



WASHOE COUNTY

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CM/ACM _____
Finance _____
DA _____
Risk Mgt. _____
HR N/A _____
Other N/A _____

STAFF REPORT

BOARD MEETING DATE: December 8, 2015

DATE: November 17, 2015
TO: Board of County Commissioners
FROM: Mark Mathers, Budget Manager
(775) 328-2071, mmathers@washoecounty.us
THROUGH: Al Rogers, Management Services Director
(775) 328-2017, arogers@washoecounty.us
SUBJECT: Recommendation to approve and execute an ordinance authorizing the issuance of the Washoe County, Nevada, Sales Tax Revenue Refunding Bonds, Series 2016A, for the purpose of refinancing certain outstanding obligations; providing the form, terms and conditions of the bonds and other details in connection therewith. The total principal amount of bonds is estimated to be \$13,850,000. (All Commission Districts)

SUMMARY

Staff is recommending that the Board of County Commissioners (Board) approve and execute an ordinance authorizing the issuance of the Washoe County, Nevada, Sales Tax Revenue Refunding Bonds, Series 2016A, for the purpose of refunding the entire \$13,585,000 of outstanding bonds of the Washoe County, Nevada, Sales Tax Revenue Bonds, Series 1998 (the "1998 Bonds") for interest rate savings. The ordinance also references the following documents which are attached: the Preliminary Official Statement which serves as the primary offering document to potential investors; the Continuing Disclosure Certificate which sets forth the County's obligations to provide notice of material events to investors in the future; and the escrow agreement for the defeasance of the 1998 Bonds. Refinancing these revenue bonds will produce a net present value (NPV) savings of approximately \$1,380,000, or 10.2% of the existing debt.

Washoe County Strategic Objective supported by this item: Stewardship of our community.

PREVIOUS ACTION

On December 8, 1998, the County adopted an ordinance imposing the 1/8-cent sales and use tax for flood and public safety projects in accordance with Chapter 377B of the Nevada Revised Statutes.

On December 8, 1998, the Board approved and executed the bond ordinance authorizing the sale of the 1998 Bonds.

BACKGROUND

In December 1998, the County issued \$21,915,000 of 1998 Bond to construct a regional public safety training complex, a regional dispatch/emergency operations center and a portion of the Truckee River Flood Control Project. These projects are still in use today. As revenue bonds, the 1998 Bonds are special, limited obligations of the County payable solely from the 1/8-cent sales tax and do not constitute general obligations of the County; thus, the full faith and credit of the County to pay debt service on these bonds is not pledged. Since 2010, sales tax revenues have ranged from \$6.3 to \$8.2 million per year, providing strong coverage for these bonds, which carry annual debt service of approximately \$1.425 million.

Bonds maturing on or after December 1, 2009, are subject to optional redemption by the County prior to their respective maturities. Due to a decrease in market interest rates, an opportunity exists to refund the 1998 Bonds for significant savings. The expected refinanced interest rate to refund the remaining outstanding 1998 Bonds with maturities of 2016 through 2029 is approximately 3.25%.

The Interlocal Cooperative Agreement establishing the Truckee River Flood Management Authority (TRFMA) in 2011 provides that all net pledged revenues generated from the 1/8-cent sales tax (i.e., total gross sales tax revenues less debt service on the two series of County bonds that pledge the sales tax) be distributed to TRFMA. For that reason, the savings generated by this refunding essentially will flow to TRFMA. In addition to the interest rate savings produced by this refunding, though, there are efficiencies in spreading the costs of issuance for the refunding of the 1998 Bonds and the County's 2006 Public Safety Bonds, which will be sold at the same time pending authorization of the Board for this refunding, which is a separate item on today's agenda.

County staff and its financial advisors also examined the 2006 Flood Control Bonds, which are variable-rate bonds and also pledge the 1/8-cent sales tax, in order to consider refunding these bonds and converting them to a fixed-rate mode. However, the result of this analysis was that fixing the interest rate produced uncertain results; in some interest-rate scenarios, new fixed rate bonds would generate negative savings. For this reason and in consultation with TRFMA, staff does not recommend a refunding of the 2006 Flood Control Bonds.

FISCAL IMPACT

The estimated principal amount of bonds to be sold is \$13,850,000. Refinancing the 1998 Bonds will produce a net present value (NPV) savings of approximately \$1,380,000, or 10.2% of the existing debt.

The funding source and pledged revenues for the refunding bonds, which is the 1/8-cent sales tax imposed by the County in 1998 for flood and public safety projects, will not change nor will the term of the bonds. In addition to achieving a reduced interest rate and thus reduced semi-annual payments, the requirement for the County to have a reserve fund will be eliminated with this refunding. This is due to the strong coverage of revenues for the 2016A Bonds.

RECOMMENDATION

It is recommended that the Board approve and execute an ordinance authorizing the issuance of the Washoe County, Nevada, Sales Tax Revenue Refunding Bonds, Series 2016A, for the purpose of refinancing certain outstanding obligations; providing the form, terms and conditions of the bonds and other details in connection therewith.

POSSIBLE MOTIONS

Should the Board agree with staff's recommendation, a possible motion would be:
"Move to approve and execute an ordinance authorizing the issuance of the Washoe County, Nevada, Sales Tax Revenue Refunding Bonds, Series 2016A, for the purpose of refinancing certain outstanding obligations; providing the form, terms and conditions of the bonds and other details in connection therewith."

Summary - an ordinance authorizing the issuance of the Washoe County, Nevada, Sales Tax Revenue Refunding Bonds, Series 2016A.

BILL NO. _____
ORDINANCE NO. _____

AN ORDINANCE AUTHORIZING THE ISSUANCE OF THE "WASHOE COUNTY, NEVADA, SALES TAX REVENUE REFUNDING BONDS, SERIES 2016A," FOR THE PURPOSE OF REFINANCING CERTAIN OUTSTANDING OBLIGATIONS; PROVIDING THE FORM, TERMS AND CONDITIONS OF THE BONDS AND OTHER DETAILS IN CONNECTION THEREWITH.

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 of refunding all or a portion of the Washoe County, Nevada, Sales Tax Revenue Bonds, Series 1998 (the "1998 Bonds") for interest rate savings and to effect other economies (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 1998 Bonds and Washoe County, Nevada General Obligation (Limited Tax) Flood Control Bonds (Additionally Secured by Pledged Revenues), Series 2006B (the "2006 Bonds"), and other than the 1998 Bonds and the

2006 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 a parity with the lien on the Pledged Revenues of the Bonds and superior to the lien thereon of the 2006 Bonds; and

WHEREAS, other than as set forth herein, the County has never pledged nor in any way hypothecated the Pledged Revenues to the payment of any bonds or for any other purpose; and

WHEREAS, pursuant to NRS 350.684, the Board is authorized to issue special obligation bonds in order to refund, pay and discharge all or a portion of the 1998 Bonds for the Project; and

WHEREAS, if the County Manager or in such officer's absence, the County chief financial officer, determines that interest rate savings may be effected, all or a portion of the 1998 Bonds, if any, as set forth in the Escrow Agreement (hereinafter defined) may be refunded (the "Refunded 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 to effect the Project; and

WHEREAS, the County hereby provides for the public sale of the "Washoe County, Nevada, Sales Tax Revenue Refunding Bonds, Series 2016A (the "Bonds") in the principal amount necessary to effect the Project; and

WHEREAS, after notice inviting bids for their purchase, the County Manager or in such officer's absence, the County chief financial officer, is authorized to sell the Bonds to the best bidder therefor (the "Purchaser") and to accept the bond purchase proposal submitted by the 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, less a discount not exceeding 9% of the principal amount thereof or plus a premium, all as specified by the County chief financial officer or the County Manager in a

certificate dated on or before the date of delivery of the Bonds (the "Certificate of the County Officer"), 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. Each of the limitations and other conditions to the issuance of the Bonds in the Project Act, the Bond Act, the Supplemental Bond Act, and in any other relevant act of the State or the Federal Government, has been met; and pursuant to NRS 350.708, this determination of the Board that the limitations in the Bond Act have been met shall be conclusive in the absence of fraud or arbitrary or gross abuse of discretion.

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.

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

ARTICLE I.

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

Section 101 Short Title. This ordinance shall be known as and may be designated by the short title "2016A Refunding Bond Ordinance" (this "Ordinance").

Section 102 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:

"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 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 Officer) 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.

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

"Bond Fund" means the special accounts designated as the "Washoe County, Nevada, Sales Tax Revenue Refunding Bonds, Series 2016A, Principal Account," and "Washoe County, Nevada, Sales Tax Revenue Refunding Bonds, Series 2016A, Interest Account," created herein,

and required to be accumulated and maintained in Section 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, if the context requires, the Parity Lien 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, Sales Tax Revenue Refunding Bonds, Series 2016A."

"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.

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

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

"combined maximum annual principal and interest requirements" means the greatest of the annual principal and interest requirements to be paid during any Bond Year for the period beginning with the Bond Year in which such computation is made and ending with the Bond Year in which any bond last becomes due at maturity or on a Redemption Date on which any bond thereafter maturing is called for prior redemption. If any outstanding bonds are subject to variable interest rates, for the purpose of such computation, such interest rates shall be determined by an Independent Accountant, an independent feasibility consultant or the County chief financial officer. Any such computation shall be adjusted as provided in Section 803C hereof, and shall be made by an Independent Accountant, an independent feasibility consultant or the County chief financial officer if expressly so required.

"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 Issuance Account" means the "Washoe County, Nevada, Sales Tax Revenue Refunding Bonds, Series 2016A, Cost of Issuance Subaccount" created in Section 401 herein.

"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 printing, estimates, advice, services of accountants, financial consultants, attorneys at law, clerical help, or other agents or employees;
- d. 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;
- e. The costs of contingencies;
- f. The costs 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, and of any other cost of the issuance of the Bonds or other securities relating to the Project;

- g. 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; and
- h. All other expenses necessary or desirable and relating to the Project, as estimated or otherwise ascertained by the County. The Board hereby determines that any costs and expenses resulting from any litigation related to the Project, including but not limited to attorneys fees and damages, are necessary or desirable and related to the Project.

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

"County chief financial officer" means the Assistant County Manager or any other officer designated by the County as the de jure or de facto chief financial officer of the County.

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

"Custodian" means U.S. Bank, National Association, or any successor which may be appointed from time to time as custodian for the Cost of Issuance Account pursuant to a Cost of Issuance Custodial Account Agreement between the Custodian and the County.

"Escrow Account" means the "Washoe County, Nevada, Sales Tax Revenue Refunding Bonds, Series 2016A, Escrow Account" created in Section 401 herein.

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

"Escrow Bank" means U.S. Bank National Association and any successors thereto.

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

"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.

"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.

"Infrastructure Fund" means the infrastructure fund established pursuant to the Act.

"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 Section 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 Sections 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 the Parity Lien Bonds and 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.

"Parity Lien Bonds" means the Outstanding 1998 Bonds and the Bonds.

"Paying Agent" means U.S. Bank, National Association 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 Account. 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.

"Project" means the refunding of all or a portion of the Refunded Bonds and the costs if issuance of the Bonds.

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

"Rebate Account" means the "Washoe County, Nevada, Sales Tax Revenue Refunding Bonds, Series 2016A, Rebate Account" created in Section 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 U.S. Bank, National Association, 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 next 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, 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 Section 302 hereof. At least 10 days' notice will be given by the Paying Agent by first-class regular mail to each owner of a 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, in the United States.

"Subordinate Securities" means Outstanding 2006 Bonds and any other 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.

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

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

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 103 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 104 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 105 Ratification. All action heretofore taken (not inconsistent with the provisions of this Ordinance) by the County, the officers of the County, and otherwise by the County directed toward the Project and toward the sale of the Bonds to the Purchaser for that purpose, hereby is ratified, approved and confirmed.

Section 106 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 Section 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 107 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 108 Severability. If any section, subsection, paragraph, clause or other provision of this Ordinance shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, subsection, paragraph, clause or other provision shall not affect any of the remaining provisions of this Ordinance.

Section 109 Effective Date. The Board hereby determines that this Ordinance 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 NRS 350.579, 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. 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 said Ordinance are available for inspection by all interested parties at the office of the County Clerk, such publication to be made in the Reno Gazette-Journal, a newspaper published and having general circulation in the County, at least once a week for a period of two (2) weeks by two (2) insertions, pursuant to NRS 244.100 and all laws thereunto enabling, such publication to be in substantially the following form:

(Form for Publication After Final Adoption of Ordinance)

BILL NO. _____
ORDINANCE NO. _____

AN ORDINANCE AUTHORIZING THE ISSUANCE OF THE "WASHOE COUNTY, NEVADA, SALES TAX REVENUE REFUNDING BONDS, SERIES 2016A," FOR THE PURPOSE OF REFINANCING CERTAIN OUTSTANDING OBLIGATIONS; PROVIDING THE FORM, TERMS AND CONDITIONS OF THE BONDS AND OTHER DETAILS IN CONNECTION THEREWITH.

PUBLIC NOTICE IS HEREBY GIVEN that typewritten copies of the above-numbered and entitled Ordinance are available for inspection by the interested parties at the office of the County Clerk of Washoe County, Nevada, at her office at the County Administrative Complex, Reno, Nevada; and that said Ordinance was proposed by Commissioner _____ on December 8, 2015, and was passed and adopted without amendment at the regular meeting on December 8, 2015, by the following vote of the Board of County Commissioners:

Those Voting Aye:

Those Voting Nay:

Those Absent:

This Ordinance shall be in full force and effect from and after 5:00 p.m. on the ____ day of _____, 2015, i.e., the date of the second publication of such Ordinance by title only.

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

DATED: December 8, 2015.

/s/ _____
Chair
Board of County Commissioners
Washoe County, Nevada

(SEAL)
Attest:

/s/ _____
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 refinanced with the proceeds of the Bonds is not less than 20 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; Authorization of Use of Preliminary and Final Official Statements. In accordance with the Project Act, Chapter 350 of NRS and with this Ordinance, the County chief financial officer, or in such officer's absence the County Manager, is authorized to accept the Purchase Proposal submitted by the Purchaser; distribution, use of and execution of the Preliminary Official Statement is hereby authorized, ratified and confirmed; distribution, use of and execution of the Final Official Statement for the

Bonds in substantially the form of the Preliminary Official Statement, with such amendments, additions and deletions as are consistent with the facts and not inconsistent herewith as may be approved by the County chief financial officer or County Manager by such officer's execution of the Final Official Statement, is hereby authorized. The County chief financial officer, County Manager or designee is authorized to deem the official statement or preliminary official statement to be a "final" official statement on behalf of the County for the purposes of Rule 15(c)2-12 of the Securities and Exchange Commission.

Section 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 Special Obligations. All of the Bonds as to all Bond Requirements, shall be payable and collectible solely out of the Pledged Revenues, which revenues are so pledged; the owner or owners thereof may not look to any general or other fund for the payment of such Bond Requirements, except any other special funds herein pledged excluding the Rebate Account and the Escrow Account; the Bonds shall not constitute an indebtedness or a debt within the meaning of any constitutional or statutory provision or limitation; and the Bonds shall not be considered or held to be general obligations of the County but shall constitute its special obligations.

Section 208 Security. The payment of the Bond Requirements of the Bonds is secured by an irrevocable pledge of and by a lien (but not necessarily an exclusive lien) on the Pledged Revenues, on a parity with the lien thereon of the Parity Securities and superior to the lien thereon of the Subordinate 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

the Pledged Revenues, and any other moneys pledged for the payment of the Bonds, excluding the Rebate Account and the Escrow Account. 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, Sales Tax Revenue Refunding Bonds, Series 2016A," in the aggregate principal amount set forth in the Certificate of the County Officer (not to exceed an amount necessary to effect the Project), 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. The Bonds shall be issued payable in fully registered form, i.e., registered as to both principal and interest and shall be dated as of the date of delivery of the Bonds. Except as provided in Section 307 hereof, the Bonds shall be issued in the denominations of \$5,000 and any integral multiples thereof. The Bonds shall bear interest (calculated on the basis of a 360 day year of twelve 30-day months) at the rates shown in the Certificate of the County Officer from their date until their respective fixed maturity dates, payable on March 1 and September 1 of each year, commencing on March 1, 2016, except that Bonds which are reissued upon transfer, exchange or other replacement shall bear interest at the rates shown in the Certificate of the County Officer from the most recent interest payment date to which interest has been paid or provided for, or, if no interest has been paid, from the date of the Bonds. The Bonds shall mature in the designated amounts and years as set forth in the Certificate of the County Officer.

The principal of and redemption premium, if any, on any Bond, shall be payable to the registered owner thereof as shown on the registration records kept by the Registrar, upon 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 maturity, it shall continue to draw interest at the interest rate borne by the Bond until the principal thereof is paid in full. Except as provided in Section 307 hereof, payment of interest on any Bond shall be made to the registered owner thereof by check or draft mailed by the Paying Agent, on each interest payment date (or, if such interest

payment date is not a business day, on the next succeeding business day), to the registered owner thereof at his or her address as shown on the registration records kept by the Registrar 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. All such payments shall be made in lawful money of the United States of America.

Section 303 Prior Redemption.

A. Optional Redemption. Bonds, or portions thereof, maturing on and after the date set forth in the Certificate of the County Officer shall be subject to redemption prior to their respective maturities, at the option of the County, as directed by the County chief financial officer, on and after the date set forth in the Certificate of the County Officer, in whole at any time or in part at any time, from such maturities as are selected by the County chief financial officer, and if less than all of the Bonds of a maturity are to be redeemed, the Bonds of such maturity are to be redeemed by lot within a maturity (giving proportionate weight to Bonds in denominations larger than \$5,000), in such manner as the Paying Agent may determine, for the principal amount of each Bond or portion thereof so redeemed and accrued interest thereon to the redemption date, and a premium, if any, computed in accordance with the schedule set forth in the Certificate of the County Officer.

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

Not more than sixty days nor less than thirty days prior to the sinking fund payment dates for the Term Bonds, the Registrar shall proceed to select for redemption (by lot in such manner as the Registrar may determine) from all Outstanding Term Bonds, a principal amount of the Term Bonds equal to the aggregate principal amount of the Term Bonds redeemable with the required sinking fund payments, and shall call such Term Bonds or portions thereof for redemption from the sinking fund on the next principal payment date, and give notice of such call as provided in Section 304 of this Ordinance.

At the option of the County to be exercised by delivery of a written certificate to the Registrar not less than sixty days next preceding any sinking fund redemption date, it may (i) deliver to the Registrar for cancellation Term Bonds, or portions thereof (\$5,000 or any integral multiple thereof) in an aggregate principal amount desired by the County or, (ii) specify a principal amount of Term Bonds, or portion thereof (\$5,000 or any integral multiple thereof) which prior to said date have been redeemed (otherwise than through the operation of the sinking fund) and canceled by the Registrar and not theretofore applied as a credit against any sinking fund redemption obligation. Each Term Bond or portions thereof so delivered or previously redeemed shall be credited by the Registrar at 100% of the principal amount thereof against the obligation of the

County on the sinking fund redemption dates and any excess shall be so credited against future sinking fund redemption obligations in such manner as the County determines. In the event the County shall avail itself of the provisions of clause (i) of the first sentence of this paragraph, the certificate required by the first sentence of this paragraph shall be accompanied by the respective Term Bonds or portions thereof to be canceled of in the event the Bonds are registered in the name of Cede & Co. as provided in Section 307 of this Ordinance, the certificate required by the first sentence of this paragraph shall be accompanied by such direction and evidence of ownership as is satisfactory to The Depository Trust Company.

C. Partial Redemption. If any Bond is in a denomination larger than \$5,000, a portion of such Bond (\$5,000 of principal amount thereof, or any integral thereof) may be redeemed pursuant to subsection A or B hereof, as appropriate, in which case the Registrar, except as provided in Section 307 hereof, shall, without charge to the owner of such Bond, authenticate and issue a replacement Bond or Bonds for the unredeemed portion thereof. In the case of a partial redemption of Bonds of a single maturity pursuant to subsection A or B hereof, the Paying Agent shall select the Bonds to be redeemed by lot at such time as directed by the County (but at least 30 days prior to the redemption date), and if such selection is more than 60 days before a redemption date, shall direct the Registrar to appropriately identify the Bonds so called for redemption by stamping them at the time any Bond so selected for redemption is presented to the Registrar for stamping or for transfer or exchange, or by such other method of identification as is deemed adequate by the Registrar and any Bond or Bonds issued in exchange for, or to replace, any Bond so called for prior redemption shall likewise be stamped or otherwise identified.

Section 304 Redemption Notice. Unless waived by any registered owner of a Bond to be redeemed, notice of prior redemption shall be given by the Registrar electronically, as long as Cede & Co. or a nominee or a successor depository is the registered owner of the

Bonds, and otherwise by first class, postage prepaid mail, at least 30 days but not more than 60 days prior to the Redemption Date to the registered owner of any Bond (initially Cede & Co.) all or a part of which is called for prior redemption 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, and premium, if any, thereon will become due and payable at the Paying Agent (accrued interest to the Redemption Date being payable by mail or as otherwise provided in this Ordinance), and that after such Redemption Date interest will cease to accrue. After such notice and presentation of said Bonds, the Bonds called for redemption will be paid. Actual receipt of notice by any registered owner of Bonds shall not be a condition precedent to redemption of such Bonds. Failure to give such notice 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 conditioned upon the receipt by the Paying Agent of funds on or before the date fixed for redemption sufficient to pay the redemption price of 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 Negotiability. Subject to Section 307 hereof and to the registration provisions herein provided, 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 306 Registration, Transfer and Exchange of Bonds. Except as otherwise provided in Section 307 hereof:

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 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 Section 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 Section 302 hereof with

respect to interest payments) and for all other purposes; and payment of or on account of either principal or interest on any 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 307 Custodial Deposit.

A. Notwithstanding the foregoing provisions of Sections 302 to 306 hereof, the Bonds shall initially be evidenced by one or more Bonds for each year in which the Bonds mature in denominations equal to the aggregate principal amount of the Bonds maturing in that year. Such initially delivered Bonds shall be registered in the name of "Cede & Co." as nominee for The Depository Trust Company, the securities depository for the Bonds. The Bonds may not thereafter be transferred or exchanged except:

(1) to any successor of The Depository Trust Company or its nominee, which successor must be both a "clearing corporation" as defined in NRS chapter 104, and a qualified and registered "clearing agency" under Section 17A of the Securities Exchange Act of 1934, as amended; or

(2) upon the resignation of The Depository Trust Company or a successor or new depository under clause (1) or this clause (2) of this subsection A, or a determination by the County that The Depository Trust Company or such successor or new depository is no longer able to carry out its functions, and the designation by the County of another depository institution acceptable to the County and to the depository then holding the Bonds, which new depository institution must be both a "clearing corporation" as defined in NRS 104.8102 and a qualified and registered "clearing agency" under Section 17A of the Securities Exchange Act of 1934, as amended, to carry out the functions of The Depository Trust Company or such successor or new depository; or

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

B. In the case of a transfer to a successor of The Depository Trust Company or its nominee as referred to in clause (1) of subsection A hereof or designation of a new depository pursuant to clause (2) of subsection A hereof,

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

C. The County, the Registrar and the Paying Agent shall be entitled to treat the registered owner of any Bond as the absolute owner thereof for all purposes hereof and any applicable laws, notwithstanding any notice to the contrary received by any or all of them and the County, the Registrar and the Paying Agent shall have no responsibility for transmitting payments to the beneficial owners of the Bonds held by The Depository Trust Company or any successor or new depository named pursuant to subsection A hereof.

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

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

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 Section 306 and after their execution and authentication pursuant to Section 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 SALES TAX REVENUE REFUNDING BOND SERIES 2016A

NO. _____ \$ _____

Interest Rate _____% per annum Maturity Date _____1, _____ Dated As Of _____, 2016 CUSIP

REGISTERED OWNER: **CEDE & CO.**

PRINCIPAL AMOUNT: _____ DOLLARS

The County of Washoe in the State of Nevada (the "County" and the "State", respectively), for value received hereby acknowledges itself to be indebted and promises to pay to the Registered Owner specified above the Principal Amount specified above, on the Maturity Date specified above (unless called for earlier redemption), and to pay interest thereon on March 1 and September 1 of each year commencing on March 1, 2016, at the Interest Rate per annum specified above, until the principal sum is paid or payment has been provided therefor. This Bond will bear interest from the most recent interest payment date to which interest has been paid or provided for, or, if no interest has been paid, from the date of this Bond. The principal of and redemption premium, if any, on this Bond are payable to the Registered Owner hereof upon presentation and surrender hereof at the office of U.S. Bank, National Association, as paying agent for the Bonds (the "Paying Agent"), which is also now acting as the County's registrar for the Bonds (the "Registrar") or at such other office as designated by the Paying Agent. Interest on this Bond will be paid on each interest payment date (or, if such interest payment date is not a business day, on the next succeeding business day), by check or draft mailed to the person in whose name this Bond is registered (the "Registered Owner") in the registration records of the County maintained by the Registrar and at the address appearing thereon at the close of business on the 15th day of the calendar month next preceding such interest payment date (the "Regular Record Date"). Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner hereof at the close of business on a Special Record Date for the payment of any defaulted interest. Such Special Record Date shall be fixed by the Paying Agent for the Bonds whenever moneys become available for payment of the defaulted interest, and notice of the Special Record Date shall be given to the Registered Owners of the Bonds of the series of which this is one (the "Bonds") not less than ten days prior thereto. All payments of the principal of, interest on and redemption premiums due in connection with this Bond (the "Bond Requirements") shall be made in lawful money of the United States of America without deduction for the services of the Paying Agent.

The Bonds are issuable solely as fully registered Bonds in denominations of \$5,000 each or any integral multiple thereof. The Bonds are exchangeable for fully registered Bonds of the same maturity in equal aggregate principal amounts and in authorized denominations at the aforesaid office of the Paying Agent and Registrar but only in the manner, subject to the limitations, and on payment of the charges provided in the County's ordinance designated by the short title "2016A Refunding Bond Ordinance," adopted and approved on December 8, 2015 authorizing the issuance of the Bonds (the "Ordinance").

The Registrar will 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 prior redemption.

The Bonds shall not be transferable or exchangeable, except as set forth in the County's ordinance adopted and approved on December 8, 2015 authorizing the issuance of the Bonds (the "Ordinance").

Bonds, or portions thereof, are subject to optional prior redemption as set forth in the Ordinance and the Certificate of the County Officer.

Certain of the Bonds shall be subject to mandatory sinking fund redemption as provided in the Ordinance and in the Certificate of the County Officer.

In the case of Bonds of a denomination larger than \$5,000, a portion of such Bond (\$5,000 of the principal amount thereof, or any integral multiple thereof) may be redeemed, in which case the Registrar shall, without charge to the owner of such Bond, authenticate and issue a replacement Bond or Bonds for the unredeemed portion thereof. Redemption shall be made upon not less than thirty (30) days' prior notice as provided in the Ordinance.

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

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

This Bond must be registered in the name of the Registered 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 and Paying Agent may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of making payment (except to the extent otherwise provided hereinabove and in the Ordinance with respect to Regular and Special Record Dates for the payment of interest) and for all other purposes and the County, and Paying Agent and Registrar shall be not affected by notice to the contrary.

The Bonds are issued by the County and upon the credit thereof, for the purpose of defraying wholly or in part the cost of financing building projects as set forth in the Ordinance, under the authority of and in full conformity with the Constitution and laws of the State and the County and pursuant to the Ordinance.

The payment of the Bonds, as to all Bond Requirements, is secured solely 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, the Bond Fund, as defined in the Ordinance 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 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 thereon of the Parity Lien Bonds and any outstanding Parity Securities hereafter issued and superior to the lien thereon of the Subordinate Securities. Bonds and other securities, in addition to the Bonds and the Parity Lien 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 on a parity with the lien, of the Parity Lien Bonds and 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 244A.011 to 244.065, inclusive (the "Project Act"); and the ordinance adopted by the Board of County Commissioners of Washoe

County relating to the imposition of the Sales Tax pursuant to NRS chapter 377B, as amended from time to time (the "Sales Tax Act"); an act cited as NRS 350.500 through 350.720, and all laws amendatory thereof, designated in NRS 350.500 as the Local Government Securities Law (the "Bond Act"); 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, 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 Sales Tax Act, the Bond Act, and the Supplemental Bond Act, and pursuant to NRS 350.628, this recital is conclusive evidence of the validity of the Bonds and the regularity of their issuance; and pursuant to NRS 350.710, the Bonds, their transfer, and the income therefrom shall forever be and remain free and exempt from taxation by the State or any subdivision thereof except 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.

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 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 Sales Tax Act, the Bond Act, 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 manual or facsimile signature of the Chair of its Board of County Commissioners, to be countersigned and executed with the manual or facsimile signature of the County Treasurer and has caused a manual impression or a facsimile of the seal of the County to be affixed hereon; and has caused this Bond to be signed, executed and attested with the manual or facsimile signature of the County Clerk, all as of _____, 2016.

WASHOE COUNTY, NEVADA

(Manual or Facsimile Signature)

Chair

Board of County Commissioners

Countersigned:

(Manual or Facsimile Signature)

County Treasurer

(Manual or Facsimile Seal)

Attest:

(Manual or Facsimile Signature)

County Clerk

- * Insert only if Bonds are delivered pursuant to Section 307(A)(3) of this Ordinance.
- ** Insert only if Bonds are initially delivered to the Depository Trust Company pursuant to Section 307(A) of this Ordinance.
- *** Insert only if Certificate of the County Officer designates any of the Bonds as term Bonds.

(Form of Certificate of Authentication for Bonds)

Date of authentication
and registration: _____

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

U.S. BANK, NATIONAL ASSOCIATION,
as Registrar

By: (Manual Signature) _____
Authorized Officer

(End of Form of Certificate of Authentication for Bonds)

**(Form of Prepayment Panel)

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

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

(End of Form of Prepayment Panel)**

*(Form of 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 books kept for registration of the within Bond, 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, without alteration or enlargement or any change whatsoever. Signature(s) must be guaranteed by an eligible guarantor institution as defined in 17 CFR 240.17Ad-15(a)(2).

(End of Form of Assignment for Bonds)*

ARTICLE IV.

USE OF BOND PROCEEDS

Section 401 Disposition of Bond Proceeds. The proceeds of the Bonds upon the receipt thereof at any time or from time to time:

A. First, shall be credited to a separate account hereby created and to be known as the "Washoe County, Nevada, Sales Tax Revenue Refunding Bonds, Series 2016A, Escrow Account" to be held by the Escrow Bank in an amount fully sufficient to establish, together with any other moneys (including any monies deposited therein from the debt service fund for the Refunded Bonds) any initial cash balance remaining uninvested and to buy the Federal Securities designated in the Escrow Agreement for credit to the Escrow Account, to be used solely for the purpose of paying the bond requirements of the Refunded Bonds as provided in the Escrow Agreement.

B. Second, shall be credited to a separate account hereby created and to be known as the "Washoe County, Nevada, Sales Tax Revenue Refunding Bonds, Series 2016A, Cost of Issuance Subaccount" (the "Cost of Issuance Account") to be used for the purpose of paying the costs of issuance of the Bonds. The Cost of Issuance Account shall be held by the Custodian and amounts shall be withdrawn from the Cost of Issuance Account by the Custodian upon written direction from the County chief financial officer or Comptroller to pay the costs of issuance of the Bonds.

