

MEMORANDUM**TO:** Board of Trustees**THROUGH:** Mike Bandelin, Interim General Manager**FROM:** Bobby Magee, Director of Finance

SUBJECT: Review, discuss, and possibly approve **Resolution No. 1906** providing for the Issuance of Sewer Bond Series 2024A in the maximum amount of \$36,371,700 and Sewer Bond Series 2024B in the maximum amount of \$368,300 (Principal Forgiveness); Providing the Forms, Terms and Conditions Thereof; Securing Payment Through a Pledge of Net Revenues Derived from the Utility System of Which the Financed Project is a Part; Ratifying Actions Previously Taken Toward the Issuance of the Bonds; and Providing Other Matters Relating Thereto.

RELATED STRATEGIC PLAN BUDGET INITIATIVE(S):

This action supports:

Long Range Principle #3 - Finance; "The District will ensure fiscal responsibility and sustainability of service capacities by maintaining effective financial policies for operating budgets, fund balances, capital improvement and debt management."

Long Range Principle #5 - Assets and Infrastructure; "The District will practice perpetual asset renewal, replacement and improvement to provide safe and superior long term utility services and recreation venues, facilities, and services."

RELATED DISTRICT POLICIES, PRACTICES, RESOLUTIONS OR ORDINANCES:

Board Policy 14.1.0 – Debt Management and Limit

DATE: December 13, 2023**I. RECOMMENDATION**

That the Board of Trustees makes a motion to approve Resolution Number 1906 providing for the issuance of Sewer Bond Series 2024A in the maximum amount of \$36,371,700 and Sewer Bond Series 2023B in the maximum amount of \$368,300 (principal forgiveness); providing the forms, terms and conditions thereof; securing payment through a pledge of net revenues derived from the utility system of which the financed project is a part; ratifying actions previously taken toward the issuance of the bonds; and providing other matters pertaining

thereto.

II. BACKGROUND

The District initially applied for and received approval through the State of Nevada Department of Environmental Protection (“NDEP”) for a Clean Water Program State Revolving Fund (“SRF”) Loan in the amount of \$52,740,000. This agenda item is a companion action item related to authorization to execute State of Nevada Clean Water State Revolving Fund (“SRF”) Loan Contracts CW2401 and CW2402 in the aggregate amount of \$36,740,000 to support financing the Effluent Pipeline Replacement Project. Under the structure of the State's Clean Water State Revolving Fund loan program, borrowers are required to authorize, concurrent with execution of loan documents, issuance of private placement bonds, to be purchased by the State Treasurer. This agenda item seeks Board approval of Resolution No.1906 authorizing the issuance of Sewer Bond Series 2024A, in the maximum amount of \$36,371,700 (secured by SRF Loan Contract CW2402) and issuance of Sewer Bond Series 2024B, in the maximum amount of \$368,300 (secured by SRF Loan Contract CW2401 principal forgiveness).

On December 14, 2022, the Board of Trustees approved Resolution No. 1897 (Item H.3) establishing the District's Intent to issue Utility Revenue Bonds and corresponding SRF loan contracts, in one or more series, in the maximum principal amount of \$52,740,000.

While completing the District's SRF loan application, and in consultation with NDEP staff, the amount of the initial SRF loan was reduced to \$16.0 million. This reduction in the (initial) loan amount was made in recognition of efforts that had the potential for the District to receive Federal Grant funding in support of the project through the Army Corps of Engineers 595 Program. Nevada Department of Environmental Protection staff recommended reducing the initial loan amount to avoid the potential de-obligation of loan funds.

On March 22, 2023, the Board of Trustees approved Resolution No. 1899 (Item G.2) authorizing the issuance by the Incline Village General Improvement District, Nevada, of its Sewer Bond, Series 2023A in the maximum aggregate principal amount of \$15,760,000 which corresponds to State of Nevada Clean Water State Revolving Fund Loan Contract CW2303 and Series 2023B (Principal Forgiveness) in the maximum aggregate principal amount of \$240,000 which corresponds to State of Nevada Clean Water State Revolving Fund Loan Contract CW 2304. The 2023A and 2023B Bonds were issued by the District to the State Treasurer on April 11, 2023.

While the initial loan amount was reduced, the District has been assured that additional funding through the Clean Water SRF Program, up to the original approved amount of \$52,740,000, will remain available for the Effluent Pipeline Project. In addition, in a letter dated March 1, 2023, the Nevada Department of Environmental Protection and the State Treasurer's Office formally committed to honoring the interest rate applied to the original loan, to additional loan funds that

may be required through project completion. Moreover, should interest rates decrease over the project time-frame, the State will accept the lower market interest rate at the time of securing additional SRF funding. This commitment provides the District with maximum flexibility in terms of SRF loan funds that may be required through project completion and effectively eliminates any interest rate "risk" that arose because of reducing the initial loan amount to \$16.0 million.

The 2024A and 2024B Sewer Bonds authorized by **Resolution No. 1906** represent private placement bonds to be purchased by the State Treasurer secured by the SRF loans. The Sewer Bond Series 2024A, in the maximum amount of \$36,371,700, represents the portion of the SRF loan to be repaid over 30-years at a fixed interest rate of 2.19%, and has been set based at 54% of the "Bond Buyer 20 General Obligation Bond Index" (BB20 Index), as of March 10, 2023, plus an adjustment factor to account for the 30-year term of the loan, based on the AAA Municipal Market Date (MMD) scale. On December 1, 2023, the District and NDEP calculated the interest rate once again. The Nevada Department of Environmental Protection (NDEP) previously agreed to either keep the interest rate at 2.19% or lower it, depending on the updated calculation. On December 1, 2023, the Nevada Department of Environmental Protection (NDEP) reported to Incline Village General Improvement District that the current calculated rate is 2.21%, and provided written confirmation that the State will honor the previous calculation of 2.19% pursuant to the existing agreement between NDEP and the State Treasurer's Office.

Interest-only payments are due and payable twice per year (January and July), based on the amount of loan funds drawn by the District throughout the project construction period. Principal (and interest) payments on funds accessed through Contract CW2402 will commence at project completion, or 3 years, whichever comes first.

Pursuant to the requirements of the State's Clean Water State Revolving Fund loan program, **Resolution No. 1906** provides that the Sewer Bonds Series 2024A and 2024B are secured by a pledge of net revenues of the District's utility system and are to be issued "on parity" with existing bonds of the District's utility system. Additionally, the Series 2024A Bond requires the establishment of a Reserve Account, held for the account of the District by the State Treasurer in the Local Government Investment Pool (LGIP). The LGIP Reserve Account will need to be funded from IVGID Utility Fund reserves, in a calculated amount which will be directly relational to future drawdowns. It is currently estimated that the full amount of the Reserve Account, as a function of this recommendation action, will be approximately \$1.66 million. This amount will be refundable to the District upon completion of debt service payments for the 2024A Bonds.

