



RESOLUTION NO. 1902

A RESOLUTION APPROVING THE REPORT FOR COLLECTION ON THE WASHOE COUNTY TAX ROLL OF RECREATION STANDBY AND SERVICE CHARGES (ALSO KNOWN AS RECREATION FACILITY FEE AND BEACH FACILITY FEE) FOR FISCAL YEAR 2023-2024

RESOLVED by the Board of Trustees of the Incline Village General Improvement District, Washoe County, Nevada, that

WHEREAS, pursuant to Resolutions No. 419 and 420, as amended, and the order of this Board, a report entitled "Report for Collection on the County Tax Roll of Recreation Standby and Service Charges" has been prepared and filed with this Board, related to recreation revenue charges to be collected for the fiscal year 2023-2024 for the use of Burnt Cedar, Ski and Incline Beaches as well as the availability of use of the Incline Village Championship and Mountain Golf Courses, Diamond Peak Ski Resort, Recreation Center, Tennis Center, Event Facilities, Parks, and other recreational properties, facilities and programs for the District and its people;

WHEREAS, this Board has examined said report and finds the same to be sufficient for further proceedings in relation thereto;

WHEREAS, it is proposed that the charges contained in said report be collected on the general County tax roll (*in two separate and distinct lines items identified as Recreation Facility Fee and Beach Facility Fee*) on which general District taxes are to be collected for said year;

WHEREAS, on April 11, 2023, this Board adopted its Resolution No. 1901, A Resolution Preliminarily Approving The Report For Collection Of Recreation Standby And Service Charges, wherein it fixed May 25, 2023, at 6:00 p.m. at the IVGID Administration Bldg. 893 Southwood, Blvd., Village, Nevada, as the time and place when and where the Board would hear said report and all objections and protests, if any, to the report, and might revise, change, reduce or modify any charge therein, and finally approve and adopt same.

WHEREAS, notice of said hearing has been given by publication once a week for two weeks prior to the date of hearing, in the *Tahoe Daily Tribune*, a newspaper of general circulation printed and published within the District.



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WHEREAS, said Board met at said time and place and no more than six (6) person(s) appeared and no more than six (6) person(s) protested against the charges made on their property and against said report, and the Board fully heard all persons and considered all matters and was fully advised in the premises, and did by motion revise, change, reduce or modify any of the charges therein which, in its opinion, were so required in order that said charges be equitably distributed among the several parcels of property contained in the report;

NOW, THEREFORE, IT IS ORDERED as follows:

1. That protests were not made at or before said hearing by the owners of a majority of separate parcels of property described in said report, and that said Board has jurisdiction to take further proceedings in relation thereto;

2. That all revisions, changes, reductions or modifications required, be made in said report that are, in the opinion of the Board, required to be made in order that said charges be equitably distributed among the parcels of property contained therein, and all other protests are overruled.

3. That said report contains all of the properties within the District that will be benefited by being charged for the costs of the acquisition, administration, operation, maintenance and improvement of the recreational facilities, including the improvements thereon, and of the servicing of bonds issued or to be issued therefor.

4. The Board of Trustees finds that each parcel assessed pursuant to this Resolution and in its report for the collection on the Washoe County tax roll of standby and service charges for the fiscal year 2023-2024 is specifically benefited as follows:

- (a) Ordinance No. 7 sets forth in detail the specifics of the benefits available to property owners of all properties, whether improved or unimproved.



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- (b) The Board specifically finds that the availability of the use of IVGID's beaches; boat launch ramp; Championship golf course; Mountain golf course; tennis facilities; the Chateau and Aspen Grove; Diamond Peak Ski Resort, and Recreation Center, including reduced rates for season passes and reduced daily rates, are all benefits which inure to the owners of properties assessed hereunder. The Board also finds that such benefits are provided to said properties whether or not they are developed.
- (c) In conclusion, the Trustees find that the owners of the parcels set forth herein are directly benefited in a fair and reasonable way for the sums which they are charged.

5. That the rates charged for natural, intrinsic and fundamental distinctions are reasonable in their relation to the object of the charges imposed in said report, and that said charges have been apportioned in relation to said natural, intrinsic, fundamental and reasonable distinctions among said rates.

6. That said report, as revised, changed, reduced or modified, if any, is hereby adopted and that all of the charges herein constitute a perpetual lien on and against each of the parcels of property in the amount set opposite their description in said report, which lien is effective as of the date on which general taxes for the fiscal year 2023-2024 become a lien.

7. The Secretary shall file with the Washoe County Treasurer a copy of the report with a statement endorsed thereon over his signature that it has been finally adopted by the Board, and the Washoe County Treasurer shall enter the amounts of the charges (*in two separate and distinct lines items identified as Recreation Facility Fee and Beach Facility Fee*) against the respective lots or parcels of land as they appear on the current Washoe County tax roll, (including children parcels if the parent is closed as defined by the Washoe County Assessor).

8. The Washoe County Treasurer shall include the amount of the charges (*in two separate and distinct lines items identified as Recreation Facility Fee and*



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Beach Facility Fee) on the bills for taxes levied against respective lots or parcels of land in said report, or, in his discretion, issue separate bills therefor and separate receipts for collection on account thereof; and said amounts shall be collected at the same time and in the same manner and by the same persons as, together with and not separately from the general taxes for the District, and shall be delinquent at the same time and thereafter be subject to the same delinquent penalties; and all laws applicable to the levy, collection, and enforcement of general taxes of the District, including, but not limited to, those pertaining to the matters of delinquency, correction, cancellation, refund, redemption and sale, are applicable to such charges.

* * * * *

I hereby certify that the foregoing is a full, true and correct copy of a resolution duly passed and adopted at a regularly held meeting of the Board of Trustees of the Incline Village General Improvement District on the 25th day of May, 2023, by the following vote:

AYES, and in favor thereof, Trustee Matthew Dent, Trustee Sara Schmitz and Trustee Raymond Tulloch
NOES, Trustee David Noble and Trustee Michaela Tonking
ABSENT, Trustees: None


Susan Herron
Acting District Clerk

**NEVADA COUNTY
PUBLISHING COMPANY**

South Lake Tahoe, CA

AFFIDAVIT OF PUBLICATION123

**Proof and Statement of
Publication**

Ad #: 272709

See Proof on Next Page

TAHOE DAILY
Tribune

Customer Account #: 113057

Reference: 8CD06 PH Recreation Roll IVGID

Legal Account

Susan Herron

893 Southwood Blvd

County of El Dorado, State of California. The undersigned,
Deona Deselms _____, being

the principal clerk of the Nevada County Publishing Co. declares that the Nevada County Publishing Co. now is, and during all times herein named, was a corporation duly organized and existing under the laws of the State of California, and now is, and during all times herein named was the printer of Tahoe Daily Tribune, a newspaper of general circulation, as defined by section 6000 of the Government Code of the State of California, printed and published daily (Sundays excepted) in the City of South Lake Tahoe, County of El Dorado, State of California, and that affiant is the principal clerk of said Nevada County Publishing Co.

That the printed advertisement hereto annexed was published in the said Tahoe Daily Tribune, for the full required period of 3 time(s) commencing on 5 May 2023, and ending on 19 May 2023, all days inclusive.

I certify, under penalty of perjury, the forgoing is true and correct.

Signed: Deona Deselms

Legals Advertising Clerk

NOTICE OF PUBLIC HEARING ON RECREATION ROLL

NOTICE IS HEREBY GIVEN that a report has been prepared by the Board of Trustees of the Incline Village General Improvement District containing the several recreation rates, tolls, and charges for the services of the recreation lands and facilities of the District, including, without limitation, the acquisition, administration, operation, maintenance and improvement thereof, and the servicing of bonds issued or to be issued therefor, the furnishing thereof, the service thereof, the availability of said services, and for the standby of said lands and facilities and the services and operation thereof.

Said rates, tolls and charges were established by Resolution No. 419 adopted October 5, 1967, and amended April 16, 1968, by Resolution No. 451, and further amended July 13, 1976, by Resolution No. 1261 of said Board, and are to be collected on the general County tax roll. The Recreation Facility Fee and Beach Facility Fee or the 2023-2024 Recreation Roll are proposed to not to exceed a combined \$780.

Wednesday, May 25, 2023 at 6:00 p.m. at the Administration Building Board Room, 893 Southwood Boulevard, Incline Village, Nevada, has been fixed by the Board as the time and place when and where it will hear and consider said report and all objections and protests, and may revise, change, reduce or modify any charge and finally approve and adopt said report.

Reference is hereby made to said report and said resolutions on file with the District Secretary and open to public inspection.

Dated April 20, 2023

Melissa Robertson
District Clerk

Published: May 5, 12, 19, 2023



**GENERAL IMPROVEMENT DISTRICT
ONE DISTRICT ~ ONE TEAM**

**REPORT
FOR COLLECTION ON THE COUNTY TAX ROLL OF
RECREATION STANDBY AND SERVICE CHARGES
(ALSO KNOWN AS THE RECREATION FACILITY FEE AND BEACH FACILITY FEE)**

**PROCEDURE FOR COLLECTION
UNDER NRS 318.201**

**FOR THE
INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
WASHOE COUNTY, NEVADA**

**FISCAL YEAR ENDING
JUNE 30, 2024**



Report

**FOR COLLECTION ON THE COUNTY TAX ROLL OF
RECREATION STANDBY AND SERVICE CHARGES**

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

This report has been prepared pursuant to the order of the Board of Trustees (herein called "Board") of the Incline Village General Improvement District (herein called "District"), Washoe County (herein called "County"), Nevada, for the purpose of having recreation standby and service charges, herein called ("charges"), for the fiscal year 2023-2024, collected on the general tax roll for said year of the County, and is based on the following facts, determinations and orders, the Board has adopted charges pursuant to NRS 318.201 through prior annual reports and other actions including:

Resolution Number	Date Approved	Venue Affected	Related Bond Maturity Date
419	10/5/1967	Burnt Cedar and Incline Beach	N/A
420	10/5/1967	Burnt Cedar and Incline Beach	N/A
450	4/16/1968	Burnt Cedar and Incline Beach	N/A
1261	7/13/1976	Golf Courses, Ski Area, Beaches	N/A
1262	7/29/1976	Golf Courses, Ski Area, Beaches, Tennis and Recreation Parcels	2022**
1750	1/14/2004	Golf Courses, Ski Area, Parks, Tennis and Facilities	2014
1785	5/28/2008	Ski Area	2018

** Resolution 1262 related bond issue was part of refunding in 1991, 2002 and 2012.



I. The following annual charges are for the availability of use of the recreational facilities above described, and such charges (excepting those charges collected directly by the District) shall be collected by the Washoe County Treasurer at the same time and in the same manner and by the same persons as, together with and not separately from, the general taxes for the District.

A. **Single Family Parcel, Multi Residential Unit or Parcel, Hotel/Motel Included in the District Prior to June 1, 1968.** A \$455 annual base Beach Facility Fee for each dwelling unit, whether such dwelling unit stands alone or is part of a multiple unit residential structure and whether or not such dwelling unit is separately assessed by the County Assessor. (For purposes hereof, a dwelling unit shall be placed on the roll at the earlier of the commencement of construction, site preparation, or utility meter installation on any portion of the lot on which the dwelling unit is located). No (\$0.00) separate Recreation Facility Fee shall be assessed.

B. **Other Parcels in the District Prior to June 1, 1968.** For each parcel separately assessed by the County Assessor, which parcel does not contain any dwelling units, a \$455 Beach Facility Fee.

C. **Properties Annexed After June 1, 1968.** Properties annexed to the District after June 1, 1968, shall have a \$0 annual base Recreation Facility Fee. Properties annexed after June 1, 1968, are not entitled to the use of the beaches or boat launching area and pay no Beach Facility Fee.

D. **Exceptions.** Lots, parcels and areas of land used, or the portions thereof used, or intended to be used, for religious purposes or educational purposes; common areas without occupied structures appurtenant to a condominium or townhouse cluster; and publicly owned lands, are excepted and excluded from the charges imposed by subsections A through C of this section. In addition, any parcel which is (1) undeveloped, and (2) subject to a deed restriction, acceptable to IVGID staff, preventing any and all development of the parcel in perpetuity, which deed restriction is recorded in the Washoe County Recorder's Office, and (3) whose owner agrees to waive in perpetuity on his own behalf as well as on behalf of his successors and assigns any right to demand in the future any recreation privileges arising from or associated with said parcel is also excepted and excluded from the charges imposed by subsections A through C of this section.

Any exception granted pursuant to paragraph I. D shall operate prospectively only from and after the date subsequent to which such exception is approved by *the Board of Trustees* of the Incline Village General Improvement District and no exception as created by the paragraph I. D shall have any retroactive application.

E. **Recreation Privileges.** Each single family parcel and/or property (as described in A through C of this section) which is charged a Recreation and/or Beach Facility Fee



is entitled to recreation privileges, as described in IVGID Ordinance No. 7, an Ordinance Establishing Recreation Privileges by the Incline Village General Improvement District.

- II. The amount of moneys required for the fiscal year extending from July 1, 2023, to June 30, 2024, has been determined by this Board to be estimated at \$3,525,340 for the Beach Facility Fee, and \$0 for the Recreation Facility Fee for the administration, operation, maintenance and improvement of said real properties, equipment and facilities.
- III. Said sum has been apportioned among the single family parcel and/or property (as described in I.A. through I.C. above) within the District in accordance with the applicable rates and charges prescribed and established therefore as set forth in this report.
- IV. The single family parcel and/or property (as described in I.A. through I.C. above) so charged have been described by their Assessor Parcel Number (APN), used by the County Assessor in the County Tax Roll for the fiscal year 2023-2024, which are by reference to maps prepared by and on file in the office of the County Assessor for said County.
- V. The Board has, by resolution, elected and determined to have such charges for the forthcoming fiscal year collected on the general tax roll of the County of Washoe for said year, on which general District taxes are collected, in the same manner, by the same persons and at the same time, together with and not separately from its general District taxes.

The District has agreed to pay the Washoe County Treasurer an annual fee of \$1,000 for the processing of these fees.

- VI. The amounts of the charges shall constitute a lien against the thesingle family parcel and/or property (as described in I.A. through I.C. above) against which the charge has been imposed as of the time when the lien of taxes on the roll attaches, and all laws applicable to the levy, collection and enforcement of general taxes of the District, including, but not limited to, those pertaining to the matters of delinquency, correction, cancellation, refund, redemption and sale, are applicable to such charges.
- VII. The County Treasurer shall include the amount of the charges on the bills for taxes levied against the respective single familyparcel and/or property (as described in I.A. through I.C. above), and thereafter the amounts of the charges shall be collected at the same time and in the same manner and by the same persons as, together with and not separately from, the general taxes for the District, and shall be delinquent at the same time and thereafter be subject to the same delinquency penalties, provided that the County Treasurer may, in his discretion, issue separate bills for such charges and separate receipts for collections on account of such charges.



Dated: May 25, 2023

By Order of the Board of
Trustees of the Incline Village
General Improvement District

Dave Noble
Secretary, IVGID Board of Trustees



I hereby certify that the report to which this certification is attached was filed with the Board of Trustees of the Incline Village General Improvement District, and set to be heard by it on May 25, 2023, and that I caused notice of said hearing to be published on May 5, 12 and May 19, 2023, in the *Tahoe Daily Tribune*.



Susan A. Herron
Acting District Clerk

I hereby certify that on May 25, 2023, the report to which this certification is attached came on regularly for hearing by the Board of Trustees of the Incline Village General Improvement District, being the time and place set therefore and that said Board heard and considered the report and all objections and protests thereto; that it found by resolution, that protests have not been made by the owners of a majority of the the dwelling unit, parcel and/or property (as described in I.A. through I.C. above), that consideration was given by it to the accuracy of each charge therein, and that where such charge was found to be inaccurate, if any, it was revised, changed, reduced or modified to make it accurate, and was finally approved and adopted.



Susan A. Herron
Acting District Clerk

Received and filed on:

Washoe County Treasurer

RESOLUTION NO. 419

A RESOLUTION FIXING RATES, TOLLS AND CHARGES FOR
THE RECREATIONAL SERVICES AND FACILITIES
OF BURNT CEDAR AND INCLINE COMMUNITY BEACHES

AND RESOLUTION 451
AMENDING No. 419

RESOLUTION NO. 420

A RESOLUTION PROVIDING FOR THE ISSUANCE OF RECREATION
REVENUE BONDS, FIXING THE FORM OF THE BONDS, PROVIDING
FOR THEIR PAYMENT AND COVENANTS FOR THEIR PROTECTION

BURNT CEDAR AND INCLINE COMMUNITY BEACHES

\$3,600,000 REVENUE BONDS OF 1967

AND RESOLUTION No. 450
AMENDING No. 420

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

LAKE TAHOE, WASHOE COUNTY

NEVADA

INDEX TO

RESOLUTION NO. 419

A RESOLUTION FIXING RATES, TOLLS AND CHARGES FOR
THE RECREATIONAL SERVICES AND FACILITIES
OF BURNT CEDAR AND INCLINE COMMUNITY BEACHES

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

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RESOLUTION NO. 419

A RESOLUTION FIXING RATES, TOLLS AND CHARGES
FOR THE RECREATIONAL SERVICES AND FACILITIES
OF BURNT CEDAR AND INCLINE COMMUNITY BEACHES

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

RESOLVED, by the Board of Trustees of the Incline Village General Improvement District, Washoe County, Nevada, as follows:

WHEREAS, it is proposed that the District issue revenue bonds to provide funds to acquire Burnt Cedar Beach and the improvements thereon and to acquire and improve the area known as Incline Beach, and to pledge the net revenues to be derived from the rates, tolls and charges to be fixed for the services and facilities thereof; and

WHEREAS, it is necessary that said charges be fixed prior to the adoption of a resolution providing for the issuance of said bonds.

NOW, THEREFORE, IT IS ORDERED, as follows:

1. Short Title. This resolution shall be known and cited as the Community Beaches Rate Resolution.
2. Taking Effect. This resolution shall take effect upon the acquisition of title to either or both the Burnt Cedar Community Beach and the Incline Community Beach.
3. Present Facilities. Until both of said beaches have been acquired and the proposed improvements completed on Incline Beach, the charges herein fixed shall be and constitute charges for the services and facilities of the portions thereof then acquired.
4. Description of Charges. The rates, tolls and charges herein fixed are minimum annual charges for the services of the lands and facilities of the community beaches, and shall include, without limiting the generality thereof, charges for the operation thereof for the furnishing thereof, for the furnishing of the services thereof, for the availability of the services thereof, and for the standby of said lands and facilities and the services and operation thereof.

5. Usefulness of Lands. The lands for which said charges are imposed consist of two parcels of land lying between State Highway No. 28 and Lake Tahoe and having a beach frontage of 1170 feet and 1340 feet, respectively, and both said parcels, and the Lake by reason thereof, are accessible only to property owners of the District, and their tenants, hotel and motel patrons, and their guests, whether or not said lands so charged are improved for occupancy.

6. Intrinsic Distinctions in Lands Charged. The lands charged herein have natural, intrinsic and fundamental distinctions which are reasonable in their relation to the object of the charges herein imposed, and based thereon are herein classified for the purpose of such charges.

7. Charges. The following rates, tolls and charges are prescribed and imposed for each fiscal year ending on June 30 commencing with July 1, 1968 for the various classifications as follows:

(a) Single Family Parcel. \$50 for each subdivided lot or unsubdivided parcel constituting a single family home site, zoned for a single family residential structure whether or not so improved.

(b) Duplex Parcel. \$100 for each subdivided lot or unsubdivided parcel constituting a duplex site zoned for a duplex residential structure, whether or not so improved.

(c) Improved Multiple Residential Parcel. \$50 for each single family unit in a multiple residential structure of three or more complete and independent single family residential units, or in a condominium structure or town house cluster.

(d) Unimproved Multiple Residential Parcel. \$200 for each acre, and a pro rata thereof for each fraction of an acre, in a parcel of unimproved subdivided or unsubdivided land zoned R-3 for a multiple residential structure or

structures of three or more complete and independent single family residential units, or a condominium structure or town house cluster.

(e) Hotel and Motel. \$15 for each room or unit intended for occupancy by a person or persons as a single unit within a hotel or a motel.

(f) C-1 and C-2 Commercial Parcel. \$200 for each acre, or a pro rata thereof for each fraction of an acre, in a parcel of unimproved land, and in a parcel of land improved with other than a hotel or a motel, whether or not subdivided, and zoned C-1 or C-2 commercial.

(g) M-1 Light Industrial Parcel. \$100 for each acre, or a pro rata thereof for each fraction of an acre, in a parcel of improved or unimproved land, whether or not subdivided, and zoned M-1 light industrial.

(h) Unsubdivided Residential Acreage. \$5 for each acre, and a pro rata thereof for each fraction of an acre, in an unimproved and unsubdivided tract of acreage containing ten or more acres, zoned E-1, E-2, A-1, A-2, or A-4 and intended for residential use.

(i) Exceptions. Lots, parcels and areas of land used, or the portions thereof used, or intended to be used, for recreational or religious purposes, and publicly owned lands, are excepted and excluded from the charges imposed by subdivisions (a) through (h) of this section.

(j) Guests. Only guests of a person entitled to beach privileges shall be admitted, and a charge of \$1.00 per day per guest and \$0.75 per day per child guest of 12 years or under is imposed and shall be collected at the time of admission.

8. Discount, Deposit or Guaranty. The Board may provide for; but is not limited to:

(a) The granting of discounts for prompt payment of bills.

(b) The requiring of deposits or the prepayment of charges in an amount not exceeding one (1) year's charges either from persons receiving service and using the Facilities of the Project or from the owners of property on which or in connection with which such services and Facilities are to be used; but in case of nonpayment of all or part of a bill such deposits or prepaid charges shall be applied only insofar as necessary to liquidate the cumulative amount of such charges plus penalties and cost of collection.

(c) The requiring of a guaranty by the owner of property that the bills for service to the property or the occupants thereof will be paid.

9. Penalties. The Board may provide for a basic penalty for nonpayment of charges within the time and in the manner prescribed by it. The basic penalty shall not be more than ten per cent (10%) of each month's charges for the first month delinquent. In addition to the basic penalty it may provide for a penalty of not exceeding 1.5 per cent per month for nonpayment of the charges and basic penalty. On the first day of the calendar month following the date of payment specified in the bill, the charge shall become delinquent if the bill or that portion thereof which is not in bona fide dispute remains unpaid. It may provide for collection of the penalties provided for in this Part.

10. Collect With Other Charges. The Board may provide that charges shall be collected together with and not separately from the charges for any other service rendered by it, and that all charges shall be billed upon the same bill and collected as one item.

11. Contract for Collection. The Board may enter into a written contract with any person, firm or public or private corporation providing for the billing and collection by such person,

firm or corporation of the charges for the service furnished by the Project. If all or any part of any bill rendered by any such person, firm or corporation pursuant to any such contract is not paid and if such person, firm or corporation renders any public utility service to the person billed, such person, firm or corporation may discontinue its utility service until such bill is paid, and the contract between the Board and such person, firm or corporation may so provide.

12. Collection by Suit. As a remedy established for the collection of due and unpaid deposits and charges and the penalties thereon, an action may be brought in the name of the District in any court of competent jurisdiction against the person or persons who occupied the property when the service was rendered or the deposit became due or against any person guaranteeing payment of bills, or against any or all of such persons, for the collection of the amount of the deposit or the collection of delinquent charges and all penalties thereon.

13. Perpetual Lien. Until paid, all charges shall constitute a perpetual lien on and against the property served.

14. Foreclose as Mechanics' Lien. Any lien may be foreclosed in the manner as provided by the laws of the State of Nevada for the foreclosure of mechanics' liens.

15. Id - Notice and Hearing. Before any lien is foreclosed, the Board shall hold a hearing thereon after notice thereof by publication and by registered first class mail, postage prepaid, addressed to the last known owner at his last known address according to the records of the District and the real property assessment roll in the County.

16. Election to Collect on Tax Roll. The Board, after it has adopted rates pursuant to this Indenture may, by resolution or by separate resolutions, elect to have such charges for the forthcoming

fiscal year collected on the tax roll in the same manner, by the same persons, and at the same time as, together with and not separately from, its general taxes.

17. Written Report. In such event, it shall cause a written report to be prepared and filed with the Secretary, which shall contain a description of each parcel of real property receiving such services and facilities and the amount of the charge for each parcel for such year, computed in conformity with the charges prescribed by the resolution.

18. Id - Alternative Procedure. The powers authorized by Section 8.14 of this Indenture shall be alternative to other procedures adopted by the Board for the collection of such charges.

19. Id - Property Descriptions. The real property may be described by reference to maps prepared by and on file in the office of the County Assessor or by descriptions used by him, or by reference to plats or maps on file in the office of the Secretary.

20. Id - Election as to Delinquent Property Only. The Board may make the election specified in Section 8.14 with respect only to delinquent charges and may do so by preparing and filing the written report, giving notice and holding the hearing therein required only as to such delinquencies.

21. Id - Publication of Notice. The Secretary shall cause notice of the filing of the report and of the time and place of hearing thereon to be published once a week for two (2) weeks prior to the date set for hearing, in a newspaper of general circulation printed and published within the District if there is one and if not, then in such paper printed and published in the County of Washoe.

22. Id - Mailed Notice of Hearing. Before the Board may have such charges collected on the tax roll, the Secretary shall cause a notice in writing of the filing of the report proposing to have such charges for the forthcoming fiscal year collected on the tax

roll and of the time and place of hearing thereon, to be mailed to each person to whom any parcel or parcels of real property described in the report is assessed in the last equalized assessment roll available on the date the report is prepared, at the address shown on the assessment roll or as known to the Secretary.

23. Id - Notice After First Year. If the Board adopts the report, then the requirements for notice in writing to the persons to whom parcels of real property are assessed shall not apply to hearings on reports prepared in subsequent fiscal years but notice by publication as herein provided shall be adequate.

24. Id - Hearing. At the time stated in the notice, the Board shall hear and consider all objections or protests, if any, to the report referred to in the notice and may continue the hearing from time to time.

25. Id - Protests. If the Board finds that protest is made by the owners of a majority of separate parcels of property described in the report, then the report shall not be adopted and the charges shall be collected separately from the tax roll and shall not constitute a lien against any parcel or parcels of land under Sections 8.14, et seq., of this Part, but shall continue to be subject to the lien provided in Section 8.11 and shall be and remain subject to all of the other methods of collection and remedies provided in this Part.

26. Id - Determination and Finality. Upon the conclusion of the hearing, the Board may adopt, revise, change, reduce or modify any charge or overrule any or all objections and shall make its determination upon each charge as described in the report, which determination shall be final.

27. Id - Delivery of Report and Entry on Roll. Prior to the time the County Treasurer posts taxes to the County tax roll each year following such final determination, the Secretary shall file

with him a copy of the report with a statement endorsed thereon over his signature that it has been finally adopted by the Board, and the County Treasurer shall enter the amounts of the charges against the respective lots or parcels of land as they appear on the current assessment roll.

28. Id - Parcels Outside District. Where any such parcels are outside the boundaries of the District, they shall be added to the assessment roll of the District for the purpose of collecting such charges.

29. Id - Parcels Not on Roll. If the property is not described on the roll, the County Treasurer may enter the description thereon together with the amounts of the charges, as shown in the report.

30. Id - Lien Same Time as Taxes. The amount of the charges shall constitute a lien against the lot or parcel of land against which the charge has been imposed as of the time when the lien of taxes on the roll attach.

31. Id - Inclusion in Tax Bills. The County Treasurer shall include the amount of the charges on bills for taxes levied against the respective lots and parcels of land. Thereafter the amount of the charges shall be collected at the same time and in the same manner and by the same persons as, together with and not separately from, the general taxes for the District, and shall be delinquent at the same time and thereafter be subject to the same delinquency penalties.

32. Id - Separate Bills. The County Treasurer may, in his discretion, issue separate bills for such charges and separate charges and separate receipts for collection on account of such charges.

33. Id - Tax Laws Apply. All laws applicable to the levy, collection and enforcement of general taxes of the District, including, but not limited to, those pertaining to the matters of delinquency, correction, cancellation, refund, redemption and sale, are applicable to such charges.

34. Regulations. The Board shall establish rules and regulations for the use and the right of use of the Facilities of the Project.

35. Exclusive Use. The total area of the District being 9,000 acres, it is hereby determined that the Facilities of the Project may be determined by the Board to be inadequate to provide for more or other than the owners and residents of the District, and their tenants, patrons and invited guests, and to reserve and set aside said Facilities for their sole and exclusive use.

36. Constitutionality. If any section, subsection, sentence, clause or phrase of said Indenture be for any reason held to be unconstitutional, such decision shall not affect the validity of the remaining portions thereof. The District thereby declared that it would have made said Indenture and each section, subsection, sentence, clause or phrase thereof irrespective of the fact that any one or more sections, subsections, sentences, clauses or phrases be declared to be unconstitutional.

* * * * *

I hereby certify that the foregoing is a full, true and correct copy of a resolution duly passed and adopted at a regularly held meeting of the Board of Trustees of the Incline Village General Improvement District held on the 5th day of October, 1967, by the following vote:

AYES, and in favor thereof, Trustees:

George G. Sayre, David L. Chamberlin, Guy Michael
Raymond Plumkett,

NOES, Trustees: None

ABSENT, Trustees: Joseph F. McDonald, Jr.

Secretary

(Seal)

I N D E X

RESOLUTION NO. 420

A RESOLUTION PROVIDING FOR THE ISSUANCE OF RECREATION REVENUE BONDS, FIXING THE FORM OF THE BONDS, PROVIDING FOR THEIR PAYMENT AND COVENANTS FOR THEIR PROTECTION

BURNT CEDAR AND INCLINE COMMUNITY BEACHES

\$3,600,000 REVENUE BONDS OF 1967

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RESOLUTION NO. 420

A RESOLUTION PROVIDING FOR THE ISSUANCE OF RECREATION REVENUE BONDS, FIXING THE FORM OF THE BONDS, PROVIDING FOR THEIR PAYMENT AND COVENANTS FOR THEIR PROTECTION

BURNT CEDAR AND INCLINE COMMUNITY BEACHES

\$3,600,000 REVENUE BONDS OF 1967

RESOLVED, by the Board of Trustees of the Incline Village General Improvement District, Washoe County, Nevada, as follows:

Part 1. General Provisions

1.01 Conditions Precedent. All acts, conditions and things required by the Constitution and laws of the State of Nevada and the Charter of the District to be done, to happen and to be performed precedent to and in the issuance of the Bonds, have been done, have happened and have been performed in regular and due form, time and manner as required by law, and the Board is now authorized to issue and sell the Bonds, and to pledge the Net Revenues of the Project, all as more particularly herein provided.

1.02 Legality. If any section, subsection, sentence, clause or phrase of this Indenture be for any reason held to be unconstitutional, such decision shall not affect the validity of the remaining portions hereof. The Board hereby declares that it would have passed this Indenture and each section, subsection, sentence, clause or phrase hereof irrespective of the fact that any one or more sections, subsections, sentences, clauses or phrases be declared to be unconstitutional.

1.03 Construction. This Indenture shall be liberally construed to the end that its purpose may be effected. No error, irregularity, informality, and no neglect or omission herein or in any proceeding had pursuant hereto which does not directly affect the jurisdiction of the Board shall void or invalidate this Indenture or such proceeding or any part hereof, or any act or determination made pursuant hereto.

1.04 Bonds Incontestable. After the sale and delivery of the Bonds by the District, the Bonds and coupons appertaining thereto shall be incontestable by the District.

1.05 Unconditional Obligation. Except only as provided herein for alteration of the Bonds or this Indenture, nothing in this Indenture or in the Bonds or in the coupons contained shall affect or impair the obligation of the District, which is absolute and unconditional, to pay the principal of and interest on the Bonds to the respective holders of the Bonds and coupons on the respective dates of maturity, or upon prior redemption, as herein provided, and out of the Revenues herein pledged, or affect or impair the right of action, which is also absolute and unconditional, of such holders to institute suit to enforce such payment by virtue of the contract embodied in the Bonds and coupons.

1.06 Performance of Essence. The performance of the duties prescribed in this Indenture and in the law pursuant to which it was adopted, by the District or its proper officers, agents or employees, is of the essence of the District's contract with the bondholders.

1.07 Recourse to Bond Law. Each taker and subsequent holder of the Bonds and attached or detached coupons has recourse to all of the provisions of this Indenture and of the Bond Law and is bound by their terms.

1.08 Indenture is Covenant. Each and all of the terms of this Indenture shall be and constitute a covenant on the part of the District to and with each and every bondholder from the time the Bonds are issued hereunder.

1.09 Period of Agreement. Whenever all of the Bonds and all interest to accrue thereon shall have been fully paid and discharged, the agreements in this Indenture contained shall cease and terminate, and the District shall be under no further obligation to apply the revenues of the Facilities as herein required, or otherwise to do or perform any of the covenants, conditions or agreements in this Indenture contained.

Part 2. Definitions

2.01 General. As used in this Indenture, the terms herein have the meanings provided in this Part.

2.02 Acquisition or acquire includes the opening, laying out, establishment, purchase, construction, securing, installation, reconstruction, lease, gift, grant from the Federal Government, the State, any public body therein, or any person, the endowment, bequest, devise, condemnation, transfer, assignment, option to purchase, other contract, or other acquirement, or any combination thereof, or any properties pertaining to the Project, or an interest therein. (S 5, G 020-1)*

2.03 Annual means the fiscal year of the District, which is from July 1 to June 30, both inclusive.

2.04 Board means the Board of Trustees of the District. (G 080; S 14)

2.05 Bonds mean the Bonds herein authorized to be issued.

2.06 Bondholder means the holder of a bearer Bond, or the owner of a registered Bond.

2.07 Charges mean fees, tolls, rates and rentals prescribed by the Board for the operation of the Facilities of the Project, and for the furnishing of the services thereof, including but not necessarily limited to service charges and standby service charges, for the services or Facilities furnished by the District, charges for availability of service, and minimum charges. (G 200-1, 320)

2.08 Commercial Bank means a State or national bank or trust company which is a member of the Federal Deposit Insurance Corporation, including without limitation any trust bank as herein defined. (S 8)

2.09 Cost of Project or any phrase of similar import, means all or any part designated by the Board of the cost of the Project, or interest therein, which cost, at the option of the Board, may include all or any part of the incidental costs pertaining to the Project, including without limitation:

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

(b) The costs in the making of surveys, audits, preliminary

*Note: G 020 means a section of the General Improvement District Law (Nevada Revised Statutes, Chapter 318)
S 5 means a section of the Local Government Securities Law (Nevada Statutes, 1967, Chapter 197)

plans, other plans, specifications, estimates of costs and other preliminaries;

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

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

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

(f) The costs of contingencies;

(g) The costs of the capitalization with proceeds of the Bonds or any operation and maintenance expenses appertaining to the Facilities to be acquired as the Project and of any interest on the Bonds for any period not exceeding the period estimated by the Board to effect the Project plus one (1) year, of any discount on the Bonds and of any reserves for the payment of the principal of and interest on the Bonds, of replacement expenses, and of any other cost of issuance of the Bonds;

(h) The costs of amending this Indenture or other instrument authorizing the issuance of or otherwise appertaining to outstanding Bonds of the District;

(i) The costs of funding any emergency loans, construction loans and other temporary loans of not exceeding three (3) years appertaining to the Project and of the incidental expenses incurred in connection with such loans;

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

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

(l) All other expenses necessary or desirable and appertaining to the Project, as estimated or otherwise ascertained by the Board. (S 10)

2.10 District means the Incline Village General Improvement District. (S 21)

2.11 Facilities mean buildings, structures, utilities, or other income-producing facilities from the operation of which or in connection with which Pledged Revenues for the payment of the Bonds to be issued hereunder will be derived, and the lands appertaining thereto. (S 11)

2.12 Federal Government means the United States, or any agency, instrumentality or corporation thereof. (S 12)

2.13 Federal Securities 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. (S 13)

2.14 Gross Revenues or gross pledged revenues mean all pledged

revenues received by the District and pledged wholly or in part for the payment of the Bonds. (S 15)

2.15 Holder, or any similar term, when used in conjunction with any coupons or the Bonds, means the person in possession and the apparent owner of the designated Bond or Bonds and coupons if such Bond or Bonds and coupons are registered for payment to bearer or are not registered, or the term means the registered owner of the designated Bond or Bonds and coupons if they are at the time registered for payment otherwise than to bearer. (S 17)

2.16 Improvement or improve includes the extension, widening, lengthening, betterment, alteration, reconstruction or other major improvement, or any combination thereof, of any properties pertaining to the Project or an interest therein, but does not mean renovation, reconditioning, patching, general maintenance or other minor repair. (S 18)

2.17 Indenture means this resolution.

2.18 Net Revenues or net pledged revenues mean "Gross Revenues" after the deduction of operation and maintenance expenses. (S 22)

2.19 Operation and maintenance expenses, or any phrase of similar import, means all reasonable and necessary current expenses of the District, paid or accrued, of operating, maintaining and repairing the Facilities or of levying, collecting and otherwise administering any excise taxes pertaining to the Pledged Revenues for the payment of the Bonds; and the term includes (except as limited by contract or otherwise limited by law), without limiting the generality of the foregoing:

(a) The reasonable charges of the Fiscal Agent, or commercial bank, trust bank or other depository bank appertaining to the Bonds issued by the District or appertaining to the Facilities;

(b) The costs incurred by the Board in the collection and any refunds of all or any part of the Pledged Revenues, including without limitation revenues appertaining to the Facilities;

(c) Any lawful refunds of any Pledged Revenues; and

(d) All costs of collecting charges on the tax roll that are not imposed in addition to the charges, under any law now existing or hereafter adopted. (S 23)

2.20 The term operation and maintenance expenses does not include:

(a) Any allowance for depreciation;

(b) Any costs of improvements;

(c) Any accumulation of reserves for major capital replacements (other than normal repairs);

(d) Any reserves for operation, maintenance or repair of the Facilities;

(e) Any allowance for the redemption of any bond evidencing a loan or other obligation or for the payment of any interest thereon;

(f) Any liabilities incurred in the acquisition or improvement of any properties comprising the Project or of any existing facilities, or any combination thereof;

(g) Any other ground of legal liability not based on

contract; (S 24)

(h) Engineering, auditing, reporting, legal and other overhead expenses of the various District departments directly related and reasonably allocable to the administration of the Facilities;

(i) Fidelity bond and property and liability insurance premiums appertaining to the Facilities, or a reasonably allocable share of a premium of any blanket bond or policy pertaining to the Facilities;

(j) Payments to pension, retirement, health and hospitalization funds and other insurance;

(k) Any taxes, assessments, excise taxes, or other charges which may be lawfully imposed on the District, the Facilities, Revenues therefrom, or any privilege in connection with their operation;

(l) Contractual services, professional services, salaries, other administrative expenses, and costs of materials, supplies, repairs and labor, appertaining to the issuance of the Bonds and to the Facilities, including without limitation the expenses and compensation of any trustee, receiver or other fiduciary under the General Improvement District Law;

(m) Any costs of utility services furnished to the Facilities by the District or otherwise; or

(n) All other administrative, general and commercial expenses. (S 23)

2.21 Person means a corporation, firm, other body corporate (but excluding the Federal Government, the State or any public body), partnership, association or individual, and also includes an executor, administrator, trustee, receiver or other representative appointed according to law. (S 26)

2.22 Pledged Revenues mean the moneys pledged wholly or in part for the payment of Bonds, and, subject to any existing pledged or other contractual limitations, may include, at the Board's discretion, moneys derived from one, all or any combination of revenue sources appertaining to the Facilities, including without limitation use and service charges, rents, fees and any other income derived from the operation or ownership of, from the use or services of, or from the availability of or services appertaining to, the lease of, any sale or other disposal of, any contract or other arrangement, or otherwise derived in connection with the Facilities or all or any part of any property appertaining to the Facilities, and may so include the proceeds of any excise taxes levied and collected by the District or otherwise received by it and authorized by law to be pledged for the payment of Bonds, but excluding the proceeds of any general (ad valorem) property taxes. (S 27)

2.23 President means the Chairman of the Board and President of the District. (G 085-1; S 6)

2.24 Project means the undertaking or undertakings of acquiring and improving the Project, the cost of which the Board will defray by the issuance of the Bonds, and is synonymous with Facilities. (S 28)

2.25 Public Body means the University of Nevada, its board of regents, any county, city, town, school district, other type district, authority, commission or other type of body corporate and politic constituting a political subdivision of the State (other than the District). (S 29)

2.26 Secretary means the Secretary of the District. (G 085-1; S 7)

2.27 State means the State of Nevada, or any agency or instrumentality thereof, in the United States. (S 30)

2.28 (a) Treasurer means the de facto or de jure treasurer of the District, or his successor in functions.

(b) Treasurer may mean the County Treasurer, or his successor in functions if the Board shall hereafter so provide. (G 085-1; S 33)

2.29 Trust Bank means a commercial bank as defined in Section 2.08 of this Indenture which bank is authorized to exercise and is exercising trust powers and also means any branch of the Federal Reserve Bank. (S 34)

2.30 United States means the United States of America. (S 35)

Part 3. Authorization, Powers and Limitations

3.01 General Improvement District Law. The Bonds are authorized and issued pursuant to the General Improvement District Law, herein called Improvement Law. (NRS Chapter 318)

3.02 Local Government Securities Law. Excepting as otherwise provided in the Improvement Law, and except as qualified in this Indenture, the Local Government Securities Law shall apply, herein called Securities Law. (Stats. 1967, Chapter 197)

3.03 Recitals in Indenture. The recitals in this Indenture which are duplicative of either Law provided in Sections 3.01 and 3.02 shall have the meaning prescribed in said Law, unless a discretion is granted in said Law in which event it shall have the meaning provided in this Indenture.

3.04 Titles and Footnotes. Titles to sections and footnote references are not a part of the substantive provisions of this Indenture, and are provided for convenience only.

3.05 Purpose of Securities Law. It is the purpose of the Securities Law to provide a procedure for financing any projects otherwise authorized by law (other than by the levy and collection of special assessments) and for the issuance of securities to evidence or re-evidence obligations incurred in connection with any such projects. Said Law is supplemental in nature, and nothing therein contained shall be construed as authorizing any particular project nor as authorizing the incurrence of any obligations to defray the cost of any project. (S 3)

3.06 Securities Law is Full Authority. (a) The Securities Law, without reference to other statutes of the State, except as therein otherwise expressly provided, shall constitute full authority for the exercise of the incidental powers therein granted concerning the borrowing of money and any other incurrence of obligations to defray wholly or in part the cost of the Project and otherwise authorized by law, or to refinance outstanding loans or other obligations or to fund or refund outstanding Bonds, or any combination thereof, as the Board may determine.

(b) No other act or law with regard to the authorization or issuance of the Bonds or the exercise of any other power therein granted that requires an election or another approval or in any way impedes or restricts the carrying out of the acts therein authorized to be done shall be construed as applying to any proceedings taken thereunder or acts done pursuant thereto, except as otherwise provided in said Law or in any law supplemental thereto.

(c) The powers conferred by said Law shall be in addition

and supplemental to, and not in substitution for, and the limitations imposed by said Law shall not affect the powers conferred by any other law.

(d) Nothing contained in said Law shall be construed as preventing the exercise of any power granted to the District, acting by and through the Board, or any officer, agent or employee of the District, or otherwise, by any other law.

(e) No part of said Law shall repeal or affect any other law or part thereof, it being intended that said Law shall provide a separate method of accomplishing its objectives and not an exclusive one; and said Law shall not be construed as repealing, amending or changing any other such law. (S 111)

3.07 Powers Relating to Project. In connection with the Project, the District, acting through its Board, excepting as otherwise provided by law, may: (S 36)

(a) Sue and be sued; (G 115)

(b) Acquire and hold real or personal property, or rights or interests therein; (G 160)

(c) Dispose of unnecessary or obsolete property, or property obtained for persons or public bodies within the State; (G 160)

(d) Make contracts and execute all instruments, necessary or convenient, as determined by the Board; (G 150)

(e) Acquire by contract or contracts or by its own agents and employees or otherwise acquire any properties for the Project, and operate and maintain such properties;

(f) Accept grants of money or materials or property of any kind from the Federal Government, the State, any public body or any persons, upon such terms and conditions as the Federal Government, the State, public body or person may impose; and

(g) Perform any other function authorized by law. (G 210)

3.08 Payment of Bonds. The Bonds and the interest thereon are payable solely from the Net Revenues. (G 320; S 47)

3.09 Bonds Not Secured by Property Encumbrance. The payment of Bonds shall not be secured by an encumbrance, mortgage or other pledge of property of the District, except for its Pledged Revenues. No property of the District shall be liable to be forfeited or taken in payment of the Bonds. (S 54)

3.10 No Personal Recourse. No recourse shall be had for the payment of the principal of, any interest on, and any prior redemption premiums due in connection with the Bonds or for any claim based thereon or otherwise upon this Indenture or other instrument appertaining hereto, against any individual member of the Board or any officer or other agent of the District, past, present or future, either directly or indirectly through the Board or the District, or otherwise, whether by virtue of any constitution, statute or rule of law, or by the endorsement of any penalty or otherwise, all such liability, if any, being by the acceptance of the Bonds and as a part of the consideration of their issuance specially waived and released. (S 55)

3.11 General Fund Not Liable. None of the covenants, agreements, representations and warranties contained in this Indenture, or in any other instrument appertaining hereto, in the absence of any breach

hereof, shall ever impose or shall be construed as imposing any liability, obligation or charge against the District (except the special funds pledged therefor) or against the general credit of the District, payable out of the general fund of the District, or out of any funds derived from taxation. (S 56)

3.12 Faith and Credit Pledged. The faith of the State is hereby pledged that, the Securities Law, any law supplemental or otherwise appertaining thereto, and any other act concerning the Bonds, to the contrary notwithstanding, the Pledged Revenues and such other revenues, shall not be repealed or amended or otherwise directly or indirectly modified in such a manner as to impair adversely any outstanding Bonds, until all such Bonds have been discharged in full or provision for their payment and redemption has been fully made, including without limitation the known minimum yield from the investment or reinvestment of moneys pledged therefor in federal securities. (S 57)

Part 4. The Project (S 41)

4.01 Project Description. The Project consists of the acquisition of:

(a) Burnt Cedar Beach. A parcel of land, together with the recreational facilities located thereon, situate on the shores of Lake Tahoe in the District, described as follows:

"Beginning at the Southeasterly corner of Lot 24, Block H, Lakeview Subdivision, Washoe County, Nevada, filed in the office of the County Recorder of Washoe County, State of Nevada on February 27, 1961; thence S 15° 11' 27" E 111.13 ft to a point on the Southerly R/W line of Nevada State Highway 28 as it now exists and the true point of beginning of this description, said point of beginning being the Northwest corner of Lot 36, Lakeshore Subdivision No. 1, as said Lot 36 is shown on the map of said Lakeshore Subdivision No. 1, Washoe County, Nevada filed in the office of the County Recorder of Washoe County, State of Nevada on June 28, 1960, and being on a curve concave to the Northeast, having a central angle of 4° 41' 11", a radius of 5040.00 feet and a tangent which bears N 61° 40' 36" W 206.23 feet; thence Northwesterly along said curve and the Southerly boundary of said highway 28, an arc distance of 412.24 feet; thence continuing along the Southerly right of way line of said highway 28, N 56° 59' 25" W 907.76 feet; thence leaving said Highway 28, S 27° 17' 46" W 90.72 feet; thence S 00° 50' 05" W to Lake Tahoe; thence running Southeasterly along Lake Tahoe to a point from which the true point of beginning bears N 28° 08' 35" E (Lakeshore Subdivision No. 1 bearing N 27° 16' 00" E); thence N 28° 08' 35" E along the Westerly boundary said Lakeshore Subdivision No. 1 to the true point of beginning of this description.

"Reserving from the above described parcel an easement for maintaining and operating an existing pumping plant and pipe lines.

"Note of information: Basis of bearings, Lakeview Subdivision."

(b) Incline Beach. A parcel of land located on the shores of Lake Tahoe in the District described as follows:

"A portion of Lots II, III and IV of Section 22, Township 16 N, Range 18 E, M.D.B. & M., Washoe County, Nevada, more particularly described as follows:

"Commencing at the Southwesterly corner of Lot 12, Block "N" and the Northerly right-of-way line of Nevada State Highway No. 28, as said Lot, Block and Highway are shown on the map of Lakeview Subdivision, Washoe County, Nevada filed in the office of the

County Recorder of Washoe County, State of Nevada on February 27, 1961; thence S 20° 35' 35" W 80.00 feet to a point in the Southerly right-of-way of said Highway; thence S 69° 24' 25" E 174.28 feet along the Southerly right-of-way line of said Highway to the true point of beginning of this description, said point of beginning also being the Northwest corner of that certain parcel conveyed to Crystal Bay Development Co. on September 30, 1963, file No. 395633, Washoe County Records; thence continuing S 69° 24' 25" E 1251.79 feet along the Southerly right-of-way of said Highway to the Northwest corner of that certain parcel deeded to Pacific Bridge Company and Associates on October 23, 1963, file No. 397736, Washoe County Records; thence S 20° 35' 35" W 574.75 feet more or less to Lake Tahoe; thence Westerly along Lake Tahoe to a point from which the true point of beginning of this description bears N 31° 07' 35" E; thence N 31° 07' 35" to the true point of beginning of this description.

"Note of information: Basis of bearing Lakeview Subdivision."

(c) Improvements. The construction of improvements on Incline Beach to consist of timbering, clearing, stumping, grading, and the construction thereon of recreational improvements and facilities to consist, without limiting the generality thereof, of a beach or beaches, an inner harbor and a marina.

4.02 Site Description. The proposed sites are described as follows:

(a) Burnt Cedar Beach. This parcel is located in the west central section of Incline Village. It has approximately 1,328 feet of frontage along the south line of State Highway 28 and slopes gently southward to Lake Tahoe, where it has approximately 1,280 feet of lake frontage at the high water line of the lake. The average depth of this parcel is 334 feet consisting of approximately 10 acres of lakefront property. In the extreme westerly section of this parcel, 0.626 acre has been reserved as a permanent easement for the water pump section -- a part of the Incline Village water system.

Physically the land involved here can be described as sloping from highway to beach. It is studded with pine trees characteristic of the area. The shoreline is a sand beach accented with a lawned peninsula that makes a small bay out of a portion of the shoreline. Water and sewer are available to the site.

(b) Incline Beach. This parcel is located in the eastern section of Incline Village. It has approximately 1,255 feet of frontage along the south line of State Highway 28 and runs level southward to Lake Tahoe, where it has approximately 1,340 feet of lake frontage at the high water line of the lake. The average depth of this parcel is 463 feet. It consists of approximately 13.8 acres of lakefront property.

Physically the property can be described as level; however, in the east central portion of this parcel lie the mouths of Mill Creek and Incline Creek which empty into Lake Tahoe. The property is studded with pine trees characteristic of the area, and the shoreline is sandy beach running the entire lake frontage of the parcel. Water and sewer are available to the site.

4.03 Existing Site Improvements. The existing site improvements are as follows:

(a) Burnt Cedar Beach. Burnt Cedar Beach is presently improved as a community recreation area. The improvements consist of swimming pool with appurtenant bath houses and concrete sun decks. The entire area is landscaped and the extensive lawns are equipped with

sprinkler systems. The easterly section of this parcel has been improved as a picnic and barbecue area with stone barbecues placed in appropriate locations.

(b) Incline Beach. At present there are no improvements at Incline Beach. A portion of this parcel has until recently been committed to use as a trailer park. The trailers have now been cleared out and the parcel is ready for immediate development for community use.

4.04 Estimated Project Cost. The total estimated costs of the proposed Project are:

(a) <u>Burnt Cedar Beach</u> .		
Acquisition of land	\$1,150,000	
Acquisition of impvts.	<u>190,000</u>	\$1,340,000
(b) <u>Incline Beach</u> .		
Acquisition of land	\$ 940,000	
Acquisition of impvts.	<u>560,000</u>	1,500,000
(c) Reserve Fund		<u>250,000</u>
(d) Total base costs		\$3,090,000
(e) Incidental Costs		
Bond discount 6%	\$ 216,000	
Capitalized Int. 6%	216,000	
Costs of issuance and contingencies	<u>78,000</u>	<u>510,000</u>
(f) Total Project Cost		\$3,600,000

Part 5. The Bonds

5.01 The Bonds. The Bonds shall be serial in nature, of an issue designated Revenue Bonds of 1967, in the total aggregate principal amount of \$3,600,000, of the denomination of \$1,000 or \$5,000 each as determined from the accepted bid for their purchase, shall be numbered consecutively from the earliest to the latest maturity, shall be dated November 1, 1967, or as determined at the time of their sale, and shall mature on July 1 in the years and amounts as set forth in Exhibit "A" hereto attached and by reference made a part hereof. (S 59-3-f, 67-1-c, 3)

5.02 Bond Form. The Bonds and the interest coupons attached thereto at the time of their issuance shall be in the form substantially as set forth in Exhibit "B" hereto attached and by reference made a part hereof. (S 59-1)

5.03 Separate Series. Notwithstanding any provision of this Indenture, the Board may provide by subsequent resolution or resolutions for the issuance of the Bonds of this issue in separate parts, series or divisions, bearing different dates and numbers than those provided in Exhibit "A". (S 59-3-e)

5.04 Interim Financing. Notwithstanding any provision of this Indenture, the Board may cause to be issued and sold at public or private sale interim or temporary notes, warrants, bonds or other debentures, in which event the provisions therefor of the Securities Law shall apply. (S 37 - 40)

5.05 Place and Manner of Payment. The Bonds and interest thereon shall be payable in lawful money of the United States of America at the Main Office of the Nevada Bank of Commerce, 501 North Virginia Street, Reno, Nevada, which is hereby designated as the Fiscal Agent, or, at the option of the holder, at any fiscal agency of the District in San Francisco

or Los Angeles, California; Chicago, Illinois; or New York, New York.
(G 338; S 67-1-e)

5.06 Payment of Bonds. The principal of, the interest on and any prior redemption premium due in connection with the Bonds shall be paid as the same become due in accordance with the terms thereof and this Indenture, without any warrant or further order or other preliminaries. (S 68)

5.07 Negotiable Instruments. The Bonds are negotiable instruments and title thereto, unless registered, shall pass by physical delivery thereof. The holders of the Bonds shall have all of the rights possessed by holders of negotiable instruments payable to bearer.
(S 67-1-b)

5.08 Equal Parity. All of the Bonds shall be equally and ratably secured without preference or priority by reason of division, number, date, date of sale, execution or delivery of any of the Bonds by a first and prior lien upon the Revenues in accordance with this Indenture.
(S 82-8)

5.09 Interest. The Bonds shall bear interest at the rate of not to exceed six per cent (6%) per annum from their date until paid. The interest shall be payable semiannually on the 1st days of January and July of each year to the date of maturity, except the first may be for not to exceed one (1) year, as determined from the accepted bid for the purchase of the Bonds. (G 325-3; S 67-1-d)

5.10 Coupons. The Bonds shall have one set of interest coupons, bearing the number of the Bond to which they are respectively attached, numbered consecutively in regular numerical order, and attached in such manner that they can be removed upon the payment of the installments of interest without injury to the Bonds. (S 69)

5.11 Interest After Maturity. If, upon presentation at maturity, or if redeemable and duly called for redemption, payment of said Bonds or of any interest coupons thereon is not made in full accordance with the terms of this Indenture, said Bonds or coupons, or both, shall continue to bear interest at the rate stated in the Bonds until paid in full. (S 82-22)

5.12 Execution. The Bonds shall be executed in the name of the District, shall be signed by the President and the Treasurer, and shall be attested by the Secretary and shall be authenticated by the seal of the District affixed thereto. Any coupons shall be signed by the Treasurer. (S 70)

5.13 Facsimile Signatures. The Bonds, including without limitation any certificates endorsed thereon, may be executed with facsimile signatures and seals as provided in the Uniform Facsimile Signatures of Public Officials Act, cited as Chapter 351 of NRS, as from time to time amended. Facsimile signatures shall be used on the coupons. (S 71)

5.14 Change in Officials. The Bonds and coupons bearing the signatures of the officers in office at the time of the signing thereof, shall be the valid and binding obligations of the District, notwithstanding that before the delivery thereof and payment therefor any or all of the persons whose signatures appear thereon have ceased to fill their respective offices. (S 72)

5.15 Adoption of Signature. Any officer authorized or permitted to sign the Bonds and coupons at the time of their execution and of a signature certificate appertaining thereto, may adopt as and for his own facsimile signature the facsimile signature of his predecessor in office in the event that such facsimile signature appears upon the Bonds and coupons. (S 73)

5.16 Register. Before the Board delivers any of the Bonds, all such Bonds shall be registered by the Treasurer in a book kept in his office for that purpose, which shall show:

- (a) The principal amount of the Bonds;
- (b) The time of payment of each of the Bonds; and
- (c) The rate of interest each of the Bonds bears. (S 58-1 & 2)

5.17 Delivery. After registration, the Treasurer shall cause the Bonds to be delivered to the purchaser or purchasers thereof from the Board, upon payment being made therefor on the terms of the sale or sales. (S 58-3)

5.18 Call for Bids. Before selling any of the Bonds, the Board shall:

(a) Cause a notice calling for bids for the purchase of the Bonds to be published once a week for four (4) consecutive weeks by four (4) weekly insertions a week apart, the first publication to be not more than thirty (30) days nor less than twenty-two (22) days next preceding the date of sale, in a newspaper published within the boundaries of the District, or if there is no such newspaper, in a newspaper printed and published in the County of Washoe.

