTION AS IF AN EMERGENCY EXISTS; AND PROVIDING THE EFFECTIVE DATE HEREOF.

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

(2) WHEREAS, by that escrow agreement, dated as of September 1, 1976 (the "Escrow Agreement"), by and between the County, acting by and through its Board of County Commissioners (the "Board"), and the Security National Bank of Nevada, Reno, Nevada (the "Escrow Bank"), the County established a special trust account (the "Escrow Fund") for the payment of the principal of, interest on, and prior redemption premiums due in connection with (the "Bond Requirements") certain outstanding bonds described therein (the "Refunded Bonds"); and

(3) WHEREAS, the proceeds of the "Washoe County, Nevada, Highway Revenue (Motor Vehicle Fuel Tax) Refunding Bonds, Series September 1, 1976" (the "Refunding Bonds"), together with other available moneys of the County, were applied in part to purchase for the Escrow Fund on October 29, 1976, those federal securities described in the Escrow Agreement (the "Escrow Investments"); and

(4) WHEREAS, the Board has been advised that prevailing market conditions permit additional financial gain to the County by revision of certain of the Escrow Investments in the Escrow Fund (the "Escrow Revision Program"); and

(5) WHEREAS, the Board has also been advised that while certain aspects of the Escrow Revision Program are possibly in technical violation of the Escrow Agreement, the risk of material adverse effect to the holders of the Refunding Bonds or the Refunded Bonds, and therefore liability to the County from any such violation, is remote; and

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W  
07

(6) WHEREAS, the Board has determined that it is in the best interests of the County to proceed with the Escrow Revision Program; and

(7) WHEREAS, there is attached hereto as Exhibit A a form of agreement between the County and the parties designated therein (the "Escrow Revision Agreement"), to effect the Escrow Revision Program.

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

Section 1. The Escrow Revision Program is hereby authorized, and the Chairman of the Board and County Clerk are hereby authorized and directed to execute the Escrow Revision Agreement in substantially the form attached hereto as Exhibit A, with such completion and modification as may be required by the circumstances and permitted by law and as may be acceptable to the Chairman and to the County's special counsel.

Section 2. Messrs. Dawson, Nagel, Sherman & Howard, Denver, Colorado, are hereby retained as special counsel to the County in connection with the Escrow Revision Program, the fees of such special counsel to be defrayed with the proceeds derived by the County from the Escrow Revision Program.

Section 3. The officers and employees of the County are hereby authorized and directed to take all action necessary or appropriate to implement the provisions of this instrument.

Section 4. All action heretofore taken by the County (not inconsistent with this instrument) in connection with the Escrow Revision Program is hereby ratified, approved and confirmed.

Section 5. This instrument pertains to the payment of the Refunded Bonds, shall be adopted as if an emergency exists, and shall be effective immediately upon such adoption.

Proposed on March 18, 1980.

Proposed by Commissioners Brown and Stoess

Passed on March 18, 1980.

Ayes:

Bill Farr  
Jean Stoess  
Jim Underwood  
Steve Brown  
Bennie Ferrari

Nays: None

Absent: None

Bill Fawcett  
Chairman  
Board of County Commissioners  
Washoe County, Nevada

(SEAL)

Attest:

Judi Bailey  
County Clerk

This ordinance shall be in force and effect from and after the 26<sup>th</sup> day of March, 1980.

This ESCROW REVISION AGREEMENT (the "Agreement") dated March \_\_, 1980, by and between (i) the County of Washoe, in the State of Nevada (the "County" and "State," respectively), acting by and through the Board of County Commissioners (the "Board"), (ii) the Security National Bank of Nevada, Reno, Nevada (the "Escrow Bank"), and (iii) Rauscher Pierce Refsnes of Reno, Nevada (the "Consultants").

## WITNESSETH:

(1) WHEREAS, the County is a county incorporated and operating under the laws of the State; and

(2) WHEREAS, by that escrow agreement, dated as of September 1, 1976 (the "Escrow Agreement"), by and between the County, acting by and through the Board and the Escrow Bank, the County established a special trust account (the "Escrow Fund") for the payment of the principal of, interest on, and any prior redemption premiums due in connection with (the "Bond Requirements") certain outstanding bonds of the County described therein (the "Refunded Bonds"); and

(3) WHEREAS, the proceeds of the "Washoe County, Nevada, Highway Revenue (Motor Vehicle Fuel Tax) Refunding Bonds, Series September 1, 1976" (the "Refunding Bonds"), together with other available moneys of the County, were applied in part to purchase for the Escrow Fund on October 29, 1976, those federal securities described in the Escrow Agreement (the "Escrow Investments"); and