Section 402 Moneys for Project. All moneys received and held by the County from all sources, except for the Escrow Account and the Rebate Account; but, including, without limitation, the Bond proceeds deposited in the Cost of Issuance Account and any revenues appropriated by the County for that purpose shall be deposited in the Cost of Issuance 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.

Section 403 Prevention of Bond Default. The County Comptroller shall use any Bond proceeds credited to the Cost of Issuance Account without further order or warrant, to pay the Bond Requirements of the Bonds as the same become due whenever and to the extent

moneys 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 Comptroller shall promptly notify the Chairman of any such use. Any moneys so used shall be restored to the Cost of Issuance Account, from the first Pledged Revenues thereafter received and not needed to meet the requirements provided in Sections 603 through 607 hereof.

Section 404 Completion of Project. When any amounts in the Cost of Issuance Account are no longer needed to pay the Cost of the Project, upon the direction of the County chief financial officer, the County Comptroller shall cause to be transferred to the Bond Fund all surplus moneys remaining in the Cost of Issuance Account, if any, except for any moneys designated by the County chief financial officer 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 Comptroller 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 405 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 406 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 Section 601 hereof.

ARTICLE V.

ESCROW ACCOUNT

Section 501 Maintenance of Escrow Account.

A. The Escrow Account shall be maintained by the County in an amount at the time of the initial deposits therein and at all times subsequently at least sufficient, together with the known minimum yield to be derived from the initial investment and any temporary reinvestment of the deposits therein or any part thereof in Federal Securities, to pay the interest due in connection with the Refunded Bonds, both accrued and not accrued, as the same become due up to and including the applicable redemption date for the Refunded Bonds; and to redeem, on such date the Refunded Bonds then Outstanding in accordance with the ordinance authorizing the issuance of the Refunded Bonds.

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

C. If for any reason the amount in the Escrow Account shall at any time be insufficient for its purpose, the County shall forthwith from the first moneys available therefore deposit in such account such additional moneys as shall be necessary to permit the payment in full of the principal, interest and any redemption premiums due in connection with the Refunded Bonds as herein provided.

Section 502 Redemption of Refunded Bonds. The County hereby irrevocably elects to conditionally call for prior redemption the Refunded Bonds set forth in the Escrow Agreement on the redemption date as provided in the Escrow Agreement, at the price equal to the principal amount of each Refunded Bond, or portion thereof, so redeemed as set forth in the Escrow Agreement. The registrar of the Refunded Bonds is authorized to give conditional

notices of prior redemption and defeasance of the Refunded Bonds in accordance with the terms of the Escrow Agreement and the ordinance authorizing the issuance of the Refunded Bonds.

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 Section 401 hereof, except moneys required to be deposited in the Rebate Fund and amounts held in the Escrow Account and 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 the Parity Lien Bonds and any Outstanding Parity Securities hereafter authorized the liens of which on the Pledged Revenues are 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 1998 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 to the special account in the treasury of the County established pursuant to the Act 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 Sections 604 through 607 hereof.

Section 604 Parity Bond Fund Payments. First, and contemporaneously with the transfers required by the ordinances authorizing the issuance of the Parity Lien Bonds and any bond ordinances authorizing the issuance of Parity Securities to be made to the bond funds of any Parity Securities, 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, or pursuant to Section 303B hereof, if any.

The moneys credited to the Bond Fund shall be used to pay the Bond Requirements of the Bonds as the Bond Requirements become due, including any mandatory sinking fund payments pursuant to Section 303B hereof, if any.

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. Second, and subject to the provisions hereinabove in this Article, but either concurrently with or subsequent to the payments required by Section 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 Parity Securities or Subordinate Securities, respectively, payable from the Pledged Revenues and 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 Parity Securities on the Pledged Revenues and the pledge thereof for the payment of such Parity Securities shall be on a parity with the lien and pledge of the Bonds as herein provided. Payments for bond and reserve funds for any Parity Securities shall be made concurrently with the payments for Parity Securities required by Section 604 hereof. Payments for bond and reserve funds for Subordinate Securities shall be made after the payments required by Sections 604 and 607 hereof with respect to Parity Securities.

Section 607 Payment of Rebate. Third, and subject to the provisions hereinabove in this Article and concurrently with the deposits to any rebate accounts for the Parity Securities required by any bond ordinances authorizing the issuance of such Parity Securities, there shall be transferred into the "Washoe County, Nevada, Sales Tax Revenue Refunding Bonds, Series 2016A Rebate Account" hereby created, after making in full the monthly deposits required by Sections 604 and 607, 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 Section 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 Section 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, for any one or any combination of lawful purposes, or otherwise, as the County may from time to time determine.

ARTICLE VII.

GENERAL ADMINISTRATION

Section 701 Administration of Accounts. The special accounts designated in Articles IV and VI hereof 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, except the Escrow Account, 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, except the Escrow Account, 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 Section 707 hereof. The County Treasurer may invest or reinvest any moneys on hand at any time as provided in Section 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 Section 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 Pledged Revenues or the Project. 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 Section 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 in due season for the payment of all such Bond Requirements without default as the same become due.

ARTICLE VIII.

SECURITIES LIENS AND ADDITIONAL SECURITIES

Section 801 Lien of the Bonds. The Bonds authorized herein constitute an irrevocable lien (but not necessarily an exclusive lien) upon the Pledged Revenues on a parity with the lien of the Parity Lien Bonds, subject to and after any superior liens upon such Pledged Revenues of any Superior Securities.

Section 802 Equality of Bonds. The Bonds, the Parity Lien 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, the Parity Lien Bonds and any other such Parity Securities, it being the intention of the County that there shall be no priority among the Bonds, the Parity Lien 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 Sections 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 Sections 807 through 812 hereof; but before any such additional Superior 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 Section 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 Sections 604, 606 or 607 hereof with respect to any Superior or Parity Securities.

B. Earnings Test. Except as hereinafter otherwise provided: (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 250% of 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 chief financial officer, independent feasibility consultant or an Independent Accountant to be derived in the first five Fiscal Years immediately succeeding the issuance of the other additional Superior or Parity Securities proposed to be issued, shall be at least equal to 250% of 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 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 chief financial officer, 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 imposition 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 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 chief financial officer, an independent feasibility consultant or an Independent Accountant, based upon estimates thereby as provided in Sections 803B and 803C hereof, that the annual revenues when adjusted as hereinabove provided in Section 803C hereof, are sufficient to pay such amounts as provided in Section 803B hereof, shall be conclusively presumed to be accurate in determining the right of the County to authorize, issue, sell and deliver additional Superior or Parity Securities with a lien on Pledged Revenues superior to or on a parity with the Bonds.

Section 805 Subordinate Securities Permitted. Subject to the limitations stated in Sections 811 and 812 hereof, the County may issue Subordinate 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 requirements stated in Article VIII hereof, the County may issue Superior Securities secured by and payable from the Pledged Revenues having a lien thereon prior and superior to the lien thereon of the Bonds and the Parity Lien Bonds; however, such 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 Sections 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 Sections 811 and 812 hereof, and subject to the inclusion of any such rights and privileges designated in Section 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 Section 803 hereof (including subsections A through C thereof) and Section 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 Section 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 Sales Tax Ordinance, 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 Sections 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 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 chief financial officer 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 Pledged Revenues. 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 Imposition of Sales Tax. The County shall continue to establish, fix, impose and collect the Sales Tax required by Section 915 hereof, if such action is necessary therefor. No reduction in the initial or existing imposition 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 Section 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 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 921 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 refinanced with the proceeds of the Bonds if such action or omission (i) would cause the interest on the Bonds to lose its exclusion from gross income for federal income tax purposes under Section 103 of the Tax Code, or (ii) would cause interest on the Bonds to lose its exclusion from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except to the extent such interest is required to be included in the adjusted current earnings adjustment applicable to corporations under Section 56 of the Tax Code in calculating corporate alternative minimum taxable income. The foregoing covenant shall remain in full force and effect notwithstanding the payment in full or defeasance of the Bonds until the date on which all obligations of the County in fulfilling the above covenant under the Tax Code have been met.

Section 922 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 County chief financial officer, County Manager or designee 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. The execution by the County chief financial officer, or in such officer's absence, the County Manager of the Purchase Proposal between the Purchaser and the County.

D. Certificates, Cost of Issuance Custodial Account Agreement, Escrow Agreement and Paying Agent Agreement. The completion and execution by the County chief financial officer, or in such officer's absence, the County Manager of the Certificate of the County Officer in accordance with the provisions of this Ordinance and the execution and delivery of the Continuing Disclosure Certificate, the Cost of Issuance Custodial Account Agreement, the Escrow Agreement and the Paying Agent Agreement by the County chief financial officer, or in such officer's absence, the County Manager.

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 Sections 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, on the mandatory redemption dates specified in Section 303B hereof, 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 Section 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 if it 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 Section 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 have an adverse effect on the Outstanding Bonds, the owners thereof, the Pledged Revenues or any Outstanding Parity Securities, 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 Section 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, and 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 mailing of the notice above provided for Section 1203 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 Section 1004 hereof, and no notice to the insurer of the Bonds, if any, or the owners of Bonds, shall be required as provided in Section 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 Section 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 Section 1004 hereof.

PASSED AND ADOPTED BY AN AFFIRMATIVE VOTE OF AT LEAST TWO-THIRDS OF THE MEMBERS OF THE BOARD OF COUNTY COMMISSIONERS OF WASHOE COUNTY, NEVADA, THIS DECEMBER 8, 2015.

Proposed on December 8, 2015.

Proposed by Commissioner _____.

Passed December 8, 2015.

Vote:

Ayes:

Nays:

Absent:

Attest:

County Clerk

Chair of the Board

This Ordinance shall be in full force and effect from and after 5:00 p.m. on the ____ day of _____, 2015, i.e., the date of the second publication of such Ordinance by title only.

STATE OF NEVADA)
) ss.
COUNTY OF WASHOE)

I am the qualified and elected Clerk of Washoe County (the "County"), and in the performance of my duties as Clerk do hereby certify:

1. The foregoing pages are a true, correct and compared copy of an ordinance adopted by Board of County Commissioners (the "Board") of the County at a meeting held on December 8, 2015. The original of the ordinance has been approved and authenticated by the signatures of the Chair of the Board and myself as County Clerk and sealed with the seal of the County, and has been recorded in the minute book of the Board kept for that purpose in my office.

2. Said proceedings were duly had and taken as therein shown. The Commissioners set forth in the ordinance were present at said meeting and voted on 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 excerpts from the agenda for the meeting relating to the ordinance, as posted by 9:00 a.m. at least 3 working days in advance of the meeting at the County's website, on the official website of the State of Nevada pursuant to NRS 232.2175 and:

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

(iv) Sparks Justice Court
1675 East Prater Way
Sparks, Nevada

is attached as Exhibit A.

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

6. A copy of an affidavit evidencing publication of notice of adoption of the ordinance is attached hereto as Exhibit B.

IN WITNESS WHEREOF, I have hereunto set my hand this December 8, 2015.

County Clerk

EXHIBIT A

(Attach Copy of Notice of December 8, 2015 Meeting)

EXHIBIT B

(Attach Affidavit of Publication of Notice of Adoption of Ordinance)

PRELIMINARY OFFICIAL STATEMENT DATED JANUARY __, 2016

NEW ISSUE
BOOK-ENTRY ONLY

RATINGS: S&P: “ ___ ”
Moody’s: “ ___ ”
See “RATINGS”

In the opinion of Sherman & Howard L.L.C., Bond Counsel, assuming continuous compliance with certain covenants described herein, interest on the 2016 Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the 2016 Bonds (the “Tax Code”) and interest on the 2016 Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except that such interest is required to be included in calculating the “adjusted current earnings” adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations. See “TAX MATTERS.”

\$13,640,000*
WASHOE COUNTY, NEVADA
SALES TAX REVENUE
REFUNDING BONDS
SERIES 2016A

\$10,285,000*
WASHOE COUNTY, NEVADA
GENERAL OBLIGATION (LIMITED TAX)
PUBLIC SAFETY REFUNDING BONDS
(ADDITIONALLY SECURED BY
PLEGGED REVENUES)
SERIES 2016B

Dated: Date of Delivery

Due: December 1 (2016A Bonds), as shown herein
Due: March 1 (2016B Bonds), as shown herein

The 2016 Bonds (defined herein) are issued as fully registered bonds, in denominations of \$5,000 or any integral multiple thereof and initially will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), the securities depository for the 2016 Bonds. Purchases of the 2016 Bonds are to be made in book entry form only. Purchasers will not receive certificates representing their beneficial ownership interest in the 2016 Bonds. See “THE 2016 BONDS--Book-Entry Only System.” The 2016A Bonds bear interest at the rates set forth herein, payable semi-annually on June 1 and December 1 of each year, commencing June 1, 2016, to and including the maturity dates shown herein (unless the 2016A Bonds are redeemed earlier), to the registered owners of the 2016A Bonds (initially Cede & Co.). The 2016B Bonds bear interest at the rates set forth herein, payable semi-annually on March 1 and September 1 of each year, commencing March 1, 2016, to and including the maturity dates shown herein (unless the 2016B Bonds are redeemed earlier), to the registered owners of the 2016B Bonds (initially Cede & Co.). The principal of the 2016 Bonds will be payable upon presentation and surrender at the principal operations office of U.S. Bank National Association, or its successor as the paying agent for the 2016 Bonds. See “THE 2016 BONDS.”

The maturity schedules for the 2016 Bonds appears on the inside cover page of this Official Statement.

The 2016 Bonds are subject to redemption prior to maturity at the option of the County and also are subject to mandatory sinking fund redemption as described in “THE 2016 BONDS--Redemption Provisions.”

Proceeds of the 2016A Bonds will be used to (i) refund all the Series 1998 Bonds (defined herein) and (ii) pay the costs of issuing the 2016A Bonds. Proceeds of the 2016B Bonds will be used to (i) refund a portion of the Series 2006 Bonds (defined herein) and (ii) pay the costs of issuing the 2016B Bonds. See “SOURCES AND USES OF FUNDS.”

The 2016A Bonds constitute special, limited obligations of Washoe County, Nevada (the “County”). The principal of and interest on the 2016A Bonds is payable solely from and secured by an irrevocable pledge of the 2016A Pledged Revenues (defined herein) derived primarily from specified sales taxes as more particularly described herein. See “SECURITY FOR THE 2016A BONDS.” The 2016A Bonds have a lien on the 2016A Pledged Revenues (but not necessarily an exclusive lien), which are comprised primarily of certain Sales Tax receipts. The County may issue additional bonds with a lien on the 2016A Pledged Revenues that is on a parity with or superior to the lien of the 2016A Bonds. **The 2016A Bonds do not constitute a debt or indebtedness of the County within the meaning of any constitutional or statutory provision or limitation and shall not be considered or held to be a general obligation of the County. Owners of the 2016A Bonds may not look to any other funds or accounts other than those specifically pledged to the payment of the 2016A Bonds.**

The 2016B Bonds constitute direct and general obligations of the County, and the full faith and credit of the County is pledged for the payment of the principal and interest thereon, subject to the limitations imposed by the Constitution and statutes of the State of Nevada. See “SECURITY FOR THE 2016B BONDS--General Obligations.” The

2016B Bonds are additionally secured by a lien on the 2016B Pledged Revenues (but not necessarily an exclusive lien), which are comprised primarily of certain Consolidated Tax receipts, that is on a parity with the 2016B Parity Securities (defined herein). The County may issue additional bonds with a lien on the 2016B Pledged Revenues that is on a parity with or superior to the lien of the 2016B Bonds. See "SECURITY FOR THE 2016B BONDS—2016B Pledged Revenues."

This cover page contains certain information for quick reference only. It is *not* a summary of the issue. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision.

The 2016 Bonds are offered when, as, and if issued by the County, subject to the approval of legality of the 2016 Bonds by Sherman & Howard L.L.C., Reno, Nevada, and the satisfaction of certain other conditions. Sherman & Howard L.L.C. also has acted as special counsel to the County in connection with the Official Statement. Hobbs, Ong & Associates, Inc., Las Vegas, Nevada, and Public Financial Management, Inc., San Francisco, California, have acted as Financial Advisors to the County. Certain legal matters will be passed upon for the County by the District Attorney. It is expected that the 2016 Bonds will be available for delivery through the facilities of DTC on or about February 9, 2016.

This Official Statement is dated February __, 2016.

MATURITY SCHEDULES
(CUSIP® 6-digit issuer number: 940774)

\$13,640,000*
WASHOE COUNTY, NEVADA
SALES TAX REVENUE REFUNDING BONDS
SERIES 2016A

<u>Maturing</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP®</u>		<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP®</u> <u>Issue</u> <u>Number</u>
				<u>Issue</u> <u>Number</u>	<u>Maturing</u>				
6/1/2016	\$210,000				12/1/2023	\$1,125,000			
12/1/2017	--				12/1/2024	1,160,000			
12/1/2018	365,000				12/1/2025	1,210,000			
12/1/2019	1,025,000				12/1/2026	1,270,000			
12/1/2020	1,045,000				12/1/2027	1,320,000			
12/1/2021	1,065,000				12/1/2028	1,360,000			
12/1/2022	1,090,000				12/1/2029	1,395,000			

\$10,285,000*
WASHOE COUNTY, NEVADA
GENERAL OBLIGATION (LIMITED TAX)
PUBLIC SAFETY REFUNDING BONDS
(ADDITIONALLY SECURED BY PLEDGED REVENUES)
SERIES 2016B

<u>Maturing</u> <u>(March 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP®</u>		<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP®</u> <u>Issue</u> <u>Number</u>
				<u>Issue</u> <u>Number</u>	<u>Maturing</u> <u>(March 1)</u>				
2016	\$195,000				2027	\$550,000			
2017	--				2028	565,000			
2018	15,000				2029	585,000			
2019	425,000				2030	600,000			
2020	430,000				2031	615,000			
2021	440,000				2032	640,000			
2022	455,000				2033	660,000			
2023	465,000				2034	685,000			
2024	480,000				2035	705,000			
2025	510,000				2036	730,000			
2026	535,000								

USE OF INFORMATION IN THIS OFFICIAL STATEMENT

This Official Statement, which includes the cover, the inside cover page and the appendices, does not constitute an offer to sell or the solicitation of an offer to buy any of the 2016 Bonds in any jurisdiction in which it is unlawful to make such offer, solicitation, or sale. No dealer, salesperson, or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement in connection with the offering of the 2016 Bonds, and if given or made, such information or representations must not be relied upon as having been authorized by the County. The County provides certain information to the public on the internet; however, the information presented there is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the 2016 Bonds.

The information set forth in this Official Statement has been obtained from the County and from the other sources referenced throughout this Official Statement, which the County believes to be reliable. No guarantee is made by the County, however, as to the accuracy or completeness of information provided from sources other than the County. This Official Statement contains, in part, estimates and matters of opinion that are not intended as statements of fact, and no representation or warranty is made as to the correctness of such estimates and opinions, or that they will be realized.

The information, estimates, and expressions of opinion contained in this Official Statement are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the 2016 Bonds shall, under any circumstances, create any implication that there has been no change in the affairs of the County, or in the information, estimates, or opinions set forth herein, since the date of this Official Statement.

This Official Statement has been prepared only in connection with the original offering of the 2016 Bonds and may not be reproduced or used in whole or in part for any other purpose.

The 2016 Bonds have not been registered with the Securities and Exchange Commission due to certain exemptions contained in the Securities Act of 1933, as amended. The 2016 Bonds have not been recommended by any federal or state securities commission or regulatory authority, and the foregoing authorities have neither reviewed nor confirmed the accuracy of this document.

THE PRICES AT WHICH THE 2016 BONDS ARE OFFERED TO THE PUBLIC BY THE INITIAL PURCHASER (AND THE YIELDS RESULTING THEREFROM) MAY VARY FROM THE INITIAL PUBLIC OFFERING PRICES OR YIELDS APPEARING ON THE INSIDE COVER PAGE HEREOF. IN ADDITION, THE INITIAL PURCHASER MAY ALLOW CONCESSIONS OR DISCOUNTS FROM SUCH INITIAL PUBLIC OFFERING PRICES TO DEALERS AND OTHERS. IN ORDER TO FACILITATE DISTRIBUTION OF THE 2016 BONDS, THE INITIAL PURCHASER MAY ENGAGE IN TRANSACTIONS INTENDED TO STABILIZE THE PRICE OF THE 2016 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

WASHOE COUNTY, NEVADA

WASHOE COUNTY BOARD OF COUNTY COMMISSIONERS

Marsha Berkgigler, Chair
Kitty Jung, Vice Chair
Vaughn Hartung
Jeanne Herman
Bob Lucey

COUNTY OFFICIALS

John Slaughter, County Manager
Joey Orduna Hastings, Assistant County Manager
Tammi Davis, County Treasurer
Mary Solorzano, Acting County Comptroller
Christopher Hicks, District Attorney
Nancy Parent, County Clerk

FINANCIAL ADVISORS

Hobbs, Ong & Associates, Inc.
Las Vegas, Nevada

Public Financial Management, Inc.
San Francisco, California

BOND AND SPECIAL COUNSEL

Sherman & Howard L.L.C.
Reno, Nevada

REGISTRAR AND PAYING AGENT

U.S. Bank National Association

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OFFICIAL STATEMENT

\$13,640,000*
WASHOE COUNTY, NEVADA
SALES TAX REVENUE
REFUNDING BONDS
SERIES 2016A

\$10,285,000*
WASHOE COUNTY, NEVADA
GENERAL OBLIGATION (LIMITED TAX)
PUBLIC SAFETY REFUNDING BONDS
(ADDITIONALLY SECURED BY
PLEGGED REVENUES)
SERIES 2016B

INTRODUCTION

General

This Official Statement, including the cover page, the inside cover page and the appendices, is furnished by Washoe County, Nevada (the "County" and the "State," respectively), to provide information about the County and its \$13,640,000* Sales Tax Revenue Refunding Bonds, Series 2016A (the "2016A Bonds") and its \$10,285,000* General Obligation (Limited Tax) Public Safety Refunding Bonds (Additionally Secured by Pledged Revenues) Series 2016B (the "2016B Bonds" and together with the 2016A Bonds, the "2016 Bonds"). The 2016A Bonds will be issued pursuant to an ordinance (the "2016A Bond Ordinance") adopted by the Board of Commissioners of the County (the "Board") on November 24, 2015, and the 2016B Bonds will be issued pursuant to an ordinance (the "2016B Bond Ordinance" and together with the 2016A Bond Ordinance, the "Bond Ordinances") adopted by the Board on November 24, 2015. Capitalized terms used herein that are otherwise not defined have the meanings ascribed to them in the Bond Ordinances. See Appendix B--Summary of Certain Provisions of the 2016A Bond Ordinance and Appendix C--Summary of Certain Provisions of the 2016B Bond Ordinance.

The offering of the 2016 Bonds is made only by way of this Official Statement, which supersedes any other information or materials used in connection with the offer or sale of the 2016 Bonds. The following introductory material is only a brief description of and is qualified by the more complete information contained throughout this Official Statement. A full review should be made of the entire Official Statement and the documents summarized or described herein. Detachment or other use of this "INTRODUCTION" without the entire Official Statement, including the cover page, the inside cover page and the appendices, is unauthorized.

The County

The County is a political subdivision of the State of Nevada (the "State") organized in 1861. The County covers an area of approximately 6,600 square miles in the northwest section of the State. The City of Reno ("Reno") is the County seat and is the third largest city in the State. According to the State Demographer, the County's population was estimated to be 444,008 as of March 1, 2015. See "THE COUNTY."

* Subject to change.

Purpose

Proceeds of the 2016A Bonds will be used to (i) refund all of the Series 1998 Bonds (defined herein) and (ii) pay the costs of issuing the 2016A Bonds. Proceeds of the 2016B Bonds will be used to (i) refund a portion of the Series 2006 Bonds (defined herein) and (ii) pay the costs of issuing the 2016B Bonds. See “SOURCES AND USES OF FUNDS.”

Authority for Issuance

The 2016 Bonds are being issued pursuant to the constitution and laws of the State, including NRS 244A.011 through 244A.065 (the “Project Act”), NRS 350.500 through 350.720, inclusive (the “Bond Act”) and Chapter 348 of NRS (the “Supplemental Bond Act”). The 2016A Bonds are further issued pursuant to Chapter 377B (the “Infrastructure Act”) and the 2016A Bond Ordinance. The 2016B Bonds are further issued pursuant to NRS 360.600 to 360.740, inclusive (the “Consolidated Tax Act”) and the 2016B Bond Ordinance.

The 2016 Bonds; Prior Redemption

The 2016 Bonds will be issued as fully registered bonds in the denomination of \$5,000, or any integral multiple thereof. The 2016 Bonds initially will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), the securities depository for the 2016 Bonds. Purchases of the 2016 Bonds are to be made in book-entry form only. Purchasers will not receive certificates representing their beneficial ownership interest in the 2016 Bonds. See “THE 2016 BONDS--Book-Entry Only System.” The 2016 Bonds mature and bear interest (calculated based on a 360-day year consisting of twelve 30-day months) as set forth on the inside cover page of this Official Statement. The payment of principal of and interest on each series of the 2016 Bonds is described in “THE 2016 BONDS--Payment Provisions.”

The 2016 Bonds are subject to redemption prior to maturity at the option of the County as described in “THE 2016 BONDS--Redemption Provisions.” The 2016 Bonds also are subject to mandatory sinking fund redemption as described in “THE 2016 BONDS--Redemption Provisions.”

Security – 2016A Bonds

Special, Limited Obligations. The 2016A Bonds are special obligations of the County, payable solely from the 2016A Pledged Revenues (described below). The 2016A Bonds do not constitute a general obligation debt or indebtedness of the County, the State or any other political subdivision of the State and no owner of any 2016A Bond may look to any source of funds other than the 2016A Pledged Revenues (defined below) for payment of debt service on the 2016A Bonds.

2016A Pledged Revenues Generally. The 2016A Bonds are special obligations of the County, payable solely from and secured by the 2016A Pledged Revenues. “2016A Pledged Revenues” means all income and revenue received by the County from the Sales Tax (defined below) imposed by the County. The 2016A Pledged Revenues means all or a portion of the 2016A 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 2016A

Pledged Revenues include income derived from any additional Sales Tax imposed by the County if the Board elects to include the additional tax in “2016A Pledged Revenues” for the remaining term of the 2016A Bonds. The Board may elect to include additional taxes in 2016A Pledged Revenues for the remaining term of the 2016A Bonds by adoption of a resolution or ordinance to include such additional tax.

Pursuant to the State law, the Sales Tax is collected by the State and then remitted monthly to the County. For further descriptions of the 2016A Pledged Revenues, see “SECURITY FOR THE 2016A BONDS” and Appendix B - Summary of Certain Provisions of the 2016A Bond Ordinance.

The Sales Tax. The Sales Tax, as more fully defined in “SECURITY FOR THE 2016A BONDS—2016A Pledged Revenues” and in Appendix B, currently is imposed at a rate of one-eighth of one percent (0.125%) 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, less: (i) a percentage paid as compensation to the State for the cost of collecting the Sales Tax (currently 1.75%), and (ii) amounts allowed to be retained by retailers as compensation for collecting the Sales Tax (currently 0.25% pursuant to State law). For a description of historic Sales Tax collections, see “SECURITY FOR THE 2016A BONDS—Revenues Available for Debt Service.”

Lien Priority. After the issuance of the 2016A Bonds and the completion of the 2016A Refunding Project, the County will have no bonds outstanding with a lien on the 2016A Pledged Revenues which is on a parity with or superior to the lien thereon of the 2016A Bonds. The County’s General Obligation (Limited Tax) Flood Control Bonds (Additionally Secured by Pledged Revenues), Series 2006 (the “2006 Subordinate Flood Bonds”), outstanding as of January 5, 2016, in the amount of \$17,070,945, have a lien on the 2016A Pledged Revenues which is subordinate to the lien thereon of the 2016A Bonds, and such bonds are also secured by the full faith, credit and taxing power of the County (subject to statutory and constitutional limits described herein). The 2006 Subordinate Flood Bonds have a final maturity date of December 1, 2035, and bear interest at a variable rate equal to the sum of an index rate plus 0.70%. The variable rate was most recently reset on May 1, 2011, for a five-year period. The next reset date will be May 1, 2016

Additional Bonds. Pursuant to the Interlocal Agreement (defined and described in “SECURITY FOR THE 2016A BONDS—Revenues Available for Debt Service—Pledge of Net Sales Tax to the Flood Authority”), the County has agreed that it may use Sales Tax revenue only to pay debt service on the Series 1998 Bonds, the 2006 Subordinate Flood Bonds or any refundings thereof (such as the 2016A Bonds). Accordingly, the County is prohibited by the Interlocal Agreement from issuing additional debt payable from the Sales Tax. If the terms of the Interlocal Agreement are ever revised to permit additional uses or if the Interlocal Agreement is ever terminated, the 2016A Bond Ordinance permits the County to issue additional bonds with a lien on the 2016A Pledged Revenues that is on a parity with or superior to the lien thereon of the 2016A Bonds (together with the 2016A Parity Lien bonds, the “2016A Parity Securities”) only upon the satisfaction of certain conditions set forth therein. See “SECURITY FOR THE 2016A BONDS--Additional Bonds.”

The County has no current plans to issue additional 2016A Parity Securities or 2016A Superior Securities, but reserves the right to do so whenever legal requirements are

satisfied. The County is unaware of any plans to amend the Interlocal Agreement to permit it to issue additional bonds. See “SECURITY FOR THE 2016A BONDS--Additional Bonds.”

Security – 2016B Bonds

General Obligations. The 2016B Bonds are direct and general obligations of the County, payable as to principal and interest from annual general (ad valorem) taxes levied against all taxable property within the County (the “General Taxes”) (except to the extent any other monies are made available therefor), subject to the State constitutional and statutory limitations on the aggregate amount of ad valorem taxes. Generally, the combined overlapping tax rate is limited by statute to \$3.64 per \$100 of assessed valuation. See “SECURITY FOR THE 2016B BONDS--General Obligations” and “PROPERTY TAX INFORMATION-2016B BONDS--Property Tax Limitations.”

Additional Security for 2016B Bonds – 2016B Pledged Revenues. The 2016B Bonds are additionally secured by an irrevocable pledge of and lien (but not necessarily an exclusive lien) on the 2016B Pledged Revenues. “2016B Pledged Revenues” means a 15% portion of all income and revenue derived by the County and allowed to be pledged pursuant to the Consolidated Tax Act (as described below and herein, the “Consolidated Tax”). The Consolidated Tax consists of revenues from the following sources: certain sales taxes (the “Basic City/County Relief Tax” and the “Supplemental City/County Relief Tax”); excise taxes on cigarettes and liquor (the “Cigarette Tax” and the “Liquor Tax,” respectively); a tax on the licensing of motor vehicles (the “Basic Governmental Services Tax”); and real property transfer taxes (the “Real Property Transfer Tax”). Pursuant to the State law, the Consolidated Tax generally is collected by the State and then remitted monthly to the County. For a further definition of the 2016B Pledged Revenues, see “SECURITY FOR THE 2016B BONDS” and Appendix C - Summary of Certain Provisions of the 2016B Bond Ordinance.