(b) Cause such other notice to be given as the Board may direct.

(c) Cause, at least three (3) weeks prior to the date fixed for the sale, a copy of the notice to be mailed to the State Board of Finance, Carson City, Nevada. (S 61)

5.19 Notice of Sale. The notice shall:

(a) Specify a place and designate a day and the hour thereof subsequent to the date of the last publication when sealed bids for the purchase of the Bonds shall be received and opened publicly.

(b) Specify the maximum rate of interest which the Bonds shall bear.

(c) Require each bidder to submit a bid specifying the lowest rate or rates of interest and premium, if any, at which the bidder will purchase the Bonds, at or above par, or below par at a discount not less than ninety-four per cent (94%) of their face amount. (G 325-3; S 62)

5.20 Form of Bids; Deposits. All bids shall:

(a) Be in writing and be sealed; and

(b) Except any bid of the State of Nevada or any board or department thereof, if one is received, be accompanied by a deposit of an amount of at least two per cent (2%) of the principal amount of the Bonds, either in cash, or by cashier's check or treasurer's check of, or by certified check drawn on, a solvent commercial bank or trust company in the United States of America, which deposit shall be returned if the bid is not accepted. (S 63)

5.21 Highest Bid. Subject to the right of the Board to reject any and all bids and to readvertise the Bonds for sale, the Bonds shall be sold to the responsible bidder making the best bid. (S 64-1)

5.22 Equal Bids. If there are two or more equal bids for the

Bonds and such equal bids are the best bids received and not less than the principal amount of the Bonds and accrued interest, except for any permitted discount, the Board shall determine which bid shall be accepted. (S 64-2)

5.23 Return of Deposits. If a bid is accepted, the deposits of all other bidders shall be thereupon returned. If all bids are rejected, all deposits shall be returned forthwith. (S 65-1)

5.24 Failure to Take Delivery. If the successful bidder fails or neglects to complete the purchase of the Bonds within thirty (30) days following the acceptance of his bid, or within ten (10) days after the Bonds are made ready and are tendered by the District for delivery, whichever is later, the amount of his deposit shall be forfeited to the District (but no bidder shall forfeit such deposit whenever the Bonds are not ready and so tendered for delivery within sixty (60) days from the date of the acceptance of his bid), and the Board may accept the bid of the person making the next best bid. (S 65-2)

5.25 Rejection of Bids. If all bids are rejected, the Board may readvertise the Bonds for sale in the same manner as provided for the original advertisement or may sell them privately. (S 65-3)

5.26 Reduction of Denomination. The holder of a Bond having a denomination of \$5,000 may have the Bond divided into five (5) bonds having a denomination of \$1,000 each upon paying to the District the actual costs of printing and issuing the new bonds plus \$100 for other costs. (S 59-3-f)

Part 6. Callable Bonds and Procedure

6.01 Callable Bonds. Bonds maturing by their terms on or before July 1, 1973, shall not be subject to call prior to their fixed maturity date. Bonds maturing on or after July 1, 1974, shall, by their terms, be subject to call and redemption, at the option of the District, as a whole or in part, in inverse numerical order, on July 1, 1973 (but not prior thereto) or on any interest payment date thereafter and prior to their maturity date or dates at the principal amount thereof and accrued interest to the date of redemption, plus a redemption premium equal to one-quarter of one per cent ($1/4$ of 1%) of such principal amount for each whole twelve (12) months, and for any remaining fraction of a twelve (12) month period from the date fixed for redemption to the maturity date of the Bonds; provided, however, that in no event shall the premium paid on prior redemption of any Bond exceed five per cent (5%) of said principal amount. (S 74, 82-21)

6.02 General. When the District elects to call any Bond or Bonds which by their terms may be redeemed prior to their fixed date of maturity, the proceedings therefor shall be as provided in this Part.

6.03 Notice of Redemption. At least thirty (30) days prior to the day of call of any Bonds, notice of redemption shall be published once by the Treasurer in a financial paper published in San Francisco or New York, and such notice shall be mailed by registered mail to the last-known holder or holders of any bearer Bonds so called, and to the registered owner or owners of registered Bonds. No interest shall accrue on said Bonds called for redemption or on any interest coupons thereon after the redemption date specified in said notice.

6.04 Form of Notice. The notice of redemption shall:

- (a) State the redemption date.
- (b) State the redemption price.
- (c) State the division, numbers and dates of maturity of

the Bonds to be redeemed; provided, however, that whenever any call includes all of the Bonds of a maturity, the numbers of the Bonds of such maturity need not be stated.

(d) Require that such Bonds be surrendered with all interest coupons maturing subsequent to the redemption date (except that no coupons need be surrendered on Bonds registered as to both principal and interest) at the office of the Fiscal Agent.

(e) Require that Bonds which at the time of call are registered so as to be payable otherwise than to bearer shall be accompanied by appropriate instruments of assignment to the District duly executed.

(f) Give notice that further interest on such Bonds will not accrue after the designated redemption date.

6.05 Receipt of Notice Unnecessary. The actual receipt by the holder of any Bond of notice of such redemption shall not be a condition precedent to redemption, and failure to receive such notice shall not affect the validity of the proceedings for the redemption of such Bonds or the cessation of interest on the date fixed for redemption.

6.06 Certificate of Notice Conclusive. A certificate by the Treasurer that notice of call and redemption has been given to owners of Bonds as herein provided shall be conclusive as against all parties, and no bondholder whose Bond is called for redemption may object thereto or object to the cessation of interest on the redemption date fixed by any claim or showing that he failed to actually receive such notice of call and redemption.

6.07 Redemption Fund. When the Board determines to call and redeem any of the Bonds, the Treasurer shall establish with the Fiscal Agent a fund to be described and known as the Incline Village General Improvement District Beach Recreation Bond Redemption Fund, or other designation conforming to banking requirements or good accounting practices, herein called "Redemption Fund". Prior to the publication of the notice of redemption, there must be set aside in said Redemption Fund moneys available for the purpose and sufficient to redeem, at the premiums payable as herein provided, the Bonds designated in such notice of redemption.

6.08 Use of Funds. The moneys set aside in the Redemption Fund shall be used solely for the purpose thereof and shall be applied on or after the redemption date to payment for the Bonds to be redeemed upon presentation and surrender of such Bonds and (except as to Bonds registered as to both principal and interest) all interest coupons maturing after the redemption date, and shall be used solely for that purpose.

6.09 Coupons Due. Any interest coupon due on or prior to the redemption date shall be paid from the Bond Fund upon presentation and surrender thereof.

6.10 Coupons Not Due. Each Bond presented (if unregistered or registered as to principal only) must have attached thereto or presented therewith all interest coupons maturing after the redemption date.

6.11 Retransfers. If after all of the Bonds have been redeemed and cancelled or paid and cancelled, there are moneys remaining in the Redemption Fund, said moneys shall be transferred to the Revenue Fund; provided, however, that if said moneys are part of the proceeds of refunding bonds, said moneys shall be transferred to the fund created for the payment of principal of and interest on such refunding bonds.

6.12 Effect of Notice of Redemption. When notice of redemption has been given substantially as provided in this Part, and when the

amount necessary for the redemption of the Bonds called for redemption is set aside for that purpose in the Redemption Fund, the Bonds designated for redemption shall become due and payable on the date fixed for redemption thereof, and, upon presentation and surrender of said Bonds (except as to Bonds registered as to both principal and interest) and all interest coupons maturing after the redemption date, to the Treasurer, and, if any of said Bonds be registered, upon the appropriate assignment thereof, such Bonds shall be redeemed and paid at said redemption price out of the Redemption Fund.

6.13 Interest Terminates. No interest will accrue on such Bonds called for redemption or on any interest coupons thereon after the redemption date specified in such notice, and the holders of said Bonds so called for redemption after such redemption date shall look for the payment of such Bonds and the premiums thereon only to said Redemption Fund. All Bonds redeemed and all interest coupons thereon shall be cancelled forthwith by the Treasurer and shall not be reissued.

6.14 Matured Coupons Payable. All interest coupons pertaining to any redeemed Bonds, which coupons have matured on or prior to the time fixed for redemption, shall continue to be payable to the respective holders thereof but without interest thereon. All unpaid interest payable at or prior to the date fixed for redemption upon Bonds registered in such manner that the interest is payable only to the registered owners shall continue to be payable to the respective registered owners of such Bonds, or their order, but without interest thereon.

6.15 Purchase of Bonds. Any Bonds may be repurchased by the Board out of any funds available for such purpose at a price of not more than the principal amount thereof and accrued interest, plus the amount of the premium, if any, which might on the next prior redemption date of such Bonds be paid to the holders thereof if such Bonds should be called for redemption on such date pursuant to their terms, and all Bonds so repurchased shall be cancelled; but if the Bonds may not be called for prior redemption at the District's option within one (1) year from the date of their purchase, they may be repurchased without limitation as to price.
(S 75)

Part 7. Registration

Article 1. Against Theft

7.01 Registration. Any Bond is subject to registration either as to principal and interest or as to principal only upon written request of the bondholder and presentation of the Bond to the Fiscal Agent. (S 59-3-b)

7.02 Principal and Interest. Upon presentation and request for registration as to principal and interest, the Fiscal Agent shall cut off the coupons and destroy them. He shall maintain a book in which he shall enter the numbers of all registered Bonds and the names and addresses of the owners of registered Bonds. Until such registration is cancelled as herein provided, the interest and principal thereof shall be payable only to the registered owner. There shall be provided on the back of each Bond a suitable blank showing the name and address of the registered owner, the date of registration or transfer, the type of registration and the signature of the Fiscal Agent.

7.03 Principal Only. Upon presentation and request for registration as to principal only, a notation shall be made to that effect in the registration book and on the Bond. The coupons shall not be detached and the interest on such Bonds shall be paid upon presentation of such coupons in the same manner as unregistered Bonds. Principal, however, shall be paid only to the registered owner upon presentation of the Bond.

7.04 Transfer. A registered Bond may only be transferred by the registered owner in writing, in person, or by attorney duly authorized, on presentation of the Bond to the Fiscal Agent and by his endorsing thereon and in his record the fact of the transfer.

7.05 Deregistration. The registration of any unmatured Bond may be cancelled upon written request of the registered owner. Upon receipt of such request, the Fiscal Agent shall cancel the registration in the bond register and on the back of the Bond, reattach all unmatured coupons to the Bond, and deliver the Bond and attached coupons to the owner. Until such Bond is reregistered, the principal thereof shall be payable to bearer, and the interest shall again be paid upon surrender of proper coupons. The cost of reprinting the coupons shall be paid by the person requesting the deregistration.

7.06 Reregistration. Deregistered Bonds are subject to reregistration in the same manner as previously unregistered Bonds.

Article 2. Against Delinquency

7.07 General. Bonds may be registered in the event of delinquency. (S 59-3-b)

7.08 Endorsement. When a Bond or interest coupon payable from funds in the custody of the Fiscal Agent is presented to him for payment and is not paid for want of funds, he shall endorse upon it "Not paid for want of funds", the date of presentation, number them in the order of their presentation, and shall sign or stamp his name thereon.

7.09 Setting Aside Money. Upon receipt of the first money applicable to their payment, the Fiscal Agent shall set aside the amount necessary to pay the registered Bonds and coupons.

7.10 Notice and Payment. The Fiscal Agent shall give notice by registered mail to the owner or holder of the registered Bonds and coupons, at the address last filed, stating that he is ready to pay them. The Bonds and coupons shall be paid from the money in the order of their registration.

7.11 Failure to Present. If the registered Bonds and coupons are not presented for payment within thirty (30) days from the date of mailing the notice, the Fiscal Agent shall apply the funds set aside to the payment of the unpaid registered Bonds and coupons next in order, until all registered Bonds and coupons have been paid.

Part 8. The Revenues

8.01 Uniform Charges. The District has or shall, by ordinance or resolution, establish and from time to time revise, maintain and collect, charges to the persons and properties within the District, which charges shall be uniform as to all persons or properties which are of the same class, which charges shall be of the nature and collected in the manner provided in this Part. (S 82-22)

8.02 Service Charges. The Board has or shall establish service charges for the furnishing of the services of the recreational properties and the Facilities to be provided with the proceeds of the Bonds, and the operation thereof by the District, which shall be collected from the users thereof. (G 320)

8.03 Standby Charges. The Board has or shall establish standby charges as to all of the privately owned properties within the District, for the furnishing of said recreational Facilities, and for the availability of service of said Facilities. (G 320)

8.04 Minimum Charges. In the standby charges so established,

the Board shall establish minimum charges for said purpose. (G 320)

8.05 In Lieu Minimum Charges. In determining the minimum amounts of standby and availability of service charges, the Board may fix them at amounts sufficient that no service charges shall be required for the services of the Facilities from property owners and residents of the District and their tenants, patrons and invited guests. (S 82-22)

8.06 Discount, Deposit or Guaranty. The Board may provide for, but is not limited to:

(a) The granting of discounts for prompt payment of bills.

(b) The requiring of deposits or the prepayment of charges in an amount not exceeding one (1) year's charges either from persons receiving service and using the Facilities of the Project or from the owners of property on which or in connection with which such services and Facilities are to be used; but in case of nonpayment of all or part of a bill such deposits or prepaid charges shall be applied only insofar as necessary to liquidate the cumulative amount of such charges plus penalties and cost of collection.

(c) The requiring of a guaranty by the owner of property that the bills for service to the property or the occupants thereof will be paid. (G 200-4)

8.07 Penalties. The Board may provide for a basic penalty for nonpayment of charges within the time and in the manner prescribed by it. The basic penalty shall not be more than ten per cent (10%) of each month's charges for the first month delinquent. In addition to the basic penalty it may provide for a penalty of not exceeding 1.5 per cent per month for nonpayment of the charges and basic penalty. On the first day of the calendar month following the date of payment specified in the bill, the charge shall become delinquent if the bill or that portion thereof which is not in bona fide dispute remains unpaid. It may provide for collection of the penalties provided for in this Part. (G 200-5)

8.08 Collect With Other Charges. The Board may provide that charges shall be collected together with and not separately from the charges for any other service rendered by it, and that all charges shall be billed upon the same bill and collected as one item. (G 200-6)

8.09 Contract for Collection. The Board may enter into a written contract with any person, firm or public or private corporation providing for the billing and collection by such person, firm or corporation of the charges for the service furnished by the Project. If all or any part of any bill rendered by any such person, firm or corporation pursuant to any such contract is not paid and if such person, firm or corporation renders any public utility service to the person billed, such person, firm or corporation may discontinue its utility service until such bill is paid, and the contract between the Board and such person, firm or corporation may discontinue its utility service until such bill is paid, and the contract between the Board and such person, firm or corporation may so provide. (G 200-7)

8.10 Collection by Suit. As a remedy established for the collection of due and unpaid deposits and charges and the penalties thereon, an action may be brought in the name of the District in any court of competent jurisdiction against the person or persons who occupied the property when the service was rendered or the deposit became due or against any person guaranteeing payment of bills, or against any or all of such persons, for the collection of the amount of the deposit or the collection of delinquent charges and all penalties thereon. (G 200-8)

8.11 Perpetual Lien. Until paid, all charges shall constitute a perpetual lien on and against the property served. (G 200-2)

8.12 Foreclose as Mechanics' Lien. Any lien may be foreclosed in the same manner as provided by the laws of the State for the foreclosure of mechanics' liens. (G 200-2)

8.13 Id - Notice and Hearing. Before any lien is foreclosed, the Board shall hold a hearing thereon after notice thereof by publication and by registered first-class mail, postage prepaid, addressed to the last-known owner at his last-known address according to the records of the District and the real property assessment roll in the County. (G 200-2)

8.14 Election to Collect on Tax Roll. The Board, after it has adopted rates pursuant to this Indenture may, by resolution or by separate resolutions, elect to have such charges for the forthcoming fiscal year collected on the tax roll in the same manner, by the same persons, and at the same time as, together with and not separately from, its general taxes. (G 201-1)

8.15 Id - Written Report. In such event, it shall cause a written report to be prepared and filed with the Secretary, which shall contain a description of each parcel of real property receiving such services and Facilities and the amount of the charge for each parcel for such year, computed in conformity with the charges prescribed by the resolution. (G 201-1)

8.16 Id - Alternative Procedure. The powers authorized by Section 8.14 of this Indenture shall be alternative to other procedures adopted by the Board for the collection of such charges. (G 201-2)

8.17 Id - Property Descriptions. The real property may be described by reference to maps prepared by and on file in the office of the County Assessor or by descriptions used by him, or by reference to plats or maps on file in the office of the Secretary. (G 201-3)

8.18 Id - Election as to Delinquent Property Only. The Board may make the election specified in Section 8.14 with respect only to delinquent charges and may do so by preparing and filing the written report, giving notice and holding the hearing therein required only as to such delinquencies. (G 201-4)

8.19 Id - Publication of Notice. The Secretary shall cause notice of the filing of the report and of a time and place of hearing thereon to be published once a week for two (2) weeks prior to the date set for hearing, in a newspaper of general circulation printed and published within the District, if there is one, and, if not, then in a newspaper printed and published in the County of Washoe. (G 201-5)

8.20 Id - Mailed Notice of Hearing. Before the Board may have such charges collected on the tax roll, the Secretary shall cause a notice in writing of the filing of the report proposing to have such charges for the forthcoming fiscal year collected on the tax roll and of the time and place of hearing thereon, to be mailed to each person to whom any parcel or parcels of real property described in the report is assessed in the last equalized assessment roll available on the date the report is prepared, at the address shown on the assessment roll or as known to the Secretary. (G 201-6)

8.21 Id - Notice After First Year. If the Board adopts the report, then the requirements for notice in writing to the persons to whom parcels of real property are assessed shall not apply to hearings on reports prepared in subsequent fiscal years but notice by publication as herein provided shall be adequate. (G 201-6)

8.22 Id - Hearing. At the time stated in the notice, the Board shall hear and consider all objections or protests, if any, to the report referred to in the notice and may continue the hearing from time to time. (G 201-7)

8.23 Id - Protests. If the Board finds that protest is made by the owners of a majority of separate parcels of property described in the report, then the report shall not be adopted and the charges shall be collected separately from the tax roll and shall not constitute a lien against any parcel or parcels of land under Sections 8.14 et seq., of this Part, but shall continue to be subject to the lien provided in Section 8.11 and shall be and remain subject to all of the other methods of collection and remedies provided in this Part. (G 201-7; S 82-22)

8.24 Id - Determination and Finality. Upon the conclusion of the hearing, the Board may adopt, revise, change, reduce or modify any charge or overrule any or all objections and shall make its determination upon each charge as described in the report, which determination shall be final. (G 201-8)

8.25 Id - Delivery of Report and Entry on Roll. Prior to the time the County Treasurer posts taxes to the County tax roll each year following such final determination, the Secretary shall file with him a copy of the report with a statement endorsed thereon over his signature that it has been finally adopted by the Board, and the County Treasurer shall enter the amounts of the charges against the respective lots or parcels of land as they appear on the current assessment roll. (G 201-9)

8.26 Id - Parcels Outside District. Where any parcels are outside the boundaries of the District, they shall be added to the assessment roll of the District for the purpose of collecting such charges. (G 201-9)

8.27 Id - Parcels Not on Roll. If the property is not described on the roll, the County Treasurer may enter the description thereon together with the amounts of the charges, as shown in the report. (G 201-9)

8.28 Id - Lien Same Time as Taxes. The amount of the charges shall constitute a lien against the lot or parcel of land against which the charge has been imposed as of the time when the lien of taxes on the roll attach. (G 201-10)

8.29 Id - Inclusion in Tax Bills. The County Treasurer shall include the amount of the charges on bills for taxes levied against the respective lots and parcels of land. Thereafter the amount of the charges shall be collected at the same time and in the same manner and by the same persons as, together with and not separately from, the general taxes for the District, and shall be delinquent at the same time and thereafter be subject to the same delinquency penalties. (G 201-11)

8.30 Id - Separate Bills. The County Treasurer may, in his discretion, issue separate bills for such charges and separate receipts for collection on account of such charges. (G 201-13)

8.31 Id - Tax Laws Apply. All laws applicable to the levy, collection and enforcement of general taxes of the District, including, but not limited to, those pertaining to the matters of delinquency, correction, cancellation, refund, redemption and sale, are applicable to such charges. (G 201-12)

8.32. Regulations. The Board shall establish rules and regulations

for the use and the right of use of the Facilities of the Project. (G 205; S 82-9 & 10)

8.33 Exclusive Use. The total area of the District being 9,000 acres, it is hereby determined that the Facilities of the Project may be determined by the Board to be inadequate to provide for more or other than the owners and residents of the District, and their tenants, patrons and invited guests, and to reserve and set aside said Facilities for their sole and exclusive use. (G 205; S 82-9 & 10)

8.34 Pledge of Revenues. All of the Gross Revenues are pledged, as a prior first charge and lien thereon, and shall be used and applied in the order of priority provided in this Indenture. (G 320; S 54, 82-1 & 7)

8.35 Pledge Automatic. The Revenues pledged, as received by or otherwise credited to the District, shall immediately be subject to the lien of such pledge without any physical delivery thereof, any filing or further act. (S 83-1)

8.36 Priority Over Other Claims. The lien of such pledge and the obligation to perform the contractual provisions made in this Indenture or other instrument appertaining hereto shall have priority over any or all other obligations and liabilities of the District. (S 83-2)

8.37 Notice Not Essential. The lien of the pledge shall be valid and binding as against all persons having claims of any kind in tort, contract or otherwise against the District irrespective of whether such persons have notice thereof. (S 83-3)

8.38 Ratio of Net Revenues. The Board shall establish, revise, maintain and collect charges sufficient, with other revenues received, to provide Net Revenues equal to 1.25 times the average annual amount of the combined aggregate amount of the principal of and interest on the Bonds which shall become due for each Fiscal Year that the moneys in the Reserve Fund are less than said amount (herein estimated at \$260,000), and otherwise which shall be not less than the amount required to pay the Bonds and interest to accrue for said year. (S 82-8)

8.39 Independent Agency. The acquisition, construction, operation and maintenance of the Project is and shall be conducted as a separate and distinct agency and transaction of the District, independent of its other agencies, transactions, functions and facilities. (G 320)

8.40 No Transfer of Funds. None of the Revenues shall be transferred from the Revenue Fund to any other utility or other fund heretofore or hereafter created, provided that surplus funds may be used for additional beach recreational purposes. (G 320)

8.41 Trust Funds. The Revenues shall constitute trust funds for the operation and maintenance of the Project, to pay the principal of and interest on the Bonds, and to provide for their security and protection. (S 82-1 & 7)

8.42 Subordinate Lien Bonds. No provision of this Indenture or of any instrument appertaining hereto shall be deemed to limit or restrict the power of the Board to make pledges of the Revenues which shall be subordinate as to the lien of the Bonds and which shall provide for compliance with the current provisions hereof prior to the application of any funds to said subordinate purpose. (S 83-2)

Part 9. The Construction Fund

9.01 Construction Fund. There is hereby created and shall be

maintained by the Treasurer a fund and bank account in the Nevada Bank of Commerce, Reno, Nevada, separate and distinct from all other funds of the District, to be known as the Incline Village General Improvement District Beach Recreation Construction Fund, or other designation conforming to banking requirements or good accounting practices, herein called "Construction Fund", into which shall be deposited all of the proceeds of the sale of the Bonds, including any premiums and accrued interest thereon. (S 59-3-h, 79)

9.02 Application of Funds. The moneys in the Construction Fund shall be used and expended as follows: (S 82-5)

(a) Premiums and Accrued Interest. An amount equal to the total of the premiums and accrued interest received on the sale of the Bonds shall first be transferred to and deposited in the Bond Fund; (S 59-3-a, 76)

(b) Capitalized Interest. The period of time estimated to effect the Project plus not to exceed one (1) year, is the period of one (1) year from the date of the Bonds. The sum of \$216,000, being the estimated interest for one (1) year following their date, shall next be transferred to the Bond Fund. In the event that said period shall actually be greater, the right is reserved to the Board to increase the amount of said transfer; (S 10-7)

(c) Reserve Fund. The sum of \$250,000, being a part of \$260,000, about equal to the estimated average annual principal of and interest on the Bonds for their term, shall be transferred to and deposited in the Reserve Fund. (S 79, 82-3 & 11)

(d) Acquisition Costs. The cost of acquiring lands and improvements for the Project for which contracts have been or shall be made, or any interlocutory decree in eminent domain had and taken, shall be paid to the persons entitled thereto; (S 82-2)

(e) Construction Costs. The costs of constructing the Project under contracts for construction work shall be paid to persons entitled thereto, on certificates of the Engineer as to the work completed substantially in accordance with the plans and specifications to be adopted by the Board therefor and as said certificates are approved by it; (S 82-5)

(f) Incidental Expenses. The incidental expenses of said proceedings, consisting of all engineering, inspection, legal and fiscal fees and the costs of authorizing and issuing the Bonds as approved by the Board shall be paid to those persons entitled thereto or the appropriate District fund reimbursed therefor; (S 80-1)

(g) Surplus. Any unexpended balance in said Fund, after all purposes now or hereafter provided therefor have been accomplished, shall be transferred to the Reserve Fund to the extent needed and then to the Revenue Fund. (S 77)

9.03 Investment of Surplus. All surplus of said funds shall be deposited in time or other interest earning deposits, for the benefit of said Fund. (S 81-1, 82-6)

9.04 Restriction on Use. All moneys received from the issuance of the Bonds herein authorized shall be used solely for the purpose or purposes for which issued and to defray wholly or in part the cost of the Project thereby delineated. (S 76)

Part 10. The Revenue Fund

10.01 Revenue Fund. There is hereby created and shall be maintained

by the Treasurer, a fund and bank account in the Nevada Bank of Commerce, Reno, Nevada, separate and distinct from all other funds of the District, to be known as the Incline Village General Improvement District Beach Recreation Revenue Fund, or other designation conforming to banking requirements or good accounting practices, herein called "Revenue Fund", into which the Gross Revenues shall be deposited forthwith upon their receipt. (S 59-3-h, 79)

10.02 District Funds. The District shall annually budget and transfer to the Revenue Fund a fair and reasonable sum from its General Fund or other available moneys for services rendered by the Project to the District. (S 82-4)

10.03 Additional Contributions. No provision of this Indenture or other instrument appertaining hereto shall be deemed to limit or restrict the power of the Board, annually or at other convenient times, to make other contributions from available funds to the Revenue Fund or to any other fund created and maintained pursuant hereto. (S 82-4)

10.04 Use of Revenues. The Revenues in the Revenue Fund shall be used for the payment of the following obligations in the following order of priority:

- (a) The costs of operation and maintenance of the Project;
- (b) The principal of and interest on the Bonds;
- (c) To create and maintain a Reserve Fund; and
- (d) To administer surplus funds. (S 79)

10.05 Surplus Funds. Funds remaining in the Revenue Fund, after having applied or designated funds for the purposes provided in Section 10.04 of this Part, shall constitute surplus funds and may be used alternatively for any of the following purposes:

- (a) To pay the cost of unusual or extraordinary maintenance of or repair to the Project;
- (b) To supply deficiencies in the Bond Fund or the Reserve Fund;
- (c) To pay the principal of and interest on the Bonds, which shall have been issued for beach recreation places and Facilities in or for the District;
- (d) To improve, extend, enlarge or replace any of the beach recreation places or Facilities in or for the District;
- (e) To acquire or construct additional recreation places or Facilities in or for the District;
- (f) To pay the principal, interest, premiums and costs of the Bonds called or purchased prior to their fixed dates of maturity, which shall have been issued for beach recreation purposes in or for the District; and
- (g) For any other lawful purpose.

10.06 Revenue Fund a Trust Fund. The moneys in the Revenue Fund shall constitute a trust fund for the objects and purposes stated therein, and said moneys shall not be used for any other purpose during the time that any of the Bonds and the interest thereon are outstanding and unpaid. (S 82-10)

Part 11. The Bond Fund

11.01 Bond Fund. The Fiscal Agent shall create and maintain a fund to be known as the Incline Village General Improvement District Beach Recreation Revenue Bond Fund, or other designation conforming to banking requirements and good accounting practices, herein called "Bond Fund", into which it shall deposit all of the Revenues received from the Treasurer. (S 79, 82-3)

11.02 Monthly Transfers. The Treasurer shall annually estimate the amount required to be paid to the Bond Fund for the Fiscal Year, and shall pay and transfer from the Revenue Fund to the Bond Fund, as nearly as may be, the following sums:

(a) On the first day of each calendar month, beginning with the date of the Bonds, an equal aliquot part of the amount necessary to pay the next maturing installment of interest on the Bonds, subject to the application thereto of capitalized interest; and

(b) On the first day of each calendar month, beginning with the first month of the Fiscal Year preceding the first maturity of the Bonds, an equal aliquot part of the aggregate yearly amount necessary to pay the next maturing installment of principal of the Bonds. (S 82-8)

11.03 Earlier Transfers. Amounts required to be set aside, transferred to and placed in the Bond Fund may be prepaid in whole or in part by being earlier set aside, transferred to and placed in the Bond Fund, and in that event, the monthly transfer which has been so prepaid need not be made at the time appointed therefor. (S 82-8)

11.04 Minimum Transfer Time. In any event, at least one month prior to the due date of any maturity or installment of principal of or interest on the Bonds, all sums required for the payment thereof must be in the Bond Fund. (S 82-8)

11.05 Bond Fund a Trust Fund. All moneys in the Bond Fund shall be used and withdrawn solely for the purpose of paying the principal of and interest on the Bonds as the same shall become due and payable. (S 79)

11.06 Retransfer of Balance. After full payment of the Bonds and the interest thereon, any balance in the Bond Fund shall be returned to the Revenue Fund. (S 82-8)

Part 12. The Reserve Fund

12.01 Reserve Fund. The Fiscal Agent shall create and maintain a fund to be known as the Incline Village General Improvement District Beach Recreation Reserve Fund, or other designation conforming to banking requirements and good accounting practices, herein called "Reserve Fund", in the amount of not less than \$260,000. (S 82-8)

12.02 Deposit of Surplus Funds. The Fiscal Agent shall deposit in the Reserve Fund the sum of \$250,000 to be paid to it by the Treasurer from the Construction Fund. \$10,000 shall be transferred from any surplus in said Fund and otherwise from the Revenue Fund in not later than the second year.

12.03 Application of Reserve Funds. Moneys in the Reserve Fund shall be drawn by the Fiscal Agent and used:

(a) To supply any deficiency in the Bond Fund; and

(b) To pay the principal of and interest on the last

maturing Bonds. (S 79, 82-3)

12.04 Shortage in Fund. If at any time the amount in the Reserve Fund is less than \$260,000, the Treasurer shall make up the deficiency by paying to the Fiscal Agent therefor all funds in the Revenue Fund and in the surplus funds over and above the following amounts:

(a) Moneys required for the current operation and maintenance of the Project;

(b) Moneys required for the current payments into the Bond Fund; and

(c) A minimum balance of \$10,000 for any extraordinary costs of maintenance and repair.

Part 13. Investment of Surplus Funds

13.01 Deposits and Investments. The Board, subject to any contractual limitations imposed upon the District by this Indenture, may cause to be invested and reinvested any proceeds of Pledged Revenues, and any proceeds of the Bonds in federal securities and other securities of the Federal Government and may cause such proceeds of revenues, Bonds, federal securities and other securities of the Federal Government to be deposited in any trust bank or trust banks within or without or both within and without the State and secured in such manner and subject to such terms and conditions as herein provided, with or without the payment of any interest on such deposit, including without limitation time deposits evidenced by certificates of deposit. (S 81-1, 82-6)

13.02 Sale and Reinvestment. Any federal securities, other securities of the Federal Government, and any such certificates of deposit thus held may, from time to time, be sold and the proceeds may be so reinvested or redeposited as provided in this Part. (S 81-2)

13.03 Fund Availability. Sales and redemptions of any federal securities, other securities of the Federal Government, and such certificates of deposit thus held shall, from time to time, be made in season so that the proceeds may be applied to the purposes for which the money with which such securities and certificates of deposit were originally acquired was placed in the District treasury. (S 81-3)

13.04 Use of Gain. Any gain from any such investments or reinvestments shall be credited to the fund or account from which it was invested. (S 81-4)

Part 14. Bank Depositories and Withdrawals

14.01 Security for Deposits. It is lawful for any commercial bank incorporated under the laws of the State which may act as depository of the proceeds of the Bonds, any federal securities and other securities of the Federal Government and owned by the District, any proceeds of Pledged Revenues, and any moneys otherwise appertaining to the Project or the Facilities, or any combination thereof, to furnish such indemnifying Bonds and to pledge such federal securities, such other securities issued by the Federal Government, and the Bonds as are required herein. (S 81-5)

14.02 Security and Procedure for Deposit. NRS Chapter 356, Sections 010 through 110, relating to the deposit of State Funds, the amount and nature of the security and the procedure for the deposit of funds pursuant hereto in Nevada banks, shall apply. (S 59-3-h)

14.03 Changing Banks. The designation herein of any bank as depository shall not be exclusive. Such funds may be deposited in

another bank or withdrawn and deposited in another bank.

14.04 Payment of Funds. No moneys shall be paid by the Treasurer from any fund created or maintained by him in any depository, except as provided in this Part.

14.05 Payments to Fiscal Agent. Payments shall be regularly made to the Fiscal Agent as provided herein, without further action of the Board.

14.06 Other Payments. All payments from the Revenue Fund for the operation and maintenance of the Project shall be for claims or statements thereof approved by three (3) members of the Board, either in writing or on motion in open meeting.

14.07 Manner of Payment. All payments shall be by check, draft or warrant drawn on the proper account and bank and signed by the President and Secretary, or two officers of the District so authorized by resolution of the Board and filed with the depository.

Part 15. Fiscal Agent and Paying Agents (S 80-1 & 2)

15.01 Appointment of Fiscal Agent. The District hereby appoints Nevada Bank of Commerce, Main Office, Reno, Nevada, an institution authorized by law to receive deposits of funds of the District, as Fiscal Agent under this Indenture.

15.02 Authority of Fiscal Agent. The Fiscal Agent is authorized to deliver the Bonds authorized by this Indenture, to pay the principal and interest of the Bonds as they severally mature, to act as depository and trustee and to hold, receive and disburse the Revenues and other moneys transmitted to or held by it hereunder with respect to the Project, and to administer any or all of the funds created pursuant to the provisions hereof, and apply the moneys in such funds, and otherwise to hold all the offices and perform all the functions and duties provided in this Indenture to be held and performed by the Fiscal Agent, but subject to the conditions hereinafter set forth with respect to the liability of the Fiscal Agent.

15.03 Acceptance by Fiscal Agent. The Fiscal Agent shall signify its acceptance of the duties and obligations imposed upon it by this Indenture by executing and delivering to the District a written acceptance thereof.

15.04 Annual Report. Within thirty (30) days after the end of each Fiscal Year, the Fiscal Agent shall file with the District a financial statement setting forth the amount, as of the end of such period, in each of the funds then held by the Fiscal Agent under this Indenture and also setting forth all receipts into and disbursements from each fund during such period.

15.05 Registration Agent. The Fiscal Agent shall perform all of the duties as Registrar or Registration Agent for the purpose of registering, transferring and exchanging the Bonds.

15.06 Paying Agents. The District may appoint any bank or trust company in any city in which the Bonds of any series may be made payable as its Paying Agent in the District. Each Paying Agent shall signify its acceptance of the duties and obligations imposed upon it by this Indenture by executing and delivering to the District and to the Fiscal Agent a written acceptance thereof. The District may appoint as many Paying Agents in different cities as the District deems desirable.

15.07 Liability of Agents. The recitals of fact and all promises, covenants and agreements herein and in the Bonds contained shall be

taken as statements, promises, covenants and agreements of the District, and neither the Fiscal Agent nor any Paying Agent assumes any responsibility for the correctness of the same, or makes any representations as to the validity or sufficiency of this Indenture or of the Bonds or coupons, or shall incur any responsibility in respect thereto, other than in connection with the duties or obligations herein or in the Bonds assigned to or imposed upon them, respectively. Neither the Fiscal Agent nor any Paying Agent shall be under any responsibility or duty with respect to the issuance of the Bonds for value.

15.08 Inquiry as to District Performance. The Fiscal Agent, unless requested by the holders of five per cent (5%) in principal amount of the Bonds then outstanding and furnished with satisfactory indemnity, shall not be required to ascertain or inquire as to the exercise or performance of any of the covenants or agreements of the District herein set forth; nor shall any Paying Agent be under any such requirement. Neither the Fiscal Agent nor any Paying Agent shall be liable in connection with the performance of its duties hereunder, except for its own wilful malfeasance.

15.09 Trust Funds. All moneys paid to or held by the Fiscal Agent shall be and constitute trust funds held by it in its fiduciary capacity and not as a deposit in its banking capacity. To the extent that any of said funds shall be commingled by it with other bank funds, it is declared and the bank by the acceptance hereof shall have consented and agreed that a construction trust is thereby impressed upon other funds of the bank, equal in amount to the amount of District funds, and the District shall have a claim therefor which shall be prior and superior to the claims of all other persons.

15.10 When Collateral Required. Should the District elect to deposit any funds with the Fiscal Agent other than in trust, then the Fiscal Agent shall provide security therefor as provided by law for the deposit of public funds in Nevada. (NRS Chapter 356, Secs. 010-110)

15.11 Security for Deposits. All funds held by the Fiscal Agent may be deposited by it in its banking department and shall be secured at all times by obligations, and to the fullest extent, as shall be required by law covering the deposit of public funds of a district in banks in the State. All obligations comprising such security shall be deposited with and held by any agent of the Treasurer who may now or hereafter be authorized by law to receive and hold such security, as security for such respective deposits, but the Fiscal Agent shall at all times have full power of substitution therefor of other such obligations. No such security shall be required for any deposits made with the Fiscal Agent hereunder unless at the time such security is required by the laws of the State.

15.12 Accounts. The Fiscal Agent shall at all times maintain appropriate accounts which will indicate from day to day the amounts and character of all deposits with it and which will also indicate the proportion of such deposits which are allocated to each of the funds established pursuant to this Indenture.

15.13 Interest. The Fiscal Agent shall allow and credit interest on any moneys held by it hereunder at such rate as it customarily allows upon similar funds of similar size under similar conditions. Interest allowed in respect of proceeds of insurance or proceeds of condemnation awards shall be credited to such proceeds.

15.14 Agent of Fiscal Agent. The Fiscal Agent may employ the services of any bank or trust company lawfully doing business in the State to effect collection of Revenues and transmit the same to the Fiscal Agent at its main office in Reno. The Fiscal Agent shall not be liable for the acts of any agent selected by it in good faith to effect collection of Revenues.

15.15 Notice to Agents. The Fiscal Agent, and any Paying Agent, shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Fiscal Agent may consult with counsel, who may or may not be of counsel to the District, with regard to legal questions and the opinion of such counsel shall be full and complete authorization and protection in respect to any action taken or suffered by it hereunder in good faith and in accordance therewith.

15.16 Right to Inspect Bonds. The Fiscal Agent, or any Paying Agent, shall not be bound to recognize any person as the holder of a Bond unless and until such Bond is submitted for inspection, if required, and his title thereto satisfactorily established, if disputed.

15.17 Certificates as Proof. Whenever the Fiscal Agent, or any Paying Agent, shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereto be herein specifically prescribed) may be deemed to be conclusively proved and established by a certificate of an officer or agent of the District and such certificate shall be full warrant for any action taken or suffered under the provisions of this Indenture or any instrument appertaining hereto; but in its discretion the Fiscal Agent, or any Paying Agent, may, in lieu thereof, accept other evidence of such fact or matter or may require such further or additional evidence as to it may seem reasonable.

15.18 Conclusive Reliance. The Fiscal Agent, and any Paying Agent, acting in good faith, may conclusively rely as to the truth of the statements and correctness of the opinions expressed therein, upon the certificates or opinions conforming to the requirements of this Indenture; and shall be fully protected in taking any action which, under the provisions hereof, is to be taken by them upon the written request of the District or others.

15.19 Arrangements Between Fiscal Agent and Any Paying Agent. The Fiscal Agent shall enter into such arrangements with any Paying Agent appointed by the District as shall seem necessary and desirable in order to enable such Paying Agent to carry out the duties of such office.

15.20 Compensation. The Fiscal Agent and any Paying Agent appointed by the District hereunder shall be entitled to reasonable compensation (on a basis to be agreed upon with the District) for all services rendered hereunder and also all reasonable expenses, charges, counsel fees and other disbursements and those of their attorneys, agents, engineers or other technical advisers and employees incurred in the performance of their powers and duties hereunder, and the expenses of the Fiscal Agent under this Section shall include the compensation and expense of any independent certified public accountant, independent engineer or other expert and, to the extent that funds may not be available from other sources, the cost of preparation of the audits provided for in Section 15.04 hereof, and to the extent now or hereafter permitted by law, reimbursement for its reasonable compensation and expenses in connection with any action taken by it hereunder to protect the interests of the holders of the Bonds, including any action taken by it under Sections 15.35, 15.36, 15.37 or 15.38 of this Part in its capacity as trustee or attorney-in-fact as provided therein, or moneys advanced for the reasonable compensation and expenses of any other person who may be such trustee or attorney-in-fact as provided in Sections 15.35, 15.36, 15.37, 15.38 or 15.39.

15.21 Indemnity. The Fiscal Agent, before taking any action referred to in Section 15.02 of this Part, may in its discretion from time to time require from the Bondholders indemnity satisfactory to

it against its expenses and liabilities in connection with such action.

15.22 Ownership of Bonds by Agents. The Fiscal Agent and any Paying Agent may become the owner of Bonds and coupons with the same rights they would have if they were not Fiscal Agent or Paying Agent, and may act as depository for and permit any of their officers or directors to act as a member of, or in any other capacity with respect to, any committee formed in the interest of Bondholders, whether or not such committee shall represent the holders of a majority in principal amount of the Bonds outstanding.

15.23 Resignation of Fiscal Agent. The Fiscal Agent may at any time resign and be discharged of its duties and obligations hereby created by giving not less than sixty (60) days' written notice to the District, specifying the date when such resignation shall take effect, and publishing notice thereof, once a week for two (2) successive calendar weeks in a newspaper published and circulated in the District, or if there is none, in a newspaper published in the County of Washoe, and such resignation shall take effect on the day specified in such notice unless previously a successor shall have been appointed as hereinafter provided, in which event such resignation shall take effect immediately upon the appointment of such successor; provided, however, that such resignation of the Fiscal Agent shall in no event take effect until such successor shall have been appointed.

15.24 Removal of Fiscal Agent. The Fiscal Agent may be removed at any time by the District with the consent of the holders of a majority in principal amount of the Bonds then outstanding, excluding any Bonds held by or for the account of the District. In order to effect such removal there shall be filed with the Fiscal Agent an instrument in writing signed on behalf of the District and an instrument or concurrent instruments in writing signed by such bondholders or their duly authorized attorneys, but such removal shall not take effect until a successor Fiscal Agent shall have been appointed as hereinafter provided.

15.25 Appointment of Successor Fiscal Agent. In case at any time notice of resignation shall have been given by the Fiscal Agent or instruments shall have been filed with the Fiscal Agent to effect removal, or the Fiscal Agent shall become incapable of acting, or shall be adjudged bankrupt or insolvent, or if a receiver, liquidator or conservator of the Fiscal Agent or of its property shall have been appointed, or if any public officer shall take charge or control of the Fiscal Agent or of its property or affairs, a successor shall be appointed by the Board with the consent of the holders of a majority in principal amount of the Bonds then outstanding, excluding any Bonds held by or for the account of the District.

15.26 Effective Date of Successor. Such appointment shall be effective upon and shall be evidenced by the filing with such new Fiscal Agent of an instrument in writing signed on behalf of the District and by an instrument or concurrent instruments in writing signed by such bondholders or their duly authorized attorneys, notification thereof being given to the predecessor Fiscal Agent; provided, nevertheless, that, if pending the appointment of a new Fiscal Agent under Section 15.25 of this Part, there would be a vacancy in the office of the Fiscal Agent, the Board, without the consent of the Bondholders, by a duly executed written instrument, shall appoint a Fiscal Agent to fill such vacancy until a new Fiscal Agent shall be appointed as herein provided.

15.27 Notice of Successor. The District shall publish notice of any appointment made by it without the consent of the bondholders, once a week for two (2) consecutive calendar weeks, in one or more financial newspapers published in San Francisco or New York, the first publication to be made within ten (10) days after such appointment. Any new Fiscal Agent so appointed by the District without the consent of the bondholders

shall, immediately and without further act, be superseded by the new Fiscal Agent appointed by the District with the consent of the bondholders as herein provided or by a court as hereinafter provided.

15.28 Appointment by Court. If no appointment of a successor Fiscal Agent shall have been made by the Board, with the consent of the bondholders, under Section 15.25 of this Part, upon the expiration of one hundred twenty (120) days after any event shall have occurred which required the appointment of a successor Fiscal Agent by the Board with the consent of the bondholders, as herein provided, the then Fiscal Agent shall, and the Board or the holder of any outstanding Bond may, apply to any court of competent jurisdiction to appoint a successor Fiscal Agent. Said court may thereupon, after such notice, if any, as such court may deem proper, prescribe and appoint a successor Fiscal Agent.

15.29 Qualification of Successor. Any Fiscal Agent appointed under the provisions of this Part in succession to the then Fiscal Agent shall be a bank or trust company organized under the laws of the State or a national banking association, doing business in the State, in either case having capital and surplus aggregating at least \$4,000,000 and authorized by law to fully perform all the duties and obligations imposed on it by this Indenture, if there be such a bank or trust company or national banking association willing and able to accept the office on reasonable and customary terms; otherwise some other bank or trust company or national banking association, having an office in the State and otherwise similarly qualified as herein provided, shall be appointed.

15.30 Documents of Succession. Any successor Fiscal Agent appointed hereunder shall execute, acknowledge and deliver to its predecessor Fiscal Agent, and also to the District, an instrument accepting such appointment, and thereupon such successor Fiscal Agent, without any further act, deed or covenant shall become fully vested with all moneys, estates, properties, rights, powers, duties and obligations of its predecessor with like effect as if originally named as Fiscal Agent herein; but the Fiscal Agent ceasing to act shall nevertheless, upon the written request of the District or of the successor Fiscal Agent, execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required to more fully and certainly vest in and confirm to such successor Fiscal Agent all the right, title and interest of the Fiscal Agent in and to any property held by it, and shall pay over, assign and deliver to the successor Fiscal Agent any money or other property subject to the trusts and conditions herein set forth. Should any resolution, deed, conveyance or instrument in writing from the District be required by the new Fiscal Agent for more fully and certainly vesting in and confirming to such new Fiscal Agent any such estates, rights, powers and duties, any and all such resolutions, deeds, conveyances and instruments in writing shall upon request, so far as may be authorized by law, be adopted, executed, acknowledged and delivered by the District.

15.31 Merger and Consolidation of Agents. Any company into which the Fiscal Agent, or any Paying Agent, may be merged or with which it may be consolidated, or any company resulting from any merger or consolidation to which it shall be a party, shall be the successor Fiscal Agent, or Paying Agent, as the case may be, without the execution or filing of any paper or the performance of any further act.

15.32 Resignation and Discharge of Paying Agents. Any Paying Agent appointed by the District, or any successor hereafter appointed, may at any time resign and be discharged from the duties and obligations hereby created by giving at least sixty (60) days' written notice to the District and to the Fiscal Agent. Such Paying Agent or any successor hereafter appointed may be removed at any time by an instrument filed

with such Paying Agent and signed by the District and the Fiscal Agent. Any successor to any Paying Agent shall be appointed by the District with the approval of the Fiscal Agent.

15.33 Fiscal Agent as Successor Paying Agent. If for any reason there shall not at any time be a successor to any Paying Agent resigned or discharged, all of the duties of the Paying Agent may be performed by or on behalf of the Fiscal Agent by any agency acceptable to and approved by the Fiscal Agent. In the event of the resignation or removal of any Paying Agent, such Paying Agent shall pay over, assign and deliver to the successor Paying Agent (including the Fiscal Agent then acting as or on behalf of such Paying Agent) any moneys held by it as Paying Agent.

15.34 Execution of Documents by District. Except as otherwise provided herein, any request, order, notice or direction, required or permitted to be furnished pursuant to any provision hereof, by the District to any Fiscal Agent appointed hereunder, shall be sufficiently executed in the name of the District by the President or other executive officer of the District and also by the Secretary or any Deputy Secretary of the District, with the seal of the District affixed.

15.35 Fiscal Agent to Act as Trustee for Bondholders. The Fiscal Agent is hereby appointed (and the successive respective holders and registered owners of the Bonds and interest coupons, by taking and holding the same, shall be conclusively deemed to have so appointed the Fiscal Agent) as trustee to represent the bondholders in the matter of exercising and prosecuting on their behalf such rights and remedies as may be available to such holders under the provisions of the Bonds and this Indenture as well as under the District Charter or other provisions of applicable law.

15.36 Action by Trustee. Upon any default or other occasion giving rise to a right in such trustee to represent the bondholders, such trustee may take such action on behalf of the bondholders as may seem appropriate to it and, upon the request in writing of the holders or registered owners of twenty per cent (20%) in principal amount of all the Bonds then outstanding, which request shall specify such default or occasion and the action to be taken by the trustee, and upon being furnished with indemnity satisfactory to it, such trustee shall take such action on behalf of the bondholders as may have been so requested.

15.37 When Bondholders Sue. Except as in this Part expressly provided, no holder or registered owner of any Bond or of any interest coupon appertaining to any coupon Bond shall have any right by virtue or by availing of any provision of this Indenture or the District Charter or other provisions of applicable law, to institute any suit, action or proceeding, at law or in equity, for the appointment of any trustee in bankruptcy, receiver, liquidator or custodian of the Revenues and other funds pledged or held hereunder, unless such holder or registered owner shall previously have given to the trustee written notice of an existing default, and unless, also, there shall have been tendered to the trustee security and indemnity satisfactory to it against all costs, expenses and liabilities which might be incurred in or by reason of such action, suit or proceeding, and unless, also, the holders or registered owners of twenty per cent (20%) in aggregate principal amount of all the Bonds then outstanding shall have requested the trustee in writing to take action with respect to such default and the trustee shall have declined to take such action or failed so to do within thirty (30) days thereafter; it being intended that no one or more such holders or registered owners of such Bonds or interest coupons shall have any right in any manner to institute or prosecute any action, suit or proceeding for the appointment of a trustee in bankruptcy, receiver, liquidator or custodian of the Revenues and other funds pledged or held hereunder, except in the manner herein provided, and for the equal,

proportionate benefit of all holders and registered owners of all outstanding Bonds and interest coupons; provided, that nothing contained in this Indenture or in the Bonds shall affect or impair the right of action, which is absolute and unconditional, of the holders or registered owners of the Bonds to otherwise enforce payment thereof by virtue of the contract embodied in the Bonds and in this Indenture, the Constitution and laws of the State and the District Charter, or to enforce any of the covenants or provisions in the Bonds, this Indenture, the Constitution and laws of the State or the District Charter, except as hereinabove provided with respect to suits, actions or proceedings for the appointment of any trustee in bankruptcy, receiver, liquidator or custodian of the Revenues and other funds pledged or held hereunder.

15.38 Fiscal Agent Constituted Attorney-in-Fact for Bondholders. The Fiscal Agent is hereby appointed (and the successive respective holders and registered owners of the Bonds and interest coupons, by taking and holding the same, shall be conclusively deemed to have so appointed the Fiscal Agent) the true and lawful attorney-in-fact of the respective holders and registered owners of all Bonds and interest coupons, with authority to make or file, irrespective of whether the Bonds or any of them are in default as to payment of principal or interest, in the respective names of the holders and registered owners of the Bonds or interest coupons, or on behalf of all holders and registered owners of the Bonds, or of interest coupons pertaining to the Bonds, as a class or classes, any proof of debt, amendment of proof of debt, petition or other document, to receive payment of any sum or sums becoming distributable on account thereof, and to execute any and all other papers and documents and to do and perform any and all acts and things for and on behalf of the respective holders and registered owners as a class or classes, as may be necessary or advisable in the opinion of such attorney-in-fact in order to have the respective claims of such holders or registered owners of Bonds or interest coupons allowed in any equity receivership, insolvency, liquidation, bankruptcy or other proceedings to which the District may at any time be a party, and to receive payment of or on account of such claims; and each and every receiver, assignee or trustee in bankruptcy is hereby authorized by each of the respective holders and registered owners of the Bonds and the interest coupons to make such payments to such attorney-in-fact, and, in the event that such attorney-in-fact shall consent to the making of such payments directly to such holders or registered owners, to pay to such attorney-in-fact any amount which may be due to it for compensation and expenses, including counsel fees, incurred by it up to the date of such distribution.

15.39 Appointment of Substitute Trustee for Bondholders. By written consent or affirmative vote of a meeting of bondholders in the manner specified in Part 16 of this Indenture (except that the consent of the holders of only a majority in principal amount of all of the Bonds, excluding any Bonds held by or for the account of the District, need be obtained) all the rights, powers and duties hereby or intended to be given to the Fiscal Agent under Sections 15.35, 15.36, 15.37 and 15.38 may be vested in another banking or trust company, or in any other corporation, company, association, committee, individual or individuals, regardless of their place of doing business or residence, without, however, thereby altering or affecting any right, power or duty of the Fiscal Agent under any other provision of this Indenture.

15.40 District's Duties When No Fiscal Agent is Acting. If for any reason and at any time there should not be a Fiscal Agent acting hereunder, or to the extent that the Fiscal Agent should not be able to fully discharge all duties herein imposed upon it, the District covenants that it will administer or cause to be administered all Revenues, funds and moneys herein referred to in the same manner as it is herein required that such Revenues, funds and moneys shall or may be administered by the Fiscal Agent as an independent trustee, and the District will

discharge or cause to be discharged the duties herein imposed upon the Fiscal Agent in the same manner as it is herein required that such duties shall be discharged by the Fiscal Agent, until such time as a successor Fiscal Agent shall lawfully be appointed or the Fiscal Agent be fully able to discharge such duties.

Part 16. Modifications

16.01 Modifications. From and after the sale and delivery of any of the Bonds, no amendment, alteration or modification of the Bonds or of the coupons appertaining thereto or of this Indenture, which will impair, impede or lessen the rights of the holders of the Bonds or the coupons appertaining thereto then outstanding shall be made without the prior written consent, or, alternatively, the prior consent given at a bondholders' meeting, of the holders of at least sixty-six and two-thirds per cent ($66\frac{2}{3}\%$) of the aggregate principal amount of affected Bonds then outstanding, unless the amendment, alteration or modification be as herein authorized.

16.02 Consent Binding. Any amendment, alteration or modification which shall have received the consent of the holders of the percentage of said outstanding Bonds as provided in Section 16.01 of this Part shall be binding on the holders of all of the Bonds and coupons appertaining thereto, either attached to or detached from the Bonds. If any alteration, amendment or modification shall affect less than all outstanding Bonds of this issue, then the provisions of Section 16.01 of this Part shall apply only to the Bonds affected by the amendment, alteration or modification.

16.03 Calling Bondholders' Meeting. If the Board shall desire or shall be required to obtain the consent of the bondholders to a proposed action, it may adopt a resolution calling a meeting of the bondholders affected by the proposed action for the purpose of considering the action, the consent to which is desired or required.

16.04 Board Discretion. The place, date and hour of holding the meeting and the date or dates of publishing and mailing notice shall be determined by the Board in its discretion.

16.05 Notice of Meeting. Notice specifying the purpose, place, date and hour of the meeting shall be given by mail and by publication, at least once not less than thirty (30) nor more than sixty (60) days prior thereto in one or more financial papers published in San Francisco or New York. The notice shall set forth the nature of the proposed action, consent to which is desired or required.

16.06 Mailing. The Treasurer shall mail notice by registered mail to the last-known holders of bearer Bonds, as shown by the records in his office, and to the registered owners of any registered Bonds, at their addresses as shown on the bond registry books.

16.07 List of Owners. The Treasurer shall prepare and deliver to the chairman of the meeting a list of the names and addresses of the registered owners of the Bonds as shown on the bond registry books, and, to the extent known by him, a list of the names and addresses of the owners of bearer Bonds, together with a statement of the maturities, series and numbers of the Bonds held and deposited by each, and no bondholder shall be entitled to vote at the meeting unless his name appears upon the lists or unless, at the meeting, he shall present his Bond or Bonds or a certificate of deposit thereof.