III. BID RESULTS

The Sewer Bond Series 2024A and 2024B represent private placement bonds, to be purchased by the State Treasurer. The interest rates are set based on the formula established by the SRF loan program. As such, there is no "bidding" as

typically associated with bonds issued through the municipal bond market.

IV. FINANCIAL IMPACT AND BUDGET

The Sewer Bond Series 2024A and 2024B authorized by **Resolution No. 1906**, represent a maximum combined principal amount of \$36,740,000 and are secured by the net revenues of the District’s trash collection, water system, and sewer system, including all property.

The Sewer Bond issued under Series 2024A, up to \$36,371,700, is to be repaid over 30 years (from project completion), at a fixed interest rate of 2.19%. If the entire amount of the loan is accessed by the District, annual debt service payments of approximately \$1,660,054.16 would be required to pay off the loan. The actual debt service payments will depend on the timing and amount of loan funds accessed throughout the project construction period. The 2024A Bonds are secured by a pledge of net revenues of the District's utility system and are thus to be repaid through rate revenues collected from utility customers of the District. Under the terms of Contract CW2401, the principal of the 2024B Bond in the maximum principal amount of \$368,300 will be forgiven when advanced.

The District has incurred "cost of issuance" fees related to the two bonds in the amount of \$55,750. These costs represent fees for services provided by the District's Municipal Advisor and Bond Counsel and have been included in the project funding and are reimbursable through the SRF loan.

V. ALTERNATIVES

The Board could choose not to proceed with authorizing the issuance of bonds. This alternative could jeopardize the District's ability to complete the Effluent Pipeline project and/or severely impact the project schedule.

VI. COMMENTS

The SRF Loans recommended for approval as part of this agenda item are available to the District on a reimbursement basis and, as such, resulting debt service payments will apply only to loan funds accessed by the District.

The SRF program provides subsidized loans at significantly reduced interest rates, in comparison to interest rates available in the municipal bond market.

VII. BUSINESS IMPACT/BENEFIT

Not Applicable

VIII. ATTACHMENTS

- 1. BONDRES 2024 AB sewer IVGID-SRF (57812545v2)

IX. DECISION POINTS NEEDED FROM THE BOARD OF TRUSTEES

Consider approval of **Resolution No. 1906**, authorizing the issuance of Sewer Bonds Series 2024A and 2024B (principal forgiveness), related to the SRF loans

supporting the Effluent Pipeline project.

Summary - A resolution authorizing the issuance by the Incline Village General Improvement District, Nevada, of its Sewer Bond, Series 2024A in the maximum aggregate principal amount of \$36,371,700 and Series 2024B in the maximum aggregate principal amount of \$368,300 and providing other matters relating thereto.

RESOLUTION 1906

A RESOLUTION OF THE BOARD OF TRUSTEES OF THE INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT, NEVADA, PROVIDING FOR THE ISSUANCE OF ITS SEWER BOND, SERIES 2024A, IN THE MAXIMUM AGGREGATE PRINCIPAL AMOUNT OF \$36,371,700 AND ITS SEWER BOND, SERIES 2024B, IN THE MAXIMUM AGGREGATE PRINCIPAL AMOUNT OF \$368,300; PROVIDING THE FORM, TERMS AND CONDITIONS THEREOF; SECURING PAYMENT OF THE BONDS BY A PLEDGE OF REVENUES DERIVED FROM THE UTILITY SYSTEM OF WHICH THE FINANCED PROJECT IS A PART; RATIFYING ACTION PREVIOUSLY TAKEN TOWARD THE ISSUANCE OF THE BONDS; AND PROVIDING OTHER MATTERS RELATING THERETO.

WHEREAS, the Incline Village General Improvement District in the State of Nevada (the "District" and the "State," respectively) is a political subdivision of the State duly incorporated as a general improvement district under the provisions of Chapter 318 (the "Project Act") of the Nevada Revised Statutes (the "NRS"); and

WHEREAS, the District now owns and operates a water system and sewer system and is responsible for municipal trash collection in the District (the "Utility System"); and

WHEREAS, the Board of Trustees of the District (the "Board") has determined and hereby declares that the public interest, health and welfare necessitates making certain improvements to the Utility System by constructing, reconstructing, improving, and extending facilities pertaining to the sewer system (the "Project"); and to issue and sell sewer revenue bonds of the District to defray, in whole or in part, the cost of the Project; and

WHEREAS, pursuant to the Project Act, NRS chapter 350 and all laws amendatory thereof which includes the Local Government Securities Laws, being Sections 350.500 through 350.720, NRS, and all laws amendatory thereof (the "Bond Act"), the

District is authorized to borrow money and to issue revenue bonds of the District for the purpose of defraying wholly or in part the cost of the Project; and

WHEREAS, the Board is therefore authorized by the Project Act, the Bond Act and NRS 350.020, without any further preliminaries:

(A) To commence the Project;

(B) To issue and sell the District's registered, negotiable Sewer Bond, Series 2024A in the maximum aggregate principal amount of \$36,371,700 (the "2024A Bond") and Sewer Bond, Series 2024B in the maximum aggregate principal amount of \$368,300 (the "2024B Bond" and together with the 2024A Bond, the "Bonds" or the "Municipal Securities") for the Project; and

(C) To exercise the incidental powers provided in the Bond Act in connection with the powers authorized therein; and

WHEREAS, the District requested the Director of the Department of Conservation and Natural Resources as Administrator of the State of Nevada Account to Finance the Construction of Treatment Works and the Implementation of Pollution Control Projects (the "Director" and "Revolving Fund," respectively), under NRS 445A.060 to 445A.160, inclusive (the "State Project Act"), to make loans to the Authority by purchasing the Municipal Securities in the maximum principal amount of \$36,740,000; and

WHEREAS, the Director, upon approval of the Director of the Office of Finance, Office of the Governor, authorized loans to the Authority in the maximum principal amount of \$36,740,000; and

WHEREAS, Section 32 of the Act, NRS 350.105 to 350.195, inclusive, and the State Project Act permit Municipal Securities to be sold at private sale to the State; and

WHEREAS, after private negotiation pursuant to the Bond Act and the Project Act, the Board has determined to sell its Municipal Securities designated as the 2024A Bond in the maximum principal amount of \$36,371,700 and the 2024B Bond in the maximum principal amount of \$368,300 to the State for a price equal to the principal amount thereof, and otherwise upon the terms provided below; and

WHEREAS, the effective interest rate on the Bonds does not exceed by more than 3% the "Index of Revenue Bonds" which was most recently published in The Bond Buyer before a negotiated offer was accepted for the Bonds; and

WHEREAS, the District has previously issued its Superior Securities and Parity Securities (as defined herein) which are payable from and secured by liens on the Net Revenues; 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 Bond; and

(B) Each of the limitations and other conditions to the issuance of the Bond in the Project Act, the Bond Act and in any other relevant act of the State or the Federal Government, has been met; and pursuant to NRS 350.708 of the 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; and

(C) This Resolution pertains to the sale, issuance and payment of the Bond; this declaration shall be conclusive in the absence of fraud or gross abuse of discretion in accordance with the provisions of NRS 350.579(2).