Lien Priority. The 2016B Bonds have a lien (but not necessarily an exclusive lien) on the 2016B Pledged Revenues on a parity with the lien thereon of \$55,270,000 aggregate principal amount of the following outstanding bonds (the “2016B Parity Lien Bonds”):

Outstanding 2016B Parity Lien Bonds⁽¹⁾

Bond Series	Final Payment	Original Amount	Amount Outstanding
Library Building Bonds, Series 2004	03/01/19	\$ 3,280,000	\$ 790,000
Building and Parking Garage Bonds, Series 2004	01/01/18	11,900,000	1,255,000
Public Safety Bonds, Series 2006	03/01/36	12,500,000	310,000*(2)
Park Bonds, Series 2006	03/01/30	25,305,000	3,560,000
Building Refunding Bonds, Series 2011B	11/01/26	12,565,000	9,925,000
Refunding Bonds, Series 2012B	03/01/27	27,580,000	27,430,000
Medical Examiner Building Bonds, Series 2015	03/01/35	12,000,000	<u>12,000,000</u>
Total			<u>\$55,270,000</u>

(1) As of January 5, 2016, taking into account the issuance of the 2016B Bonds and the 2016B Refunding Project. All of these obligations constitute general obligations (limited tax) additionally secured by the 2016B Pledged Revenues.

(2) The Series 2006 Bonds are currently outstanding in the amount of \$10,210,000. The County expects to refund all of the outstanding Series 2006 Bonds except the 2016 maturity (\$310,000) (the "Remaining 2006 Bonds") with the net proceeds of the 2016B Bonds. See "SOURCES AND USES OF FUNDS."

Source: Compiled by the Financial Advisor.

Additional Bonds. Upon the satisfaction of certain conditions set forth in the 2016B Bond Ordinance, the County may issue additional bonds with a lien on the 2016B Pledged Revenues that is on a parity with the lien thereon of the 2016B Bonds (together with the 2016B Parity Lien bonds, the "2016B Parity Securities"). In addition, the County may issue additional bonds with a lien on all or a portion of the 2016B Pledged Revenues that is superior to the lien thereon of the 2016B Bonds ("2016B Superior Securities"). See "SECURITY FOR THE 2016B BONDS--Additional Bonds." Any 2016B Superior Securities will be revenue bonds that do not carry the County's general obligation pledge.

The County has no current plans to issue additional 2016B Parity Securities or 2016B Superior Securities, but reserves the right to do so whenever legal requirements are satisfied. See "SECURITY FOR THE 2016B BONDS--Additional Bonds."

Tax Matters

In the opinion of Bond Counsel, assuming continuous compliance with certain covenants described herein, interest on the 2016 Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 for the Internal Revenue Code of 1986, as amended to the date of delivery of the 2016 Bonds (the "Tax Code") and interest on the 2016 Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code, except that such interest is required to be included in calculating the "adjusted current earnings" adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations. See "TAX MATTERS--Federal Tax Matters."

Under the laws of the State in effect as of the date of delivery of the 2016 Bonds, the 2016 Bonds, their transfer, and the income therefrom, are free and exempt from taxation by

* Subject to change.

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. See “TAX MATTERS--State Tax Exemption.”

Professionals

Sherman & Howard L.L.C., Reno, Nevada, has acted as Bond Counsel to the County and also has acted as Special Counsel to the County in connection with this Official Statement. The financial advisors to the County in connection with the issuance of the 2016 Bonds are Hobbs, Ong & Associates, Inc., Las Vegas, Nevada and Public Financial Management, Inc., San Francisco, California (the “Financial Advisors”). See “FINANCIAL ADVISORS.” The fees of Bond Counsel, Special Counsel and the Financial Advisors will be paid only from 2016 Bond proceeds at closing. The County’s audited basic financial statements, included in Appendix A of this Official Statement, include the report of Eide Bailly LLP, certified public accountants, Reno, Nevada. See “INDEPENDENT AUDITORS.” U.S. Bank National Association, will act as the registrar and paying agent for the 2016 Bonds (the “Registrar” and “Paying Agent”).

Continuing Disclosure Undertakings

The County will execute a separate continuing disclosure certificate (together, the “Disclosure Certificates”) at the time of the closing for each series of the 2016 Bonds. The Disclosure Certificates will be executed for the benefit of the beneficial owners of the 2016A Bonds and the 2016B Bonds, respectively, and the County will covenant in the Bond Ordinances to comply with their terms. The Disclosure Certificates will provide that so long as the applicable series of 2016 Bonds remain outstanding, the County will provide the following information to the Municipal Securities Rulemaking Board, through the Electronic Municipal Market Access system (“EMMA”): (i) annually, certain financial information and operating data; and (ii) notice of the occurrence of certain material events; each as specified in the Disclosure Certificates. The forms of the Disclosure Certificates are attached hereto as Appendix E. In the last five years, the County has not failed to materially comply with any continuing disclosure undertakings entered into pursuant to Rule 15c2-12 promulgated under the Securities Exchange Act of 1934.

Forward-Looking Statements

This Official Statement contains statements relating to future results that are “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. The sections of this Official Statement containing forward-looking statements include, but are not limited to, all sections disclosing unaudited, estimated financial results for fiscal year 2016 and sections disclosing budgeted amounts for fiscal year 2016. When used in this Official Statement, the words “estimate,” “forecast,” “intend,” “expect” and similar expressions identify forward-looking statements. Any forward-looking statement is subject to uncertainty. Accordingly, such statements are subject to risks that could cause actual results to differ, possibly materially, from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop forward-looking statements will not be realized or unanticipated events and circumstances may occur. Therefore, investors should be aware that there are likely to be differences between forward-looking statements and actual results. Those differences could be material and could impact the availability of funds to pay debt service on the 2016 Bonds.

Secondary Market

No guarantee can be made that a secondary market for the 2016 Bonds will develop or be maintained by the Initial Purchaser of the 2016 Bonds (see "UNDERWRITING") or others. Thus, prospective investors should be prepared to hold their 2016 Bonds to maturity.

Additional Information

This introduction is only a brief summary of the provisions of the 2016 Bonds, the Bond Ordinances and the Refunding Projects; a full review of the entire Official Statement should be made by potential investors. Brief descriptions of the County, the 2016 Bonds, the Bond Ordinances and other documents are included in this Official Statement. All references herein to the 2016 Bonds, the Bond Ordinances and other documents are qualified in their entirety by reference to such documents. *This Official Statement speaks only as of its date and the information contained herein is subject to change.*

Additional information and copies of the documents referred to herein are available from the County and the Financial Advisors:

Washoe County
1001 E. 9th Street
Reno, Nevada 89512
Attn: Budget Manager
Telephone: (775) 328-2566

Hobbs, Ong & Associates, Inc.
3900 Paradise Road, Suite 152
Las Vegas, Nevada 89169
Telephone: (702) 733-7223

Public Financial Management, Inc.
50 California Street, Suite 2300
San Francisco, CA 94111
Telephone: (415) 982-4513

THE 2016 BONDS

General

The 2016 Bonds will be issued as fully registered bonds in denominations of \$5,000 or integral multiples thereof and initially will be registered in the name of "Cede & Co.," as nominee of DTC, pursuant to DTC's book-entry only system. The 2016 Bonds will be dated as of the date of delivery and will bear interest and mature at the rates and on the dates set forth on the inside cover page of this Official Statement.

Payment Provisions

The principal and redemption premium, if any, of any 2016 Bond shall be payable to the registered owner thereof as shown on the registration records kept by the Registrar, upon maturity or prior redemption thereof and upon presentation and surrender at the office of the Paying Agent or at such other office as designated by the Paying Agent. If any 2016 Bond shall not be paid upon presentation and surrender at or after maturity, it shall continue to draw interest at the interest rate borne by said 2016 Bond until the principal thereof is paid in full. Payment of interest on any 2016 Bond shall be made to the registered owner thereof by check or draft mailed by the Paying Agent on each interest payment date (or, if such interest payment date is not a business day, on the next succeeding business day), to the registered owner thereof at his address as shown on the registration records kept by the Registrar at the close of business on the 15th day of the calendar month next preceding such interest payment date (the "Regular Record Date"); but any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner thereof at the close of business on the Regular Record Date and shall be payable to the person who is the registered owner thereof at the close of business on a special record date for the payment of any such defaulted interest (a "Special Record Date"). Such Special Record Date shall be fixed by the Registrar whenever moneys become available for payment of the defaulted interest, and notice of the Special Record Date shall be given to the registered owners of the 2016 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 2016 Bond by such alternative means as may be mutually agreed to between the owner of such 2016 Bond and the Paying Agent. All such payments shall be made in lawful money of the United States of America.

Notwithstanding the foregoing, payments of the principal and interest on the 2016 Bonds will be made by the Registrar and Paying Agent directly to DTC or its nominee, Cede & Co., so long as DTC or Cede & Co. is the sole registered owner of the 2016 Bonds. Disbursement of such payments to DTC's Participants is the responsibility of DTC, and disbursements of such payments to the Beneficial Owners is the responsibility of DTC's Participants and the Indirect Participants, as more fully described herein. See "--Book-Entry Only System" below.

Redemption Provisions

Optional Redemption – 2016A Bonds.* The 2016A Bonds, or portions thereof (\$5,000 or any integral multiple), maturing on and after December 1, 2026, will be subject to redemption prior to their respective maturities, at the option of the County, as directed by the County chief financial officer, on and after December 1, 2025, in whole or in part at any time, from such maturities as are selected by the County chief financial officer, and if less than all the 2016A Bonds of a maturity are to be redeemed, the 2016A Bonds of such maturity are to be redeemed by lot within a maturity (giving proportionate weight to 2016A Bonds in denominations larger than \$5,000), in such manner as the Paying Agent may determine, for the principal amount of each 2016A Bond or portion thereof so redeemed and accrued interest thereon to the redemption date, without redemption premium.

Optional Redemption – 2016B Bonds.* The 2016B Bonds, or portions thereof (\$5,000 or any integral multiple), maturing on and after March 1, 2027, will be subject to redemption prior to their respective maturities, at the option of the County, as directed by the County chief financial officer, on and after March 1, 2026, in whole or in part at any time, from such maturities as are selected by the County chief financial officer, and if less than all the 2016B Bonds of a maturity are to be redeemed, the 2016B Bonds of such maturity are to be redeemed by lot within a maturity (giving proportionate weight to 2016B Bonds in denominations larger than \$5,000), in such manner as the Paying Agent may determine, for the principal amount of each 2016B Bond or portion thereof so redeemed and accrued interest thereon to the redemption date, without redemption premium.

Mandatory Sinking Fund Redemption – 2016A Bonds.* The 2016A Bonds maturing on December 1, 20__ (the “2016A Term Bonds”), are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof and accrued interest to the redemption date. 2016A Term Bonds will be selected by lot in such manner as the Registrar may determine.

As and for a sinking fund for the redemption of those 2016A Term Bonds maturing on December 1, 20__, there shall be deposited into the 2016A Bond Account on or before December 1 of the years shown below, a sum which, together with other moneys available therein is sufficient to redeem the 2016A Term Bonds maturing on December 1, 20__, on the dates and in the principal amounts shown below:

<u>Redemption Date</u> <u>(December 1)</u>	<u>Principal</u> <u>Amount</u>
-----------------------------------------------	-----------------------------------

* Subject to change.

Mandatory Sinking Fund Redemption – 2016B Bonds.* The 2016B Bonds maturing on March 1, 20__ (the “2016B Term Bonds” and together with the 2016A Term Bonds, the “Term Bonds”), are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof and accrued interest to the redemption date. 2016B Term Bonds will be selected by lot in such manner as the Registrar may determine.

As and for a sinking fund for the redemption of those 2016B Term Bonds maturing on March 1, 20__, there shall be deposited into the 2016B Bond Account on or before March 1 of the years shown below, a sum which, together with other moneys available therein is sufficient to redeem the 2016B Term Bonds maturing on March 1, 20__, on the dates and in the principal amounts shown below:

Redemption Date (March 1)	Principal Amount
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Not more than sixty days nor less than thirty days prior to the sinking fund payment dates for the Term Bonds, the Registrar shall proceed to select for redemption (by lot in such manner as the Registrar may determine) from all outstanding Term Bonds, a principal amount of the Term Bonds equal to the aggregate principal amount of the Term Bonds redeemable with the required sinking fund payments.

At the option of the County to be exercised by delivery of a written certificate to the Registrar not less than sixty days preceding any sinking fund redemption date, it may (i) deliver to the Registrar for cancellation Term Bonds or portions thereof (\$5,000 or any integral multiple thereof) in an aggregate principal amount desired by the County or, (ii) specify a principal amount of Term Bonds or portions thereof (\$5,000 or any integral multiple thereof) which prior to said date have been redeemed (otherwise than through the operation of the sinking fund) and canceled by the Registrar and not theretofore applied as a credit against any sinking fund redemption obligation. Each Term Bond or portion thereof so delivered or previously redeemed shall be credited by the Registrar at 100% of the principal amount thereof against the obligation of the County on the sinking fund redemption date and any excess shall be so credited against future sinking fund redemption obligations in such manner as the County determines.

Notice of Redemption. Notice of prior redemption shall be given by the Registrar electronically as long as Cede & Co. or a nominee of a successor depository is the registered owner of the 2016 Bonds and otherwise by first class, postage prepaid mail, at least 30 days but not more than 60 days prior to the Redemption Date, to the registered owner of any 2016 Bond (initially Cede & Co.) all or a part of which is called for prior redemption at his or her address as it last appears on the registration records kept by the Registrar. The notice shall identify the 2016 Bonds or portions thereof to be redeemed and state that on such date the principal amount thereof will become due and payable at the Paying Agent (accrued interest to the Redemption Date being payable by mail or as otherwise provided in the applicable Bond Ordinance), and that after such Redemption Date interest will cease to accrue. After such notice and presentation of said 2016

Bonds, the 2016 Bonds called for redemption will be paid. Failure to give such notice to the registered owner of any 2016 Bond designated for redemption, or any defect therein, shall not affect the validity of the proceedings for the redemption of any other 2016 Bond. A certificate by the Registrar that notice of call and redemption has been given as provided in the applicable Bond Ordinance shall be conclusive as against all parties; and no owner whose 2016 Bond is called for redemption or any other owner of any 2016 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 foregoing, any notice of redemption may contain a statement that the redemption is conditioned upon the receipt by the Paying Agent of funds on or before the date fixed for redemption sufficient to pay the redemption price of the 2016 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 2016 Bonds called for redemption in the same manner as the original redemption notice was mailed.

Tax Covenant

In each Bond Ordinance, the County covenants for the benefit of the owners of the respective series of 2016 Bonds that it will not take any action or omit to take any action with respect to such 2016 Bonds, the proceeds thereof, any other funds of the County or any facilities refinanced with the proceeds of such 2016 Bonds if such action or omission (i) would cause the interest on such 2016 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 such 2016 Bonds to lose its exclusion from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code. Each of the covenants described above shall remain in full force and effect notwithstanding the payment in full or defeasance of the respective series of 2016 Bonds until the date on which all obligations of the County in fulfilling the covenant under the Tax Code have been met.

Defeasance

Each Bond Ordinance provides that when all Bond Requirements for the applicable 2016 Bond have been duly paid, the pledge and lien and all obligations under the applicable Bond Ordinance as to that 2016 Bond shall thereby be discharged and such 2016 Bond shall no longer be deemed to be Outstanding within the meaning of the Bond Ordinance; provided, however, that if the principal of or interest on the 2016 Bond shall be paid by any Insurer of the 2016 Bond, the pledge of the 2016A Pledged Revenues or 2016B Pledged Revenues, as applicable, and all covenants, agreements, and other obligations of the County to the owners under the applicable Bond Ordinance shall continue to exist and such Insurer shall be subrogated to the rights of the owners. There shall be deemed to be such due payment when the County has placed in escrow or in trust with a trust bank located within or without the State, an amount sufficient (including the known minimum yield available for such purpose from Federal Securities (defined below) in which such amount wholly or in part may be initially invested) to meet all Bond Requirements of the applicable 2016 Bond, as the same become due to the final maturity of such 2016 Bond or upon any prior redemption date as of which the County shall have exercised or shall have obligated itself to exercise its prior redemption option. The Federal Securities shall become due prior to the respective times on which the proceeds thereof shall be needed, in accordance with a schedule established and agreed upon between the County and such

bank at the time of the creation of the escrow or trust, or the Federal Securities shall be subject to redemption at the option of the holders thereof to assure such availability as so needed to meet such schedule.

Each Bond Ordinance defines “Federal Securities” to mean bills, certificates of indebtedness, notes, bonds or similar securities which are direct obligations of or the principal and interest of which securities are unconditionally guaranteed by, the United States of America.

Book-Entry Only System

The 2016 Bonds will be available in book-entry form only. DTC will act as the initial securities depository for the 2016 Bonds. The ownership of one fully registered 2016 Bond for each maturity as set forth on the inside cover page of this Official Statement, each in the aggregate principal amount of such maturity, will be registered in the name of Cede & Co., as nominee of DTC. See Appendix D - Book-Entry Only System.

SO LONG AS CEDE & CO., AS NOMINEE OF DTC, IS THE REGISTERED OWNER OF THE 2016 BONDS, REFERENCES IN THIS OFFICIAL STATEMENT TO THE REGISTERED OWNERS OF THE 2016 BONDS WILL MEAN CEDE & CO. AND WILL NOT MEAN THE BENEFICIAL OWNERS.

None of the County, the Registrar or the Paying Agent will have any responsibility or obligation to DTC’s Participants or Indirect Participants (defined in Appendix D), or the persons for whom they act as nominees, with respect to the payments to or the providing of notice for the DTC Participants, the Indirect Participants or the beneficial owners of the 2016 Bonds as further described in Appendix D to this Official Statement.

Debt Service Requirements

2016A Bonds. The following table sets forth the estimated debt service requirements for the 2016A Bonds in each fiscal year, the estimated total debt service requirements on the 2006 Subordinate Flood Bonds in each fiscal year (based upon interest rate assumptions as described in Note 2 to the table) and the estimated combined debt service payable on the 2016A Bonds and the 2006 Subordinate Flood Bonds in each fiscal year (based upon such interest rate assumptions for the 2006 Subordinate Flood Bonds).

Debt Service Requirements – 2016A Bonds*

Fiscal Year Ending	<u>2016A Bonds</u>			Estimated Debt Service on 2006 Subordinate Flood Bonds ⁽¹⁾	Total Combined Debt Service
	<u>Principal⁽²⁾</u>	<u>Interest</u>	<u>Total</u>		
<u>June 30,</u>					
2016	\$210,000	\$131,196	\$341,196	\$389,989	\$731,185
2017	--	417,500	417,500	1,309,213	1,726,713
2018	365,000	413,850	778,850	1,308,524	2,087,374
2019	1,025,000	399,950	1,424,950	1,307,801	2,732,751
2020	1,045,000	379,250	1,424,250	1,307,048	2,731,298
2021	1,065,000	358,150	1,423,150	1,306,259	2,729,409
2022	1,090,000	331,150	1,421,150	1,305,434	2,726,584
2023	1,125,000	297,925	1,422,925	1,304,571	2,727,496
2024	1,160,000	263,650	1,423,650	1,303,670	2,727,320
2025	1,210,000	216,000	1,426,000	1,302,727	2,629,727
2026	1,270,000	154,000	1,424,000	1,301,741	2,732,741
2027	1,320,000	102,450	1,422,450	1,300,711	2,723,161
2028	1,360,000	62,250	1,422,250	1,299,633	2,721,883
2029	1,395,000	20,925	1,415,925	1,298,506	2,714,431
2030	--	--	--	1,297,327	1,297,327
2031	--	--	--	1,296,096	1,296,096
2032	--	--	--	1,294,808	1,294,808
2033	--	--	--	1,293,463	1,293,463
2034	--	--	--	1,292,053	1,292,053
2035	--	--	--	1,290,580	1,290,580
2036	--	--	--	1,289,038	1,289,038
Total	<u>\$13,640,000</u>	<u>\$3,548,246</u>	<u>\$17,188,246</u>	<u>\$26,399,192</u>	<u>\$43,495,438</u>

(1) The 2006 Subordinate Flood Bonds have a lien on the 2016A Pledged Revenues which is subordinate to the lien thereon of the 2016A Bonds. Such bonds are also general obligations (subject to limitations) of the County. Further, the 2006 Subordinate Flood Bonds are variable rate bonds. The debt service figures in this column represent estimated debt service payments as calculated by the Financial Advisors based an assume rate of 2.527%. Actual debt service on the 2006 Subordinate Flood Bonds will vary from the amounts in this column. See "INTRODUCTION--Security-2016A Bonds--Lien Priority."

(2) Principal on the 2016A Bonds is due on June 1, 2016, and on December 1 in 2018-2029, inclusive.

Source: Financial Advisors.

2016B Bonds. The following table sets forth the estimated debt service requirements for the 2016B Bonds in each fiscal year, the total debt service requirements on the 2016B Parity Lien Bonds in each fiscal year, and the estimated combined debt service payable on the 2016B Bonds and the 2016B Parity Lien Bonds in each fiscal year.

* Subject to change.

Debt Service Requirements – 2016B Bonds*

Fiscal Year Ending <u>June 30,</u>	<u>2016B Bonds</u>			Total Debt Service on 2016B Parity Lien Bonds	Total Combined Debt Service
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>		
2016	\$195,000	\$20,471	\$215,471	\$2,974,583	\$3,190,054
2017	--	331,088	331,088	5,339,201	5,670,289
2018	15,000	331,088	346,088	5,331,218	5,677,306
2019	425,000	330,788	755,788	5,340,198	6,095,986
2020	430,000	322,288	752,288	5,340,145	6,092,433
2021	440,000	313,688	753,688	5,351,528	6,105,216
2022	455,000	300,488	755,488	5,349,750	6,105,238
2023	465,000	286,838	751,838	5,349,106	6,100,944
2024	480,000	272,888	752,888	5,357,096	6,109,984
2025	510,000	248,888	758,888	5,373,610	6,132,498
2026	535,000	223,388	758,388	4,193,847	4,952,235
2027	550,000	207,338	757,338	4,191,062	4,948,400
2028	565,000	190,838	755,838	2,025,301	2,781,139
2029	585,000	173,888	758,888	2,025,514	2,784,402
2030	600,000	155,606	755,606	1,275,983	2,031,589
2031	615,000	136,406	751,406	860,981	1,612,387
2032	640,000	116,419	756,419	862,256	1,618,675
2033	660,000	95,619	755,619	862,719	1,618,338
2034	685,000	73,344	758,344	861,394	1,619,738
2035	705,000	50,225	755,225	864,225	1,619,450
2036	<u>730,000</u>	<u>25,550</u>	<u>755,550</u>	<u>--</u>	<u>755,550</u>
Total	<u>\$10,285,000</u>	<u>\$4,207,128</u>	<u>\$14,492,128</u>	<u>\$69,129,717</u>	<u>\$83,621,845</u>

Source: Financial Advisor.

* Subject to change.

SOURCES AND USES OF FUNDS

Sources and Uses of Funds

The proceeds from the sale of the 2016 Bonds are expected to be applied in the following manner: [County to check on funds on hand]

Sources and Uses of Funds*

	2016A Bonds	2016B Bonds
SOURCE:		
Principal amount	\$13,640,000.00	\$10,285,000.00
Total		
 USES:		
2016A Refunding Project		
2016B Refunding Project		
Costs of issuance (including underwriting discount)		
Total		

The Refunding Projects

2016A Bonds. The net proceeds of the 2016A Bonds will be used to refund all of the County’s Sales Tax Revenue Bonds, Series 1998 (the “1998 Bonds”), currently outstanding in the amount of \$13,585,000 (the “2016A Refunding Project”). The 1998 Bonds will be refunded on a current refunding basis and will be redeemed on February 24, 2016, with the net proceeds of the 2016A Bonds.

2016B Bonds. The net proceeds of the 2016B Bonds will be used to refund \$9,900,000* of the County’s General Obligation (Limited Tax) Public Safety Bonds (Additionally Secured by Pledged Revenues), Series 2006 (the “2006 Bonds”), currently outstanding in the amount of \$10,210,000 (the “2016B Refunding Project” and together with the 2016A Refunding Project, the “Refunding Projects”). The 2006 Bonds subject to the refunding are the 2006 Bonds maturing on March 1, 2017, through and including March 1, 2036. Such 2006 Bonds will be refunded on a current refunding basis and will be redeemed on March 1, 2016, with the net proceeds of the 2016B Bonds. After the refunding is accomplished, the unrefunded 2006 Bonds (consisting of the 2006 Bonds maturing on March 1, 2016) will be outstanding in the amount of \$310,000.*

* Subject to change.

SECURITY FOR THE 2016A BONDS

Special, Limited Obligations

General. *The 2016A Bonds are special, limited obligations of the County payable only from the 2016A Pledged Revenues. Neither the 2016A Bonds nor the interest thereon constitute a general obligation debt or indebtedness of the County, the State nor any political subdivision thereof within the meaning of any constitutional or statutory provision or limitation; and the 2016A Bonds shall not be considered or held to be general obligations of the County.* The owners of the 2016A Bonds do not have the right to require or compel the exercise of the taxing power of the County or of any other taxing entity for payment of the principal of or interest on the 2016A Bonds. The owners of the 2016A Bonds may not look to the County's General Fund or any other funds of the County (other than those pledged) for payment of the 2016A Bonds. Therefore, the security for the punctual payment of the principal of and interest on the 2016A Bonds is dependent on the generation of 2016A Pledged Revenues in an amount sufficient to meet debt service requirements on the 2016A Bonds.

No Repealer. State statutes provide that no act concerning the 2016A Bonds or their security may be repealed, amended, or modified in such a manner as to impair adversely the 2016A Bonds or their security until all of the 2016A Bonds have been discharged in full or provision for their payment and redemption has been fully made.

2016A Pledged Revenues

The 2016A Bonds are payable solely from and secured by an irrevocable lien on the 2016A Pledged Revenues on a parity with the lien thereon of any additional 2016A Parity Securities issued in the future. The 2016A Pledged Revenues are comprised of the Sales Tax as defined below.

The 2016A Bond Ordinance defines "Sales Tax" to mean tax imposed pursuant to the Act and the Sales Tax Ordinance (defined below) upon retailers at the rate of one-eighth of one percent (0.125%) 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 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 the amount permitted by law to reimburse the taxpayer 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.

In 1997, the Nevada General Assembly adopted the Infrastructure Act (defined below in “Revenues Available for Debt Service”), which authorized the County to impose a 0.125% sales tax for the purpose of acquiring, establishing, constructing or expanding flood control projects and public safety projects. Revenues from the Sales Tax may be used only for those projects. Pursuant to the Infrastructure Act, the County has prepared a plan for the expenditure of the Sales Tax proceeds and the regional planning commission reviewed the plan and held a public hearing to rank each project. The projects financed with the 1998 Bonds and the 2006 Subordinate Flood Bonds consisted of certain of these projects. The County adopted an ordinance on December 8, 1998 (the “Sales Tax Ordinance”) imposing the Sales Tax effective April 1, 1999.

Certain Risks Associated With 2016A Pledged Revenues

Sales Tax Collection Risks Generally. The Sales Tax is collected by the State and then remitted directly to the County pursuant to various statutory provisions. The County has no statutory authority to collect the Sales Tax itself and also has no control over the collection processes in place at the State. Receipt of the 2016A Pledged Revenues is dependent upon the ability and willingness of the State to collect the Sales Tax and forward the revenues to the County. If the State fails to perform its collection duties in a timely fashion, the County may not receive 2016A Pledged Revenues in time to meet scheduled debt service payments. If the State fails to collect, remit or transfer the Sales Tax revenues, the County’s only remedy is to file suit against the nonperforming party, including an action in mandamus to compel performance. Further, the County has no control over the auditing procedures in place at the State. The County must depend upon the State to ensure that retailers are collecting and remitting the required 2016A Pledged Revenues. If the State fails to do so, the County may not receive all of the moneys to which it is entitled.

County Cannot Increase Rates of Sales Tax. The Sales Tax is imposed by the County pursuant to specific statutory authority and the rate of the Sales Tax can be increased only by action of the Nevada Legislature. Even if the Legislature were to raise the rate of such taxes, there is no guarantee that the County would be authorized to use the increased revenues to pay debt service on the 2016A Bonds.

Sales Tax Collections Subject to Fluctuation. Sales Tax collections are subject to fluctuations in spending which is affected by, among other things, general economic cycles. Sales Tax revenues may increase along with the increasing prices brought about by inflation, but collections also are vulnerable to adverse economic conditions and reduced spending and may decrease as a result. Consequently, the rate of Sales Tax collections may be expected to correspond generally to economic cycles. See “Revenues Available for Debt Service” below. The County has no control over general economic cycles and is unable to predict what economic factors or cycles will occur while the 2016A Bonds remain Outstanding.

The United States experienced a significant economic downturn recently and the 2016A Pledged Revenues declined for several consecutive years, but have increased every year since fiscal year 2010. The County is not able to predict what impact future economic conditions will have on the 2016A Pledged Revenues, and future declines in 2016A Pledged Revenues are possible.

Bankruptcy and Foreclosure. The ability and willingness of a business owner or

operator to remit Sales Tax may be adversely affected by the filing of a bankruptcy proceeding by the business owner or operator. The ability to collect delinquent sales taxes using State law remedies for non-payment of taxes may be forestalled or delayed by bankruptcy, reorganization, insolvency, or other similar proceedings of the owner or operator of a retail business, or by the holder of any liens on the business. The federal bankruptcy laws provide for an automatic stay of foreclosure and sale proceedings, thereby delaying such proceedings, perhaps for an extended period.

Additional Bonds

This section contains a description of the principal additional bonds provisions of the 2016A Bond Ordinance. The complete description of such provisions is set forth in Appendix B – Summary of Certain Portions of the 2016A Bond Ordinance—Additional Bonds.

Additional 2016A Superior Securities and 2016A Parity Securities. The 2016A Bond Ordinance allows the County to issue additional 2016A Superior Securities and 2016A Parity Securities upon the satisfaction of the conditions described below. Additional bonds or other securities issued to refund all or a part of the 2016A Bonds also may be issued on the terms described in Appendix B - Summary of Certain Provisions of the 2016A Bond Ordinance--Refunding Bonds and Subordinate Bonds. Before such additional 2016A Superior Securities or 2016A Parity Securities are authorized or actually issued (excluding any superior or parity refunding securities other than any securities refunding Subordinate Securities), the following requirements must be met:

Absence of Default. At the time of the adoption of the supplemental instrument authorizing the issuance of the additional 2016A Parity Securities, the County shall not be in default in making any payments required by the 2016A Bond Ordinance with respect to any 2016A Superior Securities or 2016A Parity Securities. See Appendix B - Summary of Certain Provisions of the 2016A Bond Ordinance--Flow of Funds.