16.08 Certificate of Deposit. A holder of bearer Bonds may deposit his Bonds with a bank, trust company, investment banker, bond dealer or broker within or without the State, and obtain from the depository a certificate of deposit which shall constitute proof of ownership

and entitle the depositor named therein to vote upon filing it with the Treasurer who shall add it to the list of owners. The Treasurer may designate a depository where the Bonds may be deposited, which shall be an agency for that purpose.

16.09 Limit on Voting. No bondholder shall be permitted to vote with respect to a larger aggregate principal amount of Bonds than is set against his name on the list, unless he shall produce the additional Bonds upon which he desires to vote or a certificate of deposit.

16.10 Attendance and Voting by Proxy. Attendance and voting by a bondholder at the meeting may be by proxy. An owner of registered Bonds may, by an instrument in writing under his hand, appoint any person as his proxy to vote at the meeting for him, and that instrument when presented at the meeting shall be sufficient to entitle that person to vote as the proxy of the registered owner. Any person may vote as the proxy of the owner of a bearer Bond on presentation of the Bond or certificate of deposit thereof and an instrument in writing under the hand of the bondholder appointing the person as his proxy to vote at the meeting for him, or if the instrument in writing has been delivered to the agency designated by the District at the time the Bond was delivered to the agency as provided for in Section 16.08 of this Part and the person's name appears on the list delivered by the Treasurer to the chairman of the meeting, the certificate of deposit may verify him as the proxy of the owner of the bearer Bond.

16.11 Issuer-Owned Bonds. The Board shall present at the meeting a certificate, signed and verified by the Treasurer, stating the maturities, division and numbers of all Bonds owned by, or held for account of, the District directly or indirectly. No person shall be permitted at the meeting to vote or consent with respect to any Bond which it shall be established at or prior to the meeting is owned by the District directly or indirectly, and no Bond referred to as "issuer-owned Bond" shall be counted in determining whether a quorum is present at the meeting.

16.12 Quorum and Procedure. A representation of at least sixty-six and two-thirds per cent ($66\frac{2}{3}\%$) in aggregate principal amount of the Bonds affected by the proposed action and then outstanding (exclusive of issuer-owned Bonds, if any) shall be necessary to constitute a quorum at the meeting of bondholders, but less than a quorum may adjourn the meeting, from time to time, and the meeting may be held as so adjourned without further notice, whether the adjournment shall have been by a quorum or less than a quorum.

16.13 Officers. The Board shall, by an instrument in writing, appoint a temporary chairman of the meeting, and the meeting shall be organized by the election of a permanent chairman and a secretary.

16.14 Votes. At the meeting, each bondholder shall be entitled to one vote for every \$1,000 principal amount of Bonds with respect to which he shall be entitled to vote, and the vote may be given in person or by proxy. The Board by its duly authorized representative, may attend the meeting of the bondholders, but shall not be required to do so.

16.15 Vote Required. At the meeting, there shall be submitted for the consideration and action of the bondholders a statement of proposed action, consent to which is desired or required, and if the action shall be consented to and approved by the bondholders in person or by proxy holding at least sixty-six and two-thirds per cent ($66\frac{2}{3}\%$) of the aggregate principal amount of the Bonds affected by the proposed action and then outstanding (exclusive of issuer-owned Bonds, if any), the chairman and the secretary of the meeting shall so certify in writing to the Board, and the certificate shall constitute complete evidence of the consent of the bondholders.

16.16 Certificate of Notice Conclusive. The actual receipt by a bondholder of the notice required to be given by Section 16.05 of this Part shall not be a condition precedent to the undertaking, notice of which is required to be given, and failure to receive notice shall not affect the validity of the proceedings thereat or prevent the notice from having the effect intended by the giving of notice, provided that notice has been published and has also been mailed to bondholders to the extent known to the Treasurer. No irregularity in the form of the notice shall affect its validity provided notice has been given. A certificate signed by the chairman and secretary of the meeting shall be conclusive evidence and the only competent evidence of the matters stated in the certificate relating to the proceedings taken at the meeting, as against all parties and it shall not be open to a bondholder to show that he failed to receive notice.

16.17 Filing Certificate. The certificate shall be filed in the office of the Treasurer and shall be kept on file so long as the Bonds and the interest thereon are outstanding and unpaid. A duplicate original, if there is one, and, if not, then a reproduced copy thereof, including the signatures thereon, shall be filed with the Secretary who shall likewise keep it filed with the papers of the proceedings authorizing the issuance of the affected Bonds.

Part 17. Covenants

17.01 General. For the protection and security of the Bonds, it is covenanted and agreed to and with the holders of the Bonds from time to time, that the District will perform the covenants provided in this Part. (S 82)

17.02 Acquire Project. It will commence the acquisition, construction and completion of the Project and continue the same with all practical dispatch and in a sound and economical manner. (S 82-2)

17.03 Operate Project. It will operate the Project in an efficient and economical manner and prescribe, revise and collect such charges in connection therewith that the services, Facilities and properties of the Project may be furnished to its inhabitants and property owners at the lowest possible cost consistent with sound economy and prudent management. (S 82-9)

17.04 Good Repair. It will operate, maintain, preserve and keep the Project and every part thereof in good repair, working order and condition. (S 82-2)

17.05 Preserve Security. It will preserve and protect the security of the Bonds and the rights of the holders thereof, and warrant and defend such rights against the claims and demands of all persons whomsoever. (S 82-22)

17.06 Collect Revenues. It will collect and hold in trust the Revenues and other funds pledged to the payment of the Bonds and apply such Revenues or other funds only as provided by this Indenture. (S 82-22)

17.07 Service Bonds. It will pay and cause to be paid punctually the principal of the Bonds and the interest thereon on the date or dates and at the place or places and in the manner mentioned in the Bonds and in the coupons thereto appertaining and in accordance with this Indenture. (S 82-8)

17.08 Pay Claims. It will pay and discharge any and all lawful claims for labor, materials and supplies which, if unpaid, might by law become a lien or charge upon the Revenues of the Project, or any part of said Revenues, or any funds in the hands of the Treasurer prior or

superior to the lien of the Bonds or which might impair the security of the Bonds, to the end that the priority and security of the Bonds shall be fully preserved and protected. (S 82-14)

17.09 Encumbrances. It will not mortgage or otherwise encumber, sell, lease or dispose of the Project or any part thereof, nor enter into any lease or agreement which would impair or impede the operation of the Project or any part thereof necessary to secure adequate Revenues for the payment of the principal and interest of the Bonds, which otherwise would impair or impede the rights of the holders of the Bonds with respect to such Revenues or the operation of the Project without provision for the retirement of the Bonds of this issue then outstanding from the proceeds thereof; provided, however, that material and equipment worn out or not needed for the efficient and proper operation of the Project may be sold without the consent of the bondholders if the proceeds thereof are applied to the improvement or extension of the Project or to the retirement of the Bonds. (S 54)

17.10 No Free Service. It will not permit any part of the Project to be used or taken advantage of free of charge by any person, firm or corporation or by the State or the United States, or by any public corporation, political subdivision, city, county, district or agency of either, including the District. (S 82-4)

17.11 Insurance. It will procure and keep in force insurance upon all buildings and structures of the Project and the machinery and equipment therein, which are usually insured by entities operating like property, in good and responsible insurance companies. The amount of the insurance shall be such as may be required to adequately protect it and the holders of the Bonds from loss due to any casualty, and in the event of any such loss, the proceeds shall be used to repair or restore the Project or for the payment of the Bonds issued under this Indenture. (S 82-12)

17.12 Fidelity Bonds. It will procure suitable fidelity bonds covering all of its officers and other employees charged with the operation of the Project and the collection and disbursement of Revenues therefrom. (S 82-12)

17.13 Engineers. It will employ consulting engineers of acknowledged reputation, skill and experience in the construction and operation of the Project for any unusual or extraordinary items of maintenance, repair, extensions or betterments as shall be required from time to time, all reports, estimates and recommendations of such consulting engineers to be filed with the Secretary and furnished to the purchasers of the Bonds issued hereunder if required. (S 80-1 & 2)

17.14 Audit and Report. It will employ a certified public accountant who shall prepare and file with the purchaser of the Bonds, with the Fiscal Agent and with the Treasurer, annually within one hundred twenty (120) days after the close of each fiscal year on June 30, commencing in the year 1967, an annual audit for the preceding year which shall include, as to accounts maintained by the Treasurer: (S 82-13)

(a) Balance Sheet. A balance sheet including balances of all funds;

(b) Revenue and Payments. A statement in detail of the cash receipts and disbursements of the income and expenses of the Project;

(c) Insurance. A statement as to the insurance carried by it, including a brief description of each policy as to its coverage and name of company issuing it;

(d) Rate Schedules. The schedules of the rates and

charges prescribed by the rate ordinance or resolution then in effect;

(e) Customers. The number of customers classified by rate or charge for service or other groups;

(f) Billings. The total annual amount billed and the amount collected;

(g) Recapitulation. A recapitulation of funds and accounts created by this Indenture into which are put moneys derived from the operation of the Project and from the sale of the Bonds, which shall show balances at the beginning of the period, deposits and withdrawals made during the period and balances at the end of the period; and also monthly deposit requirements for funds during the next succeeding fiscal period;

(h) Comments. Comments of the accountant relative to the fulfillment of the provisions of this Indenture and the manner in which the Project has been operated, and his recommendations for improving the operation of the Project.

Part 18. Events of Default and Procedure (S 82-8 & 17)

18.01 Event of Default. One or more of the events provided in this Part shall constitute an event of default.

18.02 Principal. A default in the due and punctual payment of the principal of a Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption, by declaration or otherwise.

18.03 Interest. A default in the due and punctual payment of an installment of interest on a Bond when and as the interest installment shall become due and payable.

18.04 Covenants. A default in the observation of any of the covenants, agreements or conditions on the District's part herein or in the Bonds contained, and default has continued for a period of thirty (30) days.

18.05 Bankruptcy. The filing by the District of a petition or answer seeking reorganization or arrangement under the Federal bankruptcy laws or other applicable laws or statutes of the United States, or the approval of such a petition by a court of competent jurisdiction, filed with or without the consent of the District, seeking reorganization under the Federal bankruptcy laws or other applicable laws or statutes of the United States, or the assumption or control of the District or of the whole or any substantial part of its property by a court of competent jurisdiction under the provisions of other laws for the relief or aid of debtors.

18.06 Acceleration. Upon the happening of an event of default, the holders of not less than sixty-six and two thirds per cent (66-2/3%) in aggregate principal amount of the Bonds at the time outstanding shall be entitled, upon notice in writing to the District, to declare the principal of all of the Bonds then outstanding and the interest accrued thereon to be due and payable immediately, and upon such declaration the same shall become and shall be immediately due and payable.

18.07 Application of Bonds. All or any Gross Revenues pledged to the payment and security of the Bonds, including all sums in all of the funds provided therefor upon the date of the happening of an event of default, and all sums thereafter received by the District shall be applied by it, upon presentation of the several Bonds and coupons, and the stamping thereon of the payment if only partially paid, or upon the

surrender thereof if fully paid, in the order provided in Sections 18.08 through 18.11 of this Part.

18.08 Costs and Expenses. Said moneys shall be applied to the payment of the costs and expenses of the bondholders in declaring an event of default, including reasonable compensation to their agents, attorneys and counsel, and to the payment of the costs and expenses of the Treasurer in carrying out the provisions of this Part, including reasonable compensation to his agents, attorneys and counsel.

18.09 Interest on Undue Bonds. In case the principal of the Bonds shall not have become due and shall not then be due and payable, said moneys shall be applied to the payment of the interest in default, first, in the order of registration under Article 2 of Part 7 of this Indenture, and then in the order of maturity of the installments of the interest.

18.10 Principal and Interest on Due Bonds. In case the principal of the Bonds shall have become and shall be then due and payable, said moneys shall be applied to the payment of the principal and interest of the Bonds, first, in the order of registration under Article 2 of Part 7 of this Indenture, and then in the order of the maturity of the installments of principal and interest.

18.11 Insufficient Funds. In case the moneys shall be insufficient to pay in full the whole amount so owing and unpaid upon the Bonds, under Sections 18.09 and 18.10 of this Part, then the moneys shall be applied to the payment, first, of interest, and then of principal, ratably to the aggregate of the interest or principal then due to the persons entitled thereto without discrimination or preference.

18.12 Refunding Defaulted Bonds. The District may refund any defaulted Bonds by the issuance of new bonds maturing after the maturity of the last Bond of this issue, but otherwise on a parity as to payment with the Bonds of this issue, and sell the bonds and use the proceeds to pay the defaulted Bonds, in which event the action shall be deemed to avoid or cure a default under this Part. With the consent of the bondholder, the refunding bonds may be exchanged for the Bonds refunded.

Part 19. Remedies of Bondholders

19.01 Bondholders' Remedies. Subject to any contractual limitations binding upon the holders of the Bonds, or trustee therefor, including but not limited to the restriction of the exercise of any remedy to a specified proportion, percentage or number of such holders, as provided in Part 15 of this Indenture, and subject to any prior or superior rights of others, any holder of Bonds, or trustee therefor, shall have the right and power, for the equal benefit and protection of all holders similarly situated, as provided in this Part. (S 84)

19.02 Mandamus. By mandamus or other suit, action or proceeding at law or in equity, they may enforce their rights against the District, the Board and any other of the officers, agents and employees of the District, to require and compel the District, the Board, or any such officers, agents or employees to perform and carry out their respective duties, obligations or other commitments hereunder and their respective covenants and agreements with the holder of any Bond. (S 84-1)

19.03 Accounting. By action or suit in equity, they may require the District to account as if it were the trustee of an express trust. (S 84-2)

19.04 Receiver. By action or suit in equity, they may have appointed a receiver, which receiver may enter and take possession of any Facilities and any Pledged Revenues for the payment of the Bonds,

prescribe sufficient fees derived from the Facilities, and collect, receive and apply all Pledged Revenues or other moneys pledged for the payment of the Bonds in the same manner as the District itself might do in accordance with the obligations of the District, subject to the limitations provided in Part 15 of this Indenture. (S 84-3)

19.05 Injunction. By action or suit in equity, they may enjoin any acts or things which may be unlawful or in violation of the rights of the holder of any Bonds and to bring suit thereupon. (S 84-4)

19.06 Security Law Applies. Subject to the limitations contained in Sections 15.36, 15.37 and 15.38 of this Indenture, the provisions of subsection 19 of section 82 of the Securities Law shall apply.

19.07 Operation by Trustee or Receiver. The trustee or any receiver appointed may enter upon and take possession of the Facilities and property appertaining thereto, and subject to any pledge or contract with the holders of the Bonds, shall take possession of all moneys and other property derived from or applicable to the acquisition, operation, maintenance or improvement which the Board on behalf of the District is under any obligation to do, and operate, maintain, equip and improve the Facilities, and fix, charge, collect, enforce and receive the service charges and all Revenues thereafter arising subject to any pledge thereof or contract with the holders of such Bonds relating thereto and perform the public duties and carry out the contracts and obligations of the District in the same manner as the Board itself might do and under the direction of the court. (S 85-2)

19.08 Remedies Non-Exclusive. No right or remedy conferred upon a holder of any Bond or any coupon appertaining thereto or any trustee for such holder hereby or by any proceedings appertaining to the issuance of such Bond or coupon is exclusive of any right or remedy, but each such right or remedy is cumulative and in addition to every other right or remedy and may be exercised without exhausting and without regard to any other remedy conferred hereby or by any other law. (S 86)

19.09 Delays. The failure of a holder of Bonds or of coupons appertaining thereto so to proceed as herein provided or in such proceedings shall not relieve the District, the Board or any of the officers, agents and employees of the District or any liability for failure to perform or carry out any duty, obligation or other commitment. (S 87)

19.10 Waiver. No waiver of a default or breach of duty or contract by any bondholder shall extend to or shall affect a subsequent default or breach of duty or contract or shall impair any rights or remedies arising therefrom. (S 82-22)

19.11 Enforcement. Every substantive right and every remedy conferred upon the bondholders may be enforced and exercised from time to time and as often as may be deemed expedient. (S 82-22)

19.12 Status Quo. In case an action, suit or proceeding to enforce a right or exercise a remedy shall have been brought or taken and then discontinued or abandoned, or shall have been determined adversely to the bondholders, then, and in every case, the District and the bondholders shall be restored to their former positions and rights and remedies as if no suit, action or proceeding had been brought or taken. (S 82-22)

Part 20. Issuance of Refunding Bonds

20.01 General. Excepting as provided in Section 18.12 of this Indenture, any of the Bonds may be refunded by the adoption of an ordinance or ordinances by the Board and by any trust indenture or other proceedings appertaining thereto, authorizing the issuance of refunding bonds. (S 94)

20.02 The Law. The provisions of the Securities Law shall apply.

20.03 Purpose - Bonds. Refunding bonds may be issued to refund, pay and discharge all or any part of such outstanding Bonds, including any interest thereon in arrears, or about to become due for any period not exceeding three (3) years from the date of the refunding bonds, unless the capitalization of interest on refunding bonds constituting an indebtedness increases the District debt in excess of the District's debt limitation, if any. (S 94-1)

20.04 Id - Reduce Interest. Refunding bonds may be issued for the purpose of reducing interest costs or of effecting other economies. (S 94-2)

20.05 Id - Modification. Refunding bonds may be issued for the purpose of modifying or eliminating restrictive contractual limitations appertaining to the issuance of additional bonds, otherwise concerning the outstanding Bonds, or the Facilities appertaining thereto. (S 94-3)

20.06 Id - Combination. Refunding bonds may be issued for any combination of Sections 20.02, 20.03 and 20.04 of this Part. (S 94-4)

20.07 Prohibition as to Noncallable Bonds. Nothing contained in this Part or in any law shall be construed to permit the Board to call any of the Bonds for prior redemption in order to refund such Bonds or in order to pay them prior to their stated maturities, unless the right to call such Bonds for prior redemption is specifically reserved and stated in such Bonds, and all conditions with respect to the manner, price and time applicable to such prior redemption as set forth in this Indenture are strictly observed. (S 95)

20.08 State-Held Bonds. Notwithstanding the provisions of Section 20.07 of this Part or of any other law, the State, acting by and through the State Board of Finance, may agree with the Board to exchange any outstanding Bonds issued by the District and held by the State, or any agency, corporation, department or other instrumentality of the State, for refunding bonds of the District or otherwise to surrender at such price and time and otherwise upon such conditions and other terms and in such manner as may be mutually agreeable, such outstanding Bonds to the Board for refunding, at any time prior to their respective maturities or to any date as of which the District has the right and option to call on its behalf such outstanding Bonds for prior redemption as expressly provided in the outstanding Bonds and this Indenture. (S 96)

20.09 Other Bonds. The consent of the holder of a Bond shall not be required, though said Bond has not matured or is not yet subject to prior call and redemption, if the refunding is in advance thereof and all sums required for payment thereof to its maturity or to its prior call date are deposited in the Bond Fund created therefor. (S 82-22)

20.10 Loans. Any provision herein concerning the refunding of outstanding Bonds includes any outstanding Bonds evidencing long-term loans which may have been made to the District regardless of whether such Bonds are designated as bonds, certificates, single certificates or otherwise. (S 97)

20.11 Exchange or Sale. Any bonds issued for refunding purposes may either be delivered in exchange for the outstanding Bonds being refunded or may be publicly or privately sold. (S 98-1)

20.12 Id - Federal Securities. The refunding bonds, or any part thereof, except as limited by Section 20.01 of this Part, may be exchanged by the District for federal securities and other securities of the Federal Government which have been made available for escrow investment by any purchaser of refunding bonds, upon terms of exchange mutually

agreed upon, and any such securities so received by the District shall be placed in escrow as provided in this Part. (S 98-2)

20.13 Time Limitation - The Bonds. No Bonds may be refunded hereunder unless they have been outstanding for at least one (1) year from the date of their delivery and unless the holders thereof voluntarily surrender them for exchange or payment, or unless they either mature or are callable for prior redemption under their terms within fifteen (15) years from the date of issuance of the refunding bonds, and provision shall have been made for paying the Bonds within such period of time. (S 99-1)

20.14 Id - Refunding Bonds. No maturity of any Bond refunded may be extended over fifteen (15) years, or beyond one (1) year next following the date of the last outstanding maturity, whichever limitation is later, nor may any interest on any Bond refunded be increased to any rate exceeding six per cent (6%) per annum. (S 99-2)

20.15 Maximum Refunding Amount. The principal amount of the refunding bonds may exceed the principal amount of the refunded Bonds if the aggregate principal and interest costs of the refunding bonds do not exceed such unaccrued costs of the Bonds refunded, except to the extent any interest on the Bonds refunded in arrears or about to become due is capitalized with the proceeds of the refunding bonds. Principal may also then be increased to that extent. (S 99-3)

20.16 Minimum Refunding Amount. The principal amount of the refunding bonds may also be less than or the same as the principal amount of the Bonds being refunded so long as provision is duly and sufficiently made for their payment. (S 99-4)

20.17 Application of Proceeds. Except as herein otherwise provided, the proceeds of refunding bonds shall either be immediately applied to the retirement of the Bonds to be refunded or be placed in escrow or trust in any trust bank or trust banks within or without or both within and without the State to be applied to the payment of the refunded Bonds or the refunding bonds, or both the refunded Bonds and the refunding bonds, upon their presentation therefor to the extent, in such priority and otherwise in the manner in which the Board may determine. (S 100-1)

20.18 Incidental Costs. The incidental costs of refunding bonds may be paid by the purchaser of the refunding bonds or be defrayed from the General Fund (subject to appropriations therefor as otherwise provided by law) or other available revenues of the District under the control of the Board or from the proceeds of the refunding bonds, or from the interest or other yield derived from the investment of any refunding bond proceeds or other moneys in escrow or trust, or from any other sources legally available therefor, or any combination thereof, as the Board may determine. (S 100-2)

20.19 Premiums and Accrued Interest. Any accrued interest and any premium appertaining to a sale of refunding bonds may be applied to the payment of the interest thereon or the principal thereof, or to both principal and interest, or may be deposited in a reserve therefor, or may be used to refund Bonds by deposit in escrow, trust or otherwise, or may be used to defray any incidental costs appertaining to the refunding, or any combination thereof, as the Board may determine. (S 100-3)

20.20 Escrowed Funds - Source. Any escrow or trust shall not necessarily be limited to proceeds of refunding bonds but may include other moneys available for its purpose. (S 101-1)

20.21 Id - Investment. Any proceeds in escrow or trust, pending such use, may be invested or reinvested in federal securities, and in

other securities issued by the Federal Government. (S 101-2)

20.22 Id - Trust Bank. Any trust bank accounting for federal securities and other securities issued by the Federal Government in such escrow or trust may place them for safekeeping wholly or in part in any trust bank or trust banks within or without or both within and without the State. (S 101-3)

20.23 Id - Id - Security. Any trust bank shall continuously secure any moneys placed in escrow or trust and not so invested or re-invested in federal securities and other securities issued by the Federal Government by a pledge in any trust bank or trust banks within or without or both within and without the State of Federal securities in an amount at all times at least equal to the total uninvested amount of such moneys accounted for in such escrow or trust. (S 101-4)

20.24 Id - Amount. Such proceeds and investments in escrow or trust, together with any interest or other gain to be derived from any such investment, shall be in an amount at all times at least sufficient to pay principal, interest, any prior redemption premiums due, and any charges of the escrow agent or trustee and any other incidental expenses payable therefrom, except to the extent provision may have been previously otherwise made therefor, as such Bonds become due at their respective maturities or due at a designated prior redemption date or dates in connection with which the Board has exercised or is obligated to exercise a prior redemption option on behalf of the District. (S 101-5)

20.25 Id - Id - Certified Public Accountant. The computations made in determining such sufficiency shall be verified by a certified public accountant licensed to practice in the State or in any other state. (S 101-6)

20.26 Id - Purchaser Not Responsible. Any purchaser of any refunding bond issued hereunder shall in no manner be responsible for the application of the proceeds thereof by the District, the Board or any of the officers, agents or employees of the District. (S 101-7)

20.27 Source of Payment of Refunding Bonds. Refunding bonds may be made payable from any taxes or Pledged Revenues, or both taxes and such Revenues, which might be legally pledged for the payment of the Bonds being refunded at the time of the refunding or at the time of the issuance of the Bonds being refunded, as the Board may determine, notwithstanding the taxes, or the Revenue sources, or the pledge of such Revenues, or any combination thereof, for the payment of the outstanding Bonds being refunded is thereby modified, subject to the provisions of this Part. (S 102)

20.28 Issue or Series. Bonds for refunding and bonds for any other purpose or purposes authorized hereby or by any other law may be issued separately or issued in combination in one series or more by the District in accordance with the provisions of this Part. (S 103)

20.29 Effect of Abolished District. The Bonds, if the District is abolished by NRS 318.490 or any other law, may be refunded under the provisions of this Part. Whether or not the Bonds of the abolished District have been assumed by any successor municipality prior to the issuance of the refunding bonds, the refunding bonds shall be authorized by the governing body of each successor municipality in which is situated all or any part of the area of the abolished District. (S 104-1)

20.30 Id - Issuance If Not Assumed. If the obligation of the abolished District evidenced by its outstanding Bonds has not been assumed wholly or in part by a successor municipality prior to the authorization of the issuance of the refunding bonds, the refunding bonds shall be issued in the name of the abolished District and shall evidence

the same character of obligations as evidenced by the refunded Bonds.
(S 104-2)

20.31 Id - Issuance If Assumed. To the extent any obligation evidenced by the refunded Bonds has been assumed by a successor municipality, the refunding bonds shall be authorized to be issued in the name of the successor municipality which shall re-evidence such assumed obligation and shall evidence the same character of obligation as evidenced by such obligation as assumed by the successor municipality, subject to the limitations and other provisions in Sections 20.27 and 20.33 of this Part. (S 104-3)

20.32 Indenture Applicable. Except as in Sections 20.03 to 20.31, inclusive, of this Part expressly provided or necessarily implied, the relevant provisions elsewhere herein appertaining generally to the issuance of Bonds to defray the cost of the Project shall be equally applicable in the authorization and issuance of refunding bonds, including their terms and security, the covenants and other provisions of this Indenture, or other instrument or proceedings appertaining hereto, and other aspects of the Bonds. (S 105)

20.33 General Limitation. Nothing contained in this Part shall be construed as authorizing the District to issue any Bonds constituting a debt for the purpose of refunding the outstanding Bonds of this issue.
(S 89)

20.34 Subsequent Law. Nothing contained in this Part shall be construed as prohibiting the District from refunding the outstanding Bonds of this issue by the issuance of bonds constituting a debt for the purpose, or otherwise contrary to any limitations provided in this Part, provided that the authority therefor shall be then provided by law.
(S 82-22)

20.35 Determination Final. The determination of the Board that the limitations in this Part imposed upon the issuance of refunding bonds or upon the issuance of other Bonds hereunder have been met shall be conclusive in the absence of fraud or arbitrary and gross abuse of discretion regardless of whether this Indenture or the Bonds hereby authorized contain a recital as authorized by Section 66 of the Securities Law. (S 106)

20.36 Contract Clause. No provision of this Part shall be construed to authorize the performance of any act in the conduct of a refunding proceeding that would be in violation of the contract clause of the Constitution of the United States. (U.S. Const. Art.1, Sec. 10)

Part 21. Miscellaneous

21.01 Mutilated or Defaced Bonds. When a Bond is mutilated or defaced, the Board shall issue a duplicate if all of the following conditions exist: (S 59-3-g)

- (a) It appears by clear and unequivocal proof that the Bond is so mutilated or defaced as to impair its value to the owner;
- (b) There is no bad faith on the part of the holder;
- (c) The Bond is identifiable by number and description; and
- (d) The regulations, including restrictions as to time and retention for security or otherwise, prescribed by the Board are met.

21.02 Id - Form of Bond. The duplicate Bond shall have the same time to run, bear like interest, and have the same number, as the mutilated or defaced Bond.

21.03 Id - Application. The holder of the Bond desiring a duplicate shall make a written application to the Board stating the facts required.

21.04 Id - Deposit. The holder shall accompany his application with a deposit of money required by the Board for the cost of printing, lithographing or otherwise preparing the duplicate, and all other expenses connected with the issuance of the duplicate.

21.05 Id - Indemnification. If required by the Board, the holder shall also file with his application a bond in the required sum with good and sufficient sureties, to be approved by the Board, and conditioned to indemnify the District for any claim upon the mutilated or defaced Bond.

21.06 Id - Resolution. Upon receipt of the application, the Board shall adopt a resolution:

- (a) Stating the receipt of the application;
- (b) Stating the compliance with the conditions prescribed therefor and any other conditions required by the Board; and
- (c) Directing the Treasurer to cause a duplicate to be issued.

21.07 Id - Issuance. The duplicate Bond shall be issued in the manner of the original.

21.08 Id - Exchange. The duplicate shall be delivered in exchange for the original Bond.

21.09 Id - Identification. No exchange shall be made unless the defaced or mutilated Bond with any coupons attached is identifiable and is first surrendered to the Treasurer.

21.10 Id - Cancellation. When the original is surrendered, the Treasurer shall cause proper record to be made of its cancellation and thereafter the duplicate has the validity of the original.

21.11 Lost or Destroyed Bonds. The Board may issue a new bond similar to an original to replace a lost or destroyed Bond if: (S 59-3-g)

(a) By competent proof it is made to appear to the Board that the Bond is lost or destroyed;

(b) The holder gives security approved by the Board to indemnify the District against any loss incurred on account of the Bond; and

(c) The holder pays all cost of the insurance of the new bond.

21.12 Id - Procedure. To the extent applicable the provisions of Sections 21.01 through 21.10, inclusive, of this Part, shall apply.

21.13 Id - Refusal to Issue. If the Board refuses to issue a new bond, the holder of any lost or destroyed Bond may apply to the District Court of the County for an order requiring the Board to show cause why it should not be required to issue a new bond or cause it to be issued.

21.14 Id - Application to Show Cause. The application shall be by petition, a copy of which shall be served upon the President or Secretary not later than ten (10) days prior to the time set for the hearing.

21.15 Id - Hearing and Order. The Court shall inquire into the

truth of the facts stated in the petition and hear the proofs and allegations of the petition. If satisfied that the petitioner is the lawful owner of the Bond described in the petition, that it has been lost or destroyed and cannot after due diligence be found, and that no sufficient cause has been shown why a new bond to replace it should not be issued, the Court shall make an order requiring the Board to issue and deliver, or cause to be issued and delivered, to the petitioner a new bond in place of the lost or destroyed Bond, upon the petitioner giving such security to the District as the court directs.

21.16 Id - Endorsement. Each bond and attached coupon so issued shall state upon its face:

(a) The issue, series, number and denomination of the Bond for which it is issued.

(b) That it is issued in the place of the Bond claimed to have been lost or destroyed.

(c) That it is issued as a duplicate.

(d) That only one is to be paid.

21.17 Id - Filing Security. The security required, duly endorsed as approved, shall be filed in the office of the Treasurer as the Board directs.

21.18 Id - Commercial Code. The provisions relating to Investment Securities in the Uniform Commercial Code shall apply. (S 59-3-g)

21.19 Payment of Charges With Matured Bonds and Coupons. Payment of all, or any portion, of any installment of any charge to pay the principal or interest due, or to become due, on the Bonds may be made with matured Bonds or matured coupons. The Bonds and coupons shall be accepted and treated as cash, and, when so received, shall be cancelled, and the Bond Fund shall be credited with the face value thereof. (S 82-22)

21.20 Destruction of Paid Bonds and Coupons. Upon the entry of the payment of any Bond or coupon in the bond register, and under any additional conditions as the Treasurer shall establish, the Treasurer or other Fiscal Agent may destroy or cremate any and all Bonds and coupons pertaining thereto which have been previously paid, cancelled or replaced. (S 82-22)

21.21 Securities Law. The Bonds are issued pursuant to the Local Government Securities Law, and shall be conclusive evidence of their validity and the regularity of their issuance. (S 66)

21.22 Validity Not Dependent. The validity of the Bonds shall not be dependent on nor affected by the validity or regularity of any proceedings relating to the Project or the completion of any purpose for which the Bonds are issued. (S 78-1)

21.23 Id - Application of Funds. The purchaser or purchasers of the Bonds shall in no manner be responsible for the application of the proceeds of the Bonds by the District or by any of its officers, agents and employees. (S 78-2)

21.24 Bonds Exempt From Taxes. 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. (S 107)

21.25 Investment in Bonds. It is legal for any bank, trust company, banker, savings bank or institution, any building and loan association, savings and loan association, investment company and any other

person carrying on a banking or investment business, any insurance company, insurance association, or any other person carrying on an insurance business, and any executor, administrator, curator, trustee or any other fiduciary, to invest funds or moneys in their custody in any of the Bonds. (S 109-1)

21.26 Delivery of Bonds. The Bonds shall be delivered to the purchasers thereof. The Treasurer shall deliver the Bonds upon receipt of the purchase price and shall credit the proceeds to the special fund and account for the payment of the cost of the Project, as provided in this Indenture.

21.27 Transcript. The Secretary is hereby authorized to prepare and furnish to the purchasers of the Bonds issued hereunder and attorneys examining the same a complete set of certified copies of all ordinances, resolutions and documents of the District relating to the Project and to the issuance of Bonds and of all other proceedings and records of the Board showing the right, power and authority to issue the Bonds and to provide the security therefor, and such certified copies and certificates shall be deemed representations of the Board as to all facts stated therein.

* * * *

I hereby certify that the foregoing is a full, true and correct copy of a resolution duly passed and adopted at a regularly held meeting of the Board of Trustees of the Incline Village General Improvement District on the 5th day of October, 1967, by the following vote:

AYES, and in favor thereof, Trustees:

George G. Sayre, David L. Chamberlin, Guy Michael
and Raymond Plunkett

NOES, Trustees: None

ABSENT, Trustees: Joseph F. McDonald, Jr.

David L. Chamberlin
/s/ David L. Chamberlin
Secretary

(SEAL)

REVENUE BONDS OF 1967

MATURITY SCHEDULE

Bond Numbers					
<u>\$1,000 De-</u>	<u>nominations</u>	<u>\$5,000 De-</u>	<u>nominations</u>	<u>Annual Principal</u>	<u>Due July 1 in:</u>
1 -	45	1 -	9	\$ 45,000	1970
46 -	90	10 -	18	45,000	1971
91 -	140	19 -	28	50,000	1972
141 -	190	29 -	38	50,000	1973
191 -	245	39 -	49	55,000	1974
246 -	305	50 -	61	60,000	1975
306 -	365	62 -	73	60,000	1976
366 -	430	74 -	86	65,000	1977
431 -	500	87 -	100	70,000	1978
501 -	575	101 -	115	75,000	1979
576 -	655	116 -	131	80,000	1980
656 -	735	132 -	147	80,000	1981
736 -	820	148 -	164	85,000	1982
821 -	910	165 -	182	90,000	1983
911 -	1010	183 -	202	100,000	1984
1011 -	1115	203 -	223	105,000	1985
1116 -	1225	224 -	245	110,000	1986
1226 -	1340	246 -	268	115,000	1987
1341 -	1460	269 -	292	120,000	1988
1461 -	1590	293 -	318	130,000	1989
1591 -	1730	319 -	346	140,000	1990
1731 -	1875	347 -	375	145,000	1991
1876 -	2030	376 -	406	155,000	1992
2031 -	2195	407 -	439	165,000	1993
2196 -	2370	440 -	474	175,000	1994
2371 -	2555	475 -	511	185,000	1995
2556 -	2750	512 -	550	195,000	1996
2751 -	2960	551 -	592	210,000	1997
2961 -	3180	593 -	636	220,000	1998
3181 -	3415	637 -	683	235,000	1999
3416 -	3600	684 -	720	185,000	2000

EXHIBIT "A"

UNITED STATES OF AMERICA
STATE OF NEVADA
COUNTY OF WASHOE
INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

REVENUE BOND OF 1967

No. _____

\$ _____

KNOW ALL MEN BY THESE PRESENTS, that the Incline Village General Improvement District, a public corporation, in the County of Washoe, State of Nevada, hereinafter referred to as "District", for value received, has obligated itself to pay to the bearer (or if this Bond is registered, to the registered owner hereof), from the redemption fund created herefor, on the 1st day of July, 19____, the sum of _____ THOUSAND DOLLARS (\$____,000) with interest hereon from date at the rate of _____ % per annum, as evidenced by interest coupons attached hereto at the time of issuance, said interest payable semiannually on the 1st day of January and the 1st day of July in each year, commencing on July 1, 1968, all as more particularly set forth in the resolution providing for the issuance of this Bond.

This Bond and the interest thereon is payable in lawful money of the United States of America at the Main Office of the Nevada Bank of Commerce, Reno, Nevada, or, at the option of the holder, at any fiscal agency of the District in San Francisco or Los Angeles, California; Chicago, Illinois; or New York, New York.

If, upon presentation at maturity, or if redeemable and duly called for redemption, payment of this Bond or any interest coupon hereof, or both, is not made in full accordance with the terms of the resolution providing for the issuance hereof, said Bond or coupon, or both, shall continue to bear interest at the rate stated herein until paid in full. In such event, said Bond and coupon shall be submitted to the Fiscal Agent and registered by him as delinquent and thereafter paid in the number of registration, subject to the provisions of said resolution for proration in the event of bankruptcy or other cause.

Bonds maturing by their terms on or before July 1, 1973, shall not be subject to call prior to their fixed maturity date. Bonds maturing on or after July 1, 1974, shall, by their terms, be subject to call and redemption, at the option of the District, as a whole or in part, in inverse numerical order on July 1, 1973 (but not prior thereto) or on any interest date thereafter and prior to their maturity date or dates, at the principal amount thereof and accrued interest thereon to the date of redemption, plus a redemption premium equal to one-quarter of one per cent (1/4 of 1%) of such principal amount for each whole twelve (12) months, and for any remaining fraction of a twelve (12) month period from the date fixed for redemption to the maturity date of the bonds; provided, however, that in no event shall the premium paid on prior redemption of any bond exceed five per cent (5%) of said principal amount. The District may also, from time to time, purchase outstanding bonds as provided in said resolution.

This Bond is one of an issue of bonds, designated Revenue Bonds of 1967, in the total principal amount of \$3,600,000, all of like date and tenor except as to number(, and) maturity, (and interest rate), all issued by the District for the purpose of providing money to finance a Project consisting of the acquisition of Burnt Cedar Beach and Incline Beach and the improving of the latter, as community recreational beaches, described in Resolution No. 420, entitled A Resolution Providing for the Issuance of Recreation Revenue Bonds, Fixing the Form of the Bonds, Providing for Their Payment and Covenants for Their Protection, adopted on

EXHIBIT "B"

October 5, 1967, to which reference is hereby made for the obligations, duties, rights and privileges hereby created.

The holder of this Bond has all the rights of a holder of a negotiable instrument payable to bearer, but is subject to registration as to principal and interest, or as to principal only, upon written request of the owner and presentation of the Bond to the Fiscal Agent for registration, after which the principal and interest or the principal only shall be payable solely to such registered owner. Registered bonds may be assigned or deregistered.

Both principal and interest are payable solely from the Net Revenues of the Project pledged to the payment hereof and the District is not obligated to pay the principal hereof or interest hereon except from said Net Revenues in accordance with said resolution.

The District has a mandatory duty to establish, revise, maintain and collect charges to persons and properties within the District, uniform as to persons and properties of the same class, including service charges, standby charges for the services and facilities of the Project, and for the availability of service of said facilities, including minimum charges, which charges shall constitute a perpetual lien on and against the properties served, which lien may be foreclosed in the same manner as provided by law for mechanics' liens, or such charges may be collected by suit, or together with and not separately from general taxes for the District, and it may grant discounts for prompt payment, require deposits and guaranties as security for payment, and impose basic and additional penalties, all as provided in said resolution.

The District has covenanted that said charges shall be sufficient to provide the annual costs of operating and maintaining the Project, that it will maintain with the Fiscal Agent a Reserve Fund for the security of the bonds in the amount of \$260,000, and that it will provide Net Revenues, with other Revenues received, equal to 1.25 times the average annual amount of the combined aggregate of the principal of and interest on the bonds for their term, during each fiscal year that the moneys in the Reserve Fund are less than said amount, and otherwise which shall be not less than the amount required to pay the bonds and interest to accrue for said year. The Bond Fund and the Reserve Fund shall be maintained by the Fiscal Agent. Moneys shall be transferred to the Bond Fund, monthly as nearly as may be. \$250,000 shall be transferred from the bond proceeds to the Reserve Fund. \$10,000 shall be transferred from the balance of said proceeds, and, if none, from revenues (estimated to be in the second year).

The Bonds and coupons appertaining thereto and the resolution providing for the issuance thereof may be amended, altered or modified, with the consent of the holders of sixty-six and two-thirds per cent (66-2/3%) of the aggregate principal amount of Bonds then outstanding, in the manner, to the extent and upon the terms provided in said resolution.

This Bond has been issued pursuant to the General Improvement District Law, and the Local Government Securities Law, supplemental thereto, and is conclusive evidence of its validity and the regularity of its issuance.

IT IS HEREBY CERTIFIED AND DECLARED that all acts, conditions and things required by the Constitution and laws of the State of Nevada to be done, to happen and to be performed precedent to and in the issuance of this Bond have been done, have happened and have been performed in regular and due form, time and manner as required by law.

IN WITNESS WHEREOF, the Incline Village General Improvement District, by its Board of Trustees, has caused this Bond to be executed in its behalf and under its official seal by its President and Treasurer

by their printed, lithographed or engraved facsimile signatures hereon, and attested by the manual signature of the Secretary, and has caused the interest coupons to be executed and authenticated by the facsimile signature of said Treasurer, all as of November 1, 1967.

ATTESTED:

President

Secretary

Treasurer

(SEAL)

REGISTRATION FORM

This bond is registered in the name of the registered owner whose name and address appear last in the space below and both the principal of and interest on this bond are payable to such registered owner, unless it is registered as to principal only, in which case only the principal is so payable.

NOTE: There must be no writing in the space below except by the Fiscal Agent.

Date of Registry	Type of Registration*	Name of Registered Owner	Address of Registered Owner	Signature of Fiscal Agent
	Principal Only and Interest			
	Principal Only and Interest			
	Principal Only and Interest			

*In the event registration is as to principal only, strike the words "and Interest"; if as to principal and interest, strike the word "Only".

FORM OF COUPON

Incline Village General Improvement District
Washoe County, Nevada

Due 1, 19

Revenue Bonds of 1967

Dated November 1, 1967,
is payable to bearer (unless the bond is registered) in lawful money as interest (subject to any prior redemption right reserved) at the Nevada Bank of Commerce, Main Office, Reno, Nevada, or as otherwise provided in the Bond.

\$

Coupon No.

Bond No.

Treasurer

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
 BURNT CEDAR AND INCLINE COMMUNITY BEACHES
 \$3,600,000 REVENUE BONDS OF 1967

Year	Balance Principal	Annual Principal	Interest @ 6%	Bond Service	Annual Surplus	Cumulated Surplus
1968 ⁽¹⁾	\$3,600,000	\$ --	\$144,000	\$144,000	\$ --	\$ --
1969 ⁽²⁾	3,600,000	--	216,000	216,000	26,000 ⁽³⁾	26,000
1970	3,600,000	45,000	216,000	261,000	1,000 ⁽⁴⁾	27,000
1971	3,555,000	45,000	213,300	258,300	3,700	30,700
1972	3,510,000	50,000	210,600	260,600	1,400	32,100
1973	3,460,000	50,000	207,600	257,600	4,400	36,500
1974	3,410,000	55,000	204,600	259,600	2,400	38,900
1975	3,355,000	60,000	201,300	261,300	700	39,600
1976	3,295,000	60,000	197,700	257,700	4,300	43,900
1977	3,235,000	65,000	194,100	259,100	2,900	46,800
1978	3,170,000	70,000	190,200	260,200	1,800	48,600
1979	3,100,000	75,000	186,000	261,000	1,000	49,600
1980	3,025,000	80,000	181,500	261,500	500	50,100
1981	2,945,000	80,000	176,700	256,700	5,300	55,400
1982	2,865,000	85,000	171,900	256,900	5,100	60,500
1983	2,780,000	90,000	166,800	256,800	5,200	65,700
1984	2,690,000	100,000	161,400	261,400	600	66,300
1985	2,590,000	105,000	155,400	260,400	1,600	67,900
1986	2,485,000	110,000	149,100	259,100	2,900	70,800
1987	2,375,000	115,000	142,500	257,500	4,500	75,300
1988	2,260,000	120,000	135,600	255,600	6,400	81,700
1989	2,140,000	130,000	128,400	258,400	3,600	85,300
1990	2,010,000	140,000	120,600	260,600	1,400	86,700
1991	1,870,000	145,000	112,200	257,200	4,800	91,500
1992	1,725,000	155,000	103,500	258,500	3,500	95,000
1993	1,570,000	165,000	94,200	259,200	2,800	97,800
1994	1,405,000	175,000	84,300	259,300	2,700	100,500
1995	1,230,000	185,000	73,800	258,800	3,200	103,700
1996	1,045,000	195,000	62,700	257,700	4,300	108,000
1997	850,000	210,000	51,000	261,000	1,000	109,000
1998	640,000	220,000	38,400	258,400	3,600	112,600
1999	420,000	235,000	25,200	260,200	1,800	114,400
2000	185,000	185,000	11,100	196,100	65,900	180,300
		<u>\$3,600,000</u>	<u>\$4,727,700</u>			

- (1) Bonds dated Nov. 1, 1967. Interest for 8 months capitalized.
 (2) Interest for 4 months capitalized = \$72,000
 (3) Net Revenue \$180,000 - \$144,000 for 8 mos. int. = \$36,000 -
 \$10,000 to reserve fund = \$26,000
 (4) Based on net revenue of \$262,000 from here on.

Original

RESOLUTION NO. 450

A RESOLUTION AMENDING RESOLUTION NO. 420
PROVIDING FOR THE ISSUANCE OF BONDS

BURNT CEDAR AND INCLINE COMMUNITY BEACHES

\$2,685,000 REVENUE BONDS OF 1968

RESOLVED, by the Board of Trustees of the Incline Village General Improvement District, Washoe County, Nevada, that Resolution No. 420, A Resolution Providing for the Issuance of Recreation Revenue Bonds, Fixing the Form of the Bonds, Providing for Their Payment and Covenants for Their Protection, adopted October 5, 1967, is amended, as follows:

1. Amend the title by designating the bond issue "\$2,685,000 Revenue Bonds of 1968".

2. Delete subsection (c) of section 4.01.

3. Amend section 4.04 to read:

4.04. Estimate of Costs.

Acquisitions	\$2,100,000
Reserve Fund	200,000
Capitalized Interest	161,100
Bond Discount	161,100
Incidental Costs	<u>62,800</u>
Total Costs	\$2,685,000

4. Amend section 5.01 to read:

5.01 The Bonds. The Bonds shall be serial in nature, of an issue designated Revenue Bonds of 1968, in the total aggregate principal amount of \$2,685,000, of the denomination of \$1,000 or \$5,000 each as determined from the accepted bid for their purchase, shall be numbered consecutively from the earliest to the latest maturity, shall be dated June 1, 1968, or as determined at the time of their sale, and shall mature on July 1 in the years and amounts as set forth in Exhibit "A" hereto attached and by reference made a part hereof. (S 59-3-f, 67-1-c, 3)

5. Amend section 6.01 to read:

6.01 Callable Bonds. Bonds maturing by their terms on or before July 1, 1978, shall not be subject to call prior to their fixed maturity date. Bonds maturing on or after July 1, 1979, shall, by their terms, be subject to call and redemption, at the option of the District, as a whole or in part, in inverse numerical order, on July 1, 1978 (but not prior thereto) or on any interest payment date thereafter and prior to their maturity date or dates at the principal amount thereof and accrued interest to the date of redemption, plus a redemption premium equal to one-quarter of one per cent

(1/4 of 1%) of such principal amount for each whole twelve (12) months, and for any remaining fraction of a twelve (12) month period from the date fixed for redemption to the maturity date of the Bonds; provided, however, that in no event shall the premium paid on prior redemption of any Bond exceed five per cent (5%) of said principal amount. (S 74, 82-21)

6. Amend section 7.11 to read:

7.11 Failure to Present. If the registered Bonds and coupons are not presented for payment within thirty (30) days from the date of mailing the notice, the Fiscal Agent shall apply the funds set aside to the payment of the unpaid registered Bonds and coupons next in order, until all matured registered Bonds and coupons have been paid, subject to the provisions of Part 18 of this Indenture.

7. Amend section 8.04 by deleting the word "standby".

8. Amend section 8.05 by deleting the word "minimum".

9. Amend section 8.38 to read:

8.38 Ratio of Net Revenues. The Board shall establish, revise, maintain and collect charges sufficient, with other revenues received, to provide Net Revenues equal to 1.25 times the sum of the combined aggregate amount of the principal of and interest on the Bonds which shall become due for each next succeeding Fiscal Year. (S 82-8)

10. Amend subsection (b) of section 9.02 to read:

(b) Capitalized Funds. The period of time estimated to effect the Project plus not to exceed one (1) year, is to July 1, 1969. Sums totalling not to exceed \$161,000 may be transferred to the Bond Fund for use in paying interest to July 1, 1969, or in part to the Revenue Fund for use in paying costs of maintaining and operating the Project.

11. Add section 11.07 to read:

11.07 Collection as Mechanics Lien. In the event annual charges are established and collected as mechanics liens, the amount due to the Bond Fund for said year shall be transferred thereto from the first moneys received therefrom.

12. Add section 11.08 to read:

11.08 Collection on Tax Roll. In the event annual charges are established and collected on the tax roll on which general District taxes are collected, the amounts due to the Bond Fund for said year shall be transferred thereto in quarterly or other periodic aliquot amounts as used by the County in their collection.

13. Amend sections 12.01, 12.02 and 12.04 by changing "\$260,000" to "\$200,000".

14. Amend section 12.02 by deleting the second sentence.

15. Amend Exhibits "A" and "B" attached to said resolution by substituting Exhibits "A" and "B" hereto attached.

* * * * *

REVENUE BONDS OF 1968

MATURITY SCHEDULE

<u>Bond Numbers</u>			<u>Annual Principal</u>	<u>Due July 1 in:</u>
<u>\$1,000 De-</u>	<u>\$5,000 De-</u>			
<u>nominations</u>	<u>nominations</u>			
1 - 30	1 - 6		--	1969
31 - 65	7 - 13	\$	30,000	1970
66 - 100	14 - 20		35,000	1971
101 - 140	21 - 28		35,000	1972
141 - 180	29 - 36		40,000	1973
181 - 225	37 - 45		40,000	1974
226 - 275	46 - 55		45,000	1975
276 - 325	56 - 65		50,000	1976
326 - 380	66 - 76		50,000	1977
381 - 435	77 - 87		55,000	1978
436 - 495	88 - 99		55,000	1979
496 - 560	100 - 112		60,000	1980
561 - 630	113 - 126		65,000	1981
631 - 705	127 - 141		70,000	1982
706 - 780	142 - 156		75,000	1983
781 - 860	157 - 172		75,000	1984
861 - 945	173 - 189		80,000	1985
946 - 1040	190 - 208		85,000	1986
1041 - 1140	209 - 228		95,000	1987
1141 - 1245	229 - 249		100,000	1988
1246 - 1355	250 - 271		105,000	1989
1356 - 1470	272 - 294		110,000	1990
1471 - 1595	295 - 319		115,000	1991
1596 - 1725	320 - 345		125,000	1992
1726 - 1860	346 - 372		130,000	1993
1861 - 2005	373 - 401		135,000	1994
2006 - 2160	402 - 432		145,000	1995
2161 - 2325	433 - 465		155,000	1996
2326 - 2500	466 - 500		165,000	1997
2501 - 2685	501 - 537		175,000	1998
			185,000	1999

UNITED STATES OF AMERICA
STATE OF NEVADA
COUNTY OF WASHOE
INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

REVENUE BOND OF 1968

No.

\$

KNOW ALL MEN BY THESE PRESENTS, that the Incline Village General Improvement District, a public corporation, in the County of Washoe, State of Nevada, hereinafter referred to as "District", for value received, has obligated itself to pay to the bearer (or if this Bond is registered, to the registered owner hereof), from the redemption fund created herefor, on the 1st day of July, 19 , the sum of THOUSAND DOLLARS (\$,000) with interest hereon from date at the rate of % per annum, as evidenced by interest coupons attached hereto at the time of issuance, said interest payable semiannually on the 1st day of January and the 1st day of July in each year, commencing on January 1, 1969, all as more particularly set forth in the resolution providing for the issuance of this Bond.

This Bond and the interest hereon is payable in lawful money of the United States of America at the Main Office of the Nevada Bank of Commerce, Reno, Nevada, or, at the option of the holder, at any fiscal agency of the District in San Francisco or Los Angeles, California; Chicago, Illinois; or New York, New York.

If, upon presentation at maturity, or if redeemable and duly called for redemption, payment of this Bond or any interest coupon hereof, or both, is not made in full accordance with the terms of the resolution providing for the issuance hereof, said Bond or coupon, or both, shall continue to bear interest at the rate stated herein until paid in full. In such event, said Bond and coupon shall be submitted to the Fiscal Agent and registered by him as delinquent and thereafter paid in the number of registration, subject to the provisions of said resolution for proration in the event of bankruptcy or other cause.

Bonds maturing by their terms on or before July 1, 1978, shall not be subject to call prior to their fixed maturity date. Bonds maturing on or after July 1, 1979, shall, by their terms, be subject to call and redemption, at the option of the District, as a whole or in part, in inverse numerical order on July 1, 1978 (but not prior thereto) or on any interest date thereafter and prior to their maturity date or dates, at the principal amount thereof and accrued interest thereon to the date of redemption, plus a redemption premium equal to one-quarter of one per cent (1/4 of 1%) of such principal amount for each whole twelve (12) months, and for any remaining fraction of a twelve (12) month period from the date fixed for redemption to the maturity date of the bonds; provided, however, that in no event shall the premium paid on prior redemption of any bond exceed five per cent (5%) of said principal amount. The District may also, from time to time, purchase outstanding bonds as provided in said resolution.

This Bond is one of an issue of bonds designated Revenue Bonds of 1968, in the total principal amount of \$2,685,000, all of like date and tenor except as to number (, and) maturity, (and interest rate), all issued by the District for the purpose of providing money to finance a Project consisting of the acquisition of Burnt Cedar Beach and Incline Beach and the improving of the latter, as community recreational beaches, described in Resolution No. 420, entitled A Resolution Providing for the Issuance of Recreation Revenue Bonds, Fixing the Form of the Bonds, Providing for Their Payment and Covenants for Their Protection, adopted on

EXHIBIT "B"

October 5, 1967, as amended, to which reference is hereby made for the obligations, duties, rights and privileges hereby created.

The holder of this Bond has all the rights of a holder of a negotiable instrument payable to bearer, but is subject to registration as to principal and interest, or as to principal only, upon written request of the owner and presentation of the Bond to the Fiscal Agent for registration, after which the principal and interest or the principal only shall be payable solely to such registered owner. Registered bonds may be assigned or deregistered.

Both principal and interest are payable solely from the Net Revenues of the Project pledged to the payment hereof and the District is not obligated to pay the principal hereof or interest hereon except from said Net Revenues in accordance with said resolution.

The District has a mandatory duty to establish, revise, maintain and collect charges to persons and properties within the District, uniform as to persons and properties of the same class, including service charges, standby charges for the services and facilities of the Project, and for the availability of service of said facilities, which charges shall constitute a perpetual lien on and against the properties served, which lien may be foreclosed in the same manner as provided by law for mechanics' liens, or such charges may be collected by suit, or together with and not separately from general taxes for the District, and it may grant discounts for prompt payment, require deposits and guaranties as security for payment, and impose basic and additional penalties, all as provided in said resolution.

The District has covenanted that said charges shall be sufficient to provide the annual costs of operating and maintaining the Project, that it will maintain with the Fiscal Agent a Reserve Fund for the security of the bonds in the amount of \$200,000, and that it will provide Net Revenues, with other Revenues received, equal to 1.25 times the sum of the combined aggregate amount of the principal of and interest on the Bonds which shall become due each next succeeding Fiscal Year. The Bond Fund and the Reserve Fund shall be maintained by the Fiscal Agent. Moneys shall be transferred to the Bond Fund, monthly as nearly as may be. \$200,000 shall be transferred from the bond proceeds to the Reserve Fund.

The Bonds and coupons appertaining thereto and the resolution providing for the issuance thereof may be amended, altered or modified, with the consent of the holders of sixty-six and two-thirds per cent (66-2/3%) of the aggregate principal amount of Bonds then outstanding, in the manner, to the extent and upon the terms provided in said resolution.

This Bond has been issued pursuant to the General Improvement District Law, and the Local Government Securities Law, supplemental thereto, and is conclusive evidence of its validity and the regularity of its issuance.

