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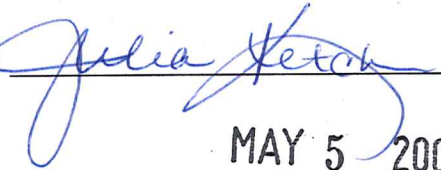
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COUNTY OF WASHOE

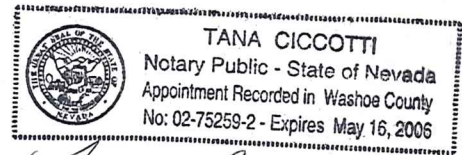
Being first duly sworn, deposes and says: That as the legal clerk of the Reno Gazette-Journal, a daily newspaper published in Reno, Washoe County, State of Nevada, that the notice referenced below has published in each regular and entire issue of said newspaper between the dates: **04/28/2006 - 05/05/2006**, for exact publication dates please see last line of Proof of Publication below.

Subscribed and sworn to before me

Signed:



MAY 5 2006



Proof of Publication

NOTICE OF ADOPTION WASHOE COUNTY ORDINANCE NO. 1295 NOTICE IS HEREBY GIVEN THAT: Bill No. 1477, Ordinance No. 1295 entitled AN ORDINANCE AUTHORIZING THE ISSUANCE BY THE COUNTY OF ITS NEGOTIABLE "WASHOE COUNTY, NEVADA, GENERAL OBLIGATION (LIMITED TAX) FLOOD CONTROL BONDS (ADDITIONALLY SECURED BY PLEDGED REVENUES), SERIES 2006," IN THE MAXIMUM PRINCIPAL AMOUNT OF \$21,000,000 TO ACQUIRE, ESTABLISH, CONSTRUCT AND EXPAND FLOOD CONTROL PROJECTS; PROVIDING THE FORM, TERMS AND CONDITIONS OF THE BONDS AND PROVIDING OTHER MATTERS RELATING THERETO; PROVIDING FOR ADOPTION AS IF AN EMERGENCY EXISTS; AND PROVIDING THE EFFECTIVE DATE HEREOF was adopted on April 25, 2006 by Commissioners Galloway, Humke, Larkin, Sferrazza, and Weber. This ordinance shall be in full force and effect from and after May 5, 2006. Typewritten copies of the ordinance are available for inspection by all interested persons at the office of the County Clerk, 75 Court Street Reno, Nevada, and can be found on the County Clerk's website, www.washoecounty.us/clerks. AMY HARVEY, Washoe County Clerk and Clerk of the Board of County Commissioners No. 234048 April 28; May 5, 2006

Summary - an ordinance authorizing the issuance of the Washoe County, General Obligation (Limited Tax) Flood Control Bonds (Additionally Secured by Pledged Revenues), Series 2006.

ORDINANCE 1295

AN ORDINANCE AUTHORIZING THE ISSUANCE BY THE COUNTY OF ITS NEGOTIABLE "WASHOE COUNTY, NEVADA, GENERAL OBLIGATION (LIMITED TAX) FLOOD CONTROL BONDS (ADDITIONALLY SECURED BY PLEDGED REVENUES), SERIES 2006," IN THE MAXIMUM PRINCIPAL AMOUNT OF \$21,000,000 TO ACQUIRE, ESTABLISH, CONSTRUCT AND EXPAND FLOOD CONTROL PROJECTS; PROVIDING THE FORM, TERMS AND CONDITIONS OF THE BONDS AND PROVIDING OTHER MATTERS RELATING THERETO; PROVIDING FOR ADOPTION AS IF AN EMERGENCY EXISTS; AND PROVIDING THE EFFECTIVE DATE HEREOF.

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

WHEREAS, the Board of County Commissioners (the "Board") has determined and does hereby declare pursuant to Nevada Revised Statutes ("NRS") Sections 244A.011 through 244A.065 (the "Project Act") and NRS chapter 377B (the "Act") the County is authorized and empowered to use the infrastructure tax imposed pursuant to Chapter 377B on the gross receipts of any retailer from the sale of all tangible personal property sold at retail, or stored, used or otherwise consumed in the County (the "Sales Tax" or the "Pledged Revenues") to finance the cost to acquire, establish, construct and expand projects for the management of flood plains or the prevention of floods as set forth in the plan adopted pursuant to NRS Section 377B.100 (the "Project"); and to evidence such borrowing by the issuance of bonds in accordance with the provisions of NRS Section 350.500 through Section 350.720, cited in Section 350.500 thereof by the short title "Local Government Securities Law" (the "Bond Act"); and

WHEREAS, pursuant to NRS Section 377B.150, the County shall deposit the money received from the Sales Tax in the County treasury for credit to the infrastructure fund (the "Infrastructure Fund"); and

WHEREAS, the County has previously issued its Washoe County, Nevada, Sales Tax Revenue Bonds, Series 1998 (the "1998 Bonds") and other than the 1998 Bonds, there are no other Outstanding obligations of the County which are secured in whole or in part by the Pledged Revenues; and

WHEREAS, the 1998 Bonds are special revenue obligations, are payable only from the Pledged Revenues and have a lien on the Pledged Revenues which is superior to the lien thereon for the Bonds; and

WHEREAS, the County has determined and hereby determines that it is necessary and in the best interests of the County and its citizens that the Project be acquired, established, constructed and expanded; and

WHEREAS, based on the revenue study presented to the Board, the Board has determined that no increase in the rate of an ad valorem tax is anticipated to be necessary for the payment of the Bonds (the "Finding"); and

WHEREAS, the County has submitted to the Debt Management Commission of Washoe County (the "Commission") a request to approve the Finding and the County's proposal to issue its general obligation bonds additionally secured by pledged revenues in the maximum principal amount of \$21,000,000 (the "Proposal"); and

WHEREAS, the Commission has heretofore approved the Proposal and the Finding; and

WHEREAS, the County has determined that, based upon studies and reports pertaining thereto, the Pledged Revenues will at least equal the amount required in each year for the payment of the interest on and principal of the Outstanding securities payable therefrom and the Bonds proposed to be issued pursuant to the Proposal, without regard to any option reserved by the County for early redemption; and

WHEREAS, pursuant to a resolution passed and adopted by the Board, a notice of adoption of the resolution of intent to issue the bonds and a notice of public hearing were published in a newspaper of general circulation in the County; and

WHEREAS, pursuant to NRS 350.155(2)(a) and 350.155(2)(g)(4), the County may sell the "Washoe County, Nevada, General Obligation (Limited Tax) Flood Control Bonds

(Additionally Secured by Pledged Revenues), Series 2006 (the "Bonds") in the maximum principal amount of \$21,000,000 pursuant to a negotiated sale; and

WHEREAS, no other bonds have been issued from the authority set forth in the Proposal; therefore, the County hereby provides for the negotiated sale of the Bonds; and

WHEREAS, after notice inviting bids for their purchase, the County Finance Director, or in his absence, the County Manager, is authorized to sell the Bonds pursuant to a negotiated sale pursuant to NRS 350.155(2) to Dexia Credit Local, acting by and through its New York Branch (the "Purchaser") and to accept the negotiated terms submitted by such Purchaser (the "Purchase Proposal") for the purchase of the Bonds at a price equal to the principal amount of the Bonds, plus accrued interest on the Bonds, if any, from their date to the date of their delivery, plus a premium or less a discount not exceeding 9% of the principal amount thereof, all as specified by the County Finance Director or the County Manager in a certificate dated on or before the date of delivery of the Bonds (the "Certificate of the County Finance Director"), and otherwise upon the terms and conditions provided in this Ordinance; and

WHEREAS, the County hereby elects to have the provisions of Chapter 348 of NRS (the "Supplemental Bond Act") apply to the Bonds.

WHEREAS, the Board has found and determined and hereby declares:

A. This Ordinance pertains to the sale, issuance, and payment of the Bonds;

B. Such declaration shall be conclusive in the absence of fraud or gross abuse of discretion in accordance with the provisions of subsection 2, § 350.579, of the Bond Act; and

C. This Ordinance may accordingly be adopted as if an emergency now exists by an affirmative vote of not less than two-thirds of all the voting members of the Board (excluding from any such computation any vacancy on the Board and any member thereof who may vote only to break a tie vote), and this Ordinance may become effective at any time when an emergency instrument of the County may go into effect and

D. The procedure specified herein for determining the rate or rates of interest is reasonable under existing or anticipated conditions in the market and is

necessary and advisable for marketing the securities. These findings are conclusive in accordance with the provisions of NRS 350.5835.

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 102. Short Title. This ordinance shall be known as and may be designated by the short title "2006 Flood Control Bond Ordinance" (this "Ordinance").

Section 103. Meanings and Construction.

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

"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, or any other Person, the endowment, bequest, devise, transfer, assignment, option to purchase, other contract, or any combination thereof, of any properties relating to the Project, or an interest therein, or any other properties herein designated.

"Acquisition Account" means the "Washoe County, Nevada, General Obligation (Limited Tax) Flood Control Bonds, Series 2006, Project Construction and Other Acquisition Account" created in Section 401 herein.

"annual principal and interest requirements" means the sum of the principal of and interest on the Outstanding Bonds and any other Outstanding designated securities payable from the Pledged Revenues having a lien thereon superior to or on a parity with the lien thereon of the Bonds, to be paid during any Bond Year, but excluding any reserve requirements to secure such payments unless otherwise expressly provided and excluding any

amount payable from capitalized interest. In calculating this amount, the principal amount of bonds required to be redeemed prior to maturity pursuant to a mandatory redemption schedule contained in the ordinance or other instrument authorizing the issuance of such bonds (e.g., the schedule, if any, set forth in the Certificate of the County Finance Director) shall be treated as maturing in the Bond Year in which such bonds are so required to be redeemed, rather than in the Bond Year in which the stated maturity of such bonds occurs.

"Available Commitment" means an amount equal to (i) the authorized principal amount of the Bonds (\$21,000,000) less (ii) the total aggregate principal amount advanced by the Purchaser under the Bonds.

"BMA Swap Rate" means, as of the date of determination as set forth in Section 302 hereof, the BMA Municipal Swap Rate equal to the highest "ASK" price as of 3:00 p.m. New York City time on each of the four Business Days immediately succeeding the County's request for principal advance as published on the Prebon Yamane Broker's Screen on Bloomberg for the period from and including the date such advance is made by the Bank to but excluding the next succeeding Reset Date, rounded down to the nearest comparable period of the BMA Municipal Swap Rate, or if the BMA Municipal Swap Rate on the Prebon Yamane Broker's Screen on Bloomberg is not available as of the date of determination, the County and Dexia shall agree on a comparable rate screen available through an agreed-upon swap broker. Dexia shall provide or cause to be provided to the County on the date of each principal advance copies of the Prebon Yamane Broker's Screen on Bloomberg as of 3:00 p.m. New York City time for each of the four Business Days immediately succeeding the County's request for principal advance.

"Board" means the Board of County Commissioners of Washoe County, in the State of Nevada, including any successor of the County.

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

"Bond Fund" means the special accounts designated as the "Washoe County, Nevada, General Obligation (Limited Tax) Flood Control Bonds, Series 2006, Principal Account," and "Washoe County, Nevada, General Obligation (Limited Tax) Flood Control Bonds, Series 2006, Interest Account," created herein, and required to be accumulated and maintained in § 604 hereof which shall be held separate and apart from the Infrastructure Fund.

"Bond Requirements" means the principal of, any prior redemption premiums due in connection with, and the interest on the Bonds, and any additional bonds or other additional securities payable from the Pledged Revenues and hereafter issued, or such part of such securities or such other securities as may be designated, as such principal, premiums and interest become due at maturity or on a Redemption Date designated in a mandatory redemption schedule, in a notice of prior redemption, or otherwise.

"Bonds" means the securities issued hereunder and designated as the "Washoe County, Nevada, General Obligation (Limited Tax) Flood Control Bonds (Additionally Secured by Pledged Revenues), Series 2006."

"Bond Year" means the 12 months commencing on July 1 of any calendar year and ending on June 30 of the next succeeding calendar year.

"Budget Act" means NRS 354.470 to 354.626, inclusive, and all laws amendatory thereof, designated in § 354.470 thereof as the Local Government Budget Act.

"Business Day" means any business day other than a Saturday or Sunday, a day on which the County or the Purchaser is authorized or required to be closed or a day on which the New York Stock Exchange is closed.

"Chair" means the de jure or de facto chairman of the Board of County Commissioners, or his or her successor in functions, if any.

"Act" means, collectively, NRS chapter 377B, as amended from time to time, as implemented by the County pursuant to the Washoe County Code, as amended from time to time.

"Clerk" or "County Clerk" means the de jure or de facto county clerk of the County and designated as such by the County, or his successor in functions, if any.

"combined maximum annual principal and interest requirements" means (i) the sum of the Bond Requirements of the Bonds, any other Parity Securities and any Superior Securities payable from the Pledged Revenues, which Bond Requirements come due during any Bond Year from the date of calculation to the last day on which any of the Bonds, , any other Parity Securities and any Superior Securities are due and payable, but not including any securities which are no longer Outstanding under the defeasance provisions of § 901 hereof, (ii) divided by the number of years (including any fraction thereof) from the date of the calculation of the combined average annual principal and interest requirements to the last day on which any of the Bonds are due and payable.

"commercial bank" means a state or national bank or trust company which is a member of the Federal Deposit Insurance Corporation and which is located within the United States; and such term includes, without limitation, any "trust bank" as herein defined.

"Comparable Bond Year" means, in connection with any Fiscal Year, the Bond Year which ends in the Fiscal Year.

"Cost of the Project" means all or any part designated by the County of the cost of the Project, which cost, at the option of the County, except as limited by law, may include all or any part of the incidental costs relating to the Project, including, without limitation:

- (a) Preliminary expenses advanced by the County from funds available for use therefor or from any other source, or advanced with the approval of the County from funds available therefor or from

any other source by the State, the Federal Government, or by any other Person with the approval of the County (or any combination thereof);

(b) The costs in the making of surveys, audits, preliminary plans, other plans, specifications, estimates of costs, and other preliminaries;

(c) The costs of premiums on builders' risk insurance and performance bonds, or a reasonably allocable share thereof,

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

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

(f) The costs of contingencies;

(g) The costs of the capitalization with the proceeds of the Bonds of any interest on the bonds or other securities for any period not exceeding the period estimated by the County to effect the Project plus one year, of any discount on the bonds or other securities, and of any reserves for the payment of the principal of and interest on the Bonds or other securities, of any replacement expenses, and of any other cost of the issuance of the Bonds or other securities relating to the Project;

(h) The costs of amending any ordinance, resolution or other instrument authorizing the issuance of or otherwise relating to the Outstanding Bonds or other securities relating to the Project;

(i) The costs of funding any medium-term obligations, emergency loans, construction loans and other temporary loans of not

exceeding 10 years relating to the Project and of the incidental expenses incurred in connection with such loans;

(j) The costs of any properties, rights, easements or other interests in properties, or any licenses, privileges, agreements and franchises;

(k) The costs of demolishing, removing or relocating any buildings, structures or other facilities on land acquired for the Project, and of acquiring lands to which such buildings, structures or other facilities may be moved or relocated; and

(l) All other expenses necessary or desirable and relating to the Project, as estimated or otherwise ascertained by the County.