Earnings Test. Except as otherwise provided in the 2016A Bond Ordinance: (1) the 2016A Pledged Revenues derived in the Fiscal Year immediately preceding the date of the issuance of the additional 2016A Superior Securities or 2016A Parity Securities shall have been at least sufficient to pay an amount equal to 250% of 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 2016A Superior Securities or 2016A Parity Securities are issued and ending on the last Bond Year in which any then Outstanding 2016A Bonds mature) of the Outstanding 2016A Bonds and any other Outstanding 2016A Superior Securities or 2016A Parity Securities of the County and the bonds or other securities proposed to be issued (excluding any reserves therefor) or (2) the 2016A Pledged Revenues estimated by the County chief financial officer, independent feasibility consultant or an Independent Accountant to be derived in the first five Fiscal Years immediately succeeding the issuance of the other additional 2016A Superior Securities or 2016A Parity Securities proposed to be issued, shall be at least equal to 250% of such combined maximum annual principal and interest requirements to be paid during such Comparable Bond Year.

Adjustment of 2016A Pledged Revenues. In any computation of such earnings test as to whether or not additional 2016A Superior Securities or 2016A Parity Securities may be issued as provided in the preceding paragraph, the amount of the 2016A

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 chief financial officer, independent feasibility consultant or Independent Accountant making the computations, which loss or gain results from any change in the rate of the imposition of that part of the Sales Tax constituting a part of the 2016A Pledged Revenues which change took effect during the next preceding Fiscal Year or thereafter prior to the issuance of such 2016A Superior Securities or 2016A 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.

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

2016A Subordinate Securities Permitted. Subject to the limitations set forth in the 2016A Bond Ordinance, the 2016A Bond Ordinance allows the County to issue additional bonds or other securities payable from the 2016A Pledged Revenues and having a lien thereon subordinate, inferior and junior to the lien thereon of the 2016A Bonds.

Refunding Securities. The 2016A Bond Ordinance authorizes the County to issue refunding securities upon satisfaction of the terms described in Appendix B - Summary of Certain Provisions of the 2016A Bond Ordinance--Refunding Securities.

No Pledge of Property

The payment of the 2016A Bonds is not secured by an encumbrance, mortgage or other pledge of property of the County, except the 2016A Pledged Revenues, and any other moneys pledged for the payment of the 2016A Bonds. No property of the County, subject to such exceptions, shall be liable to be forfeited or taken in payment of the 2016A Bonds.

Limitation of Remedies

Judicial Remedies. Upon the occurrence of an Event of Default under the 2016A Bond Ordinance, each owner of the 2016A Bonds is entitled to enforce the covenants and agreements of the County by mandamus, suit or other proceeding at law or in equity. Any judgment will, however, only be enforceable against the 2016A Pledged Revenues and other moneys held under the 2016A Bond Ordinance and not against any other fund or properties of the County.

The enforceability of the 2016A Bond Ordinance is also subject to equitable principles affecting the enforcement of creditors' rights generally and liens securing such rights, the police powers of the State and the exercise of judicial authority by State or federal courts.

Due to the delays in obtaining judicial remedies, it should not be assumed that these remedies could be accomplished rapidly. Any delays in obtaining judicial remedies to enforce the covenants and agreements of the County under the 2016A Bond Ordinance, to the extent enforceable, could result in delays in any payment of principal of and interest on the 2016A Bonds.

Bankruptcy, Federal Lien Power and Police Power. The enforceability of the rights and remedies of the owners of the 2016A Bonds and the obligations incurred by the County in issuing the 2016A Bonds are subject to the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equity principles which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the federal Constitution; the power of the federal government to impose liens in certain situations; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose. Bankruptcy proceedings or the exercise of powers by the federal or State government, if initiated, could subject the owners of the 2016A Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation or modification of their rights.

No Acceleration. There is no provision for acceleration of maturity of the principal of the 2016A Bonds in the event of a default in the payment of principal of or interest on the 2016A Bonds. Consequently, remedies available to the owners of the 2016A Bonds may have to be enforced from year to year.

Future Changes in Laws

Various State laws apply to the imposition, collection, and expenditure of Sales Tax revenues as well as to the operation and finances of the County. In addition, from time to time, proposals are made (or adopted) by the Legislature to add or remove certain types of transactions from the Sales Tax. The Legislature may also increase the administrative fee retained by the State for collecting the Sales Tax from time to time; that increase results in a decrease in 2016A Pledged Revenues. There is no assurance that there will not be any change in, interpretation of, or addition to the applicable laws, provisions, and regulations which would have a material effect, directly or indirectly, on the affairs of the County and the imposition, collection, and expenditure of revenues, including the Sales Tax.

Revenues Available for Debt Service

General Description of the Sales Tax. Pursuant to Chapter 377B, Tax for Infrastructure, NRS (the "Infrastructure Act"), adopted in 1997, the County is authorized and empowered to impose and use an infrastructure tax (the "Sales Tax") 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. Pursuant to statute, the Sales Tax may be used only for the purpose of acquiring, establishing, constructing or expanding flood control projects and public safety projects. On December 8, 1998, the County adopted an ordinance (the "Sales Tax Ordinance") which imposes the Sales Tax in the amount of 0.125% for these purposes. The collection of the

Sales Tax began on April 1, 1999. The County has issued two series of bonds secured by the Sales Tax, consisting of the 1998 Bonds and the 2006 Subordinate Flood Bonds.

The Sales Tax is imposed on 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, less a State Department of Taxation (“Taxation”) collection fee. 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, the transactions listed above under “2016A Pledged Revenues.” The Sales Tax is collected monthly by Taxation as explained further below.

Pledge of Net Sales Tax to the Flood Authority. Pursuant to an Interlocal Cooperative Agreement (the “ICA”) dated as of March 11, 2011, the County, the City of Reno and the City of Sparks formed the Truckee Meadows River Flood Management Authority (the “Flood Authority”) as an independent and separate entity to manage, operate and control the Truckee River Flood Management Project (the “Truckee Project”). The Truckee Project is a project to control floods and manage floodplains. The members of the Flood Authority are the County, the City of Reno and the City of Sparks and its boundaries are coterminous with the boundaries of the County. The Flood Authority has a six member board of directors consisting of two directors appointed by the governing bodies of each member.

The County had previously established the Truckee River Flood Management Infrastructure Fund (the “Flood Fund”) pursuant to the Infrastructure Act, and revenues from the Sales Tax are deposited therein. Pursuant to the ICA, the County irrevocably pledged to the Flood Authority the balance remaining in the Flood Fund after the payment of the 1998 Bonds, the 2006 Subordinate Flood Bonds or any refundings thereof. The 2016A Bonds constitute a refunding of a portion of the 1998 Bonds. The Flood Authority uses such remaining funds, if any, for its Truckee Project activities. Pursuant to the ICA, therefore, the proceeds of the Sales Tax are now used only for flood control projects and are no longer used for public safety projects.

The ICA provides that the County may use the Sales Tax only for the purpose of paying debt service on the Series 1998 Bonds, the 2006 Subordinate Flood Bonds and any refundings thereof (such as the 2016A Bonds). Unless the ICA is amended or terminated (which is not expected by the County), the ICA therefore prohibits the County from issuing any additional bonds payable from the Sales Tax. The Flood Authority is permitted to issue bonds payable from the Sales Tax upon meeting the conditions set forth in the ICA, but the Flood Authority’s lien upon Sales Tax revenue is subordinate to the County’s lien thereon for purposes of paying the 2016A Bonds and the 2006 Subordinate Flood Bonds.

Overlapping Sales Tax Rates. The total sales tax rate imposed on taxable sales in the County currently is 7.725%. The following table illustrates the various components of the total sales tax imposed within the County. *Only revenues derived from the Sales Tax constitute 2016A Pledged Revenues.* The other sales taxes shown in the following table are for informational purposes only.

Overlapping Sales Tax Rates in the County

<u>Sales Tax</u>	<u>Tax Rate</u>	<u>Revenues Allocated To:</u>
State	2.000%	State General Fund
Supplemental City/County Relief Tax (SCCRT) ⁽¹⁾	1.750	Local governments pursuant to formula
Basic City/County Relief Tax (BCCRT) ⁽¹⁾	0.500	Local governments pursuant to formula
Local School Support Tax (LSST)	2.600	Washoe County School District
Local Government Tax Acts ⁽²⁾	0.250	Local governments pursuant to formula
Regional Transportation Commission	0.375	Regional Transportation Commission
Washoe County - Flood Control ⁽³⁾	0.125	County / Flood Authority
Reno - ReTrac	<u>0.125</u>	Reno - railroad undergrounding project
Total	7.725%	

- (1) The portion of these taxes which are allocated to the County comprise a portion of the Consolidated Tax which comprises the 2016B Pledged Revenues. See "SECURITY FOR THE 2016B BONDS--2016B Pledged Revenues."
- (2) Consists of the sales tax portion of the Local Government Tax Acts of 1991 and 1993, also known as Fair Share taxes and AB 104 taxes. The County receives a portion of this tax, but it is not part of the 2016A Pledged Revenues or the 2016B Pledged Revenues.
- (3) Consists of the Sales Tax which comprises the 2016A Pledged Revenues.

Source: The County.

Collection and Enforcement of the Sales Tax. Taxation administers the collection and enforcement of all sales taxes within the State, including the Sales Tax. Taxation collects the Sales Tax directly and deposits the revenues to the Local Government Tax Distribution Account monthly for distribution to the County. The State's sales tax collection and enforcement procedures are discussed briefly below.

Each licensed retailer is required to remit all sales tax directly to Taxation. Pursuant to State statute, Taxation currently retains a collection fee of 1.75% (that amount is subject to change by the Legislature) of all amounts remitted by retailers. (Notwithstanding the foregoing, the increased fee cannot be applied so as to modify, directly or indirectly, any taxes levied or revenues pledged in such a manner as to impair adversely any outstanding obligations of any political subdivision of this State or other public entity). Every person desiring to conduct business as a retailer within the County must obtain a permit from Taxation. Any retailer that fails to comply with State statutes may have its license revoked by Taxation after a hearing held upon 10 days' written notice.

Sales taxes are due and payable to Taxation monthly on or before the last day of the month next succeeding the month in which such taxes are collected (i.e., sales taxes collected by retailers in November 2015 were due to Taxation no later than December 31, 2015). Retailers are allowed to deduct 0.25% of the amount due to reimburse themselves for the cost of collecting the tax. Sales tax remittances to Taxation must be accompanied by a return form prescribed by Taxation. Taxation may require returns and payments for periods other than calendar months. Interest on deficient sales tax payments, exclusive of penalties, accrues at rates established by State law. A penalty of 10% of the amount of the deficiency also may be added.

Deficiency notices must be delivered to taxpayers within three years of any deficiency. Failure to pay sales taxes as required results in a lien against the property of the retailer failing to pay. The lien is enforced by Taxation's filing of a certificate and request for

judgment with the County Clerk. Immediately upon filing of the certificate, the County Clerk is required to enter a judgment in the amount owed, including penalties and interest. The lien may be enforced through a warrant executed by the County sheriff. In addition, Taxation may seize and sell property of the delinquent payor as provided by law.

According to Taxation reports, as of August 30, 2015, there were 7,882 sales and use tax filers in the County (based on filing location counts).

Sales Tax Collection Data.

Historical Sales Tax Revenues and Pro Forma Debt Service. The following table sets forth a history of 2016A Pledged Revenues in each fiscal year, the maximum annual debt service requirements on the 2016A Bonds and the pro forma debt service coverage, calculated by dividing the 2016A Pledged Revenues by the maximum annual debt service requirements. *There is no assurance that the 2016A Pledged Revenues will continue to be realized in the amounts illustrated below.* See “Certain Risks Associated With the 2016A Pledged Revenues” above.

Historical 2016A Pledged Revenues and Pro Forma Debt Service Coverage

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Sales Tax (1)	\$6,477,502	\$6,733,105	\$7,127,834	\$7,672,379	\$8,227,877
% change					
Maximum Annual Debt Service (2)*	\$1,426,000	\$1,426,000	\$1,426,000	\$1,426,000	\$1,426,000
Pro Forma Coverage	4.5x	4.7x	5.0x	5.4x	5.8x

- (1) Represents collections after deducting State collection fees and vender allowances.
- (2) Represents the maximum annual debt service on the 2016A Bonds of \$1,426,000* in fiscal year 2025. Excludes debt service due on the 2006 Subordinate Flood Bonds, which have a lien on the 2016A Pledged Revenues which is subordinate to the lien thereon of the 2016A Bonds, and which also constitute a general obligation of the County. See “THE 2016 BONDS--Debt Service Requirements.”

For fiscal year 2016, the County has budgeted Sales Tax revenues of \$8,386,697, resulting in estimated pro forma debt service coverage (calculated using the maximum annual debt service as described above) of 5.9x. See “INTRODUCTION--Forward-Looking Statements.” The County received \$725,012 (unaudited) in Sales Tax revenues for the first month of fiscal year 2016 (reflecting Sales Tax on sales occurring in July 2015, paid by retailers to the State in August 2015 and received by the County in September 2015).

Monthly Comparison of Sales Tax Collections. The following table presents a comparison of monthly Sales Tax revenues received by the County for the twelve-month periods ending July 31, 2014 and 2015 (unaudited). This table is presented on an accrual basis; accordingly, revenues are accounted for in the month of the original sales rather than the month of actual collection by the County. For example, revenues recorded for “July 2015” in the following table represent sales made by retailers in July 2015 and are recorded in that month

* Subject to change.

even though retailers remitted those revenues to the State in August 2015 and the moneys were received by the County in September 2015. As of July 31, 2015, the County had experienced an increase of approximately 7.6% in Sales Tax collections as compared to the same twelve-month period for the previous year. **[NOTE: update through September 2015 prior to posting the POS in early January 2016].**

Comparison of Monthly Sales Tax Revenues

Accrual Month ⁽¹⁾	Twelve-Month Period Ending July 31, 2015		Twelve-Month Period Ending July 31, 2014		Percent Change	
	Current Month	Cumulative	Current Month	Cumulative	Current Month	Cumulative
	August	\$702,149	\$702,149	\$674,094	\$674,094	4.2%
September	683,928	1,386,077	653,797	1,327,891	4.6	4.4
October	665,040	2,051,117	591,963	1,919,854	12.3	6.8
November	657,642	2,708,759	615,385	2,535,239	6.9	6.8
December	819,215	3,527,974	755,964	3,291,203	8.4	7.2
January	626,931	4,154,905	550,320	3,841,523	13.9	8.2
February	604,194	4,759,099	576,364	4,417,887	4.8	7.7
March	727,458	5,486,557	662,450	5,080,337	9.8	8.0
April	650,523	6,137,080	605,366	5,685,703	7.5	7.9
May	671,876	6,808,956	656,238	6,341,941	2.4	7.4
June	752,737	7,561,693	693,461	7,035,402	8.5	7.5
July	725,012	8,286,705	666,182	7,701,584	8.8	7.6

(1) The County accounts for Sales Tax on an accrual basis. For example, taxes accrued in July 2015 (\$725,012) were received by the County in September 2015.

Source: County Finance Department (Unaudited).

SECURITY FOR THE 2016B BONDS

General Obligations

General. The 2016B Bonds are direct and general obligations of the County, and the full faith and credit of the County is pledged for the payment of principal and interest due thereon, subject to State constitutional and statutory limitations on the aggregate amount of ad valorem taxes. See “PROPERTY TAX INFORMATION-2016B BONDS--Property Tax Limitations.” The 2016B Bonds are payable by the County from any source legally available at the times such payments are due, including the County’s General Fund. In the event, however, that such legally available sources of funds are insufficient, the County is obligated to levy a general (ad valorem) tax on all taxable property within the County for payment of the 2016B Bonds, subject to the limitations provided in the constitution and statutes of the State. Due to the statutory process required for the levy of taxes, in any year in which the County is required to levy property taxes, there may be a delay in the availability of revenues to pay debt service on the 2016B Bonds. See “PROPERTY TAX INFORMATION-2016B BONDS--Property Tax Collections.”

Property Tax Limitations. The constitution and laws of the State limit the total ad valorem property taxes that may be levied by all overlapping taxing units within each county (including the State, the County, the Washoe County School District (the “School District,” any city or any special district) in each year. Generally, the combined overlapping tax rate is limited by statute to \$3.64 per \$100 of assessed valuation. Those limitations are described in “PROPERTY TAX INFORMATION-2016B BONDS--Property Tax Limitations.” In any year in which the total property taxes levied within the County by all applicable taxing units exceed such property tax limitations, the reduction to be made by those units must be in taxes levied for purposes other than the payment of their bonded indebtedness, including interest on such indebtedness. See “PROPERTY TAX INFORMATION-2016B BONDS--Property Tax Limitations.”

No Repealer. State statutes provide that no act concerning the 2016B Bonds or their security may be repealed, amended, or modified in such a manner as to impair adversely the 2016B Bonds or their security until all of the 2016B Bonds have been discharged in full or provision for their payment and redemption has been fully made.

Certain Risks Associated With Property Taxes

General. Numerous factors over which the County has no control may impact the timely receipt of ad valorem property tax revenues in the future. These include the valuation of property within the County, the number of homes which are in foreclosure, bankruptcy proceedings of property taxpayers or their lenders, and the ability or willingness of property owners to pay taxes in a timely manner. Also see “PROPERTY TAX INFORMATION-2016B BONDS--Required Refunds and Other Actions Related to Property Taxes” for a description of court-mandated refunds and other disputes that currently, or may in the future, impact County property tax revenues.

Delays in Property Tax Collections Could Occur. Although the 2016B Bonds are general obligations of the County, the County may only levy property taxes to pay debt service on the 2016B Bonds in accordance with State law. For a description of the State laws regulating

the collection of property taxes, see “PROPERTY TAX INFORMATION-2016B BONDS--Property Tax Collections.” Due to the statutory process required for the levy of taxes, in any year in which the County is required to levy property taxes, there may be a delay in the availability of property tax revenues to pay debt service on the 2016B Bonds. Accordingly, although other County revenues may be available to pay debt service on the 2016B Bonds if 2016B Pledged Revenues are insufficient, time may elapse before the County receives property taxes levied to cover any insufficiency of 2016B Pledged Revenues.

Declines in Assessed Valuation. In the recent past, economic conditions negatively impacted the County as they did the rest of the country. Due to these conditions, the County experienced a housing slump and reduced economic activity. The decline in the economy and the housing slump, together with other factors, resulted in reductions in assessed valuations through fiscal year 2013; however, assessed valuations have increased each year since fiscal year 2013. See “PROPERTY TAX INFORMATION-2016B BONDS--History of Assessed Value.” It is possible that future decreases in assessed valuation could occur.

Foreclosures. Foreclosures in the County increased significantly in several of the past few years; however, to date, foreclosures have not materially impacted County property tax collections. It cannot be predicted at this time what impact future economic trends could have on property tax collections should the County be required to levy an ad valorem tax to pay debt service on the 2016B Bonds in the future.

2016B Pledged Revenues

The 2016B Bonds are additionally secured by a lien (but not necessarily an exclusive lien) on the 2016B Pledged Revenues. The lien of the 2016B Bonds on the 2016B Pledged Revenues is on a parity with the lien of the 2016B Parity Lien Bonds and any additional 2016B Parity Securities and subordinate to the lien of any 2016B Superior Securities issued in the future.

The 2016B Pledged Revenues are comprised of a 15% portion of all income and revenue derived by the County from the Consolidated Tax distributed and imposed pursuant to State law. The Consolidated Tax generally is collected by the State and distributed monthly to the County. See “Revenues Available for Debt Service,” below, for a detailed description of the 2016B Pledged Revenues.

Certain Risks Associated With 2016B Pledged Revenues

Consolidated Tax Collection Risks Generally. The Consolidated Tax is collected by the State and then remitted directly to the County pursuant to various statutory provisions. The County has no statutory authority to collect the Consolidated Tax itself and also has no control over the collection processes in place at the State. Receipt of the 2016B Pledged Revenues is dependent upon the ability and willingness of the State to collect the Consolidated Tax and forward the revenues to the County. If the State fails to perform its collection duties in a timely fashion, the County may not receive 2016B Pledged Revenues in time to meet scheduled debt service payments. If the State fails to collect, remit or transfer the Consolidated Tax revenues, the County’s only remedy is to file suit against the nonperforming party, including an action in mandamus to compel performance. Further, the County has no control over the auditing procedures in place at the State. The County must depend upon the State to ensure that the

responsible parties are collecting and remitting the required 2016B Pledged Revenues. If the State fails to do so, the County may not receive all of the moneys to which it is entitled.

County Cannot Increase Rates of Consolidated Taxes. The Consolidated Tax is imposed by the State legislature (the “Legislature”) and the rate of such taxes can be increased only by action of the Legislature. Even if the Legislature were to raise the rate of such taxes, there is no guarantee that the County would be authorized to use the increased revenues to pay debt service on the 2016B Bonds.

Sales Tax Collections Subject to Fluctuation. The majority of the Consolidated Tax revenues are comprised of receipts from certain sales taxes as described in “Revenues Available for Debt Service” below. Sales tax collections are subject to fluctuations in spending which is affected by, among other things, general economic cycles. Sales tax revenues may increase along with the increasing prices brought about by inflation, but collections also are vulnerable to adverse economic conditions and reduced spending and may decrease as a result. Consequently, the rate of sales tax collections may be expected to correspond generally to economic cycles. See “Revenues Available for Debt Service--Consolidated Tax Revenue Data.” The County has no control over general economic cycles and is unable to predict what economic factors or cycles will occur while the 2016B Bonds remain Outstanding.

The United States experienced a significant economic downturn recently and the 2016B Pledged Revenues declined for several consecutive years, but have increased every year since fiscal year 2010. The County is not able to predict what impact future economic conditions will have on the 2016B Pledged Revenues, and future declines in 2016B Pledged Revenues are possible.

Bankruptcy and Foreclosure. The ability and willingness of a business owner or operator to remit sales tax revenues included in the Consolidated Tax may be adversely affected by the filing of a bankruptcy proceeding by the business owner or operator. The ability to collect delinquent sales taxes using State law remedies for non-payment of taxes may be forestalled or delayed by bankruptcy, reorganization, insolvency, or other similar proceedings of the owner or operator of a retail business, or by the holder of any liens on the business. The federal bankruptcy laws provide for an automatic stay of foreclosure and sale proceedings, thereby delaying such proceedings, perhaps for an extended period.

Additional Bonds

This section contains a description of the principal additional bonds provisions of the 2016B Bond Ordinance. The complete description of such provisions is set forth in Appendix C – Summary of Certain Portions of the 2016B Bond Ordinance—Additional Bonds.

Additional 2016B Parity Securities. The 2016B Bond Ordinance authorizes the County to issue additional 2016B Parity Securities if the following conditions are met:

Absence of Default. At the time of the adoption of the supplemental instrument authorizing the issuance of the additional securities, the County must not be in default in making any debt service or rebate payments required by the 2016B Bond Ordinance with respect to any 2016B Parity Securities. See Appendix C - Summary of Certain Provisions of the 2016B Bond Ordinance--Flow of Funds.

Earnings Test. Except as otherwise described in the 2016B Bond Ordinance: (1) the 2016B Pledged Revenues derived in the Fiscal Year immediately preceding the date of the issuance of the additional 2016B 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 2016B Parity Securities are issued and ending on the last Bond Year in which any then Outstanding 2016B Bonds mature) of the Outstanding 2016B Bonds and any other Outstanding 2016B Parity Securities of the County and the bonds or other securities proposed to be issued (excluding the reserves therefor); or (2) the 2016B Pledged Revenues estimated by the County chief financial officer, independent feasibility consultant or an Independent Accountant to be derived in the first five Fiscal Years immediately succeeding the issuance of the other additional 2016B 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.

Adjustment of 2016B Pledged Revenues. In any computation of such earnings test as to whether or not additional superior or parity securities may be issued as described in the preceding paragraph, the amount of the 2016B 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 chief financial officer, independent feasibility consultant or Independent Accountant making the computations described above, which loss or gain results from any change in the rate of the imposition of any part of the Consolidated Tax constituting a part of the 2016B Pledged Revenues which change took effect during the next preceding Fiscal Year or thereafter prior to the issuance of such 2016B 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.

2016B Subordinate Securities Permitted. Subject to the limitations contained in the 2016B Bond Ordinance, the County may issue 2016B Subordinate Securities payable from the 2016B Pledged Revenues having a lien thereon subordinate, inferior and junior to the lien thereon of the 2016B Bonds.

2016B Superior Securities Prohibited. Nothing in the 2016B Bond Ordinance permits the County to issue additional bonds or other additional securities payable from the 2016B Pledged Revenues and having a lien thereon prior and superior to the lien thereon of the 2016B Bonds.

Refunding Securities. The 2016B Bond Ordinance authorizes the County to issue refunding securities upon satisfaction of the terms described in Appendix C - Summary of Certain Provisions of the 2016B Bond Ordinance--Refunding Securities.

No Pledge of Property

The payment of the 2016B Bonds is not secured by an encumbrance, mortgage or other pledge of property of the County, except the proceeds of General Taxes, the 2016B Pledged Revenues, and any other moneys pledged for the payment of the 2016B Bonds. No property of the County, subject to such exceptions, shall be liable to be forfeited or taken in payment of the 2016B Bonds.

Limitation of Remedies

Judicial Remedies. Upon the occurrence of an Event of Default under the 2016B Bond Ordinance, each owner of the 2016B Bonds is entitled to enforce the covenants and agreements of the County by mandamus, suit or other proceeding at law or in equity. Any judgment will, however, only be enforceable against the 2016B Pledged Revenues and other moneys held under the 2016B Bond Ordinance (including General Taxes, if any) and not against any other fund or properties of the County.

The enforceability of the 2016B Bond Ordinance is also subject to equitable principles affecting the enforcement of creditors' rights generally and liens securing such rights, the police powers of the State and the exercise of judicial authority by State or federal courts.

Due to the delays in obtaining judicial remedies, it should not be assumed that these remedies could be accomplished rapidly. Any delays in obtaining judicial remedies to enforce the covenants and agreements of the County under the 2016B Bond Ordinance, to the extent enforceable, could result in delays in any payment of principal of and interest on the 2016B Bonds.

Bankruptcy, Federal Lien Power and Police Power. The enforceability of the rights and remedies of the owners of the 2016B Bonds and the obligations incurred by the County in issuing the 2016B Bonds are subject to the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equity principles which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the federal Constitution; the power of the federal government to impose liens in certain situations; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose. Bankruptcy proceedings or the exercise of powers by the federal or State government, if initiated, could subject the owners of the 2016B Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation or modification of their rights.

No Acceleration. There is no provision for acceleration of maturity of the principal of the 2016B Bonds in the event of a default in the payment of principal of or interest on the 2016B Bonds. Consequently, remedies available to the owners of the 2016B Bonds may have to be enforced from year to year.

Future Changes in Laws

Various State laws apply to the imposition, collection, and expenditure of General Taxes, the Consolidated Tax and to other County revenues as well as to the operation and finances of the County. For example, the Nevada Legislature recently approved Senate Joint Resolution 13, which, if further approved, would amend the Nevada Constitution's property tax system as explained further in "PROPERTY TAX INFORMATION-2016B BONDS--Property Tax Limitations." In addition, from time to time, proposals are made (or adopted) by the Legislature to add or remove certain types of transactions from the Consolidated Tax. The Legislature may also increase the administrative fee retained by the State for collecting the

various components of the Consolidated Tax from time to time; that increase results in a decrease in 2016B Pledged Revenues. There is no assurance that there will not be any change in, interpretation of, or addition to the applicable laws, provisions, and regulations which would have a material effect, directly or indirectly, on the affairs of the County and the imposition, collection, and expenditure of revenues, including General Taxes and the Consolidated Tax.

Revenues Available for Debt Service

General Description of the Consolidated Tax. The taxes comprising the Consolidated Tax are discussed generally below. The revenues generated by the Consolidated Tax are deposited into the State's Local Government Tax Distribution Account and then allocated among local governments as described below.

Sales Taxes. The Supplemental City/County Relief Tax ("SCCRT") and Basic City/County Relief Tax ("BCCRT") are each a component of the combined sales and use tax levied by the State (the tax levied on retail sales and the storage, use or other consumption of tangible property). The SCCRT is levied at a rate of 1.75% and the BCCRT is levied at a rate of 0.50%. The revenues from each of these sources are collected monthly by the State Department of Taxation ("Taxation") and, following adjustments for certain rural counties and costs of collections, are remitted to the county of origin, then divided among the local governments within each county according to a formula. In fiscal year 2014, the SCCRT and BCCRT accounted for a combined 82.6% (63.8% and 18.8%, respectively) of the Consolidated Tax distributed within the County.

Sales taxes (including the SCCRT and BCCRT) are imposed on the gross receipts of any retailer from the sale of all tangible personal property sold at retail in the County and also upon the storage, use or other consumption in the County of tangible personal property. State law exempts taxes on the gross receipts from the sale, storage or use of property that it is prohibited from taxing under the constitution or laws of the State. Included in this category are (this list is not intended to be exhaustive): personal property sold to the United States, the State or any political subdivision; personal property sold by or to religious, charitable or educational nonprofit corporations; sales to common carriers; the proceeds of mines; motor vehicle fuel; food; certain feeds and fertilizers; prosthetic devices and other medical appliances; medicines, gas, electricity and water; newspapers, manufactured homes and mobile homes; and aircraft, aircraft engines and component parts.

According to Taxation reports, as of August 30, 2015, there were 7,882 sales and use tax filers in the County (based on filing location counts). Information regarding the total overlapping sales tax rate in the County is provided in "SECURITY FOR THE 2016A BONDS--Revenues Available for Debt Service--Overlapping Sales Tax Rates."

Basic Governmental Services Tax. The Basic Governmental Services Tax ("GST") is levied at a rate of 4 cents per dollar of valuation of motor vehicles, and is assessed at the time of annual registration. The initial valuation of the vehicle is determined at 35% of the manufacturer's suggested retail price. Vehicle value is depreciated to 95% after the first year and graduated down to 15% after 9 years. Ninety-four percent of the proceeds of the GST is distributed to local governments in the county of origin. In fiscal year 2014, the GST accounted for 13.5% of the Consolidated Tax distributed within the County.

Real Property Transfer Tax. The Real Property Transfer Tax (“RPTT”) is paid by the buyer in a conveyance of real property. The rate of taxation on transfers of real property in the County is \$0.65 per \$500 of value of the interest in property conveyed, exclusive of any lien or encumbrance upon the property. Of the \$0.65 per \$500 of value, a portion (55 cents) is deposited in the Local Government Tax Distribution Account for distribution to local governments in the county of origin and the rest is retained by the State for various purposes. In fiscal year 2014, the RPTT accounted for 2.5% of the Consolidated Tax distributed within the County.

Cigarette and Liquor Tax. The Cigarette Tax and Liquor Tax are excise taxes levied upon the sale of cigarettes (and other tobacco products) and liquor, respectively. Portions of the proceeds of the Cigarette Tax and Liquor Tax are distributed to local governments, with the remainder deposited to the State general fund. The Cigarette Tax is levied at a rate of 9 cents per cigarette, which equates to \$1.80 per pack. Of that amount, 10 cents per pack is deposited in the Local Government Tax Distribution Account and distributed to local governments. The Liquor Tax is levied on a per gallon basis and is in addition to the applicable sales tax. Of the \$3.60 per gallon tax levied on liquor with an alcohol content in excess of 22%, 50 cents is deposited in the Local Government Tax Distribution Account and distributed to local governments. Taxes levied upon tobacco products other than cigarettes and upon liquor products with less than 22% alcohol content are retained by the State general fund. In fiscal year 2014, the Cigarette Tax and the Liquor Tax accounted for 1.1% and 0.4%, respectively, of the Consolidated Tax distributed within the County.