IT IS HEREBY CERTIFIED AND DECLARED that all acts, conditions and things required by the Constitution and laws of the State of Nevada to be done, to happen and to be performed precedent to and in the issuance of this Bond have been done, have happened and have been performed in regular and due form, time and manner as required by law.

IN WITNESS WHEREOF, the Incline Village General Improvement District, by its Board of Trustees, has caused this Bond to be executed in its behalf and under its official seal by its President and Treasurer by their printed, lithographed or engraved facsimile signatures hereon, and attested by the manual signature of the Secretary, and has caused

the interest coupons to be executed and authenticated by the facsimile signature of said Treasurer, all as of June 1, 1968.

ATTESTED:

President

Secretary

Treasurer

(SEAL)

REGISTRATION FORM

This bond is registered in the name of the registered owner whose name and address appear last in the space below and both the principal of and interest on this bond are payable to such registered owner, unless it is registered as to principal only, in which case only the principal is so payable.

NOTE: There must be no writing in the space below except by the Fiscal Agent.

Date of Registry	Type of Registration*	Name of Registered Owner	Address of Registered Owner	Signature of Fiscal Agent
	Principal Only and Interest			
	Principal Only and Interest			
	Principal Only and Interest			

*In the event registration is as to principal only, strike the words "and Interest"; if as to principal and interest, strike the word "Only".

FORM OF COUPON

Incline Village General Improvement District
Washoe County, Nevada

Due _____, 19

Revenue Bonds of 1968

Dated June 1, 1968,
is payable to bearer (unless the bond is registered) in lawful money as interest (subject to any prior redemption right reserved) at the Nevada Bank of Commerce, Main Office, Reno, Nevada, or as otherwise provided in the Bond.

\$ _____
Coupon No. _____
Bond No. _____

Treasurer

I hereby certify that the foregoing is a full, true and correct copy of a resolution duly passed and adopted at a regularly held meeting of the Board of Trustees of the Incline Village General Improvement District on the 16th day of April , 1968, by the following vote:

AYES, and in favor thereof, Trustees:

George G. Sayre, David L. Chamberlin and Guy Michael

NOES, Trustees: None

ABSENT, Trustees: Clarence Herda (one office vacant)

David L Chamberlin

Secretary

(SEAL)

RESOLUTION NO. 1261

A RESOLUTION FURTHER AMENDING RESOLUTION NO. 419 TO ESTABLISH RATES, TOLLS AND CHARGES FOR THE DISTRICT'S GOLF COURSES AND SKI AREA AND TO INCREASE THE AVAILABILITY OF THE CHARGE FOR THE DISTRICT'S GOLF COURSES, SKI AREA, BOWLING ALLEY AND COMMUNITY BEACHES AND PROVIDING OTHER MATTERS PROPERLY RELATING THERETO

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

SPECIAL OBLIGATION BONDS OF 1976
(REFUNDING AND RECREATION ACQUISITION AND IMPROVEMENT)

RESOLVED, by the Board of Trustees of the Incline Village General Improvement District, Washoe County, Nevada, as follows:

WHEREAS, this Board on October 5, 1967, adopted Resolution No. 419, A Resolution Fixing Rates, Tolls and Charges for the Recreational Facilities and Services of Burnt Cedar and Incline Community Beaches;

WHEREAS, said Resolution was subsequently amended by Resolutions No. 451, 482, 1018 and 1083;

WHEREAS, this Board has recently acquired additional recreation facilities consisting of the Incline Village Championship Golf Course, Incline Village Executive Golf Course, Ski Incline and Bowl Incline;

WHEREAS, this Board has determined to fund the acquisition of such facilities, together with certain improvements thereto, with proceeds of the District's Special Obligation Bonds of 1976 (Refunding and Recreation Acquisition and Improvement) and to pledge the net revenues of such facilities, together with the net revenues of the District's Burnt Cedar Beach and Incline Beach to the repayment of the principal and interest of such Bonds;

WHEREAS, the Board is authorized by NRS 318.200 to establish rates, tolls and charges for the use of such facilities;

WHEREAS, pursuant to NRS 318.200 the Board has further determined to establish and increase the rates, tolls and charges for the availability of use of such facilities; and

WHEREAS, it is necessary that such rates, tolls and charges be fixed and increased prior to the issuance and delivery of the Special Obligation Bonds of 1976 (Refunding and Recreation Acquisition and Improvement);

NOW, THEREFORE, IT IS HEREBY FOUND, DETERMINED and ORDERED, as follows:

1. Paragraph 1 of said Resolution No. 419 is amended to read as follows:

"1. Short Title. This resolution shall be known and cited as the Recreational Facilities Rate Resolution."

2. Paragraph 2 of said Resolution No. 419 is amended to read as follows:

"2. Taking Effect. This resolution shall take effect immediately upon adoption."

3. Paragraph 3 of said Resolution No. 419 is amended to read as follows:

"3. Recreation Facilities - Together the 'Project.' The recreation facilities which are the subject of the herein-after established rates, tolls and charges and which together, with all improvements thereto, constitute the 'Project' for purposes of the pledge of net revenues to the Special Obligation Bonds of 1976 (Refunding and Recreation Acquisition and Improvement) generally are as follows:

"'Burnt Cedar Beach' consists of approximately 10 acres of gently sloping land with a sandy beach (1,280 feet) on Lake Tahoe and is improved with an Olympic-size, heated swimming pool, children's wading pool, sun decks, bath houses, landscaping, lawns with sprinkler systems and picnic areas, complete with stone barbecues.

"'Incline Beach' consists of some 13 acres, with 1,340 feet of sandy Lake frontage. The beach is improved with a boat launching ramp, bath house, day use picnic facilities, parking and comfort stations. Both beaches are served by privately operated refreshment centers.

"'Incline Village Championship Golf Course.' The golf course is an 18-hole championship golf course constructed in 1963 and is 7,120 yards in length. The facilities include the 'Chateau' which contains locker rooms, pro shop, bar and a fine dining facility. The facilities also include a practice range and a large parking area.

"'Incline Village Executive Golf Course.' The golf course is an 18-hole golf course consisting of fourteen par 3 and four par 4 holes. The course is 3,440 yards in length and includes a clubhouse with a pro shop and snack bar.

"'Ski Incline.' Ski Incline consists of approximately 120 acres of north and northwest facing slopes at an elevation ranging from 6,700 to 7,600 feet. The facilities consist of five double chair lifts, a T-bar and a permanently installed snow making system. The facilities also include a main lodge at the bottom of the ski area. The main lodge houses a cafeteria, a rental shop, a repair shop, ticket booths and a first aid room. Surrounding the main lodge is a 900 space parking lot. There is a snack bar at the Snowflake Lodge located on the upper slopes.

"'Bowl Incline.' Bowl Incline is a 16-lane bowling alley located in a 165 ft. by 100 ft. frame building and includes a bar and snack bar and a large parking area. Bowl Incline will be completely renovated with existing funds of the District and will be opened in the Fall of 1976."

4. Paragraph 4 of said Resolution No. 419 is amended to read as follows:

"4. Description of Charges. The rates, tolls and charges herein fixed are charges for the services of the lands and facilities of the recreational facilities and Project, and shall include, without limiting the generality thereof, charges for the operation thereof, for the furnishing thereof, for the furnishing of the services thereof, for the use and the availability of the use thereof, and for the standby of said lands and facilities and the services and operation thereof."

5. Paragraph 5 of said Resolution No. 419 is amended to read as follows:

"5. Exclusive Use. Charges are imposed for Burnt Cedar Beach and Incline Beach, which two beaches consist of two parcels of land lying between State Highway No. 28 and Lake Tahoe and having a beach frontage of 1170 feet and 1340 feet, respectively, and both said beaches, and the Lake by reason thereof, are accessible only to and available only for the exclusive use of property owners of the District, and their tenants, hotel and motel patrons, and their guests, whether or not said lands so charged are improved for occupancy. Further, and as a complete and alternate reason for limiting the right of use of said two beaches to Incline property owners, their tenants and guests, it is hereby found and determined that Burnt Cedar Beach, together with the appurtenant swimming and wading pools, and Incline Beach with its appurtenant facilities, are the only beach facilities publicly owned and operated in and by the District and that the District is so populated and ownership of lands within the District is so diverse and the seasonal use of such facilities is so great and has such an impact thereon, that such limitation is necessary to assure the orderly use by, and the protection of the health and safety of, the District property owners, their tenants and guests."

6. Paragraph 6 of said Resolution No. 419 is amended to read as follows:

"6. Intrinsic Distinctions in Pensions and Lands Charged.

The persons and the lands charged herein have natural, intrinsic and fundamental distinctions which are reasonable in their relation to the object of the charges herein imposed, and based thereon are herein classified for the purposes of such charges."

7. Paragraph 7 of said Resolution No. 419 is amended to read as follows:

"7. Charges. The following rates, tolls and charges are established and imposed for the various described facilities and classifications, as follows:

INCLINE VILLAGE CHAMPIONSHIP GOLF COURSE

Green Fee Non-Resident.	\$ 14.00
Green Fee Resident and/or Property Owner.	11.00
Cart Fee.	10.00

TWILIGHT RATE 4:00 P.M. DAILY

Green Fee Non-Resident.	8.00
Green Fee Resident and/or Property Owner.	6.00
Cart Fee.	6.00

INCLINE VILLAGE EXECUTIVE GOLF COURSE

Green Fee Non-Resident.	8.00
Green Fee Resident and/or Property Owner.	5.00
Cart Fee.	7.00

TWILIGHT RATE 3:30 P.M. DAILY

Green Fee Non-Resident.	6.00
Green Fee Resident and/or Property Owner.	3.00
Cart Fee.	4.00

Carts are Mandatory

SKI INCLINE

LIFTS

Adults	
All Day	\$ 8.00
After 1 p.m.	5.00
5-Day Pass. (5 consecutive days)	35.00
Children (12 and under)	
All Day	5.00
After 1 p.m.	3.50
5-Day Pass.	20.00

SEASON PASSES

	<u>Non Resident</u>	<u>Resident and/or Property Owner</u>
One Person.	\$ 150.00	\$ 120.00
Second Member in Family . .	120.00	90.00
Additional Unmarried Children Under 21 Years In Family	75.00	50.00

SKI SCHOOL

	<u>Lesson Only</u>	<u>With All Day Lift Passes</u>
One Two-Hour Lesson	\$ 7.00	\$ 13.00
Two Lessons, same day	10.00	15.00
Book of Ten Lessons	40.00	
One Hour Child's Lesson	4.00	

PRIVATE LESSONS

One Person - One Hour	\$ 14.00
Each Additional Person - One Hour	7.00
Two Hours, up to 10 people.	55.00
Four Hours, up to 10 people	80.00

SKI RENTALS

	<u>Adults</u>	<u>Children 12 & Under</u>
Skis Only	\$ 6.00	\$ 3.25
Boots	2.50	1.50
Poles	1.50	1.00
Complete (skis, boots and poles)	9.00	5.00
Afternoon Rental (complete)	5.50	3.50

The following annual charges are for the use of Burnt Cedar and Incline Beaches and for the availability of use of such beaches as well as the availability of use of the other recreational facilities above described:

(a) Single Family Parcel. \$100.00 per annum for each of the following:

(1) Each lot, whether or not improved, which is zoned LDE, GF, or RE, is shown on a recorded subdivision map and is separately assessed by the County Assessor; and

(2) Each subdivided or unsubdivided parcel of land of any zoning which is improved with one single family residential structure and is separately assessed by the County Assessor, provided that only \$50.00 per annum of such charge is for the availability of use of Burnt Cedar Beach and Incline Beach and such \$50.00 charge shall be separately accounted for in the records and audits of the District.

(b) Multi Residential Unit or Parcel. \$100.00 per annum for each of the following:

(1) Each single family residential unit, not separately assessed by the County Assessor, in a completed multiple residential structure of two or more single family residential units, whether or not situate on land zoned MDR or HDR. (For purposes hereof, a structure shall be deemed to be completed upon the issuance of a Certificate of Occupancy with regard thereto);

(2) Each single family residential unit in a multiple residential structure if such unit is shown on a recorded condominium map and is separately assessed by the County Assessor;

(3) Each unimproved parcel which is shown on a recorded condominium map and is separately assessed by the County Assessor;

(4) Each single family residential unit on a parcel which is shown on a recorded subdivision map, is zoned MDR, and is separately assessed by the County Assessor, though such unit is a part of a multiple residential structure;

(5) Each unimproved parcel which is shown on a recorded subdivision map, is zoned MDR, and is separately assessed by the County Assessor;

(6) Each unimproved parcel of land of 2/10th of an acre or less, which is shown on a recorded subdivision map, is zoned MDR or HDR, is separately assessed by the County Assessor and is not a condominium unit; and

(7) Each allowable single family residential unit where the 'Declaration of Restrictions' as filed with the Washoe County Recorder limits the development to fewer than five (5) units per acre;

provided that only \$50.00 per annum of such charge is for the availability of use of Burnt Cedar Beach and of Incline Beach and such \$50.00 charge shall be separately accounted for in the records and audits of the District.

(c) Multi Residential Acreage. \$500.00 per annum for each acre, and a pro rata thereof for each fraction of an acre for the following:

(1) Any parcel of unimproved subdivided or unsubdivided land which is greater than 2/10th of an acre and which is zoned MDR or HDR unless included in (b)7, above; and

(2) Any parcel zoned MDR or HDR which is subdivided for and consists of improved or unimproved multi residential units or parcels that will be, but have not as yet been separately assessed by the County Assessor;

provided that only \$250.00 per annum of such charge is for the availability of use of Burnt Cedar Beach and of Incline Beach and such \$250.00 charge shall be separately accounted for in the records and audits of the District.

(d) Single Family Acreage. \$30.00 per annum for each acre, and a pro rata thereof for each fraction of an acre, for the following:

(1) A parcel of unimproved and unsubdivided land zoned LDR or LE; and

(2) Any subdivided parcel zoned LDR, RE or GF, which consists of improved or unimproved single family parcels that have not yet been separately assessed by the County Assessor.

provided that only \$15.00 per annum of such charge is for the availability of use of Burnt Cedar Beach and of Incline Beach and such \$15.00 charge shall be separately accounted for in the records and audits of the District.

(e) Single Family Acreage Zoned GF. \$15.00 per annum for each acre, and a pro rata thereof, for each fraction of an acre, for a parcel of unimproved and unsubdivided acreage zoned GF, provided that the entire \$15.00 per annum is for the availability of use of Burnt Cedar Beach and of Incline Beach and such \$15.00 charge shall be separately accounted for in the records and audits of the District.

(f) Hotel or Motel. \$50.00 per annum for each room or unit intended for occupancy by a person or persons as a single unit within a hotel or motel, provided that only \$25.00 per annum of such charge is for the availability of use of Burnt Cedar Beach and of Incline Beach and such \$25.00 charge shall be separately accounted for in the records and audits of the District.

(g) Exceptions. Lots, parcels and areas of land used, or the portions thereof used, or intended to be used, for recreational or religious purposes; common areas appurtenant to a condominium or townhouse cluster; properties zoned GC, TC or PS, being commercial or light industrial, unless improved with a

hotel, motel, multiple units or a single family dwelling; and publicly owned lands, are excepted and excluded from the charges imposed by subsections (a) through (f) of this section.

(h) Daily Passes - Guests. Only guests of a person entitled to beach privileges shall be admitted to the two beaches and daily passes for such guests may be obtained at the gate or general office by the owner, lessee or renter upon presentation of his own pass and payment of one dollar (\$1.00) per daily pass. Children under six (6) years of age, accompanied by the holder of an adult pass, are included within the cost of the adult pass. Such children will be admitted if related to and residing with the pass holder.

(i) Governmental, Civic or Social Groups of Guests. Any group of persons which participates with Incline Village General Improvement District property owner groups, governmental, civic or social groups, in recreation or other community projects, may, upon application by the sponsoring group of Incline Village General Improvement District property owners and when approved as to the time and use of the Incline Village General Improvement District facilities, be granted beach privileges upon payment of the sum set forth below:

(1) The sponsoring groups shall accept in writing total responsibility for their guests in their use of the Incline Village General Improvement District facilities.

(2) Approval of use shall be for each specific group as to time and the activity and shall be authorized in writing by the general manager at least ten days prior to the requested group activity.

(3) Such approval shall be granted only for such times as the group activity shall constitute minimal interference with the normal use of the facility.

(4) The sum which shall be paid by each group in advance of the use of the facilities shall be determined as follows:

<u>Number of Guests in Group</u>	<u>Amount of Payment</u>
10 or less	\$ 1.00
11 through 20	2.00
21 through 30	3.00
31 through 40	4.00
Above 40	\$4.00 plus \$1.00 for each additional incre- ment of 10 or portion thereof.

(j) Jointly Held Residential Properties. If more than one family jointly owns a habitable residential property, any owner other than the designated property representative may acquire additional permanent passes upon application for such passes in payment of an additional \$50.00 per family.

(k) Commercial and Industrial Properties. Owners of commercial or industrial properties, which properties were in the District as such District was constituted on June 4, 1968, and which properties are not presently charged under this resolution, as amended, may upon yearly application obtain seasonal passes to the beach properties upon the approval of the application by the Board of Trustees and payment of a \$100.00 seasonal charge per pass, provided that the entire \$100.00 per annum is for the availability of use of Burnt Cedar Beach and of Incline Beach and such \$100.00 charge shall be separately accounted for in the records and audits of the District."

8. Except as herein specifically provided to the contrary, all of the provisions of Resolution No. 419, as from time to time amended, shall apply with full force and effect to the above described recreation facilities and Project.


* * * * *

I hereby certify that the foregoing is a full, true and correct copy of a resolution duly passed and adopted at an adjourned regular meeting of the Board of Trustees of the Incline Village General Improvement District on the 13th day of July, 1976, by the following vote:

AYES, and in favor thereof, Trustees: A. H. Johnston, Jr., Edward S. Jensen, Dominic Spallone and Gregory Engelhard

NOES, Trustees: None

ABSENT, Trustees: Howard S. Smith


Secretary

(S E A L)

RESOLUTION NO. 1262

A RESOLUTION PROVIDING FOR THE ISSUANCE OF \$5,710,000 PRINCIPAL AMOUNT OF SPECIAL OBLIGATION BONDS OF 1976 (REFUNDING AND RECREATION ACQUISITION AND IMPROVEMENT), FIXING THE FORM OF THE BONDS, PROVIDING FOR THEIR PAYMENT AND COVENANTS FOR THEIR PROTECTION, DIRECTING THE APPLICATION OF THE PROCEEDS OF THE BONDS, INCLUDING THE INVESTMENT OF A PORTION THEREOF IN FEDERAL SECURITIES AND THE DEPOSIT OF SUCH SECURITIES AND OTHER MONEYS IN AN IRREVOCABLE ESCROW, PROVIDING FOR THE REFUNDING OF THE DISTRICT'S OUTSTANDING REVENUE BONDS OF 1968 PURSUANT TO SUCH IRREVOCABLE ESCROW AND PROVIDING OTHER MATTERS PROPERLY RELATING THERETO

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

SPECIAL OBLIGATION BONDS OF 1976 (REFUNDING AND RECREATION ACQUISITION AND IMPROVEMENT)

RESOLVED, by the Board of Trustees of the Incline Village General Improvement District, Washoe County, Nevada, as follows:

WHEREAS, the Incline Village General Improvement District in the County of Washoe, State of Nevada, is a general improvement district created and operating under the laws of the State of Nevada;

WHEREAS, the Board of Trustees of the District is authorized and empowered by the General Improvement District Law, NRS Chapter 318, to conduct proceedings pursuant to the Local Government Securities Law, NRS 350.500, et seq., to refund outstanding District bonds and to finance the costs of acquisition and improvement of a recreation project;

WHEREAS, the District has agreed to acquire certain recreational facilities, has entered into possession of such facilities, has by the issuance of its Negotiable Promissory Note of 1976, its Interim Debenture No. 2 and by the use of its own funds provided temporary financing of the cost of acquisition of such facilities;

WHEREAS, the Board of the District desires now to provide for the permanent financing of the cost of acquisition of such facilities, together with the cost of improvements thereto, by the issuance of \$5,710,000 principal amount of Special Obligation Bonds of 1976 (Refunding and Recreation Acquisition and Improvement), such Bonds to be special obligation bonds of the District and to be payable solely from the pledged net revenues of the recreation project;

WHEREAS, certain of the net revenues proposed to be so pledged are now pledged to the payment of the District's Revenue Bonds of 1968, and the covenants of the District with respect to the Revenue Bonds do not permit the issuance of and pledge of such net revenues to bonds on a parity with the Revenue Bonds of 1968; and

WHEREAS, the Board of the District has determined that it is in the best interests of the District to refund the outstanding Revenue Bonds of 1968 in order to eliminate the restriction upon the issuance and pledge of net revenues to bonds on a parity with the Revenue Bonds of 1968;

NOW, THEREFORE, IT IS HEREBY FOUND, DETERMINED and ORDERED, as follows:

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Part 2. General Provisions

2.01 Conditions Precedent. All acts, conditions and things required by the Constitution and laws of the State of Nevada and the creating ordinance, as amended, of the District to be done, to happen and to be performed precedent to and in the issuance of the Bonds, have been done, have happened and have been performed in regular and due form, time and manner as required by law, and the Board is now authorized to issue and sell the Bonds, and to pledge the Net Revenues of the Project, all as more particularly herein provided.

2.02 Legality. If any section, subsection, sentence, clause or phrase of this Resolution be for any reason held to be unconstitutional, such holding shall not affect the validity of the remaining portions hereof. The Board hereby declares that it would have

passed this Resolution and each section, subsection, sentence, clause or phrase hereof irrespective of the fact that any one or more sections, subsections, sentences, clauses or phrases be declared to be unconstitutional.

2.03 Construction. This Resolution shall be liberally construed to the end that its purpose may be effected. No error, irregularity, informality, and no neglect or omission herein or in any proceeding had pursuant hereto which does not directly affect the jurisdiction of the Board shall void or invalidate this Resolution or such proceeding or any part hereof, or any act or determination made pursuant hereto.

2.04 Bonds Incontestable. After the sale and delivery of the Bonds by the District, the Bonds and coupons appertaining thereto shall be incontestable by the District.

2.05 Unconditional Obligation. Except only as provided herein for alteration of the Bonds or this Resolution, nothing in this Resolution or in the Bonds or in the coupons contained shall affect or impair the obligation of the District, which is absolute and unconditional, to pay the principal of and interest on the Bonds to the respective holders of the Bonds and coupons on the respective dates of maturity, or upon prior redemption, as herein provided, and out of the Revenues herein pledged or affect or impair the right of action, which is also absolute and unconditional, of such holders to institute suit to enforce such payment by virtue of the contract embodied in the Bonds and coupons.

2.06 Performance of Essence. The performance of the duties prescribed in this Resolution and in the law pursuant to which it was adopted, by the District or its proper officers, agents or employees, is of the essence of the District's contract with the Bondholders.

2.07 Recourse to Bond Law. Each taker and subsequent holder of the Bonds and attached or detached coupons has recourse to all of the provisions of this Resolution and of the Bond Law and is bound by their terms.

2.08 Resolution is Covenant. Each and all of the terms of this Resolution shall be and constitute a covenant on the part of the District to and with each and every Bondholder from the time the Bonds are issued hereunder.

2.09 Period of Agreement. Whenever all of the Bonds and all interest to accrue thereon shall have been fully paid and discharged, the agreements in this Resolution contained shall cease and terminate, and the District shall be under no further obligation to apply the revenues of the Project as herein required, or otherwise to do or perform any of the covenants, conditions or agreements in this Resolution contained.

Part 3. Definitions

3.01 General. As used in this Resolution, the terms herein have the meanings provided in this Part.

3.02 Acquisition or acquire includes the opening, laying out, establishment, purchase, construction, securing, installation, reconstruction, lease, gift, grant from the Federal Government, the State, any public body therein, or any person, the endowment, bequest, devise, condemnation, transfer, assignment, option to purchase, other contract, or other acquirement, or any combination thereof, or any properties pertaining to the Project, or an interest therein.

3.03 Annual means the Fiscal Year of the District, which is from July 1 to June 30, both inclusive.

3.04 Availability of Use Charges means charges established by the Board pursuant to the Recreational Facilities Rate Resolution for the availability of use of the services and Facilities of the Project, which charges are, pursuant to said Resolution, collected by the Washoe County Treasurer, together with and not separately from, general taxes of the District.

3.05 Board means the Board of Trustees of the District.

3.06 Bonds mean the herein authorized to be issued \$5,710,000 principal amount of Special Obligation Bonds of 1976 (Refunding and Recreation Acquisition and Improvement). Bond means any of the Bonds.

3.07 Bondholder means the holder of a bearer Bond, or the owner of a registered Bond.

3.08 Charges mean fees, tolls, rates and rentals prescribed by the Board for the operation of the Project, and for the furnishing of the services thereof, including but not necessarily limited to service charges and standby service charges, for the services or facilities furnished by the District, charges for availability of service, and minimum charges.

3.09 Commercial Bank means a State or national bank or trust company which is a member of the Federal Deposit Insurance Corporation, including without limitation any trust bank as herein defined.

3.10 Cost of Project or any phrase of similar import, means all or any part designated by the Board of the cost of the Project, or interest therein, which cost, at the option of the Board, may include all or any part of the incidental costs pertaining to the Project, including without limitation:

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

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

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

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

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

(f) The costs of contingencies;

(g) The costs of any discount on the Bonds and of any other cost of issuance of the Bonds;

(h) The costs of amending this Resolution or other instrument authorizing the issuance of or otherwise appertaining to outstanding Bonds of the District;

(i) The costs of funding any short-term financing, interim debentures and other temporary loans of not exceeding five (5) years appertaining to the Project and of the incidental expenses incurred in connection with such loans;

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

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

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

3.11 District means the Incline Village General Improvement District.

3.12 Facilities is synonymous with Project and mean buildings, structures, utilities, or other income-producing facilities from the operation of which or in connection with which Pledged Revenues for the payment of the Bonds to be issued hereunder will be derived, and the lands appertaining thereto.

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

3.14 Federal Securities 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.

3.15 Fiscal Year means the period from July 1 to June 30, both inclusive.

3.16 Gross Revenues or gross pledged revenues mean all pledged revenues received by the District and pledged wholly or in part for the payment of the Bonds.

3.17 Holder, or any similar term, when used in conjunction with any coupons or the Bonds, means the person in possession and the apparent owner of the designated Bond or Bonds and coupons if such Bond or Bonds and coupons are registered for payment to bearer or are not registered, or the term means the registered owner of the designated Bond or Bonds and coupons if they are at the time registered for payment otherwise than to bearer.

3.18 Improvement or improve includes the extension, betterment, alteration, reconstruction or other major improvement, or any combination thereof, of any properties pertaining to the Project or an interest therein, but does not mean general maintenance or minor repair.

3.19 Net Revenues or net pledged revenues mean "Gross Revenues" after the deduction of operation and maintenance expenses.

3.20 Operation and maintenance expenses, or any phrase of similar import, mean all reasonable and necessary current expenses of the District, paid or accrued, of operating, maintaining and repairing the facilities of the Project or of levying, collecting and

otherwise administrating any excise taxes pertaining to the Pledged Revenues for the payment of the Bonds; and the term includes (except as limited by contract or otherwise limited by law), without limiting the generality of the foregoing:

(a) The reasonable charges of the Fiscal Agent, or commercial bank, trust bank or other depository bank appertaining to the Bonds issued by the District or appertaining to the Project;

(b) The costs incurred by the Board in the collection and any refunds of all or any part of the Pledged Revenues, including without limitation revenues appertaining to the Project;

(c) Any lawful refunds of any Pledged Revenues; and

(d) All costs of collecting charges on the tax roll that are imposed in addition to the charges, under any law now existing or hereafter adopted.

3.21 The term operation and maintenance expenses for purposes of determining net pledged revenues does not include:

(a) Any allowance for depreciation;

(b) Any costs of improvements;

(c) Any accumulation of reserves for major capital replacements (other than normal repairs);

(d) Any reserves for operation, maintenance or repair of the Project;

(e) Any allowance for the redemption of any bond evidencing a loan or other obligation or for the payment of any interest thereon;

(f) Any liabilities incurred in the acquisition or improvement of any properties comprising the Project or of any existing facilities, or any combination thereof;

(g) Any other ground of legal liability not based on contract;

(h) Engineering, auditing, reporting, legal and other overhead expenses of the various District departments directly related and reasonably allocable to the administration of the Facilities;

(i) Fidelity bond and property and liability insurance premiums appertaining to the Facilities, or a reasonably allocable share of a premium of any blanket bond or policy pertaining to the Facilities;

(j) Payments to pension, retirement, health and hospitalization funds and other insurance;

(k) Any taxes, assessments, excise taxes, or other charges which may be lawfully imposed on the District, the Facilities, Revenues therefrom, or any privilege in connection with their operation;

(l) Contractual services, professional services, salaries, other administrative expenses, and costs of materials, supplies, repairs and labor, appertaining to the issuance of the Bonds and to

the Facilities, including without limitation the expenses and compensation of any trustee, receiver or other fiduciary under the General Improvement District Law;

(m) Any costs of utility services furnished to the Facilities by the District or otherwise; or

(n) All other administrative, general and commercial expenses.

3.22 Person means a corporation, firm, other body corporate (but excluding the Federal Government, the State or any public body), partnership, association or individual, and also includes an executor, administrator, trustee, receiver or other representative appointed according to law.

3.23 Pledged Revenues mean the moneys pledged wholly or in part for the payment of Bonds, and, subject to any existing pledged or other contractual limitations, may include, at the Board's discretion, moneys derived from one, all or any combination of revenue sources appertaining to the Facilities, including without limitation use and service charges, rents, fees and any other income derived from the operation or ownership of, from the use or services of, or from the availability of or services appertaining to, the lease of, any sale or other disposal of, any contract or other arrangement, or otherwise derived in connection with the Facilities or all or any part of any property appertaining to the Facilities, and may so include the proceeds of any excise taxes levied and collected by the District or otherwise received by it and authorized by law to be pledged for the payment of Bonds, but excluding the proceeds of any general (ad valorem) property taxes.

3.24 President means the Chairman of the Board and President of the District.

3.25 Project means the undertaking or undertakings of acquiring and improving the Project, the cost of which the Board will defray by the issuance of the Bonds, and is synonymous with Facilities.

3.26 Public Body means the University of Nevada, its board of regents, any county, city, town, school district, other type district, authority, commission or other type of body corporate and politic constituting a political subdivision of the State (other than the District).

3.27 Recreation Charges means all charges for the Facilities and the Project now or hereafter authorized and fixed by the District pursuant to NRS 318.200 or any other provision of the General Improvement District Law, including, without limitation, Service Charges and Availability of Use Charges.

3.28 Recreational Facilities Rate Resolution means Resolution No. 419, adopted October 5, 1967, as amended and supplemented, including as last amended by Resolution No. 1261, adopted July 13, 1976, establishing Service Charges and Availability of Use Charges for the use and availability of use of the services and Facilities of the Project, and as such resolution may, from time to time, be hereafter amended and supplemented.

3.29 Secretary means the Secretary of the District.

3.30 Service Charges means charges established by the Board pursuant to the Recreational Facilities Rate Resolution for the furnishing of the services and Facilities of the Project, which charges are, pursuant to said Resolution, collected from the users thereof and include, but are not limited to, green fees, cart fees, daily ski lift tickets, equipment rental fees and daily beach fees.

3.31 State means the State of Nevada, or any agency or instrumentality thereof, in the United States.

(a) Treasurer means the de facto or de jure treasurer of the District, or his successor in functions.

(b) Treasurer may mean the County Treasurer, or his successor in functions if the Board shall hereafter so provide.

3.32 Trust Bank means a commercial bank as defined in Section 3.09 of this Resolution which bank is authorized to exercise and is exercising trust powers and also means any branch of the Federal Reserve Bank.

3.33 United States means the United States of America.

Part 4. Authorization, Powers and Limitations

4.01 General Improvement District Law. The Bonds are authorized and issued pursuant to the General Improvement District Law, herein called Improvement Law. (NRS Chapter 318)

4.02 Local Government Securities Law. Excepting as otherwise provided in the Improvement Law, and except as qualified in this Resolution, the Local Government Securities Law shall apply, herein called Securities Law. (Stats. 1967, Chapter 197)

4.03 Recitals in Resolution. The recitals in this Resolution which are duplicative of either Law provided in Sections 4.01 and 4.02 shall have the meaning prescribed in said Law, unless a discretion is granted in said Law in which event it shall have the meaning provided in this Resolution.

4.04 Titles and Footnotes. Titles to sections and footnote references are not a part of the substantive provisions of this Resolution, and are provided for convenience only.

4.05 Purpose of Securities Law. It is the purpose of the Securities Law to provide a procedure for financing any projects otherwise authorized by law (other than by the levy and collection of special assessments) and for the issuance of securities to evidence or re-evidence obligations incurred in connection with any such projects. Said Law is supplemental in nature, and nothing therein contained shall be construed as authorizing any particular project nor as authorizing the incurrence of any obligations to defray the cost of any project.

4.06 Securities Law is Full Authority. (a) The Securities Law, without reference to other statutes of the State, except as therein otherwise expressly provided, shall constitute full authority for the exercise of the incidental powers therein granted concerning the borrowing of money and any other incurrence of obligations to defray wholly or in part the cost of the Project and otherwise authorized by law, or to refinance outstanding loans or other obligations or to fund or refund outstanding Bonds, or any combination thereof, as the Board may determine.

(b) No other act or law with regard to the authorization or issuance of the Bonds or the exercise of any other power therein granted that requires an election or another approval or in any way impedes or restricts the carrying out of the acts therein authorized to be done shall be construed as applying to any proceedings taken thereunder or acts done pursuant thereto, except as otherwise provided in said Law or in any law supplemental thereto.

(c) The powers conferred by said Law shall be in addition and supplemental to, and not in substitution for, and the limitations imposed by said Law shall not affect the powers conferred by, any other law.

(d) Nothing contained in said Law shall be construed as preventing the exercise of any power granted to the District, acting by and through the Board, or any officer, agent or employee of the District, or otherwise, by any other law.

(e) No part of said Law shall repeal or affect any other law or part thereof, it being intended that said Law shall provide a separate method of accomplishing its objectives and not an exclusive one; and said Law shall not be construed as repealing, amending or changing any other such law.

4.07 Powers Relating to Project. In connection with the Project, the District, acting through its Board, excepting as otherwise provided by law, may:

(a) Sue and be sued;

(b) Acquire and hold real or personal property, or rights or interests therein;

(c) Dispose of unnecessary or obsolete property, or property obtained for persons or public bodies within the State;

(d) Make contracts and execute all instruments, necessary or convenient, as determined by the Board;

(e) Acquire by contract or contracts or by its own agents and employees or otherwise acquire any properties for the Project, and operate and maintain such properties;

(f) Accept grants of money or materials or property of any kind from the Federal Government, the State, any public body or any persons, upon such terms and conditions as the Federal Government, the State, public body or person may impose; and

(g) Perform any other function authorized by law.

4.08 Payment of Bonds. The Bonds and the interest thereon are payable solely from the Net Revenues.

4.09 Bonds Not Secured by Property Encumbrance. The payment of Bonds shall not be secured by an encumbrance, mortgage or other pledge of property of the District, except for its Pledged Revenues. No property of the District shall be liable to be forfeited or taken in payment of the Bonds.

4.10 No Personal Recourse. No recourse shall be had for the payment of the principal of, any interest on, and any prior redemption premiums due in connection with the Bonds or for any claim based thereon or otherwise upon this Resolution or other instrument appertaining hereto, against any individual member of the

Board or any officer or other agent of the District, past, present or future, either directly or indirectly through the Board or the District, 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.

4.11 General Fund Not Liable. None of the covenants, agreements, representations and warranties contained in this Resolution, or in any other instrument appertaining hereto, in the absence of any breach hereof, shall ever impose or shall be construed as imposing any liability, obligation or charge against the District (except the special funds pledged therefor) or against the general credit of the District, payable out of the general fund of the District, or out of any funds derived from taxation.

4.12 Faith and Credit Pledged. The faith of the State is pledged that, the Securities Law, any law supplemental or otherwise appertaining thereto, and any other act concerning the Bonds, to the contrary notwithstanding, the Pledged Revenues and such other revenues, shall not be repealed or amended or otherwise directly or indirectly modified in such a manner as to impair adversely any outstanding Bonds, until all such Bonds have been discharged in full or provision for their payment and redemption has been fully made, including without limitation the known minimum yield from the investment or reinvestment of moneys pledged therefor in federal securities.

Part 5. The Project

5.01 Project Description. The Project consists of the following refunding and acquisitions and improvements:

(a) The Refunding. Pursuant to Resolution No. 420, adopted by the Board on October 5, 1967, as amended, the District issued \$2,685,000 principal amount of its Revenue Bonds of 1968 to fund the costs of acquisition of the following two community beaches:

(A) "Burnt Cedar Beach" consists of approximately 10 acres of gently sloping land with a sandy beach (1,280 feet) on Lake Tahoe and is improved with an Olympic-size, heated swimming pool, children's wading pool, sun decks, bath houses, landscaping, lawns with sprinkler systems and picnic areas, complete with stone barbecues; and

(B) "Incline Beach" is east of Burnt Cedar Beach and consists of some 13 acres, with 1,340 feet of sandy Lake frontage. The beach is improved with a boat launching ramp, bath house, day use picnic facilities, parking and comfort stations. Both beaches are served by privately operated refreshment centers.

As of the date of adoption of this resolution there is outstanding \$2,260,000 principal amount of the Revenue Bonds of 1968, which principal amount shall, in accordance with the applicable provisions of said Resolution No. 420 and of the Securities Law, be refunded in advance, as follows:

(1) Irrevocable Escrow. \$2,001,607.52 principal amount of the proceeds of the Bonds, shall, simultaneously with the delivery of the Bonds, be placed in an Irrevocable Escrow

with the Nevada National Bank, Reno, Nevada, the Escrow Holder, for the uses and purposes provided in the agreement entitled "Escrow Deposit Agreement," a copy of which is attached hereto as Exhibit "A", and hereby made a part hereof. Execution of such agreement is hereby approved and the Chairman of the Board and President of the District is hereby authorized and directed to execute said agreement on behalf of the District and the Secretary of the District is authorized to attest his signature thereto and to affix thereto the corporate seal of the District.

(2) Investment in Federal Securities. Simultaneously with the deposit of said \$2,001,607.52 principal amount into escrow, the Escrow Holder shall invest \$1,995,000 of said principal amount in the following described federal securities:

<u>Security</u>	<u>Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
United States Treasury Certificates of Indebtedness	7/1/77	\$ 45,000	6.13%
United States Treasury Note	7/1/78	35,000	6.79
United States Treasury Note	7/1/79	35,000	7.09
United States Treasury Note	7/1/80	45,000	7.28
United States Treasury Note	7/1/81	45,000	7.42
United States Treasury Note	7/1/82	50,000	7.54
United States Treasury Note	7/1/83	50,000	7.62
United States Treasury Bond	7/1/84	55,000	7.67
United States Treasury Bond	7/1/85	60,000	7.70
United States Treasury Bond	7/1/86	65,000	7.72
United States Treasury Bond	7/1/87	70,000	7.73
United States Treasury Bond	7/1/88	80,000	7.74
United States Treasury Bond	7/1/89	85,000	7.74
United States Treasury Bond	7/1/90	85,000	7.75
United States Treasury Bond	1/1/91	1,190,000	7.76

all in accordance with the further provisions of said Escrow Deposit Agreement.

(3) Moneys Sufficient. It is hereby determined that such proceeds, cash and investments in escrow, together with interest to be earned thereon, shall be in an amount at all times sufficient to pay principal, interest, and the prior redemption premiums due on the outstanding Revenue Bonds of 1968; provided, however, that prior to delivery of the Bonds, such sufficiency shall be verified by Harris Kerr Forster & Company, Reno, Nevada, licensed Certified Public Accountants and it is further hereby determined that the limitations imposed by Part 20 of said Resolution No. 420, as amended, on the issuance of refunding bonds have been met.

(4) Call of Revenue Bonds of 1968 Prior to Maturity. All of the Revenue Bonds of 1968 which would otherwise be outstanding on January 1, 1991, shall be called for prior redemption and paid by the Escrow Holder on January 1, 1991; such call and payment to be made on behalf of the District in accordance with the further provisions of the Escrow Deposit Agreement.

(5) Moneys Continuously Secured in Escrow. Moneys deposited in said escrow, but not invested, shall be continuously secured by a collateral pledge of federal securities in an amount at all times at least equal to the total uninvested amount of such moneys in such escrow, all as more particularly provided in the Escrow Deposit Agreement.

(b) Project and Facilities Include Burnt Cedar Beach and Incline Beach. All references in this Resolution to Project and to Facilities include therein Burnt Cedar Beach and Incline Beach, together with all improvements thereto now existing or hereafter made and such references shall specifically include, without limitation, revenues attributable to Burnt Cedar Beach and Incline Beach as included within the Pledged Revenues of the Project and of the Facilities.

(c) Acquisition of Golf Courses, Ski Area and Bowling Alley and Unimproved Recreational Acreage. The District has entered into agreements with Japan Golf Promotion (U.S.A.) Inc., dated respectively, March 19, 1976, and June 30, 1976, to acquire the following described land and facilities:

(1) "Incline Village Championship Golf Course." This golf course is an 18-hole championship golf course designed by Robert Trent Jones. The course was constructed in 1963 and is 7,120 yards in length. The facilities include the "Chateau" which contains locker rooms, pro shop, bar and a fine dining facility. The facilities also include a practice range and a large parking area.

(2) "Incline Village Executive Golf Course." This golf course is an 18-hole golf course consisting of fourteen par 3 and four par 4 holes. The course was also designed by Robert Trent Jones and is 3,440 yards in length. The facilities include a clubhouse with a pro shop and snack bar.

(3) "Ski Incline." Ski Incline consists of approximately 120 acres of north and northwest facing slopes at an elevation ranging from 6,700 to 7,600 feet. The facilities consist of five double chair lifts, a T-bar and a permanently installed snow making system. The facilities also include a main lodge at the bottom of the ski area. The main lodge houses a cafeteria, a rental shop, a repair shop, ticket booths and a first aid room. Surrounding the main lodge is a 900 space parking lot. There is a snack bar at the Snowflake Lodge located on the upper slopes.

(4) "Bowl Incline." Bowl Incline is a 16-lane bowling alley located in a 165 ft. by 100 ft. frame building and includes a bar and snack bar and a large parking area.

(5) "Unimproved Recreational Acreage." The District is also acquiring approximately two acres of unimproved land adjacent to the Incline Village Championship Golf Course. This acreage is being acquired for potential future recreational development.

(6) Facilities More Particularly Described. The facilities being acquired from Japan Golf Promotion (U.S.A.) Inc., including all lands, structures, equipment, leases and licenses are more particularly described in the above referred to agreements dated March 19, 1976, and June 30, 1976, and said descriptions are hereby incorporated herein for the purposes of this Resolution.

(7) Costs of Acquisition. \$2,700,000, being the total cost of acquisition of the above described land and Facilities shall be paid from the proceeds of the Bonds in the manner set forth hereinafter in this Part 5.

(8) Costs of Improvements. \$600,000, being the estimated costs of improvements shall be paid from the proceeds of the Bonds, such improvements being generally described as follows:

(i) To Incline Village Championship Golf Course. Golf Course water system improvements shall be made consisting of the replacement of mains, laterals and sprinkler heads in all fairways excepting holes numbered 14, 15 and 16.

(ii) To Ski Incline. Ski area improvements shall be made consisting of the acquisition of additional vehicle acquisition, ski lift and ski lodge alteration, parking lot resurfacing and the acquisition and installation of additional snow making equipment and water distribution lines.

(d) Project and Facilities Include Golf Courses, Ski Area and Bowling Alley. All references in this Resolution to Project and to Facilities include therein the Incline Village Championship Golf Course, the Incline Village Executive Golf Course, Ski Incline and Bowl Incline, together with all improvements thereto, now existing or hereafter made, and such references shall specifically include, without limitation, revenues attributable to the Incline Village Championship Golf Course, the Incline Village Executive Golf Course, Ski Incline and Bowl Incline as included within the Pledged Revenues of the Project and of the Facilities. The Unimproved Recreational Acreage is not so included within the references to Project and to Facilities for purposes of determining Pledged Revenues.

5.02 Project Costs - Application of Bond Proceeds. Following is a summary of Project Costs and the application thereto of the proceeds of the Bonds:

SOURCE

Special Obligation Bonds of 1976

Principal \$ 5,710,000

Less Discount - 5% 285,500

Plus Accrued Interest
to August 3, 1976

3,807

2462 *CRD*

\$ 5,428,307

\$ 426,962 *CRD*

DISBURSEMENT

Refund 1968 Bonds - Purchase of
Federal Securities to Escrow

Principal	\$ 1,995,000	
Cash	<u>6,607</u>	\$ 2,001,607
Golf Courses and Bowling Alley		
Repay Short-Term Financing, including Accrued Interest	\$ 754,250	
Repay District Advance	450,000	
Improve Golf Course Water System	<u>150,000</u>	1,354,250
Ski Area and Recreational Acreage		
Pay and Redeem Interim Debenture No. 2	\$ 1,495,000	
Repay District Down Payment	5,000	
Improvements to Ski Area	445,123	1,950,000 ^{1,945,123} <i>MSJ</i>
Incidental Expenses		123,520
Accrued Interest		<u>2,462</u>
		<u>\$ 5,426,962</u>

Part 6. The Bonds

6.01 The Bonds. The Bonds shall be serial in nature, of an issue designated Special Obligation Bonds of 1976 (Refunding and Recreation Acquisition and Improvement), in the total aggregate principal amount of \$5,710,000, of the denomination of \$5,000 each, shall be numbered consecutively from the earliest to the latest maturity, shall be dated August 1, 1976, and shall mature on August 1 in the following amounts and in the following years:

<u>Amount</u>	<u>Year</u>	<u>Amount</u>	<u>Year</u>
\$105,000	1977	\$230,000	1989
110,000	1978	250,000	1990
120,000	1979	270,000	1991
125,000	1980	295,000	1992
135,000	1981	315,000	1993
140,000	1982	340,000	1994
150,000	1983	370,000	1995
165,000	1984	400,000	1996
175,000	1985	435,000	1997
185,000	1986	470,000	1998
200,000	1987	510,000	1999
215,000	1988		

6.02 Bond Form. The Bonds and the interest coupons attached thereto at the time of their issuance shall be in the form substantially as set forth in Exhibit "B" hereto attached and by reference made a part hereof.

6.03 Place and Manner of Payment. The Bonds and interest thereon shall be payable in lawful money of the United States of America at the Head Office of the Nevada National Bank, Reno, Nevada, which is hereby designated as the Fiscal Agent and the Paying Agent, or, at the option of the holder, at any paying agency of the District in San Francisco or Los Angeles, California; Chicago, Illinois; or New York, New York.

6.04 Payment of Bonds. The principal of, the interest on and any prior redemption premium due in connection with the Bonds shall be paid as the same become due in accordance with the terms thereof and this Resolution, without any warrant or further order or other preliminaries.

6.05 Negotiable Instruments. The Bonds are negotiable instruments and title thereto, unless registered, shall pass by physical delivery thereof. The holders of the Bonds shall have all of the rights possessed by holders of negotiable instruments payable to bearer.

6.06 Equal Parity. All of the Bonds shall be equally and ratably secured without preference or priority by reason of number, date, date of sale, execution or delivery of any of the Bonds by a first and prior lien upon the Net Revenues in accordance with this Resolution.

6.07 Interest. The Bonds bear interest from their date to their respective dates of maturity payable on February 1 and August 1 of each year commencing on February 1, 1977, upon presentation and surrender of the coupons evidencing such interest at the rates per annum of: 5.50% for Bonds maturing in 1977, 5.75% for Bonds maturing in 1978, 6.00% for Bonds maturing in 1979, 6.25% for Bonds maturing in 1980, 6.50% for Bonds maturing in 1981, 6.75% for Bonds maturing in 1982, 7.00% for Bonds maturing in 1983, 7.15% for Bonds maturing in 1984, 7.30% for Bonds maturing in 1985, 7.45% for Bonds maturing in 1986, 7.60% for Bonds maturing in 1987, 7.75% for Bonds maturing in 1988, 7.90% for Bonds maturing in 1989, 8.00% for Bonds maturing in 1990 and 1991, 8.10% for Bonds maturing in 1992 and 1993, 8.20% for Bonds maturing in 1994 and 1995, 8.25% for Bonds maturing in the years 1996 through 1999, inclusive.

6.08 Coupons. The Bonds shall have one set of interest coupons, bearing the number of the Bond to which they are respectively attached, numbered consecutively in regular numerical order, and attached in such manner that they can be removed upon the payment of the installments of interest without injury to the Bonds.

6.09 Interest After Maturity. If, upon presentation at maturity, or if redeemable and duly called for redemption, payment of said Bonds or of any interest coupons thereon is not made in full accordance with the terms of this Resolution, said Bonds or coupons, or both, shall continue to bear interest at the rate stated in the Bonds until paid in full.

6.10 Execution. The Bonds shall be executed in the name of the District, shall be signed by the President and the Treasurer

and shall be attested by the Secretary and shall be authenticated by the seal of the District affixed thereto. Any coupons shall be signed by the Treasurer.

6.11 Facsimile Signatures. The Bonds, including without limitation any certificates endorsed thereon, may be executed with facsimile signatures and seals as provided in the Uniform Facsimile Signatures of Public Officials Act, cited as Chapter 351 of NRS. Facsimile signatures shall be used on the coupons.

6.12 Change in Officials. The Bonds and coupons bearing the signatures of the officers in office at the time of the signing thereof, shall be the valid and binding obligations of the District, notwithstanding that before the delivery thereof and payment therefor any or all of the persons whose signatures appear thereon have ceased to fill their respective offices.

6.13 Adoption of Signature. Any officer authorized or permitted to sign the Bonds and coupons at the time of their execution and of a signature certificate appertaining thereto, may adopt as and for his own facsimile signature the facsimile signature of his predecessor in office in the event that such facsimile signature appears upon the Bonds and coupons.

6.14 Register. Before the Board delivers any of the Bonds, all such Bonds shall be registered by the Treasurer in a book kept in his office for that purpose, which shall show:

- (a) The principal amount of the Bonds;
- (b) The time of payment of each of the Bonds; and
- (c) The rate of interest each of the Bonds bears.

Part 7. Callable Bonds and Procedure

7.01 Callable Bonds. Bonds maturing by their terms on or before August 1, 1981, shall not be subject to call prior to their fixed maturity date. Bonds maturing on or after August 1, 1982, shall, by their terms, be subject to call and redemption, at the option of the District, as a whole or in part, in inverse numerical order, on August 1, 1981 (but not prior thereto), or on any interest payment date thereafter and prior to their maturity date or dates at the principal amount thereof and accrued interest to the date of redemption, plus a redemption premium equal to one-quarter of one percent ($1/4$ of 1%) of such principal amount for each whole twelve (12) months, and for any remaining fraction of a twelve (12) month period from the date fixed for redemption to the respective maturity date of the Bond or Bonds called; provided, however, that in no event shall the premium paid on prior redemption of any Bond exceed two and one-half percent ($2-1/2\%$) of said principal amount; and, provided further, that no premium shall be paid on prior redemption of any Bond called on or after August 1, 1986.

7.02 General. When the District elects to call any Bond or Bonds which by their terms may be redeemed prior to their fixed date of maturity, the proceedings therefor shall be as provided in this Part.

7.03 Notice of Redemption. At least thirty (30) days and not more than sixty (60) days prior to the day of call of any Bonds, notice of redemption shall be published once by the Treasurer in a financial paper published in San Francisco or New York, and such notice shall be mailed by registered mail to the last known holder or holders of any bearer Bonds so called, and to the registered owner or owners of registered Bonds. No interest shall accrue on said Bonds called for redemption or on any interest coupons thereon after the redemption date specified in said notice.

7.04 Form of Notice. The notice of redemption shall:

- (a) State the redemption date.
- (b) State the redemption price.
- (c) State the numbers and dates of maturity of the Bonds to be redeemed; provided, however, that whenever any call includes all of the Bonds of a maturity, the numbers of the Bonds of such maturity need not be stated.
- (d) Require that such Bonds be surrendered with all interest coupons maturing subsequent to the redemption date (except that no coupons need be surrendered on Bonds registered as to both principal and interest) at the office of the Fiscal Agent.
- (e) Require that Bonds which at the time of call are registered so as to be payable otherwise than to bearer shall be accompanied by appropriate instruments of assignment to the District duly executed.
- (f) Give notice that further interest on such Bonds will not accrue after the designated redemption date.

7.05 Receipt of Notice Unnecessary. The actual receipt by the holder of any Bond of notice of such redemption shall not be

a condition precedent to redemption, and failure to receive such notice shall not affect the validity of the proceedings for the redemption of such Bonds or the cessation of interest on the date fixed for redemption.

7.06 Certificate of Notice Conclusive. A certificate by the Treasurer that notice of call and redemption has been given to owners of Bonds as herein provided shall be conclusive as against all parties, and no Bondholder whose Bond is called for redemption may object thereto or object to the cessation of interest on the redemption date fixed by any claim or showing that he failed to actually receive such notice of call and redemption.

7.07 Redemption Fund. When the Board determines to call and redeem any of the Bonds, the Treasurer shall establish with the Fiscal Agent a fund to be described and known as the Incline Village General Improvement District Special Obligation Bonds of 1976 Bond Redemption Fund, or other designation conforming to banking requirements or good accounting practices, herein called "Redemption Fund." Prior to the publication of the notice of redemption, there must be set aside in said Redemption Fund moneys available for the purpose and sufficient to redeem, at the premiums payable as herein provided, the Bonds designated in such notice of redemption.

7.08 Use of Funds. The moneys set aside in the Redemption Fund shall be used solely for the purpose thereof and shall be applied on or after the redemption date to payment for the Bonds to be redeemed upon presentation and surrender of such Bonds and shall be used solely for that purpose.

7.09 Coupons Due. Any interest coupon due on or prior to the redemption date shall be paid from the Bond Fund upon presentation and surrender thereof.

7.10 Coupons Not Due. Each Bond presented (if unregistered or registered as to principal only) must have attached thereto or presented therewith all interest coupons maturing after the redemption date.

7.11 Retransfers. If after all of the Bonds have been redeemed and canceled or paid and canceled, there are moneys remaining in the Redemption Fund, said moneys shall be transferred to the Revenue Fund; provided, however, that if said moneys are part of the proceeds of refunding bonds, said moneys shall be transferred to the fund created for the payment of principal of and interest on such refunding bonds.

7.12 Effect of Notice of Redemption. When notice of redemption has been given substantially as provided in this Part, and when the amount necessary for the redemption of the Bonds called for redemption is set aside for that purpose in the Redemption Fund, the Bonds designated for redemption shall become due and payable on the date fixed for redemption thereof, and, upon presentation and surrender of said Bonds (except as to Bonds registered as to both principal and interest) and all interest coupons maturing after the redemption date, to the Treasurer, and, if any of said Bonds be registered, upon the appropriate assignment thereof, such Bonds shall be redeemed and paid at said redemption price out of the Redemption Fund.

7.13 Interest Terminates. No interest will accrue on such Bonds called for redemption or on any interest coupons thereon after the redemption date specified in such notice, and the holders of said Bonds so called for redemption after such redemption date shall look for the payment of such Bonds and the premiums thereon only to said Redemption Fund. All Bonds redeemed and all interest coupons thereon shall be canceled forthwith by the Treasurer and shall not be reissued.

7.14 Matured Coupons Payable. All interest coupons pertaining to any redeemed Bonds, which coupons have matured on or prior to the time fixed for redemption, shall continue to be payable to the respective holders thereof but without interest thereon. All unpaid interest payable at or prior to the date fixed for redemption upon Bonds registered in such manner that the interest is payable only to the registered owners shall continue to be payable to the respective registered owners of such Bonds, or their order, but without interest thereon.

7.15 Purchase of Bonds. Any Bonds may be repurchased by the Board out of any funds available for such purpose at a price of not more than the principal amount thereof and accrued interest, plus the amount of the premium, if any, which might on the next prior redemption date of such Bonds be paid to the holders thereof if such Bonds should be called for redemption on such date pursuant to their terms, and all Bonds so repurchased shall be canceled; but if the Bonds may not be called for prior redemption at the District's option within one (1) year from the date of their purchase, they may be repurchased without limitation as to price.

Part 8. Registration

Article 1. Against Theft

8.01 Registration. Any Bond is subject to registration either as to principal and interest or as to principal only upon written request of the Bondholder and presentation of the Bond to the Fiscal Agent.

8.02 Principal and Interest. Upon presentation and request for registration as to principal and interest, the Fiscal Agent shall cut off the coupons and destroy them. He shall maintain a book in which he shall enter the numbers of all registered Bonds and the names and addresses of the owners of registered Bonds. Until such registration is canceled as herein provided, the interest and principal thereof shall be payable only to the registered owner. There shall be provided on the back of each Bond a suitable blank showing the name and address of the registered owner, the date of registration or transfer, the type of registration and the signature of the Fiscal Agent.