NOW, THEREFORE, THE BOARD OF TRUSTEES OF THE INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT, NEVADA, DOES RESOLVE:

SECTION 1. **Short Title**. This Resolution shall be known and may be cited as the "2024AB Sewer Bond Resolution."

SECTION 2. **Definitions**. The terms in this section and in the preambles hereof 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:

"2004 Bonds" means the "Incline Village General Improvement District, General Obligation (Limited Tax) Water Bonds (Additionally Secured by Pledged Revenues), Series 2004".

"2006 Bonds" means the "Incline Village General Improvement District, General Obligation (Limited Tax) Sewer Bonds (Additionally Secured by Pledged Revenues), Series 2006".

"2012 Bonds" means the "Incline Village General Improvement District, General Obligation (Limited Tax) Water Bond (Additionally Secured by Pledged Revenues), Series 2012".

"2023A Bond" means the "Incline Village General Improvement District, Nevada, Sewer Bond, Series 2023A" issued hereunder in the maximum principal amount of \$15,760,000.

"2024A Bond" means the "Incline Village General Improvement District, Nevada, Sewer Bond, Series 2024A" issued hereunder in the maximum principal amount of \$36,371,700.

"2024B Bond" means the "Incline Village General Improvement District, Nevada, Sewer Bond, Series 2024B" issued hereunder in the maximum principal amount of \$368,300 which is a principal forgiveness bond.

"Bonds" means the 2024A Bond and the 2024B Bond.

"Bond Fund" means the two separate accounts designated as the "Incline Village General Improvement District, Nevada, Sewer Bond, Series 2024, Interest Account" (the "Interest Account") and the "Incline Village General Improvement District, Nevada, Sewer Bond, Series 2024, Principal Account" (the "Principal Account") created herein.

"Bond Requirements" means the payment of the principal, interest and any prior redemption premiums due in connection with the Bond.

"Bond Year" means the 12 month period commencing on July 1 of a calendar year and ending on June 30 of the following calendar year.

"Commercial Bank" means a state or national bank or trust company which is a member of the Federal Deposit Insurance Corporation.

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

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

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

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

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

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

(f) The costs of contingencies;

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

(h) The costs of amending any resolution or other instrument authorizing the issuance of or otherwise appertaining to outstanding bonds or other securities of the District;

(i) The costs of funding any medium-term financing, construction loans and other temporary loans of not exceeding ten 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;

(l) The administrative expenses and costs of the State Treasurer through the Department of Conservation and Natural Resources relevant to its making a loan for the Project; and

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

"Department" means the State of Nevada Department of Conservation and Natural Resources acting by and through the Nevada Division of Environmental Protection.

"Director" means the Director of the Department of Conservation and Natural Resources as Administrator of the State of Nevada Account to Finance the Construction of Treatment Works and the Implementation of Pollution Control Projects.

"Director of Finance" means the Director of Finance of the District and the de jure or de facto chief financial officer of the District, interim or 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.

"Gross Revenues" means all income and revenues derived directly or indirectly by the District from the operation and use and otherwise pertaining to the Utility System or any part thereof, whether resulting from repairs, enlargements, extensions, betterments or other improvements to the Utility System, or otherwise, and includes all revenues received by the District from the Utility System, including, without limitation, all fees, rates, and other charges for the use of the Utility System, or for any service rendered by the District in the operation thereof, directly or indirectly, the availability of any such service or the sale or other disposal of any commodity derived therefrom, but excluding any moneys borrowed and used for the acquisition of capital improvements and any moneys received as grants, appropriations or gifts from the United States, the State or other sources, the use of which is limited by the grantor or donor to the construction of capital improvements for the Utility System, except to the extent any such moneys shall be received as payments for the use of the Utility System, services rendered thereby, the availability of any such service or the disposal of any such commodities. "Gross Revenues" shall also include all income or other gain from the investment of such income and revenues and of the proceeds of securities payable from Gross Revenues or Net Revenues.

"2024A Loan Contract" means the loan agreement between the Department and the District concerning the 2024A Bond.

"2024B Loan Contract" means the loan agreement between the Department and the District concerning the 2024B Bond.

"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 Utility System, including, without limitation:

- (a) engineering, auditing, reporting, legal and other overhead expenses relating to the administration, operation and maintenance of the Utility System;
- (b) fidelity bond and property and liability insurance premiums pertaining to the Utility System or a reasonably

allocable share of a premium of any blanket bond or policy pertaining to the Utility System;

(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 Utility System, revenues therefrom or the District's income from or operations of any properties under its control and pertaining to the Utility System, or any privilege in connection with the Utility System or its operations;

(e) the reasonable charges of any Paying Agent or Registrar and any depository bank pertaining to the Bond or any other securities payable from Gross Revenues or otherwise pertaining to the Utility System;

(f) contractual services, professional services, salaries, other administrative expenses and costs of materials, supplies, repairs and labor pertaining to the Utility System or to the issuance of the Bond, or any other securities relating to the Utility System, 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 Utility System;

(i) any lawful refunds of any Gross Revenues; and

(j) all other administrative, general and commercial expenses pertaining to the Utility System, including payment of any amounts due the United States under Section 148(f) of the Tax Code in connection with any securities payable from revenues of

the Utility System in such amounts as are required to meet the District's obligations under Section 148(f) of the Tax Code;

but excluding:

- (i) any allowance for depreciation;
- (ii) any costs of extensions, enlargements, betterments and other improvements, or any combination thereof;
- (iii) any reserves for major capital replacements, other than normal repairs;
- (iv) any reserves for operation, maintenance or repair of the Utility System;
- (v) any allowance for the redemption of any Bond or other security or 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 any existing facilities, or any combination thereof, pertaining to the Utility System, or otherwise; and
- (vii) any liabilities imposed on the District for any ground of legal liability not based on contract, including, without limitation, negligence in the operation of the Utility System.