"County" means the County of Washoe in the State, and constituting a political subdivision thereof, or any successor municipal corporation.

"County Finance Director" or "Finance Director" means the de jure or de facto finance director of the County and designated as such by the County. The Finance Director is the chief financial officer of the County for purposes of NRS 350.165.

"County Treasurer" or "Treasurer" means the de jure or de facto county treasurer of the County and designated as such by the County.

"Dexia" means Dexia Credit Local, acting through its New York Branch, as the initial purchaser of the Bonds, and its successors.

"Events of Default" means the events stated in § 1103 hereof.

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

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

"Fiscal Year" means the 12 months commencing on July 1 of any calendar year and ending on June 30 of the next succeeding calendar year; but

if the Nevada legislature changes the statutory fiscal year relating to the County, the Fiscal Year shall conform to such modified statutory fiscal year from the time of each such modification, if any.

"General Taxes" or "Taxes" means general (ad valorem) taxes levied by the County against all taxable property within the boundaries of the County (unless otherwise qualified).

"hereby," "herein," "hereinabove," "hereinafter," "hereinbefore," "hereof," and any similar term refer to this Ordinance and not solely to the particular portion thereof in which the word is used; "heretofore" means before the adoption of this Ordinance; and "hereafter" means after the adoption of this Ordinance.

"improve" or "improvement" means the acquisition, construction, reconstruction, improvement and equipment or any combination thereof, of the Project, or the acquisition of any properties, structures, fixtures, furniture and equipment relating to the Project, or an interest therein, but does not mean reconditioning, patching, general maintenance or other minor repair occurring periodically at annual or shorter intervals.

"Infrastructure Fund" means the infrastructure fund established pursuant to the Act and designated herein as the "Washoe County, Nevada, Infrastructure Fund", which shall be held separate and apart from the Bond Fund.

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

- (a) Who or which is, in fact, independent and not under the domination of the County;
- (b) Who or which does not have any substantial interest, direct or indirect, with the County, and

(c) Who or which 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.

"Interest Account" means the "Washoe County, Nevada, General Obligation (Limited Tax) Flood Control Bonds, Series 2006, Interest Account," created in § 501 hereof.

"Maximum Rate" means the rate of interest equal to 3% over the Index of Twenty Bonds most recently published in The Bond Buyer before a negotiated offer is accepted for the Bonds

"NRS" means Nevada Revised Statutes.

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

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

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

(b) Except any Bond or other security the payment of which is then due or past due and moneys fully sufficient to pay the same are on deposit with the Paying Agent;

(c) Except any Bond or other security for the payment or the redemption of which moneys at least equal to the County's Bond Requirements to the date of maturity or to any Redemption Date, shall have heretofore been deposited with a trust bank in escrow or in trust for that purpose, as provided in § 1001 hereof; and

(d) Except any Bond or other security in lieu of or in substitution for which another bond or other security shall have been executed and delivered pursuant to §§ 306 or 1209 hereof.

"owner" or any similar term, when used in conjunction with any Bonds, or any other designated securities, means the registered owner of any Bonds or other security which is registrable for payment if it shall at the time be registered for payment otherwise than to bearer.

"Parity Securities" means any bonds or securities hereafter issued which have a lien on the Pledged Revenues that is on a parity with the lien thereon of the Bonds herein authorized.

"Paying Agent" means the County Treasurer or any successor which may be appointed from time to time as paying agent for the Bonds.

"Person" means a corporation, firm, other body corporate (including, without limitation, the Federal Government, the State, or any other body corporate and politic other than the County), partnership, association or individual, and also includes an executor, administrator, trustee, receiver or other representative appointed according to law.

"Pledged Revenues" means all income and revenue derived by the County from the Sales Tax imposed by the County. The Pledged Revenues means all or a portion of the Pledged Revenues but does not include any amounts determined, pursuant to State law, to be subject to valid claims for refunds or amounts on deposit in the Rebate Fund. The designated term indicates sources of revenues and does not necessarily indicate all or any portion or other part of such revenues in the absence of further qualification. "Pledged Revenues" includes income derived from any additional Sales Tax imposed by the County if the Board elects to include the additional tax in "Pledged Revenues" for the remaining term of the Bonds.

"Prime Rate" means the rate of interest publicly announced from time to time by Dexia as its "prime rate". Any change in Dexia's "prime rate" shall take effect at the opening of business on the day specified by Dexia in the public announcement of such change.

"Principal Account" means the "Washoe County, Nevada, General Obligation (Limited Tax) Flood Control Bonds, Series 2006, Principal Account," created in § 501 hereof.

"Principal Advance Agreement" means that certain Bond Purchase and Principal Advance Agreement dated as of the delivery date of the Bonds between the County and the Purchaser.

"Project" means the cost to acquire, establish, construct and expand projects for the management of flood plains or the prevention of floods as set forth in the plan adopted pursuant to NRS 377B.100.

"Project Act" means NRS §§ 244A.011 through 244.065, as amended from time to time.

"Purchaser" means Dexia and its successors and assigns.

"Rebate Account" means the "Washoe County, Nevada, General Obligation (Limited Tax) Flood Control Bonds, Series 2006, Rebate Account" created in § 607 hereof.

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

"Redemption Price" means, when used with respect to a Bond or other designated security payable from any Pledged Revenues, the principal amount thereof plus the applicable premium, if any, payable upon the redemption thereof prior to the stated maturity date of such Bond or other security on a Redemption Date in the manner contemplated in accordance with the security's terms.

"Registrar" means the County Treasurer or any successor which may be appointed from time to time as registrar for the Bonds.

"Regular Record Date" means the 15th day of the calendar month immediately preceding each interest payment date.

"Sales Tax" means the tax imposed pursuant to the Act and the Sales Tax Ordinance, upon retailers at the rate of not more than one-eighth of 1 percent of the gross receipts of any retailer from the sale of tangible personal property sold at retail, or stored, used or otherwise consumed in the County on and after April 1, 1999, less a percentage (calculated on the same basis as the percentage calculated pursuant NRS 374.785(3)(a)) of all fees, taxes, interest and penalties as compensation to the State for the cost of collecting the Sales Tax. In addition, pursuant to the Sales Tax Ordinance, the taxpayer shall deduct and withhold from the Sales Tax otherwise due .25 percent thereof to reimburse himself for the cost of collecting the Sales Tax. Exempted from the Sales Tax are the gross receipts from the sale of, and the storage, use of or other consumption in the County of, (i) tangible personal property the gross receipts from the sale of which, or the storage, use or other consumption of which, the County is prohibited from taxing under the Constitution or laws of the United States or under the constitution or laws of the State; and (ii) tangible personal property used for the performance of a written contract: (a) entered into on or before the effective date of the Sales Tax and if, under the terms of the contract or bid the contract price or bid amount cannot be adjusted to reflect the imposition of the Sales Tax or increase in the Sales Tax; or (b) for the construction of an improvement to real property for which a binding bid was submitted prior to the effective date of the tax or the increase in the Sales Tax if the bid was afterward accepted and if, under the terms of the contract or bid the contract price or bid amount cannot be adjusted to reflect the imposition of the Sales Tax or increase in the Sales Tax. The Sales Tax is held by the County in the "Infrastructure Fund" created by the Act.

"Sales Tax Ordinance" means the ordinance adopted by the Board of the County on December 8, 1998 relating to the imposition of the Sales Tax pursuant to the Act.

"Special Record Date" means a special date fixed by the Paying Agent to determine the names and addresses of owners of the Bonds for the payment of any defaulted interest on any of the Bonds, as further provided in § 302 hereof. At least 10 days' notice will be given by the Paying Agent by first-class regular mail to each owner of a 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 and the due date fixed for the payment of such defaulted interest.

"State" means the State of Nevada.

"Subordinate Securities" means bonds or securities which have a lien on the Pledged Revenues that is subordinate and junior to the lien thereon of the Bonds herein authorized.

"Superior Securities" means the 1998 Bonds and any other bonds or securities which have a lien on the Pledged Revenues that is superior to the lien thereon of the Bonds.

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

"Taxes" means General Taxes.

"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) The titles and leadlines applied to articles, sections, subsections and paragraphs of this Ordinance are inserted only as a matter of convenience and ease in

reference and in no way define, limit or describe the scope or intent of any provisions of this Ordinance.

(4) Any securities payable from any Pledged Revenues and held by the County shall not be deemed to be Outstanding for the purpose of redemption nor Outstanding for the purpose of consents hereunder or for other purposes provided herein.

Section 104. Successors. Whenever herein the County is named or is referred to, such provision shall be deemed to include any successors of the County, 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 contained herein 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 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 105. Parties Interested Herein. Except as herein otherwise expressly provided, nothing herein expressed or implied confers upon or gives to any Person (other than the Paying Agent, the insurer of the Bonds, if any, the owners from time to time of the Bonds, and the owners of any other securities payable from Pledged Revenues when reference is expressly made thereto, as well as the County) any right, remedy or claim under or by reason hereof or any covenant, condition or stipulation hereof. 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 Paying Agent, the insurer of the Bonds, if any, any owner of any Bonds and any owner of any such other security in the event of such a reference.

Section 106. Ratification. All action heretofore taken (not inconsistent with the provisions of this Ordinance) by the Board and the officers of the County, and otherwise taken by the County directed:

- A. Project. Toward the Project,
- B. Sales Tax Ordinance. Toward the passage and approval of the Sales Tax Ordinance,

C. Taxes. Toward the levy and collection of the Sales Tax pursuant to the Act for repayment of the Bonds, and

D. Bonds. Toward the sale and delivery of the Bonds for that purpose, be, and the same hereby is, ratified, approved and confirmed; toward the Project and toward the sale of the Bonds to the Purchaser for that purpose, hereby is ratified, approved and confirmed.

Section 107. Ordinance Irrepealable. After any of the Bonds are issued, this Ordinance shall constitute an irrevocable contract between the County and the owner or owners of the Bonds; and this Ordinance (subject to the provisions of § 1001 and of Article XII hereof), if any Bonds are in fact issued, shall be and shall remain irrepealable until the Bonds, as to all Bond Requirements, shall be fully paid, canceled and discharged, except as herein otherwise expressly provided.

Section 108. Repealer. All bylaws, orders and other instruments, or parts thereof, inconsistent herewith are hereby repealed to the extent only of the inconsistency. This repealer shall not be construed to revive any bylaw, order or other instrument, or part thereof, heretofore repealed.

Section 109. 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 other provision shall not affect any of the remaining provisions of this Ordinance.

Section 110. Effective Date. The Board has expressed in the preambles to this Ordinance that it pertains to the sale, issuance, and payment of the Bonds, and that this Ordinance may accordingly be adopted as if an emergency now exists and may become effective at any time an emergency ordinance of the County may go into effect. Consequently, pursuant to § 350.579, Bond Act, final action shall be taken immediately, and this ordinance shall be adopted as if an emergency exists and be effective after its publication as hereinafter provided; and after this Ordinance is signed by the Chair and attested and sealed by the Clerk, this Ordinance 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 of such Ordinance are available for inspection by all interested parties 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 2 weeks by 2

insertions, pursuant to NRS 244.100, and all laws thereunto enabling, and such publication is to be in substantially the following form:

(Form of Publication)

**BILL NO.
ORDINANCE NO.
(of Washoe County, Nevada)**

AN ORDINANCE AUTHORIZING THE ISSUANCE BY THE COUNTY OF ITS NEGOTIABLE "WASHOE COUNTY, NEVADA, GENERAL OBLIGATION (LIMITED TAX) FLOOD CONTROL BONDS (ADDITIONALLY SECURED BY PLEDGED REVENUES), SERIES 2006," IN THE MAXIMUM PRINCIPAL AMOUNT OF \$21,000,000 TO ACQUIRE, ESTABLISH, CONSTRUCT AND EXPAND FLOOD CONTROL PROJECTS; PROVIDING THE FORM, TERMS AND CONDITIONS OF THE BONDS AND PROVIDING OTHER MATTERS RELATING THERETO; PROVIDING FOR 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 parties at the office of the County Clerk of Washoe County, Nevada, at her office in the Washoe County Courthouse, Reno, Nevada; and that such ordinance was proposed by Commissioner _____ on April 25, 2006, and was passed at a meeting held on April 25, 2006, by the following vote of the Board of County Commissioners:

Those Voting Aye:

Jim Galloway
Dave Humke
Robert Larkin
Pete Sferrazza
Bonnie Weber

Those Voting Nay:

Those Absent:

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

DATED on this April 25, 2006.

Attest:

/s/ Robert Larkin
Chair
Board of County Commissioners
Washoe County, Nevada

/s/ Amy Harvey
County Clerk

(End of Form of Publication)

ARTICLE II

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

Section 201. Authorization for this Ordinance. This Ordinance is adopted by virtue of the Project Act, Act and the Bond Act and pursuant to their provisions; and the County has ascertained and hereby determines that each and every matter and thing as to which provision is made herein is necessary in order to carry out and to effectuate the purposes of the County in accordance with the Project Act, the Act and the Bond Act, and as provided in NRS 350.708 all limitations in the Bond Act imposed upon the issuance of bonds or other securities thereunder have been met and the total cost, capacity, type, and plans and specifications of and for the construction, installation and other acquisition of the improvements with respect to the Project, to the extent heretofore prepared, have been and hereby are approved.

Section 202. Life of the Project. The County has determined and does hereby declare:

A. Estimated Life. The estimated life or estimated period of usefulness of the Project to be financed with the proceeds of the Bonds is not less than 25 years; and

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

Section 203. Necessity of Project and Bonds. It is necessary and for the best interests of the County and the inhabitants thereof that the County effect the Project and defray the cost thereof by issuing the Bonds therefor; and it is hereby so determined and declared.

Section 204. Acceptance of Purchase Proposal. In accordance with the Project Act, Chapter 350 of NRS and with this Ordinance, the County Finance Director, or in his absence the County Manager, is authorized to accept the Purchase Proposal submitted by the Purchaser.

Section 205. Authorization of Project. The County does hereby determine to proceed with the Project as hereinabove delineated; and the Project is hereby so authorized.

Section 206. Bonds Equally Secured. The covenants and agreements herein set forth to be performed on behalf of the County shall be for the equal benefit, protection and security of the owners of any and all of the Outstanding Bonds, all of which, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds over any other thereof, except as otherwise expressly provided in or pursuant to this Ordinance.

Section 207. General Obligations. The full faith and credit of the County are hereby pledged to the payment of the Bond Requirements of the Bonds; they shall constitute general obligations of the County and shall be payable from General Taxes on all taxable property within the County (except to the extent any Pledged Revenues or other moneys are available therefor), subject to the limitations imposed by the Constitution and statutes of the State.