8.03 Principal Only. Upon presentation and request for registration as to principal only, a notation shall be made to that effect in the registration book and on the Bond. The coupons shall not be detached and the interest on such Bonds shall be paid upon presentation of such coupons in the same manner as unregistered Bonds. Principal, however, shall be paid only to the registered owner upon presentation of the Bond.

8.04 Transfer. A registered Bond may only be transferred by the registered owner in writing, in person, or by attorney duly

authorized, on presentation of the Bond to the Fiscal Agent and by his endorsing thereon and in his record the fact of the transfer.

8.05 Deregistration. The registration of any unmatured Bond may be canceled upon written request of the registered owner. Upon receipt of such request, the Fiscal Agent shall cancel the registration in the bond register and on the back of the Bond, re-attach all unmatured coupons to the Bond, and deliver the Bond and attached coupons to the owner. Until such Bond is reregistered, the principal thereof shall be payable to bearer, and the interest shall again be paid upon surrender of proper coupons. The cost of reprinting the coupons shall be paid by the person requesting the deregistration.

8.06 Reregistration. Deregistered Bonds are subject to reregistration in the same manner as previously unregistered Bonds.

Article 2. Against Delinquency

8.07 General. Bonds may be registered in the event of delinquency.

8.08 Endorsement. When a Bond or interest coupon payable from funds in the custody of the Fiscal Agent is presented to him for payment and is not paid for want of funds, he shall endorse upon it "Not paid for want of funds," the date of presentation, number them in the order of their presentation, and shall sign or stamp his name thereon.

8.09 Setting Aside Money. Upon receipt of the first money applicable to their payment, the Fiscal Agent shall set aside the amount necessary to pay the registered Bonds and coupons.

8.10 Notice and Payment. The Fiscal Agent shall give notice by registered mail to the owner or holder of the registered Bonds and coupons, at the address last filed, stating that he is ready to pay them. The Bonds and coupons shall be paid from the money in the order of their registration.

8.11 Failure to Present. If the registered Bonds and coupons are not presented for payment within thirty (30) days from the date of mailing the notice, the Fiscal Agent shall apply the funds set aside to the payment of the unpaid registered Bonds and coupons next in order, until all registered Bonds and coupons have been paid.

Part 9. The Revenues

9.01 Uniform Charges. The District has by resolution established, may from time to time revise, and shall maintain and collect, Recreation Charges to the persons using the Facilities and to properties within the District, which Charges shall be uniform as to all persons or properties which are of the same class, which Charges shall be of the nature and collected in the manner provided in this Part.

9.02 Service Charges. The Board has established Service Charges for the furnishing of the services and Facilities of the Project and the operation thereof by the District, which shall be collected from the users thereof.

9.03 Availability of Use Charges. The Board has established Availability of Use Charges to residential and hotel-motel properties within the District for the availability of use of the services and Facilities of the Project.

9.04 Minimum Charges. In the Service Charges so established, the Board may establish minimum Charges for said purpose.

9.05 In Lieu Service Charges. In determining the amounts of Availability of Use Charges, the Board may fix them at amounts sufficient so that no Service Charges shall be required for the services of one or more of the Facilities.

9.06 Discount, Deposit or Guaranty. The Board may provide for, but is not limited to:

(a) The granting of discounts for prompt payment of bills.

(b) The requiring of deposits or the prepayment of Recreation Charges in an amount not exceeding one (1) year's Recreation Charges either from persons receiving service and using the Facilities of the Project or from the owners of property on which or in connection with which such services and Facilities are to be used; but in case of nonpayment of all or part of a bill such deposits or prepaid charges shall be applied only insofar as necessary to liquidate the cumulative amount of such Charges plus penalties and cost of collection.

(c) The requiring of a guaranty by the owner of property that the bills for service to the property or to the occupants thereof will be paid.

9.07 Penalties. The Board may provide for a basic penalty for nonpayment of Recreation Charges within the time and in the manner prescribed by it. The basic penalty shall not be more than ten percent (10%) of each month's Charges for the first month delinquent. In addition to the basic penalty it may provide for a penalty of not exceeding 1.5 percent per month for nonpayment of the Charges and basic penalty. On the first day of the calendar month following the date of payment specified in the bill, the Charge shall become delinquent if the bill or that portion thereof which is not in bona fide dispute remains unpaid. It may provide for collection of the penalties provided for in this Part.

9.08 Collect With Other Charges. The Board may provide that Recreation Charges shall be collected together with and not separately from the charges for any other service rendered by it, and that all charges shall be billed upon the same bill and collected as one item.

9.09 Contract for Collection. The Board may enter into a written contract with any person, firm or public or private corporation providing for the billing and collection by such person, firm or corporation of the Recreation Charges for the service furnished by the Project. If all or any part of any bill rendered by any such person, firm or corporation pursuant to any such contract is not paid and if such person, firm or corporation renders any public utility service to the person billed, such person, firm or corporation may discontinue its utility service until such bill is paid, and the contract between the Board and such person, firm or corporation may so provide.

9.10 Collection by Suit. As a remedy established for the collection of due and unpaid deposits and charges and the penalties thereon, an action may be brought in the name of the District in any court of competent jurisdiction against the person or persons who occupied the property when the service was rendered or the deposit became due or against any person guaranteeing payment of bills, or against any or all of such persons, for the collection of the amount of the deposit or the collection of delinquent Charges and all penalties thereon.

9.11 Perpetual Lien. Until paid, all Availability of Use Charges shall constitute a perpetual lien on and against the property served.

9.12 Foreclose as Mechanics' Lien. Any lien may be foreclosed in the same manner as provided by the laws of the State for the foreclosure of mechanics' liens.

9.13 Id - Notice and Hearing. Before any lien is foreclosed, the Board shall hold a hearing thereon after notice thereof by publication, and by registered first class mail, postage prepaid, addressed to the last known owner at his last known address according to the records of the District and the real property assessment roll in the County.

9.14 Election to Collect on Tax Roll. The Board, by resolution, elected to have the Availability of Use Charges collected on the tax roll in the same manner, by the same persons and at the same time as, together with and not separately from, its general taxes. The Board covenants to continue such election so long as Bonds shall be outstanding and the Board shall be authorized by law to so make such election.

9.15 Id - Written Report. In such event, it shall cause a written report to be prepared and filed with the Secretary, which shall contain a description of each parcel of real property receiving such services and Facilities and the amount of such Charge for each parcel for such year, computed in conformity with the Availability of Use Charges prescribed by Resolution No. 419, adopted October 5, 1967, as last amended by Resolution No. 1261, adopted July 13, 1976.

9.16 Id - Alternative Procedure. The powers authorized by Section 9.14 of this Resolution shall be alternative to other procedures which may be adopted by the Board for the collection of such Charges.

9.17 Id - Property Descriptions. The real property may be described by reference to maps prepared by and on file in the office of the County Assessor or by descriptions used by him, or by reference to plats or maps on file in the office of the Secretary.

9.18 Id - Election as to Delinquent Property Only. The Board may hereafter make the election specified in Section 9.14 with respect only to delinquent Charges and may do so by preparing and filing the written report, giving notice and holding the hearing therein required only as to such delinquencies.

9.19 Id - Publication of Notice. The Secretary shall cause notice of the filing of the report and of a time and place of hearing thereon to be published once a week for two (2) weeks prior to the

date set for hearing, in a newspaper of general circulation printed and published within the District, if there is one, and, if not, then in a newspaper printed and published in the County of Washoe, Nevada.

9.20 Id - Mailed Notice of Hearing. Before the Board had such Charges first collected on the tax roll, the Secretary caused a notice in writing of the filing of the report proposing to have such charges for the forthcoming Fiscal Year collected on the tax roll and of the time and place of hearing thereon, to be mailed to each person to whom any parcel or parcels of real property described in the report is assessed in the last equalized assessment roll available on the date the report is prepared, at the address shown on the assessment roll or as known to the Secretary.

9.21 Id - Notice After First Year. Since the Board has heretofore adopted the report, the requirements for notice in writing do not apply to hearings on reports prepared in subsequent Fiscal Years but notice by publication is by law adequate.

9.22 Id - Hearing. At the time stated in the notice, the Board shall hear and consider all objections or protests, if any, to the report referred to in the notice and may continue the hearing from time to time.

9.23 Id - Protests. If the Board finds that protest is made by the owners of a majority of separate parcels of property described in the report, then the report shall not be adopted and the Charges shall be collected separately from the tax roll and shall not constitute a lien against any parcel or parcels of land under Sections 9.14, et seq., of this Part, but shall continue to be subject to the lien provided in Section 9.11 and shall be and remain subject to all of the other methods of collection and remedies provided in this Part.

9.24 Id - Determination and Finality. Upon the conclusion of the hearing, the Board may adopt, revise, change, reduce or modify any charge or overrule any or all objections and shall make its determination upon each charge as described in the report, which determination shall be final.

9.25 Id - Delivery of Report and Entry on Roll. Prior to the time the County Treasurer posts taxes to the County tax roll each year following such final determination, the Secretary shall file with him a copy of the report with a statement endorsed thereon over his signature that it has been finally adopted by the Board, and the County Treasurer shall enter the amounts of the Charges against the respective lots or parcels of land as they appear on the current assessment roll.

9.26 Id - Parcels Outside District. Where any parcels are outside the boundaries of the District, they shall be added to the assessment roll of the District for the purpose of collecting such Charges.

9.27 Id - Parcels Not on Roll. If the property is not described on the roll, the County Treasurer may enter the description thereon together with the amounts of the Charges, as shown in the report.

9.28 Id - Lien Same Time as Taxes. The amount of the Charges shall constitute a lien against the lot or parcel of land against

which the Charge has been imposed as of the time when the lien of taxes on the roll attach.

9.29 Id - Inclusion in Tax Bills. The County Treasurer shall include the amount of the Availability of Use Charges on bills for taxes levied against the respective lots and parcels of land. Thereafter the amount of the Charges shall be collected at the same time and in the same manner and by the same persons as, together with and not separately from, the general taxes for the District, and shall be delinquent at the same time and thereafter be subject to the same delinquency penalties.

9.30 Id - Separate Bills. The County Treasurer may, in his discretion, issue separate bills for such Availability of Use Charges and separate receipts for collection on account of such Availability of Use Charges.

9.31 Id - Tax Laws Apply. All laws applicable to the levy, collection and enforcement of general taxes of the District, including, but not limited to, those pertaining to the matters of delinquency, correction, cancellation, refund, redemption and sale, are applicable to such Availability of Use Charges.

9.32 Regulations. The Board shall establish rules and regulations for the use and the right of use of the Facilities of the Project.

9.33 Exclusive Use. The Board has heretofore determined in the Recreational Facilities Rate Resolution that Burnt Cedar Beach and Incline Beach, which two beaches consist of two parcels of land lying between State Highway No. 28 and Lake Tahoe and having a beach frontage of 1170 feet and 1340 feet, respectively, and both said beaches, and the Lake by reason thereof, are accessible only to and available only for the exclusive use of property owners of the District, and their tenants, hotel and motel patrons, and their guests, whether or not said lands so charged are improved for occupancy. Further, and as a complete and alternate reason for limiting the right of use of said two beaches to Incline property owners, their tenants and guests, the Board found and determined that Burnt Cedar Beach, together with the appurtenant swimming and wading pools, and Incline Beach with its appurtenant facilities, are the only beach facilities publicly owned and operated in and by the District and that the District is so populated and ownership of lands within the District is so diverse and the seasonal use of such facilities is so great and has such an impact thereon, that such limitation is necessary to assure the orderly use by, and the protection of the health and safety of, the District property owners, their tenants and guests.

9.34 Pledge of Revenues. All of the Gross Revenues are pledged, as a prior first charge and lien thereon, and shall be used and applied in the order of priority provided in this Resolution.

9.35 Pledge Automatic. The Revenues pledged, as received by or otherwise credited to the District, shall immediately be subject to the lien of such pledge without any physical delivery thereof, any filing or further act.

9.36 Priority Over Other Claims. The lien of such pledge and the obligation to perform the contractual provisions made in

this Resolution or other instrument appertaining hereto shall have priority over any or all other obligations and liabilities of the District.

9.37 Notice Not Essential. The lien of the pledge shall be valid and binding as against all persons having claims of any kind in tort, contract or otherwise against the District irrespective of whether such persons have notice thereof.

9.38 Ratio of Net Revenues. The Board shall establish, revise, maintain and collect Recreation Charges sufficient, with other revenues received, after taking into consideration anticipated delinquencies, to provide Net Revenues equal to 1.30 times the sum of the combined aggregate amount of the principal of and interest on the Bonds which shall become due for each next succeeding Fiscal Year.

9.39 Independent Agency. The acquisition, construction, operation and maintenance of the Project is and shall be conducted as a separate and distinct agency and transaction of the District, independent of its other agencies, transactions, functions and facilities.

9.40 No Transfer of Funds. None of the Revenues shall be transferred from the Revenue Fund to any other utility or other fund heretofore or hereafter created, provided that surplus funds may be used for the purposes in Section 12.05 of Part 12 provided.

9.41 Trust Funds. The Revenues shall constitute trust funds for the operation and maintenance of the Project, to pay the principal of and interest on the Bonds, and to provide for their security and protection.

Part 10. Additional Bonds or Other Obligations

10.01 Limitations Upon Issuance of Parity Obligations. Nothing in this Resolution contained shall be construed in such a manner as to prevent the issuance by the District of additional bonds or other additional obligations payable from the Pledged Revenues of the Project and constituting a lien upon the Pledged Revenues on a parity with, but not prior nor superior to, the lien of the Bonds herein authorized; provided, however, that before any such additional parity bonds or other additional parity obligations are authorized or actually issued:

(a) The District is not, and has not been, in default as to any payments required by the provisions of this Resolution for a period of not less than twelve (12) months immediately preceding the issuance of such additional parity bonds or other additional parity obligations;

(b) The Pledged Revenues of the Project for the Fiscal Year immediately preceding the year of the issuance of such additional parity obligations shall have been sufficient to pay the Operation and Maintenance expenses of the Project for said Fiscal Year, and, in addition, sufficient so that the Net Revenues for such preceding Fiscal Year equal an amount representing 1.30 times the average annual principal and interest requirements of the outstanding Bonds and any other obligations of the District payable

from the Pledged Revenues of the Project plus the average annual principal and interest requirements of the Bonds or other obligations proposed to be issued.

(c) A written certification by an Independent Certified Public Accountant that the 1.30 times Net Revenues requirement of Part 10.01 (b) has been satisfied and shall be obtained and shall be conclusively presumed to be accurate in determining the right of the District to authorize, issue, sell and deliver said additional bonds or other additional obligations on a parity with the Bonds.

10.02 Subordinate Lien Bonds. No provision of this Resolution or of any instrument appertaining hereto shall be deemed to limit or restrict the power of the Board to make pledges of the Revenues which shall be subordinate as to the lien of the Bonds and which shall provide for compliance with the current provisions hereof prior to the application of any funds to said subordinate purpose.

Part 11. The Capital Improvement Fund

11.01 Capital Improvement Fund. There is hereby created and shall be maintained by the Treasurer a fund and bank account in the Nevada National Bank, Head Office, Reno, Nevada, separate and distinct from all other funds of the District, to be known as the Incline Village General Improvement District Capital Improvement Fund, or other designation conforming to banking requirements or good accounting practices, herein called "Capital Improvement Fund," into which shall be deposited all of the proceeds of the sale of the Bonds, including any premiums and accrued interest thereon.

11.02 Application of Bond Proceeds. The bond proceeds deposited in the Capital Improvement Fund shall be used and expended in accordance with the application of bond proceeds described in Part 5 of this Resolution and as follows:

(a) Premiums and Accrued Interest. An amount equal to the total of the premiums and accrued interest received on the sale of the Bonds shall first be transferred to and deposited in the Bond Fund;

(b) Refunding and Acquisition Costs. The costs of refunding the outstanding Revenue Bonds of 1968 and the costs of acquiring lands and Facilities for the Project shall be paid in accordance with the provisions of Part 5 of this Resolution;

(c) Improvement Costs. The costs of improvements to the Project under contracts for construction work shall be paid to persons entitled thereto, on certificates of the District Engineer as to the work completed substantially in accordance with the plans and specifications adopted or to be adopted by the Board therefor and as said certificates are approved by it;

(d) Incidental Expenses. The incidental expenses of the Project, including engineering, inspection, legal, accounting and Fiscal and Paying Agents' fees and the costs of authorizing and issuing the Bonds as approved by the Board shall be paid to those persons entitled thereto or the appropriate District fund reimbursed therefor;

(e) Surplus. Any unexpended balance in the Capital Improvement Fund, after all purposes now or hereafter provided therefor have been accomplished, shall be transferred to the Bond Fund.

11.03 Investment of Surplus. All surplus of said funds shall be deposited in time or other interest earning deposits, for the benefit of said Fund.

11.04 Restriction on Use. All moneys received from the issuance of the Bonds herein authorized shall be used solely for the purpose or purposes for which issued and to defray wholly or in part the cost of the Project thereby delineated.

Part 12. The Revenue Fund

12.01 Revenue Fund. There is hereby created and shall be maintained by the Treasurer, a fund and bank account in the Nevada

National Bank, Head Office, Reno, Nevada, separate and distinct from all other funds of the District, to be known as the Incline Village General Improvement District Recreational Facilities Revenue Fund, or other designation conforming to banking requirements or good accounting practices, herein called "Revenue Fund," into which the Gross Revenues shall be deposited forthwith upon their receipt. The Treasurer may, however, have Revenue Fund bank accounts (subject to the further provisions relating to bank accounts) in other banks for purposes of convenience, provided that all such accounts shall be accounted for and be the Reserve Fund. In addition, all moneys and assets now accounted for in the Beach Recreation Revenue Fund created pursuant to said Resolution No. 420, as amended, shall be deposited forthwith in and become a part of the Revenue Fund.

12.02 District Funds. The District shall annually budget and transfer to the Revenue Fund a fair and reasonable sum from its General Fund or other available moneys for services rendered by the Project to the District.

12.03 Additional Contributions. No provision of this Resolution or other instrument appertaining hereto shall be deemed to limit or restrict the power of the Board, annually or at other convenient times, to make other contributions from available funds to the Revenue Fund or to any other fund created and maintained pursuant hereto.

12.04 Use of Revenues. The Revenues in the Revenue Fund shall be used for the payment of the following obligations in the following order of priority:

- (a) The costs of Operation and Maintenance of the Project;
- (b) The principal of and interest on the Bonds by payments to the Bond Fund;
- (c) To maintain the Debt Service Reserve Fund; and
- (d) To administer surplus funds.

12.05 Surplus Funds. Funds remaining in the Revenue Fund, after having applied or designated funds for the purposes provided in Section 12.04 of this Part, shall constitute surplus funds and may be used for any of the following purposes in the following order of priority:

- (a) To pay the cost of unusual or extraordinary maintenance of or repair to the Project;
- (b) To pay the principal of and interest on any subordinate lien obligations which may have been issued to provide additional recreational facilities in or for the District;
- (c) To improve, extend, enlarge or replace any recreational facilities in or for the District;
- (d) To acquire or construct additional recreational facilities in or for the District;
- (e) To pay the principal, interest, premiums and costs of any Bonds called or purchased prior to their fixed dates of maturity, which shall have been issued to provide recreational facilities in or for the District;
- (f) For any other lawful purpose.

12.06 Revenue Fund a Trust Fund. The moneys in the Revenue Fund shall constitute a trust fund for the objects and purposes stated herein, and said moneys shall not be used for any other purpose during the time that any of the Bonds and the interest thereon are outstanding and unpaid.

Part 13. The Bond Fund

13.01 Bond Fund. The Fiscal Agent shall create and maintain a fund to be known as the Incline Village General Improvement District Special Obligation Bonds of 1976 Bond Fund, or other designation conforming to banking requirements and good accounting practices, herein called "Bond Fund," into which it shall deposit the following described Revenues received from the Treasurer.

13.02 Transfers. The Treasurer shall annually estimate the amount required to be paid to the Bond Fund for the Fiscal Year, and shall pay and transfer from the Revenue Fund to the Bond Fund, as nearly as may be, the following sums:

(a) One month prior to the due date, the amount necessary to pay the next maturing installment of interest on the Bonds;

(b) One month prior to the due date, the amount necessary to pay the next maturing installment of principal of the Bonds.

13.03 Early Transfers. Amounts required to be set aside, transferred to and placed in the Bond Fund may be prepaid in whole or in part by being earlier set aside, transferred to and placed in the Bond Fund, and in that event, the transfer which has been so prepaid need not be made at the time appointed therefor.

13.04 Minimum Transfer Time. In any event, at least five (5) days prior to the due date of any maturity or installment of principal of or interest on the Bonds, all sums required for the payment thereof must be in the Bond Fund.

13.05 Bond Fund a Trust Fund. All moneys in the Bond Fund shall be used and withdrawn solely for the purpose of paying the principal of and interest on the Bonds as the same shall become due and payable.

13.06 Retransfer of Balance. After full payment of the Bonds and the interest thereon, any balance in the Bond Fund shall be returned to the Revenue Fund.

Part 14. The Debt Service Reserve Fund

14.01 Debt Service Reserve Fund. The Fiscal Agent shall create and maintain a fund to be known as the Incline Village General Improvement District Special Obligation Bonds of 1976 Debt Service Reserve Fund, or other designation conforming to banking requirements and good accounting practices, herein called "Debt Service Reserve Fund," in the amount of not less than \$400,000 subject to reduction in amount as in Section 14.04 of this Part provided.

14.02 Deposit of District Funds. The Fiscal Agent shall deposit in the Debt Service Reserve Fund the sum of \$400,000 to be paid to it by the Treasurer from available District funds.

14.03 Application of Debt Service Reserve Fund. Moneys in the Debt Service Reserve Fund shall be drawn by the Fiscal Agent and used:

(a) To supply any deficiency in the Bond Fund; and

(b) If the Debt Service Reserve Fund is not terminated prior thereto, then to pay the principal of and interest on the last maturing Bonds.

14.04 Reduction of Debt Service Reserve Fund Amount. Moneys shall be released from the Debt Service Reserve Fund in \$100,000 increments which shall be paid over to the District by the Fiscal Agent upon presentation of evidence to the Fiscal Agent that the Net Revenues for the preceding Fiscal Year were equal to 1.60 times the combined amount of principal and interest due on the Bonds in the then current Fiscal Year. The Net Revenues for the preceding Fiscal Year shall be conclusively established for purposes of such evidence to the Fiscal Agent by the determination and certification of the Independent Certified Public Accountant that prepares and certifies the District's Annual Audit for such preceding Fiscal Year, all as provided in Section 19.13(g) of this Resolution.

14.05 Limitation on Reduction. The Debt Service Reserve Fund may be reduced only at the rate of \$100,000 in any one Fiscal Year, provided that upon any such reduction the obligation of the Fiscal Agent and of the District to maintain the amount of the Debt Service Reserve Fund shall be reduced accordingly.

14.06 Termination of Debt Service Reserve Fund. Upon release of four increments of \$100,000 from the Debt Service Reserve Fund, the obligation of the Fiscal Agent and of the District to maintain the Debt Service Reserve Fund shall terminate for all purposes of the Bonds and this Resolution. Any funds then remaining in the Debt Service Reserve Fund shall be paid over to the District.

14.07 Shortage in Fund. If at any time the amount in the Debt Service Reserve Fund is less than required by the provisions of this Resolution, the Treasurer shall make up the deficiency by paying to the Fiscal Agent all funds in the Revenue Fund over and above the following amounts:

(a) Moneys required for the current Operation and Maintenance of the Project;

(b) Moneys required for the current payments into the Bond Fund; and

(c) Failure of the District to replace such deficiency in full within a period of one year from the date such deficiency occurred shall constitute an event of default for all purposes of the Bonds and this Resolution.

Part 15. Investment of Surplus Funds

15.01 Deposits and Investments. The Board, subject to any contractual limitations imposed upon the District by this Resolution may cause to be invested and reinvested any proceeds of Pledged Revenues, including moneys held by the Fiscal Agent, and any proceeds of the Bonds in federal securities and other securities of the Federal Government and may cause such proceeds of Revenues,

Bonds, federal securities and other securities of the Federal Government to be deposited in any trust bank or trust banks within or without or both within and without the State and secured in such manner and subject to such terms and conditions as herein provided, with or without the payment of any interest on such deposit, including without limitation time deposits evidenced by certificates of deposit.

15.02 Sale and Reinvestment. Any federal securities, other securities of the Federal Government, and any such certificates of deposit thus held may, from time to time, be sold and the proceeds may be so reinvested or redeposited as provided in this Part.

15.03 Fund Availability. Sales and redemptions of any federal securities, other securities of the Federal Government, and such certificates of deposit thus held shall, from time to time, be made in season so that the proceeds may be applied to the purposes for which the money with which such securities and certificates of deposit were originally acquired was placed in the District treasury.

15.04 Use of Gain. Any gain from any such investments or reinvestments shall be credited to the fund or account from which it was invested.

Part 16. Bank Depositaries and Withdrawals

16.01 Security for Deposits. It is lawful for any commercial bank incorporated under the laws of the State which may act as depositary of the proceeds of the Bonds, any federal securities and other securities of the Federal Government and owned by the District, any proceeds of Pledged Revenues, and any moneys otherwise appertaining to the Project or the Facilities, or any combination thereof, to furnish such indemnifying Bonds and to pledge such federal securities, such other securities issued by the Federal Government, and the Bonds as are required herein.

16.02 Security and Procedure for Deposit. NRS Chapter 356, Sections 010 through 110, relating to the deposit of State Funds, the amount and nature of the security and the procedure for the deposit of funds pursuant hereto in Nevada banks, shall apply.

16.03 Changing Banks. The designation herein of any bank as depositary shall not be exclusive. Such funds may be deposited in another bank or withdrawn and deposited in another bank.

16.04 Payment of Funds. No moneys shall be paid by the Treasurer from any fund created or maintained by him in any depositary, except as provided in this Part.

16.05 Payments to Fiscal Agent. Payments shall be regularly made to the Fiscal Agent as provided herein, without further action of the Board.

16.06 Other Payments. All payments from the Revenue Fund for the operation and maintenance of the Project shall be for claims or statements thereof approved by three (3) members of the Board, either in writing or on motion in open meeting.

16.07 Manner of Payment. All payments shall be by check, draft or warrant drawn on the proper account and bank and signed by the President and Secretary, or two officers of the District so authorized by resolution of the Board.

Part 17. Fiscal Agent and Paying Agent

17.01 Appointment of Fiscal Agent. The District hereby appoints Nevada National Bank, Head Office, Reno, Nevada, an institution authorized by law to receive deposits of funds of the District, as Fiscal Agent for all purposes of this Resolution.

17.02 Acceptance by Fiscal Agent. The Fiscal Agent shall signify its acceptance of the duties and obligations imposed upon it by this Resolution by executing and delivering to the District a written acceptance thereof.

17.03 Annual Report. Within thirty (30) days after the end of each Fiscal Year, the Fiscal Agent shall file with the District a financial statement setting forth the amount, as of the end of such period, in each of the funds then held by the Fiscal Agent under this Resolution and also setting forth all receipts into and disbursements from each fund during such period.

17.04 Registration Agent. The Fiscal Agent shall perform all of the duties as Registrar or Registration Agent for the purposes of registering, transferring and exchanging the Bonds.

17.05 Appointment of Paying Agent. The District hereby appoints Nevada National Bank, Head Office, Reno, Nevada, as Paying Agent to pay the principal and interest of the Bonds, the Paying Agent's fees for such services as Paying Agent to be mutually agreed upon in writing prior to the delivery of the Bonds to the purchaser thereof.

17.06 Paying Agents. The District may appoint any bank or trust company in any city in which the Bonds may be payable as an additional Paying Agent. Each paying Agent shall signify its acceptance of the duties and obligations imposed upon it by this Resolution by executing and delivering to the District and to the Fiscal Agent a written acceptance thereof. The District may appoint as many Paying Agents in different cities as the District deems desirable.

17.07 Liability of Agents. The recitals of fact and all promises, covenants and agreements herein and in the Bonds contained shall be taken as statements, promises, covenants and agreements of the District, and neither the Fiscal Agent nor any Paying Agent assumes any responsibility for the correctness of the same, or makes any representations as to the validity or sufficiency of this Resolution or of the Bonds or coupons, or shall incur any responsibility in respect thereto, other than in connection with the duties or obligations herein or in the Bonds assigned to or imposed upon them, respectively. Neither the Fiscal Agent nor any Paying Agent shall be under any responsibility or duty with respect to the issuance of the Bonds for value.

17.08 Inquiry as to District Performance. The Fiscal Agent, unless requested by the holders of five percent (5%) in principal amount of the Bonds then outstanding and furnished with satisfactory indemnity, shall not be required to ascertain or inquire as to the exercise or performance of any of the covenants or agreements of the District herein set forth; nor shall any Paying Agent be under any such requirement. Neither the Fiscal Agent nor any Paying Agent shall be liable in connection with the performance of its duties hereunder, except for its own willful malfeasance.

17.09 Trust Funds. All moneys paid to or held by the Fiscal Agent shall be and constitute trust funds held by it in its fiduciary capacity and not as a deposit in its banking capacity. To the extent that any of said funds shall be commingled by it with other bank funds, it is declared, and the bank by the acceptance hereof shall have consented and agreed, that a constructive trust is thereby impressed upon other funds of the bank, equal in amount to the amount of District funds, and the District shall have a claim therefor which shall be prior and superior to the claims of all other persons.

17.10 When Collateral Required. Should the District elect to deposit any funds with the Fiscal Agent other than in trust, then the Fiscal Agent shall provide security therefor as provided by law for the deposit of public funds in Nevada. (NRS Chapter 356, Secs. 010-110)

17.11 Security for Deposits. All funds held by the Fiscal Agent may be deposited by it in its banking department and shall be secured at all times by obligations, and to the fullest extent, as shall be required by law covering the deposit of public funds of a district in banks in the State. All obligations comprising such security shall be deposited with and held by any agent of the Treasurer who may now or hereafter be authorized by law to receive and hold such security, as security for such respective deposits, but the Fiscal Agent shall at all times have full power of substitution therefor of other such obligations. No such security shall be required for any deposits made with the Fiscal Agent hereunder unless at the time such security is required by the laws of the State.

17.12 Accounts. The Fiscal Agent shall at all times maintain appropriate accounts which will indicate from day to day the amounts and character of all deposits with it and which will also indicate the proportion of such deposits which are allocated to each of the funds established pursuant to this Resolution.

17.13 Interest. The Fiscal Agent shall allow and credit interest on any moneys held by it hereunder at such rate as it customarily allows upon similar funds of similar size under similar conditions. Interest allowed in respect of proceeds of insurance or proceeds of condemnation awards shall be credited to such proceeds.

17.14 Agent of Fiscal Agent. The Fiscal Agent may employ the services of any bank or trust company lawfully doing business in the State to effect collection of Revenues and transmit the same to the Fiscal Agent at its Head Office in Reno, Nevada. The Fiscal Agent shall not be liable for the acts of any agent selected by it in good faith to effect collection of Revenues.

17.15 Notice to Agents. The Fiscal Agent, and any Paying Agent, shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Fiscal Agent may consult with counsel, who may or may not be of counsel to the District, with regard to legal questions and the opinion of such counsel shall be full and complete authorization and protection in respect to any action taken or suffered by it hereunder in good faith and in accordance therewith.

17.16 Right to Inspect Bonds. The Fiscal Agent, or any Paying Agent, shall not be bound to recognize any person as the holder of a Bond unless and until such Bond is submitted for inspection, if required, and his title thereto satisfactorily established, if disputed.

17.17 Certificates as Proof. Whenever the Fiscal Agent, or any Paying Agent, shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereto be herein specifically prescribed) may be deemed to be conclusively proved and established by a certificate of an officer or agent of the District and such certificate shall be full warrant for any action taken or suffered under the provisions of this Resolution or any instrument appertaining hereto; but in its discretion the Fiscal Agent, or any Paying Agent, may, in lieu thereof, accept other evidence of such fact or matter or may require such further or additional evidence as to it may deem reasonable.

17.18 Conclusive Reliance. The Fiscal Agent, and any Paying Agent, acting in good faith, may conclusively rely as to the truth of the statements and correctness of the opinions expressed therein, upon the certificates or opinions conforming to the requirements of this Resolution, and shall be fully protected in taking any action which, under the provisions hereof, is to be taken by them upon the written request of the District or others.

17.19 Arrangements Between Fiscal Agent and Any Paying Agent. The Fiscal Agent shall enter into such arrangements with any Paying Agent appointed by the District as shall seem necessary and desirable in order to enable such Paying Agent to carry out the duties of such office.

17.20 Compensation. The Fiscal Agent and any Paying Agent appointed by the District hereunder shall be entitled to reasonable compensation (on a basis to be agreed upon with the District) for all services rendered hereunder and also all reasonable expenses, charges, counsel fees and other disbursements and those of their attorneys, agents, engineers or other technical advisers and employees incurred in the performance of their powers and duties hereunder, and the expenses of the Fiscal Agent under this Section shall include the compensation and expense of any independent certified public accountant, independent engineer or other expert and, to the extent that funds may not be available from other sources, the cost of preparation of the audits provided for in Section 17.03 hereof, and to the extent now or hereafter permitted by law, reimbursement for its reasonable compensation and expenses in connection with any action taken by it hereunder to protect the interests of the holders of the Bonds in its capacity as trustee or attorney in fact as provided herein, or moneys advanced for the

reasonable compensation and expenses of any other person who may be such trustee or attorney in fact as provided.

17.21 Indemnity. The Fiscal Agent, before taking any action referred to in Section 17.02 of this Part, may in its discretion from time to time require from the Bondholders indemnity satisfactory to it against its expenses and liabilities in connection with such action.

17.22 Ownership of Bonds by Agents. The Fiscal Agent and any Paying Agent may become the owner of Bonds and coupons with the same rights they would have if they were not Fiscal Agent or Paying Agent, and may act as depository for and permit any of their officers or directors to act as a member of, or in any other capacity with respect to, any committee formed in the interest of Bondholders, whether or not such committee shall represent the holders of a majority in principal amount of the Bonds outstanding.

17.23 Resignation of Fiscal Agent. The Fiscal Agent may at any time resign and be discharged of its duties and obligations hereby created by giving not less than sixty (60) days' written notice to the District, specifying the date when such resignation shall take effect, and publishing notice thereof, once a week for two (2) successive calendar weeks in a newspaper published and circulated in the District, or if there is none, in a newspaper published in the County of Washoe, Nevada, and such resignation shall take effect on the day specified in such notice unless previously a successor shall have been appointed as hereinafter provided, in which event such resignation shall take effect immediately upon the appointment of such successor; provided, however, that such resignation of the Fiscal Agent shall in no event take effect until such successor shall have been appointed.

17.24 Removal of Fiscal Agent. The Fiscal Agent may be removed at any time by the District with the consent of the holders of a majority in principal amount of the Bonds then outstanding, excluding any Bonds held by or for the account of the District. In order to effect such removal there shall be filed with the Fiscal Agent an instrument in writing signed on behalf of the District and an instrument or concurrent instruments in writing signed by such Bondholders or their duly authorized attorneys, but such removal shall not take effect until a successor Fiscal Agent shall have been appointed as hereinafter provided.

17.25 Appointment of Successor Fiscal Agent. In case at any time notice of resignation shall have been given by the Fiscal Agent or instruments shall have been filed with the Fiscal Agent to effect removal, or the Fiscal Agent shall become incapable of acting, or shall be adjudged bankrupt or insolvent, or if a receiver, liquidator or conservator of the Fiscal Agent or of its property shall have been appointed, or if any public officer shall take charge or control of the Fiscal Agent or of its property or affairs, a successor shall be appointed by the Board with the consent of the holders of a majority in principal amount of the Bonds then outstanding, excluding any Bonds held by or for the account of the District.

17.26 Effective Date of Successor. Such appointment shall be effective upon and shall be evidenced by the filing with such new Fiscal Agent of an instrument in writing signed on behalf of

the District and by an instrument or concurrent instruments in writing signed by such Bondholders or their duly authorized attorneys, notification thereof being given to the predecessor Fiscal Agent; provided, nevertheless, that, if pending the appointment of a new Fiscal Agent under Section 17.25 of this Part, there would be a vacancy in the office of the Fiscal Agent, the Board, without the consent of the Bondholders, by a duly executed written instrument, shall appoint a Fiscal Agent to fill such vacancy until a new Fiscal Agent shall be appointed as herein provided.

17.27 Notice of Successor. The District shall publish notice of any appointment made by it without the consent of the Bondholders, once a week for two (2) consecutive calendar weeks, in one or more financial newspapers published in San Francisco or New York, the first publication to be made within ten (10) days after such appointment. Any new Fiscal Agent so appointed by the District without the consent of the Bondholders shall, immediately and without further act, be superseded by the new Fiscal Agent appointed by the District with the consent of the Bondholders as herein provided or by a court as hereinafter provided.

17.28 Appointment by Court. If no appointment of a successor Fiscal Agent shall have been made by the Board, with the consent of the Bondholders, under Section 17.25 of this Part, upon the expiration of one hundred twenty (120) days after any event shall have occurred which required the appointment of a successor Fiscal Agent by the Board with the consent of the Bondholders, as herein provided, the then Fiscal Agent shall, and the Board or the holder of any outstanding Bond may, apply to any court of competent jurisdiction to appoint a successor Fiscal Agent. Said court may thereupon, after such notice, if any, as such court may deem proper, prescribe and appoint a successor Fiscal Agent.

17.29 Qualification of Successor. Any Fiscal Agent appointed under the provisions of this Part in succession to the then Fiscal Agent shall be a bank or trust company organized under the laws of the State or a national banking association, doing business in the State, in either case having capital and surplus aggregating at least \$10,000,000 and authorized by law to fully perform all the duties and obligations imposed on it by this Resolution, if there be such a bank or trust company or national banking association willing and able to accept the office on reasonable and customary terms; otherwise some other bank or trust company or national banking association, having an office in the State and otherwise similarly qualified as herein provided, shall be appointed.

17.30 Documents of Succession. Any successor Fiscal Agent appointed hereunder shall execute, acknowledge and deliver to its predecessor Fiscal Agent, and also to the District, an instrument accepting such appointment, and thereupon such successor Fiscal Agent, without any further act, deed or covenant shall become fully vested with all moneys, estates, properties, rights, powers, duties and obligations of its predecessor with like effect as if originally named as Fiscal Agent herein; but the Fiscal Agent ceasing to act shall nevertheless, upon the written request of the District or of the successor Fiscal Agent, execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required to more fully and certainly vest in and confirm to such successor Fiscal Agent all the right, title and interest of the Fiscal Agent in and

to any property held by it, and shall pay over, assign and deliver to the successor Fiscal Agent any money or other property subject to the trusts and conditions herein set forth. Should any resolution, deed, conveyance or instrument in writing from the District be required by the new Fiscal Agent for more fully and certainly vesting in and confirming to such new Fiscal Agent any such estates, rights, powers and duties, any and all such resolutions, deeds, conveyances and instruments in writing shall upon request, so far as may be authorized by law, be adopted, executed, acknowledged and delivered by the District.

17.31 Merger and Consolidation of Agents. Any company into which the Fiscal Agent, or any Paying Agent, may be merged or with which it may be consolidated, or any company resulting from any merger or consolidation to which it shall be a party, shall be the successor Fiscal Agent, or Paying Agent, as the case may be, without the execution or filing of any paper or the performance of any further act.

17.32 Resignation and Discharge of Paying Agents. Any Paying Agent appointed by the District, or any successor hereafter appointed, may at any time resign and be discharged from the duties and obligations hereby created by giving at least sixty (60) days' written notice to the District and to the Fiscal Agent. Such Paying Agent or any successor hereafter appointed may be removed at any time by an instrument filed with such Paying Agent and signed by the District and the Fiscal Agent. Any successor to any Paying Agent shall be appointed by the District with the approval of the Fiscal Agent.

17.33 Fiscal Agent as Successor Paying Agent. If for any reason there shall not at any time be a successor to any Paying Agent resigned or discharged, all of the duties of the Paying Agent may be performed by or on behalf of the Fiscal Agent by any agency acceptable to and approved by the Fiscal Agent. In the event of the resignation or removal of any Paying Agent, such Paying Agent shall pay over, assign and deliver to the successor Paying Agent (including the Fiscal Agent then acting as or on behalf of such Paying Agent) any moneys held by it as Paying Agent.

17.34 Execution of Documents by District. Except as otherwise provided herein, any request, order, notice or direction, required or permitted to be furnished pursuant to any provision hereof, by the District to any Fiscal Agent appointed hereunder, shall be sufficiently executed in the name of the District by the President or other executive officer of the District and also by the Secretary or any Deputy Secretary of the District, with the seal of the District affixed.

17.35 Fiscal Agent to Act as Trustee for Bondholders. The Fiscal Agent is hereby appointed (and the successive respective holders and registered owners of the Bonds and interest coupons, by taking and holding the same, shall be conclusively deemed to have so appointed the Fiscal Agent) as trustee to represent the Bondholders in the matter of exercising and prosecuting on their behalf such rights and remedies as may be available to such holders under the provisions of the Bonds and this Resolution or other provisions of applicable law.

17.36 Action by Trustee. Upon any default or other occasion giving rise to a right in such trustee to represent the Bondholders,

such trustee may take such action on behalf of the Bondholders as may seem appropriate to it and, upon the request in writing of the holders or registered owners of twenty percent (20%) in principal amount of all the Bonds then outstanding, which request shall specify such default or occasion and the action to be taken by the trustee, and upon being furnished with indemnity satisfactory to it, such trustee shall take such action on behalf of the Bondholders as may have been so requested.

17.37 When Bondholders Sue. Except as in this Part expressly provided, no holder or registered owner of any Bond or of any interest coupon appertaining to any coupon Bond shall have any right by virtue or by availing of any provision of this Resolution or provisions of applicable law, to institute any suit, action or proceeding, at law or in equity, for the appointment of any trustee in bankruptcy, receiver, liquidator or custodian of the Revenues and other funds pledged or held hereunder, unless such holder or registered owner shall previously have given to the trustee written notice of an existing default, and unless, also, there shall have been tendered to the trustee security and indemnity satisfactory to it against all costs, expenses and liabilities which might be incurred in or by reason of such action, suit or proceeding, and unless, also, the holders or registered owners of twenty percent (20%) in aggregate principal amount of all the Bonds then outstanding shall have requested the trustee in writing to take action with respect to such default and the trustee shall have declined to take such action or failed so to do within thirty (30) days thereafter; it being intended that no one or more such holders or registered owners of such Bonds or interest coupons shall have any right in any manner to institute or prosecute any action, suit or proceeding for the appointment of a trustee in bankruptcy, receiver, liquidator or custodian of the Revenues and other funds pledged or held hereunder, except in the manner herein provided, and for the equal, proportionate benefit of all holders and registered owners of all outstanding Bonds and interest coupons; provided, that nothing contained in this Resolution or in the Bonds shall affect or impair the right of action, which is absolute and unconditional, of the holders or registered owners of the Bonds to otherwise enforce payment thereof by virtue of the contract embodied in the Bonds and in this Resolution, and in the Constitution and laws of the State, or to enforce any of the covenants or provisions in the Bonds, this Resolution, and in the Constitution and laws of the State, except as hereinabove provided with respect to suits, actions or proceedings for the appointment of any trustee in bankruptcy, receiver, liquidator or custodian of the Revenues and other funds pledged or held hereunder.

17.38 Fiscal Agent Constituted Attorney in Fact for Bondholders. The Fiscal Agent is hereby appointed (and the successive respective holders and registered owners of the Bonds and interest coupons, by taking and holding the same, shall be conclusively deemed to have so appointed the Fiscal Agent) the true and lawful attorney in fact of the respective holders and registered owners of all Bonds and interest coupons, with authority to make or file, irrespective of whether the Bonds or any of them are in default as to payment of principal or interest, in the respective names of the holders and registered owners of the Bonds or interest coupons, or on behalf of all holders and registered owners of the Bonds, or of interest coupons pertaining to the Bonds, as a class or classes, any proof of debt, amendment of proof of debt, petition or other

document, to receive payment of any sum or sums becoming distributable on account thereof, and to execute any and all other papers and documents and to do and perform any and all acts and things for and on behalf of the respective holders and registered owners as a class or classes, as may be necessary or advisable in the opinion of such attorney in fact in order to have the respective claims of such holders or registered owners of Bonds or interest coupons allowed in any equity receivership, insolvency, liquidation, bankruptcy or other proceedings to which the District may at any time be a party, and to receive payment of or on account of such claims; and each and every receiver, assignee or trustee in bankruptcy is hereby authorized by each of the respective holders and registered owners of the Bonds and the interest coupons to make such payments to such attorney in fact, and, in the event that such attorney in fact shall consent to the making of such payments directly to such holders or registered owners, to pay to such attorney in fact any amount which may be due to it for compensation and expenses, including counsel fees, incurred by it up to the date of such distribution.

17.39 Appointment of Substitute Trustee for Bondholders.

By written consent or affirmative vote of a meeting of Bondholders in the manner specified in Part 18 of this Resolution (except that the consent of the holders of only a majority in principal amount of all of the Bonds, excluding any Bonds held by or for the account of the District, need be obtained) all the rights, powers and duties hereby or intended to be given to the Fiscal Agent may be vested in another banking or trust company, or in any other corporation, company, association, committee, individual or individuals, regardless of their place of doing business or residence, without, however, thereby altering or affecting any right, power or duty of the Fiscal Agent under any other provision of this Resolution.

17.40 District's Duties When No Fiscal Agent is Acting.

If for any reason and at any time there should not be a Fiscal Agent acting hereunder, or to the extent that the Fiscal Agent should not be able to fully discharge all duties herein imposed upon it, the District covenants that it will administer or cause to be administered all Revenues, funds and moneys herein referred to in the same manner as it is herein required that such Revenues, funds and moneys shall or may be administered by the Fiscal Agent as an independent trustee, and the District will discharge or cause to be discharged the duties herein imposed upon the Fiscal Agent in the same manner as it is herein required that such duties shall be discharged by the Fiscal Agent, until such time as a successor Fiscal Agent shall lawfully be appointed or the Fiscal Agent be fully able to discharge such duties.

Part 18. Modifications

18.01 Modifications. From and after the sale and delivery of any of the Bonds, no amendment, alteration or modification of the Bonds or of the coupons appertaining thereto or of this Resolution, which will impair, impede or lessen the rights of the holders of the Bonds or the coupons appertaining thereto then outstanding shall be made without the prior written consent, or alternatively, the prior consent given at a Bondholders' meeting, of the holders of at least sixty-six and two-thirds percent (66-2/3%) of the aggregate principal amount of affected Bonds then outstanding, unless the amendment, alteration or modification be as herein authorized.

18.02 Consent Binding. Any amendment, alteration or modification which shall have received the consent of the holders of the percentage of said outstanding Bonds as provided in Section 18.01 of this Part shall be binding on the holders of all of the Bonds and coupons appertaining thereto, either attached to or detached from the Bonds. If any alteration, amendment or modification shall affect less than all outstanding Bonds of this issue, then the provisions of Section 18.01 of this Part shall apply only to the Bonds affected by the amendment, alteration or modification.

18.03 Calling Bondholders' Meeting. If the Board shall desire or shall be required to obtain the consent of the Bondholders to a proposed action, it may adopt a resolution calling a meeting of the Bondholders affected by the proposed action for the purpose of considering the action, the consent to which is desired or required.

18.04 Board Discretion. The place, date and hour of holding the meeting and the date or dates of publishing and mailing notice shall be determined by the Board in its discretion.

18.05 Notice of Meeting. Notice specifying the purpose, place, date and hour of the meeting shall be given by mail and by publication, at least once not less than thirty (30) nor more than sixty (60) days prior thereto in one or more financial papers published in San Francisco or New York. The notice shall set forth the nature of the proposed action, consent to which is desired or required.

18.06 Mailing. The Treasurer shall mail notice by registered mail to the last known holders of bearer Bonds, as shown by the records in his office, and to the registered owners of any registered Bonds, at their addresses as shown on the bond registry books.

18.07 List of Owners. The Treasurer shall prepare and deliver to the chairman of the meeting a list of the names and addresses of the registered owners of the Bonds as shown on the bond registry books, and, to the extent known by him, a list of the names and addresses of the owners of bearer Bonds, together with a statement of the maturities, series and numbers of the Bonds held and deposited by each, and no Bondholder shall be entitled to vote at the meeting unless his name appears upon the lists or unless, at the meeting, he shall present his Bond or Bonds or a certificate of deposit thereof.

18.08 Certificate of Deposit. A holder of bearer Bonds may deposit his Bonds with a bank, trust company, investment banker, bond dealer or broker within or without the State, and obtain from the depository a certificate of deposit which shall constitute proof of ownership and entitle the depositor named therein to vote upon filing it with the Treasurer who shall add it to the list of owners. The Treasurer may designate a depository where the Bonds may be deposited, which shall be an agency for that purpose.

18.09 Limit on Voting. No Bondholder shall be permitted to vote with respect to a larger aggregate principal amount of Bonds than is set against his name on the list, unless he shall produce the additional Bonds upon which he desires to vote or a certificate of deposit.

18.10 Attendance and Voting by Proxy. Attendance and voting by a Bondholder at the meeting may be by proxy. An owner of registered Bonds may, by an instrument in writing under his hand, appoint any person as his proxy to vote at the meeting for him, and that instrument when presented at the meeting shall be sufficient to entitle that person to vote as the proxy of the registered owner. Any person may vote as the proxy of the owner of a bearer Bond on presentation of the Bond or certificate of deposit thereof and an instrument in writing under the hand of the Bondholder appointing the person as his proxy to vote at the meeting for him, or if the instrument in writing has been delivered to the agency designated by the District at the time the Bond was delivered to the agency as provided in Section 18.08 of this Part and the person's name appears on the list delivered by the Treasurer to the chairman of the meeting, the certificate of deposit may verify him as the proxy of the owner of the bearer Bond.

18.11 Issuer-Owned Bonds. The Board shall present at the meeting a certificate, signed and verified by the Treasurer, stating the maturities, division and numbers of all Bonds owned by, or held for account of, the District directly or indirectly. No person shall be permitted at the meeting to vote or consent with respect to any Bond which it shall be established at or prior to the meeting is owned by the District directly or indirectly, and no Bond referred to as "issuer-owned Bond" shall be counted in determining whether a quorum is present at the meeting.

18.12 Quorum and Procedure. A representation of at least sixty-six and two-thirds percent (66-2/3%) in aggregate principal amount of the Bonds affected by the proposed action and then outstanding (exclusive of issuer-owned Bonds, if any) shall be necessary to constitute a quorum at the meeting of Bondholders, but less than a quorum may adjourn the meeting, from time to time, and the meeting may be held as so adjourned without further notice, whether the adjournment shall have been by a quorum or less than a quorum.

18.13 Officers. The Board shall, by an instrument in writing, appoint a temporary chairman of the meeting, and the meeting shall be organized by the election of a permanent chairman and a secretary.

18.14 Votes. At the meeting, each Bondholder shall be entitled to one vote for every \$1,000 principal amount of Bonds with respect to which he shall be entitled to vote, and the vote may be given in person or by proxy. The Board by its duly authorized representative, may attend the meeting of the Bondholders but shall not be required to do so.

18.15 Vote Required. At the meeting, there shall be submitted for the consideration and action of the Bondholders a statement of proposed action, consent to which is desired or required, and if the action shall be consented to and approved by the Bondholders in person or by proxy holding at least sixty-six and two-thirds percent (66-2/3%) of the aggregate principal amount of the Bonds affected by the proposed action and then outstanding (exclusive of issuer-owned Bonds, if any), the chairman and secretary at the meeting shall so certify in writing to the Board, and the certificate shall constitute complete evidence of the consent of the Bondholders.

18.16 Certificate of Notice Conclusive. The actual receipt by a Bondholder of the notice required to be given by Section 18.05 of this

Part shall not be a condition precedent to the undertaking, notice of which is required to be given, and failure to receive notice shall not affect the validity of the proceedings thereat or prevent the notice from having the effect intended by the giving of notice, provided that notice has been published and has also been mailed to Bondholders to the extent known to the Treasurer. No irregularity in the form of the notice shall affect its validity provided notice has been given. A certificate signed by the chairman and secretary of the meeting shall be conclusive evidence and the only competent evidence of the matters stated in the certificate relating to the proceedings taken at the meeting, as against all parties and it shall not be open to a Bondholder to show that he failed to receive notice.

18.17 Filing Certificate. The certificate shall be filed in the office of the Treasurer and shall be kept on file so long as the Bonds and the interest thereon are outstanding and unpaid. A duplicate original, if there is one, and, if not, then a reproduced copy thereof, including the signatures thereon, shall be filed with the Secretary who shall likewise keep it filed with the papers of the proceedings authorizing the issuance of the affected Bonds.

Part 19. Covenants

19.01 General. For the protection and security of the Bonds, it is covenanted and agreed to and with the holders of the Bonds from time to time, that the District will perform the covenants provided in this Part.

19.02 Acquire Project. It will commence the acquisition, improvement and completion of the Project and continue the same with all practical dispatch and in a sound and economical manner.

19.03 Operate Project. It will operate the Project in an efficient and economical manner and prescribe, revise and collect such charges in connection therewith that the services, Facilities and properties of the Project may be furnished at the lowest possible cost consistent with sound economy and prudent management.

19.04 Good Repair. It will operate, maintain, preserve and keep the Project and every part thereof in good repair, working order and condition.

19.05 Preserve Security. It will preserve and protect the security of the Bonds and the rights of the holders thereof, and warrant and defend such rights against the claims and demands of all persons whomsoever.

19.06 Collect Revenues. It will collect and hold in trust the Revenues and other funds pledged to the payment of the Bonds and apply such Revenues or other funds only as provided by this Resolution.

19.07 Service Bonds. It will pay and cause to be paid punctually the principal of the Bonds and the interest thereon on the date or dates and at the place or places and in the manner mentioned in the Bonds and in the coupons thereto appertaining and in accordance with this Resolution.

19.08 Pay Claims. It will pay and discharge any and all lawful claims for labor, materials and supplies which, if unpaid,

might by law become a lien or charge upon the Revenues of the Project, or any part of said Revenues, or any funds in the hands of the Treasurer prior or superior to the lien of the Bonds or which might impair the security of the Bonds, to the end that the priority and security of the Bonds shall be fully preserved and protected.

19.09 Encumbrances. It will not mortgage or otherwise encumber, sell, lease or dispose of the Project or any part thereof, nor enter into any lease or agreement which would impair or impede the operation of the Project or any part thereof necessary to secure adequate Revenues for the payment of the principal and interest of the Bonds, which otherwise would impair or impede the rights of the holders of the Bonds with respect to such Revenues or the operation of the Project without provision for the retirement of the Bonds of this issue then outstanding from the proceeds thereof; provided, however, that material and equipment worn out or not needed for the efficient and proper operation of the Project may be sold without the consent of the Bondholders if the proceeds thereof are applied to the improvement or extension of the Project or to the retirement of the Bonds.

19.10 Insurance. It will procure and keep in force insurance upon all buildings and structures of the Project and the machinery and equipment therein, which are usually insured by entities operating like property, in good and responsible insurance companies. The amount of the insurance shall be such as may be required to adequately protect it from loss due to any casualty, and in the event of any such loss, the proceeds shall be used to repair or restore the Project or for the payment of the Bonds issued under this Resolution. In addition, it will procure and keep in force public liability (bodily injury and property damage) insurance (if available in the open market from reputable companies) with limits of not less than \$100,000 for one person and \$300,000 for more than one person involved in one accident, with excess liability coverage of \$5,000,000, and property damage coverage with limits of not less than \$100,000, as shall protect the District from claims for damages because of bodily injury, including accidental death and from claims for property damages, which may arise from operation of the Project.

19.11 Fidelity Bonds. It will procure suitable fidelity bonds covering all of its officers and other employees charged with the operation of the Project and the collection and disbursement of Revenues therefrom.

19.12 Engineers. It will employ consulting engineers of acknowledged reputation, skill and experience in the improvement and operation of the Project for any unusual or extraordinary items of maintenance, repair, extensions or betterments as shall be required from time to time, all reports, estimates and recommendations of such consulting engineers to be filed with the Secretary and furnished to the purchasers of the Bonds issued hereunder if required.