(4) WHEREAS, § 103(c) (cited as § 103(d) prior to January 1, 1977), Internal Revenue Code of 1954, as amended (the "Tax Code") and the regulations of the United States Treasury Department applicable at the time the Refunding Bonds were issued (the "Applicable Regulations") provided, in effect, that where an issue of governmental obligations was sold for the purpose of advance refunding a prior outstanding issue of governmental obligations, the yield realized by the issuer from the investment of a "major portion" of the proceeds of such refunding bonds could not exceed the yield on such refunding bonds; and

(5) WHEREAS, in compliance with the Applicable Regulations, the Escrow Investments were purchased on terms such that the yield on those Escrow Investments allocable to a major portion of the proceeds of the Refunding Bonds did not exceed the yield on the Refunding Bonds; and

(6) WHEREAS, pursuant to § 1.103-13(a)(2) of the Applicable Regulations, there was executed by the County in connection with the Refunding Bonds a certificate to the effect that it was then expected the proceeds of the Refunding Bonds would not be invested in a manner that would cause the Refunding Bonds or the bonds of any subsequent issue of the County to be "arbitrage bonds" within the meaning of § 103(d) (now § 103(c)), Tax Code; and

(7) WHEREAS, the Applicable Regulations, by the terms of final regulations published under § 103(c), Tax Code, on June 7, 1979, were continued in effect as applied to the Refunding Bonds and the investment of the proceeds thereof; and

(8) WHEREAS, a portion of the Escrow Investments are allocable to less than a "major portion" of the proceeds of the Refunding Bonds, and to moneys of the County other than bond proceeds (the "Unrestricted Escrow Investments"), and the Unrestricted Escrow Investments were not, and are not, subject to the yield restrictions imposed by the Applicable Regulations; and

(9) WHEREAS, the County has been advised by the Consultants that because of the presently existing high yields available on federal securities, the County may realize additional benefits of not less than \$300,000 (from which, however, the expenses of the Escrow Revision Program may be deducted), from a revision of the Unrestricted Escrow Investments; and

(10) WHEREAS, the County has determined that it is in its best financial interest to authorize and direct (i) the redemption of the Unrestricted Escrow Investments, (ii) the reinvestment of the net proceeds of such redemption in substitute Escrow Investments (the "Substitute Escrow Investments"), and (iii) the withdrawal from the Escrow Fund by the County of a portion of the excess principal amounts resulting therefrom (collectively the "Escrow Revision Program"); and

(11) WHEREAS, the Escrow Revision Program will not materially adversely affect the rights or security of the holders of the Refunded Bonds or the Refunding Bonds.

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

Section 1. Upon execution of this Agreement, the Escrow Bank and Consultants will take such action as is necessary to effect, on a date mutually satisfactory to the parties hereto, the redemption of those Unrestricted Escrow Investments listed in Exhibit A hereto,

in the principal amounts listed in Exhibit A (but subject to applicable redemption penalties).

Section 2. Immediately upon receipt of such redemption proceeds, the Escrow Bank shall, with the net investment proceeds, purchase from the Consultants the Substitute Escrow Investments listed in Exhibit B hereto, at the price listed in Exhibit B. Such price shall not exceed the cost to the Consultants of such Substitute Escrow Investments. The Substitute Escrow Investments shall be held by the Escrow Bank in the Escrow Fund for the payment of the Bond Requirements of the Refunded Bonds, and, except as expressly or by necessary implication otherwise herein provided, the Escrow Bank shall be bound in all respects in such connection to the terms and provisions of the Escrow Agreement, as if the Escrow Investments described therein included the Substitute Escrow Investments.

Section 3. Any sums remaining after the redemption and reinvestment shall be immediately paid by the Escrow Bank to the County for use in defraying the expenses of the Escrow Revision Program and for such other lawful use as the County may determine.

Section 4. The Escrow Bank shall reinvest any proceeds derived from the Substitute Escrow Investments, pending their application to the payment of the Bond Requirements of the Refunded Bonds, in such manner and for such periods as the County's special counsel designated below shall direct in writing at the time the Escrow Revision Program is completed.