"Outstanding" when used with reference to the Bond 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 theretofore been deposited with a trust bank in escrow or in trust for that purpose, as provided in Section 56 hereof; 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 the 2024A Bond, the 2024B Bond, the 2023A Bond, the 2012 Bond, the 2006 Bonds and the 2004 Bonds and any other securities of the District pertaining to the Utility System and payable from and secured by Net Revenues on a parity with the Bond, to the extent issued in accordance with the terms, conditions and limitations hereof.

"Paying Agent" means the District Director of Finance or any successor thereto as paying agent for the Bond 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.

"Purchaser" means the State of Nevada, acting by and through the Director of the Department of Conservation and Natural Resources as Administrator of the Account to Finance the Construction of the Treatment Works and Implementation of Pollution Control Projects of the State of Nevada.

"Redemption Date" means a date fixed for the redemption prior to the respective maturities of any Bond 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 accrued interest thereon to the Redemption Date 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 Director of Finance of the District or any successor thereto as registrar for the Bond appointed by the Board.

"Reserve Account" means the "Incline Village General Improvement District, Nevada, Sewer Bond, Series 2024, Reserve Account" created herein.

"Revenue Fund" means the means the "Incline Village General Improvement District Utility Facilities Revenue Fund" heretofore created and continued herein in Section 37 hereof.

"Revolving Fund" means the Account to Finance the Construction of Treatment Works and the Implementation of Pollution Control Projects of the State of Nevada created by NRS 445A.120.

"Single Bond" means the single registered, negotiable sewer bond for each of the 2024A Bond and the 2024B Bond in lieu of serial bonds.

"Subordinate Securities" means securities of the District pertaining to the Utility System and payable from and secured by Net Revenues subordinate and junior to the pledge thereof to the Bond, to the extent issued in accordance with the terms, conditions and limitations hereof.

"Superior Securities" means any securities of the District hereafter issued pertaining to the Utility System and payable from and secured by Net Revenues superior and senior to the pledge thereof to the Bond.

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

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

"Utility System" means the trash collection, water system and sewer system of the District, consisting of all properties, real, personal, mixed or otherwise, now owned or hereafter acquired by the District through purchase, construction or otherwise, and used in connection with such systems of the District, and in any way pertaining thereto, whether or not located within or without or both within and without the boundaries of the District, including, without limitation, machinery, apparatus, structures, buildings and related or appurtenant furniture, fixtures and other equipment, as such systems are from time to time extended, bettered or otherwise improved, or any combination thereof.

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. **Sale of Bond and Approval of Loan Contract.** The sale of the Bond to the State on the terms provided herein and in accordance with the Loan Contract, to be executed by the General Manager on behalf of the District, is hereby approved and accepted in substantially the form as is now on file in the office of the District, with such changes as are approved by the General Manager, whose execution thereof shall constitute conclusive evidence of the approval of such changes.

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 Bond 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 acquired with the 2024A Bond is not less than 31 years; and

B. The 2024A Bond shall mature at such time or times not exceeding such estimated life or estimated period of usefulness.

SECTION 6. **Necessity of Project and Bond.** It is necessary and in the best interests of the Board, 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 Bond 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 Bond 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 Bond.

SECTION 9. **Bond Equally Secured.** The covenants and agreements herein set forth to be performed shall be for the equal benefit, protection and security of the owner 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. **Special Obligations.** The Bonds, as to the Bond Requirements, shall constitute special revenue obligations of the District. The Bond Requirements shall be paid only from Net Revenues of the Utility System of which the Project is a part (the "Pledged Revenues").

SECTION 11. **Limitations upon Security.** The payment of the Bond is not secured by an encumbrance, mortgage or other pledge of property of the District, except for the Net Revenues 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 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 Bond 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, Sewer Bond, Series 2024A", in the maximum principal amount of \$36,371,700 (the "2024A Bond") and its "Incline Village General Improvement District, Nevada, Sewer Bond, Series 2024B", in the maximum principal amount of \$368,300 (the "2024B Bond"). The State has requested, and the District has agreed, that the obligation of the District hereunder shall be represented in the form of a single, registered, negotiable sewer bond for each series.

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 Section 149 of the Tax Code, and the regulations of the Secretary of the Treasury thereunder. The Bonds shall be dated initially as of the date of delivery thereof to the State, and shall be each issued as a single bond in the maximum principal amount of \$36,371,700 for the 2024A Bond and \$368,300 for the 2024B

Bond. The District's indebtedness as represented by the Bonds shall be \$36,740,000 or such lesser amount as shall represent the aggregate principal amount advanced under the applicable Loan Contract as shown on the principal advance panel attached to each Bond. The 2024B Bond may be issued in one series or more and shall be issued and the principal amount forgiven by the Department pursuant to the Department's loan forgiveness program on the date of issue of the 2024B Bond under the 2024B Loan Contract. The Bond shall bear interest (calculated on the basis of a 360 day year consisting of twelve 30 day months) at the rate set forth in the 2024A Loan Contract on the unpaid principal amount advanced from the date or dates of each advance until the principal thereof is paid in full. Interest payments on the 2024A Bond shall be payable semiannually on January 1 and July 1 of each year commencing on the January 1 or July 1 immediately succeeding the date of the first principal advance made to the District under the 2024A Loan Contract. Principal payments under the 2024A Bond shall be made semiannually on January 1 and July 1, commencing on the first January 1 or July 1 immediately following the date the District draws the maximum principal amount authorized (i.e. \$36,371,700) under the 2024A Loan Contract, the date the District completes the Project, or three years from the date of the initial principal advance under the Loan Contract, whichever occurs first. The amount of principal and interest payments shall be substantially in the amounts set forth in the 2024A Loan Contract, provided that the principal and interest payments shall be structured so as to produce payments substantially consistent in amount from payment date to payment date and which shall amortize the outstanding principal amount of the 2024A Bond as set forth in the 2024A Loan Contract.