19.13 Audit and Report. It will employ a certified public accountant who shall prepare in conjunction with the annual audit requirements of NRS 354.624 and file with the purchaser of the Bonds, with the Fiscal Agent and with the Treasurer, annually within seven (7) months after the close of each Fiscal Year, an annual audit for the preceding Fiscal Year which shall include, as to accounts maintained by the Treasurer:

(a) Balance Sheet. A balance sheet including balances of all funds;

(b) Revenue and Payments. A statement in detail of the cash receipts and disbursements of the income and expenses of the Project;

(c) Insurance. A statement as to the insurance carried by it, including a brief description of each policy as to its coverage and name of company issuing it;

(d) Rate Schedules. The schedules of the rates and charges prescribed by the Recreational Facilities Rate Resolution, as from time to time amended and supplemented;

(e) Users. The number of users classified by rate or charge for service or other groups;

(f) Billings. The total annual amount billed and the amount collected;

(g) Net Revenue Certification. A determination and certification of the total Net Revenues collected by the District in the preceding Fiscal Year and the factor by which such Net Revenues did or did not exceed the combined amount of principal of and interest on the Bonds due in the then current Fiscal Year;

(h) Recapitulation. A recapitulation of funds and accounts created by this Resolution into which are put moneys derived from the operation of the Project and from the sale of the Bonds, which shall show balances at the beginning of the period, deposits and withdrawals made during the period and balances at the end of the period, and also monthly deposit requirements for funds during the next succeeding fiscal period;

(i) Comments. Comments of the accountant relative to the fulfillment of the provisions of this Resolution and the manner in which the Project has been operated, and his recommendations for improving the operation of the Project.

19.14 Sale of Project or Facilities. The District may at any time and from time to time sell, as otherwise authorized by law, the property of the Project or Facilities, or a portion or portions thereof, subject to the following covenants:

(a) If the value of the property to be sold, together with a cumulative value of all properties theretofore sold pursuant to this Section 19.14, shall be less than 15% of the original principal amount of the Bonds, then the property may be sold upon:

(1) Deposit with the Fiscal Agent of a certification by an Independent Certified Public Accountant that the sale of the property will not significantly impair the Recreation Charge earnings attributable to one or more of the following:

(i) The Incline Village Championship Golf Course, the Incline Village Executive Golf Course, Ski Incline, Burnt Cedar Beach and Incline Beach;

(2) Deposit with the Fiscal Agent of a written appraisal of the property to be sold prepared by an MAI Appraiser; and

(3) Deposit of the proceeds of sale in the Revenue Fund established in Part 12 of this Resolution; and

(b) If the value of the property to be sold, together with the cumulative value of all properties theretofore sold, shall equal or be in excess of 15% of the original principal amount of the Bonds, then the property may be sold upon:

(1) Deposit with the Fiscal Agent of a certification by an Independent Certified Public Accountant that the sale of the property will not significantly impair the Recreation Charge earnings attributable to the Facilities described in subsection (a)(1) or, in the alternative, certification by an Independent Certified Public Accountant that the proceeds of sale of property will be more than adequate to protect the Bondholders against any impairment in such Recreation Charge earnings;

(2) Deposit with the Fiscal Agent of a written appraisal of the property prepared by an MAI Appraiser;

(3) Deposit of the proceeds in the Bond Fund to be used to call Bonds prior to maturity, if such Bonds are then callable, and if such Bonds are not then callable, then to be deposited in an escrow in the manner provided herein for refunding in advance, until such Bonds are so callable and shall be so called prior to maturity; and

(4) Deposit with the Fiscal Agent of an opinion of nationally recognized bond counsel that the proposed transaction will not affect the tax-free status of the interest payable on any of the Bonds then outstanding for federal income tax purposes.

Part 20. Events of Default and Procedure

20.01 Event of Default. One or more of the events provided in this Part shall constitute an event of default.

20.02 Principal. A default in the due and punctual payment of the principal of a Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption, by declaration or otherwise.

20.03 Interest. A default in the due and punctual payment of an installment of interest on a Bond when and as the interest installment shall become due and payable.

20.04 Covenants. A default in the observation of any of the covenants, agreements or conditions on the District's part herein or in the Bonds contained, and default has continued for a period of thirty (30) days.

20.05 Bankruptcy. The filing by the District of a petition or answer seeking reorganization or arrangement under the Federal bankruptcy laws or other applicable laws or statutes of the United States, or the approval of such a petition by a court of competent jurisdiction, filed with or without the consent of the District, seeking reorganization under the Federal bankruptcy laws or other applicable laws or statutes of the United States, or the assumption or control of the District or of the whole or any substantial part of its property by a court of competent jurisdiction under the provisions of other laws for the relief or aid of debtors.

20.06 Acceleration. Upon the happening of an event of default, the holders of not less than sixty-six and two-thirds

percent (66-2/3%) in aggregate principal amount of the Bonds at the time outstanding shall be entitled, upon notice in writing to the District, to declare the principal of all of the Bonds then outstanding and the interest accrued thereon to be due and payable immediately, and upon such declaration the same shall become and shall be immediately due and payable.

20.07 Application of Bonds. All or any Gross Revenues pledged to the payment and security of the Bonds, including all sums in all of the funds provided therefor upon the date of the happening of an event of default, and all sums thereafter received by the District shall be applied by it, upon presentation of the several Bonds and coupons, and the stamping thereon of the payment if only partially paid, or upon the surrender thereof if fully paid, in the order provided in Sections 20.08 through 20.11 of this Part.

20.08 Costs and Expenses. Said moneys shall be applied to the payment of the costs and expenses of the Bondholders in declaring an event of default, including reasonable compensation to their agents, attorneys and counsel, and to the payment of the costs and expenses of the Treasurer in carrying out the provisions of this Part, including reasonable compensation to his agents, attorneys and counsel.

20.09 Interest on Undue Bonds. In case the principal of the Bonds shall not have become due and shall not then be due and payable, said moneys shall be applied to the payment of the interest in default, first, in the order of registration under Article 2 of Part 8 of this Resolution, and then in the order of maturity of the installments of the interest.

20.10 Principal and Interest on Due Bonds. In case the principal of the Bonds shall have become and shall be then due and payable, said moneys shall be applied to the payment of the principal and interest of the Bonds, first, in the order of registration under Article 2 of Part 8 of this Resolution, and then in the order of the maturity of the installments of principal and interest.

20.11 Insufficient Funds. In case the moneys shall be insufficient to pay in full the whole amount so owing and unpaid upon the Bonds, under Sections 20.09 and 20.10 of this Part, then the moneys shall be applied to the payment, first, of interest, and then of principal, ratably to the aggregate of the interest or principal then due to the persons entitled thereto without discrimination or preference.

20.12 Refunding Defaulted Bonds. The District may refund any defaulted Bonds by the issuance of new bonds maturing after the maturity of the last Bond of this issue, but otherwise on a parity as to payment with the Bonds of this issue, and sell the bonds and use the proceeds to pay the defaulted Bonds, in which event the action shall be deemed to avoid or cure a default under this Part. With the consent of the Bondholder, the refunding bonds may be exchanged for the Bonds refunded.

Part 21. Remedies of Bondholders

21.01 Bondholders' Remedies. Subject to any contractual limitations binding upon the holders of the Bonds, or trustee

therefor, including but not limited to the restriction of the exercise of any remedy to a specified proportion, percentage or number of such holders, as provided in Part 17 of this Resolution, and subject to any prior or superior rights of others, any holder of Bonds, or trustee therefor, shall have the right and power, for the equal benefit and protection of all holders similarly situated, as provided in this Part.

21.02 Mandamus. By mandamus or other suit, action or proceeding at law or in equity, they may enforce their rights against the District, the Board and any other of the officers, agents and employees of the District, to require and compel the District, the Board, or any such officers, agents or employees to perform and carry out their respective duties, obligations or other commitments hereunder and their respective covenants and agreements with the holder of any Bond.

21.03 Accounting. By action or suit in equity, they may require the District to account as if it were the trustee of an express trust.

21.04 Receiver. By action or suit in equity, they may cause the appointment of a receiver, which receiver may enter and take possession of any Facilities and any Pledged Revenues for the payment of the Bonds, prescribe sufficient fees to be derived from the Facilities, and collect, receive and apply all Pledged Revenues or other moneys pledged for the payment of the Bonds in the same manner as the District itself might do in accordance with the obligations of the District, subject to the limitations provided in Part 17 of this Resolution.

21.05 Injunction. By action or suit in equity, they may enjoin any acts or things which may be unlawful or in violation of the rights of the holder of any Bonds and to bring suit thereupon.

21.06 Operation by Trustee or Receiver. The trustee or any receiver appointed may enter upon and take possession of the Facilities and property appertaining thereto, and subject to any pledge or contract with the holders of the Bonds, shall take possession of all moneys and other property derived from or applicable to the acquisition, operation, maintenance or improvement which the Board on behalf of the District is under any obligation to do, and operate, maintain, equip and improve the Facilities, and fix, charge, collect, enforce and receive the Recreation Charges other charges and all Gross Revenues thereafter arising subject to any pledge thereof or contract with the holders of such Bonds relating thereto and perform the public duties and carry out the contracts and obligations of the District in the same manner as the Board itself might do and under the direction of the court.

21.07 Remedies Non-Exclusive. No right or remedy conferred upon a holder of any Bond or any coupon appertaining thereto or any trustee for such holder hereby or by any proceedings appertaining to the issuance of such Bond or coupon is exclusive of any right or remedy, but each such right or remedy is cumulative and in addition to every other right or remedy and may be exercised without exhausting and without regard to any other remedy conferred hereby or by any other law.

21.08 Delays. The failure of a holder of Bonds or of coupons appertaining thereto so to proceed as herein provided or in

such proceedings shall not relieve the District, the Board or any of the officers, agents or employees of the District of any liability for failure to perform or carry out any duty, obligation or other commitment.

21.09 Waiver. No waiver of a default or breach of duty or contract by any Bondholder shall extend to or shall affect a subsequent default or breach of duty or contract or shall impair any rights or remedies arising therefrom.

21.10 Enforcement. Every substantive right and every remedy conferred upon the Bondholders may be enforced and exercised from time to time and as often as may be deemed expedient.

21.11 Status Quo. In case an action, suit or proceeding to enforce a right or exercise a remedy shall have been brought or taken and then discontinued or abandoned, or shall have been determined adversely to the Bondholders, then, and in every case, the District and the Bondholders shall be restored to their former positions and rights and remedies as if no suit, action or proceeding had been brought or taken.

Part 22. Issuance of Refunding Bonds

22.01 General. Excepting as provided in Section 20.12 of this Resolution, any of the Bonds may be refunded by the adoption of a resolution or resolutions by the Board and by other proceedings appertaining thereto, authorizing the issuance of refunding bonds.

22.02 The Law. The provisions of the Securities Law shall apply.

22.03 Purpose - Bonds. Refunding bonds may be issued to refund, pay and discharge all or any part of such outstanding Bonds, including any interest thereon in arrears, or about to become due for any period not exceeding three (3) years from the date of the refunding bonds, unless the capitalization of interest on refunding bonds constituting an indebtedness increases the District debt in excess of the District's debt limitation, if any.

22.04 Id - Reduce Interest. Refunding bonds may be issued for the purpose of reducing interest costs or of effecting other economies.

22.05 Id - Modification. Refunding bonds may be issued for the purpose of modifying or eliminating restrictive contractual limitations appertaining to the issuance of additional bonds, otherwise concerning the outstanding Bonds, or the Facilities appertaining thereto.

22.06 Id - Combination. Refunding bonds may be issued for any combination of Sections 22.02, 22.03 and 22.04 of this Part.

22.07 Prohibition as to Noncallable Bonds. Nothing contained in this Part or in any law shall be construed to permit the Board to call any of the Bonds for prior redemption in order to refund such Bonds or in order to pay them prior to their stated maturities, unless the right to call such Bonds for prior redemption is specifically reserved and stated in such Bonds, and all conditions with respect to the manner, price and time applicable

to such prior redemption as set forth in this Resolution are strictly observed.

22.08 State-Held Bonds. Notwithstanding the provisions of Section 22.07 of this Part or of any other law, the State, acting by and through the State Board of Finance, may agree with the Board to exchange any outstanding Bonds issued by the District and held by the State, or any agency, corporation, department or other instrumentality of the State, for refunding bonds of the District or otherwise to surrender at such price and time and otherwise upon such conditions and other terms and in such manner as may be mutually agreeable, such outstanding Bonds to the Board for refunding, at any time prior to their respective maturities or to any date as of which the District has the right and option to call on its behalf such outstanding Bonds for prior redemption as expressly provided in the outstanding Bonds and this Resolution.

22.09 Other Bonds. The consent of the holder of a Bond shall not be required, though said Bond has not matured or is not yet subject to prior call and redemption, if the refunding is in advance thereof and all sums required for payment thereof to its maturity or to its prior call date are deposited in the Bond Fund created therefor.

22.10 Loans. Any provision herein concerning the refunding of outstanding Bonds includes any outstanding Bonds evidencing long-term loans which may have been made to the District regardless of whether such Bonds are designated as bonds, certificates, single certificates or otherwise.

22.11 Exchange or Sale. Any bonds issued for refunding purposes may either be delivered in exchange for the outstanding Bonds being refunded or may be publicly or privately sold.

22.12 Id - Federal Securities. The refunding bonds, or any part thereof, except as limited by Section 22.01 of this Part, may be exchanged by the District for federal securities and other securities of the Federal Government which have been made available for escrow investment by any purchaser of refunding bonds, upon terms of exchange mutually agreed upon, and any such securities so received by the District shall be placed in escrow as provided in this Part.

22.13 Time Limitation - The Bonds. No Bonds may be refunded hereunder unless they have been outstanding for at least one (1) year from the date of their delivery and unless the holders thereof voluntarily surrender them for exchange or payment, or unless they either mature or are callable for prior redemption under their terms within fifteen (15) years from the date of issuance of the refunding bonds, and provision shall have been made for paying the Bonds within such period of time.

22.14 Id - Refunding Bonds. No maturity of any Bond refunded may be extended over fifteen (15) years, or beyond one (1) year next following the date of the last outstanding maturity, whichever limitation is later.

22.15 Maximum Refunding Amount. The principal amount of the refunding bonds may exceed the principal amount of the refunded Bonds if the aggregate principal and interest costs of the refunding bonds do not exceed such unaccrued costs of the Bonds refunded,

except to the extent any interest on the Bonds refunded in arrears or about to become due is capitalized with the proceeds of the refunding bonds. Principal may also then be increased to that extent.

22.16 Minimum Refunding Amount. The principal amount of the refunding bonds may also be less than or the same as the principal amount of the Bonds being refunded so long as provision is duly and sufficiently made for their payment.

22.17 Application of Proceeds. Except as herein otherwise provided, the proceeds of refunding bonds shall either be immediately applied to the retirement of the Bonds to be refunded or be placed in escrow or trust in any trust bank or trust banks within or without or both within and without the State to be applied to the payment of the refunded Bonds or the refunding bonds, or both the refunded Bonds and the refunding bonds, upon their presentation therefor to the extent, in such priority and otherwise in the manner in which the Board may determine.

22.18 Incidental Costs. The incidental costs of refunding bonds may be paid by the purchaser of the refunding bonds or be defrayed from the General Fund (subject to appropriations therefor as otherwise provided by law) or other available revenues of the District under the control of the Board or from the proceeds of the refunding bonds, or from the interest or other yield derived from the investment of any refunding bond proceeds or other moneys in escrow or trust, or from any other sources legally available therefor, or any combination thereof, as the Board may determine.

22.19 Premiums and Accrued Interest. Any accrued interest and any premium appertaining to a sale of refunding bonds may be applied to the payment of the interest thereon or the principal thereof, or to both principal and interest, or may be deposited in a reserve therefor, or may be used to refund Bonds by deposit in escrow, trust or otherwise, or may be used to defray any incidental costs appertaining to the refunding, or any combination thereof, as the Board may determine.

22.20 Escrowed Funds - Source. Any escrow or trust shall not necessarily be limited to proceeds of refunding bonds but may include other moneys available for its purpose.

22.21 Id - Investment. Any proceeds in escrow or trust, pending such use, may be invested or reinvested in federal securities, and in other securities issued by the Federal Government.

22.22 Id - Trust Bank. Any trust bank accounting for federal securities and other securities issued by the Federal Government in such escrow or trust may place them for safekeeping wholly or in part in any trust bank or trust banks within or without or both within and without the State.

22.23 Id - Id - Security. Any trust bank shall continuously secure any moneys placed in escrow or trust and not so invested or reinvested in federal securities and other securities issued by the Federal Government by a pledge in any trust bank or trust banks within or without or both within and without the State of federal securities in an amount at all times at least equal to

the total uninvested amount of such moneys accounted for in such escrow or trust.

22.24 Id - Amount. Such proceeds and investments in escrow or trust, together with any interest or other gain to be derived from any such investment, shall be in an amount at all times at least sufficient to pay principal, interest, any prior redemption premiums due, and any charges of the escrow agent or trustee and any other incidental expenses payable therefrom, except to the extent provision may have been previously otherwise made therefor, as such Bonds become due at their respective maturities or due at a designated prior redemption date or dates in connection with which the Board has exercised or is obligated to exercise a prior redemption option on behalf of the District.

22.25 Id - Id - Certified Public Accountant. The computations made in determining such sufficiency shall be verified by a certified public accountant licensed to practice in the State or in any other state.

22.26 Id - Purchaser Not Responsible. Any purchaser of any refunding bond issued hereunder shall in no manner be responsible for the application of the proceeds thereof by the District, the Board or any of the officers, agents or employees of the District.

22.27 Source of Payment of Refunding Bonds. Refunding bonds may be made payable from any taxes or Pledged Revenues, or both taxes and such Revenues, which might be legally pledged for the payment of the Bonds being refunded at the time of the refunding or at the time of the issuance of the Bonds being refunded, as the Board may determine, notwithstanding the taxes, or the Revenue sources, or the pledge of such Revenues, or any combination thereof, for the payment of the outstanding Bonds being refunded is thereby modified, subject to the provisions of this Part.

22.28 Issue or Series. Bonds for refunding and bonds for any other purpose or purposes authorized hereby or by any other law may be issued separately or issued in combination in one series or more by the District in accordance with the provisions of this Part.

22.29 Effect of Abolished District. The Bonds, if the District is abolished by NRS 318.490 or any other law, may be refunded under the provisions of this Part. Whether or not the Bonds of the abolished District have been assumed by any successor municipality prior to the issuance of the refunding bonds, the refunding bonds shall be authorized by the governing body of each successor municipality in which is situated all or any part of the area of the abolished District.

22.30 Id - Issuance If Not Assumed. If the obligation of the abolished District evidenced by its outstanding Bonds has not been assumed wholly or in part by a successor municipality prior to the authorization of the issuance of the refunding bonds, the refunding bonds shall be issued in the name of the abolished District and shall evidence the same character of obligations as evidenced by the refunded Bonds.

22.31 Id - Issuance If Assumed. To the extent any obligation evidenced by the refunded Bonds has been assumed by a

successor municipality, the refunding bonds shall be authorized to be issued in the name of the successor municipality which shall re-evidence such assumed obligation and shall evidence the same character of obligation as evidenced by such obligation as assumed by the successor municipality, subject to the limitations and other provisions in Section 22.27 and 22.33 of this Part.

22.32 Resolution Applicable. Except as in Sections 22.03 to 22.31, inclusive, of this Part expressly provided or necessarily implied, the relevant provisions elsewhere herein appertaining generally to the issuance of Bonds to defray the cost of the Project shall be equally applicable in the authorization and issuance of refunding bonds, including their terms and security, the covenants and other provisions of this Resolution, or other instrument or proceedings appertaining hereto, and other aspects of the Bonds.

22.33 General Limitation. Nothing contained in this Part shall be construed as authorizing the District to issue any Bonds constituting a debt for the purpose of refunding the outstanding Bonds of this issue.

22.34 Subsequent Law. Nothing contained in this Part shall be construed as prohibiting the District from refunding the outstanding Bonds of this issue by the issuance of bonds constituting a debt for the purpose, or otherwise contrary to any limitations provided in this Part, provided that the authority therefor shall be then provided by law.

22.35 Determination Final. The determination of the Board that the limitations in this Part imposed upon the issuance of refunding bonds or upon the issuance of other bonds hereunder have been met shall be conclusive in the absence of fraud or arbitrary and gross abuse of discretion regardless of whether this Resolution or the Bonds hereby authorized contain a recital as authorized by NRS 350.628 of the Securities Law.

22.36 Contract Clause. No provision of this Part shall be construed to authorize the performance of any act in the conduct of a refunding proceeding that would be in violation of the contract clause of the Constitution of the United States. (U.S. Const. Art. 1, Sec. 10)

Part 23. Miscellaneous

23.01 Mutilated or Defaced Bonds. When a Bond is mutilated or defaced, the Board shall issue a duplicate if all of the following conditions exist:

- (a) It appears by clear and unequivocal proof that the Bond is so mutilated or defaced as to impair its value to the holder:
- (b) There is no bad faith on the part of the holder;
- (c) The Bond is identifiable by number and description; and
- (d) The regulations, including restrictions as to time and retention for security or otherwise, prescribed by the Board, are met.

23.02 Id - Form of Bond. The duplicate Bond shall have the same time to run, bear like interest, and have the same number, as the mutilated or defaced Bond.

23.03 Id - Application. The holder of the Bond desiring a duplicate shall make a written application to the Board stating the facts required.

23.04 Id - Deposit. The holder shall accompany his application with a deposit of money required by the Board for the cost of printing, lithographing or otherwise preparing the duplicate, and all other expenses connected with the issuance of the duplicate.

23.05 Id - Indemnification. If required by the Board, the holder shall also file with his application a bond in the required sum with good and sufficient sureties, to be approved by the Board, and conditioned to indemnify the District for any claim upon the mutilated or defaced Bond.

23.06 Id - Resolution. Upon receipt of the application, the Board shall adopt a resolution:

- (a) Stating the receipt of the application;
- (b) Stating the compliance with the conditions prescribed therefor and any other conditions required by the Board; and
- (c) Directing the Treasurer to cause a duplicate to be issued.

23.07 Id - Issuance. The duplicate Bond shall be issued in the manner of the original.

23.08 Id - Exchange. The duplicate shall be delivered in exchange for the original Bond.

23.09 Id - Identification. No exchange shall be made unless the defaced or mutilated Bond with any coupons attached is identifiable and is first surrendered to the Treasurer.

23.10 Id - Cancellation. When the original is surrendered, the Treasurer shall cause proper record to be made of its cancellation and thereafter the duplicate has the validity of the original.

23.11 Lost or Destroyed Bonds. The Board may issue a new bond similar to an original to replace a lost or destroyed Bond if:

- (a) By competent proof it is made to appear to the Board that the Bond is lost or destroyed;
- (b) The holder gives security approved by the Board to indemnify the District against any loss incurred on account of the Bond; and
- (c) The holder pays all cost of the issuance of the new bond.

23.12 Id - Procedure. To the extent applicable the provisions of Sections 23.01 through 23.10, inclusive, of this Part, shall apply.

23.13 Id - Refusal to Issue. If the Board refuses to issue a new bond, the holder of any lost or destroyed Bond may apply to the District Court in and for the County of Washoe for an order requiring the Board to show cause why it should not be required to issue a new bond or cause it to be issued.

23.14 Id - Application to Show Cause. The application shall be by petition, a copy of which shall be served upon the President or Secretary not later than ten (10) days prior to the time set for the hearing.

23.15 Id - Hearing and Order. The Court shall inquire into the truth of the facts stated in the petition and hear the proofs and allegations of the petition. If satisfied that the petitioner is the lawful owner of the Bond described in the petition, that it has been lost or destroyed and cannot after due diligence be found, and that no sufficient cause has been shown why a new bond to replace it should not be issued, the Court shall make an order requiring the Board to issue and deliver, or cause to be issued and delivered, to the petitioner a new bond in place of the lost or destroyed Bond, upon the petitioner giving such security to the District as the Court directs.

23.16 Id - Endorsement. Each bond and attached coupon so issued shall state upon its face:

(a) The issue, series, number and denomination of the Bond for which it is issued.

(b) That it is issued in the place of the Bond claimed to have been lost or destroyed.

(c) That it is issued as a duplicate.

(d) That only one is to be paid.

23.17 Id - Filing Security. The security required, duly endorsed as approved, shall be filed in the office of the Treasurer as the Board directs.

23.18 Id - Commercial Code. The provisions relating to Investment Securities in the Uniform Commercial Code shall apply.

23.19 Destruction of Paid Bonds and Coupons. Upon the entry of the payment of any Bond or coupon in the bond register, and under any additional conditions as the Treasurer shall establish, the Treasurer or the Fiscal Agent may destroy or cremate any and all Bonds and coupons pertaining thereto which have been previously paid, canceled or replaced.

23.20 Securities Law. The Bonds are issued pursuant to the Local Government Securities Law, and shall be conclusive evidence of their validity and the regularity of their issuance.

23.21 Validity Not Dependent. The validity of the Bonds shall not be dependent on nor affected by the validity or regularity of any proceedings relating to the Project or the completion of any purpose for which the Bonds are issued.

23.22 Id - Application of Funds. The purchaser or purchasers of the Bonds shall in no manner be responsible for the application of the proceeds of the Bonds by the District or by any of its officers, agents and employees.

23.23 Bonds Exempt from Taxes. The Bonds, their transfer and the income therefrom shall forever be and remain free and exempt from taxation by the State of Nevada or any subdivision thereof.

23.24 Investment in Bonds. It is legal for any bank, trust company, banker, savings bank or institution, any building and loan association, savings and loan association, investment company and any other person carrying on a banking or investment business, any insurance company, insurance association, or any other person carrying on an insurance business, and any executor, administrator, curator, trustee or any other fiduciary, to invest funds or moneys in their custody in any of the Bonds.

23.25 Bond Register. The Secretary shall provide the District Treasurer and the Fiscal Agent with a bond register and other records and supplies suitable for recording the Bonds and the payment thereof.

23.26. Bond Delivery. The Secretary shall cause the Bonds to be printed, containing the rates of interest provided for herein, and to be delivered to Miller & Schroeder Municipals, Inc., the purchaser thereof. At the time of the delivery thereof, the President of the District shall receive from the bond purchaser an appropriate form of receipt for the Bonds (including the delivery of any temporary bond) and shall deliver a duly executed receipt for the Bond proceeds and a duly executed signature and no-litigation certificate.

23.27 Arbitrage. The District hereby covenants that the proceeds of sale of the Bonds shall not be used directly or indirectly to acquire any securities or obligations the acquisition of which would cause any of the Bonds to be an "arbitrage bond" as defined in subsection (d) (2) of Section 103 of the Internal Revenue Code of 1954 and on the basis of the facts, estimates and circumstances now in existence and in existence upon the date of the issuance of the Bonds as determined by the responsible officers of the District, including the President of the District, the President of the District is authorized to certify that it is not expected that the proceeds of the Bonds will be used in a manner that would cause such obligations to be arbitrage bonds. Such certification shall be delivered to the purchaser together with the Bonds and together with the legal opinion of counsel that it is not expected that the proceeds of the Bonds will be used in a manner that would cause such obligations to be arbitrage bonds.

23.28 Temporary Bond. In the event that the definitive Bonds herein authorized to be issued are not ready seasonably for delivery to the purchaser, the District President is authorized and directed for the protection of the bond purchaser and holders to cause the preparation and delivery of a temporary bond, such bond to be dated as of the date of the definitive Bonds, to be issued without coupons, and to be otherwise in the form attached hereto as Exhibit "C", such exhibit being hereby made a part hereof.

23.29. Transcript. The Secretary is hereby authorized to prepare and furnish to the purchasers of the Bonds issued hereunder and attorneys examining the same a complete set of certified copies of all resolutions and documents of the District

relating to the Project and to the issuance of Bonds and of all other proceedings and records of the Board showing the right, power and authority to issue the Bonds and to provide the security therefor, and such certified copies and certificates shall be deemed representations of the Board as to all facts stated therein.

* * * * *

I hereby certify that the foregoing is a full, true and correct copy of a resolution duly passed and adopted at a regularly held meeting of the Board of Trustees of the Incline Village General Improvement District on the 29th day of July, 1976, by the following vote:

AYES, and in favor thereof, Trustees: *Smith, Englehard, Jensen, Spallone, Johnston*

NOES, Trustees: *None*

ABSENT, Trustees: *None*

[Signature]
Secretary

(S E A L)

ACCEPTANCE BY FISCAL AGENT

The Nevada National Bank by its signature hereto hereby signifies its acceptance of the duties and obligations imposed upon it as Fiscal Agent by the provisions of the foregoing Resolution No. 1262. The execution of this written acceptance by the Nevada National Bank is done pursuant to the requirements of Section 17.02 of said Resolution No. 1262 and this acceptance shall be delivered to the Incline Village General Improvement District.

Dated: August 3, 1976

NEVADA NATIONAL BANK,
as Fiscal Agent

By *[Signature]*
Trust Officer

ATTEST:

[Signature]
ASSISTANT SECRETARY

(S E A L)

ESCROW DEPOSIT AGREEMENT

This Escrow Deposit Agreement is dated as of August 3, 1976, and is entered into by and between the INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT (the "District"), Washoe County, Nevada, and NEVADA NATIONAL BANK (the "Bank"), Reno, Nevada, as Escrow Holder:

W I T N E S S E T H :

WHEREAS, the District is created and organized pursuant to the General Improvement District Law, NRS Chapter 318, and as such is empowered and did pursuant to Resolution No. 420, adopted October 5, 1967, as amended, authorize, issue and sell its Revenue Bonds of 1968;

WHEREAS, the Bank is a national banking institution with full trust powers and as such was appointed and is now acting as Fiscal Agent for the Revenue Bonds of 1968;

WHEREAS, the Bank as such Fiscal Agent is now holding and maintaining both the "Beach Recreation Revenue Bond Fund" and the "Beach Recreation Reserve Fund" created pursuant to said Resolution No. 420, as amended, for the protection of the Revenue Bonds of 1968;

WHEREAS, the Bank is also Paying Agent for the Revenue Bonds of 1968;

WHEREAS, the District, pursuant to Resolution No. 1262, adopted July 29, 1976, has authorized the issuance of its Special Obligation Bonds of 1976 (Refunding and Recreation Acquisition and Improvement) (the "1976 Bonds"), and has determined therein to refund in advance, pursuant to applicable

law and the provisions of said Resolution No. 420, as amended, the \$2,260,000 presently outstanding principal amount of the Revenue Bonds of 1968;

WHEREAS, the District, in said Resolution No. 1262, has ordered that a portion of the proceeds of sale of the 1976 Bonds shall be deposited in an irrevocable escrow to be created and maintained with the Bank, such deposit in escrow to be in an amount sufficient when invested in federal securities to pay when due the principal of, the interest on and any prior redemption premiums payable on the Revenue Bonds of 1968;

WHEREAS, the District has further determined in said Resolution No. 1262 to call for redemption prior to maturing all bonds outstanding on January 1, 1991, and desires to make provision for such call pursuant to this agreement with the Bank; and

WHEREAS, the Bank has full powers to act as Escrow Holder with respect to said irrevocable escrow and to perform the duties and obligations undertaken by the Bank pursuant to this agreement;

NOW, THEREFORE, in consideration of the foregoing and of the mutual promises hereinafter set forth, the District and the Bank agree as follows:

1. In accordance with the provisions of said Resolution No. 1262, there is hereby created by the District with and by the Bank and shall be maintained by the Bank, as Escrow Holder, an irrevocable escrow designated "Incline Village General Improvement District Revenue Bonds of 1968 Escrow Deposit Bond Fund" (the "Escrow Deposit Bond Fund").

2. Upon execution of this agreement and concurrently with the deposit of the hereinafter described moneys and federal securities into the Escrow Deposit Bond Fund, the

Beach Recreation Revenue Bond Fund established pursuant to said Resolution No. 420, as amended, shall be deemed to become and be the Escrow Deposit Bond Fund.

3. Concurrently with the delivery of the 1976 Bonds to Miller & Schroeder Municipals, Inc., the purchaser thereof, \$[approx. \$1,995,000] of the proceeds of sale, in immediately available moneys, shall be transferred by the District to the Bank and deposited by the Bank in the Escrow Deposit Bond Fund. The amount so deposited, together with the interest to be earned on the investments to be acquired with the amount so deposited, shall equal the aggregate amount when due of the principal of, interest on and prior redemption premiums payable on the outstanding Revenue Bonds of 1968, all as certified by Harris Kerr Forster & Company, Independent Certified Public Accountants, a true copy of which certification is attached hereto as Exhibit "A" and hereby made a part hereof.

4. Concurrently with the deposit of said moneys into the Escrow Deposit Bond Fund, the Bank shall use so much of said moneys as is necessary to purchase \$1,995,000 principal amount of federal securities, as follows:

<u>Security</u>	<u>Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
United States Treasury Certifi- cates of Indebtedness	7/1/77	\$ 45,000	6.13%
United States Treasury Note	7/1/78	35,000	6.79
United States Treasury Note	7/1/79	35,000	7.09
United States Treasury Note	7/1/80	45,000	7.28
United States Treasury Note	7/1/81	45,000	7.42
United States Treasury Note	7/1/82	50,000	7.54
United States Treasury Note	7/1/83	50,000	7.62
United States Treasury Bond	7/1/84	55,000	7.67
United States Treasury Bond	7/1/85	60,000	7.70
United States Treasury Bond	7/1/86	65,000	7.72
United States Treasury Bond	7/1/87	70,000	7.73
United States Treasury Bond	7/1/88	80,000	7.74
United States Treasury Bond	7/1/89	85,000	7.74
United States Treasury Bond	7/1/90	85,000	7.75
United States Treasury Bond	7/1/91	1,190,000	7.76

The foregoing described securities were duly subscribed for by the District at the Federal Reserve Bank at San Francisco, California, on July 15, 1976, and July 16, 1976, for payment in full and issue to the District on August 3, 1976. Payment for such securities shall be conclusively evidenced at delivery by the Bank's execution and delivery of an acknowledgment in form attached hereto as Exhibit "A" and hereby made a part hereof which shall upon payment be deemed to be and be deposited and held by the Bank in the Escrow Deposit Fund solely for the uses and purposes set forth herein and in said Resolution No. 1262.

5. Concurrently with the completion of the provisions of Paragraphs 3 and 4 of this Agreement, the Bank shall transfer the moneys in the Beach Recreation Revenue Fund to the Special Obligation Bonds of 1976 Debt Service Reserve Fund and the District agrees to deliver to the Bank concurrently with said transfer the moneys sufficient so that the total deposit into the Special Obligation Bonds of 1976 Debt Service Reserve Fund shall equal \$400,000 which the Bank shall hold and maintain as Fiscal Agent for the 1976 Bonds, all in accordance with the further provisions of said Resolution No. 1262. The Beach Recreation Reserve Fund shall then terminate and cease to exist.

6. In accordance with the provisions of NRS 350.698 and of Resolution No. 420, as amended, the Bank shall continuously secure the moneys in the Escrow Deposit Bond Fund (and not invested in the above described federal securities) by a pledge in any trust bank or trust banks, either within or without the State of Nevada, or both, of federal securities in an amount at all times at least equal to the total uninvested amount of such moneys in the Escrow Deposit Bond Fund.

7. The District may at any time after one year from the date of delivery of the 1976 Bonds and from time to time thereafter direct the Escrow Holder to substitute federal securities then issued by the United States of America for any or all of the federal securities then deposited in the Escrow Deposit Fund, provided that any such direction and substitution shall be accompanied with a certification of an Independent Certified Public Accountant that the federal securities then to be so deposited in the Escrow Deposit Fund, together with interest to be derived therefrom, shall be in an amount at all times at least sufficient to pay principal, interest and any prior redemption premium due on any of the Revenue Bonds of 1968 then outstanding and, further, to be accompanied with an opinion of nationally recognized bond counsel or special tax counsel that the substitution will not affect the interest payable on any of the 1976 Bonds then outstanding for federal income tax purposes, and specifically, Section 103(d) of the Internal Revenue Code of 1954, as amended.

8. The District has determined in said Resolution No. 1262 to call for redemption prior to maturity all of the Revenue Bonds of 1968 which would otherwise be outstanding on January 1, 1991. In accordance with the provisions of Resolution No. 420, as amended, the resolution authorizing the issuance of the Revenue Bonds of 1968, it is necessary that certain procedures be followed in order to advance the maturity of the then outstanding Revenue Bonds of 1968. It shall be the Bank's responsibility and obligation pursuant to this Agreement to complete properly and timely such procedures as follows:

(a) At least thirty (30) days prior to January 1, 1991, the day of call of the then outstanding Revenue Bonds of

1968 (the "1968 Bonds"), the Bank shall cause notice of redemption to be published once, on behalf of the District Treasurer, in a financial paper published in San Francisco or New York, New York, and such notice shall be mailed by registered mail to the last known holder or holders of any bearer 1968 Bonds so called, and to the registered owner or owners of registered 1968 Bonds. No interest shall accrue on said Bonds called for redemption or on any interest coupons thereon after the redemption date specified.

(b) The notice of redemption shall:

(i) State the redemption date, which date shall be January 1, 1991;

(ii) State the redemption price as hereinafter described;

(iii) State the dates of maturity of the 1968 Bonds to be redeemed;

(iv) State that all of the 1968 Bonds of each such annual maturity are being so redeemed;

(v) Require that the 1968 Bonds so called be surrendered with all interest coupons maturing subject to the redemption date (except that no coupons may be surrendered on 1968 Bonds registered as to both principal and interest) at the office of the Fiscal Agent for the 1968 Bonds;

(vi) Require that the 1968 Bonds which at the time of call are registered so as to be payable otherwise than to bearer shall be accompanied by appropriate instruments of assignment that District duly executed;

(vii) Give notice that further interest will not accrue after the designated redemption date.

(c) The redemption price of any 1968 Bond called is the principal amount of the 1968 Bond and accrued interest to

the date of redemption, plus a redemption premium equal to one-quarter of one percent (1/4 of 1%) of such principal amount for each whole twelve (12) months and for any remaining fraction of a twelve (12) month period from the date fixed for redemption to the maturity date of the 1968 Bond called; provided, however, that in no event shall the premium paid on prior redemption of any 1968 Bond exceed five percent (5%) of such principal amount.

(d) The Bank shall execute a certificate on behalf of the District Treasurer stating that notice of call and redemption has been given to owners of 1968 Bonds as herein provided, which certificate shall be conclusive as against all parties, and no Bondholder whose 1968 Bond is called for redemption may object thereto or object to the cessation of interest on the redemption date fixed by any claim or showing that he failed to actually receive such notice of call and redemption.

9. The Bank's fees as Escrow Holder and for the duties and obligations imposed upon the Bank pursuant to the provisions of this Escrow Deposit Agreement shall be the sum of \$450.00 per annum for each full year and for any remaining portion of a year commencing with the date hereof and terminating January 1, 1991. Such \$450.00 annual fee shall not be subject to renegotiation, provided, however, that there is reserved for negotiation the fee to be paid to the Bank for calling the Revenue Bonds of 1968 for redemption prior to maturity, as described in paragraph 8 of this Agreement and, provided further, that the reservation of such right to negotiate shall not, in any way, negate the Bank's responsibility and obligation, pursuant to said paragraph 8, to complete the procedures necessary to properly and timely call the then outstanding Revenue Bonds of 1968 for prior redemption.

9. Provisions of said Resolution No. 1262 relating to the resignation and removal of a Fiscal Agent shall be the procedure to be followed with respect to any resignation or removal of the Escrow Holder.

10. All of the provisions of said Resolution No. 1262 relating to the refunding of the Revenue Bonds of 1968, to the Escrow Deposit Fund and to the call of the Revenue Bonds of 1968 for redemption prior to maturity are hereby incorporated by reference and shall apply to this Agreement as if set forth herein in full.

11. The Bank shall, upon being properly notified by the Paying Agent for the Revenue Bonds of 1968, transfer the maturing principal of the securities in the Escrow Deposit Fund, and the interest earned thereon, to the Paying Agent in order that the Paying Agent may pay from time to time as the payments shall become due the principal, interest and any prior redemption premium of the Revenue Bonds of 1968, all as such payment and payment dates are herein or in said Resolution No. 420, as amended, described.

12. Any moneys remaining in the Escrow Deposit Fund upon payment in full of the principal amount of the Revenue Bonds of 1968 and the interest and any prior redemption premium due thereon, shall be transferred by the Bank to the District.

13. This Escrow Deposit Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be one and the same instrument.

IN WITNESS WHEREOF, the District and Bank have each caused this Agreement to be executed by the duly authorized

officers thereof and have caused the corporate seal to be
affixed hereto and attested as of the date first above
written.

INCLINE VILLAGE GENERAL IMPROVEMENT
DISTRICT

By _____
Chairman of the Board and
President of the District

ATTEST:

Secretary of the District

(S E A L)

NEVADA NATIONAL BANK,
as Escrow Holder

By _____

ATTEST:

(S E A L)

UNITED STATES OF AMERICA
STATE OF NEVADA, COUNTY OF WASHOE

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

SPECIAL OBLIGATION BOND OF 1976
(REFUNDING AND RECREATION ACQUISITION AND IMPROVEMENT)

ON THE 1st DAY OF AUGUST

19

the Incline Village General Improvement District in the County of Washoe, State of Nevada, a body corporate and politic and a quasi-municipal corporation duly organized and existing under the laws of said State, the "District," for value received, hereby promises to pay to the bearer (or, if this Bond is registered as hereinafter provided, to the registered owner hereof), from the Bond Fund created herefor, the sum of FIVE THOUSAND DOLLARS (\$5,000) with interest hereon from date at the rate of _____ percent (%) per annum, as evidenced by interest coupons attached hereto at the time of issuance, said interest payable semiannually on the 1st day of February and the 1st day of August in each year, commencing on February 1, 1977, all as more particularly set forth in Resolution No. 1262, the resolution providing for the issuance of this Bond, adopted on July 29, 1976, by the Board of Trustees of the District.

This Bond and the interest hereon are payable in lawful money of the United States of America at the Head Office of the Nevada National Bank, Reno, Nevada, the District's Fiscal Agent and Paying Agent, or, at the option of the holder, at any paying agency of the District in San Francisco or Los Angeles, California; Chicago, Illinois; or New York, New York.

If, upon presentation at maturity, or if callable and duly called for redemption, payment of this Bond or any interest coupon hereof, or both, is not made in full accordance with the terms of said Resolution No. 1262, said Bond or coupon, or both, shall continue to bear interest at the rate stated herein until notice is given that funds are available for such payment. In such event, said Bond and coupon shall be submitted to the Fiscal Agent and registered by it as delinquent and thereafter paid in numerical order of registration, subject to the provisions of said Resolution No. 1262 for proration in the event of bankruptcy or other cause.

Bonds maturing by their terms on or before August 1, 1981, are not subject to redemption by call. Bonds maturing on or after August 1, 1982, are by their terms, subject to call and redemption, at the option of the District, as a whole or in part, in inverse numerical order on August 1, 1981 (but not prior thereto) or on any interest date thereafter and prior to their maturity date or dates, at the principal amount thereof and accrued interest thereon to the date of redemption, plus a redemption premium equal to one-quarter of one percent (1/4 of 1%) of such principal amount for each whole twelve (12) months, and for any remaining fraction of a twelve (12) month period from the date fixed for redemption to the maturity date of the bonds; provided, however, that in no event shall the premium paid on prior redemption of any bond exceed two and one-half percent (2-1/2%) of said principal amount and provided

EXHIBIT "B"

further that in no event shall any premium be paid on prior redemption of any bond called and redeemed on or after August 1, 1986. The District may also, from time to time, purchase outstanding bonds as provided in said Resolution No. 1262.

This Bond is one of an issue of bonds, designated Special Obligation Bonds of 1976 (Refunding and Recreation Acquisition and Improvement), the "Bonds," in the total principal amount of FIVE MILLION SEVEN HUNDRED TEN THOUSAND DOLLARS (\$5,710,000), all of like date, tenor and effect (except for such variations as may be required for varying numbers, maturity dates and interest rates), all issued by the District to provide funds, which together with any other available funds, will be used to purchase Federal securities which are to be deposited in an irrevocable escrow with the Nevada National Bank, Reno, Nevada, and which are sufficient in amount, together with interest thereon, to pay timely when due all principal of and interest on and any early redemption premium on the District's outstanding Revenue Bonds of 1968, and further to provide funds to pay the costs of acquisition by the District of two golf courses, a ski area, a bowling alley and unimproved recreational acreage, together with all appurtenances thereto and certain improvements thereto, all as more particularly described in said Resolution No. 1262, and to which resolution reference is hereby made for the obligations, duties, rights and privileges hereby created.

The holder of this Bond has all the rights of a holder of a negotiable instrument payable to bearer, but is subject to registration as to principal and interest, or as to principal only, upon written request of the owner and presentation of the Bond to the Fiscal Agent for registration, after which the principal and interest or the principal only shall be payable solely to such registered owner. Registered bonds may be assigned or deregistered.

Both principal and interest are payable solely from the Net Revenues of the Project pledged to the payment hereof, and the District is not obligated to pay the principal hereof or interest hereon except from said Net Revenues in accordance with said Resolution No. 1262. The Project consists of the District's existing two community beaches and the newly acquired two golf courses, ski area and bowling alley, as more particularly described in said Resolution No. 1262.

The District has a mandatory duty to establish, revise, maintain and collect charges to persons and properties, uniform as to persons and properties of the same class, including Service Charges to be collected from the users thereof for the furnishing of the services and Facilities of the Project and Availability of Use Charges for the availability of use of the services and Facilities of the Project, which Availability of Use Charges shall constitute a perpetual lien on and against the properties served, which lien may be foreclosed in the same manner as provided by law for mechanics' liens, or such Charges may be collected by suit, or together with and not separately from general taxes for the District, and it may grant discounts for prompt payment, require deposits and guarantees as security for payment, and impose basic and additional penalties, all as provided in said Resolution No. 1262.

The District has covenanted that its charges shall be sufficient to provide the annual costs of operating and maintaining the Project, and that it will provide Net Revenues, with other revenues received, equal to 1.30 times the sum of the combined amount of the principal of and interest on the Bonds which

shall become due in the next succeeding Fiscal Year. The District has further covenanted that it will maintain with the Fiscal Agent a Debt Service Reserve Fund for the security of the Bonds in the amount of \$400,000 which Fund may be released from such covenant only if the Net Revenues, with other revenues received, shall be equal to 1.60 times the sum of the combined amount of the principal and interest due in the next Fiscal Year, and which Debt Service Reserve Fund may be so released only at the rate of \$100,000 in each year that such Net Revenues in the preceding Fiscal Year were so equal to said 1.60 times such principal and interest, all as in said Resolution No. 1262 more particularly provided. The Bond Fund, to pay principal of and interest on the Bonds, and the Debt Service Reserve Fund shall be maintained by the Fiscal Agent. Moneys shall be transferred timely to the Bond Fund. \$400,000 has been transferred from available District funds to the Debt Service Reserve Fund.

The Bonds and coupons appertaining thereto and the resolution providing for the issuance thereof may be amended, altered or modified, with the consent of the holders of sixty-six and two-thirds percent (66-2/3%) of the aggregate principal amount of Bonds then outstanding, in the manner, to the extent and upon the terms provided in said Resolution No. 1262.

This Bond has been issued pursuant to the General Improvement District Law, and the Local Government Securities Law, supplemental thereto, and is conclusive evidence of its validity and the regularity of its issuance.

IT IS HEREBY CERTIFIED AND DECLARED that all acts, conditions and things required by the Constitution and laws of the State of Nevada to be done, to happen and to be performed precedent to and in the issuance of this Bond have been done, have happened and have been performed in regular and due form, time and manner as required by law.

IN WITNESS WHEREOF, the Incline Village General Improvement District, by its Board of Trustees, has caused this Bond to be executed in its behalf and under its official seal by its President, by his manual signature hereon, and by its Treasurer by his facsimile signature hereon, and attested by its Secretary by his facsimile signature hereon, and has caused the interest coupons to be executed and authenticated by the facsimile signature of said Treasurer, all as of August 1, 1976.

ATTESTED:

President

Secretary

Treasurer

(SEAL)

REGISTRATION

This Bond is registered in the name of the registered owner last entered below, and both the principal of and interest on this Bond are payable only to such owner, unless registered as to principal alone, in which event only the principal is so payable; provided that this Bond may be registered to bearer and thereby discharged from registration and the negotiability hereof restored.

NOTE: There must be no writing below except by the Fiscal Agent

Date of Registry	Type of Registration*	Name and Address of Registered Owner	Signature of Fiscal Agent
	Principal only and Interest		
	Principal only and Interest		
	Principal only and Interest		
	Principal only and Interest		

* If registration is as to principal only, strike the words "and Interest"; if as to principal and interest, strike the word "only."

FORM OF COUPON

The INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT, Washoe County, Nevada, will, on the due date hereof, pay to bearer the sum hereon at the Nevada National Bank, Head Office, Reno, Nevada, the Fiscal and Paying Agent of the District, as interest on its SPECIAL OBLIGATION BOND OF 1976 (REFUNDING AND RECREATION ACQUISITION AND IMPROVEMENT), dated August 1, 1976, bearing (subject to any right of prior redemption therein).

Due _____,
 19 _____
 \$ _____
 No. _____
 Coupon No. _____

 Treasurer

F U L L Y R E G I S T E R E D

TEMPORARY BOND
EXCHANGEABLE FOR DEFINITIVE BONDS
WHEN READY FOR DELIVERY

UNITED STATES OF AMERICA
STATE OF NEVADA COUNTY OF WASHOE
BOND NO. T-1 \$5,710,000.00

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

SPECIAL OBLIGATION BOND OF 1976
(REFUNDING AND RECREATION ACQUISITION AND IMPROVEMENT)

The Incline Village General Improvement District in the County of Washoe, State of Nevada, a body corporate and politic and a quasi-municipal corporation duly organized and existing under the laws of said State, for value received, hereby promises to pay to The First National Bank of Saint Paul, St. Paul, Minnesota, the registered owner hereof as to both principal and interest, the sum of FIVE MILLION SEVEN HUNDRED TEN THOUSAND DOLLARS AND NO CENTS (\$5,710,000.00) in lawful money of the United States of America, together with interest from the date hereof, at the Head Office of the Nevada National Bank, Reno, Nevada, the District's Fiscal Agent and Paying Agent for this bond, all as more particularly hereinafter set forth.

This bond is a temporary bond issued without coupons pending the preparation of definitive bonds which the District agrees to cause to be promptly prepared and this temporary bond shall be exchanged for said definitive bonds. When the definitive printed or lithographed bonds are available, the owner of this temporary bond must surrender the same in exchange for definitive bonds.

The definitive bonds will be issued as coupon bonds, dated August 1, 1976, each of the denomination of \$5,000, numbered consecutively 1 through 1142, in the order of their maturity, maturing in the amounts on August 1 in each of the years, viz., \$105,000 in 1977, \$110,000 in 1978, \$120,000 in 1979, \$125,000 in 1980, \$135,000 in 1981, \$140,000 in 1982, \$150,000 in 1983, \$165,000 in 1984, \$175,000 in 1985, \$185,000 in 1986, \$200,000 in 1987, \$215,000 in 1988, \$230,000 in 1989, \$250,000 in 1990, \$270,000 in 1991, \$295,000 in 1992, \$315,000 in 1993, \$340,000 in 1994, \$370,000 in 1995, \$400,000 in 1996, \$435,000 in 1997, \$470,000 in 1998 and \$510,000 in 1999.

The definitive bonds will bear interest from their date to their respective dates of maturity at the rates per annum for bonds maturing in the years, as follows: 5.50%, 1977; 5.75%, 1978; 6%, 1979; 6.25%, 1980; 6.50%, 1981; 6.75%, 1982; 7%, 1983; 7.15%, 1984; 7.30%, 1985; 7.45%, 1986; 7.60%, 1987; 7.75%, 1988; 7.90%, 1989; 8%, 1990 and 1991; 8.10%, 1992 and 1993; 8.20%, 1994 and 1995; and 8.25%, 1996 through 1999; payable commencing on February 1, 1977, and semiannually thereafter on August 1 and February 1 of each year. If payment of any bond or of any interest coupon thereof is not made in full accordance with the provisions of said Resolution No. 1262, such bond or coupon, or both, will continue to bear interest at the rate applicable thereto until notice is given that funds are available for such payment.

If, upon presentation at maturity, or if callable and duly called for redemption, payment of the definitive bonds or any interest coupon thereof, or both, is not made in full accordance with the terms of said Resolution No. 1262, said bond or coupon, or both, shall continue to bear interest at the rate stated herein until notice is given that funds are available for such payment. In such event, said bond and coupon shall be submitted to the Fiscal Agent and registered by it as delinquent and thereafter paid in numerical order of registration, subject to the provisions of said Resolution No. 1262 for proration in the event of bankruptcy or other cause.

Definitive bonds maturing by their terms on or before August 1, 1981, are not subject to redemption by call. Definitive bonds maturing on or after August 1, 1982, are by their terms, subject to call and redemption, at the option of the District, as a whole or in part, in inverse numerical order on August 1, 1981 (but not prior thereto) or on any interest date thereafter and prior to their maturity date or dates, at the principal amount thereof and accrued interest thereon to the date of redemption, plus a redemption premium equal to one-quarter of one percent ($1/4$ of 1%) of such principal amount for each whole twelve (12) months, and for any remaining fraction of a twelve (12) month period from the date fixed for redemption to the maturity date of the bonds; provided, however, that in no event shall the premium paid on prior redemption of any bond exceed two and one-half percent ($2-1/2\%$) of said principal amount and provided further that in no event shall any premium be paid on prior redemption of any bond called and redeemed on or after August 1, 1986. The District may also, from time to time, purchase outstanding bonds as provided in said Resolution No. 1262.

The definitive bonds are an issue of bonds, designated Special Obligation Bonds of 1976 (Refunding and Recreation Acquisition and Improvement), the "Bonds," in the total principal amount of FIVE MILLION SEVEN HUNDRED TEN THOUSAND DOLLARS AND NO CENTS (\$5,710,000.00), all of like date, tenor and effect (except for such variations as may be required for varying numbers, maturity dates and interest rates), all issued by the District to provide funds, which together with any other available funds, will be used to purchase Federal securities which are to be deposited in an irrevocable escrow with the Nevada National Bank, Reno, Nevada, and which are sufficient in amount, together with interest thereon, to pay timely when due all principal of and interest on and any early redemption premium on the District's outstanding Revenue Bonds of 1968, and further to provide funds to pay the costs of acquisition by the District of two golf courses, a ski area, a bowling alley and unimproved recreational acreage, together with all appurtenances thereto and certain improvements thereto, all as more particularly described in said Resolution No. 1262, and to which resolution reference is hereby made for the obligations, duties, rights and privileges hereby created.

The holder of the definitive bond has all the rights of a holder of a negotiable instrument payable to bearer, but is subject to registration as to principal and interest, or as to principal only, upon written request of the owner and presentation of the Bond to the Fiscal Agent for registration, after which the principal and interest or the principal only shall be payable solely to such registered owner. Registered bonds may be assigned or deregistered.

Both principal and interest are payable solely from the Net Revenues of the Project pledged to the payment hereof, and the District is not obligated to pay the principal hereof or interest hereon except from said Net Revenues in accordance with said Resolution No. 1262. The Project consists of the District's existing two community beaches and the newly acquired two golf courses, ski area and bowling alley, as more particularly described in said Resolution No. 1262.

The District has a mandatory duty to establish, revise, maintain and collect charges to persons and properties, uniform as to persons and properties of the same class, including Service Charges to be collected from the users thereof for the furnishing of the services and Facilities of the Project and Availability of Use Charges for the availability of use of the services and Facilities of the Project, which Availability of Use Charges shall constitute a perpetual lien on and against the properties served, which lien may be foreclosed in the same manner as provided by law for mechanics' liens, or such Charges may be collected by suit, or together with and not separately from general taxes for the District, and it may grant discounts for prompt payment, require deposits and guarantees as security for payment, and impose basic and additional penalties, all as provided in said Resolution No. 1262.

The District has covenanted that its charges shall be sufficient to provide the annual costs of operating and maintaining the Project, and that it will provide Net Revenues, with other revenues received, equal to 1.30 times the sum of the combined amount of the principal of and interest on the Bonds which shall become due in the next succeeding Fiscal Year. The District has further covenanted that it will maintain with the Fiscal Agent a Debt Service Reserve Fund for the security of the Bonds in the amount of \$400,000 which Fund may be released from such covenant only if the Net Revenues, with other revenues received, shall be equal to 1.60 times the sum of the combined amount of the principal and interest due in the next Fiscal Year, and which Debt Service Reserve Fund may be so released only at the rate of \$100,000 in each year that such Net Revenues in the preceding Fiscal Year were so equal to 1.60 times such principal and interest, all as in said Resolution No. 1262 more particularly provided. The Bond Fund, to pay principal of and interest on the Bonds, and the Debt Service Reserve Fund shall be maintained by the Fiscal Agent. Moneys shall be transferred timely to the Bond Fund. \$400,000 has been transferred from available District funds to the Debt Service Reserve Fund.

The Bonds and coupons appertaining thereto and the resolution providing for the issuance thereof may be amended, altered or modified, with the consent of the holders of sixty-six and two-thirds percent (66-2/3%) of the aggregate principal amount of Bonds then outstanding, in the manner, to the extent and upon the terms provided in said Resolution No. 1262.

This temporary bond and the definitive bonds have been issued pursuant to the General Improvement District Law, and the Local Government Securities Law, supplemental thereto, and is conclusive evidence of its validity and the regularity of its issuance.