Collection and Enforcement of Consolidated Tax Revenues. Taxation administers the collection and enforcement of the Consolidated Taxes pursuant to State law. The taxes comprising the Consolidated Tax are collected as described below and distributions are made monthly.

Taxation collects the BCCRT, SCCRT, Cigarette and Liquor Taxes directly and deposits the revenues to the Local Government Tax Distribution Account monthly for distribution to the County. The County Treasurer collects RPTT revenues and deposits them with the State, at least quarterly, for inclusion in the Local Government Tax Distribution Account and subsequent monthly distribution to the County. The Department of Motor Vehicles collects the GST and deposits it monthly with the State for deposit in the Local Government Tax Distribution Account and subsequent monthly distribution to the County.

Because the BCCRT and the SCCRT constitute the majority of the Consolidated Tax Revenues, the State’s sales tax collection and enforcement procedures are discussed briefly below. In addition to the sales tax enforcement procedure, the State may impose delinquent interest and penalties on late payments of the other taxes collected and also may seek judgments in State court for satisfaction of amounts owed.

Taxation administers all sales taxes within the State, including the BCCRT and the SCCRT. Each licensed retailer is required to remit all sales tax directly to Taxation. Pursuant to State statute, Taxation currently retains a collection fee of 1.75% (that amount is subject to change by the Legislature) of all amounts remitted by retailers. (Notwithstanding the foregoing, the increased fee cannot be applied so as to modify, directly or indirectly, any taxes levied or revenues pledged in such a manner as to impair adversely any outstanding obligations of any political subdivision of this State or other public entity). Every person desiring to conduct

business as a retailer within the County must obtain a permit from Taxation. Any retailer that fails to comply with State statutes may have its license revoked by Taxation after a hearing held upon 10 days' written notice.

Sales taxes are due and payable to Taxation monthly on or before the last day of the month next succeeding the month in which such taxes are collected (i.e., sales taxes collected by retailers in April 2015 were due to Taxation no later than May 31, 2015). Retailers are allowed to deduct 0.25% of the amount due to reimburse themselves for the cost of collecting the tax. Sales tax remittances to Taxation must be accompanied by a return form prescribed by Taxation. Taxation may require returns and payments for periods other than calendar months. Interest on deficient sales tax payments, exclusive of penalties, accrues at rates established by State law. A penalty of 10% of the amount of the deficiency also may be added.

Deficiency notices must be delivered to taxpayers within three years of any deficiency. Failure to pay sales taxes as required results in a lien against the property of the retailer failing to pay. The lien is enforced by Taxation's filing of a certificate and request for judgment with the County Clerk. Immediately upon filing of the certificate, the County Clerk is required to enter a judgment in the amount owed, including penalties and interest. The lien may be enforced through a warrant executed by the County sheriff. In addition, Taxation may seize and sell property of the delinquent payor as provided by law.

Distribution of Consolidated Tax Collections. Consolidated Taxes are distributed to local governments in accordance with a formula established by State law. State law established a "base year" during the 1997 Legislative session. After that year, each local government receives an annual percentage increase in its base amount according to increases in the prior year's Consumer Price Index. For cities and counties, additional revenues over the base allocations are determined according to a statutory formula that takes into account each local government's relative growth in population and assessed valuation in the prior year. Taxation may determine to reallocate taxes if the assessed value and population of an entity declines over three consecutive years. Over the last five years, the County has received between 51.0% and 51.5% of the Consolidated Tax collections distributed within the County, excluding revenues separately distributed to the Washoe County School District.

Pending Lawsuit Pertaining to Consolidated Tax Distribution. On June 6, 2012, the City of Fernley, which is located in Lyon County, Nevada, filed a suit in federal court against the State alleging that the manner in which the revenue from certain of the Consolidated Tax is divided among local governments violates the federal and State constitutions. The Consolidated Tax system uses a complex mathematical formula to collect and distribute taxes to local governments and special entities in Nevada. At the broadest level, revenues from six different taxes are collected throughout Nevada by the Nevada Department of Taxation and deposited into a segregated State account called the Local Government Distribution Account. See NRS 360.660 *et seq.* The complaint requests monetary damages in an amount to be determined at trial. It also requests an injunction against distribution of Consolidated Taxes under the current formulas.

The respondents filed respective motions to dismiss which were denied by the district court. Respondents thereafter petitioned the Nevada Supreme Court for review of the denial of the motions to dismiss. On January 25, 2013, the Nevada Supreme Court issued its writ and order holding that Fernley's federal constitutional claims were time barred, but declined the

respondent's request to dismiss Fernley's State constitutional claims and ordered the parties to complete discovery. Following completion of discovery, the respondents filed respective motions to dismiss. The district court initially dismissed all claims against the State Treasurer, including claims for declaratory and injunctive relief, on the grounds of sovereign immunity. Fernley filed its own motion for summary judgment and sought reconsideration of the dismissal of all claims against the State Treasurer. On October 6, 2014, the district court entered its order denying Fernley's motions for summary judgment and reconsideration and granting respondents' motions for summary judgment. Fernley appealed the portion of district court's order which dismissed the claims against the State Treasurer. This case is currently being briefed at the Nevada Supreme Court.

At this time, it is not possible to determine whether there is any merit to the matter or what the potential effects on the State or the governmental entities receiving Consolidated Tax distributions might be.

Consolidated Tax Revenue Data.

Historical Consolidated Tax Revenues and Pro Forma Debt Service Coverage. The following table sets forth: (i) a history of the County's Consolidated Tax receipts and the resulting 2016B Pledged Revenues; (ii) the estimated combined maximum annual debt service payable on the 2016B Bonds and the 2016B Parity Lien Bonds; and (iii) the associated debt service coverage, calculated by dividing the 2016B Pledged Revenues in each year by the combined maximum annual debt service.

The table includes historical audited Consolidated Tax collection information for fiscal years 2011 through 2015. There is no assurance that the 2016B Pledged Revenues will continue to be realized in the amounts illustrated below. See "Certain Risks Associated With 2016B Pledged Revenues" and other factors described throughout this Official Statement.

Historical 2016B Pledged Revenues and Pro Forma Debt Service Coverage

	2011 Actual	2012 Actual	2013 Actual	2014 Actual	2015 Actual
Consolidated Tax Receipts	\$69,330,862	\$70,985,428	\$75,489,073	\$80,808,837	\$88,434,949
% change	1.2%	2.4%	6.3%	7.0%	9.4%
2016B Pledged Revenues (15% of Consolidated Tax Receipts)	\$10,399,629	\$10,647,814	\$11,323,361	\$12,121,326	\$13,265,242
Combined Maximum Annual Debt Service (2)*	\$6,109,984	\$6,109,984	\$6,109,984	\$6,109,984	\$6,109,984
Coverage	1.70x	1.74x	1.85x	1.98x	2.17x

(1) Unaudited estimate; subject to change.

(2) Combined maximum annual debt service on the 2016B Bonds and the 2016B Parity Lien Bonds. See "THE 2016 BONDS--Debt Service Requirements."

Source: Derived from the County's audited financial statements for the fiscal years ended June 30, 2011-2015.

For 2016, the County budgeted to receive Consolidated Tax revenues of \$91,278,018, which would result in 2016B Pledged Revenues of \$13,691,703. That budgeted figure results in estimated debt service coverage of 2.24x, calculated using the estimated combined debt service payable on the 2016B Bonds and the 2016B Parity Lien Bonds in fiscal year 2024 (\$6,109,984).* See "INTRODUCTION--Forward-Looking Statements." If the 2016B Pledged Revenues are insufficient to pay the combined debt service on the 2016B Bonds and any 2016B Parity Bonds, the County must use other available resources to do so. The County received \$7,877,468 (unaudited) in Consolidated Tax revenues for the first month of fiscal year 2016 (reflecting Consolidated Tax on sales occurring in July 2015, paid by retailers to the State in August 2015 and received by the County in September 2015).

Monthly Comparison of Consolidated Tax Collections. The following table presents a comparison of monthly revenues received by the County pursuant to the Consolidated Tax Act for the twelve-month periods ending July 31, 2014 and 2015 (unaudited). *The data in the following table reflects collection of the full amount received pursuant to the Consolidated Tax Act; however, the 2016B Pledged Revenues are comprised of only 15% of that total amount. The information below is intended to illustrate collection trends only; it is not a representation of amounts available to pay the 2016B Bonds.* This table is presented on an accrual basis; accordingly, revenues are accounted for in the month of the original sales rather than the month of actual collection by the County. For example, revenues recorded for "July 2015" in the following table represent sales made by retailers in July 2015 and are recorded in that month even though retailers remitted those revenues to the State in August 2015 and the moneys were received by the County in September 2015. As of July 31, 2015, the County had experienced an increase of approximately 9.2% in Consolidated Tax collections as compared to the same twelve-month period for the previous year. **[NOTE: update through November 2015 prior to posting the POS in early January 2016].**

* Subject to change.

Comparison of Monthly Consolidated Tax Collections⁽¹⁾

Accrual Month ⁽²⁾	Twelve-Month Period Ending July 31, 2015		Twelve-Month Period Ending July 31, 2014		Percent Change	
	Current Month	Cumulative	Current Month	Cumulative	Current Month	Cumulative
	August	\$7,379,077	\$35,487,767	\$6,884,804	\$33,279,125	--
September	7,226,581	42,714,349	6,853,587	40,132,712	5.4%	6.3%
October	6,950,773	49,665,122	6,343,648	46,476,360	9.6	6.3
November	6,838,198	56,503,320	6,446,250	52,922,610	6.1	7.3
December	8,427,814	64,931,133	7,933,270	60,855,880	6.2	7.0
January	6,824,917	71,756,050	5,884,511	66,740,390	16.0	6.9
February	6,521,188	78,277,238	5,835,613	72,576,004	11.7	8.2
March	7,892,166	86,169,405	7,128,211	79,704,215	10.7	8.6
April	7,199,626	86,972,464	6,396,566	79,900,974	12.6	8.9
May	7,494,423	72,754,764	6,990,229	66,696,719	7.2	9.3
June	8,284,030	81,038,794	7,325,741	74,022,460	13.1	9.5
July	7,877,468	88,916,262	7,396,154	81,418,614	6.5	9.2

(1) Reflects collection of the full amount of amounts received pursuant to the Consolidated Tax Act; however, the 2016B Pledged Revenues pledged to payment of the 2016B Bonds are comprised of only 15% of that total amount.

(2) The County accounts for Consolidated Tax on an accrual basis. Taxes accrued in July 2015 (\$7,877,468) were received by the County in September 2015.

Source: The County (unaudited).

PROPERTY TAX INFORMATION – 2016B BONDS

Property Tax Base and Tax Roll

Taxation reports that the assessed valuation of property within the County for the fiscal year ending June 30, 2016, is \$14,342,710,925 (excluding the assessed valuation attributable to the Reno RDA and the Sparks Redevelopment Agency (the “Redevelopment Agencies”). That assessed valuation represents an increase of 8.0% from the assessed valuation for fiscal year 2015.

State law requires that county assessors reappraise at least once every five years all real and secured personal property (other than certain utility owned property which is centrally appraised and assessed by the Nevada Tax Commission). While the law provides that in years in which the property is not reappraised, the county assessor is to apply a factor representing typical changes in value in the area since the preceding year, it is the policy of the Washoe County Assessor to reappraise all real and secured personal property in the County each year. State law currently requires that property be assessed at 35% of taxable value; that percentage may be adjusted upward or downward by the Legislature. Based upon the assessed valuation for fiscal year 2016 the taxable value of all taxable property within the County is \$40,979,174,071 (excluding the taxable value attributable to the Redevelopment Agencies).

“Taxable value” is defined in the statutes as the full cash value in the case of land and as the replacement cost less straight-line depreciation in the case of improvements to land and in the case of taxable personal property, less depreciation in accordance with the regulations of the Nevada Tax Commission but in no case an amount in excess of the full cash value. Depreciation of improvements to real property must be calculated at 1.5% of the cost of replacement for each year of adjusted actual age up to a maximum of 50 years. Adjusted actual age is actual age adjusted for any addition or replacement made which is valued at 10% or more of the replacement cost after the addition or replacement. The maximum depreciation allowed is 75% of the cost of replacement. When a substantial addition or replacement is made to depreciable property, its “actual age” is adjusted i.e., reduced to reflect the increased useful term of the structure. The adjusted actual age has been used on appraisals for taxes since 1986-87.

In Nevada, county assessors are responsible for assessments in the counties except for certain properties centrally assessed by the State, which include railroads, airlines, and utility companies.

History of Assessed Value

The following table provides a history of the assessed valuation in the County. Due to property tax abatement laws enacted in 2005 (described in “Required Property Tax Abatements” below), the taxes collected by taxing entities within the County are capped and there is no longer a direct correlation between changes in assessed value and property tax revenue.

History of Assessed Value

Fiscal Year Ended June 30,	Assessed Valuation of Washoe County(1)	Percent Change
2012	\$12,675,374,294	--
2013	12,290,109,448	(3.0)%
2014	12,317,952,550	0.2
2015	13,286,283,600	7.9
2016	14,342,710,925	8.0

(1) Includes the assessed value attributable to Net Proceeds of Minerals. Excludes the assessed valuations of the Redevelopment Agencies in the following aggregate amounts: fiscal year 2012 - \$253,904,054; fiscal year 2013 - \$201,510,836; fiscal year 2014 - \$178,972,052; fiscal year 2015 - \$201,317,152; and fiscal year 2016 - \$222,756,313.

Source: Property Tax Rates for Nevada Local Governments - State of Nevada Department of Taxation, 2011-12 through 2015-16.

Property Tax Collections

In Nevada, county treasurers are responsible for the collection of property taxes, and forwarding the allocable portions thereof to the overlapping taxing units within the counties.

A history of the County’s tax roll collection record appears in the following table. *This table reflects all amounts collected by the County, including amounts levied by the County, the School District, the cities within the County and certain special taxing districts. The figures in the following table include property taxes that are not available to pay debt service on the 2016B Bonds.* The table below provides information with respect to the historic collection rates for the County, but may not be relied upon to depict the amounts of ad valorem property taxes available to the County in each year. There is no assurance that collection rates will be similar to the historic collection rates depicted below.

As described below in “PROPERTY TAX INFORMATION-2016B BONDS-- Required Refunds and Other Actions Related to Property Taxes - Required Incline Village Tax Refunds,” the County has recalculated and refunded approximately \$44.8 million in property taxes (including interest) to taxpayers in the Incline Village/Crystal Bay area of the County. All of the parcels subject to refunds have been adjusted and refunds for all of the parcels have been processed. In the following table, all of the refunds associated with those adjustments are included in the “Delinquent Tax Collections” column.

Property Tax Levies, Collections and Delinquencies – Washoe County, Nevada⁽¹⁾

Fiscal Year			% of Levy	Delinquent		Total Tax
Ending	Net Secured	Current Tax	(Current)	Tax	Total Tax	Total Tax
<u>June 30</u>	<u>Roll Tax Levy</u>	<u>Collections</u>	<u>Collected</u>	<u>(Abatements)</u>	<u>Collections</u>	<u>Collections as %</u>
2011	\$459,902,246	\$452,301,503	98.35%	\$8,747,048	\$461,048,551	100.25%
2012 ⁽³⁾	424,893,854	416,848,553	98.11	(4,822,330)	412,026,224	96.97
2013 ⁽³⁾	410,445,682	405,976,784	98.91	(6,474,893)	399,501,891	97.33
2014	411,287,837	407,469,285	99.07	5,571,288	413,040,573	100.43
2015	423,991,386	421,124,537	99.32	4,714,586	425,839,123	100.44
2016 ⁽⁴⁾	439,788,704	240,458,827	--	1,421,241	241,880,068	--

- (1) Represents the real property tax roll levies and collections as of October 13, 2015. Subject to revision.
- (2) Figured on collections to net levy (actual levy less stricken taxes).
- (3) All previous tax year collection adjustments and refunds resulting from the Incline Village matter were completed in June 2013 and are reflected in the Delinquent Tax Collections amounts.
- (4) Collections as of October 13, 2015.

Source: Washoe County Treasurer's Office.

Taxes on real property are due on the third Monday in August unless the taxpayer elects to pay in installments on or before the third Monday in August and the first Mondays in October, January, and March of each fiscal year. Penalties are assessed if any taxes are not paid within 10 days of the due date as follows: 4% of the delinquent amount if one installment is delinquent, 5% of the delinquent amount plus accumulated penalties if two installments are delinquent, 6% of the delinquent amount plus accumulated penalties if three installments are delinquent and 7% of the delinquent amount plus accumulated penalties if four installments are delinquent. In the event of nonpayment, the county treasurer is authorized to hold the property for two years, subject to redemption upon payment of taxes, penalties and costs, together with interest at the rate of 10% per year from the date the taxes were due until paid. If delinquent taxes are not paid within the two-year redemption period, the county treasurer obtains a deed to the property free of all encumbrances. Upon receipt of a deed, the county treasurer may sell the property to satisfy the tax lien and assessments by local governments for improvements to the property. State law provides alternative remedies for the collection of taxes in certain instances, including judicial foreclosure (which may take place before the expiration of the two-year redemption period) and the assignment of a tax lien by the county treasurer upon payment of taxes by a third party, as authorized by the property owner through a written agreement.

Largest Taxpayers in the County

The following table represents the ten largest property-owning taxpayers in the County based on fiscal year 2015-2016 assessed valuations. The assessed valuations in this table represents only the secured tax roll (real property). No independent investigation has been made of, and consequently there can be no representation as to, the financial conditions of the taxpayers listed, or that any such taxpayer will continue to maintain its status as a major taxpayer based on the assessed valuation of its property in the County.

Ten Largest Taxpayers in the County⁽¹⁾
Fiscal Year 2015-16

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Assessed Value</u>	<u>% of Total Assessed Value⁽²⁾</u>
Icon Reno Property Owner ⁽³⁾	Real Estate	\$100,866,552	0.69%
Peppermill Casinos Inc.	Hotel/Casino	85,446,342	0.58
Golden Road Motor Inn Inc.	Hotel	43,817,407	0.30
MPT of Reno LLC	Developer	38,863,173	0.27
Sparks Legends Development Inc.	Hotel/Casino	36,324,989	0.25
Circus & Eldorado Joint Venture	Hotel/Casino	31,789,794	0.22
Northwestern Mutual Life Insurance	Insurance	27,568,667	0.19
Apple Inc.	Technology	25,126,644	0.17
International Game Technology	Manufacturing	24,850,000	0.17
Hyatt Equities LLC	Hotel/Casino	<u>24,366,444</u>	<u>0.17</u>
TOTAL		\$439,020,012	3.01%

(1) Real property only; excludes centrally assessed property. Subject to revision.

(2) Based on the County's fiscal year 2016 total assessed valuation of \$14,565,467,238 (which includes the assessed valuation of the Redevelopment Agencies).

(3) Includes Icon Reno Property Owner Pool 3 Nevada LLC, Icon Reno Property Owner Pool 6 West/Southwest LLC, and Icon Reno Property Owner Pool 2 LLC.

Source: Washoe County Assessor's Office (report dated October 12, 2015).

Property Tax Limitations

Overlapping Property Tax Caps. Article X, Section 2, of the State constitution limits the total ad valorem property taxes levied by all overlapping governmental units within the boundaries of any county (i.e., the State, and any county, city, town, school district or special district) to an amount not to exceed five cents per dollar of assessed valuation (\$5 per \$100 of assessed valuation) of the property being taxed. Further, the combined overlapping tax rate is limited by statute to \$3.64 per \$100 of assessed valuation in all counties of the State with certain exceptions that (a) permit a combined overlapping tax rate of up to \$4.50 per \$100 of assessed valuation in the case of certain entities that are in financial difficulties (or require a combined overlapping tax rate of \$5.00 per \$100 of assessed valuation in certain circumstances of severe financial emergency); and (b) require that \$0.02 of the statewide property tax rate of \$0.17 per \$100 of assessed valuation is not included in computing compliance with this \$3.64 cap. (This \$0.02 is, however, counted against the \$5.00 cap.) State statutes provide a priority for taxes levied for the payment of general obligation bonded indebtedness in any year in which the proposed tax rate to be levied by overlapping units within a county exceeds any rate limitation, a reduction must be made by those units for purposes other than the payment of general obligation bonded indebtedness, including interest thereon.

As shown below in the table "History of Statewide Average and Sample Overlapping Property Tax Rates," the average total tax rate in Nevada in fiscal year 2015 is \$3.1232. In much of the County, the overlapping tax rate is \$3.66, including the County's tax rate of \$1.3917. The governmental units within the County, therefore, are collectively imposing the maximum rate possible by law.

Local Government Property Tax Revenue Limitation. State statutes limit the revenues local governments, other than school districts, may receive from ad valorem property taxes for purposes other than paying certain general obligation indebtedness which is exempt from such ad valorem revenue limits. These revenue limitations do not apply to ad valorem taxes levied to repay the 2016B Bonds, which are exempt from such ad valorem revenue limits. This rate is generally limited as follows. The assessed value of property is first differentiated between that for property existing on the assessment rolls in the prior year (old property) and new property. Second, the property tax revenue derived in the prior year is increased by no more than 6% and the tax rate to generate the increase is determined against the current assessed value of the old property. Finally, this tax rate is applied against all taxable property to produce the allowable property tax revenues. This cap operates to limit property tax revenue dependent upon changes in the value of old property and the growth and value of new property.

A local government, other than a school district, may exceed the property tax revenue limitation if the proposal is approved by its electorate at a general or special election. In addition, the Executive Director of Taxation will add, to the allowed revenue from ad valorem taxes, the amount approved by the Legislature for the costs to a local government of any substantial programs or expenses required by legislative enactment. In the event sales tax estimates from Taxation exceed actual revenues available to local governments, Nevada local governments receiving such sales tax may levy a property tax to make up the revenue shortfall. The County, Reno and Sparks are levying various tax overrides as allowed or required by State statutes. For FY 2015/16, the State Department of Taxation calculated the maximum allowed ad valorem tax rate for the County, not including legislative or voter overrides, to be \$2.3887. This compares to the County's actual rate of \$0.9993.

State statutes limit the revenues school districts may receive from ad valorem property taxes for operating purposes. Pursuant to NRS 387.195, each board of county commissioners shall levy a tax of \$0.75 per \$100 of assessed valuation for the support of the public schools within the county school district. School districts are also allowed additional levies for voter-approved debt service and voter-approved tax overrides for capital projects.

The Nevada Tax Commission monitors the impact of tax legislation on local government services.

Constitutional Amendment - Abatement of Taxes for Severe Economic Hardship. At the November 5, 2002 election, the State's voters approved an amendment to the State constitution authorizing the Legislature to enact a law providing for an abatement of the tax upon or an exemption of part of the assessed value of an owner-occupied single-family residence to the extent necessary to avoid severe economic hardship to the owner of that residence.

The legislation implementing that amendment provides that the owner of a single-family residence may file a claim with the county treasurer to postpone the payment of all or part of the property tax due against the residence if (among other requirements): the residence has an assessed value of not more than \$175,000; the property owner does not own any other real property in the State with an assessed value of more than \$30,000; the residence has been occupied by the owner for at least 6 months; the owner is not in bankruptcy; the owner owes no delinquent property taxes on the residence; the owner has suffered severe economic hardship caused by circumstances beyond his control (such as illness or disability expected to last for at least 12 continuous months); and the total annual income of the owner's household is at or below

the federally designated poverty level. The amount of tax that may be postponed may not exceed the amount of property tax that will accrue against the residence in the succeeding three fiscal years. Any postponed property tax (and any penalties and the interest that accrue as provided in the statute) constitutes a perpetual lien against the residence until paid. The postponed tax becomes due and payable if: the residence ceases to be occupied by the claimant or is sold; any non-postponed property tax becomes delinquent; if the claimant dies; or on the date upon which the postponement expires, as determined by the county treasurer. No taxpayers in the County have filed a claim to postpone taxes under this law.

Potential Constitutional Amendment - Senate Joint Resolution 13. Senate Joint Resolution 13 (“SJR 13”), adopted by the 2015 session of the Nevada Legislature, proposes to amend the Nevada Constitution. Under Nevada law, constitutional amendments require majority approval by each house of the Legislature in two separate legislative sessions and then majority approval by the general electorate. SJR 13, therefore, will be considered again in the 2017 Legislature. If it is approved again, it is expected that it will be placed on the ballot for the November 2018 general election.

SJR 13 would impose certain additional limitations on property taxes. It is unclear how the amendment would work with existing abatement requirements. If approved, SJR 13 is expected to require enabling legislation which has not yet been introduced. The proposed amendment itself would, among other provisions, limit taxes to 1.25% of taxable value. Property taxes for debt (including the 2016B Bonds), however, generally would be excluded from SJR 13’s limit. SJR 13 only applies to real property taxes. It also requires a new “uniform and just” valuation of property for taxation and it generally limits increases in property values to the lesser of 3% per year or the rate of inflation, with certain exceptions. SJR 13 would also change the taxable value of real property upon certain transfers of the property.

Many of the provisions of SJR 13 are unclear and the amendment will require additional legislation to implement. It is not possible to predict at this time whether it will become law, or what its impact will be on the County’s property tax revenue if it does become law.

Required Property Tax Abatements

General. In 2005, the Legislature approved the NRS 361.471 to 361.4735 (the “Abatement Act”), which established formulas to determine whether tax abatements are required for property owners in each year. The general impact of the Abatement Act is to limit increases in ad valorem property tax revenues owed by taxpayers to a maximum of 3% per year for primary owner-occupied residential properties (and low-income housing properties) and to 8% (or a lesser amount equal to the greater of the average annual change in the assessed valuation of taxable property over the last ten years, or twice the Consumer Price Index increase, as determined by a formula) per year for all other properties. The Abatement Act limits do not apply to new construction. The Abatement Act formulas are applied on a parcel-by-parcel basis each year.

Generally, reductions in the amount of ad valorem property tax revenues levied in the County are required to be allocated among all of the taxing entities in the County in the same proportion as the rate of ad valorem taxes levied for that taxing entity bears to the total combined rate of all ad valorem taxes levied for that fiscal year. However, abatements caused by tax rate

increases are to be allocated against the entity that would benefit from the tax increase rather than among all entities uniformly. Revenues realized from new or increased ad valorem taxes that are required by any legislative act that was effective after April 6, 2005, generally are exempt from the abatement formulas. The Abatement Act provides for the recapture of previously abated property tax revenues in certain limited situations.

Levies for Debt Service. Revenues resulting from increases in the rate of ad valorem taxes for the payment of tax-secured obligations are exempt from the Abatement Act formulas if increased rates are necessary to pay debt service on the related obligation in any fiscal year if (1) the tax-secured obligations were issued before July 1, 2005; or (2) the governing body of the taxing entity and the County Debt Management Commission make findings that no increase in the rate of an ad valorem tax is anticipated to be necessary for payment of the obligations during their term. Ad valorem tax rate increases to pay debt service on the 2016B Bonds are exempt from the Abatement Act formulas.

General Effects of Abatement. Limitations on property tax revenues could negatively impact the finances and operations of the taxing entities in the State, including the County, to an extent that cannot be determined at this time.

Required Refunds and Other Actions Related to Property Taxes

Required Incline Village Refunds. The County has been a party to various lawsuits in state and federal courts involving property tax assessments in the Lake Tahoe area (Incline Village/Crystal Bay). The cases involve claims of unconstitutional taxation, challenges to the administrative hearings and decisions of boards of equalization and writs of mandamus.

The sole remaining case involving the Incline Village property taxes is a case that was first filed in 2003. The case was initiated by Incline Village taxpayers seeking to compel the Nevada State Board of Equalization to perform its statutory equalization function. The case was initially dismissed in its entirety. That dismissal was appealed to the Nevada Supreme Court which upheld most of the dismissals. Included among the claims being dismissed was a claim based upon the argument that the 17 plaintiffs in the prior Bakst case obtained relief from property valuation and resulting taxes and the rest of the Incline Village property owners should obtain the same relief. The Nevada Supreme Court rejected that claim based on the fact that the remaining property owners had failed to exhaust their administrative remedies. The Court did return the question of statewide equalization to the District Court. Eventually, the District Court entered a writ to compel the State Board of Equalization to conduct hearings at which aggrieved taxpayers could express their concerns regarding statewide equalization issues. In the District Court's Writ, the District Court directed the State Board of Equalization to: "Take such actions as are required to notice and hold a public hearing, or hearings as may be necessary, to hear and determine the grievances of property owner taxpayers regarding the failure, or lack, of equalization of real property valuations throughout the State of Nevada for the 2003-2004 tax year and each subsequent tax year to and including the 2010-2011 tax year and to raise, lower or leave unchanged the taxable value of any property for the purpose of equalization."

In 2012, the State Board of Equalization did as instructed and held a hearing on equalization. Incline Village/Crystal Bay property owners made the argument that they should be equalized with the 17 Bakst plaintiffs for the 2003-2004, 2004-2005, and 2005-2006 tax years. On February 1, 2013, the State Board of Equalization issued its Order in which it directed

the Washoe County Assessor to revalue Incline Village and Crystal Bay properties for the 2003-2004 tax year and, based on those values, to raise, lower or leave unchanged the amount of taxes due on those properties. The Incline Village property owners were dissatisfied with that Order of the State Board of Equalization and filed their objections to the Board's action with the District Court. In a separate action, they also petitioned for judicial review of the interim decision of the State Board of Equalization. Those cases were consolidated and on July 1, 2013, the District Court dismissed the Incline Village property owners' objections. Another appeal to the Nevada Supreme Court ensued.

Oral argument at the Nevada Supreme Court took place on November 1, 2014. The Incline Village property owners once again argued that they should be entitled to the same relief the 17 Bakst plaintiffs obtained. No decision has been rendered by the Nevada Supreme Court to date.

There are a number of possible results, which range from ordering refunds to the other property owners, which would result in approximately \$31 million in refunds (due from all taxing entities, including the County), to allowing the reassessment, which could potentially result in additional taxes being due. Funds do not currently exist within the General Fund to pay the County's portion of this potential liability, which is estimated as high as approximately \$13 million. The remainder of the refund liability belongs to other property-tax collecting entities, including the Washoe County School District, the North Lake Tahoe Fire Protection District, the Incline Village General Improvement District and the State. State statutes provide that amounts refunded are to be withheld from subsequent apportionments to those other taxing entities.

Required Payment of Property Tax Moneys to Reno Redevelopment Agency. The Reno Redevelopment Agency ("Reno RDA") has challenged the methodology used to determine its 2011-12 tax increment revenues and sought the allocation of additional taxes to it based upon its interpretation of a statute. In August 2012, the County, Reno RDA, the City of Reno, Washoe County School District and the State agreed upon a settlement of the dispute. The portion of the settlement which is still relevant pertains to an agreement by the parties that Reno RDA will receive a minimum allocation of tax revenue through June 30, 2018, of approximately \$2.7 million per year, less any increment amount allocated to Reno RDA through the standard tax distribution process. On June 30 of each year, the County Treasurer determines whether Reno RDA has received at least this minimum amount. If not, the County Treasurer calculates the remaining amount due and allocates it among the County, the City of Reno, Washoe County School District and the State, based upon the proportion of each entity's redevelopment tax rate to the combined overlapping redevelopment tax rate.