Section 208. Additional Security. The payment of the Bond Requirements of the Bonds is additionally secured by an irrevocable pledge of and lien (but not necessarily an exclusive lien) on the Pledged Revenues, subject to and after any superior liens upon such Pledged Revenues of any Superior Securities.

Section 209. No Pledge of Property. The payment of the Bonds is not secured by an encumbrance, mortgage or other pledge of property of the County, except the proceeds of General Taxes, the Pledged Revenues, and any other moneys pledged for the payment of the Bonds. No property of the County, subject to such exceptions, shall be liable to be forfeited or taken in payment of the Bonds.

Section 210. No Recourse Against Officers and Agents. No recourse shall be had for the payment of the Bond Requirements of the Bonds or for any claim based thereon or otherwise upon this Ordinance authorizing their issuance or any other instrument relating thereto, against any individual member of the County or any officer or other agent of the County, past, present or future, either directly or indirectly through 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 Bonds and as a part of the consideration of their issuance specially waived and released.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION AND ISSUANCE OF BONDS

Section 301. Authorization of Bonds. The "Washoe County, Nevada, General Obligation (Limited Tax) Flood Control Bonds (Additionally Secured by Pledged Revenues), Series 2006," in the original aggregate principal amount set forth in the Certificate of the County Finance Director (not to exceed \$21,000,000), are hereby authorized to be issued, pursuant to the Project Act, the Act and the Bond Act; and the County pledges irrevocably, but not necessarily exclusively, the Pledged Revenues to the payment of the Bond Requirements of the Bonds, the proceeds of the Bonds to be used solely to defray wholly or in part the cost of the Project.

Section 302. Bond Details. For the purpose of providing for the payment of a part of the costs and expenses of the Project and for the purpose of defraying other costs (incidental or otherwise) heretofore incurred or to be incurred in the County, there shall be issued, and the County hereby authorizes and directs the Chairman or his designee to issue, the County's fully registered (i.e. registered as to both principal and interest) Bonds in the maximum aggregate principal amount designated in the Certificate of the Finance Director, or such lesser amount as is advanced to the County by the Purchaser. The Bonds shall be evidenced by a single registered Bond. The Bonds shall be dated as of the date of delivery. Each principal advance under the Bonds shall bear interest at a fixed rate of interest calculated from the date of each principal advance to but not including the next Reset Date and from each Reset Date to but not including the next Reset Date thereafter a fixed rate of interest per annum equal to the sum of the BMA Swap Rate plus 0.70%. The interest rate on each amount of principal advanced during the period from the date of delivery of the Bonds to April 31, 2011, shall be fixed until May 1, 2011. On May 1, 2011, the interest rate for all Outstanding principal advanced under the Bond shall be reset for a period of years selected by the Finance Director who shall notify Dexia in writing at least five Business Days before May 1, 2011 of the period selected, which period shall be equal to one of the following time periods: one year, two years, three years, four years or five years and if no period is selected by the Finance Director, for a period of one year (the termination of any such period on May 1 shall be a "Reset Date"), at an interest rate per annum equal to the sum of the BMA Swap Rate plus 0.70% until the earliest of the next succeeding Reset Date, repayment in full, maturity or defeasance. Thereafter, at least five

Business Days before each May 1 which is a Reset Date, the County Finance Director shall select the next Reset Date (occurring on May 1 which is one year, two years, three years, four years or five years from the previous Reset Date) and shall provide written notice of the selection of such period and the Reset Date to Dexia and the Outstanding principal advanced under the Bond shall bear interest at the rate per annum equal to the sum of the BMA Swap Rate plus 0.70% until the earliest of next succeeding Reset Date, repayment in full, maturity or defeasance. In no event shall the interest rate on the Bonds exceed the Maximum Rate. Upon the occurrence of an Event of Default hereunder as set forth in Section 1103 hereof and if such Event of Default continues for 5 Business Days after written notice specifying the default and requiring the same to be remedied is given to the County by the owners of at least 10% of the Outstanding principal amount of the Bonds, the Outstanding principal advanced and not repaid under the Bonds shall bear interest at the lesser of (i) a variable interest rate per annum equal to the Prime Rate in effect from time to time plus 3.0% or (ii) the Maximum Rate (the "Default Interest Rate"). Interest on the Bonds shall be payable on each June 1 and December 1 commencing December 1, 2006 and on the date any principal installment of the Bonds is redeemed or matures. Each principal advance under the Bond shall be amortized to mature in annual installments of principal due on December 1 of each year commencing on the December 1 which is at least nine months after the date of such principal advance and ending on December 1, 2035 so as to produce substantially equal payments of principal and interest, using the prevailing rate of interest at the time of such principal advance as determined by the Finance Director. Within fifteen Business Days of the date of each principal advance, the Finance Director shall provide the Purchaser with an amortization schedule for each principal advance. Interest due under the Bonds, including the Default Interest Rate, shall be calculated on the basis of a 360-day year consisting of twelve 30-day months. The principal advanced under the Bonds shall bear interest at the rates as calculated as set forth herein 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 applicable date of the principal advance on the Bonds. Notwithstanding the foregoing, the obligation of the County as represented by the Bonds shall be the amount specified in the Certificate of the Finance Director or such lesser amount as shall represent the aggregate principal amount advanced by the Purchaser to the County, as shown on the principal advance panel appended to the Bonds. Either the Finance Director or the County Manager is hereby authorized to request advances of principal from the

Purchaser on any Business Day of any month in a principal amount equal to or greater than \$1,000,000. The County shall provide at least five Business Days' notice to the Purchaser of the request for a principal advance; provided, however, that the initial principal advance shall be in an amount equal to or greater than \$2,000,000. The obligation of the Purchaser to advance principal under the Bond shall be subject to the terms and conditions set forth in the Principal Advance Agreement. The County shall pay the Purchaser a fee (an "Advance Fee") on the date of each principal advance equal to \$2,500.00. Each Advance Fee is hereby determined to be a Cost of the Project and may be paid by the County from amounts on deposit in the Acquisition Account.

The principal of the Bonds shall be payable to the registered owner thereof as shown on the registration records kept by the Registrar, upon final maturity or prior redemption thereof and upon presentation and surrender at the Paying Agent or at such other office as designated by the Paying Agent. If any Bond shall not be paid upon such presentation and surrender at or after final maturity, it shall continue to draw interest at the interest rate borne by the Bond until the principal thereof is paid in full. Payment of interest on any Bond shall be made to the registered owner thereof by check or draft mailed by the Paying Agent, or upon request of the registered owner of any Bonds, by wire transfer or electronic transfer of funds, on each interest payment date (or, if such interest payment date is not a Business Day, on the next succeeding Business Day), to such registered owner thereof at his or her address as shown on the registration records kept by the Registrar (or in the case of wire transfer or electronic funds transfer, according to the written wire instructions provided to the Paying Agent by such registered owner) at the close of business on the Regular Record Date for such interest payment 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. Such Special Record Date shall be fixed by the Paying Agent whenever money becomes available for payment of the defaulted interest, and notice of the Special Record Date shall be given to the registered owners of the Bonds not less than 10 days prior thereto by first-class 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 Bond by such alternative means as may be mutually

agreed upon between the owner of such Bond and the Paying Agent, including by wire transfer or electronic transfer of funds as requested in writing by the owner of such Bond. All such payments shall be made in lawful money of the United States of America.

Section 303. Optional Prepayment. Each principal advance under the Bonds, or principal installments due thereunder or portions thereof, shall be subject to prepayment prior to their respective maturities, at the option of the County, on May 1, 2011 and on each Reset Date thereafter, in whole or in part at any time, from such maturities or installments of principal as are selected by the County, and if less than all of the Bonds of a maturity or installment of principal thereof are to be redeemed, the Bonds of such maturity or installment are to be prepaid and redeemed as selected by the Finance Director at a price equal to the principal amount of each Bond or portion thereof so redeemed and prepaid and accrued interest thereon to the redemption date, without premium.

Section 304. Prepayment Notice. Unless waived by any registered owner of a Bond to be redeemed, notice of prepayment or redemption shall be given by the Registrar upon direction by the Finance Director by first class, postage prepaid mail, at least 10 days but not more than 60 days prior to the Redemption Date to the registered owner of any Bond all or a part of which is called for prior redemption or prepayment at his or her address as it last appears on the registration records kept by the Registrar. The notice shall identify the Bonds and state that on such date the principal amount thereof will become due and payable at the office of 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. After such notice and presentation of the Bonds, the Bonds called for redemption or prepayment will be paid. Actual receipt of mailed notice by any registered owner of Bonds shall not be a condition precedent to redemption of such Bonds. Failure to give such notice by mailing to the registered owner of any Bond designated for redemption, or any defect therein, shall not affect the validity of the proceedings for the redemption of any other Bond. A certificate by the Registrar that notice of call and redemption has been given as provided in this Section shall be conclusive as against all parties; and no owner whose Bond is called for redemption or any other owner of any Bond may object thereto or may object to the cessation of interest on the Redemption Date on the ground that he failed actually to receive such notice of redemption.

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 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 Bonds called for redemption in the same manner as the original redemption notice was mailed.

Section 305. Commitment Fee; Termination Fee.

A. Commitment Fee. The County shall pay the Purchaser a commitment fee (the "Commitment Fee") equal to 0.225% per annum of the Available Commitment which Commitment Fee shall be due and payable semi-annually in arrears on June 1 and December 1 of each year commencing on December 1, 2006 and ending on the Termination Date; provided that the Commitment Fee is subject to maintenance of the unenhanced long-term ratings from Moody's Investor's Service, Inc. ("Moody's") and Standard & Poor's Rating Company, a division of the McGraw-Hill Companies, Inc. ("S&P" and together with Moody's, the "Rating Agencies") on the County's general obligation bonds (currently "Aa3/AA-") and shall be increased as follows:

Level	Moody's Rating	S&P Rating	Commitment Fee Rate
Level 1:	A2 or above	A or above	0.225%
Level 2:	A3	A-	0.250%
Level 3:	Baa1	BBB+	0.300%
Level 4:	Baa2	BBB	0.350%
Level 5:	Baa3	BBB-	0.450%
Level 6:	Below Baa3	Below BBB-	0.950%

Notwithstanding the foregoing, upon the occurrence of any Event of Default hereunder, the Commitment Fee Rate shall be 1.5% per annum. In the event that a rating is suspended or otherwise unavailable from either of the Rating Agencies for credit related reasons, the Commitment Fee Rate shall be that set forth in Level 6 above. The term "Available Commitment" shall mean the positive difference between (i) \$21,000,000 (i.e., the aggregate principal amount of Bonds authorized to be issued) and (ii) the aggregate amount of Advances made to the County under the Bonds. The term "Rating" as used above shall mean the lower long-term unenhanced rating assigned to any general obligation indebtedness of the County (without regard to bond insurance or any other form of credit enhancement) by either Rating Agency. Any change in the Commitment Fee Rate resulting from a

change in a Rating shall be and become effective as of and on the date of the announcement of the change in such Rating. References to ratings above are references to rating categories as presently determined by the rating agencies and in the event of adoption of any new or changed rating system by any such rating agency, each of the Ratings from the rating agency in question referred to above shall be deemed to refer to the rating category under the new rating system which most closely approximates the applicable rating category as currently in effect. The County and the Purchaser acknowledge that as of the date of delivery of the Bonds the Commitment Fee Rate is that specified above for Level 1. The Commitment Fee shall be payable in immediately available funds and computed on the basis of a year of 360 days and the actual number of days to elapse.

B. Termination Fee. In the event the County elects to terminate the ability of the County to request principal advances from the Purchaser and thereby cease to pay the Commitment Fee, prior to the end of the one year from the date of delivery of the Bonds, the County shall notify the Purchaser of such date (the "Termination Date") and pay to the Purchaser a termination fee in an amount equal to \$50,000 (the "Termination Fee"). From the period commencing on the first anniversary date of the date of delivery of the Bonds, the County may elect to terminate the ability of the County to request principal advances from the Purchaser and thereby cease to pay the Commitment Fee, at any time without penalty.

C. The Commitment Fee and the Termination Fee are Costs of the Project and may be paid by the County from amounts on deposit in the Acquisition Account.

Section 306. Negotiability. The Bonds shall be fully negotiable within the meaning of and for the purposes of the Uniform Commercial Code--Investment Securities, and each owner shall possess all rights enjoyed by owners of negotiable instruments under the Uniform Commercial Code--Investment Securities.

Section 307. Registration, Transfer and Exchange of Bonds.

A. Registration and Transfer. Records for the registration and transfer of the Bonds shall be kept by the Registrar. Upon the surrender for transfer of any Bond at the Registrar, duly endorsed for transfer or accompanied by an assignment in form satisfactory to the Registrar duly executed by the 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 Bond or Bonds of a like aggregate principal

amount and of the same maturity bearing a number or numbers not previously assigned. Bonds may be exchanged at the Registrar for an equal aggregate principal amount of Bonds of the same maturity of other authorized denominations, as provided in § 302 hereof. The Registrar shall authenticate and deliver a Bond or Bonds which the registered owner making the exchange is entitled to receive, bearing a number or numbers not previously assigned. For every exchange or transfer of Bonds requested by the owner thereof, the County or the Registrar may make a sufficient charge to reimburse it for any tax, fee, or other governmental charge required to be paid with respect to such exchange or transfer, and may charge a sum sufficient to pay the cost of preparing and authenticating each new Bond. No such charge shall be levied in the case of an exchange resulting from an optional or mandatory prior redemption of a Bond.

B. Limitations upon Registration. The Registrar shall not be required to transfer or exchange (i) any Bond subject to redemption during a period beginning at the opening of business 15 days before the day of the mailing by the Registrar of a notice of prior redemption of Bonds and ending at the close of business on the day of such mailing, or (ii) any Bond after the mailing of notice calling such Bond or any portion thereof for redemption as herein provided.

C. Effect of Registration. The person in whose name any 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 payments thereof (except to the extent otherwise provided in § 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 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 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 Bond to the extent of the sum or sums so paid.

D. Replacement of Bond. If any Bond shall be lost, stolen, destroyed or mutilated, the Registrar shall, upon receipt of such evidence, information or

indemnity relating thereto as it, the Registrar or the County, may reasonably require, and upon payment of all expenses in connection therewith, authenticate and deliver a replacement Bond or 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 Bond shall have matured or shall have been called for redemption, the Registrar may direct that such Bond be paid by the Paying Agent in lieu of replacement.

E. Cancellation of Bond upon Payment or Reissuance. Whenever any Bond shall be surrendered to the Paying Agent upon payment thereof, or to the Registrar for transfer, exchange or replacement as provided herein, such Bond shall be promptly canceled by the Paying Agent or Registrar, and counterparts of a certificate of such cancellation shall be furnished by the Paying Agent or Registrar to the County Treasurer and the County, upon request.