IT IS HEREBY CERTIFIED AND DECLARED that all acts, conditions and things required by the Constitution and laws of the State of Nevada to be done, to happen and to be performed precedent to and in the issuance of this temporary bond have been

done, have happened and have been performed in regular and due form, time and manner as required by law.

IN WITNESS WHEREOF, the Incline Village General Improvement District has caused this temporary bond to be signed by the Chairman of the Board of Trustees and President of the District, by his manual signature, and to be countersigned by the manual signature of its Secretary, and has caused its Secretary to affix hereto its corporate seal, all as of the 1st day of August, 1976.

Countersigned:

Secretary

(S E A L)

Chairman of the Board of Trustees and
President of the Incline Village
General Improvement District

Summary - A resolution authorizing the issuance by the Incline Village General Improvement District of its General Obligation (Limited Tax) (Revenue Supported) Recreation Refunding Bonds, Series 2004, and providing other matters relating thereto.

RESOLUTION NO. 1750

RESOLUTION OF THE BOARD OF TRUSTEES OF THE INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT, NEVADA, DESIGNATED BY THE SHORT TITLE "2004 RECREATION BOND RESOLUTION"; PROVIDING FOR THE ISSUANCE OF ITS REGISTERED, NEGOTIABLE, GENERAL OBLIGATION (LIMITED TAX) (REVENUE SUPPORTED) RECREATION REFUNDING BONDS, SERIES 2004; PROVIDING THE FORM, TERMS AND CONDITIONS THEREOF AND COVENANTS RELATING THERETO; PROVIDING FOR THE LEVY AND COLLECTION OF ANNUAL GENERAL (AD VALOREM) TAXES FOR THE PAYMENT OF THE BONDS; ADDITIONALLY SECURING THEIR PAYMENT BY A PLEDGE OF REVENUES DERIVED FROM THE RECREATIONAL FACILITIES OF THE DISTRICT; RATIFYING ACTION PREVIOUSLY TAKEN TOWARD THE ISSUANCE OF SAID BONDS; AND PROVIDING OTHER MATTERS RELATING THERETO.

WHEREAS, the Incline Village General Improvement District in the County of Washoe and State of Nevada (the "District," the "County" and the "State," respectively) was duly organized and is operating as a general improvement district in accordance with the provisions of Nevada Revised Statutes ("NRS") chapter 318 (the "District Act"); and

WHEREAS, the District now owns and operates recreational facilities, including golf courses, beach facilities, a ski resort and other recreational facilities (the "Facilities"); and

WHEREAS, pursuant to the District Act, NRS chapter 350 and all laws amendatory thereof, which includes the Local Government Securities Laws, being §§ 350.500 through 350.720, NRS, and all laws amendatory thereof (the "Bond Act"), the District has heretofore issued and delivered its 2002 Bonds, 1995 Bonds and 1999 Bonds (all as hereinafter defined), and pursuant to NRS 350.684, the Board is authorized to issue general obligation bonds of the District in order to refund, pay and discharge certain outstanding bonds of the District for the purpose of reducing interest rates and effecting other economies; and

WHEREAS, if after a public sale of the Bonds (as defined below) it is determined by the District's Chief Financial Officer (the "Chief Financial Officer"), or in her absence the District's General Manager, as the chief administrative officer of the District (the "General Manager"), that the District will achieve present value savings in accordance with the District's debt management policy, the Chief Financial Officer, or in her absence the General Manager, is hereby authorized to specify in the Certificate of the Chief Financial Officer (defined below) which maturities of the 1995 Bonds and/or the 1999 Bonds (the "Refunded Bonds"), if any, will be refunded (the "Refunding Project"; or the "Project"); to sell the Bonds to the best bidder therefor (the "Purchaser"); and to accept a binding bid for the Bonds; and

WHEREAS, the Bonds are to bear interest at the rates per annum provided in the bond purchase proposal submitted by the Purchaser (the "Bond Purchase Proposal") and accepted by the Chief Financial Officer, or in her absence the General Manager, which rates must not exceed by more than 3% the Index of Twenty Bonds most recently published in The Bond Buyer prior to the time bids were received for the Bonds, and are to be sold at a price equal to the principal amount thereof, plus accrued interest to the date of delivery of the Bonds, plus a premium or less a discount not exceeding 9% of the principal amount thereof, all as specified by the Chief Financial Officer, or in her absence the General Manager, in a certificate dated on or before the date of delivery of the Bonds (the "Certificate of the Chief Financial Officer"); and

WHEREAS, the District is not in default in the payment of principal of or interest on outstanding Parity Securities (hereinafter defined); and

WHEREAS, the Board is therefore authorized by the District Act, the DMC Act, the Bond Act, and the Election, without any further preliminaries:

- (A) To commence Refunding Project;
- (B) To issue and sell the District's registered, negotiable general obligation (limited tax) (revenue supported) recreation refunding bonds for the Project (the "Bonds"); and
- (C) To exercise the incidental powers provided in the District Act and the Bond Act in connection with the powers authorized therein as otherwise expressly provided therein; and

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

WHEREAS, the Board has determined and hereby declares:

(A) It is necessary and for the best interests of the District to effect the Project and to issue the Bonds;

(B) Each of the limitations and other conditions to the issuance of the Bonds in the District 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 § 350.708, Bond Act, 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.

NOW, THEREFORE, THE BOARD OF TRUSTEES OF THE INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT, NEVADA, DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

SECTION 1. Short Title. This Resolution shall be known and may be cited as the "2004 Recreation Bond Resolution."

SECTION 2. Definitions. The terms in this section, in the preambles hereof and elsewhere in this Resolution are defined for all purposes of this Resolution and of any instrument amendatory hereof or supplemental hereto, and of any other instrument or any other document relating hereto, except where the context by clear implication otherwise requires, shall have the meanings in this section and in said preambles specified:

"Bonds" means the Incline Village General Improvement District, Nevada, General Obligation (Limited Tax) (Revenue Supported) Recreation Refunding Bonds, Series 2004.

"2002 Bonds" means the Incline Village General Improvement District, Nevada, General Obligation (Limited Tax) (Revenue Supported) Recreational Facilities Improvement and Refunding Bonds, Series 2002, issued in the original principal amount of \$6,205,000.

"1999 Bonds" means the Incline Village General Improvement District, Nevada, General Obligation (Limited Tax) (Revenue Supported) Recreational Facilities Improvement Bonds, Series October 1, 1999, issued in the original principal amount of \$3,500,000.

"1995 Bonds" means the Incline Village General Improvement District, Nevada, General Obligation (Limited Tax) (Revenue Supported) Recreational Facilities Improvement and Refunding Bonds, Series October 1, 1995, issued in the original principal amount of \$5,400,000.

"Bond Year" means the 12 month period commencing on October 2 of a calendar year and ending on October 1 of the following calendar year.

"Escrow Agreement" means the agreement between the District and the Escrow Bank concerning the Refunding Project.

"Escrow Bank" means BNY Western Trust Company, or its successor.

"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 District, the Fiscal Year shall conform to such modified statutory fiscal year from the time of each such notification, if any.

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

"Gross Revenues" means all income and revenues derived directly or indirectly by the District from the operation and use and otherwise pertaining to the Facilities or any part thereof.

"Net Revenues" means the Gross Revenues remaining after the deduction of Operation and Maintenance Expenses.

"Operation and Maintenance Expenses" means all reasonable and necessary current expenses of the District, paid or accrued, of operating, maintaining and repairing the Facilities, including, without limitation:

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

(b) fidelity bond and property and liability insurance premiums pertaining to the Facilities or a reasonably allocable share of a premium of any blanket bond or policy pertaining to the Facilities;

(c) payments to pension, retirement, health and hospitalization funds, and other insurance and to any self-insurance fund as insurance premiums not in excess of such premiums which would otherwise be required for such insurance;

(d) any general taxes, assessments, excise taxes or other charges which may be lawfully imposed upon the District, the Facilities, revenues therefrom or the District's income from or operations of any properties under its control and pertaining to the Facilities, or any privilege in connection with the Facilities or its operations;

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

(f) contractual services, professional services, salaries, other administrative expenses and costs of materials, supplies, repairs and labor pertaining to the Facilities or to the issuance of the Bonds as herein defined, or any other securities relating to the Facilities, including, without limitation, the expenses and compensation of any receiver or other fiduciary under the Bond Act;

(g) the costs incurred by the Board in the collection and any refunds of all or any part of Gross Revenues;

(h) any costs of utility services furnished to the Facilities;

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

(j) all other administrative, general and commercial expenses pertaining to the Facilities;

but excluding:

- (i) any allowance for depreciation;
- (ii) any costs of extensions, enlargements, betterments and other improvements, or any combination thereof;
- (iii) any accumulation of reserves for major capital replacements, other than normal repairs;
- (iv) any reserves for operation, maintenance or repair of the Facilities;
- (v) any allowance for the redemption of any bond or other security evidencing a loan or other obligation or for the payment of any interest thereon or any prior redemption premium due in connection therewith;
- (vi) any liabilities incurred in the acquisition or improvement of any properties comprising any project or of any existing facilities, or any combination thereof, pertaining to the Facilities, or otherwise; and
- (vii) any liabilities imposed on the District for any grounds of legal liability not based on contract, including, without limitation, negligence in the operation of the Facilities.

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

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

(b) Except any bond or other security for the payment or the redemption of which moneys at least equal to its Bond Requirements to the date of maturity or to any Redemption Date shall have heretofore been deposited with a trust bank in escrow or in trust for that purpose; and

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

"Parity Securities" means securities of the District pertaining to the Facilities and payable from and secured by Net Revenues on a parity with the Bonds, the 1999 Bonds, the 1995 Bonds and the 2002 Bonds, to the extent issued in accordance with the terms, conditions and limitations hereof.

"Paying Agent" means the BNY Western Trust Company, or any successor thereto as paying agent for the Bonds or as otherwise appointed by the Board.

"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 District), partnership, association or individual, and also includes an executor, administrator, trustee, receiver or other representative appointed according to law.

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

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

"Registrar" means the BNY Western Trust Company, or any successor thereto as registrar for the Bonds or as otherwise appointed by the Board.

"Subordinate Securities" means securities of the District pertaining to the Facilities and payable from and secured by Net Revenues subordinate and junior to the pledge thereof to the

Bonds, the 1999 Bonds, the 1995 Bonds and the 2002 Bonds, to the extent issued in accordance with the terms, conditions and limitations hereof.

"Superior Securities" means securities of the District pertaining to the Facilities and payable from and secured by Net Revenues superior and senior to the pledge thereof to the Bonds, the 1999 Bonds, the 1995 Bonds and the 2002 Bonds.

"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 powers, and also means any branch of the Federal Reserve Bank.

Other capitalized terms used herein shall have the meanings given to such terms in the text hereof, except where the context by clear implication otherwise requires.

SECTION 3. Acceptance of Bond Purchase Proposal. The Chief Financial Officer, or in her absence, the General Manager is hereby authorized to accept the Bond Purchase Proposal submitted by the Purchaser for the purchase of the Bonds.

SECTION 4. Ratification. All action heretofore taken by the Board and the officers of the District directed toward the Project and toward the issuance, sale and delivery of the Bonds, including, without limitation, circulating a preliminary official statement for the Bonds, deeming the preliminary official statement "final" and supplementing the preliminary official statement in its final form is hereby ratified, approved and confirmed.

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

(a) The estimated life or estimated period of usefulness of the Project to be refinanced with the Bonds is not less than 20 years;
and

(b) The Bonds shall mature at such time or times not exceeding such estimated life or estimated period of usefulness.

SECTION 6. Necessity of Project and Bonds. It is necessary and in the best interests of the Board, its officers, and the inhabitants of the District in order to reduce interest rates and effect

other economies, that the District effect the Project and defray wholly or in part the cost thereof by the issuance of the Bonds therefor; and it is hereby so determined and declared.

SECTION 7. Authorization of Project. The Board hereby authorizes the Project.

SECTION 8. Resolution to Constitute Contract. In consideration of the purchase and the acceptance of the Bonds by those who shall own the same from time to time, the provisions hereof shall be deemed to be and shall constitute a contract between the District and the registered owners from time to time of the Bonds.

SECTION 9. Bonds Equally Secured. The covenants and agreements herein set forth to be performed shall be for the equal benefit, protection and security of the owners of any and all of the outstanding Bonds, all of which, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority or distinction except as otherwise expressly provided in or pursuant to this Resolution.

SECTION 10. General Obligations. All of the Bonds, as to the principal thereof, the interest thereon and any prior redemption premiums due in connection therewith (the "Bond Requirements"), shall constitute general obligations of the District, which hereby pledges its full faith and credit for their payment. So far as possible, Bond Requirements shall be paid from Net Revenues. However, the Bonds as to all Bond Requirements shall also be payable from the General Taxes (except to the extent that other moneys such as Net Revenues are available therefor) as herein provided.

SECTION 11. Limitations upon Security. The payment of the Bonds is not secured by an encumbrance, mortgage or other pledge of property of the District, except for the proceeds of General Taxes and any other moneys pledged for the payment of the Bonds. No property of the District, subject to such exception, shall be liable to be forfeited or taken in payment of the Bonds.

SECTION 12. 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 Resolution authorizing their issuance or any other instrument relating thereto, against any individual member of the Board or any officer or other agent of the Board or District, past, present or future, either directly or indirectly through the Board or the District, 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 its issuance specially waived and released.

SECTION 13. Authorization of Bonds. For the purpose of providing funds to pay all or a portion of the cost of the Project, the District shall issue its "Incline Village General Improvement District, Nevada, General Obligation (Limited Tax) (Revenue Supported) Recreation Refunding Bonds, Series 2004", in the aggregate principal amount of as set forth in the Certificate of the Chief Financial Officer (not to exceed the principal amount necessary to effect the Refunding Project).

SECTION 14. Bond Details. The Bonds shall be issued in fully registered form, i.e., registered as to both principal and interest, in compliance with § 149 of the Internal Revenue Code of 1986, as amended (the "Tax Code"), and the regulations of the Secretary of the Treasury thereunder. The Bonds shall be dated initially as of the first of the month of the date of delivery of the Bonds, and except as otherwise provided in Section 19 hereof, shall be issued in denominations of \$5,000 or any integral multiple thereof (provided that no Bond may be in a denomination which exceeds the principal coming due on any maturity date, and no individual Bond will be issued with more than one maturity). The Bonds shall be numbered from 1 upward. The Bonds shall bear interest from their date until their respective maturity dates at the respective rates as set forth in the Certificate of the Chief Financial Officer, payable semiannually on April 1 and October 1 of each year commencing on October 1, 2004; provided that those Bonds which are reissued upon transfer, exchange or other replacement shall bear interest at the rates set forth in the Certificate of the Chief Financial Officer (based on a 360-day year of twelve 30-day months) from the most recent interest payment date to which interest has been paid or duly provided for, or if no interest has been paid, from the date of the Bonds. The Bonds shall mature on October 1 in each of the amounts of principal and years as designated in the Certificate of the Chief Financial Officer (not to exceed 20 years).

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 corporate trust office of the Paying Agent or such other address as the Paying Agent may designate. 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 said Bond until the principal thereof is paid in full. Except as otherwise provided in Section 19 hereof, payment of interest on any Bond shall be made to the registered owner thereof by check or draft mailed by first class mail 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 as of the close of business on the 15th day of the calendar month next preceding each interest payment date (other than a special interest payment date hereafter fixed for payment of defaulted interest) (the "Regular Record Date"); but any such interest not so timely paid or duly provided for shall cease to be payable to the owner thereof as shown on the registration records of the Registrar as of the close of business on the Regular Record Date and shall be payable to the owner thereof, at his or her address, as shown on the registration records of the Registrar as of the close of business on a date fixed to determine the names and addresses of owners for the purpose of paying defaulted interest (the "Special Record Date"). Such Special Record Date shall be fixed by the Paying Agent whenever moneys become available for payment of the defaulted interest, and notice of the Special Record Date shall be given to the owners of the Bonds not less than ten days prior thereto by first-class mail to each such owner as shown on the Registrar's registration records as of 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 to 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 without deduction for any service charges of the Paying Agent or Registrar.

SECTION 15. Prior Redemption.

A Optional Redemption. Bonds, or portions thereof (\$5,000 or any integral multiple), maturing on and after the date set forth in the Certificate of the Chief Financial Officer are subject to redemption prior to their respective maturities, at the option of the District, on and after the date set forth in the Certificate of the Chief Financial Officer, in whole or in part at any time from any maturities selected by the District and by lot within a maturity (giving proportionate weight to Bonds in denominations larger than \$5,000), at a price equal to the principal amount of each Bond, or portion thereof, so redeemed, accrued interest thereon to the redemption date, and a premium, if any, as set forth in the Certificate of the Chief Financial Officer.

B. Partial Redemption. In the case of Bonds in a denomination larger than \$5,000, a portion of such Bond (\$5,000 or any integral multiple thereof) may be redeemed, in which case the Registrar, except as otherwise provided in Section 19 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) hereof, the Paying Agent shall select the Bonds to be redeemed by lot at such time as directed in writing by the District (but at least 30 days prior to the redemption date).

C. Mandatory Redemption. The Bonds maturing on October 1, of the years specified in the Certificate of the Chief Financial Officer (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 those Term Bonds there shall be deposited into the Principal Account on or before October 1, of the years designated in the Certificate of the Chief Financial Officer, a sum which, together with other moneys available therein is sufficient to redeem the Term Bonds on the dates and in the principal amounts provided in the Certificate of the Chief Financial Officer.

Not more than 60 days nor less than 30 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 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 October 1, and give notice of such call as provided in Section 16 of this Resolution.

At the option of the Board 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 Board 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 which is a part of the maturity which would be subject to mandatory redemption on the following October 1 shall be

credited by the Registrar at 100% of the principal amount thereof against the obligation of the Board on the sinking fund redemption dates and any excess shall be so credited against future sinking fund redemption obligations in such manner as the Board determines. In the event the Board shall avail itself of the provisions of clause (i) of the first sentence of this paragraph, the certificate required by the first sentence of this paragraph shall be accompanied by the respective Term Bonds or portions thereof to be canceled, or in the event the Term Bonds are registered in the name of Cede & Co., as provided in Section 19 of this Resolution, 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.

SECTION 16. Notice of Redemption. Unless waived by any owner of Bonds to be redeemed, official notice of any such redemption shall be given by the Registrar on behalf of and on direction of the Board by mailing a copy of an official redemption notice by registered or certified mail, as long as Cede & Co. or a successor nominee of a securities depository in the registered owner of the Bonds, and otherwise by first class mail, postage prepaid, at least 30 days and not more than 60 days prior to the date fixed for redemption to the Municipal Securities Rulemaking Board ("MSRB") and the registered owner of the Bond or Bonds to be redeemed at the address shown on the registration records of the Registrar or at such other address as is furnished in writing by such registered owner to the Registrar. Actual receipt of mailed notice by the MSRB or any owner of Bonds shall not be a condition precedent to redemption of such Bond or Bonds. Failure to give such notice to the MSRB or a registered owner of any Bond, or any defect therein, shall not affect the validity of the proceedings for the redemption of any other Bonds. A certificate by the Registrar that such notice has been given as herein provided shall be conclusive against all parties.

All official notices of redemption shall be dated and shall state:

- A. the redemption date,
- B. the redemption prices,
- C. if less than all outstanding Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed,

D. that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption (or installments of principal to be repaid), and that interest thereon shall cease to accrue from and after said date, and

E. the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal office of the Paying Agent or such other place as the Paying Agent may designate (accrued interest to the redemption date being payable by first class mail or as otherwise provided in this Resolution).

Official notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the District shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Paying Agent at the redemption price. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Bond, there shall be prepared for the registered owner a new Bond or Bonds of the same maturity in the amount of the unpaid principal. All Bonds which have been redeemed shall be canceled and destroyed by the Registrar and shall not be reissued.

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 17. Negotiability. The Bonds shall be fully negotiable within the meaning of and for the purpose of the Uniform Commercial Code - Investment Securities and each owner shall possess all rights enjoyed by holders of negotiable instruments under the Uniform Commercial Code - Investment Securities.

SECTION 18. Registration, Transfer and Exchange of Bonds. Except as otherwise provided in Section 19 hereof:

A. Records for the registration and transfer of the Bonds shall be kept by the Registrar. Upon the surrender 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 owner or his or her 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 § 14 hereof. The Registrar shall authenticate and deliver a Bond or Bonds which the 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 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 a new Bond.

B. The person in whose name any Bond shall be registered, on the registration books kept by the Registrar, shall be deemed and regarded as the absolute owner thereof for the purpose of payment and for all other purposes (except to the extent otherwise provided in § 14 hereof with respect to interest payments); 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 owner thereof or his or her legal representative. 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.

C. 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 or the District 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, the Registrar may direct that such Bond be paid by the Paying Agent in lieu of replacement.

D. Whenever any Bond shall be surrendered to the Paying Agent upon payment thereof, or to the Registrar for 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 Board, upon request.

SECTION 19. Custodial Deposit.

A. Notwithstanding the foregoing provisions of Sections 14 to 18 hereof, the Bonds shall initially be evidenced by one Bond for each year in which the Bonds mature in denominations equal to the aggregate principal amount of the Bonds maturing in that year or, in the case of the Bonds subject to mandatory sinking fund redemption as provided in the Certificate of the Chief Financial Officer, the Bonds shall initially be evidenced by one Bond for each term in denominations equal to the aggregate principal amount of the Bonds maturing in that term. 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 subsection 3 of NRS § 104.8102, and a qualified and registered "clearing agency" under Section 17A of the Securities Exchange Act of 1934, as amended; or

(2) upon the resignation of The Depository Trust Company or a successor or new depository under clause (1) or this clause (2) of this Subsection A, or a determination by the District 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 District of another depository institution acceptable to the depository then holding the Bonds, which new depository institution must be both a "clearing corporation" as defined in subsection 3 of 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 by the District 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 District, 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 or, in the case of the Bonds subject to mandatory sinking fund redemption as provided herein, for each term 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 16 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 District, 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 District, 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 District, 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 District 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 20. Execution, Authentication and Use of Predecessor's Signature.

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

B. The Bonds shall be approved, signed and executed in the name of and on behalf of the District with the manual or facsimile signature of the Chairman, shall be countersigned and executed with the manual or facsimile signature of the Treasurer, and shall bear a manual impression or a facsimile of an impression of the official seal of the District attested with the manual or facsimile signature of the Secretary.

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

D. The Chairman, the Treasurer and the Secretary are hereby authorized and directed to prepare and to execute the Bonds as herein provided.

E. The Bonds bearing the signatures of the officers in office at the time of the execution of the Bonds shall be valid and binding obligations of the District, notwithstanding that before their delivery any or all of the persons who executed them shall have ceased to fill their respective offices. The Chairman, the Treasurer, and the Secretary at the time of the execution of a signature certificate relating to the Bonds, may each adopt as and for his own facsimile signature the facsimile signature of his predecessor in office if such facsimile signature appears upon any of the Bonds.

SECTION 21. Incontestable Recital. Pursuant to § 350.628 of the Bond Act, the Bonds shall contain a recital that they are issued pursuant to the Bond Act, which recital shall be conclusive evidence of the validity of the Bonds and the regularity of their issuance.

SECTION 22. State Tax Exemption. Pursuant to § 350.710, Bond Act, 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 the provisions of Chapter 375A of NRS and the tax on generation skipping transfers imposed pursuant to Chapter 375B of NRS.

SECTION 23. Designation as "Bank-Qualified". For the purposes of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended, the District hereby delegates to the Chief Financial Officer, or in her absence, the General Manager, the designation of the Bonds as qualified tax-exempt obligations.

SECTION 24. Bond Form. Subject to the provisions of this Resolution, the Bonds shall be in substantially the following form, with such omissions, insertions, endorsements, and variations as may be required by the circumstances, be required or permitted by this Resolution, or be consistent with this Resolution 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

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT, NEVADA
GENERAL OBLIGATION (LIMITED TAX) (REVENUE SUPPORTED)
RECREATION REFUNDING BONDS
SERIES 2004**

No. _____ \$ _____

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Dated As of</u>	<u>CUSIP</u>
_____ % per annum	October 1, ____	_____ 1, 2004	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ DOLLARS

The Incline Village General Improvement District, a public corporation located in Washoe County, Nevada (the "District", 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, or registered assigns, the principal amount specified above, on the maturity date specified above, and to pay interest thereon on April 1 and October 1 of each year, commencing on October 1, 2004, at the interest rate per annum (based on a 360-day year of twelve 30-day months) specified above, until the principal sum is paid or payment has been provided for or, if such payment date is not a business day, on or before the next succeeding business day. This Bond shall bear interest from the most recent interest payment date to which interest has been paid or, if no interest has been paid, from the date of the initial delivery of the series of bonds of which this Bond is one (the "Bonds"). The principal of this Bond is payable upon presentation and surrender hereof at the corporate trust office of the District's paying agent for the Bonds or any successor (the "Paying Agent"), presently BNY Western Trust Company, who is also now acting as the District's Registrar for the Bonds (the "Registrar") or such other office as designated by the Paying Agent. Interest on this Bond will be paid on each interest payment date (or, if such date is not a business day, on the next succeeding business day) by check or draft mailed by first class mail to the person in whose name this Bond (the "registered owner") in the registration records of the District maintained by the Registrar, at the address appearing thereon, as of 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 as of the close of business on the Regular Record Date and shall be payable to the person who is the registered owner as of the close of business on a special record date for the payment of any defaulted interest (the "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 owner not less than ten (10) days prior thereto. Alternative means of payment of interest may be used if mutually agreed to by the registered owner

and the Paying Agent, as provided in the resolution of the Board authorizing the issuance of the Bonds and designated in Section 1 thereof as the "2004 Recreation Bond Resolution", duly adopted by the Board (the "Resolution"). All such payments shall be made in lawful money of the United States of America without deduction for any service charges of the Paying Agent or Registrar. If this Bond is not paid upon presentation at its maturity, interest at the rate specified above shall continue to be borne hereby until the principal hereof is discharged as provided in the Resolution.

The Bonds shall not be transferable or exchangeable except as set forth in the Resolution.

[The Bonds, or portions thereof (\$5,000 or any integral multiple), maturing on and after _____ 1, ____, shall be subject to redemption prior to their respective maturities, at the option of the District, on and after _____ 1, ____, in whole or in part at any time from any maturities selected by the District and by lot within a maturity (giving proportionate weight to Bonds in denominations larger than \$5,000), at a price equal to the principal amount of each Bond, or portion thereof, so redeemed, accrued interest thereon to the redemption date.]

Upon any partial prior redemption of the 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 redemption, except in the case of final maturity, in which case this Bond must be presented to the Paying Agent prior to redemption

Certain of the Bonds shall be subject to mandatory sinking fund redemption as provided in the Certificate of the Chief Financial Officer and the Resolution.

Redemption shall be made upon not more than sixty (60) nor less than thirty (30) days prior notice as provided in the Resolution.

This Bond is one of a series of Bonds issued by the District upon its behalf and upon the credit thereof, to refund certain outstanding bonds of the District (the "Project") under the authority of and in full compliance with the Constitution and laws of the State, and pursuant to the Resolution.

This Bond is issued pursuant to Nevada Revised Statutes ("NRS") chapter 318, pursuant to NRS §§ 350.500 through 350.720, and all laws amendatory thereof designated in § 350.500 thereof as the Local Government Securities Law (the "Bond Act"); and pursuant to NRS chapter 348 (the "Supplemental Bond Law"); pursuant to § 350.628 of the Bond Act, this recital is conclusive evidence of the validity of the Bonds and the regularity of their issuance; and pursuant to § 350.710 of the Bond Act, 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 the provisions of Chapter 375A of NRS and the tax on generation-skipping transfer imposed pursuant to Chapter 375B of NRS.

It is hereby certified, recited and warranted that all the requirements of law have been fully complied with by the proper officers of the District in the issuance of this Bond; that the total

indebtedness of the District, including that of this Bond does not exceed any limit of indebtedness prescribed by the Constitution or by the laws of the State; that provision has been made for the levy and collection of annual general (ad valorem) taxes ("General Taxes") against all the taxable property within the District sufficient to pay the principal of, interest on, and any prior redemption premiums due on this Bond (the "Bond Requirements") when the same become due (except to the extent other revenues are available therefor), subject to the limitations imposed by the Constitution and by the statutes of the State; and that the full faith and credit of the District are hereby irrevocably pledged to the payment of Bond Requirements of this Bond according to its terms.

Payment of the principal of and interest on the Bonds are additionally secured by a pledge of the net revenues (herein called the "Net Revenues") derived by the District from the operation and use of, and otherwise pertaining to the Facilities of the District, after provision is made for the payment of all necessary and reasonable operation and maintenance expenses of the Facilities, which Net Revenues are so pledged as more specifically provided in the Resolution.

The Bonds are equally and ratably secured by such pledge of the Net Revenues, and such pledge constitutes an irrevocable lien (but not necessarily an exclusive lien) upon the Net Revenues on a parity with the District's outstanding 1999 Bonds, 1995 Bonds and 2002 Bonds, subject to and after any prior lien thereon of the District's Superior Securities, as defined in the Resolution. Additional securities may be issued and made payable from the Net Revenues of the Facilities and having a lien thereon senior to, subordinate to or on a parity with such pledge, in each case subject to the conditions of and in accordance with the Resolution.

Reference is made to the Resolution and to the Bond Act for an additional description of the nature and extent of the security for the Bonds, the accounts, funds, or revenues pledged, the nature and extent and manner of enforcement of the pledge, the rights and remedies of the registered owners of the Bonds with respect thereto, the terms and conditions upon which the Bonds are issued, and a statement of rights, duties, immunities, and obligations of the District, and other rights and remedies of the owners of the Bonds.

To the extent and in the respects permitted by the Resolution, the provisions of the Resolution may be amended or otherwise modified by action of the District taken in the manner and subject to the conditions and exceptions prescribed in the Resolution. The pledge of Net Revenues under the Resolution may be discharged at the respective maturities of the Bonds upon the making of provision for the payment thereof on the terms and conditions set forth in the Resolution.

This Bond shall not be entitled to any benefit under the Resolution, or be valid or obligatory for any purpose until the Registrar shall have manually signed the certificate of authentication hereon.

[For purposes of section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended, the District has designated this Bond as a qualified tax-exempt obligation.]

**The Bonds are issuable solely in fully registered form in denominations of \$5,000 each or (subject to certain conditions) any integral multiple thereof, and are exchangeable for fully

registered Bonds of the same maturity in equivalent aggregate principal amounts and in authorized denominations at the aforesaid office of the Registrar but only in the manner, subject to the limitations, and on payment of charges provided in the Resolution.**

The District 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 payment and for all other purposes, except to the extent otherwise provided hereinabove and in the Resolution with respect to Regular and Special Record Dates for the payment of interest.

No transfer of this Bond shall be valid unless made on the registration records maintained at the office of the Registrar by the registered owner or his or her attorney duly authorized in writing.

No recourse shall be had for the payment of the Bond Requirements of this Bond or for any claim based thereon or otherwise in respect to the Resolution or other instrument pertaining thereto against any individual member of the Board, or any officer or other agent of the District, past, present, or future, either directly or indirectly through the Board 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.

IN WITNESS WHEREOF, the Board of Trustees of the Incline Village General Improvement District in the County of Washoe and State of Nevada has caused this Bond to be executed in the name and on behalf of the District with the manual or facsimile signature of the Chairman of the Board, to be attested, signed and executed with a manual or facsimile signature of the District Secretary, has caused a manual or facsimile impression of the seal of the District to be

affixed hereon, and has caused this Bond to be countersigned with the manual or facsimile signature of the District Treasurer, all as of _____ 1, 2004.

INCLINE VILLAGE GENERAL IMPROVEMENT
DISTRICT

By: _____
(Manual or Facsimile Signature)
Chairman, Board of Trustees
Incline Village General Improvement District

Countersigned:

(Manual or Facsimile Signature)
Treasurer, Board of Trustees
Incline Village General Improvement District

(MANUAL OR FACSIMILE SEAL)

Attest:

(Manual or Facsimile Signature)
Secretary, Board of Trustees
Incline Village General Improvement District

* Insert only if the Bonds are initially delivered to the Depository Trust Company pursuant to Section 19(A) of this Resolution.

** Insert only if the Bonds are delivered pursuant to Section 19(A)(3) of this Resolution.

*** Insert only if the Certificate of the Chief Financial Officer designates any of the Bonds as term bonds.

(End of Form of Bond)

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

Date of authentication
and registration _____

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

BNY WESTERN TRUST COMPANY
as Registrar

By _____ (Manual Signature)
Authorized Signatory

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

(Form of Assignment for Bonds)

ASSIGNMENT

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

Dated: _____

Signature Guaranteed:

Name of Transferee:

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.

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

(End of Form of Assignment for Bonds)

(Form of Redemption Panel)

REDEMPTION PANEL

The following installments of principal (or portions thereof) of this Bond have been redeemed in accordance with the terms of the Resolution authorizing the issuance of this Bond.

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

(Insert Form of Statement of Insurance)

STATEMENT OF INSURANCE

(End of Form of Statement of Insurance)

SECTION 25. Deposit of Proceeds. The District Treasurer shall cause the proceeds of the Bonds to be applied as follows:

A. First, there shall be deposited into a special account hereby created and designated as the "Incline Village General Improvement District, Nevada, General Obligation (Limited Tax) (Revenue Supported) Recreation Refunding Bonds, Series 2004 Escrow Account" (the "Escrow Account") to be held by the Escrow Bank an amount fully sufficient to establish, together with any other moneys therein (including any monies deposited therein from the debt service funds 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, pursuant to § 350.648, Bond Act, the accrued interest, if any, received from the sale of the Bonds, and if not needed for the cost of the Project, shall be deposited into the Interest Account, hereinafter created.

C. The balance of the proceeds of the Bonds shall be deposited into a special account in the treasury of the District designated as the "Incline Village General Improvement District, Nevada, General Obligation (Limited Tax) (Revenue Supported) Recreation Refunding Bonds, Series 2004 Costs of Issuance Account" (the "Costs of Issuance Account") and shall be applied to the cost of issuing the Bonds, including, if the Bonds are insured by the District, the cost of the insurance premium.

D. After the Project is complete and after all expenses have been paid or adequate provision therefor is made, pursuant to § 350.650 Bond Act, any unexpended balance of Bond proceeds (or, unless otherwise required by law, any other moneys) remaining in the Costs of Issuance Account shall be deposited into the Bond Fund hereinafter created to be used to pay the principal of and interest on the Bonds.

SECTION 26. Completion of Project. The District, with the proceeds derived from the sale of the Bonds, shall proceed to complete the Project with due diligence to the best of the District's ability hereinabove provided.

SECTION 27. 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 Project,

or any part thereof, or to the completion of the Project. Neither the Purchaser, any associate thereof, nor any subsequent owner of any Bond shall in any manner be responsible for the application or disposal by the District or by any of its officers, agents and employees of the moneys derived from the sale of the Bonds or of any other moneys referred to in this Resolution.

SECTION 28. General Tax Levies. So far as possible, the Bond Requirements of the Bonds shall be paid from Net Revenues of the Facilities. However, pursuant to § 350.596, Bond Act, at any time when there are not on hand from the Net Revenues in an amount sufficient to pay the principal and interest falling due on the Bonds, said principal and interest shall be paid out of the general fund of the District or out of any other funds that may be available for such purpose, including, without limitation, any proceeds of General Taxes. For the purpose of repaying any moneys so paid from any such fund or funds (other than any moneys available without replacement for the payment of such Bond Requirements on other than a temporary basis), and for the purpose of creating funds for the payment of the Bond Requirements, there are hereby created separate accounts designated respectively as the "Incline Village General Improvement District, Nevada, General Obligation (Limited Tax) (Revenue Supported) Recreation Refunding Bonds, Series 2004, Principal Account" (the "Principal Account") and the "Incline Village General Improvement District, Nevada, General Obligation (Limited Tax) (Revenue Supported) Recreation Refunding Bonds, Series 2004, Interest Account" (the "Interest Account") (collectively, the "Bond Fund"). Pursuant to §§ 350.592 and 350.594, Bond Act, there shall be duly levied immediately after the issuance of the Bonds and annually thereafter, until all of the Bond Requirements shall have been fully paid, satisfied and discharged, a General Tax on all property, both real and personal, subject to taxation within the boundaries of the District, including the net proceeds of mines, fully sufficient to reimburse such fund or funds for any such amounts temporarily advanced to pay such initial installments of principal and interest, and to pay the interest on the Bonds becoming due after such initial installment, and to pay, retire and redeem the Bonds as they thereafter become due at maturity as herein provided, after there are made due allowances for probable delinquencies. The proceeds of such annual levies shall be duly credited to such separate accounts for the payment of such Bond Requirements. In the preparation of the annual budget or appropriation resolution for the District, the Board shall first make proper provisions through the levy of sufficient General Taxes for the payment of the interest on and the retirement of the principal of the bonded indebtedness of the Board, including, without

limitation, the Bonds, subject to the limitation imposed by NRS § 361.453 and Section 2, art. 10, State Constitution, and the amount of money necessary for this purpose shall be a first charge against all the revenues received by the Board.

SECTION 29. Priorities for Bonds. As provided in NRS § 361.463, in any year in which the total General Taxes levied against the property in the District by all overlapping units within the boundaries of the District exceeds the limitation imposed by NRS § 361.453, or a lesser or greater amount fixed by the State Board of Examiners in any Fiscal Year, and it becomes necessary by reason thereof to reduce the levies made by any and all such units, the reductions so made shall be in General Taxes levied by such unit or units (including, without limitation, the District and the State) for purposes other than the payment of their bonded indebtedness, including interest thereon. The General Taxes levied for the payment of such bonded indebtedness and the interest thereon shall always enjoy a priority over General Taxes levied by each such unit (including, without limitation, the District and the State) for all other purposes where reduction is necessary in order to comply with the limitation of NRS § 361.453.

SECTION 30. Correlation of Levies. Such General Taxes shall be levied and collected in the same manner and at the same time as other taxes are levied and collected, and the proceeds thereof for the Bonds herein authorized shall be kept in the Bond Fund, which accounts shall be used for no other purpose than the payment of principal and interest, respectively, as the same fall due.

SECTION 31. Use of General Funds. Any sums becoming due on the Bonds at any time when there are on hand from such General Taxes (and any other available moneys) insufficient funds to pay the same shall be promptly paid when due from general funds on hand belonging to the District, reimbursement to be made for such general funds in the amounts so advanced when the General Taxes herein provided for have been collected, pursuant to § 350.596, Bond Act.

SECTION 32. Use of Other Funds. Nothing in this Resolution prevents the District from applying any funds (other than General Taxes but including Net Revenues as herein defined) that may be available for that purpose to the payment of the Bond Requirements as the same, respectively, fall due, and upon such payments, the levy or levies herein provided may thereupon to that extent be diminished, pursuant to § 350.598, Bond Act.

SECTION 33. Legislative Duties. In accordance with § 350.592, Bond Act, it shall be the duty of the Board annually, at the time and in the manner provided by law for levying other General Taxes of the District, if such action shall be necessary to effectuate the provisions of this Resolution, to ratify and carry out the provisions hereof with reference to the levy and collection of General Taxes; and the Board shall require the officers of the County to levy, extend and collect such General Taxes in the manner provided by law for the purpose of creating funds for the payment of the principal of the Bonds and the interest thereon. Such General Taxes when collected shall be kept for and applied only to the payment of the principal of and the interest on the Bonds as hereinbefore specified.

SECTION 34. Appropriation of General Taxes. In accordance with § 350.602, Bond Act, there is hereby specially appropriated the proceeds of such General Taxes to the payment of such principal of and interest on the Bonds; and such appropriations will not be repealed nor the General Taxes postponed or diminished (except as herein otherwise expressly provided) until the Bond Requirements the Bonds have been wholly paid.

SECTION 35. Pledge of Net Revenues. Subject only to the provisions of this Resolution permitting the application thereof for or to the purposes and on the terms and conditions set forth herein, there are hereby additionally pledged to secure the payment of principal of and interest on the Bonds in accordance with their terms and the provisions of this Resolution, all of the Net Revenues of the Facilities. This pledge shall be valid and binding from and after the date of the delivery of the Bonds to the Purchaser; and the Net Revenues, as received by the District shall immediately be subject to the lien of this pledge without any physical delivery thereof, any filing or further act; and the lien of this pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the District (except as herein otherwise provided) irrespective of whether such parties have notice thereof. The lien of this pledge and the obligation to perform the contractual provisions hereby made shall have priority over any and all other obligations and liabilities of the District payable from the Net Revenues, except as herein otherwise provided. The lien of this pledge for the Bonds shall be on a parity with the lien of the pledge for the 1999 Bonds, 1995 Bonds and the 2002 Bonds, subject to and after the lien of the pledge of the Net Revenues to any Outstanding Superior Securities.

SECTION 36. Revenue Fund. So long as any of the Bonds shall be outstanding, the entire Gross Revenues, upon their receipt from time to time by the District, shall be set aside and credited immediately to a separate account designated as the "Incline Village General Improvement District Recreational Facilities Revenue Fund" (the "Revenue Fund"). So long as any of the Bonds hereby authorized shall be outstanding, the Revenue Fund shall be administered and the moneys on deposit therein shall be applied in the order of priority specified in Sections 37 through 41 hereof.

SECTION 37. Operation and Maintenance Fund. First, from time to time there shall be transferred and credited to a separate account designated as the "Incline Village General Improvement District Recreational Facilities Operation and Maintenance Fund" (the "Operation and Maintenance Fund"), moneys sufficient to pay Operation and Maintenance Expenses, as budgeted and approved in accordance with law, as such expenses become due and payable, and thereupon they shall be promptly paid. Any surplus remaining in the Operation and Maintenance Fund at the end of the Fiscal Year of the District and not needed for Operation and Maintenance Expenses shall be transferred to the Revenue Fund.

SECTION 38. Bond Funds.

A. Second, after such payments are made into the Operation and Maintenance Fund, there shall be set aside such amounts as are required to be set aside for the payment of and reserve funds and rebate accounts for any Superior Securities Outstanding and hereafter issued, as provided in the resolutions of the Board authorizing the Superior Securities (the "Superior Resolutions").

B. Third, after the aforementioned deposits, from any moneys thereafter remaining in the Revenue Fund, there shall be transferred and credited to a separate account created in Section 28 of this Resolution and designated as the Bond Fund (and to any other fund or account established for the payment of principal and interest on any Parity Securities, hereafter issued) monthly, commencing the first day of the month immediately succeeding the delivery of the Bonds to the Purchaser, the amount necessary to accumulate by substantially equal monthly installments (together with any other moneys from time to time available therefor from whatever sources) the amount necessary to pay the installments of principal and interest next due on the Bonds (and any Parity Securities Outstanding and hereafter issued).

SECTION 39. Rebate Account. Fourth, after the aforementioned deposits, from the Net Revenues, there shall be transferred and credited to a special and separate account hereby created and designated as the "Incline Village General Improvement District, General Obligation (Limited Tax) (Revenue Supported) Recreation Refunding Bonds, Series 2004, Rebate Account" (the "Rebate Account") (and to any other fund or account for Parity Securities established for the payment of rebates to the United States in accordance with § 148(f) of the Tax Code), such amounts as are required to be deposited therein to meet the District's obligations under the covenant contained in § 53 hereof, in accordance with § 148(f) of the Tax Code. Such deposits shall be made at such times as are required by § 148(f) of the Tax Code and such covenant and amounts in the Rebate Account shall be used for the purpose of making the payments to the United States required by such covenant and § 148(f) of the Tax Code. Any amounts in the Rebate Account in excess of those required to be on deposit therein may be withdrawn therefrom and deposited into the Revenue Fund.

SECTION 40. Payment of Additional Securities. Fifth, and subject to the provisions hereinabove stated, but either concurrently with or subsequent to the payments required hereinabove, any moneys remaining in the Revenue Fund may be used by the District for the payment of Bond Requirements of additional bonds or other additional securities payable from the Net Revenues and hereafter authorized to be issued in accordance with this Resolution, including reasonable reserves for such securities and amounts required to be rebated to the United States for such securities, as the same accrue. The lien of such additional bonds or other additional securities on the Net Revenues and the pledge thereof for the payment of such additional securities shall be on a parity with or subordinate to the lien and pledge of the Bonds as herein provided. Payments for interest, principal and rebate accounts for Parity Securities shall be made concurrently with the payments required by §§ 38 and 39, but payments for the interest, principal and rebate accounts for additional subordinate securities shall be made after the payments required by §§ 38 and 39 hereof.

SECTION 41. Surplus Revenues. Sixth, any moneys thereafter remaining in the Revenue Fund may be used by the District at the end of any Fiscal Year of the District, or whenever there shall have been credited all amounts required to be deposited in the respective foregoing separate accounts for all of that Fiscal Year, for any lawful purposes of the District, as the District Board may from time to time determine, including, without limitation, for the creation of operation and maintenance reserves and capital reserves, the payment of capital costs and major maintenance

costs of the Facilities, to pay any other obligations pertaining to the Facilities or otherwise, provided that so long as any Superior Securities are outstanding, surplus funds may be used only in the order of priority provided in and in accordance with the Superior Resolutions.

SECTION 42. Termination of Deposits. No payment need be made into the Bond Fund if the amounts in that fund total a sum at least equal to the entire amount of the Outstanding Bonds as to all Bond Requirements to their respective maturities both accrued and not accrued, in which case moneys in such account in an amount, except for any interest or other gain to accrue from any investment of moneys in Federal Securities from the time of any such investment to the time or respective times the proceeds of any such investment or deposit shall be needed for such payment, at least equal to such Bond Requirements, shall be used, together with any such gain from such investments, solely to pay such Bond Requirements as the same become due.

SECTION 43. Equal Security. The Bonds and any Parity Securities hereafter issued from time to time outstanding shall be equally and ratably secured by the pledge of Net Revenues hereunder and shall not be entitled to any priority one over the other in the application of the Net Revenues regardless of the time or times of the issuance of the Bonds and any additional such Parity Securities.

SECTION 44. Defraying Delinquencies. If at any time the District shall for any reason fail to pay into the Bond Fund, or the Rebate Account the full amount above stipulated from the Net Revenues, then an amount shall be paid first into the Bond Fund and second into the Rebate Account at such time as Net Revenues are available therefor equal to the difference between that paid from the Net Revenues and the full amount so stipulated. If securities (other than the Bonds) are outstanding, the payment of which are secured by a lien on the Net Pledged Revenues which lien is on a parity with the lien hereon of the Bonds, and if the proceedings authorizing issuance of those securities require the replacement of moneys in a bond fund therefor, then the moneys replaced in such funds shall be replaced on a pro rata basis related to the principal amount of the then outstanding Bonds and the then outstanding other Parity Securities, as moneys become available therefor, first into all of such bond funds and second into all such rebate accounts.

SECTION 45. Conditions to Additional Parity Securities.

A. Nothing herein, except as expressly hereinafter provided, shall prevent the issuance by the District of additional securities payable from Net Revenues and constituting a

lien thereon on a parity with the lien thereon of the Bonds, provided, however, that the following are express conditions to the authorization and issuance of any such Parity Securities:

- (1) At the time of adoption of the instrument authorizing the issuance of the additional Parity Securities, the District shall not be in default in the payment of principal of or interest on the Bonds, any Outstanding Superior Securities or any Outstanding Parity Securities.
- (2) The Net Revenues (subject to adjustments as hereinafter provided) projected by the District Chief Financial Officer or an independent accountant or consulting engineer to be derived in the later of (i) the Fiscal Year immediately following the Fiscal Year in which the facilities to be financed with the proceeds of the additional Parity Securities are projected to be completed or (ii) the first Fiscal Year for which no interest has been capitalized for the payment of any Parity Securities, including the Parity Securities proposed to be issued, will be sufficient to pay at least an amount equal to the principal and interest requirements (to be paid during that Fiscal Year) of the Outstanding Bonds, Outstanding Superior Securities and any other Outstanding Parity Securities of the District and the Parity Securities proposed to be issued (excluding any reserves therefor).

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

C. In any determination of whether or not additional Parity Securities may be issued in accordance with the foregoing earnings test, the respective annual principal (or redemption price) and interest requirements shall be reduced to the extent such requirements are

scheduled to be paid with moneys held in trust or in escrow for that purpose by any Trust Bank within or without the State, including the known minimum yield from any investment in Federal Securities.

D. A written certificate or written opinion by the District General Manager (as long as the 1995 Bonds are Outstanding) or the District Chief Financial Officer or an independent accountant that the foregoing earnings test is met, shall be conclusively presumed to be accurate in determining the right of the District to authorize, issue, sell and deliver additional Parity Securities.

E. In connection with the authorization of any such additional securities the Board may on behalf of the District adopt any additional covenants or agreements with the holders of such additional securities; provided, however, that no such covenant or agreement may be in conflict with the covenants and agreements of the District herein and no such covenant or agreement may be materially adverse to the interests of the holders of the Bonds. Any finding of the District to the effect that the foregoing requirements are met shall, if made in good faith, conclusively establish that the foregoing requirements have been met for purposes of this Resolution.

F. Nothing herein prohibits the issuance of securities having a lien on the Net Revenues superior to the lien thereon of the Bonds if at the time of issuance of the proposed Superior Securities, the requirements of this Section 45 are met.

SECTION 46. Subordinate Securities for the Facilities. Nothing herein, except as expressly hereinafter provided, shall prevent the District from issuing additional securities payable from Net Revenues and constituting a lien thereon subordinate to the lien thereon of the Bonds and any outstanding Parity Securities; provided, however, that the proceeds of any such Subordinate Securities shall be used only to pay the cost (including, without limitation, incidental expenses) of a project for the betterment, enlargement, extension, other improvement or equipment of the Facilities, or any combination thereof.

SECTION 47. Issuance of Refunding Securities.

A. At any time after the Bonds, or any part thereof, are issued and remain Outstanding, if the District shall find it desirable to refund any Outstanding Bonds or other Outstanding Parity or Subordinate Securities, 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 District's option upon proper call, unless the owner or owners of all such Outstanding securities consent to such surrender and payment, regardless of whether the priority of the lien for the payment of the refunding securities on the Net Revenues is changed (except as provided in Section 47(D) hereof).

B. The refunding bonds or other refunding securities so issued 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.

C. Any refunding bonds or other refunding securities payable from any Gross Revenues shall be issued with such details as the Board may by resolution provide, subject to the provisions of this section but without any impairment of any contractual obligation imposed upon the District 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).

D. If only a part of the Outstanding Bonds and other Outstanding securities of any issue or issues payable from the Gross Revenues is refunded, then such securities may not be refunded without the consent of the owner or owners of the unrefunded portion of such securities:

(1) Unless the refunding bonds or other refunding securities do not increase for any Bond Year the aggregate principal and interest requirements evidenced by the refunding securities and by the Outstanding securities not refunded on and before the last maturity date or last Redemption Date, if any, whichever is later, of the unrefunded securities, and unless the lien of any refunding bonds or other refunding securities on the Net Revenues is not raised to a higher priority than the lien thereon of the Bonds or other securities thereby refunded; or

(2) Unless the lien on any Gross Revenues for the payment of the refunding securities is subordinate to each such lien for the payment of any securities not refunded; or

(3) Unless the refunding bonds or other refunding securities are issued in compliance with Section 45 hereof.

SECTION 48. Operation of the Facilities. The District shall at all times operate the Facilities properly and in a sound and economical manner and shall maintain, preserve and keep the Facilities properly, or cause the same so to be maintained, preserved and kept, in good repair, working order and condition. The District also shall from time to time make or cause to be made all necessary and proper repairs, replacements and renewals so that at all times the operation of the Facilities may be properly and advantageously conducted in conformity with standards customarily followed by municipalities operating recreational facilities of like size and character.

SECTION 49. Insurance. The District shall at all times maintain with responsible insurers all such insurance as is customarily maintained with respect to works and properties of like character against loss of or damage to such works or properties and against public or other liability to the extent reasonably necessary to protect the interest of the District and the owners of the Bonds issued hereunder. If any useful part of the works and properties of the Facilities shall be damaged or destroyed, the District shall repair or replace the damaged works or properties so as to restore the same to use. The proceeds of any insurance policies covering any such loss or damage shall be payable to the District, and shall be applied to the District's reasonable and necessary reconstruction costs and, to the extent not so applied, shall be paid into the Revenue Fund and used in the same manner as other moneys in said fund.

SECTION 50. Payment of Taxes. The District shall pay or cause to be paid all taxes, assessments and other municipal or governmental charges, if any, lawfully levied or assessed upon or in respect of the Facilities or any part thereof, or upon any portion of the Gross Revenues, when the same shall become due. The District shall duly observe and comply with all valid requirements of any municipal or governmental authority relative to the Facilities or any part thereof, except for any period during which the validity of the same is being contested in good faith by proper legal proceedings. The District shall not create or suffer to be created any lien or charge on the Facilities or any part thereof, or upon the Gross Revenues, except the pledge and lien created by this

Resolution for the payment of the Bonds and any other outstanding Superior, Parity or Subordinate Securities issued in accordance herewith, and except as herein otherwise permitted. The District shall pay or cause to be discharged or shall make adequate provision to satisfy and to discharge within 60 days after the same shall become payable, all lawful claims and demands for labor, materials, supplies or other objects which, if unpaid, might by law become a lien upon the Facilities or any part thereof, or upon the Gross Revenues. Nothing herein contained requires the District to pay or cause to be discharged or to make provision for any such tax, assessment, lien, charge or demand before the time when payment thereon shall be due, or so long as the validity thereof shall be contested in good faith by appropriate legal proceedings.

SECTION 51. Rate Covenant. The District shall charge against property owners, users or against purchasers of services or commodities pertaining to the Facilities such fees, rates and other charges as shall be sufficient to produce Gross Revenues annually which, together with any other funds available therefor, will be in each Fiscal Year of the District at least equal to the sum of:

A. An amount equal to the annual Operation and Maintenance Expenses for such Fiscal Year;

B. An amount equal to the sum of the debt service due in such Fiscal Year on any then Outstanding Superior Securities, the then Outstanding Bonds and any then Outstanding Parity Securities; and

C. Any other amounts payable from the Net Revenues and pertaining to the Facilities, including, without limitation, debt service on any Subordinate Securities and any other securities pertaining to the Facilities, operation and maintenance reserves, additional capital reserves and prior deficiencies pertaining to any account relating to Gross Revenues.

The foregoing rate covenant is subject to compliance by the District with any legislation of the United States of America, the State or other governmental body, or any regulation or other action taken by the United States, the State or any agency or political subdivision of the State pursuant to such legislation, in the exercise of the police power thereof for the public welfare, which legislation, regulation or action limits or otherwise inhibits the amounts of fees, rates and

other charges collectible by the District for the use of or otherwise pertaining to, and all services rendered by, the Facilities.

Subject to the foregoing, the District shall cause all fees, rates and other charges pertaining to the Facilities to be collected as soon as reasonable and shall provide methods of collection and penalties to the end that the Gross Revenues shall be adequate to meet the requirements hereof.

SECTION 52. Books of Record and Account. So long as any of the Bonds remain outstanding, proper books of record and account shall be kept by the District, separate and apart from all other records and accounts, showing complete and correct entries of all transactions relating to the Facilities and to all moneys pertaining thereto, including, without limitation, the Gross Revenues.

SECTION 53. Tax Covenant. The District 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 District or any facilities 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 § 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 § 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 § 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 District in fulfilling the above covenant under the Tax Code have been met.

SECTION 54. Defeasance. When all Bond Requirements of any Bond have been duly paid, the pledge, the 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 Resolution. There shall be deemed to be such due payment when the District 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 may be initially invested wholly or in part) to meet all Bond Requirements of the Bond, as the same become due to the final maturity of the Bond. 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 District and the Trust Bank at the time of the creation of the escrow or trust, or the Federal Securities shall be subject to redemption at the option of the holders thereof to assure availability as needed to meet the schedule. For the purpose of this section "Federal Securities" shall include only Federal Securities which are not callable for redemption prior to their maturities except at the option of the owner thereof. When such defeasance is accomplished the Paying Agent shall mail written notice of the defeasance to the registered owner of the Bonds at the address last shown on the registration records for the Bond maintained by the Registrar.

SECTION 55. Owners Rights. Each owner of any Bond issued hereunder shall be entitled to all of the privileges, rights and remedies provided or permitted in the District Act and the Bond Act, and as otherwise provided or permitted by law or in equity or by other statutes, except as otherwise provided herein, but subject to the provisions herein concerning the pledge of and the covenants and the other contractual provisions concerning the Net Revenues and the proceeds of the Bonds.

SECTION 56. Owners Enforcement. Nothing herein 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 District to pay the Bond Requirements of each Bond to the owner thereof at the time and the place expressed in the Bond.