Reno RDA has failed to receive the minimum amount in each of the last four fiscal years, requiring payments from the other taxing entities, including the County. The County's share was \$591,975 in fiscal year 2012; \$880,243 in fiscal year 2013; \$1,082,370 in fiscal year 2014; and \$945,054 in fiscal year 2015. For the remaining three fiscal years of the agreement (fiscal years 2016-18), the County's maximum potential liability would be approximately \$1.16 million per year, a calculation which is based upon the assumptions that Reno RDA will receive \$0 from the normal tax increment process and that the County's share each year is 43%, which is the average for the past four years. The actual liability is expected to be less than \$1.16 million per year. The County does not expect that any amounts it may be

required to pay to the Reno RDA over the next three fiscal years pursuant to the settlement will have a material adverse effect on the County's ability to pay debt service on the 2016B Bonds.

Overlapping Tax Rates and General Obligation Indebtedness

Overlapping Tax Rates. The following table sets forth a history of statewide average tax rates and a representative overlapping tax rate for taxing is located in Reno, the most populous city in the County. The overlapping rates for incorporated and unincorporated areas within the County vary depending on the rates imposed by applicable taxing jurisdictions. The highest overlapping tax rate in the County currently is \$3.6600 in Reno, Sparks and in a portion of the Palomino Valley General Improvement District.

History of Statewide Average and Sample Overlapping Property Tax Rates⁽¹⁾

<u>Fiscal Year Ended June 30,</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Average Statewide rate	<u>\$3.1171</u>	<u>\$3.1304</u>	<u>\$3.1212</u>	<u>\$3.1232</u>	<u>\$3.1232</u>
Washoe County	1.3917	1.3917	1.3917	1.3917	1.3917
Washoe County School District	1.1385	1.1385	1.1385	1.1385	1.1385
City of Reno	0.9456	0.9598	0.9598	0.9598	0.9598
Combined Special Districts	0.0000	0.0000	0.0000	0.0000	0.0000
State of Nevada ⁽²⁾	<u>0.1700</u>	<u>0.1700</u>	<u>0.1700</u>	<u>0.1700</u>	<u>0.1700</u>
Total	<u>\$3.6458</u>	<u>\$3.6600</u>	<u>\$3.6600</u>	<u>\$3.6600</u>	<u>\$3.6600</u>

(1) Per \$100 of assessed valuation.

(2) \$0.0200 of the State rate is exempt from the \$3.64 cap. See "Property Tax Limitations" above.

Source: Property Tax Rates for Nevada Local Governments - State of Nevada, Department of Taxation, 2011-12 through 2015-16.

Estimated Overlapping General Obligation Indebtedness. In addition to the general obligation indebtedness of the County, other taxing entities are authorized to incur general obligation debt within boundaries that overlap or partially overlap the boundaries of the County. In addition to the entities listed below, other governmental entities may overlap the County but have no general obligation debt outstanding. The following chart sets forth the estimated overlapping general obligation debt (including general obligation medium-term bonds) chargeable to property owners within the County as of July 1, 2015.

Estimated Overlapping Net General Obligation Indebtedness

<u>Entity (1)</u>	<u>Total General Obligation Indebtedness(2)</u>	<u>Presently Self-Supporting General Obligation Indebtedness</u>	<u>Net Direct General Obligation Indebtedness</u>	<u>Percent Applicable(3)</u>	<u>Overlapping Net General Obligation Indebtedness(4)</u>
Washoe County School District	\$472,181,645	\$ 0	\$472,181,645	100.00%	\$472,181,645
City of Reno	123,886,997	100,426,997	23,460,000	100.00	23,460,000
City of Sparks	37,189,587	35,164,587	2,025,000	100.00	2,025,000
North Lake Tahoe Fire Protection District	3,947,000	3,127,000	820,000	100.00	820,000
Incline Village GID	10,904,426	10,904,426	0	100.00	0
State of Nevada	<u>1,602,590,000</u>	<u>393,172,000</u>	<u>1,209,418,000</u>	14.59	<u>176,454,086</u>
Total	\$2,250,699,655	\$531,890,584	\$1,707,904,645		\$674,940,731

- (1) Other taxing entities overlap the County and may issue general obligation debt in the future.
- (2) Includes medium-term bonds and other obligations.
- (3) Based on fiscal year 2015 assessed valuation in the respective jurisdiction. The percent applicable is derived by dividing the assessed valuation of the governmental entity into the assessed valuation of the County.
- (4) Overlapping Net General Obligation Indebtedness equals total existing general obligation indebtedness less presently self-supporting general obligation indebtedness times the percent applicable.

Source: Debt information compiled by the Financial Advisors; percentages calculated using information from Property Tax Rates for Nevada Local Governments - State of Nevada - Department of Taxation, 2014-15 and the State Treasurer's office.

The following table sets forth the total net direct and overlapping general obligation indebtedness attributable to the County as of January 5, 2016 (after taking the issuance of the 2016 Bonds and the Refunding Projects into account).

Net Direct & Overlapping General Obligation Indebtedness

Total General Obligation Indebtedness (1)	\$229,908,020
Less: Self-supporting General Obligation Indebtedness (1)	<u>(194,632,020)</u>
Net Direct General Obligation Indebtedness	\$35,276,000
Plus: Overlapping Net General Obligation Indebtedness	<u>674,940,731</u>
Net Direct & Overlapping Net General Obligation Indebtedness	\$710,216,731F

(1) Assumes the issuance of the 2016B Bonds and the completion of the 2016B Refunding Project. See "COUNTY DEBT STRUCTURE--Outstanding Indebtedness and Other Obligations."

Selected Debt Ratios

The following table sets forth selected debt ratios of the County for the past five fiscal years and for the current fiscal year (estimated).

Selected Direct General Obligation Debt Ratios

<u>Fiscal Year Ended June 30</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016(6)</u>
Population (1)	421,593	427,704	432,324	436,797	444,008	444,008
Assessed Value (2)	\$13,658,850,921	\$12,675,374,294	\$12,290,109,448	\$12,317,952,550	\$13,286,283,600	\$14,342,710,925
Taxable Value (2)	\$39,025,288,346	\$6,215,355,126	\$35,114,598,423	\$35,194,150,143	\$37,960,810,286	\$40,979,174,071
<u>Gross Direct G.O. Debt (3)</u>	\$309,522,589	\$296,780,021	\$281,388,366	\$270,019,926	\$232,510,889(5)	\$229,908,020
<u>RATIO TO:</u>						
Per Capita	\$734.17	\$693.89	\$650.87	\$618.18	\$523.66	\$517.80
Percent of Assessed Value	2.27%	2.34%	2.29%	2.19%	1.75%	1.60%
Percent of Taxable Value	0.79%	0.82%	0.80%	0.77%	0.61%	0.56%
<u>Net Direct G.O. Debt (4)</u>	\$59,195,000	\$46,187,998	\$41,529,000	\$38,497,000	\$35,276,000(5)	\$35,276,000
<u>RATIO TO:</u>						
Per Capita	\$119.06	\$107.99	\$96.06	\$88.13	\$79.45	\$79.45
Percent of Assessed Value	0.37%	0.36%	0.34%	0.31%	0.27%	0.25%
Percent of Taxable Value	0.13%	0.13%	0.12%	0.11%	0.09%	0.09%

- (1) The 2012-14 population figures represent the State Demographer's estimates for the County as of July 1 of each year shown. The 2015-16 population figures represent the State Demographer's projected population as of March 1, 2015.
- (2) See "Property Tax Base and Tax Roll" above for an explanation of Assessed Value and Taxable Value. The assessed valuations of the Redevelopment Agencies were not included in calculating debt ratios.
- (3) See "COUNTY DEBT STRUCTURE--Outstanding Indebtedness and Other Obligations." Fiscal year 2016 debt is as of January 5, 2016, after taking the issuance of the 2016B Bonds and the 2016B Refunding Project into account. The amount of debt which will be outstanding on June 30, 2016, is likely to vary from this amount.
- (4) Includes general obligation bonds and medium-term bonds; does not include self-supporting general obligation bonds, revenue bonds, assessment district bonds, lease purchase agreements or contingent liabilities. Fiscal year 2016 debt is as of January 5, 2016, after taking the issuance of the 2016B Bonds and the 2016B Refunding Project into account. The amount of debt which will be outstanding on June 30, 2016, is likely to vary from this amount.
- (5) Unaudited.
- (6) Except for assessed value and taxable value, the information in this column contains estimates which are subject to change. See "FORWARD-LOOKING STATEMENTS."

Sources: Property Tax Rates for Nevada Local Governments - State of Nevada Department of Taxation, 2010-11 through 2015-16; the State Demographer; County annual continuing disclosure reports 2010-11 through 2014-15; and debt information compiled by the Financial Advisors.

THE COUNTY

General

Washoe County, a political subdivision of the State, was organized in the year 1861. The County operates under the provisions of the general laws of the State. The County covers an area of 6,600 square miles in the northwest portion of the State. The County seat and most populous city in the County is Reno. The principal components of the economy of the County are tourism (which is primarily based on legalized gaming and outdoor recreation activities), governmental activities, industry, finance and retail merchandising.

The County provides a variety of governmental services, such as those of the County recorder, assessor and treasurer, and a criminal justice system, which includes the courts, district attorney, detention center, and public defender. In addition, the County provides social and welfare services and institutional youth services. The County provides road maintenance, parks and recreation, fire protection, building inspection, law enforcement through the Sheriff's Office and other local services to its unincorporated areas. The County operates a regional animal control and shelter facility, regional public safety training center and regional operations center. Approximately 25% of the County's population resides in its unincorporated areas.

Board of County Commissioners

The Washoe County, Nevada, Board of County Commissioners is the governing body of the County. The five members are elected from County commission election districts for four-year staggered terms. County Commission terms end on the day preceding the first Monday of January in the applicable year. County Commissioners are subject to term limitations (12 years) approved by State voters in 1996.

The Board is also represented on: the Regional Planning Governing Board, Reno-Sparks Convention and Visitors Authority, Debt Management Commission, Nevada Association of Counties, National Association of Counties, Tahoe Regional Planning Agency, Regional Transportation Commission, Criminal Justice Advisory Committee, District Board of Health, Investment Committee, Joint Fire Advisory Board, Nevada Commission for the Reconstruction of the V&T Railway, NevadaWorks Board, Oversight Advisory Board, Regional Housing Task Force, Truckee Meadows Water Authority Board, Truckee River Flood Project Coordinating Committee, Internal Audit Committee, Nevada Truckee River Planning Association, Senior Services Advisory Board, Western Regional Water Commission, Open Space & Regional Park Commission, Organizational Effectiveness Committee, Truckee River Flood Management Authority, EDAWN Economic Development Council, Nevada Tahoe Conservation District, Shared Services Advisory Board, Library Board of Trustees, Citizens' Advisory Committee on the future of the Washoe County Library System, Washoe County Community Event Sponsorship Grant Advisory Committee, Washoe County Human Services Consortium Triumvirate, Washoe County School District Oversight Panel and School Facilities, and Legislative Liaison. The Board is also the ex-officio Board of the Truckee Meadows Fire Protection District and the Sierra Fire Protection District.

The current members of the Board, their years of service and their terms of office are as follows:

<u>Commissioner</u>	<u>Year Took Office</u>	<u>Expiration of Term</u>
Marsha Berkgigler, Chair	2013	2017
Kitty Jung, Vice Chair	2007	2019
Vaughn Hartung	2013	2017
Jeanne Herman	2015	2019
Bob Lucey	2015	2019

Administration

The County Manager is the County's chief administrative officer and serves at the pleasure of the Board.

John Slaughter, County Manager. In October 2013, the Board selected John Slaughter as the Washoe County Manager. Mr. Slaughter has been with Washoe County since 1986, working as a land use planner, the County's strategic planning manager, and as the Director of Management Services. He represented Washoe County at the Nevada Legislature from 2001-2013 and was named Acting Assistant County Manager prior to his appointment as County Manager.

As Washoe County Manager, John Slaughter serves as liaison between the the Board and elected and appointed department directors, governmental jurisdictions, community and business groups, employees, and county customers. He also oversees the Manager's Office, which facilitates presentation of issues to the Board for their consideration and ensures effective implementation of direction given by the BCC. The Manager's Office also houses the Community Relations division, Internal Audit division, and Management Services division.

Mr. Slaughter holds a Bachelor of Science degree in Sociology and Anthropology from Emporia State University, and a Master of Urban Planning degree from the University of Kansas. He has also received the Continuing Education Certificate in Public Management from the University of Nevada, Reno. He is a member of the American Institute of Certified Planners, and the International City/County Management Association.

Employee Relations, Benefits and Pension Matters

General. The County has approximately 2,532 full-time equivalent employees. Of these positions, approximately 77% are represented by six employee associations, which represent their respective employees in negotiation with the County for employee benefits including wages. The six employee associations represent nine bargaining units and are: (1) the Washoe County Employees Association, which represents both supervisory and non-supervisory employees; (2) Washoe County Nurses Association, which represents both supervisory and non-supervisory employees; (3) Washoe County District Attorney Investigators' Association, which represents both supervisory and non-supervisory employees; (4) Washoe County Sheriffs Deputies Association, (5) Washoe County Sheriff's Supervisory Deputies Association and (6) Washoe County Public Attorney's Associations. Eight of the bargaining units' contracts expire on June 30, 2015, and one unit's contract expires on June 30, 2016. These contracts are currently in negotiations.

Benefits. The County provides deferred compensation plans to its employees, as well as life insurance, health insurance, paid vacation, sick leave and holidays, and reimbursement for certain educational expenses.

Pension Benefits. The State Public Employees' Retirement System ("PERS") covers substantially all public employees of the State, its agencies and its political subdivisions, including the County. PERS, established by the Legislature effective July 1, 1948, is governed by the Public Employees' Retirement Board whose seven members are appointed by the Governor for four-year terms.

All public employees who meet certain eligibility requirements participate in the Nevada State Public Employee Retirement System (PERS), which is a cost sharing multiple-employer defined benefit plan. Benefits, as established by statute, are determined by the number of years of accredited service at the time of retirement. For a member who has an effective date of membership before January 1, 2010, a monthly service retirement allowance must be determined by multiplying a member's average compensation, over the member's 36 consecutive months of highest compensation, by 2.5 percent for each year of service earned before July 1, 2001, and 2.67 percent for each year of service earned on or after July 1, 2001. For a member who has an effective date of membership on or after January 1, 2010, a monthly service retirement allowance must be determined by multiplying a member's average compensation, over the member's 36 consecutive months of highest compensation, by 2.5 percent for each year of service earned. A member who has an effective date of membership on or after July 1, 2015, other than a police officer or firefighter, will be determined by multiplying the member's average compensation by 2.25 percent for every year of service earned. For members with an effective date of membership on or after January 1, 2010, the limits that must be observed when calculating the member's average compensation are detailed by statute (NRS 286.551 (4) and (5)).

Regular members of PERS with an effective date of membership before January 1, 2010, are eligible to retire at age 65 if the member has at least 5 years of service, at age 60 if the member has at least 10 years of service and at any age if the member has at least 30 years of service. A regular PERS member who has an effective date of membership on or after January 1, 2010, but before July 1, 2015, is eligible to retire at age 65 if the member has at least 5 years of service, at age 62 if the member has at least 10 years of service and at any age if the member has at least 30 years of service. Regular members entering the PERS system on or after July 1, 2015, are eligible for retirement at age 65 with five years of service, age 62 with ten years of service, age 55 with thirty years of service, or any age with 33 1/3 years of service. For the purposes of this paragraph, any year or part of a year of service purchased by a member pursuant to subsection 2 or 3 of NRS 286.300 or purchased on behalf of the member pursuant to subsection 4 of NRS 286.300 or as authorized by NRS 286.3005 and subsections 1 and 2 of NRS 286.3007 must not be considered in determining the number of years of service of a member unless the member has a family medical emergency. For the purposes of this paragraph, the Board shall define by regulation "family medical emergency" and set forth by regulation the circumstances in which purchased service credit may be considered in determining the number of years of service of a member who has a family medical emergency.

A police officer or firefighter: who has an effective date of membership before January 1, 2010, is eligible to retire at age 65 if the police officer or firefighter has at least 5 years of service, at age 55 if the police officer or firefighter has at least 10 years of service, at age 50 if the police officer or firefighter has at least 20 years of service and at any age if the police officer or firefighter has at least 25 years of service; who has an effective date of membership on or after January 1, 2010 but before July 1, 2015, is eligible to retire at age 65 if the police officer or firefighter has at least 5 years of service, at age 60 if the police officer or firefighter has at

least 10 years of service and at age 50 if the police officer or firefighter has at least 20 years of service; who has an effective date of membership on or after July 1, 2015, is eligible to retire at age 65 if the police officer or firefighter has at least 5 years of service, at age 60 if the police officer or firefighter has at least 10 years of service and at age 50 if the police officer or firefighter has at least 20 years of service. For the purposes of this paragraph, the Board shall define by regulation “family medical emergency” and set forth by regulation the circumstances in which purchased service credit may be considered in determining the number of years of service of a police officer or firefighter who has a family medical emergency.

PERS has an annual actuarial valuation showing unfunded liability and the contribution rates required to fund PERS on an actuarial reserve basis; however, actual contribution rates are established by the Legislature. The most recent independent actuarial valuation report of PERS was completed as of June 30, 2014. As of June 30, 2012, PERS reported an unfunded actuarial accrued liability (UAAL) of approximately \$11.21 billion, the funded ratio for all members was 71.0%, and the market value of total net assets was approximately \$25.90 billion. As of June 30, 2013, PERS reported a UAAL of approximately \$12.88 billion, the funded ratio for all members was 69.3%, and the market value of total net assets was approximately \$28.83 billion. As of June 30, 2014, PERS reported a UAAL of approximately \$12.53 billion, the funded ratio for all members was 71.5%, and the market value of total net assets was approximately \$33 billion.

For the year ended June 30, 2014, PERS adopted Governmental Accounting Standards Board (GASB) Statement No. 67, Financial Reporting for Pension Plans-an amendment of GASB Statement No. 25. This GASB replaces the requirements of GASB statements 25 and 50 as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. The objective of GASB Statement No. 67 is to improve financial reporting by state and local governmental pension plans. It requires enhancement to footnote disclosure and required supplementary information for pension plans.

For funding purposes, the UAAL is amortized under the level percentage-of-payroll amortization method. The UAAL as of June 30, 2011 shall continue to be amortized over separate 30-year period amortization layers based on the valuations during which each separate layer was previously established. Any new UAAL as a result of actuarial gains or losses identified in the annual valuation or change in actuarial assumptions or methods will be amortized over a period equal to the truncated average remaining amortization period of all prior UAAL layers. This will occur until the average remaining amortization period is less than 20 years. At that point, amortization periods of 20 years will be used.

Effective with fiscal year 2015, the County has implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27* (“GASB 68”). The County’s proportionate share of the total PERS net pension liability as of June 30, 2014 (PERS’ valuation date) was \$311,725,984, which is 2.99% of PERS’ June 30, 2014 total net pension liability of \$10,421,979,023.

Contribution rates to PERS are established in accordance with State statute. The statute allows for biennial increases or decreases of the actuarially determined rate. The Legislature can increase the contribution rate for members by any amount it determines necessary. Pursuant to statute, there is no obligation on the part of the employers to pay for their

proportionate share of the unfunded liability. The County is obligated to contribute all amounts due under PERS. A history of contribution rates is shown below.

	<u>Fiscal Years 2008 and 2009</u>	<u>Fiscal Years 2010 and 2011</u>	<u>Fiscal Years 2012 and 2013</u>	<u>Fiscal Years 2014 and 2015</u>	<u>Fiscal Years 2015 and 2016</u>
Regular members	20.50%	21.50%	23.75%	25.75%	28.00%
Police/fire members	33.50	37.00	39.75	40.50	40.50

The County’s contributions to PERS for the years ended June 30, 2014 and 2015 (unaudited estimate) were \$44,940,488 and \$46,781,626, respectively; those amounts equaled the contributions required by law. The County has budgeted \$51,112,169 in PERS contributions for the fiscal year ended June 30, 2016.

See Note 15 in the audited financial statements attached hereto as Appendix A for a summary description of PERS. In addition, copies of the most recent audited financial statements for PERS are available from the Public Employees Retirement System of the State of Nevada, 693 West Nye Lane, Carson City, Nevada 89703-1599, telephone: 775-687-4200.

Other Post-Employment Benefits.

General. The County provides other postemployment benefits (“OPEB”) for eligible employees hired prior to July 1, 2010, through the Retiree Health Benefit Program (“RHBP”), a single employer defined benefit OPEB plan, and participates in the State of Nevada’s Public Employee Benefit Plan (“PEBP”), an agent multiple-employer benefit OPEB plan. Both plans are administered through an irrevocable trust, Washoe County, Nevada OPEB Trust, established on May 11, 2010 by the Board. Complete financial statements of the OPEB plans and the trust fund may be obtained by writing to: OPEB Trust, c/o Washoe County Comptroller’s Office, P.O. Box 11130, Reno, Nevada, 89520.

Plan Descriptions.

Washoe County Retiree Health Benefit Program (RHBP). In accordance with NRS 287.010, the Board adopted the RHBP to provide postemployment benefits to eligible employees upon retirement. Retirees are offered medical, prescription, vision, life insurance, and voluntary dental for themselves and their dependents. Retirees can choose between the Self Fund Group Health Plan (“SFGHP”) and an HMO Plan. The benefit formula is based upon years of service. Retiree benefits are provided under three contribution tiers based on date of hire.

Tier 1 employees will receive a County paid benefit of 50% of the retiree’s health benefit premium with 10 years of service, 75% with 15 years, and 100% with 20 or more years. Retirees must pay the full premiums for dental and dependent coverage. Eligibility requirements, benefit levels, employee contributions, and employer contributions are governed by the County for their health benefits plan and can be amended through the County’s collective bargaining agreements with employee groups.

Tier 2 retirees, hired before July 1, 2010, will receive a County paid a premium subsidy equal to the Non-State Retiree Subsidy Adjustment described in the State’s Public Employee Benefit Plan below. The County’s monthly subsidy is reduced by 5.0% for each year of service less than 20 years.

Tier 3 retirees, hired before July 1, 2010 and are age 65 and older upon retirement, receive the equivalent of the State's Medicare Exchange Retiree HRA Contribution subsidy based on years of service with the County.

State of Nevada's Public Employee Benefit Plan (PEBP). NRS 287.023 allowed County retirees to join the State's PEBP through September 1, 2008, at the County's expense. Eligibility and subsidy requirements are governed by statutes of the State of Nevada and can only be amended through legislation. PEBP is administered by a nine member governing board and provides medical, prescription, vision, life, and dental for retirees. Retirees can choose between a self-funded preferred provider organization (PPO) and a health maintenance organization (HMO) plan.

Funding Policy. The amount of contributions each year for RHBP are established by the Board and may be amended through negotiations with employee associations. The required contributions are based on projected pay-as-you-go financing requirements, with an additional amount, generally equal to the normal cost, to prefund benefits.

Additionally, the County is required to provide a subsidy for their retirees that have elected to join PEBP which is established, and may be amended, by the Legislature. The subsidy is paid on the pay-as-you-go basis, with an additional amount contributed to prefund future benefits. Contribution requirements for plan members and the participating employers are assessed by PEBP Board annually.

On May 11, 2010, the Board created the Washoe County, Nevada OPEB Trust (Trust) and authorized the payment of the remaining balance of \$72,923,109 in the Pre-Funded Retiree Health Benefits Fund to the Trust that had previously been accumulated to pre-fund retiree health benefits. These contributions were allocated between the RHBP and the PEBP based on the proportionate share of each plans Unfunded Actuarial Accrued Liability to the total.

For fiscal year 2013, the County's employer contributions to the Trust under RHBP and PEBP were \$17,001,626 and \$388,374, respectively. For fiscal year 2014, the County's employer contributions to the Trust under RHBP and PEBP were \$15,682,610 and \$417,390, respectively. For fiscal year 2015, the County's employer contributions to the Trust under RHBP and PEBP were \$18,303,872 and \$396,128, respectively.

Annual OPEB Cost and Net OPEB Obligation. The County annually has an actuarial valuation performed to determine the funded status of the Plans as of the actuarial date as well as the County's annual required contribution. The valuation of the ongoing plans involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. As of the valuation date of July 1, 2015, the RHBP was 45.6% funded, and the total UAAL for the RHBP was \$196,182,000 (which is net of assets of \$164,241,000). As of the valuation date of July 1, 2015, PEBP was 85.0% funded and the total UAAL for PEBP was \$505,000 (which is net of assets of \$2,853,000).

The UAAL for each of the Plans is reported only in the notes to the financial statements. Effective with the 2012 actuarial valuation, the UAAL for each Plan will be amortized over 30 years from June 30, 2011 on a "closed" basis (i.e., the amortization period remaining is 29 years as of June 30, 2012). The liability includes the ARC, consisting of the current year's benefits (normal cost) plus a component for amortization of the UAAL accrued for

prior years, and reduced by contributions made by the County. For the fiscal year ending June 30, 2015, the RHBP ARC was \$19,943,000 and the PEBP ARC was 67,182.

See Note 15 and the Required Supplementary Information in the audited financial statements attached hereto as Appendix A for additional information on Other Postemployment Benefits.

County Investment Policy

The County has a formal investment policy that, in the opinion of management, is designed to insure conformity with NRS and seeks to limit exposure to investment risks. The County also has adopted an Investment Management Plan to assist staff in applying the investment policy in day-to-day investment operations.

- Obligations of the United States, or an agency or instrumentality of the United States, or a corporation sponsored by the government, maturing within ten (10) years from the date of purchase.
- Time certificates of deposit from commercial banks and insured savings and loan associations within the State of Nevada, and certain farm loan bonds.
- Certain securities issued by local governments of the State of Nevada and other securities expressly provided by other statutes, including repurchase agreements.
- Money market mutual funds that are registered with the Securities and Exchange Commission are AAA rated and invest only in securities of the Federal Government or fully collateralized repurchase agreements.
- Commercial Paper issued by a corporation organized and operating in the United States or by a depository institution licensed by the United States or any state operating in the United States that is rated by a nationally recognized rating service as “A-1,” or “P-1” or its equivalent, or better, provided the aggregate value does not exceed 20 percent of the total portfolio.
- Notes, bonds and other unconditional obligations for the payment of money issued by corporations organized and operating in the United States that have a remaining term to maturity of no more than 5 years and are rated by a nationally recognized rating service as “A” or its equivalent, or better. Such investments are limited to no more than 20 percent of the total portfolio.

The Board has overall responsibility for the investment pool of County funds in accordance with NRS 355.175. The Washoe County Chief Investment Official is the County Treasurer, under authority delegated by the Board. The Investment Committee, created by Washoe County Code Section 15.220, has been delegated the investment decision making authority in the County and serves also in an advisory capacity to the County Treasurer and the Board. The County contracts with financial management advisors to manage a significant portion of the County’s investment portfolio. Investments are recorded at fair value. Interest, realized and unrealized gains and losses on investments are allocated to pool participants based on current month average cash balances.

Liability Insurance

In the early 1980's, the County implemented programs for self-funding its liability and workers' compensation losses. The County currently purchases excess liability coverage through private insurers covering losses exceeding \$1.5 million per occurrence. The respective excess liability policies provide coverage of up to \$5 million per occurrence, subject to a \$5 million aggregate. The self-insurance amounts and the insurance coverage amounts are subject to change over time.

The County pays all claims, losses and associated costs for liability and workers' compensation insurance from its Risk Management Fund. The Risk Management Fund has an actuarial valuation performed each year. As of June 30, 2015, total pending claims were estimated at \$14,485,000, of which \$4,851,000 were current liabilities and \$9,634,000 were noncurrent liabilities. The Risk Management Fund had total assets of \$27,893,619 and a net position of \$13,216,068. In the past, annual transfers were required from the General Fund to subsidize operations. The Risk Management Fund began budgeting for property and liability billing revenue from other County departments in fiscal year 2005-06, replacing transfers from the General Fund. The budget for property and liability billing revenue from departments for fiscal year 2015-16 is approximately \$7.2 million. Due to a slight mismatch between revenues and expenses of this internal service fund, the fund is budgeted to incur a net loss of \$253,380 in fiscal year 2015-16.

A large portion of the unfunded pending claims are attributable to workers' compensation claims based on a State law which conclusively presumes that all heart and lung conditions found in law enforcement or fire personnel who have five years of uninterrupted service are the result of such service, even if they occur after retirement. This statutory provision has resulted in increasing self-funding requirements in the availability of excess workers' compensation insurance over time. At this time, the County is unable to predict what the magnitude of its future exposure to workers' compensation claims will be. It is also not possible to predict whether adequate insurance will be available in the future or how such liabilities will be funded in the future. The County has begun pursuing various methods for limiting its future exposure for heart-related claims, including legislative changes, physical examination requirements with mandatory programs for reducing heart disease risk factors, fitness requirements, and implementation of a heart wellness program.

Capital Program

General. The Washoe County Capital Improvements Program ("CIP") is a five-year plan, approved by the Board, for maintaining existing infrastructure and building new facilities to meet demands from growth, legal mandates, and health and safety issues. This is used to link the County's physical development planning with fiscal planning. The CIP document is a policy guide that is not intended to replace future County budget decisions. Inclusion of a project in the CIP does not guarantee that it will be initiated. Projects can be dropped or added to the CIP if further analysis indicates that financing limitations make the project unfeasible or if a better alternative becomes available. Projects return to the Board for separate action prior to implementation.

Capital Improvement Projects. Capital improvements are defined as major projects requiring the expenditure of public funds, over and above annual operating expenses, for

the purchase, construction, or replacement of the physical assets of the community. Major capital projects are normally non-recurring and have a cost of at least \$100,000. The project requests are reviewed for prioritization and funding by the Community Services Department, Technology Services Department and Budget Office.

Summary of the 2016-2020 Program. The 2016-2020 CIP includes projects totaling \$183.9 million over the five-year period; approximately \$48.4 million are budgeted for fiscal year 2016. Projects in years two through five of the CIP are included in the CIP but are not yet funded. Only current-year projects are funded. The County anticipates funding a portion of the projects listed in the CIP based on a priority system and available County resources.

The 2016-2020 CIP projects are categorized as major facilities maintenance, upgrade and replacement projects, sewer and wastewater projects, building projects, major equipment, parks, open space and land acquisition, stormwater and erosion control, streets and parking lots, and technology projects. A variety of funding sources have been identified and include existing balances in capital projects funds, bond proceeds, proceeds from gas taxes, federal and state grants, ad valorem taxes, and utility fees.

COUNTY FINANCIAL INFORMATION

Annual Reports

The County Comptroller prepares a comprehensive annual financial report (“CAFR”) setting forth the financial condition of the County as of June 30 of each fiscal year. The latest audited report is for the year ended June 30, 2015. The basic financial statements and related notes come from the CAFR which is the official financial report of the County. The basic financial statements were prepared following generally accepted accounting principles. See Note 1 in the audited basic financial statements attached hereto as Appendix A for a summary of the County’s significant accounting policies. The County’s CAFR for the year ended June 30, 2015, can currently be found at the following address on the internet: www.washoecounty.us, on the Finance Department/Comptroller page.