If a Bond is reissued upon replacement, it 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 advance to the District under the applicable Loan Contract. The installments of principal and interest on the Bond shall be paid by check or warrant made to the order of the registered owner of the Bond and mailed to the address of the registered owner shown on the registration records kept by the Director of Finance, acting in the capacity as registrar for the Bond (the "Registrar") as of the close of business on the day immediately prior to such payment date, or if such date is not a business day, on or before the next succeeding business day. So long as the State is the registered owner, such payment shall be made by depositing with the State Treasurer, not later than the principal or interest payment date, the amount coming due on

the 2024A Bond on such date, or if such payment date is not a business day, on or before the next succeeding business day, immediately available funds in an amount sufficient to make the payment then due. The final installment of principal on the 2024A Bond whether at maturity or prior redemption (if the State consents to such prior redemption), shall be made only on presentation and surrender of the 2024A Bond, as provided in Section 22 hereof, at the office of the Paying Agent. If any installment of principal shall not be paid when due, interest shall continue to accrue at the rate set forth in the 2024A Loan Contract until the principal thereof is paid in full, plus a penalty in the amount of one-tenth of one percent (0.1%) will be due for each day of nonpayment commencing 10 days after the maturity date of that principal installment. The Paying Agent may make payments of interest on the 2024A Bond by such alternative means as may be mutually agreed to between the owner of such 2024A 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 or Prepayment Option.** The 2024A Bond, or portions thereof, are subject to redemption prior to the respective maturities of the installments of principal, in whole or in part, at the option of the District at a price equal to the principal amount of the 2024A Bond or portion thereof, so prepaid and the accrued interest thereon to the Redemption Date; provided that (i) the State consents in writing to such prepayment, or (ii) a change in use of the facilities financed by the 2024A Bond occurs which change in use necessitates remedial action under Treas. Reg. 1.141-12 in order to comply with the covenant in Section 55 hereof. If all or a portion of the principal of the 2024A Bond is so called for prior redemption, no payment of the principal of or interest on the 2024A Bond due on or after the date fixed for redemption shall be made unless the 2024A Bond is presented to the Paying Agent and notation of the installments of principal redeemed is made on such Bond.

Unless waived by the owner of the 2024A Bond, notice of prepayment shall be given by the Registrar, by first class, postage prepaid mail, at least 30 days prior to the date fixed for prepayment to the registered owner of the 2024A Bond at the address as it last appears on the registration records kept by the Registrar. Actual receipt of mailed notice by the registered owner shall not be a condition precedent to prepayment. A certificate by the Registrar that notice of prepayment has been given as provided in this Section shall be conclusive as against all

parties; and no owner may object thereto or may object to the cessation of interest on the prepayment date on the ground that he failed actually to receive such notice of prepayment.

Notwithstanding the provisions of this Section, any notice of prepayment may contain a statement that the prepayment is conditional upon the receipt by the Paying Agent of funds on or before the date fixed for prepayment sufficient to pay the redemption price of the installments of principal of the 2024A Bond so called for prepayment, and that if such funds are not available, such prepayment shall be cancelled by written notice to the owner of the 2024A Bond called for prepayment in the same manner as the original prepayment notice was given.

SECTION 16. **Compliance with Federal and State Laws.** The District agrees that it will, at all times that the Bonds are outstanding, comply with and require its contractors and subcontractors to comply with all applicable federal and state laws, rules, guidelines, regulations and requirements. The District covenants that it will comply with the requirements of the 40 CFR Part 31 and comply with, implement and fulfill all environmental mitigation measures committed to by the District as a part of its request to the Administrator for financing from the Revolving Fund.

SECTION 17. **Registration of Bonds.**

A. Records for the registration of the Bonds shall be kept by the Registrar. 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; 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 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.

B. 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. If such lost, stolen, destroyed or mutilated Bond shall have matured or shall have been called for redemption, the Registrar may direct that such Bond be paid by the Paying Agent in lieu of replacement.

C. Whenever any Bond shall be surrendered to the Paying Agent upon payment thereof, or to the Registrar for 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 District.

D. The Registrar shall maintain at her office a registration record for the Single Bond showing the name and address of the registered owner and the amounts and dates of any principal prepayments on the Single Bond.

SECTION 18. Execution and Authentication.

A. The Bond shall be approved, signed and executed in the name of and on behalf of the District with the manual or electronic signature of the Chairman, shall be countersigned and executed with the manual or electronic signature of the District Treasurer, and shall bear a manual or electronic impression of the official seal of the District attested with the manual or electronic signature of the Secretary.

B. 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 Bond initially delivered pursuant to this Resolution, the Registrar shall be deemed to have assented to all of the provisions of this Resolution.

C. The Chairman, the District Treasurer and the Secretary are hereby authorized and directed to prepare and to execute the Bond as herein provided.

SECTION 19. Use of Predecessor's Signature. The Bond bearing the signatures of the officers in office at the time of the execution of the Bonds shall be a valid and binding obligation of the District, notwithstanding that before its delivery any or all of the persons who executed it shall have ceased to fill their respective offices. The Chairman, the District Treasurer, and the Secretary at the time of the execution of a signature certificate relating to the Bonds, may each adopt as and for such officer's own facsimile signature the signature of his predecessor in office if such signature appears upon the Bonds.

SECTION 20. 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 its issuance.

SECTION 21. 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

the provisions of chapter 375A of NRS and the tax on generation skipping transfers imposed pursuant to chapter 375B of NRS.

SECTION 22. **Use of Single Bond.** Each Bond shall be evidenced by a single registered Bond, which Bond shall be manually or electronically signed and executed in the name of and on behalf of the District by the Chairman, countersigned and manually or electronically subscribed by the District Treasurer, with the seal of the District affixed thereto and attested and manually or electronically signed by the Secretary. So long as the State is the registered owner, payment of principal and interest shall be made by depositing with the State Treasurer, on or before such payment date, or if such payment date is not a business day, on or before the next succeeding business day, immediately available funds in an amount sufficient to make the payment then due. The final installment of principal on the Bond shall be paid only upon surrender of the Bond at the office of the Paying Agent. If the State Treasurer consents to a portion of principal of the 2024A Bond being called for prior redemption, no payment of the principal or redemption price of or interest on the 2024A Bond, due on or after the date fixed for redemption shall be made unless the 2024A Bond is presented to the Paying Agent and notation of the installments of principal so called for prior redemption is made on such 2024A Bond. The Bonds must be registered in the name of its owner and may be assigned by the registered owner in the manner and with the effect set forth in the provisions for registration contained in the form thereof hereinafter set forth. The District shall pay to the State such amounts as are necessary to pay the District's share of the State's costs of administration for the loans to fund the Bonds.

The District Director of Finance shall act as Registrar and Paying Agent and shall maintain at his office registration records for the Bond showing the name and address of the registered owner and the amounts and dates of any principal prepayments on the Bond.