SECTION 57. Events of Default. Each of the following events is hereby declared an "event of default":

- A. Payment of the principal of any of the Bonds is not made when the same becomes due and payable, either at maturity or otherwise;
- B. Payment of any installment of interest is not made when the same becomes due and payable;
- C. The District for any reason is rendered incapable of fulfilling its obligations hereunder;
- D. The District 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 Net Revenues or to the Facilities, or otherwise,

including, without limitation, this Resolution, 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. The District discontinues or unreasonably delays or fails to carry out with reasonable dispatch the reconstruction of any part of the Facilities which is destroyed or damaged and is not promptly repaired or replaced (whether the failure promptly to repair the same is due to impracticality of the repair or replacement or is due to a lack of moneys therefor or for any other reason);

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

G. The District 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 Resolution 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 District by the owners of 10% in principal amount of the Bonds then Outstanding.

SECTION 58. Remedies for Default. Upon the happening and continuance of any of the events of default, then and in every case the owner or owners of not less than 10% in principal amount of the Bonds then Outstanding, including, without limitation, a trustee or trustees therefor, may proceed against the District and its agents, officers and employees to protect and to enforce the rights of any owner of Bonds under this Resolution 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 District 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 59. Receivers. 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 District, may enter and may take possession of the Facilities, subject to the rights and privileges of any lessee or other user under any lease or other contract, may operate and maintain the same, may prescribe fees, rates and other charges, and may collect, receive and apply all Net Revenues arising after the appointment of the receiver in the same manner as the District itself might do.

SECTION 60. Rights and Privileges Cumulative. The failure of any owner of any Outstanding Bond to proceed in any manner herein provided shall not relieve the District, the Board 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 61. Duties upon Default. Upon the happening of any of the events of default, the District, in addition, shall do and perform all proper acts on behalf of and for the owners of 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 Net Revenues shall be paid into the Bond Fund. If the District 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 the rights of any such owners of Outstanding Bonds shall be subrogated to

all rights of the District under any agreement or other contract involving the Facilities or the Net Revenues entered into before the effective date of this Resolution or thereafter while any of the Bonds are Outstanding.

SECTION 62. User Bankruptcies. If any lessee or other user of the Facilities or any Person paying fees, rates or other charges pertaining thereto or to Net Revenues, or to both such Facilities and such money, proceeds under any laws of the United States relating to bankruptcy, including, without limitation, any action under any law providing for corporate reorganization, it shall be the duty of the District, and its appropriate officers are hereby authorized and directed, to take all necessary steps for the benefit of the owners of the Bonds in such proceedings, including the filing of any claims for unpaid fees, rates, other charges and any other payments or otherwise arising from the breach of any of the covenants, terms or conditions of any contract involving the Facilities or the Net Revenues.

SECTION 63. Prejudicial Action Unnecessary. Nothing herein requires the District to proceed as provided herein if the Board determines in good faith and without any gross abuse of its discretion that if the District so proceeds it is more likely than not to incur a net loss rather than a net gain, or the action is otherwise likely to affect materially and prejudicially the owners of the Outstanding Bonds and any Outstanding Parity Securities.

SECTION 64. Amendments. This Resolution may be amended or supplemented by instruments adopted by the District, without receipt by the District of any additional consideration, but with the written consent of the insurer of the Bonds, if any (the "Insurer"). No such instrument shall permit:

- (a) A change in the maturity or in the terms of redemption of the principal or any installment thereof of any outstanding Bond or any installment of interest thereon;
- (b) A reduction in the principal amount of any Bond, the rate of interest thereon, without the consent of the owner of the Bond;
or
- (c) A reduction of the principal amount or percentages or otherwise affecting the description of Bonds the consent of the owners of which is required for any modification or amendment; or

(d) The establishment of priorities as between Bonds issued and outstanding under the provisions of this Resolution; or

(e) The modification of, or other action which materially and prejudicially affects the rights or privileges of the owners of less than all of the Bonds then Outstanding.

Whenever the District proposes to amend or modify this Resolution under the provisions hereof, it shall cause notice of the proposed amendment to be mailed within 30 days to the owners of the Bonds and the Insurer, if any. 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 Board Secretary for public inspection.

Whenever at any time within one year from the date of such notice there shall be filed in the office of the Board Secretary an instrument or instruments executed by the registered owners of at least 66% in aggregate principal amount of the Bonds then outstanding, or the Insurer, if any, which instrument or instruments shall refer to the proposed amendatory instrument described in the notice and shall specifically consent to and approve the adoption of the instrument; thereupon, but not otherwise, the Board may adopt the amendatory instrument and the instrument shall become effective.

If the Insurer, if any, shall have consented to and approved the adoption thereof as herein provided, no owner of any Bond 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 District from taking any action pursuant to the provisions thereof.

Bonds authenticated and delivered after the effective date of any action taken as provided in this Section 64 may bear a notation by endorsement or otherwise in form approved by the District 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 Bond, suitable notation shall be made on the Bond as to any such action. If the District so determines, new Bonds so modified as in the opinion of the District to conform to such action shall be prepared, registered and delivered; and upon demand of the owner of any Bond then outstanding, shall be exchanged without cost to the owner for Bonds then outstanding upon surrender of such bonds.

SECTION 65. Replacement of Registrar or Paying Agent. If the Registrar or Paying Agent initially appointed hereunder shall resign, or if the District or the Insurer of the Bonds, if any, shall reasonably determine that said Registrar or Paying Agent has become incapable of performing its duties hereunder, the Board may, upon notice mailed to each owner of any Bond at his address last shown on the registration records, appoint a successor Registrar or Paying Agent, or both. No resignation or dismissal of the Registrar or Paying Agent may take effect until a successor is appointed. The Paying Agent shall: (a) be a trust company or bank in good standing authorized to exercise trust powers, (b) be subject to examination by a federal or state authority and (c) have a combined capital and surplus of at least \$10,000,000. It shall not be required that the same person or institution serve as both Registrar and Paying Agent hereunder, but the District shall have the right to have the same person or institution serve as both Registrar and Paying Agent.

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 Resolution, 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 Resolution to the contrary notwithstanding.

SECTION 66. Continuing Disclosure Undertaking. The District 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 Secretary of the Board, to be executed by the Chief Financial Officer and delivered in connection with the delivery of the Bonds.

SECTION 67. Maintenance of Escrow Account.

A. The Escrow Account shall be maintained by the District in an amount at the time of those initial deposits therein and at all times subsequently at least sufficient, together with the known minimum yield to be derived from the initial investment and any temporary reinvestment of the deposits therein or any part thereof in Federal Securities, to pay the interest due in connection with the Refunded Bonds, both accrued and not accrued, as the same become due up to and including the applicable redemption date for the Refunded Bonds; and to redeem, on such date the Refunded Bonds then outstanding, in accordance with the resolutions of the Board 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 notices 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 District 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 District shall forthwith from the first moneys available therefor deposit in such account such additional moneys as shall be necessary to permit the payment in full of the principal, interest and any redemption premiums due in connection with the Refunded Bonds as herein provided.

SECTION 68. Redemption of Refunded Bonds. The District hereby irrevocably elects to call for prior redemption the Refunded Bonds set forth in the Certificate of the Chief Financial Officer on the redemption dates 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 and in accordance with the Certificate of the Chief Financial Officer. The registrar for the Refunded Bonds is authorized to give notices of prior redemption and defeasance of the Refunded Bonds in accordance with the terms of the Escrow Agreement, this Resolution and the resolutions authorizing the issuance of the Refunded Bonds.

SECTION 69. Delegated Powers. The officers of the District are hereby authorized and directed to take all action necessary or appropriate to effectuate the provisions of this Resolution, including, without limitation:

A. The printing or other preparation of the Bonds, including, without limitation, and if appropriate, a statement of insurance, if any;

B. The execution of such certificates as may be reasonably required by the Purchaser, relating, inter alia,

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

(2) to the tenure and identity the officials of the District,

- (3) to the assessed valuation of the taxable property in and the indebtedness of the District,
- (4) to the rate of taxes levied against the taxable property within the District,
- (5) the exclusion from gross income of interest on the Bonds for federal income tax purposes,
- (6) the delivery of the Bonds and the receipt of the Bond purchase price,
- (7) the completeness and accuracy of the official statement provided the Purchaser in connection with the Bonds as of the date of delivery of the Bonds, and
- (8) if it is in accordance with the fact, the absence of litigation, pending or threatened, affecting the validity of the Bonds;

C. The execution of the Certificate of the Chief Financial Officer, the Continuing Disclosure Certificate and the Escrow Agreement in substantially the forms as are currently on file with the District, with such changes as are approved by the Chief Financial Officer, or in her absence, the General Manager; and

D. The assembly and dissemination of financial and other information concerning the District and the Bonds, and the distribution of and deeming final of the preliminary official statement and official statement for purposes of SEC Rule 15c2-12.

SECTION 70. Repealer. All resolutions, bylaws and orders, or parts thereof, inconsistent herewith are hereby repealed to the extent only of such inconsistency. This repealer shall not be construed to revive any resolution, bylaw, order, or part thereof, heretofore repealed.

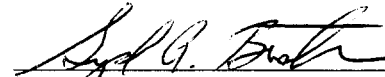
SECTION 71. Severability. If any section, paragraph, clause or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution.

SECTION 72. Resolution Irrepealable. After any of the Bonds are issued, this Resolution shall constitute an irrevocable contract between the District and the owner or owners of

the Bonds; and this Resolution, if any Bonds are in fact issued, shall be and shall remain irrevocable until the Bonds, as to all Bond Requirements, shall be fully paid, canceled and discharged, as herein provided.

SECTION 73. Effective Date. This Resolution shall be effective upon its adoption.

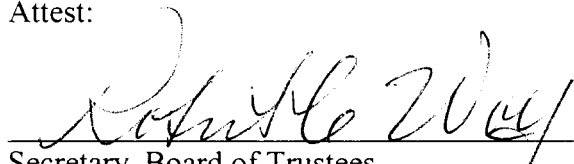
ADOPTED AND APPROVED on this January 14, 2004.



Chairman, Board of Trustees
Incline Village General Improvement District

[DISTRICT SEAL]

Attest:



Secretary, Board of Trustees
Incline Village General Improvement District

STATE OF NEVADA)
) ss.
COUNTY OF WASHOE)

I am the duly chosen, qualified, and acting Secretary of the Incline Village General Improvement District (herein the "District"), do hereby certify:

1. The foregoing constitutes a true, correct, complete and compared copy of a resolution of the Board of Trustees of the District (the "Board") designated in § 1 thereof by the short title "2004 Recreation Bond Resolution".

2. The resolution designated above was voted on by the Board at such meeting as follows:

Those Voting Aye:	John Bohn Gene Brockman Ted Fuller Syd Brosten Bob Wolf
Those Voting Nay:	<u>None</u> _____
Those Absent:	<u>None</u> _____
Those Abstaining:	<u>None</u> _____

3. The original of the resolution has been approved and authenticated by the signatures of the Chairman of the District and the Board and myself as Secretary of the District and the Board, and sealed with the seal of the District, and has been recorded in the minute book of the Board kept for that purpose in my office which record has been duly signed by such officers and properly sealed.

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

5. Pursuant to and in full compliance with § 241.020, Nevada Revised Statutes, written notice of the meeting was given at least three working days before the meeting, including in the notice the time, place, location and agenda of the meeting:

(a) By mailing a copy of the notice to each member of the Board;

(b) By posting a copy of the notice at the principal office of the Board, or if there is not principal office, at the building in which the meeting is to be held, the District's website, and at least three other separate, prominent places within the jurisdiction of the Board, to wit:

- (i) Incline Village Library
Incline Village, Nevada
- (ii) U. S. Post Office
Incline Village, Nevada
- (iii) U. S. Post Office
Crystal Bay, Nevada
- (iv) Raley's Shopping Center
Incline Village, Nevada

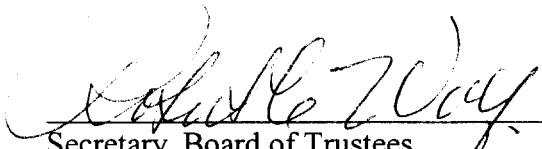
and

(c) By mailing a copy of the notice to each person, if any, who has requested notice of the meeting of the Board in the same manner in which notice is required to be mailed to a member of the Board.

6. A copy of the notice so given of the meeting of the Board held on January 14, 2004 is attached to this certificate as Exhibit A.

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of the Incline Village General Improvement District in Washoe County, Nevada, this January 14, 2004.

(DISTRICT SEAL)


Secretary, Board of Trustees
Incline Village General Improvement District



NOTICE OF MEETING

The regular meeting of the Incline Village General Improvement District will be held at 6:30 p.m. on Wednesday, January 14, 2004, in the IVGID boardroom at 893 Southwood Boulevard, Incline Village, Nevada.

AGENDA

- 6:30 A. PLEDGE OF ALLEGIANCE*
- B. ROLL CALL*
- C. APPROVAL OF MINUTES
1. Work Session - December 10, 2003
 2. Regular Meeting – December 10, 2003
- D. ELECTION OF BOARD OFFICERS FOR THE 2004 TERM
- E. APPROVAL OF AGENDA
- F. APPROVAL OF BILLS
- G. REPORTS*
1. Board Updates
 2. General Manager
 3. General Counsel
 4. Major Projects Reports
 - a. Chateau
 - b. Golf Course Renovation Project
 - c. Crystal Express Chairlift
 5. Other Reports
 - a. Citizens Advisory Board
- H. CORRESPONDENCE*

Incline Village General Improvement District

"We lead by continuously improving people and services, achieving superior results."

893 Southwood Boulevard, Incline Village, Nevada 89451 • (775)832-1100 • FAX (775)832-1122

www.ivgid.org

Agenda
Board Meeting of January 14, 2004
Page 2

- I. PUBLIC COMMENTS* (*Members of the audience may comment on matters that are not included on the agenda. Each person will be allowed three minutes. No action may be taken on a matter raised under "Public Comments" until the matter has been specifically included on an agenda as an action item. If a member of the public wants a response to a specific question, you are encouraged to contact any member of the Board or the General Manager at any time.*)

- J. CONSENT CALENDAR
 1. Approval of two golf course easement and maintenance agreements with Woodmere Property Owners Association and Incline Village Association

- K. GENERAL BUSINESS
 1. Refinancing of Recreation Refunding Bonds - Series 2004
 2. Approval of the 2003/2004 Union Contract with the Operating Engineers of Northern Nevada
 3. Annual Water Management Report
 4. Annual Waste Not Report
 5. Contract award for construction of Wastewater Treatment Plant Storage Infill Structure

- L. PUBLIC COMMENTS*

- M. ADJOURNMENT*

Board of Trustees: *Ted Fuller, Chairman; John Bohn; Gene Brockman; Syd Brosten; Bob Wolf*

Note: *Agenda item sequence is subject to change at the discretion of the Board.*

Unless otherwise indicated by an asterisk (), all items on the agenda are action items upon which the Board of Trustees may take action.*

Members of the public who are disabled and require special accommodations or assistance at the meeting are requested to call IVGID at 832-1100 at least 24 hours prior to the meeting.

Copies of the packets containing background information on agenda items are available for public inspection at the Incline Village Library.

This agenda has been mailed to persons who have requested notice of IVGID meetings, and has been posted on or before 9:00 a.m. Friday, January 9, 2004, in accordance with NRS 241.020, at the following locations:

*Incline Village Post Office
Crystal Bay Post Office
Incline Village Library*

*IVGID's Anne Vorderbruggen Building (Administrative Offices)
Raley's Shopping Center*

IVGID'S agenda packets are now available at IVGID's web site, www.ivgid.org. Go to "Public Meeting Calendar" and click on the agenda for the date of the Board meeting. The agenda is linked to the complete agenda packet.



Resolution Number 1785

RESOLUTION NUMBER 1785

A RESOLUTION DESIGNATED BY THE SHORT TITLE "2008 MEDIUM-TERM BOND RESOLUTION"; PROVIDING FOR THE ISSUANCE BY THE INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT, NEVADA OF ITS FULLY REGISTERED, NEGOTIABLE GENERAL OBLIGATION (LIMITED TAX) MEDIUM-TERM RECREATION BONDS, SERIES 2008; PROVIDING THE FORM, TERMS AND CONDITIONS OF THE BONDS AND PROVIDING FOR THE SALE THEREOF; PROVIDING OTHER DETAILS CONCERNING THE BONDS; RATIFYING ACTION PREVIOUSLY TAKEN AND PERTAINING TO THE FOREGOING BY THE DISTRICT AND ITS OFFICERS; AND PROVIDING THE EFFECTIVE DATE HEREOF.

(1) **WHEREAS**, Incline Village General Improvement District, in Washoe County, State of Nevada (the "District", "County" and "State", respectively) is duly organized, existing and operating as a general improvement district under the laws of the State; and

(2) **WHEREAS**, the District has determined and does hereby declare pursuant to Nevada Revised Statutes ("NRS") 350.087 through 350.095 (the "Project Act"), NRS 350.105 through 350.195 (the "Bond Sale Act"), and to the extent applicable, NRS 350.500 through 350.720 (the "Bond Act"), the District is authorized and empowered to borrow money for the purposes of the acquisition, construction, improvement and equipment of recreational facilities of the District (the "Project") and to evidence such borrowing by the issuance of bonds; and

(3) **WHEREAS**, pursuant to the Project Act, the Bond Act and the Bond Sale Act, the District is authorized to enter into medium-term obligations to finance the Project and to issue, as evidence thereof, negotiable medium-term notes or bonds payable from legally available revenues of the District (subject to certain constitutional and statutory tax limitations); and

(4) **WHEREAS**, the District has determined and does hereby declare that it is in the best interests of the District to issue bonds in the aggregate principal amount (not to exceed \$7,500,000) to be determined by the General Manager of the District, as chief administrative officer of the District,



Resolution Number 1785

of the District, or the Director of Finance, Accounting and Information Technology of the District, as chief financial officer of the District (the "Chief Financial Officer"), to be designated the "Incline Village General Improvement District, Nevada, General Obligation (Limited Tax) Medium-Term Recreation Bonds, Series 2008" (the "Bonds"); and

(5) **WHEREAS**, pursuant to NRS 350.087, a notice (the "Notice") was published with respect to the District's intention to authorize and to issue medium-term bonds in the maximum principal amount of \$7,500,000 in a newspaper of general circulation in the District and an affidavit of such publication is on file in the office of the District; and

(6) **WHEREAS**, the District adopted by at least a two-thirds majority a resolution authorizing medium-term obligations in the maximum principal amount of \$7,500,000 to finance the Project (the Authorizing Resolution"), which vote was taken at least 10 days after the publication of the Notice; and

(7) **WHEREAS**, pursuant to NRS 350.089 and relevant provisions of the Nevada Administrative Code, the District caused a certified copy of the Authorizing Resolution and supporting documents to be submitted to the Executive Director of the Department of Taxation of the State (the "Department of Taxation") for approval; and

(8) **WHEREAS**, the District received the approval of the Executive Director of the Department of Taxation for such medium-term obligations, a copy of such approval is attached to the following page, and is hereby recorded in the minutes of the District in accordance with NRS 350.089:

(Attach Approval of Department of Taxation)



Resolution Number 1785

(9) **WHEREAS**, pursuant to the Project Act, the Bond Act and the Bond Sale Act, the District provided for the competitive sale of the Bonds, and hereby authorizes the Chief Financial Officer, or in her absence the General Manager, to accept a binding bid for the purchase of the Bonds (the "Bond Purchase Proposal") from the best bidder for the Bonds (the "Purchaser"), subject to the requirements set forth herein; and

(10) **WHEREAS**, the Bonds are to bear interest at the rates which do not exceed by more than 3 percent the "Index of Twenty Bonds" which was most recently published in The Bond Buyer before the bids for the Bonds were received by the District, and are to be sold upon the other terms provided below, for a purchase price consisting of their principal amount, accrued interest from the date of the Bonds to the date of their delivery plus a premium or less a discount not exceeding 9 percent of the principal amount thereof, all as agreed to by the Chief Financial Officer in a certificate dated on or before the date of delivery of the Bonds (the "Certificate of the Chief Financial Officer"); and

(11) **WHEREAS**, the District hereby elects to have the provisions of the Bond Act (to the extent those provisions are applicable to the issuance of the District's medium-term obligations) and Chapter 348 of NRS (the "Supplemental Bond Act") apply to the Bonds; and

(12) **WHEREAS**, the District has determined and hereby declares and determines that legally available funds of the District will at least equal the amount required in each year for the payment of interest on and the principal of the Bonds; and

(13) **WHEREAS**, the District has determined and does hereby declare that each of the limitations and other conditions to the issuance of the Bonds in the Project Act, the Bond Act, the Bond Sale Act and 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 District that the limitations in the Bond Act have been met shall be conclusive in the absence of fraud or arbitrary and gross abuse of discretion.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT, NEVADA:



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Section 1. Short Title. This resolution shall be known and may be cited as the "2008 Medium-Term Bond Resolution" (the "Resolution").

Section 2. Acceptance of Bond Purchase Proposal. The Chief Financial Officer is authorized to accept the Bond Purchase Proposal submitted by the Purchaser, subject to the terms and conditions specified herein.

Section 3. Authorization of the Project. The District hereby determines to accomplish the Project, and the Project is hereby so authorized.

Section 4. Approval of Official Statement. The preliminary official statement concerning the Bonds (the "Preliminary Official Statement") and the distribution thereof is hereby approved and authorized. The preparation of a final official statement in substantially the form of the Preliminary Official Statement with such amendments as the Chief Financial Officer shall approve (the "Official Statement") and the distribution of the Official Statement are hereby authorized, directed and approved. The Chief Financial Officer is hereby authorized and directed to affix her signature to the Official Statement for and on behalf of the District.

Section 5. Ratification. All consistent action taken previously by the District and the officers of the District directed toward the Project and the issuance of the Bonds is ratified, approved and confirmed.

Section 6. Necessity of Project and Bonds. It is necessary and in the best interests of the District, its officers, and the inhabitants of the District, that the District effect the Project and defray wholly or in part the cost thereof by the issuance of the Bonds therefor; and it is hereby so determined and declared.

Section 7. Resolution to Constitute Contract. In consideration of the purchase and the acceptance of the Bonds by those who shall own the same from time to time, the provisions hereof shall be deemed to be and shall constitute a contract between the District and the registered owners from time to time of the Bonds.



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Section 8. Bonds Equally Secured. The covenants and agreements herein set forth to be performed on behalf of the District shall be for the equal benefit, protection and security of the registered owners of any and all of the 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 of the issue over any other thereof, except as otherwise expressly provided in or pursuant to this Resolution.

Section 9. General Obligations. All of the Bonds, as to the principal thereof, the interest thereon and any prior redemption premiums (the "Bond Requirements"), shall constitute general obligations of the District payable from all legally available revenues of the District.

Section 10. Payment of the Bonds. The Bond Requirements of the Bonds shall be payable from any monies legally available therefor, and provision for the payment of the Bond Requirements of the Bonds shall be made as provided in the Project Act, provided, however, that ad valorem taxes levied for the purpose of paying the principal of or interest on the Bonds shall be subject to the limitations contained in the Constitution and statutes of the State, including, without limitation, the limitations on the levy of ad valorem taxes imposed by NRS. The District is not authorized to levy ad valorem taxes exempt from the limitations of any of said statutes to pay the Bond Requirements of the Bonds. The District hereby irrevocably covenants with the registered owners or the Bonds from time to time that it will make sufficient provisions annually in the budget to pay the Bond Requirements of the Bonds, when due.

Section 11. Limitations upon Security. The payment of the Bonds is not secured by an encumbrance, mortgage or other pledge of property of the District, except for the proceeds of General Taxes and any other monies of the District legally available for the payment of the Bonds. No property of the District, subject to such exception, shall be liable to be forfeited or taken in payment of the Bonds.

Section 12. Authorization of Bonds. For the purpose of providing funds to defray wholly or in part the cost of the Project, the District shall issue, and there are hereby authorized to be issued, the "Incline Village General Improvement District, Nevada, General Obligation (Limited Tax)



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Tax) Medium-Term Recreation Bonds, Series 2008" in the aggregate principal amount (not to exceed \$7,500,000) as set forth in the Certificate of the Chief Financial Officer.

Section 13. Bond Details. The Bonds shall be issued in fully registered form, i.e., registered as to both principal and interest, in compliance with Section 149 of the Internal Revenue Code of 1986, as amended (the "Tax Code").

A. The Bonds, Generally. The Bonds shall be dated as of the date of delivery of the Bonds. Except as otherwise provided in Section 16 hereof, the Bonds shall be issued in denominations of \$5,000 or any integral multiple thereof (provided that no Bond may be in a denomination which exceeds the principal amount of Bonds coming due on any maturity date, and no individual Bond will be issued with more than one maturity). The Bonds shall bear interest from their date until their respective fixed maturity dates at the respective rates per annum set forth in the Certificate of the Chief Financial Officer, calculated on the basis of a 360-day year of twelve 30-day months, payable on June 1 and December 1 of each year commencing on December 1, 2008; provided that those Bonds which are reissued upon transfer, exchange or other replacement shall bear interest at the rates set forth in the Certificate of the Chief Financial Officer from the most recent interest payment date to which interest has been paid or duly provided for, or if no interest has been paid, from the date of the Bonds. The Bonds mature on the dates in each of the amounts of principal, and interest rates per annum as designated in the Certificate of the Chief Financial Officer (not to exceed 10 years from the date of delivery of the Bonds).

The principal of any Bond shall be payable to the registered owner thereof as shown on the registration records kept by The Bank of New York Trust Company, N.A., the registrar for the Bonds (the "Registrar"), upon maturity and upon presentation and surrender at the corporate trust office of The Bank of New York Trust Company, N.A., the paying agent for the Bonds (the "Paying Agent") or 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 said Bond until the principal thereof is paid in full.



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Except as otherwise provided in Section 16 hereof, payment of interest on any Bond shall be made to the registered owner thereof by check or draft mailed by first-class mail 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 as of the close of business on the fifteenth day of the calendar month next preceding such interest payment date (other than a special interest payment date hereafter fixed for payment of defaulted interest) (the "Regular Record Date"); but any such interest not so timely paid or duly provided for shall cease to be payable to the registered owner thereof as shown on the registration records of the Registrar as of the close of business on the Regular Record Date and shall be payable to the person who is the registered owner thereof, at his or her address, as shown on the registration records of the Registrar as of the close of business on a special record date fixed for the purpose of paying any such defaulted interest (the "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 not less than ten days prior thereto by first-class mail to each registered owner as shown on the Registrar's registration records as of 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 to between the registered owner of such Bond and the Paying Agent (but the District shall not be required to make funds available to the Paying Agent prior to the date on which such funds are due for payment to the owners of the Bonds). All such payments shall be made in lawful money of the United States of America without deduction for any service charges of the Paying Agent or Registrar.

B. No Optional Prior Redemption. Bonds, or portions thereof, maturing on and after the date set forth in the Certificate of the Chief Financial Officer, shall not be subject to redemption prior to their respective maturities, at the option of the District.



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Section 14. Negotiability. Subject to the registration and payment provisions herein provided, the Bonds shall be fully negotiable within the meaning of and for the purpose of the Uniform Commercial Code - Investment Securities and each registered owner shall possess all rights enjoyed by holders of negotiable instruments under the Uniform Commercial Code - Investment Securities.

Section 15. Registration, Transfer and Exchange of Bonds. Except as otherwise provided in Section 16 ("Book Entry") hereof:

A. Records for the registration and transfer of the Bonds shall be kept by the Registrar. Upon the surrender for transfer of any Bond at the Registrar, duly endorsed for transfer or accompanied by an assignment in form satisfactory to the Registrar duly executed by the registered owner or his or her 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 13 ("Bond Details") 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. The Registrar shall require the payment by the registered owner of any Bond requesting exchange or transfer, of any tax 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 (excluding printing) and authenticating a new Bond.

B. The person in whose name any Bond shall be registered, on the registration records kept by the Registrar, shall be deemed and regarded as the absolute owner thereof for the purpose of payment and for all other purposes (except to the extent otherwise provided in Section 13 hereof ("Bond Details") with respect to Bond interest payments); and payment of or on account of either principal or interest on any Bond shall be made only to or upon the written order of the registered owner thereof or his or her legal representative. All such payments shall be valid and effectual to discharge the liability upon such Bond to the extent of the sum or sums so paid.



Resolution Number 1785

C. 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 or the District 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, the Registrar may direct that such Bond be paid by the Paying Agent in lieu of replacement upon receipt of the aforementioned indemnity.

D. 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 or a certificate of destruction shall be furnished by the Paying Agent or Registrar to the District, upon request.

Section 16. Book Entry. A. Notwithstanding the foregoing provisions of Sections 13 to 15 hereof, the Bonds shall initially be evidenced by one Bond 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 104.8102, and a qualified and registered "clearing agency" under Section 17A of the Securities Exchange Act of 1934, as amended; or

(2) upon the resignation of The Depository Trust Company or a successor or new depository under clause (1) or this clause (2) of this Subsection A, or a determination by the District that The Depository Trust Company or such successor or new depository is



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is no longer able to carry out its functions, and the designation by the District of another depository institution acceptable to the District 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 District 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 District, 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, subject to the limitations of Section 13 hereof, registered in the names of such persons, and in such denominations as are requested in such written transfer instructions; however,



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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 District, 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 District, 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 District, 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 by arranging for payment in such a manner that funds representing such payments are available to the depository on the date they are due.

Section 17. Execution, Authentication and Use of Predecessor's Signature.

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

B. The Bonds shall be signed and executed in the name of and on behalf of the District with the manual or facsimile signature of the Chairwoman, shall be countersigned and executed with the manual or facsimile signature of the Treasurer, and shall bear a manual impression or a facsimile of an impression of the official seal of the District attested with the manual or facsimile signature of the Secretary.



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C. No Bond shall be valid or obligatory for any purpose unless the certificate of authentication thereon, substantially in the form hereinafter provided, has been duly manually executed by the Registrar. The Registrar's certificate of authentication shall be deemed to have been duly executed by it if manually signed by an authorized signatory of the Registrar, but it shall not be necessary that the same officer sign the certificate of authentication on all of the Bonds issued hereunder. By authenticating any of the Bonds initially delivered pursuant to this Resolution, the Registrar shall be deemed to have assented to all of the provisions of this Resolution.

D. The Chairwoman, the Secretary and the Treasurer are hereby authorized and directed to prepare and to execute the Bonds as herein provided.

E. The Bonds bearing the signatures of the officers in office at the time of their execution shall be valid and binding obligations of the District, notwithstanding that before their delivery any or all of the persons who executed them shall have ceased to fill their respective offices. The Chairwoman, the Secretary, and the Treasurer, at the time of the execution of a signature certificate relating to the Bonds, may each adopt as and for his or her own facsimile signature the facsimile signature of his or her predecessor in office if such facsimile signature appears upon any of the Bonds.

Section 18. Incontestable Recital. Pursuant to NRS 350.628, the Bonds shall contain a recital that they are issued pursuant to the Bond Act, which recital shall be conclusive evidence of the validity of the Bonds and the regularity of their issuance.

Section 19. 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 20. Initial Registration. The Registrar shall maintain the registration records of the District for the Bonds, showing the name and address of the registered owner of each Bond authenticated and delivered, series designation, the maturity of the Bond, and its interest rate, principal amount, and number.



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Section 21. Bond Delivery. After such registration by the Registrar and after their execution and authentication as provided herein, the Chief Financial Officer shall cause the Bonds to be delivered to the Purchaser, upon payment being made in accordance with the terms of their sale.

Section 22. Bond Form. Subject to the provisions of this Resolution, the Bonds shall be in substantially the following form, with such omissions, insertions, endorsements, and variations as may be required by the circumstances, be required or permitted by this Resolution, or be consistent with this Resolution 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:



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(Form of Bonds)

TRANSFER OF THIS BOND OTHER THAN BY REGISTRATION IS NOT EFFECTIVE

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT, NEVADA
GENERAL OBLIGATION (LIMITED TAX) MEDIUM-TERM RECREATION BONDS
SERIES 2008**

No. _____ \$ _____

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Dated as of</u>	<u>CUSIP NO.</u>
_____ % Per Annum	_____ 1, _____	_____ , 2008	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ DOLLARS

The Incline Village General Improvement District, in Washoe County, in the State of Nevada (the "District", "County", and "State", respectively) for value received, hereby acknowledges itself to be indebted and promises to pay to the registered owner specified above, or registered assigns, the principal amount specified above, on the maturity date specified above, and to pay interest thereon on June 1 and December 1 of each year, commencing on December 1, 2008, at the interest rate per annum specified above calculated on the basis of a 360-day year of twelve 30-day months, until the principal sum is paid or payment has been provided for, or, if no interest has been paid, from the date of this Bond.

The principal of this Bond is payable upon presentation and surrender hereof at the corporate trust office of the District's paying agent for the Bonds (the "Paying Agent") or such other office as designated by the Paying Agent, presently The Bank of New York Trust Company, N.A., who is also now acting as the District's Registrar for the Bonds (the "Registrar").

Interest on this Bond will be paid on each interest payment date (or if such date is not a business day, on the next succeeding business day) by check or draft mailed by first class mail to the person in whose name this Bond is registered in the registration records of the District maintained by the Registrar, at the address appearing therein, as of the close of business on the fifteenth 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 as of the close of business on the Regular Record Date and shall be payable to the



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be payable to the person who is the registered owner as of the close of business on a special record date for the payment of any defaulted interest (the "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 owner not less than ten days prior thereto by first-class mail.

Alternative means of payment of interest may be used if mutually agreed to by the registered owner and the Paying Agent, as provided in the resolution of the District (the "District") authorizing the issuance of the Bonds of the series of which this Bond is one (the "Bonds") and designated in Section 1 thereof as the "2008 Medium-Term Bond Resolution" (the "Resolution"). All such payments shall be made in lawful money of the United States of America without deduction for any service charges of the Paying Agent or Registrar.

The District 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 payment and for all other purposes, except to the extent otherwise provided hereinabove and in the Resolution with respect to Regular Record and Special Record Dates for the payment of interest.

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

The Bonds are not transferable or exchangeable except as set forth in the Resolution.

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

The Bonds are not subject to prior redemption at the option of the District.

This Bond is one of a series of Bonds issued by the District upon its behalf and upon the credit thereof, for the purpose of financing recreational facilities as set forth in the Resolution (the "Project") under the authority of and in full compliance with the Constitution and laws of the State, and



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State, and pursuant to the Resolution.

The Bonds are issued pursuant to Nevada Revised Statutes ("NRS") 350.087 through 350.095 (the "Project Act"), and all laws amendatory thereof; pursuant to NRS 350.105 to 350.195 (the "Bond Sale Act"); to the extent applicable to the District's medium-term obligations, pursuant to 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"); and pursuant to Chapter 348 of NRS. 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 of such law the Bonds, their transfer, and the income therefrom shall forever be and remain free and exempt from taxation by the State or any subdivision thereof, except for the tax on estates imposed pursuant to Chapter 375A of NRS and the tax on generation skipping transfers imposed pursuant to Chapter 375B of NRS.

It is hereby certified and recited that all the requirements of law have been fully complied with by the proper officers of the District in the issuance of this Bond; that the total indebtedness of the District including that of this Bond, does not exceed any limit of indebtedness prescribed by the Constitution, or by the laws of the State; that the principal of, interest on, and any prior redemption premiums (the "Bond Requirements") this Bond when the same become due shall be payable from any monies of the District legally available for the purpose of making such payments and the full faith and credit of the District are hereby irrevocably pledged for making such payment. Provision for the payment of the Bonds shall be made as provided in the Project Act, provided, however, that ad valorem taxes levied for the purpose of paying the principal of and interest on the Bonds are subject to the limitations contained in the Constitution and the statutes of the State, including, without limitation, the limitations on ad valorem taxes contained in NRS. The District is not authorized to levy ad valorem taxes to pay the principal of or interest on the Bonds exempt from the limitations of any such statutes, but the District has covenanted in the Resolution to make sufficient provision annually in its budget to pay the Bond Requirements of the Bonds, when due.

Reference is made to the Resolution and all modifications and amendments thereof, if any, to the acts authorizing the issuance of the Bonds, i.e., the Project Act and the Bond Act, and to all laws supplemental thereto, for an additional description of the nature and extent of the security for the Bonds and the terms and conditions upon which the Bonds are issued.

No recourse shall be had for the payment of the principal of or the interest on this Bond or for any claim based thereon or otherwise upon the Resolution or other instrument pertaining thereto, against any individual member of the District or any officer or other agent of the District, past, present, or future, either directly or indirectly through the District, 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



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issuance specially waived and released.

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

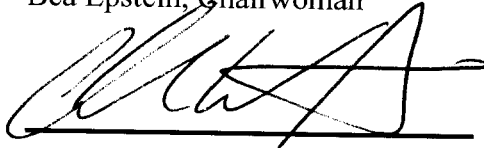
IN WITNESS WHEREOF, the Incline Village General Improvement District, Nevada, has caused this Bond to be signed and executed in the name of the District with the manual or facsimile signature of the Chairwoman of the District, to be attested, signed and executed with a manual or facsimile signature of the District Secretary, and to be countersigned, subscribed and executed by the manual or facsimile signature of the District Treasurer; and has caused a manual or facsimile impression of the seal of the District to be affixed hereon, all as of May 28, 2008.

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT, NEVADA

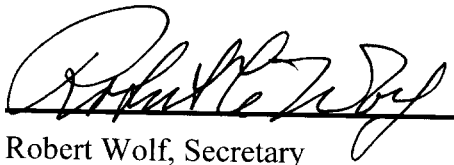


Bea Epstein, Chairwoman

(MANUAL OR FACSIMILE SEAL)



Chuck Weinberger, Treasurer


Robert Wolf, Secretary

(End of Form of Bond)



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

Date of Authentication
and Registration _____

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

THE BANK OF NEW YORK TRUST
COMPANY, N.A.
as Registrar

By (Manual Signature)
Authorized Officer

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



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(Form of Assignment for Bonds)

For value received, the undersigned hereby sells, assigns and transfer 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, with full power of substitution in the premises.

Dated: _____

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

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.

(End of Form of Assignment for Bonds)



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(Form of Prepayment Panel)

The following installments of principal (or portions thereof) of this Bond have been prepaid by Incline Village General Improvement District, Nevada, in accordance with the terms of the Resolution authorizing the issuance of this Bond:

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

(End of Form of Prepayment Panel)



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Section 23. Use of Bond Proceeds. Pursuant to NRS 350.648, upon the issuance of the Bonds, the proceeds of the Bonds shall be deposited into a special account hereby created and designated as the "Incline Village General Improvement District, Nevada, General Obligation (Limited Tax) Medium-Term Recreation Bonds, Acquisition Account" (the "Acquisition Account") and shall be applied to pay the costs of the Project, the costs of issuing the Bonds and any costs of rebates to the United States under Section 148 of the Tax Code, which the District hereby determines are necessary and desirable and appertain to the Project. After the completion of the Project or after adequate provision therefor is made, pursuant to NRS 350.650, any unexpended balance of Bond proceeds (or, unless otherwise required by law, any other moneys) remaining in the Acquisition Account shall be deposited into the Medium-Term Debt Service Fund for the payment of the Bond Requirements as the same become due.

Section 24. Use of Investment Gain. Pursuant to NRS 350.658, any gain from any investment and any reinvestment of any proceeds of the Bonds, shall be deposited promptly upon the receipt of such gain at any time or from time to time into the Acquisition Account, and upon completion of the Project into Medium-Term Debt Service Fund for the payment of the Bond Requirements.

Section 25. Completion of Project. The District, with the proceeds derived from the sale of the Bonds, shall proceed to complete the Project without delay and with due diligence to the best of the District's ability, as hereinabove provided.

Section 26. General Tax Levies. Pursuant to NRS 350.596, if necessary, the interest falling due on the Bonds and the principal amount of Bonds shall be paid out of a general fund of the District or out of any other funds that may be available for such purpose, including, without limitation, any proceeds of General Taxes legally available therefor. For the purpose of repaying any moneys so paid from any such fund or funds (other than any moneys available without replacement for the payment of such Bond Requirements on other than a temporary basis), and for the purpose of creating funds for the payment of the Bond Requirements, there is hereby created a separate account designated as the "Incline Village General Improvement District, Nevada, General Obligation (Limited Tax)



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Obligation (Limited Tax) Medium-Term Recreation Bonds, Series 2008, Medium-Term Debt Service Fund" (the "Medium-Term Debt Service Fund"). Pursuant to NRS 350.592, 350.594, and 350.095, except to the extent other funds are legally available therefor, there shall be duly levied immediately after the issuance of the Bonds and annually thereafter, until all of the Bond Requirements shall have been fully paid, satisfied and discharged, a General Tax on all property, both real and personal, subject to taxation within the boundaries of the District, including the net proceeds of mines, fully sufficient to reimburse such fund or funds for any such amounts temporarily advanced to pay such initial installment of interest, and to pay the interest on the Bonds becoming due after such initial installment, and to pay and retire the Bonds as they thereafter become due at maturity as herein provided, after there are made due allowances for probable delinquencies. The proceeds of such annual levies shall be duly credited to the Medium-Term Debt Service Fund for the payment of such Bond Requirements. In the preparation of the annual budget or appropriation resolution or Resolution for the District, the Board shall first make proper provisions through the levy of sufficient General Taxes for the payment of the interest on and the retirement of the principal of the bonded indebtedness of the District, including, without limitation, the Bonds, subject to the limitations imposed by NRS and Section 2, art. 10, State Constitution, and the amount of money necessary for this purpose shall be a first charge against all the legally available revenues received by the District.

Section 27. Priorities for Bonds. In any year in which the total General Taxes levied against the property in the District by all overlapping units within the boundaries of the District exceeds the limitation imposed by NRS 361.453, or a lesser or greater amount fixed by the State Board of Examiners in any fiscal year, and it becomes necessary by reason thereof to reduce the levies made by any and all such units, the reductions so made shall be in General Taxes levied by such unit or units (including, without limitation, the District and the State) for purposes other than the payment of bonded indebtedness, including the Bonds, and the interest thereon. The General Taxes levied for the payment of such bonded indebtedness, the Bonds and the interest thereon shall always enjoy a priority over General Taxes levied by each such unit (including, without limitation, the District and the State) for all



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the District and the State) for all other purposes where reduction is necessary in order to comply with the limitations of NRS.

Section 28. Correlation of Levies. Such General Taxes shall be levied and collected in the same manner and at the same time as other taxes are levied and collected, and the proceeds thereof for the Bonds herein authorized shall be kept in the Medium-Term Debt Service Fund, which accounts shall be used for no other purpose than the payment of principal and interest, respectively, as the same fall due.

Section 29. Use of General Fund. Any sums becoming due on the Bonds at any time when there are on hand from such General Taxes (and any other legally available moneys) insufficient funds to pay the same shall be promptly paid when due from general funds on hand belonging to the District, reimbursement to be made for such general funds in the amounts so advanced when the General Taxes herein provided for have been collected, pursuant to NRS 350.596.

Section 30. Use of Other Funds. Nothing in this Resolution prevents the District from applying any funds (other than General Taxes) that may be available for that purpose to the payment of the Bond Requirements as the same, respectively, mature, and upon such payments, the levy or levies herein provided may thereupon to that extent be diminished, pursuant to NRS 350.598.

Section 31. Legislative Duties. In accordance with NRS 350.592, it shall be the duty of the Board annually, at the time and in the manner provided by law for levying other General Taxes of the district, if such action shall be necessary to effectuate the provisions of this Resolution, to ratify and carry out the provisions hereof with reference to the levy and collection of General Taxes; and the Board shall require the officers of the District to levy, extend and collect such General Taxes in the manner provided by law for the purpose of creating funds for the payment of the principal of the Bonds and the interest thereon. Such General Taxes, when collected shall be kept for and applied only to the payment of the principal of and the interest on the Bonds as hereinbefore specified.



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Section 32. Appropriation of General Taxes. In accordance with NRS 350.602, there is hereby specially appropriated the proceeds of such General Taxes to the payment of such principal of and interest on the Bonds; and such appropriations will not repealed nor the General Taxes postponed or diminished (except as herein otherwise expressly provided) until the Bond Requirements the Bonds have been wholly paid or provided for.

Section 33. Protective Covenants. The District covenants and agrees with each and every owner from time to time of the Bonds, that:

- A. The Project shall be completed without delay; and
- B. The District will make the Bonds principal and interest payments at the place, on the date, and in the manner specified according to the true intent and meaning hereof.

Section 34. Federal Tax Covenant. The District 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 District or any facilities financed with the proceeds of the Bonds if such action or omission (i) would cause the interest on the Bonds to lose its exclusion from gross income for federal income tax purposes under Section 103 of the Tax Code, or (ii) would cause interest on the Bonds to lose its exclusion from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except to the extent such interest is required to be included in the adjusted current earnings adjustment applicable to corporations under Section 56 of the Tax Code in calculating corporate alternative minimum taxable income. The foregoing covenant shall remain in full force and effect notwithstanding the payment in full or defeasance of the Bonds until the date on which all obligations of the District in fulfilling the above covenant under the Tax Code have been met.

Section 35. Designation of Bank Qualification. For the purposes of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended, the District hereby designates the Bonds as qualified tax-exempt obligations.



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Section 36. Prevention of Bond Default. Any Bond proceeds credited to the Acquisition Account shall be used, without further order or warrant, to pay the Bond Requirements as the same become due whenever and to the extent moneys otherwise available therefor are insufficient for that purpose, unless such Bond proceeds shall be needed to defray obligations accrued and to accrue under any contracts then existing and pertaining to the Project.

Section 37. 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 Project, or any part thereof, or to the completion of the Project. The Purchaser, any associate thereof, and any subsequent registered owner of any Bond shall in no manner be responsible for the application or disposal by the District 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 38. Amendments. A. This Resolution may be amended by the District:

- (1) Without the consent of or notice to the holders of the Bonds for the purpose of curing any ambiguity or formal defect or omission herein; and
- (2) With the consent of the insurer of the Bonds, if any, (as long as the insurer has not defaulted on its insurance policy with respect to such Bonds) in connection with any other amendment.

B. No such amendment, unless consented to by the Bondholder adversely affected thereby, shall permit:

- (1) A change in the maturity or in the terms of redemption of the principal of any outstanding Bond or any installment of interest thereon;
- (2) A reduction in the principal amount of any Bond, the rate of interest thereon, or any prior redemption premium payable in connection therewith; or
- (3) The establishment of priorities as between Bonds issued and outstanding under the provisions of this Resolution.



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C. Copies of any amendments to this Resolution consented to by the insurer of the Bonds, if any, must be sent to Moody's Investors Service and Standard & Poor's Rating Services.

Section 39. Continuing Disclosure Undertaking. The District 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 Secretary of the District to be executed by the Chief Financial Officer with any amendments deemed necessary by the Chief Financial Officer and delivered in connection with the delivery of the Bonds.

Section 40. Defeasance. When all Bond Requirements of any Bond have been duly paid, all obligations hereunder as to that Bond shall thereby be discharged and the Bond shall no longer be deemed to be outstanding within the meaning of this Resolution. There shall be deemed to be such due payment when the District has placed in escrow or in trust with a trust bank located within or without the State (the "Bank"), 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, as the same become due to the final maturity of the Bond. 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 District 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, the term "Federal Securities" shall be as defined in NRS 350.522, and shall include only Federal Securities which are not callable for redemption prior to their maturities except at the option of the holder thereof.

Section 41. Replacement of Registrar or Paying Agent. If the Registrar or Paying Agent initially appointed hereunder shall resign, or if the District shall reasonably determine that said Registrar or Paying Agent has become incapable of performing its duties hereunder or if the District shall determine that it would be in the best interests of the District to appoint a new Registrar or Paying Agent hereunder, the District may, upon notice mailed to each registered owner of any Bond at his



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at his address last shown on the registration records, appoint a successor Registrar or Paying Agent, or both. No resignation or dismissal of the Registrar or Paying Agent may take effect until a successor is appointed. Every such successor Registrar or Paying Agent shall be an officer or employee of the District or a commercial bank or trust company authorized to exercise trust powers. It shall not be required that the same institution serve both a Registrar and Paying Agent hereunder, but the District shall have the right to have the same institution serve as both Registrar and Paying Agent hereunder.

Any corporation or association into which the Registrar or Paying Agent may be converted or merged, or with which they may be consolidated, or to which they may sell or transfer their corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer, to which they are a party, shall be and become the successor Registrar or Paying Agent under this Resolution, 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 Resolution to the contrary notwithstanding.

Section 42. Delegated Powers. The officers of the District are hereby authorized and directed to take all action necessary or appropriate to effectuate the provisions of this Resolution, including, without limitation:

- A. The printing of the Bonds, including, without limitation, the printing on each Bond of a statement of insurance, if applicable;
- B. The execution of such certificates as may be reasonably required by the Purchaser, relating, inter alia, to:
 1. The signing and registration of the Bonds and the custodial deposit of the Bonds with The Depository Trust Company;
 2. The tenure and identity of the officials of the District;
 3. The indebtedness of the District and continuing disclosure undertaking;



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4. The exclusion from gross income of interest on the Bonds for federal income tax purposes;
5. The delivery of the Bonds and the receipt of the Bond purchase price; and
6. If it is in accordance with the fact, the absence of litigation, pending or threatened, affecting the validity of the Bonds; and

C. The assembly and dissemination of financial and other information concerning the District and the Bonds, and the designation as "final" of the Official Statement concerning the Bonds.

Section 43. Resolution Irrepealable. After any of the Bonds are issued, this Resolution and the provisions of the Bond Act shall constitute an irrevocable contract between the District and the registered owner or registered owners of the Bonds; and this Resolution, 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, as herein provided.

Section 44. Police Power. Nothing in this Resolution prohibits or otherwise limits or inhibits the reasonable exercise in the future by the State and its governmental bodies of the police powers and powers of taxation inherent in the sovereignty of the State or the exercise by the United States of the powers delegated to it by the Federal Constitution. The District cannot contract away such powers nor limit or inhibit by contract the proper exercise thereof, and this Resolution does not purport to do so.

Section 45. Repealer. All resolutions, bylaws and orders, or parts thereof, inconsistent herewith are hereby repealed to the extent only of such inconsistency. This repealer shall not be construed to revive any resolution, bylaw or order, or part hereof, heretofore repealed.

Section 46. Severability. If any section, paragraph, clause or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution.



Resolution Number 1785


Section 47. Parties Interested Herein. Nothing in this Resolution expressed or implied is intended or shall be construed to confer upon, or to give to, any person or entity, other than the District, the insurer of the Bonds, if any, and the registered owners of the Bonds, any right, remedy or claim under or by reason of this Resolution or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Resolution contained by and on behalf of the District shall be for the sole and exclusive benefit of the District, and the registered owners of the Bonds.

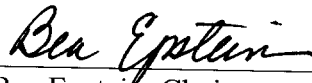
Section 48. Effective Date. This Resolution shall be in effect from and after its adoption.

PASSED AND ADOPTED this MAY 28, 2008.

(SEAL)

Attest:


Robert C. Wolf, Secretary
Incline Village General Improvement District


Bea Epstein, Chairwoman
Incline Village General Improvement District



Resolution Number 1785

STATE OF NEVADA)
) ss.
COUNTY OF WASHOE)

I, the undersigned, duly chosen, qualified, and acting Secretary of the Incline Village General Improvement District (herein the "District"), do hereby certify:

1. The foregoing pages constitute a true, correct, complete and compared copy of a resolution of the Board of Trustees of the District (the "Board") adopted on May 28, 2008.

2. The resolution designated above was voted on by the Board at such meeting as follows:

Those Voting Aye:	Bea Epstein
	Gene Brockman
	Bob Wolf
	Chuck Weinberger
	John Bohn
Those Voting Nay:	None
Those Absent:	None
Those Abstaining:	None

3. The original of the resolution has been approved and authenticated by the signatures of the Chairwoman of the District and the Board and myself as Secretary of the District and the Board, and sealed with the seal of the District, and has been recorded in the minute book of the Board kept for that purpose in my office which record has been duly signed by such officers and properly sealed.

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

5. Pursuant to and in full compliance with NRS 241.020, written notice of the meeting was given at least three working days before the meeting, including in the notice the time, place, location and agenda of the meeting:

(a) By mailing a copy of the notice to each member of the Board;



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(b) By posting a copy of the notice on the District's website, at the principal office of the Board, or if there is not principal office, at the building in which the meeting is to be held, and at least three other separate, prominent places within the jurisdiction of the Board, to wit:

- (i) Incline Village Library
Incline Village, Nevada
- (ii) U. S. Post Office
Incline Village, Nevada
- (iii) U. S. Post Office
Crystal Bay, Nevada
- (iv) Raley's Shopping Center
Incline Village, Nevada

and

(c) By mailing a copy of the notice to each person, if any, who has requested notice of the meeting of the Board in compliance with Chapter 241 of NRS.

6. A copy of the notice so given of the meeting of the Board held on May 28, 2008 is attached to this certificate as Exhibit A.

IN WITNESS WHEREOF, I have hereunto set my hand this May 28, 2008.

Robert Wolf, Secretary
Board of Trustees
Incline Village General Improvement District



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EXHIBIT "A"

(Attach Notice of Meeting)



NOTICE OF MEETING

The regular meeting of the Incline Village General Improvement District will be held starting at 3:00 p.m. on Wednesday, May 28, 2008 in the IVGID Boardroom at 893 Southwood Boulevard, Incline Village, Nevada.

AGENDA

- 3:00
- A. PLEDGE OF ALLEGIANCE*
 - B. ROLL CALL*
 - C. APPROVAL OF MINUTES
 - 1. Regular Session of April 30, 2008
 - D. APPROVAL OF AGENDA
 - E. APPROVAL OF BILLS
 - F. REPORTS*
 - 1. Board Updates
 - a. Citizen Advisory Board Report – Trustee Brockman
 - 2. Staff Updates
 - a. General Manager
 - b. Venue Managers as appropriate
 - 3. General Counsel
 - 4. Other Reports
 - a. PowerPoint Presentation of Play Golf America
 - G. CORRESPONDENCE*
 - H. PUBLIC COMMENTS* *(The public may comment on any subject that is not on the agenda that is pertinent to IVGID or Incline Village/Crystal Bay. Each speaker will be limited to 3 minutes. Public comment relating to an agenda item will be taken during discussion of that item. Comment will be limited to 3 minutes, but speaking time may be reduced at the discretion of the Chair, if there are a large number of speakers on a given subject.)*

Incline Village General Improvement District

Incline Village General Improvement District is a fiscally responsible community partner which provides superior utility services and community oriented recreation programs and facilities with passion for the quality of life and our environment while investing in the Tahoe basin.

893 Southwood Boulevard, Incline Village, Nevada 89451 • (775)832-1100 • FAX (775)832-1122

www.yourtahoeplace.com



NOTICE OF MEETING

Agenda for the Board Meeting of May 28, 2008 - Page 2

I. CONSENT CALENDAR

1. A resolution designated by the short title "2008 Medium Term Bond Resolution"; providing for the issuance by the Incline Village General Improvement District, Nevada of its fully registered, negotiable general obligation (limited tax) medium term recreation bonds, Series 2008, providing the form, terms and conditions of the Bonds and Providing for the sale thereof, providing other details concerning the bonds, ratifying action previously taken and pertaining to the foregoing by the District and its officers; and providing the effective date hereof – Resolution Number 1785
2. Solid Waste Franchise Agreement Rate Adjustment
3. Enter into an Interlocal Agreement with the State of Nevada to provide assistance and 25% funding for the design and construction of the Incline and Third Creeks Restoration Project

J. GENERAL BUSINESS

1. Award of Contract for the 2008 Watermain Replacement Project: Construction Contract to Marv McQueary Excavating
2. Public Service Recreation Irrigation Accounts – Revisit of this matter (tabled on November 14, 2007)

K. CLOSED SESSION

The Board may consider a motion to enter into closed session to have a discussion regarding the Union Negotiations with the Operating Engineers of Northern Nevada pursuant to NRS 288.220.

L. PUBLIC COMMENTS*

M. ADJOURNMENT*

Board of Trustees: *Bea Epstein, Chairwoman, John Bohn, Gene Brockman, Bob Wolf and Chuck Weinberger*

Note: *Agenda item sequence is subject to change at the discretion of the Board.*

Unless otherwise indicated by an asterisk (), all items on the agenda are action items upon which the Board of Trustees may take action.*

Members of the public who are disabled and require special accommodations or assistance at the meeting are requested to call IVGID at 832-1100 at least 24 hours prior to the meeting.

Copies of the packets containing background information on agenda items are available for public inspection at the Incline Village Library.

This agenda has been mailed to persons who have requested notice of IVGID meetings, and has been posted on or before 9:00 a.m. Friday, May 16, 2008, in accordance with NRS 241.020, at the following locations:

*Incline Village Post Office
Crystal Bay Post Office
Incline Village Library*

*IVGID's Anne Vorderbruggen Building (Administrative Offices)
Raley's Shopping Center
Incline Village Recreation Center*

IVGID'S agenda packets are now available at IVGID's web site, www.yourtahoeplace.com. Go to "IVGID Information, Visit IVGID, then News & Event, BOT Agendas and Packets" and click on the agenda for the date of the Board meeting. The agenda is linked to the complete agenda packet.