Section 308. Execution of Bonds. The Bonds shall be executed as follows:

A. Filings with Secretary of State. Pursuant to the Bond Act, and to the act cited as the Uniform Facsimile Signatures of Public Officials Act, cited as chapter 351 of NRS, and prior to the execution of any Bonds by facsimile signature, the Chair of the Board of County Commissioners of the County, the County Clerk and the County Treasurer shall each file with the Secretary of State of the State of Nevada his manual signature certified by him under oath.

B. Manner of Execution. Each Bond shall be approved, signed and executed in the name of and on behalf of the County with the manual or facsimile of the signature of the Chair of the Board shall be countersigned and executed with the manual or facsimile of the signatures of the County Treasurer and shall be authenticated with the manual or facsimile impression of the official seal of the County; and shall be signed, executed, and attested with such a manual or facsimile signature of the County Clerk.

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

Section 309. Use of Predecessor's Signature. The 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. Each the Chair of the Board, the County Treasurer and County Clerk, at the time of the execution of the Bonds and of a signature certificate pertaining thereto by the Chair of the Board, the County Treasurer and the County Clerk, respectively, may adopt as and for his or her own facsimile signature the facsimile signature of his or her predecessor in office if such facsimile signature appears upon any of the Bonds.

Section 310. Incontestable Recital in Bonds. Pursuant to NRS § 350.628, each Bond shall recite that it is issued pursuant to the Project Act, to the Act, to the Bond Act, and to the Supplemental Bond Act, which recital shall be conclusive evidence of the validity of the Bonds and the regularity of their issuance.

Section 311. State Tax Exemption. Pursuant to NRS § 350.710, the Bonds, their transfer, and the income therefrom shall forever be and remain free and exempt from taxation by the State or any subdivision thereof, except for the tax on estates imposed pursuant to chapter 375A of NRS and the tax on generation-skipping transfers imposed pursuant to chapter 375B of NRS.

Section 312. Bond Execution. The Chair of the Board of County Commissioners, the County Treasurer, and the County Clerk are hereby authorized and directed to prepare and to execute the Bonds as herein provided.

Section 313. Bond Delivery. After such registration of the Bonds by the Registrar pursuant to § 306 and after their execution and authentication pursuant to § 308 and other provisions herein supplemental thereto, the Treasurer shall cause the Bonds to be delivered to the Purchaser thereof, upon payment being made therefor on the terms of the sale of the Bonds.

Section 314. Bond Form. Subject to the provisions of this Ordinance, each 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
GENERAL OBLIGATION(LIMITED TAX)
FLOOD CONTROL BOND
(ADDITIONALLY SECURED BY PLEDGED REVENUES)
SERIES 2006

NO. R- _____ \$ _____

Maturity Date

Dated As Of

December 1, 2035

_____, 2006

REGISTERED OWNER: DTC Participant for Dexia Credit Local Certificates Trust, Series 2006-1,
as nominee of Dexia Credit Local

MAXIMUM PRINCIPAL AMOUNT: TWENTY-ONE MILLION DOLLARS

Washoe County, Nevada (the "County") will on the maturity date stated above, or at an earlier date upon prior redemption by the County as described below, pay to the registered owner hereof as specified above, or registered assigns (the "Registered Owner"), the maximum principal amount specified above, or such lesser amount as shall represent the aggregate principal amount advanced to the County, as shown on the principal advance panel appended hereto, at the office of Washoe County Treasurer, as registrar (the "Registrar") and paying agent (the "Paying Agent").

Interest on the unpaid principal advanced hereunder from the date of each advance under this Bond until the principal hereof is paid in full shall be payable on each June 1 and December 1 of each year commencing on December 1, 2006 and on the date any principal of the Bonds is redeemed or matures and the principal advanced hereunder shall bear interest at an initial interest rate per annum (the "Initial Rate") equal to the sum of the BMA Swap Rate plus 0.70% until May 1, 2011. On May 1, 2011, the interest rate per annum shall be re-set for a period selected by the Finance Director equal to one year, two years, three years, four years or five years from such May 1 (such period selected by the Finance Director and ending on May 1 and each period selected by the Finance Director thereafter shall be referred to herein as a "Reset Date") until the next Reset Date at a rate per annum equal to the sum of the BMA Swap Rate plus 0.70% until the next Reset Date. Interest shall be calculated on the basis of a 360-day year of twelve thirty day months. Each advance shall be amortized to produce substantially equal annual principal payments payable on December 1 of each year commencing on the next December 1, _____ which is at least nine months from the date of such advance and ending on December 1, 2035. Within 15 days of the date of each advance hereunder, the County Finance Director shall provide Dexia Credit Local, acting by and through its New York Branch (the "Bank") with a principal amortization schedule for each such advance.

Principal may be advanced under this Bond in an amount of \$1,000,000 or greater on any Business Day of any month upon five Business Days' notice by the County to the Bank. The obligation of the Bank to advance principal shall be subject to the terms and conditions in the Principal Advance Agreement.

In no event shall the interest rate on this Bond exceed _____% per annum (i.e. a rate equal to 3% over the Index of Twenty Bonds most recently published in The Bond Buyer before a negotiated offer is accepted for the Bonds). Upon the occurrence of an Event of Default as defined in the Ordinance and if the Event of Default continues for 5 Business Days after written notice specifying the default and requiring the same to be remedied is given to the County by the owners of at least 10% of the Outstanding principal amount of this Bond, the Outstanding principal advanced and not repaid under this Bond shall bear interest at the lesser of (i) a variable interest rate per annum equal to the Prime Rate in effect from time to time plus 3.0% or (ii) the Maximum Rate (the "Default Interest Rate"). The principal of this Bond is payable upon presentation and surrender thereof at the principal office of the County Treasurer, as the registrar and paying agent (the "Registrar" or the "Registrar"). 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 or upon request of the Purchaser, by wire transfer or electronic transfer of funds, on each interest payment date (or, if such interest payment date is not a Business Day, on the next succeeding Business Day), to the registered owner thereof at his or her address as shown on the registration records kept by the Registrar (or in the case of wire transfer or electronic funds transfer, according to the written wire instructions provided to the Paying Agent by the Purchaser) at the address appearing thereon at the close of business on the 15th day of the calendar month immediately 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 by first-class mail to the registered owners of the Bonds of the series of which this is one (the "2006 Bonds" or the "Bonds") mailed 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 and interest (the "Bond Requirements") shall be payable in lawful money of the United States of America.

Each principal advance under this Bond, or portions thereof, shall be subject to redemption and prepayment prior to its respective maturities, at the option of the County, on May 1, 2011 and on each Reset Date thereafter, in whole or in part at any time, upon at least 10 days' notice to the Registered Owner, from such maturities as are selected by the County at a price equal to the principal amount of each Bond or portion thereof so redeemed and accrued interest thereon to the redemption date, without premium. Any prepayment shall be applied first to accrued interest and second to the outstanding principal amount of the this Bond selected by the County Finance Director.

The Bonds are not transferable or exchangeable, except as set forth in the Bond Ordinance authorizing the issuance of this Bond (the "Ordinance"). Capitalized terms used herein and not defined shall have the meanings assigned thereto in the 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 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.

The County and the Registrar 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 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 shall be affected by notice to the contrary.

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 to acquire, establish, construct and expand projects for the management of flood plains or the prevention of floods as set forth in the plan adopted pursuant to NRS Section 377B.100 (the "Project"). The Bonds are issued by the County and upon the credit thereof, for the purpose of financing the Project, under the authority of and in full conformity with the Constitution and laws of the State and the County and pursuant to the Ordinance.

It is hereby certified, recited and warranted that the total indebtedness of the County, including that of this Bond, does not exceed any limit of indebtedness prescribed by the Constitution or laws of the State; that provision has been made for the levy and collection of annual general (ad valorem) taxes ("General Taxes") sufficient to pay the Bond Requirements of this Bond when the same become due (except to the extent other moneys are available therefor), subject to the limitations imposed by the Constitution and statutes of the State; and that the full faith and credit of the County are hereby irrevocably pledged to the punctual payment of the Bond Requirements according to the terms of this Bond.

The payment of the Bonds, as to all Bond Requirements, is additionally secured by an irrevocable pledge of revenues derived by the County from the Pledged Revenues (as defined in the Ordinance).

Payment of the Bond Requirements due in connection with the Bonds may be made from and as security for such payment there is irrevocably and exclusively pledged, pursuant to the Ordinance, a special account thereby created and identified as the "Washoe County, Nevada, General Obligation (Limited Tax) Flood Control Bonds, Series 2006, Principal Account" and as the "Washoe County, Nevada, General Obligation (Limited Tax) Flood Control Bonds, Series 2006, Interest Account" (collectively the "Bond Fund") into which account the County covenants to pay from the revenues derived from the Pledged Revenues sums sufficient to pay when due the Bond Requirements of the Bonds, except to the extent other moneys are available therefor.

The Bonds are equitably and ratably secured by a subordinate and junior lien on the Pledged Revenues and the Bonds constitute an irrevocable lien (but not necessarily an exclusive lien) upon the Pledged Revenues, on a parity with the lien on the Pledged Revenues of the Parity Securities and subject to and after any superior liens upon such Pledged Revenues of the 1998 Bonds and any other Superior Securities. Bonds and other securities, in addition to the Bonds, subject to expressed conditions, may be issued and made payable from the Pledged Revenues having a lien thereon subordinate and junior to the lien or, subject to additional expressed conditions, having a lien thereon superior to or on a parity with the lien, of the Bonds, in accordance with the provisions of the 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 Ordinance.

Reference is made to the Ordinance, NRS Chapter 377B (the "Project Act"), as amended from time to time, to the County Bond Law, NRS Sections 244A.011 to 244A.065, inclusive (the "County Bond Law"), as amended from time to time, to an act cited as NRS 350.500 through 350.720, and all laws amendatory thereof, designated in section 350.500 thereof as the Local Government Securities Law, to Chapter 348 of NRS (the "Supplemental Bond Act"), and to all laws supplemental thereto, for an additional description of the nature and extent of the security for the Bonds, the General Taxes, accounts, funds and 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 and remedies of the owners of the Bonds.

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

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 Bonds, or any prior redemption premium due in connection therewith, or both, is not made when the same becomes due and payable, at maturity or any installments thereof, or by proceedings for optional prior redemption, or otherwise;
- b) Nonpayment of Interest. Payment of any installment of interest on the Bonds is not made when the same becomes due and payable;
- c) Nonperformance of Duties. The County fails 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 Pledged Revenues, or otherwise, including, without limitation, the Ordinance, and such failure continues for 60 days after receipt of written notice from the owners of 10% in principal amount of the Bonds then outstanding;

d) Appointment of Receiver. An order or decree is entered by a court of competent jurisdiction with the consent or acquiescence of the County appointing a receiver or receivers for the Pledged Revenues and any other moneys subject to the lien to secure the payment of the Bonds, or if an order or decree having been entered without the consent or acquiescence of the County is not vacated or discharged or stayed on appeal within 60 days after entry; and

e) Default of Any Provision. The County makes any default in the due and punctual performance of any other of the representations, covenants, conditions, agreements and other provisions contained in the Bonds or in the Ordinance on its part to be performed, and if the default continues for 60 days after written notice specifying the default and requiring the same to be remedied is given to the County by the owners of 10% in principal amount of the Bonds then outstanding.

Upon the happening and continuance of any Event of Default, then and in every case the owner or owners or not less than 10% in principal amount of the 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 Bonds under the Bond 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 the 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 owner of any Bond, or to require the County to act as it if were the trustee of an express trust, or any combination of such remedies. All proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all owners of the Bonds and any Parity Securities then outstanding.

Any receiver appointed in any proceedings to protect the rights of owners hereunder, the consent to any such appointment being hereby expressly granted by the County, receive and apply all Pledged Revenues arising after the appointment of the receiver in the same manner as the County itself might do.

The failure of any owner of any outstanding Bond to proceed in any manner provided in the Bond Ordinance shall not relieve the County or any officers, agents or employees thereof of any liability for failure to perform or carry out any duty, obligation or other commitment. Each right or privilege of any owner (or trustee thereof) 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.

To the extent and in the respects permitted by the Ordinance, the provisions of the 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 Ordinance. The pledge of Pledged Revenues and other obligations of the County under the 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 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; that it is issued pursuant to and in strict conformity with the Constitution and laws of the State, particularly under the

terms and provisions of the Project Act, the County Bonds Law, the Local Government Securities Law, the Supplemental Bond Act, and all laws supplemental thereto, and with the Ordinance; and that this Bond does not contravene any constitutional or statutory limitation.

No recourse shall be had for the payment of the Bond Requirements of this Bond or for any claim based thereon or otherwise upon the Ordinance or other instrument relating thereto, against any individual member of the Board of County Commissioners of the County, any individual member of the County, or any officer or other agent of the County, past, present or future, either directly or indirectly through such board 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 this Bond and as a part of the consideration of its issuance specially waived and released.

This Bond shall not be valid or obligatory for any purpose until a manual signature of a duly authorized officer of the Registrar has been affixed on 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 facsimile signature of the Chairman, and to be countersigned, manually subscribed and executed with the facsimile signature of the County Treasurer; has caused the facsimile of the seal of the County to be affixed hereon; has caused this Bond to be signed, executed and attested with the facsimile signature of its County Clerk; all as of the dated date set forth above.

WASHOE COUNTY, NEVADA

Chairman
Board of County Commissioners

County Treasurer

(SEAL)
Attest:

County Clerk

Registrar's Certificate of Authentication for 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.

WASHOE COUNTY TREASURER
as registrar

By _____
County Treasurer

TRANSFER RESTRICTION CERTIFICATE

The transferring holder hereby certifies that:

1. Prior to such transfer, it has complied with all applicable state and federal securities laws and regulations; and
2. The transferring holder may transfer only to:
 - (a) a transferee who qualifies as a Qualified Institutional Buyer under Rule 144A of the Securities Act of 1933, as amended; or
 - (c) a transferee who qualifies as an institutional "accredited investor" within the meaning of Rule 501 of Regulation D of the Securities Act of 1933, as amended; or
 - (d) a trust or custodial agreement the beneficial owners of which are required to be Qualified Institutional Buyers or Institutional Accredited Investors; and
3. The transferring holder thereof will not prepare or furnish, or cause to be prepared or furnished, any disclosure regarding Washoe County, Nevada's finances (including this Bond) without the prior review and written consent of the Finance Director of Washoe County, Nevada in the Finance Director's sole discretion.

[name of transferring holder]

By: _____
Name:
Title:

Assignment for 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.

Dated: _____

Signature Guaranteed:

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, with out alteration or enlargement or any change whatsoever.

NOTICE: TRANSFER FEES MUST BE PAID TO THE REGISTRAR IN ORDER TO TRANSFER OR EXCHANGE THIS BOND AS PROVIDED IN THE WITHIN-MENTIONED ORDINANCE.

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 Ordinance authorizing the issuance of this Bond.