SECTION 23. **Form of the Bond.** The Bond shall be in substantially the following form, said form to be completed with necessary or appropriate variations, insertions, omissions, or endorsements consistent with the provisions of this Resolution:

(Form of Single Bond)

TRANSFER OF THIS BOND OTHER THAN BY REGISTRATION IS NOT EFFECTIVE

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT, NEVADA
SEWER BOND
SERIES 2024[A][B]**

No. R-1 **MAXIMUM PRINCIPAL AMOUNT: [\$36,371,700.00]**
[368,300.00]

LOAN CONTRACT NO. _____

Incline Village General Improvement District (the "District"), in the State of Nevada (the "State") for value received hereby acknowledges itself to be indebted and promises to pay to the State of Nevada, c/o the State Treasurer, for deposit to the Account to Finance the Construction of Treatment Works and the Implementation of Pollution Control Projects (the "Revolving Fund") the maximum principal amount of

_____ **DOLLARS (\$_____ .00)**

or such lesser amount as shall represent the aggregate principal amount advanced under the State Water Pollution Control Revolving Fund Loan Contract (the "Loan Contract") between the District and the State of Nevada Department of Conservation and Natural Resources, as is hereby required to be shown by the District Director of Finance, acting as registrar (the "Registrar"), on the principal advance panel appended hereto, in installments of principal in the amounts and dates to be determined in accordance with the Loan Contract and pursuant to the resolution duly adopted by the Board of Trustees (the "Board") of the District on _____, 2023 (the "Resolution") (unless the State Treasurer consents to prepayment and such prepayment is noted on the Prepayment Panel appended hereto) in lawful money of the United States of America, together with interest on the unpaid advances of principal until payment of such advances of principal shall have been discharged as provided in the Resolution, said interest being payable on January 1 and July 1 of each year immediately succeeding the date of the first advance, and said installments of principal bearing interest at the rate of _____% per annum (calculated on the basis of a 360 day year consisting of twelve 30 day months), as set forth in the Loan Contract, and being payable on January 1 and July 1 of the years and in the amounts and at the times designated in the Loan Contract and the Resolution.

[For 2024B Bond: The 2024B Bond is issued in the principal amount of \$368,300.00 and the principal amount shall be forgiven by the Department pursuant to the Department's loan forgiveness program on the date of issue of the 2018B Bond under the 2018B Loan Contract and the 2024B Bond shall bear no interest.]

The principal and interest due in connection with this Bond (the "Bond Requirements") are payable by check, draft or warrant made to the order of the registered owner hereof and mailed by the Director of Finance of the District or any interim or successor thereto as paying agent for this Bond (the "Paying Agent") to the address shown on the registration

records of the Director of Finance of the District or any successor thereto as registrar for the Bond (the "Registrar"). So long as the State is the registered owner, payment of the Bond Requirements shall be made by depositing with the State Treasurer, on or before any principal or interest payment date or prior redemption date, the amount coming due on such payment date by electronic transfer in immediately available funds. If any payment date is not a business day, payment may be made on or before the next succeeding business day. If payment of any installment of principal of this Bond is not made when due, interest on such installment shall continue at the interest rate specified for such installment in the Ordinance until such principal installment is paid in full, plus a penalty in the amount of one-tenth of one percent (0.1%) will be due for each day of nonpayment commencing 10 days after the maturity date of that principal installment. The final installment of principal on this Bond is payable only on presentation and surrender of this Bond at the office of the Paying Agent.

This Bond is a duly authorized bond of the District issued in the maximum principal amount of _____ Dollars (\$_____.00) (the "Bond") to defray, in part, the cost of constructing, reconstructing, improving, and extending facilities pertaining to the sewer system for the District and all appurtenances thereto (the "Project") under the authority of and in full compliance with the constitution and laws of the State.

This Bond is issued pursuant to Nevada Revised Statutes ("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"); pursuant to NRS Chapter 318 (the "Project Act"), and pursuant to NRS chapter 348. Pursuant to NRS 350.628, this recital is conclusive evidence of the validity of the Bond and the regularity of its issuance; and pursuant to NRS 350.710, the Bond, its 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 the provisions of Chapter 375B of NRS.

If a prepayment is made on this Bond, upon consent of the State Treasurer as specified in the Resolution, interest shall cease to accrue on the amount prepaid from and after the date fixed for prepayment. If a portion of the principal of this Bond is called for prepayment, no payment of the principal of, interest on or any prior redemption premium due in connection with this Bond due on and after the prepayment date shall be made unless this Bond is presented to the Paying Agent and notation of the installments of principal so called for prepayment is made on Prepayment Panel appended hereto.

It is hereby certified and recited that all of the requirements of law have been fully complied with by the proper officers of the District in the issuance of this Bond.

Payment of the principal of and interest on this Bond is 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 Utility System of the District of which the Project is a part, consisting of all properties, real, personal, mixed or otherwise, now owned or hereafter acquired by the District, through purchase, construction or otherwise, and in any way pertaining thereto, whether or not located within or without or both within and without the boundaries of

the District, including, without limitation, machinery, apparatus, structures and buildings, and related or appurtenant furniture, fixtures and other equipment, as such systems are from time to time extended, bettered or otherwise improved, or any combination thereof (herein called the "Utility System"), whether resulting from extension, enlargements, repairs, betterments or other improvements to the Utility System, or otherwise, after provision is made for the payment of all necessary and reasonable operation and maintenance expenses of the Utility System, which Net Revenues are so pledged as more specifically provided in the Resolution.

This Bond is 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 certain outstanding bonds of the District and subject to certain outstanding superior securities of the District (as described in the Resolution). Additional securities may be issued and made payable from the Net Revenues of the Utility System and having a lien thereon superior to, subordinate to or on a parity with such pledge, in each case subject to the conditions of and in accordance with the Resolution. This Bond is also secured by the 2024A Reserve Account (as defined in 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 this Bond, the accounts, funds, or revenues pledged, the nature and extent and manner of enforcement of the pledge, the rights and remedies of the registered owner of this Bond with respect thereto, the terms and conditions upon which this Bond is issued, and a statement of rights, duties, immunities, and obligations of the District, and other rights and remedies of the owner of this Bond.

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 or prior to the respective maturities of the installments of principal or prior redemption of the Bond 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 benefits under the Resolution, or be valid or obligatory for any purpose until the registration panel hereon shall have been manually signed on behalf of the Registrar.

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 any 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 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 waived and released.

IN WITNESS WHEREOF, the Incline Village General Improvement District, Nevada, has caused this Bond to be executed in its name by the manual or electronic signature of its Chairman, to be countersigned by the manual or electronic signature of its District Treasurer,

and attested by the manual or electronic signature of its District Clerk and has caused the seal of the District to be reproduced hereon, all as of December 13, 2023, i.e., the date of delivery of this Bond.

INCLINE VILLAGE GENERAL

Improvement

By _____.
Chairman
Incline Village General
District, Nevada

Countersigned:

(SEAL)

By _____.

Attest:
Improvement

District Treasurer
Incline Village General
District, Nevada

District Clerk
Incline Village General Improvement District, Nevada

(End of Form of Single Bond)

(Form of Registration Panel)

MANDATORY REGISTRATION FOR PAYMENT
AS TO PRINCIPAL AND INTEREST

The within single Bond is registered in the office of the Director of Finance of Incline Village General Improvement District, Nevada, as Registrar in the name of the last owner listed below, and the principal amount of the bond and interest thereon shall be payable only to such owner, all in accordance with the within-mentioned Resolution.