Certificate of Achievement and Distinguished Budget Presentation Award

The Government Finance Officer’s Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its CAFR for the fiscal year ended June 30, 2015. This is the 34th consecutive year that the County has received this recognition. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR with contents conforming to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

In addition, the County also received the GFOA’s Award for Distinguished Budget Presentation for the eleventh consecutive year for its annual appropriated budget for the fiscal year ended June 30, 2014. In order to qualify for the Distinguished Budget Presentation Award, the County’s budget document was judged to be proficient in several categories including policy documentation, financial planning and organization.

Budgeting

Prior to April 15 of each year, the County Manager is required to submit to the State Department of Taxation the tentative budget for the next fiscal year which commences on July 1. The tentative budget contains the proposed expenditures and means of financing them. After reviewing the tentative budget, Taxation is required to notify the County upon its acceptance of the budget.

Following acceptance of the proposed budget by Taxation, the Board is required to conduct a public hearing on the third Monday in May. The Board is required to adopt the final budget on or before June 1. The Board adopted the FY 2015/16 County Budget on May 18, 2015 and submitted it to the State prior to June 1, 2015.

The County Budget Office and Comptroller’s Office is authorized to transfer budgeted amounts within functions or funds, but any other transfers must be approved by the Board. Increases to a fund’s budget other than by transfers are accomplished through formal action of the Board. With exception of monies appropriated for specific capital projects for Federal and State grant expenditures, all unencumbered appropriations lapse at the end of the fiscal year.

Accounting

The basic financial statements include both government-wide and fund financial statements. The reporting focus is on either the County as a whole or major individual funds and nonmajor funds in the aggregate.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and trust fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue when eligibility requirements imposed by the provider have been met. Agency funds have no measurement focus but are reported using the accrual basis of accounting.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. When revenues are due but will not be collected within 60 days after year-end, the receivable is recorded and an offsetting deferred revenue account is established. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

In the government-wide Statement of Net Assets, both governmental and business-type activities are presented on a consolidated basis by column and are reflected on a full accrual, economic resources basis, which recognizes all long-term assets as well as long-term debt and obligations. The County's net assets are reported in three parts - invested in capital assets, net of related debt, restricted net assets and unrestricted net assets. The government-wide Statement of Activities reports both the gross and net cost of each of the County's functions and business-type activities. Functions are also supported by general revenues (property and consolidated taxes, certain intergovernmental revenues, investment earning not legally restricted for specific programs, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues. Program revenues include charges to customers or applicants for goods, services, or privileges provided; operating grants, interest and contributions; and capital grants, interest and contributions, including special assessments and investment earning legally restricted to support specific programs. Program revenue must be directly associated with the function or business-type activity.

County Fiscal Year 2015-16 Budget

The County's FY 2015/16 budget is comprised of 21 Governmental Funds and six Proprietary Funds. Major Special Revenue Funds include the Child Protective Services Fund, Indigent Tax Levy Fund, Senior Services Fund, Health District Fund, Animal Services Fund and Library Expansion Fund. Proprietary funds consist of three enterprise funds (Building & Safety, Golf Course and Utilities) and three internal service funds (Risk Management, Health Benefits, and Equipment Services).

The combined expenditures of Governmental Funds total \$475,733,931, and expenditures in the Proprietary Funds total \$84,186,343. This is a slight decrease from FY 2014/15 due to the consolidation of the County's water operations (formerly in the Utilities Fund) with the Truckee Meadows Water Authority and changes in the way that capital project funds are re-appropriated in the budget. Excluding the decrease of positions for water operations that are no longer included in the County's budget, there are a total of 60.23 new positions funded in the FY 2015/16 budget: 29 new positions in the General Fund either funded through reconfiguration of departments' budgets or additional resources, and 31 positions in special revenue and enterprise funds.

The County is not raising any taxes in the FY2015/16 budget.

General Fund Information

General. The purpose of the General Fund is to finance the ordinary operations of the County (including debt service to the extent that the ad valorem tax levy is not sufficient to service outstanding general obligation debt) and to finance those operations not provided for in other funds. Included are transactions related to the approved current operating budget, its accompanying revenue, expenditures and encumbrances, and its related asset, liability, and fund balances. The General Fund budget for fiscal year 2016 includes \$301,457,844 of revenue.

Revenues and Expenditures. The County relies upon property taxes, sales and use taxes, and intergovernmental revenue for the bulk of its General Fund revenues. The County's annual General Fund expenditures are dominated by the funding support of a variety of mandated functions. These include support of the court system, aid and relief to the indigent, public safety functions (i.e., police, fire protection and detention services), and several general government services (assessor, clerk, recorder, treasurer, commission/administration, etc.). Expenditures for aid and relief to the indigent are statutorily capped, while other functions are appropriated for on the basis of the demand for the service, subject to funding constraints.

Effect of GASB 54. Effective for the fiscal year ending June 30, 2011, the County is subject to Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* ("GASB 54"). Under GASB 54, fund balances for governmental funds are required to be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor the constraints placed on the specific purposes for which amounts in those funds can be spent. As a result, the prior "reserved, unreserved and designated" categories of fund balance have been replaced with new categories: "nonspendable," "restricted," "committed," "assigned" and "unassigned." See Note 1(E) in the audited financial statements attached hereto as Appendix A.

Effective with the fiscal year ending June 30, 2011, the GAAP application of GASB 54 requires amounts reported in special revenue funds that do not meet the definition of GASB 54 for a "Special Revenue Fund" from proceeds of specific revenue sources to be included in the General Fund. The County's Stabilization Fund, which was accounted for as a special revenue fund in prior years, no longer meets the definition of a special revenue fund under GASB 54. Fund balances in the General Fund and the Stabilization Fund were restated in fiscal year 2011 to reflect this change. The County continues to budget the Stabilization Fund separately from the General Fund.

History of General Fund Revenues, Expenditures and Changes in Fund Balances

General. The following table presents a history of General Fund revenues, expenditures and changes in fund balance for the fiscal years ended June 30, 2011 through 2015. The table also presents Final Budget information for the fiscal year ended June 30, 2016. The information for fiscal years 2011 through 2015 was derived from the County's audited financial reports for each of those years. The 2016 Final Budget information was derived from the County's 2015-16 Final Budget. The revenue and expenditure categories included in the table reflect those currently required for budgetary and financial reporting purposes by Taxation and as a result, the figures in each category may not be directly comparable to those reported in the CAFR for each year.

The revenue and expenditure categories included in the table reflect those currently required for budgetary and financial reporting purposes by Taxation and as a result, the figures in each category may not be directly comparable to those reported in the CAFR for each year.

The information in this table should be read together with the County's audited financial statements for the year ended June 30, 2015, and the accompanying notes, which are included as Appendix A hereto. Financial statements for prior years can be obtained from the sources listed in "INTRODUCTION--Additional Information."

Stabilization Fund. In November 1997 the County created a Stabilization Fund pursuant to State law. Money in the fund is to be used only to stabilize the operation of County government and mitigate the effects of natural disasters. Pursuant to NRS 34.6115(2), transfers out of the Stabilization Fund may be made only with the approval of the Board under the following circumstances: (i) if the total actual revenue of the local government falls short of the total anticipated revenue in the general fund; and (ii) to cover unanticipated expenditures caused by declared emergency or natural disaster. By law, the fund balance in the Stabilization Fund must not exceed 10% of the expenditures from the General Fund for the previous fiscal year. Due to GASB Statement 54, the fund balance in the Stabilization Fund is now accounted for in the General Fund.

In May 2011, the Board approved a stabilization fund policy for the General Fund that established minimum fund balance levels of 1.5% of expenditures and other uses for the purpose of stabilization; the reserve for the Stabilization Fund at the end of fiscal year 2011 was \$4.1 million. This policy has since been amended, most recently in April 2015, at which time the Board established the Stabilization Fund policy at \$3 million, rather than as a percentage of the General Fund. The County has rarely used the Stabilization Fund even during periods of recession or natural disasters. Since fiscal year 2004-05, the County only accessed the Stabilization Fund once, transferring \$1 million out of the fund in fiscal year 2007-08.

General Fund Balance Policy. In May 2011, the Board approved a fund balance policy for the General Fund that established minimum fund balance levels of between 8% and 10% of expenditures for the purpose of working capital. For fiscal year 2015-16, the budgeted unobligated year-end fund balance, net of specific purpose constraints, is \$26,085,879, or 8.3% of expenditures.

County General Fund Summary of Revenues, Expenditures and Changes in Fund Balance(1)

<u>Fiscal Year Ended June 30,</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<u>Revenues</u>	<u>(Actual)</u>	<u>(Actual)</u>	<u>(Actual)</u>	<u>(Actual)</u>	<u>(Actual)</u>	<u>(Budget)</u>
Taxes (2)	\$148,599,017	\$140,186,484	\$136,404,617	\$137,946,772	\$146,104,031	\$147,266,413
Consolidated tax	69,330,862	70,985,428	75,489,073	80,808,837	88,434,949	91,278,018
Other intergovernmental revenues (3)	23,369,542	17,344,351	18,902,400	19,082,928	19,379,053	18,487,671
Licenses and permits	8,419,828	7,945,072	8,066,347	8,264,242	8,211,129	8,544,000
Charges for services	14,697,692	14,809,036	22,463,887	23,797,197	24,488,630	23,930,232
Fines and forfeits	8,904,186	8,153,540	8,249,132	8,128,615	7,724,780	8,023,650
Miscellaneous	4,752,096	5,805,258	2,776,486	3,987,086	4,075,566	3,927,860
Total revenues	<u>278,073,223</u>	<u>265,229,169</u>	<u>272,351,942</u>	<u>282,015,677</u>	<u>298,418,138</u>	<u>301,457,844</u>
Expenditures						
General Government (3)	59,619,850	81,596,018	61,514,709	49,593,836	54,418,905	56,299,540
Judicial	48,318,670	48,472,630	48,841,392	50,358,766	51,587,407	57,271,618
Public safety	100,667,833	101,692,235	106,433,010	109,560,703	117,010,245	123,193,315
Public works (3)	13,882,687	2,777,620	2,476,474	14,021,932	15,078,006	17,002,238
Health and sanitation	750,000	--	--	--	--	--
Welfare	15,919,695	17,126,988	17,650,439	15,912,180	16,738,160	17,828,111
Culture and recreation	13,507,500	12,293,677	11,639,956	11,362,946	11,665,055	13,083,561
Community support	305,307	308,800	343,244	178,296	213,816	269,761
Intergovernmental (3)	8,838,641	3,353,839	3,181,027	3,213,165	3,254,383	3,360,200
Total expenditures	<u>261,810,183</u>	<u>267,621,807</u>	<u>252,080,251</u>	<u>254,201,824</u>	<u>269,965,977</u>	<u>288,308,344</u>
Excess (deficiency) of revenues over expenditures	<u>16,263,040</u>	<u>(2,392,638)</u>	<u>20,271,691</u>	<u>27,813,853</u>	<u>28,452,161</u>	<u>13,149,500</u>
Contingency	--	--	--	--	--	1,500,000
Other Financing Sources (Uses)						
Proceeds from asset disposition	6,834	172,641	41,696	31,239	2,009,462	5,000
Transfers in (4)	2,738,110	20,043,146	2,295,169	845,270	453,442	286,515
Transfers out	(14,409,796)	(20,272,007)	(19,897,433)	(21,117,545)	(26,221,878)	(25,481,985)
Total other financing sources (uses)	<u>(11,664,852)</u>	<u>(56,220)</u>	<u>(17,560,568)</u>	<u>(20,241,036)</u>	<u>(23,758,974)</u>	<u>(25,190,470)</u>
Net Change in Fund Balances	4,598,188	(2,448,858)	2,711,123	7,572,817	4,693,187	(13,540,970)
Fund Balances, Beginning of Year						
Nonspendable/Restricted/Committed/Assigned	750,000	14,982,466	11,477,549	12,125,902	6,436,660	4,534,801
Unassigned	33,423,297	23,789,019	24,845,078	26,907,848	40,169,907	38,842,049
Total Beginning	<u>34,173,297</u>	<u>38,771,485</u>	<u>36,322,627</u>	<u>39,033,750</u>	<u>46,606,567</u>	<u>43,376,850</u>
Fund Balance, End of Year						
Nonspendable/Restricted/Committed/Assigned (5)	14,982,466	11,477,549	12,125,902	6,436,660	6,691,718	3,750,000
Unassigned	23,789,019	24,845,078	26,907,848	40,169,907	44,608,036	26,085,879
Total Ending	<u>\$38,771,485</u>	<u>\$36,322,627</u>	<u>\$39,033,750</u>	<u>\$46,606,567</u>	<u>\$51,299,754</u>	<u>\$29,835,879</u>
Budgeted Ending Fund Balance	<u>\$22,291,864</u>	<u>\$28,129,330</u>	<u>\$26,131,541</u>	<u>\$25,266,445</u>	<u>\$26,214,347</u>	<u>\$29,835,879</u>

Footnotes on the following page.

- (1) The Revenues and Expenditure categories included in this table reflect those currently required for budgetary and financial reporting purposes by Taxation.
- (2) Includes revenues received from ad valorem taxes, the County option motor vehicle fuel tax, and room tax.
- (3) In fiscal year 2012, the decrease in Intergovernmental revenue and expenditures and Public Works expenditures is largely due to the July 1, 2011, reclassification of all roads-related financial activity to the new Roads Special Revenue Fund. In fiscal year 2014, the decrease in General Government expenditures included a \$10.1 million move to Public Works as a result of reorganization. Additionally, fiscal year 2013 was restated, moving \$10.2 million from General Government expenditures to Public Works expenditures to allow for comparability in the County's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2014.
- (4) The large transfer in for 2012 includes \$11.1 million transferred from the Health Benefits Fund and the Risk Management Fund for the Incline Village refunds as well as \$7.5 million transferred from the Health Benefits Fund to meet budgetary shortfalls.
- (5) Includes fund balance for Stabilization as described above. In fiscal year 2011, represents 1.5% of Expenditures and Other Uses for Stabilization.

Source: Derived from the County's CAFRs for fiscal years 2011 through 2015, and the County's 2015-16 Final Budget (for fiscal year 2016 budgeted amounts).

Economy

Over the last several years, the County's economy has rebounded from the recession that began in fiscal year 2008. Total employment in the County has increased from a low of 189,718 in January 2011 to 209,729 in March 2015, and the unemployment rate as of March 2015 has fallen from a high of 13.9% to 6.9% during that period.

Housing values have also appreciated significantly since 2011, with the median price of a single family home in the greater Reno-Sparks area increasing from less than \$150,000 in the first quarter of 2012 to \$265,000 in the first quarter of 2015. The median new home sales price in Washoe County has risen from less than \$210,000 in mid-2010 to \$321,500 in February 2015.

Due to the State and County's efforts to diversify and expand economic activity, major new developments in Northern Nevada include:

- Apple, Inc.'s new cloud computing data center located in the County in the Reno Technology Park, which opened in 2013 and is continuing to grow.
- Tesla Motors' announcement in 2014 of its plans to build a 10 million square foot "gigafactory" in the Tahoe Reno Industrial Center, located in Storey County along its border with Washoe County. The name "gigafactory" comes from the factory's planned annual battery production capacity of 35 gigawatt-hours (GWh). The Governor's Office of Economic Development has estimated that at full build-out, this factory could produce 6,500 direct jobs and, based on an assumed employment multiplier of 2.61, a total of approximately 16,965 jobs to the region. The construction of the facility, scheduled for 2015-17, is also estimated to produce an annual average of 2,983 direct construction jobs. The construction of this facility has not yet begun, however, and there is no guarantee that it will be constructed as currently planned or according to the current timeline. There is also no guarantee that the facility, if built, will produce the estimated number of jobs described above.
- The announcement by Las Vegas-based company Switch in January 2015 that it plans to build a \$1 billion data center in the Tahoe Reno Industrial Center, located in Storey County along its border with Washoe County. Switch has stated that the facility will be approximately 3 million square feet in size. The construction of this facility has not yet begun, however, and there is no guarantee that it will be constructed as currently planned or according to the current timeline.

COUNTY DEBT STRUCTURE

Debt Limitation

State statutes limit the aggregate principal amount of the County's general obligation debt to ten percent (10%) of the County's total reported assessed valuation. The following table presents a record of the County's outstanding general obligation indebtedness with respect to its statutory debt limitation.

Statutory Debt Limitation Washoe County, Nevada

<u>Fiscal Year</u> <u>Ended June 30</u>	<u>Assessed</u> <u>Valuation(1)</u>	<u>Debt Limit</u>	<u>Outstanding General</u> <u>Obligation Debt(2)</u>	<u>Additional Statutory</u> <u>Debt Capacity</u>
2012	\$12,675,374,294	\$1,267,537,429	\$296,780,021	\$970,757,408
2013	12,290,109,448	1,229,010,945	281,388,366	947,622,579
2014	12,317,952,550	1,231,795,255	270,019,926	961,775,329
2015	13,286,283,600	1,328,628,360	232,510,889	1,096,117,471
2016	14,342,710,925	1,434,271,093	229,908,020 (3)	1,204,363,073

- (1) Includes assessed valuation of the Redevelopment Agencies. See "PROPERTY TAX INFORMATION-2016B BONDS--History of Assessed Value." These values are included for purposes of calculating the debt limit but are not subject to County taxation for the retirement of general obligation bond debt.
- (2) Includes general obligation bonds, general obligation bonds additionally secured by pledged revenues and general obligation medium-term obligations. Does not include special assessment bonds for which the County's General Fund and taxing power may be contingently liable.
- (3) Outstanding as of January 5, 2016 (after taking the issuance of the 2016B Bonds and the 2016B Refunding Projects into account).

Sources: Property Tax Rates for Nevada Local Governments - State of Nevada Department of Taxation, 2011-12 through 2015-16; and the County.

Outstanding Indebtedness and Other Obligations

Outstanding Indebtedness. The following table presents the County's outstanding bonds as of January 5, 2016 (after taking the issuance of the 2016 Bonds and the 2016 Refunding Projects into account).

Washoe County, Nevada Outstanding Debt(1)

	Dated Date	Final Payment	Original Amount	Amount Outstanding
<u>GENERAL OBLIGATION BONDS (2)</u>				
Refunding Bonds, Series 2009B	3/31/2009	5/1/2017	\$10,540,000	\$2,965,000
Park and Library Refunding Bonds, Series 2011A	7/12/2011	5/1/2026	17,360,000	13,525,000
Various Purpose Refunding Bonds, Series 2012A	8/28/2012	3/1/2030	18,090,000	<u>17,715,000</u>
Total General Obligation Bonds				<u>34,205,000</u>
<u>GENERAL OBLIGATION REVENUE BONDS (3)</u>				
Convention/Visitors Authority CABS, Series 1999B	1/1/2000	7/1/2020	19,384,075	\$8,305,173(5)
Library Building, Series 2004	3/1/2004	3/1/2025	3,280,000	790,000
Building and Parking Garage Bonds, Series 2004	12/8/2004	1/1/2025	11,900,000	1,255,000
Public Safety Bonds, Series 2006	4/12/2006	3/1/2036	12,500,000	310,000*(6)
Flood Bonds, Series 2006 (7)	5/18/2006	12/1/2035	21,000,000	17,070,945
Storm Sewer Bonds, Series 2006	11/1/2006	1/1/2026	4,600,000	228,711
Park Bonds, Series 2006	10/18/2006	3/1/2036	25,305,000	3,560,000
Building Refunding Bonds, Series 2011B	8/3/2011	11/1/2026	12,565,000	9,925,000
Convention/Visitors Authority Ref. Bonds, Series 2011	11/29/2011	7/1/2032	88,680,000	87,150,000
Refunding Bonds, Series 2012B	8/28/2012	3/1/2027	27,580,000	27,430,000
Sewer Refunding Bonds (SRF), Series 2015	8/18/2015	7/1/2026	17,386,176	16,322,191
Medical Examiner Building, Series 2015	8/27/2015	3/1/2035	12,000,000	12,000,000
Public Safety Refunding, Series 2016B (<i>this issue</i>)	2/9/2016	3/1/2036	10,285,000	<u>10,285,000*</u>
Total General Obligation Revenue Bonds				<u>\$194,632,020</u>
<u>GENERAL OBLIGATION MEDIUM-TERM BONDS (4)</u>				
Medium-Term Bonds, Series 2007	3/28/2007	3/1/2017	4,645,000	<u>\$ 1,071,000</u>
TOTAL GENERAL OBLIGATION BONDS				<u>\$229,908,020</u>

- (1) As of January 5, 2016 (after taking the issuance of the 2016 Bonds and the 2016 Refunding Project into account). Does not include accrued compensated absences, deferred amounts from bonds issuance, arbitrage, other post-employment benefits, remediation, and claims and judgments.
- (2) General obligation bonds secured by the full faith, credit and taxing power of the County. The ad valorem tax available to pay these bonds is limited to the \$3.64 statutory and the \$5.00 constitutional limit.
- (3) General obligation bonds additionally secured by pledged revenues; if revenues are not sufficient the County is obligated to pay the difference between such revenues and debt service requirements of the respective bonds. The ad valorem tax rate available to pay these bonds is limited to the statutory and constitutional limits discussed in note (2) above.
- (4) General obligation bonds secured by the full faith, and credit and payable from all legally available funds of the County. The ad valorem tax rate available to pay these bonds is limited to the statutory and the constitutional limit as well as to the County's maximum operating levy and any legally available tax overrides.
- (5) Does not include accreted value.
- (6) The amount outstanding comprises the Remaining 2006 Bonds, after the completion of the 2016B Refunding Project. See "SOURCES AND USES OF FUNDS."
- (7) Defined herein as the "2006 Subordinate Flood Bonds." These bonds are secured by a lien on the 2016A Pledged Revenues which is subordinate to the lien thereon of the 2016A Bonds, and also are secured by the full faith, credit and taxing power of the County (subject to statutory and constitutional limits described in note (2) above).

(Footnotes continued on next page.)

* Subject to change.

Washoe County Outstanding Debt (Continued)

	<u>Dated</u> Date	<u>Final</u> Payment Date	<u>Original</u> Amount	<u>Amount</u> <u>Outstanding</u>
REVENUE BONDS				
Sales Tax Revenue Bonds, Series 1998	12/1/1998	12/1/2016	\$21,915,000	\$ 0(8)*
Sr. Lien Car Rental Fee Rev. Bonds, Series 2008	2/26/2008	12/1/2027	18,500,000	14,881,600(9)
Subordinate Lien Car Rental Fee Rev. B. Series 2008	2/26/2008	12/1/2057	11,000,000	9,808,025(9)
Highway Rev. (MVFTax) Bonds, Series 2009	7/8/2009	2/1/2028	89,567,000	74,120,000(10)
Highway Rev. (MVFTax) Tax Exempt Bonds, Series 2010A	3/17/2010	2/1/2020	13,179,000	11,147,000(10)
Highway Revenue (MVFTax), Series 2010B (BABs)	3/17/2010	2/1/2039	66,821,000	66,821,000(10)
Highway Revenue (MVFTax), Series 2010C (T RZEDBs)	3/17/2010	2/1/2040	10,000,000	10,000,000(10)
Highway Rev. (MVFTax), Series 2010E (Taxable BABs)	12/16/2010	2/1/2040	58,775,000	58,775,000(10)
Highway Revenue (MVFTax), Series 2010F (T RZEDBs)	12/16/2010	2/1/2040	5,385,000	5,385,000(10)
Sales Tax Rev. (St.&Hwy Project), Series 2010H (Taxable BABs)	12/16/2010	2/1/2040	20,000,000	20,000,000(11)
Highway Revenue (MVFTax), Series 2013	4/16/2013	2/1/2043	165,000,000	165,000,000(10)
Sales Tax Revenue Ref. Bonds, Series 2016A (<i>this issue</i>)	2/9/2016	12/1/2029	13,640,000	<u>13,640,000*</u>
Total Revenue Bonds				<u>\$449,577,625</u>
ASSESSMENT BONDS (12)				
Local Improvement District No. 31	4/28/2006	5/1/2016	109,000	\$ 7,000
Local Improvement District No. 37	5/16/2007	5/1/2027	728,813	359,295
Local Improvement District No. 39	6/12/2009	5/1/2029	999,268	495,304
Local Improvement District No. 32	12/7/2011	11/1/2031	8,592,787	<u>5,283,217</u>
TOTAL ASSESSMENT BONDS				<u>\$6,144,816</u>
GRAND TOTAL				<u>\$685,630,461</u>

(Footnotes continued from previous page.)

- (8) The 1998 Bonds are currently outstanding in the amount of \$13,585,000, but all of such bonds will be refunded after the issuance of the 2016A Bonds and the completion of the 2016A Refunding Project. See "SOURCES AND USES OF FUNDS."
- (9) Secured solely by the levy of a 2% fee on gross charges for rental of passenger vehicles in Washoe County.
- (10) Secured solely by specified Motor Vehicle Fuel Tax revenues imposed within the County.
- (11) Sales tax revenue bonds secured by the proceeds of a 1/8 of 1% sales tax levied for public transportation and road maintenance.
- (12) Secured by assessments against property improved; the County's General Fund and taxing power are contingently liable if collections of assessments are insufficient.

Source: The County.

Other Obligations The County also had \$25,909,049 in liability associated with compensated absences as of June 30, 2015. The County also has a long-term liability for a claims and judgments liability associated with pending claims for property and liability, worker's compensation and unprocessed health benefit claims totaling \$17,375,000. In addition, the County has various operating leases for equipment, office space and water rights. As of June 30, 2015, the County had \$6,423,473 in operating lease obligations outstanding.

* Subject to change.

Additional Contemplated Indebtedness

The County may issue general obligation bonds by means of authority granted to it by its electorate or the State Legislature or, under certain circumstances, without an election as provided in existing statutes. The County currently does not anticipate issuing additional bonds in the foreseeable future; however, it reserves the right to do so at any time legal requirements are met. The County reserves the ability to issue general obligation bonds for refunding purposes at any time.

County Annual Debt Service Requirements

The following table illustrates the debt service requirements for the County's outstanding general obligation bonds as of January 5, 2016, after taking the issuance of the 2016 Bonds and the 2016 Refunding Projects into account.

County Annual Debt Service Requirements(1)

Fiscal Year Ending June 30	<u>General Obligation Bonds</u>		<u>GO/Revenue Bonds</u>		<u>Medium-Term GO</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2016	\$3,350,000	\$641,520	\$2,150,000	\$1,208,372	\$525,000	\$20,510	\$7,895,402
2017	3,490,000	1,156,090	8,407,241	10,542,455	546,000	20,912	24,162,698
2018	2,045,000	1,011,370	8,446,504	10,494,520	--	--	21,997,394
2019	2,130,000	927,420	8,423,496	10,434,781	--	--	21,915,697
2020	2,215,000	839,980	8,489,266	10,368,204	--	--	21,912,450
2021	2,305,000	749,050	8,499,759	10,287,626	--	--	21,841,436
2022	2,410,000	654,420	11,991,197	5,971,515	--	--	21,027,132
2023	2,505,000	555,480	11,689,220	5,510,792	--	--	20,260,492
2024	2,595,000	464,430	12,187,002	5,019,475	--	--	20,265,906
2025	2,700,000	370,080	12,507,857	4,505,782	--	--	20,083,718
2026	2,805,000	271,800	11,849,694	3,982,164	--	--	18,908,658
2027	1,350,000	169,650	11,823,667	3,477,727	--	--	16,821,044
2028	1,390,000	129,150	9,933,089	2,987,814	--	--	14,440,053
2029	1,435,000	87,450	10,388,228	2,529,417	--	--	14,440,095
2030	1,480,000	44,400	10,135,193	2,032,304	--	--	13,691,897
2031	--	--	10,209,067	1,543,010	--	--	11,752,077
2032	--	--	10,714,936	1,037,753	--	--	11,752,689
2033	--	--	11,242,892	507,290	--	--	11,750,182
2034	--	--	1,958,027	195,420	--	--	2,153,447
2035	--	--	2,040,443	114,362	--	--	2,154,805
2036	--	--	1,260,242	28,796	--	--	1,289,038
Total	<u>\$34,205,000</u>	<u>\$8,072,290</u>	<u>\$184,347,020</u>	<u>\$92,779,578</u>	<u>\$1,071,000</u>	<u>\$41,421</u>	<u>\$320,516,309</u>

(1) Totals may not add due to rounding.

Source: The County; compiled by the Financial Advisors.

ECONOMIC AND DEMOGRAPHIC INFORMATION

This portion of the Official Statement contains general information concerning historic economic and demographic conditions in and surrounding the County. It is intended only to provide prospective investors with general information regarding the County's community. The information was obtained from the sources indicated and is limited to the time periods indicated. The information is historic in nature; it is not possible to predict whether the trends shown will continue in the future. The County makes no representation as to the accuracy or completeness of data obtained from parties other than the County.

Population and Age Distribution

Population. The table below shows the population growth of Washoe County and the State since 1970. Between 2000 and 2010, Washoe County's population increased 24.1%, and the State increased 35.1%.

Year	<u>Population</u>			
	Washoe County	Percent Change	Nevada	Percent Change
1970	121,068	--	488,738	--
1980	193,623	59.9%	800,493	63.8%
1990	254,667	31.5	1,201,833	50.1
2000	339,486	33.3	1,998,257	66.3
2010	421,407	24.1	2,700,551	35.1
2011	421,593	0.0	2,721,794	0.8
2012	427,704	1.4	2,750,217	1.0
2013	432,324	1.1	2,800,967	1.8
2014	436,797	1.0	2,843,301	1.5
2015 ⁽¹⁾	444,008	1.7	2,871,934	1.0

(1) Projected population subject to change (based on 2014 estimates).

Sources: United States Department of Commerce, Bureau of Census (1970-2010) and Nevada State Demographer (2011-2014 estimates as of July 1st of each year).

Age Distribution. The following table sets forth a projected comparative age distribution profile for Washoe County, the State and the nation as of January 1, 2015.

Age Distribution

<u>Age</u>	<u>Washoe County</u>	<u>Nevada</u>	<u>United States</u>
0-17	22.8%	23.7%	23.1%
18-24	9.6	9.1	9.9
25-34	14.1	13.8	13.3
35-44	12.4	13.5	12.7
45-54	13.5	13.5	13.6
55-64	13.1	12.2	12.7
65-74	9.1	8.8	8.5
75 and Older	5.4	5.4	6.2

Source: © 2015 The Nielsen Company, *SiteReports*.

Income

The following two tables reflect the Median Household Effective Buying Income (“EBI”), and also the percentage of households by EBI groups. EBI is defined as “money income” (defined below) less personal tax and nontax payments. “Money income” is defined as the aggregate of wages and salaries, net farm and nonfarm self-employment income, interest, dividends, net rental and royalty income, Social Security and railroad retirement income, other retirement and disability income, public assistance income, unemployment compensation, Veterans Administration payments, alimony and child support, military family allotments, net winnings from gambling, and other periodic income. Deductions are made for personal income taxes (federal, state and local), personal contributions to social insurance (Social Security and federal retirement payroll deductions), and taxes on owner-occupied nonbusiness real estate. The resulting figure is known as “disposable” or “after-tax” income.