<u>Date of Prepayment</u>	<u>Principal</u>	<u>Signature of Paying Agent</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

PRINCIPAL ADVANCES
(in the principal amount of \$1,000,000 or greater)

Date	Amount of Advance	Signature of the County Finance Director or County Manager
_____	\$ _____	_____
_____	\$ _____	_____
_____	\$ _____	_____
_____	\$ _____	_____
_____	\$ _____	_____
_____	\$ _____	_____
_____	\$ _____	_____
_____	\$ _____	_____

ARTICLE IV

USE OF BOND PROCEEDS AND RESERVE FUNDS

Section 401. Disposition of Bond Proceeds. The proceeds of the Bonds upon the receipt thereof, on the date of each advance, at any time or from time to time, shall be credited to a separate account hereby created and to be known as the "Washoe County, Nevada, General Obligation (Limited Tax) Flood Control Bonds, Series 2006, Project Construction and Other Acquisition Account" (the "Acquisition Account").

Section 402. Moneys for Project. All moneys received and held by the County for the Project from all sources, including, without limitation, the Bond proceeds deposited therein and any revenues appropriated by the County for that purpose shall be deposited in the Acquisition Account and except as herein otherwise expressly provided, shall be used and paid out solely for the purpose of defraying the Cost of the Project, including, without limitation, the costs of issuing the Bonds attributable to the Project and to pay the Commitment Fees, Termination Fees and fees due upon each principal advance.

Section 403. Modifications in Project. The County reserves the right to make alterations, amendments, additions to and deletions from the Project before the withdrawal of all moneys accounted for in the Acquisition Account, hereinabove created in § 401 hereof.

Section 404. Prevention of Bond Default. The County Treasurer shall use any Bond proceeds credited to the Acquisition Account without further order or warrant, to pay the Bond Requirements of the Bonds as the same become due whenever and to the extent moneys in the Bond Fund or otherwise available therefor are insufficient for that purpose, unless the Bond proceeds shall be needed to defray obligations accrued and to accrue under any contracts then existing and relating to the Project. The County Treasurer shall promptly notify the Chair of any such use. Any moneys so used shall be restored to the Acquisition Account, from the first Pledged Revenues thereafter received and not needed to meet the requirements provided in §§ 603 through 607 hereof.

Section 405. Completion of Project. When any amounts in the Acquisition Account are no longer needed to pay the Cost of the Project, upon the direction of the County Finance Director, the County Treasurer shall cause to be transferred to the Bond Fund all surplus moneys remaining in the Acquisition Account, if any, except for any moneys designated by the County

Finance Director to be retained to pay any unpaid accrued costs or contingent obligations and the sums so transferred shall be applied to the payment of the principal and interest due on the Bonds.

Nothing herein:

A. Periodic Transfers. Prevents the County Treasurer from causing to be transferred from the Acquisition Account to the Bond Fund any moneys which will not be necessary for the Project; nor

B. Limitations upon Transfers. Requires the transfer to the Bond Fund from the Acquisition Account of any moneys in the Acquisition Account derived from a source other than Bond proceeds.

Section 406. Purchaser Not Responsible. The validity of the Bonds shall not be dependent on nor be affected by the validity or regularity of any proceedings relating to the acquisition of the improvements, or any part thereof, or to the completion of the Project. The Purchaser of the Bonds, any associate thereof, and any subsequent owner of any 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 Bonds or of any other moneys herein designated.

Section 407. Lien on Bond Proceeds. Until proceeds of the Bonds are applied as hereinabove provided the Bond proceeds shall be subject to a lien thereon and pledge thereof for the benefit of the owners of the Bonds from time to time as provided in § 601 hereof.

ARTICLE V
GENERAL TAXES

Section 501. General Tax Levies. Pursuant to § 350.596, Bond Act, the Bond Requirements of the Bonds falling due at any time when there are not on hand from General Tax levies sufficient funds to pay the same, shall be paid out of the general fund of the County or out of any other funds that may be available for such purpose. For the purpose of repaying any moneys so paid from any such fund or funds (other than any moneys available for the payment of such Bond Requirements on other than a temporary basis) and for the purpose of the payment thereafter of the Bonds and the interest thereon, there are hereby created the separate and special accounts known respectively as the "Washoe County, Nevada, General Obligation (Limited Tax) Flood Control Bonds, Series 2006, Principal Account" (the "Principal Account") and as the "Washoe County, Nevada, General Obligation (Limited Tax) Flood Control Bonds, Series 2006, Interest Account" (the "Interest Account"; collectively the "Bond Fund"). Pursuant to §§ 350.592 and 350.594, Bond Act, there shall be levied in the calendar year 2006, and annually thereafter, until all of the Bond Requirements shall have been fully paid, satisfied and discharged, a General Tax on all property, both real and personal, subject to taxation within the boundaries of the County fully sufficient to reimburse such funds for such installments of Bond Requirements, together with the revenue which will result from application of the rate to the net proceeds of minerals, to pay the interest on the Bonds, and to pay and retire the same as hereinabove provided, and after there are made due allowances for probable delinquencies. The proceeds of the annual levies shall be duly credited to such separate accounts for the payment of the Bond Requirements. In the preparation of the annual budget or appropriation resolution or ordinance for the County, the County shall first make proper provisions through the levy of sufficient General Taxes for the payment of the interest on and the retirement of the principal of the bonded indebtedness of the County, including, without limitation, the Bonds, subject to the limitations imposed by NRS 361.453 and § 2, Article. 10, Nevada Constitution, and the amount of money necessary for this purpose shall be a first charge against all the revenues received by the County.

Section 502. Priorities for Bonds. As provided in NRS 361.463 in any year in which the total General Taxes levied against the property in the County by all overlapping units

within the boundaries of the County may exceed the limitation of \$3.64 on each \$100 of assessed valuation, or a lesser or greater amount fixed by the State board of examiners if the State board of examiners is directed by law to fix a lesser or greater amount for that Fiscal Year as provided in NRS 361.453, and it shall become necessary by reason thereof to reduce the levies made by any and all such units, the reductions so made shall be in General Taxes levied by such unit or units (including, without limitation, the County and the State) for purposes other than the payment of their bonded indebtedness, including interest thereon. The General Taxes levied for the payment of such bonded indebtedness and the interest thereon shall always enjoy a priority over General Taxes levied by each such unit (including, without limitation, the County and the State) for all other purposes where reduction is necessary in order to comply with the limitation of NRS 361.453.

Section 503. Correlation of Levies. Such General Taxes shall be levied and collected in the same manner and at the same time as other General Taxes are levied and collected, and the proceeds thereof for the Bonds shall be kept by the County Treasurer in the Principal Account and in the Interest Account, which shall be used for no other purpose than the payment of principal of and interest on the Bonds, and any other Parity Securities hereinafter issued in accordance with § 910 hereof, respectively, as the same fall due.

Section 504. Use of General Fund. Any sums becoming due on the Bonds at any time when there are on hand from such tax levy or levies (and any other available moneys) insufficient funds to pay the same shall be promptly paid when due from general funds on hand belonging to the County, reimbursement to be made for such general funds in the amounts so advanced when the Taxes herein provided for have been collected, pursuant to NRS § 350.596.

Section 505. Use of Other Funds. Nothing herein prevents the County from applying any funds (other than General Taxes) that may be available for that purpose to the payment of such interest or principal, as the same, respectively, mature, including, without limitation, the payment of the Bonds as provided in § 604 hereof and elsewhere herein, and upon such payments, the levy or levies herein provided may thereupon to that extent be diminished, pursuant to NRS § 350.598.

Section 506. Legislative Duties. In accordance with NRS § 350.592 and NRS 361.463, it shall be the duty of the County annually, at the time and in the manner provided by law for levying other General Taxes of the County, if such action shall be necessary to effectuate the

provisions of this Ordinance, to ratify and carry out the provisions hereof with reference to the levy and collection of General Taxes; and the County shall require the officers of the County to levy, extend and collect such General Taxes in the manner provided by law for the purpose of creating funds for the payment of the principal of the Bonds and interest thereon. Such General Taxes when collected shall be kept for and applied only to the payment of the principal of and the interest on the Bonds as hereinbefore provided.

Section 507. Appropriation of General Taxes. In accordance with NRS § 350.602, there is hereby specially appropriated the proceeds of the General Taxes to the payment of such principal and interest; and such appropriations shall not be repealed nor the General Taxes postponed or diminished (except as herein otherwise expressly provided) until the principal of and interest on the Bonds have been wholly paid.

ARTICLE VI

ADMINISTRATION OF AND ACCOUNTING FOR PLEDGED REVENUES

Section 601. Pledge Securing Bonds. Subject only to the right of the County to cause amounts to be withdrawn to pay the Cost of the Project as provided herein, the Pledged Revenues and all moneys and securities paid or to be paid to or held or to be held in any account under this article or under § 401 hereof, excluding, however, all amounts held in the Rebate Account, are hereby pledged to secure the payment of the Bond Requirements of the Bonds; and this pledge shall be valid and binding from and after the date of the first delivery of any 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 herein made shall have priority over any or all other obligations and liabilities of the County and, except for 1998 Bonds and any Outstanding securities hereafter authorized the liens of which on the Pledged Revenues are superior to or on a parity with the lien thereon of the 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 602. Infrastructure Fund Deposits. So long as any of the Bonds shall be Outstanding, as to any Bond Requirements, the entire Pledged Revenues, pursuant to the Act and the Sales Tax Ordinance, except for amounts refunded to taxpayers as provided in such statutes and ordinances, shall be set aside upon the receipt of such revenues by the County and credited immediately to a special account in the treasury of the County established pursuant to the Act and designated in the Act and in the ordinance authorizing the issuance of the 1998 Bonds and hereby continued and designated as the Infrastructure Fund.

Section 603. Administration of Infrastructure Fund. So long as any of the Bonds hereby authorized shall be Outstanding, as to any Bond Requirements, each Fiscal Year the Infrastructure Fund shall be administered, and the moneys on deposit therein shall be applied in the following order of priority, all as provided in §§ 604 through 607 hereof.

Section 604. Superior Bond Fund and Parity Bond Fund Payments.

A. First, from any moneys in the Infrastructure Fund, i.e., from the Pledged Revenues, there shall be credited to any bond fund created to pay the principal of, interest on and prior redemption premiums due on any Superior Securities, including any reserves or reserve accounts therefor, including the 1998 Bonds and any additional Superior Securities issued in accordance with the provisions of this Ordinance:

1. Monthly, an amount in equal monthly installments necessary, together with any other moneys from time to time available therefor from whatever source, to pay the next maturing installment of interest on the Superior Securities, and monthly thereafter, commencing on each interest payment date, one-sixth of the amount necessary, together with any other moneys from time to time available therefor and on deposit therein from whatever source, to pay the next maturing installment of interest on the Superior Securities then Outstanding.

2. Monthly, 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 installment of principal of the Superior Securities coming due at maturity, and monthly thereafter, commencing on each principal payment date, one-twelfth of the amount necessary, together with any other moneys from time to time available therefor and on deposit therein from whatever source, to pay the next installment of principal of the Superior Securities coming due at maturity, or, if any, an amount sufficient to pay the principal of, interest on and any prior redemption premiums due on the Outstanding Superior Securities.

B. Second, and contemporaneously with the transfers required by any bond ordinances authorizing the issuance of Parity Securities to be made to the bond funds of any Parity Securities hereafter issued, the following transfers shall be credited to the Bond Fund:

1. Monthly, commencing on the first of the month following the date of delivery of the Bonds, an amount in equal monthly installments necessary, together with any other moneys from time to time available

therefor from whatever source, to pay the next maturing installment of interest on the Bonds, and monthly thereafter, commencing on each interest payment date, one-sixth of the amount necessary, together with any other moneys from time to time available therefor and on deposit therein from whatever source, to pay the next maturing installment of interest on the Bonds then Outstanding.

2. Monthly, commencing on the first of the month following the date of delivery of the Bonds, an amount in equal monthly installments necessary, together with any other moneys from time to time available therefor from whatever source, to pay the next installment of principal of the Bonds coming due at maturity, and monthly thereafter, commencing on each principal payment date, one-twelfth of the amount necessary, together with any other moneys from time to time available therefor and on deposit therein from whatever source, to pay the next installment of principal of the Bonds coming due at maturity.

The moneys credited to the Bond Fund shall be used to pay the Bond Requirements of the Bonds as the Bond Requirements become due. For purposes of computing the Bond Requirements, including interest due on variable rate Superior Securities or variable rate Parity Securities, including the Bonds, the interest rate used in the determination shall be the prevailing interest rate on the variable interest rate bonds at the time of the calculation.

Section 605. Termination of Deposits. No payment need be made into the Bond Fund, or if the amount in the Bond Fund totals a sum at least equal to the entire amount of the Outstanding Bonds as to all Bond Requirements, to their respective maturities, and both accrued and not accrued, in which case moneys in that account in an amount at least equal to such Bond Requirements shall be used solely to pay such Bond Requirements as the same become due; and any moneys in excess thereof in that account and any other moneys derived from the Pledged Revenues shall be applied as hereafter provided.

Section 606. Payment of Additional Securities. Third, and subject to the provisions hereinabove in this Article, but either concurrently with or subsequent to the payments required by § 604 hereof, as provided in Article VIII hereof, any moneys remaining in the Infrastructure Fund may

be used by the County for the payment of Bond Requirements of additional bonds or other additional securities payable from the Pledged Revenues and hereafter authorized to be issued in accordance with Article VIII and any other provisions herein supplemental thereto, including reasonable reserves for such securities, as the same accrue. The lien of such additional bonds or other additional securities on the Pledged Revenues and the pledge thereof for the payment of such additional securities shall be superior to, on a parity with or subordinate to the lien and pledge of the Bonds as herein provided. Payments for bond and reserve funds for any Superior Securities shall be made concurrently with the payments for Superior Securities required by § 604 hereof. Payments for bond and reserve funds for additional Parity Securities shall be made concurrently with the payments for the Bonds required by § 604 hereof, but payments for bond and reserve funds for additional Subordinate Securities shall be made after the payments required by § 604 and 607 hereof.

Section 607. Payment of Rebate. Fourth, and subject to the provisions hereinabove in this Article and concurrently with the deposits to any rebate accounts for any Superior Securities and any additional Parity Securities required by any bond ordinances authorizing the issuance of such securities, there shall be transferred into the "Washoe County, Nevada, General Obligation (Limited Tax) Flood Control Bonds, Series 2006 Rebate Account" hereby created, after making in full the monthly deposits required by §§ 604 and 606, but prior to the transfer of any Pledged Revenues to the payment of Subordinate Securities, such amounts as are required to be deposited therein to meet the County's obligations under the covenant contained in § 922 hereof, in accordance with Section 148(f) of the Tax Code. Amounts in the Rebate Account shall be used for the purpose of making the payments to the United States required by such covenant and Section 148(f) of the Tax Code. Any amounts in the Rebate Account in excess of those required to be on deposit therein by § 922 hereof and Section 148(f) of the Tax Code may be withdrawn therefrom and used for any lawful purpose.