<u>Date of Registration</u>	<u>Name of Owner</u>	<u>Address of Owner</u>	<u>Signature of Registrar</u>
_____	State of Nevada, Treasurer, as Custodian of the Revolving Fund of the State of Nevada	State Treasurer 101 N. Carson Street Suite #4 Carson City, Nevada 89701	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

(End of Form of Registration Panel)

(Form of Principal Prepayment Panel on Single Bond)

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT, NEVADA
SEWER BOND
SERIES 2024[A][B]**

Maximum Principal Amount of \$ _____ 000 Loan Contract No. CW # _____

PREPAYMENT PANEL

The following installments of principal (or portions thereof) of this single Bond have been prepaid by the Incline Village General Improvement District, Nevada, in accordance with the terms of the within-mentioned Resolution.

<u>Date of Prepayment</u>	<u>Due Date of Installments (or portions thereof) Prepaid</u>	<u>Principal Amount Prepaid</u>	<u>Signature of Paying Agent</u>
_____	_____	_____	
_____	_____	_____	
_____	_____	_____	
_____	_____	_____	

(End of Form of Principal Prepayment Panel)

(End of Form of Principal Advance Panel)

SECTION 24. **Delivery of the Single Bonds for Each Series; Deposit of Proceeds.** When the Bonds has been duly executed, the District Treasurer shall cause it to be delivered to the State upon receipt of the agreed purchase price and shall authenticate and register it in the name of the State on the Bond registration records of the Registrar and make notation of such registration on the Single Bond for each series. The District Treasurer shall cause the proceeds of the Bonds to be deposited into a special account hereby created and designated as the "Incline Village General Improvement District, Nevada, Sewer Bond, Series 2024A and B, Acquisition Account" (the "Acquisition Account") to be held by the District. Moneys in the Acquisition Account shall be used solely to defray wholly or in part the Cost of the Project including, without limitation, as provided in NRS 350.516, all costs of issuing the Bonds and other costs and fees associated with the State's administration of the loan related to the Bonds which the Board hereby determines are necessary and desirable and appertain to the Project. After the Project is complete and after all expenses have been paid or 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 Bond Fund hereinafter created to be used to pay the principal of and interest on the Bond.

Upon the date of issuance of the 2024A Bond, the District shall deposit to the Reserve Account from legally available funds of the District, if necessary to meet the Minimum Reserve (as defined below), an amount not greater than 10 percent of each principal advance under the 2024A Loan Contract, into a separate account hereby created to be known as the "Incline Village General Improvement District, Nevada, Sewer Bond, Series 2024A, Reserve Account" (the "Reserve Account"). The Reserve Account shall be maintained in an amount equal to 10 percent of the maximum principal amount of the 2024A Bond, the average annual debt service on the 2024A Bond or the maximum annual debt service on the 2024A Bond, whichever is less (the "Minimum Reserve"), which Minimum Reserve may be based on estimates determined by the District with the consent of the State Treasurer until the earlier of the completion of the Project or the advance of the maximum principal amount of the 2024A Bond. The Reserve Account shall be evaluated, held and maintained as provided in Section 39C hereof.

SECTION 25. **Completion of Project.** The District, with the proceeds derived from the sale of the Bonds, shall proceed to complete the Project with due diligence.

SECTION 26. **Use of Investment Gain.** Pursuant to NRS 350.658, and except as may otherwise be required herein, 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 to defray, in part, the Cost of the Project or, if adequate provision has been made for the Project, into the Bond Fund, for the respective payment of the principal of or interest on the Bonds or any combination thereof.

SECTION 27. **Prevention of Bond Default.** Subject to the provisions of this Resolution, the Director of Finance shall use any Bond proceeds credited to the Acquisition Account, without further order or warrant, to pay the Bond Requirements of the Bonds as the same become due whenever and to the extent moneys 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 relating to the Project. The Director of Finance shall promptly notify the Board of any such use.

SECTION 28. **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 State shall not 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 29. **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 pledged to secure the payment of principal of and interest on the Bonds in accordance with its terms and the provisions of this Resolution, all of the Net Revenues. This pledge shall be valid and binding from and after the date of the delivery to the State of the Single Bonds. 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 the Superior Securities and as herein otherwise provided. The lien on this pledge for payment on the Bonds, the Outstanding Parity Securities and any Parity Securities hereafter issued shall be ratably and equitably secured by the pledge of the Net Revenues hereunder. The Bonds, the Outstanding Parity Securities and any Parity Securities hereafter issued are not entitled to any priority one over the other in the application of the Net Revenues.

SECTION 30. **Revenue Fund**. So long as the Bond 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 heretofore created and designated as the "Incline Village General Improvement District Utility Facilities Revenue Fund" (the "Revenue Fund"), and the Revenue Fund shall be administered and the moneys on deposit therein shall be applied in the order of priority specified in Sections 38 through 42 hereof.

SECTION 31. **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 Utility System 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 39. **Bond Funds and Reserve Funds**.

A. **Superior Securities Bond Fund**. Second, from any moneys thereafter remaining in the Revenue Fund, i.e., from the Net Revenues, there shall continue to be transferred and credited to the bond fund for any Superior Securities concurrently with transfers to any bond fund created to pay the bond requirements of any Superior Securities hereafter issued:

1. Monthly, commencing on each interest payment date, one sixth of the amount necessary to pay the next maturing installment of interest on any Outstanding Superior Securities, except to the extent any other moneys are available therefor.

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

B. **Reserve Fund for Superior Securities.** Third, after the aforementioned deposits, and from the Net Revenues there shall be transferred and credited to any debt service reserve funds established for any Superior Securities hereafter issued, such amounts as are required to be deposited to the such reserve funds to maintain the reasonably required reserve requirements as defined in the bond resolutions authorizing such Superior Securities.

C. **Parity Securities Bond Funds and Reserve Accounts.** Fourth, from any monies thereafter remaining in the Revenue Fund there shall be transferred and credited to the Bond Fund, concurrently with transfers to any bond funds created to pay the bond requirements of any Parity Securities heretofore or hereafter issued, monthly, commencing the first day of the month immediately succeeding the delivery date of the Bond, an amount in substantially equal monthly installments necessary, together with any other moneys from time to time available therefor from whatever source, to pay the next maturing installments of principal and interest on the Bond and any Parity Securities heretofore or hereafter issued. The money credited to the Bond Fund shall be used to pay the Bond Requirements of the Bond and any Parity Securities as such Bond Requirements become due.