Median Household Effective Buying Income Estimates⁽¹⁾

<u>Year</u>	<u>Washoe County</u>	<u>Nevada</u>	<u>United States</u>
2011	\$46,106	\$45,706	\$41,368
2012	45,848	45,512	41,253
2013	38,995	40,617	41,358
2014	43,623	42,480	43,715
2015	43,766	44,110	45,448

(1) The difference between consecutive years is not an estimate of change from one year to the next; separate combinations of data are used each year to identify the estimated mean of income from which the median is computed.

Source: © The Nielsen Company, *SiteReports*, 2011-2015.

Percent of Households by Effective Buying Income Groups – 2015 Estimates

<u>Effective Buying Income Group</u>	<u>Washoe County Households</u>	<u>Nevada Households</u>	<u>United States Households</u>
Under \$24,999	27.3%	24.9%	25.6%
\$25,000 - 49,999	29.6	32.0	29.5
\$50,000 - 74,999	18.9	20.1	19.1
\$75,000 - 99,999	11.8	11.7	11.9
\$100,000 - 124,999	5.7	5.0	5.6
\$125,000 - 149,999	2.4	2.4	3.3
\$150,000 or More	4.3	3.9	5.0

Source: © 2015 The Nielsen Company, *SiteReports*.

The following table sets forth the annual per capita personal income levels for the residents of the County, the State and the nation. Per capita personal income levels in the County have consistently exceeded state and national levels during the period shown.

Per Capita Personal Income

<u>Year⁽¹⁾</u>	<u>Washoe County</u>	<u>Nevada</u>	<u>United States</u>
2009	\$41,414	\$36,840	\$39,379
2010	41,188	36,657	40,144
2011	42,698	37,445	42,332
2012	45,157	39,229	44,200
2013	45,253	39,235	44,765
2014	n/a	40,077	46,129

(1) County figures posted November 2014; state and national figures posted March 2015. All figures are subject to periodic revisions.

Source: United States Department of Commerce, Bureau of Economic Analysis.

Employment

The Washoe County average annual labor force summary as prepared by the State’s Department of Employment, Training and Rehabilitation (“DETR”) is as follows:

Average Annual Labor Force Summary
Washoe County, Nevada

Calendar Year	2010	2011	2012	2013	2014	2015 ⁽⁴⁾
TOTAL LABOR FORCE ⁽¹⁾	220,825	221,774	221,478	221,910	222,614	226,679
Unemployment	28,536	28,020	24,435	20,850	16,554	14,871
Unemployment Rate ⁽²⁾	12.9%	12.6%	11.0%	9.4%	7.4%	6.6%
Total Employment ⁽³⁾	192,289	193,754	197,043	201,060	206,060	211,808

(1) Figures for 2010-2014 were revised April 2015.

(2) The U.S. unemployment rates for the years 2010 through 2014 are 9.6%, 8.9%, 8.1%, 7.4%, and 6.2%, respectively.

(3) Adjusted by census relationships to reflect number of persons by place of residence.

(4) Averaged labor force numbers through September 30, 2015.

Sources: Research and Analysis Bureau, Nevada Dept. of Employment, Training and Rehabilitation; and U.S. Department of Labor, Bureau of Statistics.

The following table indicates the number of persons employed, by type of employment, in non-agricultural industrial employment in Reno, NV Metropolitan Statistical Area ("MSA") which consists of Storey and Washoe Counties.

Establishment Based Industrial Employment
Reno MSA, Nevada⁽¹⁾
(Estimates in Thousands)

Calendar Year	2010	2011	2012	2013	2014	2015 ⁽²⁾
Natural Resources and Mining	0.3	0.3	0.3	0.2	0.2	0.2
Construction	9.1	8.8	9.0	10.1	10.8	11.2
Manufacturing	11.2	11.2	11.5	12.2	12.2	12.9
Trade (Wholesale and Retail)	30.4	29.9	29.8	30.7	31.4	31.5
Transportation, Warehousing and Utilities	11.9	12.3	12.9	13.2	13.7	14.9
Information	2.3	2.2	2.0	1.9	1.9	2.0
Financial Activities	9.0	8.9	9.0	9.5	9.7	9.7
Professional and Business Services	24.0	24.5	25.7	26.5	29.5	28.2
Education and Health Services	21.9	22.0	22.1	22.7	23.3	24.2
Leisure and Hospitality (casinos excluded)	19.2	19.4	19.2	19.9	20.5	21.7
Casino Hotels	14.9	14.9	14.7	14.8	15.0	15.1
Other Services	6.7	6.1	6.1	5.9	5.8	5.9
Government	<u>29.2</u>	<u>28.6</u>	<u>28.6</u>	<u>28.8</u>	<u>28.8</u>	<u>29.4</u>
TOTAL ALL INDUSTRIES ⁽³⁾	<u>190.1</u>	<u>189.1</u>	<u>190.8</u>	<u>196.4</u>	<u>202.8</u>	<u>206.9</u>

(1) Reno Metropolitan Statistical Area consists of two counties: Storey and Washoe.

(2) Averaged numbers through September 30, 2015.

(3) Reflects employment by place of work. Does not necessarily coincide with labor force concept. Includes multiple job holders. All numbers are subject to periodic revision.

Source: Research and Analysis Bureau, Nevada Dept. of Employment, Training and Rehabilitation.

The table below lists the largest fifteen employers in the County. No independent investigation has been made of and consequently no assurances can be given as to the financial

condition or stability of the employers listed below or the likelihood that such entities will maintain their status as major employers in the County.

Largest Employers - Washoe County, Nevada
As of 1st Quarter - 2015

<u>Employer</u>	<u>Employees</u>	<u>Industry</u>
Washoe County School District	8,500-8,999	Public education
University of Nevada - Reno	4,500-4,999	University
Renown Regional Medical Center	2,500-2,999	Hospital
Washoe County	2,500-2,999	Local government
Peppermill Hotel Casino - Reno	2,000-2,499	Casino hotel
International Game Technology	1,500-1,999	Manufacturing
Silver Legacy Resort Casino	1,500-1,999	Casino hotel
Atlantis Casino Resort	1,500-1,999	Casino hotel
Grand Sierra Resort and Casino	1,500-1,999	Casino hotel
St. Mary's Regional Medical Center	1,000-1,499	Hospital
Eldorado Hotel & Casino	1,000-1,499	Casino hotel
City of Reno	1,000-1,499	Local government
VA Sierra Nevada Health Care System	1,000-1,499	Hospital
United Parcel Service	1,000-1,499	Courier
Circus Circus Casinos Inc. - Reno	1,000-1,499	Casino hotel

Source: Research and Analysis Bureau, Nevada Dept. of Employment, Training and Rehabilitation.

The following table lists the firm employment size breakdown for the County.

Size Class of Industries⁽¹⁾
Washoe County, Nevada
(Non-Government Worksites)

<u>CALENDAR YEAR</u>	<u>1st Qtr. 2015</u>	<u>1st Qtr. 2014</u>	<u>Percent Change 2015/2014</u>	<u>Employment Totals 1st Qtr. 2015</u>
TOTAL NUMBER OF WORKSITES	13,931	13,651	2.1%	169,507
Less Than 10 Employees	10,498	10,361	1.3%	27,886
10-19 Employees	1,759	1,682	4.6	23,901
20-49 Employees	1,126	1,074	4.8	33,439
50-99 Employees	312	312	0.0	21,257
100-249 Employees	174	164	6.1	25,083
250-499 Employees	45	42	7.1	15,971
500-999 Employees	7	6	16.7	4,438
1000+ Employees	10	10	0.0	17,532

(1) Subject to revisions.

Source: Research and Analysis Bureau, Nevada Dept. of Employment, Training and Rehabilitation.

Retail Sales

Reno and Sparks are the center of a retail trade area that extends 300 miles eastward to Elko and Eureka, Nevada, 274 miles south to Goldfield, Nevada; Bishop and other Inyo County points in California, 100 miles west and northwest to Quincy, Westwood,

Susanville, Truckee, Donner Summit and Lake Tahoe areas of California, and north 247 miles to Lakeview, Oregon. The following table sets forth a history of taxable sales in the County. [To be updated]

Taxable Sales in the County

Fiscal Year	Washoe County Total	Percent Change	State Total	Percent Change
2011	\$5,282,936,232	--	\$39,935,016,227	--
2012	5,522,605,351	4.5%	42,954,750,131	7.6%
2013	5,824,726,136	5.5	45,203,408,413	5.2
2014	6,370,684,534	9.4	47,440,345,167	4.9
2015	6,817,588,648	7.0	50,347,535,591	6.1

Source: State of Nevada, Department of Taxation.

Construction

The following table indicates a history of the number of building permits issued in the Cities of Reno and Sparks, and the unincorporated County, and of their valuations.

Building Permits
(Value Amounts in Thousands)

Calendar Year	City of Reno		City of Sparks		Unincorporated Washoe County		Total Washoe County	
	Permits	Value	Permits	Value	Permits	Value	Permits	Value
2010	5,149	\$242,204	1,946	\$ 52,432	1,259	\$ 70,708	8,354	\$ 365,344
2011	5,570	255,160	2,078	92,320	1,502	68,417	9,150	415,897
2012	5,454	279,716	2,415	103,146	1,457	103,724	9,326	486,586
2013	6,670	417,313	2,451	140,404	1,597	144,750	10,718	702,467
2014	7,504	662,120	2,818	127,405	1,734	258,498	12,056	1,048,023
2015 ⁽¹⁾	6,449	475,370	3,167	164,713	1,547	170,411	11,163	810,494

(1) Permits issued through September 30, 2015.

Sources: Building Departments of Cities of Reno and Sparks, and Washoe County.

Gaming

The economy of the State is heavily dependent upon a tourist industry based on legalized casino gambling. Gaming has been legal in Nevada since 1931 and is controlled and regulated by the State. Control is vested in a five-member Gaming Commission and a three-member Gaming Control Board. All of the board and commission members are appointed by the Governor. These bodies investigate and approve all licenses, establish operating rules, and collect gaming taxes due the State.

The County's gross taxable 2015 gaming revenue represents 7.3% of the State's total 2015 gaming revenue. The following table presents a five-year record of gross taxable gaming revenues and total gaming taxes collected on a State-wide basis and in the County

Gross Taxable Gaming Revenue and Total Gaming Taxes⁽¹⁾
Washoe County, Nevada

Fiscal Year Ended	Gross Taxable Gaming Revenue ⁽²⁾		Percent Change <u>County</u>	Gaming Collection ⁽³⁾		Percent Change <u>County</u>
	<u>State Total</u>	<u>County Total</u>		<u>State Total</u>	<u>County Total</u>	
<u>June 30</u>						
2011	\$ 9,836,451,902	\$749,557,470	--	\$853,455,347	\$60,064,415	--
2012	9,764,446,034	736,510,136	(1.74)%	864,621,791	58,266,966	(2.99)%
2013	10,208,528,371	743,348,616	0.93	892,106,457	61,641,555	5.79
2014	10,208,208,859	743,015,203	(0.04)	912,371,316	61,093,103	(0.89)
2015	10,511,301,026	765,170,868	2.98	909,857,085	61,900,579	1.32
Jul 14 – Aug 14	\$1,667,979,182	\$138,485,874	--	\$111,961,233	\$9,582,319	--
Jul 15 – Aug 15	1,689,066,084	138,185,284	(0.22)%	122,825,534	9,920,431	3.53%

(1) The figures shown are subject to adjustments due to amended tax filings, fines and penalties.

(2) The total of all sums received as winnings less only the total of all sums paid out as losses (before operating expenses).

(3) Cash receipts of the State from all sources relating to gaming (General Fund and other revenues) including percentage license fees, quarterly flat license fees, annual license fees, casino entertainment taxes, annual slot machine taxes, penalties, advance fees, and miscellaneous collections. A portion of collections is deposited to the State funds other than the State's General Fund.

Source: State of Nevada, Gaming Control Board.

Convention Activity

The convention business is also an important factor in the area's economy. The Reno-Sparks Convention & Visitors Authority ("RSCVA") operates the Convention Center, the National Bowling Stadium (which is owned by the City of Reno and managed by RSCVA pursuant to an operating agreement), the Wildcreek Golf Course, the Livestock Events Center and the Reno Events Center. RSCVA also owns the Pioneer Center for the Performing Arts and the Incline Village Visitors Center, which are managed solely by private non-profit corporations.

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square feet of flexible space for up to 10 meeting rooms/suites. In addition to the above, area hotels currently offer convention and meeting space.

Historical RSCVA Convention Facility Usage and Attendance

<u>Fiscal Year</u>	<u>Convention Center</u>		<u>Livestock Events Center</u>		<u>National Bowling Stadium⁽¹⁾</u>		<u>Reno Events Center</u>	
	<u>Number of Events⁽²⁾</u>	<u>Estimated Attendance</u>	<u>Number of Events</u>	<u>Estimated Attendance</u>	<u>Number of Events</u>	<u>Estimated Attendance</u>	<u>Number of Events</u>	<u>Estimated Attendance</u>
2010	139	421,179	186	430,273	70	216,130	52	171,085
2011	121	310,824	168	444,553	73	204,177	49	150,748
2012	128	275,837	148	321,875	56	98,158	53	163,018
2013	102	422,042	100	282,357	80	190,791	56	147,489
2014	94	311,235	80	300,000	78	172,717	52	126,979

(1) In each year, the National Bowling Stadium hosted national tournaments, large events covering approximately four months.

(2) Includes all show activity (conventions, trade shows, public consumer shows, concerts and meetings).

Source: Reno-Sparks Convention and Visitors Authority.

Transportation

The Reno/Sparks area is located at a transportation crossroads. Interstate 80, which runs east-west, and U.S. 395, running north-south, provide adequate routes for trucking and personal transportation. The Union Pacific Railroad operates major rail lines through the County and offers connections to other major rail networks, providing both freight and Amtrak passenger service. Intermodal yards and container freight facilities are located in Sparks. Over 65 motor freight companies serve the Reno/Sparks market and approximately 25 licensed common carriers with terminals are in the Reno/Sparks area.

The Reno-Tahoe International Airport (the "Airport") is a medium hub airport owned and operated by the Reno-Tahoe Airport Authority (the "Airport Authority"). The geographical area served by the Airport primarily encompasses the seven Nevada counties of Churchill, Douglas, Humboldt, Lyon, Pershing, Storey, and Washoe and the major cities of Reno, Sparks, and Carson City. The total air trade area for the Airport also includes the Lake Tahoe area and several communities in northeastern California. The Airport generates \$2 billion per year for the region according to an economic impact study released by the University of Nevada's College of Business in February 2012. In addition to the revenue, the study states that the Airport and the Reno-Stead Airport, a general aviation facility, generate 22,138 jobs in the state, making the airports a major economic driver for the region. Accordingly, the Airport Authority continues to plan and accommodate airport facility needs.

For calendar year 2014, the Airport served a total of 3.30 million passengers, a (3.9%) decrease from 2013's passenger total of 3.43 million. The Airport reported an overall 6.7% increase in air cargo pounds for the 2014 calendar year versus 2013; air cargo volume totaled 129.09 million pounds. During the first eight months of 2015, the Airport served 2,295,752 passengers, representing an increase of 1.4% compared to the same period in 2014, and handled 84.19 million pounds of air cargo which is an increase of 3.8%. In August 2015, the Airport was served by nine airlines providing 62 peak daily departures to 17 non-stop destinations. In May 2015, JetBlue Airways began non-stop daily flights between Reno and New York City, adding to the increase of passengers over last year.

Distribution and Manufacturing

The County (Reno/Sparks) is a principal manufacturing and distribution center for the western United States. The State's Freeport Law provides tax-free warehousing of goods while in transit through the State. Coupled with the lack of taxes common in many states, such as franchise, inventory, corporate and personal income, along with geographic location have encouraged new companies to locate in the Reno/Sparks area providing continued growth to the State's and County's industrial base. The area also has a large established Foreign Trade Zone (FTZ 126).

Economic Development

The mission of the Economic Development Authority of Western Nevada is to recruit and expand quality companies that have a positive economic impact on the quality of life in the Reno/Sparks/Lake Tahoe region.

Complementing the area's emphasis on economic diversification are the numerous business incentives unique to the State of Nevada. Competitive wage rates, an expanding labor force, low cost and readily available electrical power, low out-bound freight transportation costs as compared to other prominent Western United States markets, a deferral and/or abatement of sales and use tax on new capital equipment, personal property tax abatement, grant monies for job training, and business license tax abatement programs for qualified companies combine to give business and industry an attractive advantage.

Utilities and Other Resources

Regional Resource Management. The Truckee Meadows Regional Plan was adopted by the Legislature in June 1991 and includes several major policy initiatives for the region relating to water management. Reno, Sparks and the County are currently working together to resolve the issues involved in this area, as well as to adopt a mutually acceptable annexation plan. Regional flood control is managed through the Flood Authority. See "SECURITY FOR THE 2016A BONDS--Revenues Available for Debt Service."

Regional Water Planning. In 1995, the Legislature established a Regional Water Planning Commission for South Washoe County (excluding Lake Tahoe). The commission developed a Regional Water Management Plan that was approved by Reno, Sparks and the County and accepted by the Legislature. Any facility of "regional significance" associated with water supply, wastewater treatment and stormwater drainage must be recognized in the Regional Water Management Plan or presented for amendment to the Plan. The Board of County Commissioners, serving as the Regional Water Board, eventually approves all amendments.

Water. The primary source of water for residents and businesses of Reno and Sparks, and some areas of the County is the Truckee River, which flows from Lake Tahoe to Pyramid Lake (approximately 120 miles). Underground water and individual private wells augment the river water supply, particularly in the unincorporated areas of the County.

The Truckee Meadows Water Authority ("TMWA") purchased the water division of Sierra Power Resources ("Sierra Resources," formed in 1999 from a merger of Sierra and Nevada Power Company) in mid-2001. TMWA was formed and operates pursuant to a

cooperative agreement among Reno, Sparks and the County. TMWA provides water service to the majority of County residents, including the cities of Reno and Sparks, the major population centers in the County. On December 31, 2014, the County's water utility merged with TMWA. The remaining areas of the County are served either by special districts, private companies and/or private wells.

Wastewater Treatment and Water Reclamation. Sewage treatment within the Truckee Meadows region of the County is provided by five wastewater facilities. All the facilities are owned and operated separately or jointly by Reno, Sparks, and the County. The local governments have several comprehensive programs to improve water quality throughout the Truckee Meadows region. Effluent reuse, stormwater management, water quality monitoring and modeling, and Truckee River restoration represent efforts undertaken to insure that as the Truckee Meadows region continues to grow, water quality is protected.

Education

Elementary and secondary education is primarily provided by the Washoe County School District. Private elementary and high schools also operate within the County. All public higher education in the State is administered by the Nevada System of Higher Education. The University of Nevada, Reno and Truckee Meadows Community College are part of that system and both are located in Reno. The National Judicial College, which provides continuing education for state court judges throughout the nation, is located on the University of Nevada, Reno campus.

TAX MATTERS

Federal Tax Matters

In the opinion of Bond Counsel, assuming continuous compliance with certain covenants described below, interest on the 2016 Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Tax Code, and interest on the 2016 Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except that such interest is required to be included in calculating the “adjusted current earnings” adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations as described below.

The Tax Code imposes several requirements which must be met with respect to the 2016 Bonds in order for the interest thereon to be excluded from gross income and alternative minimum taxable income (except to the extent of the aforementioned adjustment applicable to corporations). Certain of these requirements must be met on a continuous basis throughout the term of the 2016 Bonds. These requirements include: (a) limitations as to the use of proceeds of the 2016 Bonds; (b) limitations on the extent to which proceeds of the 2016 Bonds may be invested in higher yielding investments; and (c) a provision, subject to certain limited exceptions, that requires all investment earnings on the proceeds of the 2016 Bonds above the yield on the 2016 Bonds to be paid to the United States Treasury. The County will covenant and represent in the Bond Ordinance that it will take all steps to comply with the requirements of the Tax Code to the extent necessary to maintain the exclusion of interest on the 2016 Bonds from gross income and alternative minimum taxable income (except to the extent of the aforementioned adjustment applicable to corporations) under federal income tax laws in effect when the 2016 Bonds are delivered. Bond Counsel’s opinion as to the exclusion of interest on the 2016 Bonds from gross income and alternative minimum taxable income (to the extent described above) is rendered in reliance on these covenants, and assumes continuous compliance therewith. The failure or inability of the County to comply with these requirements could cause the interest on the 2016 Bonds to be included in gross income, alternative minimum taxable income or both from the date of issuance. Bond Counsel’s opinion also is rendered in reliance upon certifications of the County and other certifications furnished to Bond Counsel. Bond Counsel has not undertaken to verify such certifications by independent investigation.

Section 55 of the Tax Code contains a 20% alternative minimum tax on the alternative minimum taxable income of corporations. Under the Tax Code, 75% of the excess of a corporation’s “adjusted current earnings” over the corporation’s alternative minimum taxable income (determined without regard to this adjustment and the alternative minimum tax net operating loss deduction) is included in the corporation’s alternative minimum taxable income for purposes of the alternative minimum tax applicable to the corporation. “Adjusted current earnings” includes interest on the 2016 Bonds.

The Tax Code contains numerous provisions which may affect an investor’s decision to purchase the 2016 Bonds. Owners of the 2016 Bonds should be aware that the ownership of tax-exempt obligations by particular persons and entities, including, without limitation, financial institutions, insurance companies, recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, foreign corporations doing business in the United States and certain “subchapter S” corporations may result in adverse federal and state tax

consequences. Under Section 3406 of the Tax Code, backup withholding may be imposed on payments on the 2016 Bonds made to any owner who fails to provide certain required information, including an accurate taxpayer identification number, to certain persons required to collect such information pursuant to the Tax Code. Backup withholding may also be applied if the owner underreports “reportable payments” (including interest and dividends) as defined in Section 3406, or fails to provide a certificate that the owner is not subject to backup withholding in circumstances where such a certificate is required by the Tax Code. With respect to any 2016 Bonds sold at a premium, representing a difference between the original offering price of those 2016 Bonds and the principal amount thereof payable at maturity. Under certain circumstances, an initial owner of such bonds (if any) may realize a taxable gain upon their disposition, even though such bonds are sold or redeemed for an amount equal to the owner’s acquisition cost. Bond Counsel’s opinion relates only to the exclusion of interest on the 2016 Bonds from gross income and alternative minimum taxable income as described above and will state that no opinion is expressed regarding other federal tax consequences arising from the receipt or accrual of interest on or ownership of the 2016 Bonds. Owners of the 2016 Bonds should consult their own tax advisors as to the applicability of these consequences.

The opinions expressed by Bond Counsel are based on existing law as of the delivery date of the 2016 Bonds. No opinion is expressed as of any subsequent date nor is any opinion expressed with respect to pending or proposed legislation. Amendments to the federal or state tax laws may be pending now or could be proposed in the future that, if enacted into law, could adversely affect the value of the 2016 Bonds, the exclusion of interest on the 2016 Bonds from gross income or alternative minimum taxable income or both from the date of issuance of the 2016 Bonds or any other date, the tax value of that exclusion for different classes of taxpayers from time to time, or that could result in other adverse tax consequences. In addition, future court actions or regulatory decisions could affect the tax treatment or market value of the 2016 Bonds. Owners of the 2016 Bonds are advised to consult with their own tax advisors with respect to such matters.

The Internal Revenue Service (the “Service”) has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. No assurances can be given as to whether or not the Service will commence an audit of the 2016 Bonds. If an audit is commenced, the market value of the 2016 Bonds may be adversely affected. Under current audit procedures the Service will treat the County as the taxpayer and the 2016 Bond owners may have no right to participate in such procedures. The County has covenanted in the Bond Ordinance not to take any action that would cause the interest on the 2016 Bonds to lose its exclusion from gross income for federal income tax purposes or lose its exclusion from alternative minimum taxable income for the owners thereof for federal income tax purposes. None of the County, the Financial Advisors, the Initial Purchaser, Bond Counsel or Special Counsel is responsible for paying or reimbursing any 2013 Bond holder with respect to any audit or litigation costs relating to the 2016 Bonds.

State Tax Exemption

The 2016 Bonds, their transfer, and the income therefrom are 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.

LEGAL MATTERS

Litigation

In the opinion of the County's legal counsel, there is no litigation or controversy of any nature now pending, or to the knowledge of the County's legal counsel, threatened, (i) restraining or enjoining the issuance, sale, execution or delivery of the 2016 Bonds or (ii) in any way contesting or affecting the validity of the 2016 Bonds or any proceedings of the County taken with respect to the issuance or sale thereof, the pledge, collection or application of any moneys or securities provided for the payment of the 2016 Bonds (including the 2016A Pledged Revenues and the 2016B Pledged Revenues), or the corporate existence or the powers of the County.

The County is subject to certain pending and threatened litigation regarding various matters arising in the ordinary course of the County's operations. However, it is the opinion of the County's legal counsel that the pending or threatened litigation will not result in final judgments against the County which would, individually or in the aggregate, adversely affect the County's ability to satisfy the County's obligations for the 2016 Bonds.

The County is a party to litigation in state court involving property tax assessments in the Lake Tahoe area. The cases involve claims of unconstitutional taxation, challenges to the administrative hearings and decisions of boards of equalization and writs of mandamus. The most potentially impacting case is now pending before a State appellate court and decisions adverse to Washoe County may involve making refunds of property taxes from \$2 million up to \$17 million in the aggregate which may adversely affect the County's financial position. See "PROPERTY TAX INFORMATION-2016B BONDS--Required Refunds and Other Actions Related to Property Taxes--Required Incline Village Refunds."

Sovereign Immunity

Pursuant to State statute (NRS Section 41.035), an award for damages in an action sounding in tort against the County may not include any amount as exemplary or punitive damages and is limited to \$100,000 per cause of action. The limitation does not apply to federal actions brought under federal law such as civil rights actions under 42 U.S.C. Section 1983 and actions under The Americans with Disabilities Act of 1990 (P.L. 101-336), or to actions in other states.

Approval of Certain Legal Proceedings

The approving opinions of Sherman & Howard L.L.C., as Bond Counsel, will be delivered with the 2016 Bonds. Forms of the bond counsel opinions are attached to this Official Statement as Appendix F. The opinions will include a statement that the obligations of the County are subject to the reasonable exercise in the future by the State and its governmental bodies of the police power inherent in the sovereignty of the State and to the exercise by the United States of the powers delegated to it by the federal constitution, including bankruptcy. Sherman & Howard L.L.C. has also acted as Special Counsel to the County in connection with this Official Statement. Certain matters will be passed upon for the County by the District Attorney.

Police Power

The obligations of the County are subject to the reasonable exercise in the future by the State and its governmental bodies of the police power and powers of taxation inherent in the sovereignty of the State, and to the exercise by the United States of the powers delegated to it by the Federal Constitution.

INDEPENDENT AUDITORS

The audited basic financial statements of the County as of and for the year ended June 30, 2015, included hereto as Appendix A, have been audited by Eide Bailly LLP, certified public accountants, Reno, Nevada, to the extent and for the period stated in their report appearing herein.

Pursuant to State law, the audited financial statements of the County are public documents and no consent from the auditors is required to be obtained prior to inclusion of the audited financial statements in this Official Statement. Accordingly, the County has not requested consent. Eide Bailly LLP has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. Eide Bailly LLP also has not performed any procedures relating to this Official Statement.

RATINGS

Moody's Investors Service, Inc. ("Moody's") and Standard & Poor's Ratings Services, a Division of The McGraw-Hill Companies ("S&P") have assigned the 2016 Bonds the ratings shown on the cover page of this Official Statement. An explanation of the significance of any ratings given by S&P may be obtained from S&P at 55 Water Street, New York, New York 10041. An explanation of the significance of any ratings given by Moody's may be obtained from Moody's at 7 World Trade Center at 250 Greenwich Street, New York, NY 10007.

There is no assurance that such ratings will continue for any given period of time after they are received or that they will not be lowered or withdrawn entirely if, in the judgment of the rating agencies, circumstances so warrant. Other than the County's obligations under the Disclosure Certificate, neither the County nor the Financial Advisors has undertaken any responsibility either to bring to the attention of the owners of the 2016 Bonds any proposed change in or withdrawal of such ratings or to oppose any such proposed revision. Any such change in or withdrawal of the ratings could have an adverse effect on the market price of the 2016 Bonds.

PUBLIC SALE

The County expects to offer the 2016 Bonds at public sale on January 19, 2016. See Appendix G - Official Notice of Bond Sale.

FINANCIAL ADVISORS

Hobbs, Ong & Associates, Inc. and Public Financial Management, Inc. are serving as Financial Advisors to the County in connection with the 2016 Bonds. See "INTRODUCTION--Additional Information" for contact information for the Financial Advisors. The Financial Advisors have not audited, authenticated or otherwise verified the information set forth in the Official Statement, or any other related information available to the County, with respect to the accuracy and completeness of disclosure of such information, and no guaranty, warranty or other representation is made by the Financial Advisors respecting accuracy and completeness of the Official Statement or any other matter related to the Official Statement.

OFFICIAL STATEMENT CERTIFICATION

The undersigned official hereby confirms and certifies that the execution and delivery of this Official Statement and its use in connection with the offering and sale of the 2016 Bonds has been duly authorized by the Board.

WASHOE COUNTY, NEVADA

By: _____
County Manager

APPENDIX A

**AUDITED BASIC FINANCIAL STATEMENTS OF
WASHOE COUNTY, NEVADA
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE: The audited basic financial statements included in this Appendix A have been excerpted from the County's Comprehensive Annual Financial Report ("CAFR") for the fiscal year ended June 30, 2015. Other information contained in the CAFR, including individual fund schedules and other statistical and compliance information, has been excluded from this Appendix A.

APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE 2016A BOND ORDINANCE

The following statements are summaries of certain provisions of the 2016A Bond Ordinance. Such statements do not purport to be complete and are qualified in their entirety by the provisions of and reference to the 2016A Bond Ordinance, copies of which are on file and available for examination at the principal office of the County. See "INTRODUCTION--Additional Information."

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE 2016B BOND ORDINANCE

The following statements are summaries of certain provisions of the 2016B Bond Ordinance. Such statements do not purport to be complete and are qualified in their entirety by the provisions of and reference to the 2016B Bond Ordinance, copies of which are on file and available for examination at the principal office of the County. See "INTRODUCTION--Additional Information."

APPENDIX D

BOOK-ENTRY ONLY SYSTEM

DTC will act as securities depository for the 2016 Bonds. The 2016 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered 2015 Bond certificate will be issued for each maturity of the 2016 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of 2016 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2016 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2016 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2016 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 2016 Bonds, except in the event that use of the book-entry system for the 2016 Bonds is discontinued.

To facilitate subsequent transfers, all 2016 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2016 Bonds

with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2016 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2016 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2016 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2016 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2016 Bond documents. For example, Beneficial Owners of 2016 Bonds may wish to ascertain that the nominee holding the 2016 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2016 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2016 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts 2016 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest and redemption proceeds on the 2016 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County or the Paying Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest or redemption proceeds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2016 Bonds at any time by giving reasonable notice to the County or the Registrar and Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, 2016 Bond certificates are required to be printed and delivered.

The County may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, 2016 Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the County believes to be reliable, but the County takes no responsibility for the accuracy thereof.

APPENDIX E
FORMS OF CONTINUING DISCLOSURE CERTIFICATES

APPENDIX F
FORMS OF APPROVING OPINIONS OF BOND COUNSEL

APPENDIX G
NOTICE OF BOND SALE