Section 608. Use of Remaining Revenues. After the payments hereinabove required to be made in this Article VI are made, any remaining Pledged Revenues in the Infrastructure Fund may be used at any time during any Fiscal Year whenever in the Fiscal Year there shall have been credited to the Bond Fund, to the Rebate Account, and to each other bond fund, rebate account and reserve fund, if any, for the payment of any other securities payable from the Pledged Revenues, all amounts required to be deposited in those special accounts for such portion of

the Fiscal Year, as hereinabove provided in this Article, as the County may from time to time determine for any one or any combination of lawful purposes. For the purpose of accounting for such remaining revenues to meet the requirements of the Act, there shall be deemed to have been used in any Fiscal Year from the moneys accounted for in the Infrastructure Fund from the Sales Tax for the payment of the principal of and interest on the Bonds, any Superior Securities, any additional Parity Securities or subordinate bonds and for the payment of any deficiency in any reserve fund for any such bonds and for deposit into the Acquisition Account to pay the Costs of the Project.

ARTICLE VII

GENERAL ADMINISTRATION

Section 701. Administration of Accounts. The special accounts designated in Articles IV and VI hereof shall be administered as provided in this Article.

Section 702. Places and Times of Deposits. Each of the special accounts hereinabove designated in Articles IV and VI hereof shall be maintained as a book account and kept separate from all other accounts as a trust account solely for the purposes herein designated therefor, and the moneys accounted for in such special book accounts shall be deposited in one bank account or more in a commercial bank or commercial banks as determined and designated by the County (except as otherwise expressly stated herein). Nothing herein prevents the commingling of moneys accounted for in any two or more book accounts relating to the Project or any other County accounts in any bank account or any investment in securities hereunder. Each 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 book 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 the payment shall be made on or before the next preceding secular day. Notwithstanding any other provision herein to the contrary, moneys sufficient to pay the Bond Requirements then coming due on the Outstanding Bonds shall be deposited with the Paying Agent at least on the day of each interest payment date herein designated and, in any event, in sufficient time to make timely payment of such Bond Requirements.

Section 703. Investment of Moneys. Any moneys in any account designated in Articles IV and VI hereof, and not needed for immediate use, may be invested or reinvested by the County Treasurer in any investments permitted under the laws of the State. For the purpose of any such investment or reinvestment, the securities shall be deemed to mature at the earliest date on which the obligor is, on demand, obligated to pay a fixed sum in discharge of the whole of such obligations.

Section 704. Required and Permissive Investments. The County Treasurer shall not have any obligation to make any investment or reinvestment hereunder, unless any moneys on hand

and accounted for in any one account exceeds \$5,000 and at least \$5,000 therein will not be needed for a period of not less than 60 days. In that event the County Treasurer shall invest or reinvest in securities to the extent practicable not less than substantially all the amount which will not be needed during such 60-day period, except for any moneys on deposit in an interest-bearing account in any commercial bank, regardless of whether such moneys are evidenced by a certificate of deposit or otherwise, pursuant to § 707 hereof. The County Treasurer may invest or reinvest any moneys on hand at any time as provided in § 703 hereof even though he is not obligated to do so.

Section 705. Accounting for Investments. The securities 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 resulting from any such investments and reinvestments in securities and from any deposits of moneys in any commercial bank pursuant to this Article shall be credited to that Fund, and any loss in any account resulting from any such investments and reinvestments in securities and from any such deposits in any commercial bank shall be charged or debited to that Fund. No loss or profit in any account on any investments or reinvestments in 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 before the sale or maturity thereof. In the computation of the amount in any account for any purpose hereunder, except as herein otherwise expressly provided, securities and certificates of deposit shall be valued at the cost thereof (including any amount paid as accrued interest at the time of 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. The expenses of purchase, safekeeping, sale and all other expenses incident to any investment or reinvestment of moneys pursuant to this Article shall be accounted for as an expense of the Project and charged to the Acquisition Account.

Section 706. Redemption or Sale of Investment Securities. The County Treasurer having jurisdiction over moneys designated herein shall present for redemption at maturity or sale on the prevailing market at the best price obtainable any securities and certificates of deposit so purchased as an investment or reinvestment of moneys in any account whenever it shall be necessary to do so in order to provide moneys to meet any withdrawal, payment or transfer from such account.

The County Treasurer and each other officer of the County shall not be liable or responsible for any loss resulting from any such investment or reinvestment made in accordance with this Ordinance.

Section 707. 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. Moneys deposited in a demand or time deposit account in or evidenced by a certificate of deposit of any commercial bank pursuant to § 703 hereof, appropriately secured according to the laws of the State, shall be deemed lawful money of the United States.

Section 708. Accelerated Payments. Nothing contained in Article VI hereof prevents the accumulation in any account herein designated of any monetary requirements at a faster rate than the rate or minimum rate provided in Article VI therefor, as the case may be; but no payment shall be so accelerated if such acceleration shall cause the County to default in the payment of any obligation of the County relating to the Project or secured by the Pledged Revenues. Nothing contained herein, in connection with the Pledged Revenues received in any Fiscal Year, requires the accumulation 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 Pledged Revenues and heretofore, herein or hereafter authorized, in excess of the Bond Requirements due in the Comparable Bond Year, and 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 in § 604 or elsewhere herein.

Section 709. Payment of Securities Requirements. The moneys credited to any account designated in Article VI hereof for the payment of the Bond Requirements due in connection with any series of bonds or other securities payable from the 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 bonds or other securities become due, upon the respective interest payment dates and Redemption Dates, if any, on which the County is obligated to pay the bonds or other securities, or upon the respective interest payment and maturity dates of such bonds or other 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 Fund.

Section 710. Payment of Redemption Premiums. Notwithstanding any other provision herein, this Ordinance requires the accumulation in any account designated in Article VI hereof for the payment of any series of bonds or other securities payable from the Pledged Revenues of amounts sufficient to pay not only the principal thereof and interest thereon payable from such account but also the prior redemption premiums due in connection therewith, if any, as the same become due, whenever the County shall have exercised or shall have obligated itself to exercise a prior redemption option relating thereto, except to the extent provision is otherwise made therefor, if any prior redemption premium is due in connection therewith. In that event, moneys shall be deposited into such account for the payment of all such Bond Requirements as the same become due.

ARTICLE VIII

SECURITIES LIENS AND ADDITIONAL SECURITIES

Section 801. Lien of the Bonds. The Bonds authorized herein constitute and are secured by an irrevocable lien (but not necessarily an exclusive lien) on the Pledged Revenues subject to and after the lien of the 1998 Bonds and any additional Superior Securities upon the Pledged Revenues and on a parity with the lien of any Parity Securities hereafter issued.

Section 802. Equality of Bonds. The Bonds and any Parity Securities hereafter authorized to be issued and from time to time Outstanding are equally and ratably secured by a lien on the Pledged Revenues and shall not be entitled to any priority one over the other in the application of the Pledged Revenues, regardless of the time or times of the issuance of the Bonds and any such Parity Securities, it being the intention of the County that there shall be no priority among the Bonds and any such Parity Securities, regardless of the fact that they may be actually issued and delivered at different times.

Section 803. Issuance of Superior or Parity Securities. Nothing herein, subject to the limitations stated in §§ 811 and 812 hereof, prevents the issuance by the County of additional bonds or other additional securities payable from the Pledged Revenues and constituting a lien thereon superior to or on a parity with, the lien thereon of the Bonds, nor prevents the issuance of bonds or other securities refunding all or a part of the Bonds (or funding or refunding any other than Outstanding securities payable from Pledged Revenues), except as provided in §§ 807 through 812 hereof; but before any such additional Superior Securities or Parity Securities are authorized or actually issued (excluding any superior or parity refunding securities other than any securities refunding Subordinate Securities, as permitted in § 810C hereof):

A. Absence of Default. At the time of the adoption of the supplemental instrument authorizing the issuance of the additional securities, the County shall not be in default in making any payments required by §§ 604, 606 or 607 hereof with respect to any Superior or Parity Securities.

B. Earnings Test. Except as hereinafter otherwise provided in subsection C below: (1) the Pledged Revenues derived in the Fiscal Year immediately preceding the date of the issuance of the additional Superior or Parity Securities shall have been

at least sufficient to pay an amount equal to the combined maximum annual principal and interest requirements (to be paid during any one Bond Year, commencing with the Bond Year in which the additional Superior or Parity Securities are issued and ending on the last Bond Year in which any then Outstanding Bonds mature) of the Outstanding Bonds and any other Outstanding Superior or Parity Securities of the County and the bonds or other securities proposed to be issued (excluding the reserves therefor); or (2) the Pledged Revenues estimated by the County Finance Director, independent feasibility consultant or an Independent Accountant to be derived in the first five Fiscal Years immediately succeeding the issuance of such other additional Superior or Parity Securities proposed to be issued, shall be at least equal to such combined maximum annual principal and interest requirements to be paid during such Comparable Bond Year.

C. Adjustment of Pledged Revenues. In any computation of such earnings test as to whether or not additional Superior Securities or Parity Securities may be issued as provided in subsection B of this Section, the amount of the Pledged Revenues for the next preceding Fiscal Year shall be decreased and may be increased by the amount of any loss or gain conservatively estimated by the County Finance Director, independent feasibility consultant or Independent Accountant making the computations under this Section, which loss or gain results from any change in the rate of the levy of that part of the Sales Tax constituting a part of the Pledged Revenues which change took effect during the next preceding Fiscal Year or thereafter prior to the issuance of such Superior Securities or Parity Securities, as if such modified rate shall have been in effect during the entire next preceding Fiscal Year, if such change shall have been made by the County before the computation of the designated earnings test but made in the same Fiscal Year as the computation is made or in the next preceding Fiscal Year.

Section 804. Certification of Revenues. A written certification or written opinion by the County Finance Director, an independent feasibility consultant or an Independent Accountant, based upon estimates thereby as provided in Sections 803B and 803C hereof, that the annual Pledged Revenues when adjusted as hereinabove provided in Section 803C hereof, are sufficient to pay such

amounts as provided in § 803B hereof, shall be conclusively presumed to be accurate in determining the right of the County to authorize, issue, sell and deliver additional bonds or additional securities superior to or on a parity with the Bonds.

Section 805. Subordinate Securities Permitted. Nothing herein, subject to the limitations stated in §§ 811 and 812 hereof, prevents the County from issuing additional Subordinate Securities or other additional securities payable from the Pledged Revenues having a lien thereon subordinate, inferior and junior to the lien thereon of the Bonds.

Section 806. Superior Securities Permitted. Subject to the satisfaction of requirements stated in Article VIII hereof, no other provision set forth herein prevents the County from issuing additional bonds or other additional securities payable from the Pledged Revenues having a lien thereon prior and superior to the lien thereon of the Bonds; however, such additional Superior Securities shall not be issued as general obligations of the County.

Section 807. Issuance of Refunding Securities. At any time after the Bonds, or any part thereof, are issued and remain Outstanding, if the County shall find it desirable to refund any Outstanding Bonds or other Outstanding securities payable from and constituting a lien upon any Pledged Revenues, such Bonds or other securities, or any part thereof, may be refunded only if the 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 the purpose of refunding them at the County's option upon proper call, unless the owner or owners of all such Outstanding Bonds or other securities consent to such surrender and payment, regardless of whether the priority of the lien for the payment of the refunding securities on the Pledged Revenues is changed (except as provided in §§ 806 and 808 through 812 hereof).

Section 808. Partial Refundings. The refunding bonds or other refunding securities so issued, unless issued as Subordinate Securities, shall enjoy complete equality of lien with the portion of any securities of the same issue which is not refunded, if there is any; and the owner or owners of the refunding securities shall be subrogated to all of the rights and privileges enjoyed by the owner or owners of the unrefunded securities of the same issue partially refunded by the refunding securities.

Section 809. Limitations Upon Refundings. Any refunding bonds or other refunding securities payable from any Pledged Revenues shall be issued with such details as the

County may by instrument provide, subject to the provisions of §§ 811 and 812 hereof, and subject to the inclusion of any such rights and privileges designated in § 808 hereof, but without any impairment of any contractual obligation imposed upon the County by any proceedings authorizing the issuance of any unrefunded portion of the Outstanding securities of any one or more issues (including, without limitation, the Bonds).

Section 810. Protection of Securities Not Refunded. If only a part of the Outstanding Bonds and other Outstanding securities of any issue or issues payable from the Pledged Revenues is refunded, then such securities may not be refunded without the consent of the owner or owners of the unrefunded portion of such securities:

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

B. Subordinate Lien. Unless the lien on any 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 § 803 hereof (including subsections A through C thereof) and § 804 hereof.

Section 811. Payment Dates of Additional Securities. Any additional superior, parity or subordinate bonds or other additional superior, parity or Subordinate Securities (including, without limitation, any funding or refunding securities) issued in compliance with the terms hereof shall bear interest payable at the times and shall mature on the dates designated by the County in the Supplemental Ordinance authorizing such securities as provided in § 812 hereof.

Section 812. Supplemental Ordinance. Additional bonds or other additional securities payable from the Pledged Revenues shall be issued only after authorization thereof by a supplemental instrument of the County stating the purpose or purposes of the issuance of the

additional bonds or other 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 rates of interest to be borne thereby, any prior redemption privileges of the County with respect thereto and other provisions thereof not in conflict with this Ordinance. All additional bonds or other 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 at such times, may be subject to redemption prior to maturity on such terms and conditions, and shall bear interest at such rate or at such different and varying rates per annum, as may be fixed by instrument or other document of the County.

ARTICLE IX

MISCELLANEOUS PROTECTIVE COVENANTS

Section 901. General. The County hereby particularly covenants and agrees with the owners of the Bonds and makes provisions which shall be a part of its contract with such owners to the effect and with the purposes set forth in the following provisions and sections of this article.

Section 902. Performance of Duties. The County shall faithfully and punctually perform or cause to be performed all duties with respect to the Pledged Revenues and the Project required by the Constitution and laws of the State and the various resolutions, ordinances and other instruments of the County, including, without limitation, the proper segregation of the proceeds of the Bonds and the Pledged Revenues and their application from time to time to the respective accounts provided therefor.

Section 903. Further Assurances. At any and all times the County, except when otherwise required by law, 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 Pledged Revenues, and other moneys and accounts hereby pledged or assigned, 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, the Bond Act and all laws supplemental thereto. The County shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Pledged Revenues and other moneys and accounts pledged hereunder and all the rights of every owner of any Bonds against all claims and demands of all Persons whomsoever.

Section 904. Conditions Precedent. Upon the date of issuance of any Bonds, all conditions, acts and things required by the Constitution or statutes of the State, including without limitation, the Project Act, the Act and the Bond Act, or this Ordinance, to exist, to have happened, and to have been performed precedent to or in the issuance of the Bonds shall exist, have happened, and have been performed; and the 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 905. Covenant to Perform. The County shall observe and perform all of the terms and conditions contained in this Ordinance and the Project Act, the Bond Act and all laws supplemental thereto and shall comply with all valid acts, rules, regulations, orders and directives of any legislative, executive, administrative or judicial body applicable to the Project, to any such other facilities, or to the County.