Section 5. Prior to or simultaneously with the completion of the Escrow Revision Program, but as a condition to such completion, the County shall receive:

A. An opinion, in form and substance satisfactory to the County and its special counsel designated below, rendered by a firm of certified public accountants satisfactory to the County and such special counsel to the effect that the Escrow Fund will, following the Escrow Revision Program, remain sufficient to assure timely payment of the Bond Requirements of the Refunded Bonds;

B. A report of such firm of certified public accountants, in form and substance satisfactory to the County and such special counsel, demonstrating that the Escrow Fund will not, following the Escrow Revision Program, violate the yield limitations of the Applicable Regulations; and

C. An opinion of Messrs. Dawson, Nagel, Sherman & Howard, special counsel to the County, in substantially the form attached hereto as Exhibit C.

Section 6. Exculpatory Provisions. The duties and responsibilities of the Escrow Bank are limited to those expressly

and specifically stated in the Escrow Agreement as modified by necessary implication by this Agreement.

Section 7. Severability. If any section, paragraph, clause, or provision of this Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause, or provision shall not affect any of the remaining provisions of this Agreement.

IN WITNESS WHEREOF, the County has caused this Agreement to be signed in its corporate name by the Chairman of the Board, to be countersigned by the Treasurer of the County, to be sealed with its corporate seal and attested by the Clerk of the County; the Security National Bank of Nevada, Reno, Nevada, has caused this Agreement to be signed in the Bank's corporate name by its President or one of its Vice Presidents, sealed with its corporate seal, and attested by its Trust Officer or Cashier, or one of its Assistant Trust Officers or Cashiers; and \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_ has caused this Agreement to be signed in that firm's corporate name by its President or one of its Vice Presidents, sealed with its corporate seal, and attested by its Secretary or one of its Assistant Secretaries, all as of the day and year first above written.

WASHOE COUNTY, NEVADA

By \_\_\_\_\_  
Chairman  
Board of County Commissioners

COUNTERSIGNED:

By \_\_\_\_\_  
County Treasurer

[SEAL]

Attest:

By \_\_\_\_\_  
County Clerk

SECURITY NATIONAL BANK OF  
NEVADA

By \_\_\_\_\_  
Title

[SEAL]

Attest:

By \_\_\_\_\_  
Title



\_\_\_\_\_  
(Consultants)

By \_\_\_\_\_  
\_\_\_\_\_  
Title

[SEAL]

Attest:

By \_\_\_\_\_  
\_\_\_\_\_  
Title



EXHIBIT B

(Substitute Escrow Investments to be Purchased)

<u>Description</u>	<u>Maturity</u>	<u>Principal Amount</u>	<u>Price</u>
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	TOTAL	_____	_____
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EXHIBIT C  
(COUNSEL'S OPINION)

[letterhead of Dawson, Nagel, Sherman & Howard]

March \_\_, 1980

[Name of Issuer]

[Designation of Issuer]  
Escrow Revision Program

[Description of Escrow Revision Program and Scope of  
Special Counsel Engagement]

Based on the foregoing examination, it is our opinion:

1. The implementation of the Escrow Revision Program is not prohibited by, and is valid and legal under the Constitution and laws of the State of Nevada and the proceedings taken in connection with the issuance of the Refunding Bonds, including without limitation the Bond Ordinance and the Escrow Agreement; subject to the qualifications set forth in the next following paragraph.

2. Certain aspects of the Escrow Revision Program, including without limitation the substitution of the securities designated in the Escrow Revision Agreement and the withdrawal from the Escrow Fund of additional moneys resulting from the Escrow Revision Program, are in technical violation of the Escrow Agreement, and possibly the laws of the State of Nevada. The holder of any Refunding Bond or Refunded Bond may have a legally protected right against any such violation; but any such holder, in asserting such right, must show that he is adversely and materially affected thereby and that such adverse and material effect would not have resulted in the absence of the implementation of the Escrow Revision Program. Relying in part on the opinion of [CPA] as to the sufficiency of the Escrow Fund to pay the Bond Requirements of the Refunded Bonds, after implementation

Page Two

of the Escrow Revision Program, the likelihood of any such adverse and material effect is remote.

3. Relying in part on the report of [CPA] as to the yield of investments in the Escrow Fund, the implementation of the Escrow Revision Program does not adversely affect the exemption of interest on the Refunding Bonds from taxation by the United States of America under presently applicable federal income tax laws; and the implementation of the Escrow Revision Program, if reasonably expected on the date of issue of the Refunding Bonds, would not have caused the Refunding Bonds to be "arbitrage bonds" under then applicable federal income tax laws, except for a reduction in the principal amount of the Refunding Bonds to offset the increased yield resulting from such program.

This opinion is for the benefit of, and may be relied on by, only the Issuer. This firm is not advising either the Escrow Bank or the Consultants concerning any matters relating to the Escrow Revision Program.

DAWSON, NAGEL, SHERMAN & HOWARD