Section 906. Protective Security. The County and the officers, agents and employees of the County 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 Bonds and any other securities payable from the Pledged Revenues according to the terms thereof. No contract shall be entered into nor any other action taken by which the rights of any owner of any Bond or other security payable from the Pledged Revenues might be prejudicially and materially impaired or diminished.

Section 907. Accumulation of Interest Claims. In order to prevent any accumulation of coupons or 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 coupon or claim for interest on any of the Bonds or any other securities payable from the 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 alive any of such coupons or other claims for interest. If the time for the payment of any such coupons or of any other such installment of interest shall be extended in contravention of the foregoing provisions, such coupon or 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 Bonds and any such other securities then Outstanding and of all matured interest on such securities the payment of which has not been extended.

Section 908. Prompt Payment of Bonds. The County shall promptly pay the Bond Requirements of every Bond issued hereunder and secured hereby at the places, on the dates, and in the manner specified herein and in the Bonds according to the true intent and meaning hereof.

Section 909. Use of Bond Fund. The Bond Fund shall be used solely, and the moneys credited to such account are hereby pledged, for the purpose of paying the Bond

Requirements of the Bonds, subject to the provisions concerning surplus moneys in §§ 605, 608 and 1001 hereof.

Section 910. Additional Securities. Any other securities hereafter authorized to be issued and payable from the Pledged Revenues shall not hereafter be issued, unless the additional securities are also issued in conformance with the provisions of Articles VI and VIII hereof.

Section 911. Other Liens. Other than as provided herein, there are no liens or encumbrances of any nature whatsoever on or against the Project, or any part thereof, or on or against the Pledged Revenues derived or to be derived.

Section 912. Corporate Existence. The County shall maintain its corporate identity and existence so long as any of the Bonds 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 fix and collect the Pledged Revenues as herein provided without adversely affecting to any substantial degree at any time the privileges and rights of any owner of any Outstanding Bond.

Section 913. Treasurer's Report. If the County defaults in paying promptly the Bond Requirements of the Bonds and any other securities payable from the Pledged Revenues as the same fall due, or in the keeping of any covenants herein contained, and if such default continues for a period of 60 days, or if the Pledged Revenues in any Fiscal Year fail to equal at least the amount of the Bond Requirements of the Outstanding Bonds and any other securities (including all reserves therefor specified in the authorizing proceedings) payable from the Pledged Revenues in the Comparable Bond Year, the County Treasurer shall (a) submit to the Board a report on such deficiency and a proposal setting forth a plan to produce Pledged Revenues in the following Fiscal Year sufficient to pay such amounts, to the extent practicable and (b) submit to the Board quarterly reports on the progress made in implementing the plan so long as such default continues or so long as the Pledged Revenues are less than the amount hereinabove designated in this Section.

Section 914. Budgets. The County and officials of the County shall annually and at such other times as may be provided by law prepare and adopt a budget relating to the Project.

Section 915. Adequacy and Applicability of Sales Tax. There shall be imposed and collected the Sales Tax which is expected to generate an amount sufficient to produce Pledged Revenues to pay in each Fiscal Year:

A. Principal, Interest and Reserves. An amount equal to the sum of the annual principal and interest requirements on the Bonds and any other securities payable from the Pledged Revenues in the Comparable Bond Year and any amounts required to be accumulated from the Pledged Revenues in such Bond Year into any reserves for such securities;

B. Deficiencies. Any amounts required to meet then existing deficiencies relating to any account relating to the Pledged Revenues or any securities payable therefrom; but the foregoing rate maintenance covenant is subject to compliance by the County with any legislation of the United States or the State or any regulation or other action taken by the Federal Government or any State agency or public body of the State pursuant to such legislation, in the exercise of the police power thereof for the public welfare, which legislation, regulation or action limits or otherwise inhibits the amounts of fees, rates and other charges due to the County as a result of the imposition of the Sales Tax, including, without limitation, increases in the amounts of such charges. All of such Pledged Revenues shall be subject to distribution to the payment of the Bond Requirements of all securities payable from the Pledged Revenues, including reasonable reserves therefor, as herein provided and the payment of expenses of the Project.

Section 916. Collection of Sales Taxes. The Board, on behalf of the County; shall cause the Pledged Revenues, to be collected as soon as reasonable, shall prescribe and enforce rules and regulations or impose contractual obligations for the payment thereof, including without limitation, the imposition of penalties for any defaults, to the end that the Pledged Revenues shall be adequate to meet the requirements of this Ordinance and of any other instruments supplemental hereto.

Section 917. Levy of Charges. The County shall continue to establish, fix and levy the rates and other charges which are required by § 915 hereof, if such action is necessary therefor. No reduction in the initial or existing levy of Sales Tax may be made unless:

A. No Default. The County has fully complied with the provisions of Article VI hereof for at least the full Fiscal Year immediately preceding such reduction of the rate; and

B. Sufficient Revenues. The estimated revenues resulting from the proposed rate, after its proposed reduction, for the Project shall be sufficient in the full Fiscal Year immediately preceding such reduction to meet the obligation of § 915 hereof.

Section 918. Records. So long as any of the Bonds and any other securities payable from the Pledged Revenues remain Outstanding, proper books of record and account shall be kept by the County, separate and apart from all other records and accounts, showing complete and correct entries of all transactions relating to the Pledged Revenues. Such books shall include (but not necessarily be limited to) monthly records showing:

A. Receipts. The revenues received from the Pledged Revenues, and

B. Expenses. A detailed statement of the expenditures from the Pledged Revenues.

Section 919. Maintenance and Inspection of Records. Any owner of any of the Bonds or any other securities payable from the Pledged Revenues, or any duly authorized agent or agents of such owner, shall have the right at all reasonable times to inspect all records, accounts and data relating thereto, concerning the Pledged Revenues and to make copies of such records, accounts and data.

Section 920. Tax Levies. The County annually shall levy, or cause to be levied, General Taxes on all taxable property in the County fully sufficient to pay the Bond Requirements of Outstanding Bonds (and any other indebtedness or other obligations of the County), except to the extent other revenues are available therefor, including, without limitation, the Pledged Revenues pledged for the payment of the Bonds, as the Bond Requirements accrue, reasonable allowance being made for delinquent tax collections anticipated at the time of each levy, at the time and in the manner provided by law for levying other Taxes; and the County and the Board shall require the officers of the County to levy, extend, and collect General Taxes in the manner provided by law for the purpose of creating funds for the payment of the Bond Requirements of the Bonds, other indebtedness, or general obligations. General Taxes for the Bonds, when collected, shall be kept for and applied only to the payment of the Bond Requirements of the Bonds, as herein provided.

Section 921. Completion of Project. The County, with the proceeds derived from the sale of the Bonds and any other available moneys, shall proceed to cause the Project to be

completed without delay to the best of the County's ability and with due diligence, as herein provided.

Section 922. Tax Covenant. The County covenants for the benefit of the owners of the Bonds that it will not take any action or omit to take any action with respect to the Bonds, the proceeds thereof, any other funds of the County or any project financed with the proceeds of the Bonds if such action or omission (i) would cause the interest on the Bonds to lose its exclusion from gross income for federal income tax purposes under Section 103 of the Tax Code, or (ii) would cause interest on the Bonds to lose its exclusion from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except to the extent such interest is required to be included in the adjusted current earnings adjustment applicable to corporations under Section 56 of the Tax Code in calculating corporate alternative minimum taxable income. The foregoing covenant shall remain in full force and effect notwithstanding the payment in full or defeasance of the Bonds until the date on which all obligations of the County in fulfilling the above covenant under the Tax Code have been met.

Section 923. Continuing Disclosure Undertaking. The County covenants for the benefit of the holders and beneficial owners of the Bonds to comply with the provisions of the final Continuing Disclosure Certificate in substantially the form now on file with the County Clerk, to be executed by the Finance Director and delivered in connection with the delivery of the Bonds.

ARTICLE X

MISCELLANEOUS

Section 1001. Defeasance. When all Bond Requirements of any Bond have been duly paid, the pledge and lien and all obligations hereunder as to that Bond shall thereby be discharged and the Bonds shall no longer be deemed to be Outstanding within the meaning of this Ordinance. There shall be deemed to be due payment of any Outstanding Bond or other security 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 Bond or other security, as the same become due to the final maturity of the Bond or other security, or upon any Redemption Date as of which the County shall have exercised or shall have obligated itself to exercise its prior redemption option by a call of the Bond or other security for payment then. The Federal Securities shall become due before the respective times on which the proceeds thereof shall be needed, in accordance with a schedule established and agreed upon between the County and the bank at the time of the creation of the escrow or trust, or the Federal Securities shall be subject to redemption at the option of the owners thereof to assure availability as so needed to meet the schedule. For the purpose of this section "Federal Securities" shall include only Federal Securities which are not callable for redemption prior to their maturities except at the option of the owner thereof.

Section 1002. Delegated Powers. The Chair of the Board, the Clerk and Treasurer of the County, and other officers and agents of the County 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 Bonds, including, without limitation, the printing on each Bond, if requested by the Purchaser, a statement of insurance, if applicable, pertaining to the Bonds; and
- B. Final Certificates. The execution of such certificates as may be reasonably required by the Purchaser, relating, inter alia, to

- (1) The signing of the Bonds and, if applicable, the Letter of Representations with The Depository Trust Company,
- (2) The tenure and identity of the officials of the County,
- (3) The delivery of the Bonds and the receipt of the bond purchase price,
- (4) The exclusion of the interest on the Bonds from gross income for federal income tax purposes,
- (5) If it is in accordance with fact, the absence of litigation, pending or threatened, affecting the validity therefor, and
- (6) The accuracy and completeness of the statements made in the Final Official Statement.

C. Purchase Proposal; Principal Advance Agreement. The execution by the County Finance Director, or in his absence, the County Manager of the Purchase Proposal between the Purchaser and the County. The execution by the County Finance Director, or in his absence, the County Manager of the Principal Advance Agreement in substantially the form on file with the County Clerk with such changes as are approved by such County official whose execution thereof shall be conclusive evidence of approval of any such changes.

D. Certificates. The completion and execution by the County Finance Director or the County Manager of the Certificate of the County Finance Director in accordance with the provisions of this Ordinance and the execution by the Finance Director of the Continuing Disclosure Certificate.

Section 1003. Statute of Limitations. No action or suit based upon the Bonds or other obligation of the County shall be commenced after it is barred by any statute of limitations relating thereto. Any trust or fiduciary relationship between the County and the owner of any Bonds or other obligee regarding any such other obligation shall be conclusively presumed to have been repudiated on the maturity date or other due date thereof unless the Bonds are presented for payment or demand for payment of any such other obligation is otherwise made 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 for the

collection of which has been barred, shall revert to the Infrastructure Fund, unless the County shall otherwise provide by instrument of the County. Nothing herein prevents the payment of any such obligation after any action or suit for its collection has been barred if the County deems it in the best interests of the public to do so and orders such payment to be made.

Section 1004. Evidence of Ownership. Any request, consent or other instrument which this Ordinance may require or may permit to be signed and to be executed by the owner of any Bonds or other securities 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 or her 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 securities, shall be sufficient for any purpose of this Ordinance (except as otherwise herein expressly provided) if made in the following manner, but the County may, nevertheless, in its discretion require further or other proof in cases when it deems the same desirable:

A. Proof of Execution. The fact and the date of the execution by any owner of any Bonds or other securities or his or her 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 Paying Agent and Registrar or of and 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 the notary public or other officer; the authority of the individual or individuals executing any such instrument on behalf of a corporate owner of any securities may be established without further proof if the instrument is signed by an individual purporting to be the president or a vice president of the 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 the instrument is signed by a Person or Persons purporting to act in such fiduciary or representative capacity; and

B. Proof of Ownership. The ownership of any of the Bonds or other securities held by any Persons executing any instrument as a holder of securities, and the numbers, date and other identification thereof, together with the date of his or her holding the securities, shall be proved by the registration records at the County kept by the Registrar.

Section 1005. Warranty upon Issuance of Bonds. Any Bonds authorized as herein provided, when duly executed and delivered for the purpose provided for 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 Bonds that the Bonds have been issued for a valuable consideration in full conformity with law.

Section 1006. Immunities of Purchaser. The Purchaser and any associate thereof are under no obligation to any holder of the 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 Purchaser and any associate thereof hereunder extend to their partners, directors, successors, employees and agents.

Section 1007. Police Power. Nothing herein prohibits or otherwise limits or inhibits the exercise by the Federal Government, the State, any agency thereof or any public body thereof, including, without limitation, the County, of the police power, i.e., essential governmental powers for the public welfare. The provisions hereof are subject to any proper exercise hereafter of the police power thereby. The County cannot contract away the police power thereof nor limit or inhibit by contract the proper exercise of the police power thereby, and this Ordinance does not purport to do so.

Section 1008. Replacement of Registrar or Paying Agent. If the Registrar or Paying Agent so appointed shall resign, or if the County shall reasonably determine that the Registrar or Paying Agent has become incapable of performing its duties hereunder, the County may, upon notice mailed to each owner of any Bond at his or her address last shown on the registration records, appoint a successor Registrar or Paying Agent or both. Every such successor Registrar or Paying Agent shall be an officer or employee of the County or a trust bank. It shall not be required that the same institution serve as both Registrar and Paying Agent hereunder, but the County shall have the

right to have the same institution serve as both Registrar and Paying Agent hereunder. No resignation or dismissal of the Registrar or the Paying Agent may take effect until a successor is appointed.

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 XI

PRIVILEGES, RIGHTS AND REMEDIES

Section 1101. Bondowner's Remedies. Each owner of any Bond issued hereunder shall be entitled to all of the privileges, rights and remedies provided or permitted in the Project Act and the Bond Act, and as otherwise provided or permitted by law or in equity or by other statutes, except as provided in §§ 207 through 211 hereof, but subject to the provisions herein concerning the pledge of and the covenants and the other contractual provisions concerning the Pledged Revenues and the proceeds of the Bonds.

Section 1102. Right to Enforce Payment. Nothing in this article affects or impairs the right of any owner of any Bond to enforce the payment of the Bond Requirements due in connection with his Bond or the obligation of the County to pay the Bond Requirements of each Bond to the owner thereof at the time and the place expressed in the Bond.

Section 1103. 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 Bonds, or any prior redemption premium due in connection therewith, or both, is not made when the same becomes due and payable, at maturity, or any installments thereof, or by proceedings for optional prior redemption, or otherwise;

B. Nonpayment of Interest. Payment of any installment of interest on the Bonds is not made when the same becomes due and payable;

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

D. Nonperformance of Duties. The County fails 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 Pledged Revenues, or otherwise, including, without limitation, this Ordinance, and such failure continues for 60 days after receipt of notice from the owners of 10% in principal amount of the Bonds then Outstanding;

E. Appointment of Receiver. An order or decree is entered by a court of competent jurisdiction with the consent or acquiescence of the County appointing a receiver or receivers for the Pledged Revenues and any other moneys subject to the lien to secure the payment of the Bonds, or if an order or decree having been entered without the consent or acquiescence of the County is not vacated or discharged or stayed on appeal within 60 days after entry; and

F. Default of Any Provision. The County makes any default in the due and punctual performance of any other of the representations, covenants, conditions, agreements and other provisions contained in the Bonds or in this Ordinance on its part to be performed, and if the default continues for 60 days after written notice specifying the default and requiring the same to be remedied is given to the County by the owners of 10% in principal amount of the Bonds then Outstanding.

Section 1104. Remedies for Default. Upon the happening and continuance of any of the events of default, as provided in § 1103 hereof, then and in every case the owner or owners or not less than 10% in principal amount of the 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 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 the 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 owner of any Bond, or to require the County to act as it if were the trustee of an express trust, or any combination of such remedies. All proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all owners of the Bonds and any Parity Securities then Outstanding.

Section 1105. Receiver's Rights and Privileges. Any receiver appointed in any proceedings to protect the rights of owners hereunder, the consent to any such appointment being hereby expressly granted by the County, receive and apply all Pledged Revenues arising after the appointment of the receiver in the same manner as the County itself might do.

Section 1106. Rights and Privileges Cumulative. The failure of any owner of any Outstanding bond to proceed in any manner herein provided shall not relieve the County or any officers, agents or employees thereof of any liability for failure to perform or carry out any duty, obligation or other commitment. Each right or privilege of any owner (or trustee thereof) 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 1107. Duties upon Defaults. Upon the happening of any of the events of default as provided in § 1103 hereof, the County, in addition, shall do and perform all proper acts on behalf of and for the owners of the Bonds to protect and to preserve the security created for the payment of their 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 Bonds issued hereunder, as to any Bond Requirements, are Outstanding, except to the extent it may be unlawful to do so, all Pledged Revenues shall be paid into the Bond Fund, or, in the event of securities heretofore and hereafter issued and Outstanding during that period of time on a parity with the Bonds, shall be paid into the bond accounts for all Parity Securities on an equitable and prorated basis, and used for the purposes therein provided. If the County fails or refuses to proceed as in this Section provided, the owner or owners of not less than 10% in principal amount of the Bonds then Outstanding, after demand in writing, may proceed to protect and to enforce the rights of the owners of the Bonds as hereinabove provided; and to that end any such owners of Outstanding Bonds shall be subrogated to all rights of the County under any agreement, lease or other contract the Pledged Revenues entered into before the effective date of this Ordinance or thereafter while any of the Bonds are Outstanding.

Section 1108. Prejudicial Action Unnecessary. Nothing in this article requires the County to proceed as provided therein if the County determines in good faith and without any gross 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 the action is otherwise likely to affect materially and prejudicially the owners of the Outstanding Bonds and any Outstanding Parity Securities.

ARTICLE XII

AMENDMENT OF ORDINANCE

Section 1201. Privilege of Amendments. This Ordinance may be amended or supplemented by instruments adopted by the County in accordance with the laws of the State, without receipt by the County of any additional consideration, but with the written consent of the insurer of the Bonds, if any, or the owners of a majority in aggregate principal amount of the Bonds authorized by this Ordinance and Outstanding at the time of the adoption of the amendatory or supplemental instrument, excluding, pursuant to paragraph (4) of § 102B hereof, any Bonds 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 Bonds if the refunding securities are not owned by the County.

Section 1202. Limitations upon Amendments. No such instrument shall permit without the written consent of the insurer of the Bonds, if any, or all owners of the Bonds adversely and materially affected thereby:

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

B. Reducing Return. A reduction in the principal amount of any Bond, the rate of interest thereon, or any prior redemption premium payable in connection therewith; or

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

D. Priorities between Bonds. The establishment of priorities as between Bonds issued and Outstanding under the provisions of this Ordinance; or

E. Partial Modification. The modifications of or otherwise materially and prejudicially affecting the rights or privileges of the owners of less than all of the Bonds then Outstanding.

Section 1203. Notice of Amendment. Whenever the County proposes to amend or modify this Ordinance under the provisions of this Article, it shall cause notice of the proposed amendment to be given not later than 30 days prior to the date of the proposed enactment of the amendment by mailing to each:

- (1) The insurer of the Bonds, if any,
- (2) The Paying Agent,
- (3) The Registrar, and
- (4) The owner of each of the Bonds Outstanding.

The notice shall briefly set forth the nature of the proposed amendment and shall state that a copy of the proposed amendatory instrument is on file in the office of the Clerk for public inspection.

Section 1204. Time for Amendment. Whenever at any time within one year from the date of the mailing of such notice, there shall be filed in the office of the Clerk an instrument or instruments executed by the insurer of the Bonds, if any, or the owners of at least a majority in aggregate principal amount of the Bonds then Outstanding, which instrument or instruments shall refer to the proposed amendatory instrument described in the notice and shall specifically consent to and approve the adoption of the instrument, thereupon, but not otherwise, the County may adopt the amendatory instrument and the instrument shall become effective.

Section 1205. Binding Consent to Amendment. If the insurer of the Bonds, if any, or the owners of at least a majority in aggregate principal amount of the Bonds Outstanding, at the time of the adoption of the amendatory instrument, or the predecessors in title of such owners shall have consented to and approved the adoption thereof as herein provided, no owner of any Bond, whether or not the owner shall have consented to or shall have revoked any consent as in this article provided, shall have any right or interest to object to the adoption of the amendatory instrument or to object to any of the terms or provisions therein contained or to the operation thereof or to enjoin the County from taking any action pursuant to the provisions thereof.

Section 1206. Time Consent Binding. Any consent given by the owner of a Bond pursuant to the provisions of this Article shall be irrevocable for a period of 6 months from the date of the publication of the notice above provided for in paragraph 2 of § 1203 A hereof, and shall be conclusive and binding upon all future owners of the same Bond during that period. The consent may be revoked at any time after 6 months from the date of the mailing of the notice, by the owner

who gave the consent or by a successor in title by filing notice of the revocation with the Clerk, but the revocation shall not be effective if the insurer of the Bonds, if any, or the owners of a majority in aggregate principal amount of the Bonds Outstanding, before the attempted revocation, consented to and approved the amendatory instrument referred to in the revocation.

Section 1207. 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 hereof or supplemental hereto and the rights and the obligations of the County, the insurer of the Bonds, if any, and of the owners of the Bonds hereunder 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 insurer of the Bonds, if any, or the owners of all the then Outstanding Bonds, the consent to be given as provided in § 1004 hereof, and no notice to the insurer of the Bonds, if any, or the owners of Bonds, shall be required as provided in § 1203 hereof, nor shall the time of consent be limited except as may be provided in the consent.

Section 1208. Exclusion of County's Bonds. At the time of any consent or of other action taken under this Article, the County shall furnish to the Clerk a certificate of the County Treasurer, upon which the County may rely, describing all Bonds to be excluded, for the purpose of consent or of other action or of any calculation of Outstanding Bonds provided for in this Article, and the County shall not be entitled with respect to such Bonds to give any consent or to take any other action provided for in this Article, pursuant to paragraph (4) of § 102B hereof

Section 1209. Notation on Bonds. Bonds 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 County as to the action; and if any Bond so authenticated and delivered shall bear such notation, then upon demand of the owner of any Bond Outstanding at such effective date and upon presentation of his or her Bond for the purpose at the principal office of the Secretary, suitable notation shall be made on the Bond by the Secretary as to any such action. If the County so determines, new Bonds so modified as in the opinion of the County to conform to such action shall be prepared, authenticated and delivered; and upon demand of the owner of any Bond then Outstanding, shall be exchanged without cost to the owner for Bonds then Outstanding upon surrender of the Bonds.

Section 1210. Proof of Ordinances and Bonds. The fact and date of execution of any instrument under the provisions of this Article, the amount and number of the Bonds held by any Person executing the instrument, and the date of his holding the same may be proved as provided by § 1004 hereof.

Proposed on April 25, 2006.

Proposed by Commissioner Humke

Passed April 25, 2006.

Vote:

Jim Galloway
Dave Humke
Robert Larkin
Pete Sferrazza
Bonnie Weber

Aye:

GALLOWAY - Humke - Larkin -
Sferrazza - Weber

Absent:

none

(SEAL)

Attest:

County Clerk

Amy Harvey

Robert M Larkin
Chairman of the Board

This Ordinance shall be in force and effect from and after the 5th day of May, 2006.

STATE OF NEVADA)
) ss.
WASHOE COUNTY)

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

1. The foregoing pages constitute a true, correct and compared copy of an ordinance adopted at a meeting of the Board of County Commissioners (the "Board") held on April 25, 2006; such copy of such ordinance contained in such minutes is a true, correct and compared copy of the original passed and adopted by the Board at the designated meeting and the original of such ordinance has been approved and authenticated by the signature of the Chair of the Board and myself as 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 such officers and properly sealed.

2. The members of the Board were present at such meeting and voted on the passage of such ordinance as set forth in the ordinance.

3. All members of the Board were given due and proper notice of such meeting.

4. 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 excerpt from the agenda for the meeting relating to the resolution, as posted at least 3 working days in advance of the meeting at the Board's office, the County's website, and three other locations, i.e., at:

- (i) Washoe County Administration Complex
1001 East Ninth Street
Reno, Nevada
- (ii) Washoe County Courthouse
75 Court Street
Reno, Nevada
- (iii) Washoe County Library
301 South Center Street
Reno, Nevada

(iv) Justice Court
630 Greenbrae Drive
Sparks, Nevada

is attached as "Exhibit A."

5. At least three working days before such meeting, such notice was mailed to each member of the Board and to each person, if any, who has requested notice of meetings of the Board in the same manner in which notice is required to be mailed to a member of the Board.

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of the County
this April 25, 2006.

(SEAL)



County Clerk

EXHIBIT A

(Attach Copy of Notice of April 25, 2006 Meeting)

COUNTY COMMISSIONERS

Bob Larkin, Chairman
Bonnie Weber, Vice-Chairman
Jim Galloway
David Humke
Pete Sferrazza

COUNTY MANAGER

Katy Singlaub

**ASSISTANT
DISTRICT ATTORNEY**

Melanie Foster

AGENDA

WASHOE COUNTY BOARD OF COMMISSIONERS

COMMISSION CHAMBERS - 1001 E. 9th Street, Reno, Nevada

April 25, 2006

2:00 p.m.

NOTE: Items on the agenda without a time designation may not necessarily be considered in the order in which they appear on the agenda. Items may be moved to or from the Consent Agenda at the beginning of the Board Meeting or may be voted on in a block.

The Washoe County Commission Chambers are accessible to the disabled. If you require special arrangements for the meeting, call the County Manager's Office, 328-2000, 24-hours prior to the meeting.

Public Comment during the Commission Meeting on April 25, 2006 will be for all matters, both on and off the agenda, and be limited to two minutes per person. Additionally, public comment of two minutes per person will be heard during individual action items on the agenda. Persons are invited to submit comments in writing on the agenda items and/or attend and make comment on that item at the Commission meeting.

The County Commission can deliberate or take action only if a matter has been listed on an agenda properly posted prior to the meeting. During the public comment period, speakers may address matters not listed on the published agenda. The Open Meeting Law does not expressly prohibit responses to public comments by the Commission. However, responses from Commissioners to unlisted public comment topics could become deliberation on a matter without notice to the public. On the advice of legal counsel and to ensure the public has notice of all matters the Commission will consider, Commissioners may choose not to respond to public comments, except to correct factual inaccuracies, ask for County staff action or to ask that a matter be listed on a future agenda. The Commission may do this either during the public comment item or during the following item: "*Commissioners'/Manager's Announcements, Requests for Information, Topics for Future Agendas and Statements Relating to Items Not on the Agenda".

Pursuant to NRS 241.020, the Agenda for the Commission Meeting has been posted at the following locations. Washoe County Administration Building (1001 E. 9th Street, Bldg. A), Washoe County Courthouse-Clerk's Office (Court and Virginia Streets), Washoe County Central Library (301 South Center Street) and Sparks Justice Court (630 Greenbrae Drive). At the meeting after salute to the flag and roll call, the Board of County Commissioners may vote on the following items as the Board and, ex-officio, as the Board of Fire Commissioners for the Truckee Meadows Fire Protection District, as the Board of Fire Commissioners for the Sierra Forest Fire Protection District, and/or the Board of Trustees of either the Lawton/Verdi or South Truckee Meadows General Improvement Districts.

Support documentation for the items on the agenda, provided to the Washoe County Board of Commissioners is available to members of the public at the County Manager's Office (1001 E. 9th Street, Bldg. A, 2nd Floor, Reno, Nevada) and on the County's website at www.washoecounty.us.

7. F. (2) Approve payments [\$11,700.85] to vendors for assistance of 59 victims of sexual assault and authorize Comptroller to process same. NRS 217.310 requires payment by the County of initial medical care of victims in addition to follow-up treatment [up to \$1,000] for victims, victim's spouses and other eligible persons.
- G. Expenditure of \$1,000 from County Commission District 1 Special Funding Account for Big Brothers Big Sisters of Northern Nevada and execution of Resolution necessary for Same (requested by Commissioner Galloway).
8. Regional Parks and Open Space.
 - A. Recommendation to rename the Black Springs Community Center in Black Springs, "Westbrook Community Center" after community advocates Ollie and Helen Westbrook and install new sign [\$200].
 - B. Recommendation to support funding commitments [\$1,250,000] pursuant to appropriations within Senate Bill 1 and Senate Bill 314 to be used to construct a river recreation project at Rock Park in the City of Sparks; and if supported, endorse the use of \$1,250,000 of land value from the purchase of 60 acres along the Truckee River from the University of Nevada-Reno for matching funds for the appropriation; and, authorize the County Manager to sign a joint letter of commitment to the Interim Finance Committee--Regional Parks and Open Space/Truckee River Flood Management Project.
9. Water Resources.
 - A. Recommendation to execute a Resolution calling a hearing (to be set for May 23, 2006) on the Amendment of the Boundaries of District No. 24 (Groundwater Remediation/Central Truckee Meadows Remediation District) in Washoe County, Nevada; providing for a notice of hearing, and providing other matters properly related thereto.
 - B. Recommendation to approve and authorize Director of Department of Water Resources to sign Change Order No. 1 for additional work at Spanish Springs Sewer Phase 1a [\$423,664.05].
10. Introduction and adoption of an Ordinance authorizing the issuance by the County of its negotiable "Washoe County, Nevada, General Obligation (limited tax) Flood Control Bonds (additionally secured by pledged revenues), Series 2006," in the maximum principal amount of \$21,000,000 to acquire, establish, construct and expand flood control projects; providing the form, terms and conditions of the bonds and providing other matters relating thereto; providing for adoption as if an emergency exists; and providing the effective date hereof (Finance).

EXHIBIT B

(Attach Affidavit of Publication of Ordinance)