After the aforementioned deposits in the immediately preceding paragraph, and 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, Nevada, Sewer Bond, Series 2024A, Reserve Account" (the "2024A Reserve Account"), concurrently with any transfers required to be made to any other debt service reserve funds established for any Parity Securities hereafter issued, such amounts as are required to be deposited to the 2024 Reserve Account to maintain, so long as the 2024A Bonds are Outstanding, the Minimum Reserve Requirement, or such other minimum reserve requirement that may hereafter be reasonably required in a resolution authorizing the issuance of Parity Securities.

After the earlier of completion of the Project or advance of the maximum principal amount of the 2024A Bond, amounts shall be deposited annually from the Revenue Fund or other legally available monies of the District into the Reserve Account sufficient to maintain the

Reserve Account in an amount not less than the Minimum Reserve. The Reserve Account shall be held for the account of the District by the State Treasurer in the Local Government Investment Pool. Amounts on deposit in the Reserve Account shall be evaluated for compliance with the Minimum Reserve:

(i) on the delivery date of the 2024A Bond based on estimates of the Minimum Reserve determined by the District with the consent of the State Treasurer,

(ii) on the date that 75% of the maximum principal amount of the 2024A Bond has been advanced based on estimates of the Minimum Reserve determined by the District with the consent of the State Treasurer,

(iii) upon completion of the Project or the advance of the maximum principal amount of the 2024A Bond, whichever is earlier, and

(iv) after the earliest to occur of completion of the Project or the advance of the maximum principal amount of the 2024A Bond, annually on the anniversary of the date of delivery of the 2024A Bond.

In the event that, on any principal or interest payment date for the 2024A Bond, the amount on deposit in the Bond Fund shall be less than the amount coming due on the 2024A Bond on such payment date, an amount equal to such deficiency shall be transferred by the District from the Reserve Account to the Bond Fund and applied solely for the purpose of paying the principal and interest then coming due on the 2024A Bond. Investment income or gain on moneys in the Reserve Account shall be retained in the Reserve Account to the extent necessary to restore the total amount on deposit in the Reserve Account to the Minimum Reserve; otherwise such investment income or gain on moneys in the Reserve Account shall be deposited into the Bond Fund.

SECTION 40. **Rebate Account.** Fifth, from any monies thereafter remaining in the Revenue Fund there shall be transferred and credited to any Rebate Accounts established for the payment of rebates to the United States in accordance with Section 148(f) of the Tax Code for Parity Securities heretofore or hereafter issued, such amounts as are required to be deposited therein to meet the District's obligations under the covenant contained in Section 55 hereof, in accordance with Section 148(f) of the Tax Code. Such deposits shall be made at such times as are required by Section 148(f) of the Tax Code. Any amounts in such Rebate Accounts in excess

of those required to be on deposit therein may be withdrawn therefrom and deposited into the Revenue Fund.

SECTION 41. **Payment of Subordinate Securities.** Sixth, any moneys thereafter remaining in the Revenue Fund may be used by the District for the payment of the principal of and interest on Subordinate Securities and may be used to create reasonable reserves for such securities.

SECTION 42. **Surplus Revenues.** Seventh, at the end of the 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, the remaining Net Revenues may be used for any lawful purposes of the District, as the 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 Utility System, to pay any other obligations pertaining to the Utility System 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 resolutions authorizing the Superior Securities.

SECTION 43. **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 Bond as to all Bond Requirements to their respective maturities both accrued and not accrued, in which case moneys in such fund 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 44. **Equal Security.** The Bonds and any Parity Securities 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 Bond and any Parity Securities.

SECTION 45. **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 equal to the difference between that paid from the Net Revenues and the full amount so stipulated. If Parity Securities are Outstanding, and if the proceedings authorizing issuance of those securities require the replacement of moneys in a bond fund, reserve fund or rebate account 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 Bond and the then Outstanding Parity Securities, as moneys become available therefor, first into all of such bond and reserve funds and second into all such rebate accounts.

SECTION 46. **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 or interest on the Bonds.

(2) The Net Revenues (subject to adjustments as hereinafter provided) projected by the District General Manager, the Director of Finance or an independent accountant 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 Superior Securities, Outstanding Bonds, any 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, the District's Director of Finance, 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 owners of the Bonds. Any finding of the Board 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 Superior Securities if the requirements of this Section are met.

SECTION 47. **Subordinate Securities for the Utility System.** 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.

SECTION 48. **Issuance of Refunding Bonds.**

A. At any time after the Bond, or any part thereof, is issued and remains Outstanding, if the District shall find it desirable to refund any Outstanding Bond or other Outstanding Parity or Subordinate Securities, such Bond or other securities, or any part thereof, may be refunded only if the Bond 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 Gross Revenues is changed (except as provided in subsection D of this Section).

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 Bond).

D. If only a part of the Outstanding Bond 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 Bond 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 46 hereof.

SECTION 49. **Operation of the Utility System.** The District shall at all times operate the Utility System properly and in a sound and economical manner and shall maintain, preserve and keep the Utility System 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 Utility System may be properly and advantageously conducted in conformity with standards customarily followed by municipalities operating Utility Systems of like size and character.

Except for the use of the Utility System or services pertaining thereto in the normal course of business, neither all nor a substantial part of the Utility System shall be sold, leased, mortgaged, pledged, encumbered, alienated or otherwise disposed of until the Bond Requirements of the Bond have been paid in full, or unless provision has been made therefor as hereinafter provided.

SECTION 50. **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 Utility System 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 51. **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 Utility System 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 Utility System 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 Utility System or any part thereof, or upon the Gross Revenues, except the pledge and lien created by this Resolution for the payment of the Bond and any outstanding 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 Utility System 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 52. **No Competing Facilities.** The District shall neither construct nor permit to be constructed other facilities or structures to be operated by the District separate from the Utility System and competing for Gross Revenues otherwise available for the payment of the Bond or any other securities payable from Net Revenues; provided, however, that nothing herein contained shall impair the police powers of the District or otherwise cause the District to violate any applicable law.

SECTION 53. **Rate Covenant.** The District shall charge against users or against purchasers of services or commodities pertaining to the Utility System 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 debt service due in such Fiscal Year on the Outstanding Superior Securities and any Outstanding Parity Securities and an amount equal to 125% of the debt service due in such Fiscal Year on the Outstanding Bond; and

(c) any other amounts payable from the Net Revenues and pertaining to the Utility System, including, without limitation, debt service on any Subordinate Securities and any other securities pertaining to the Utility System, operation and maintenance reserves, capital reserves, including amounts necessary to maintain the Minimum Reserve Requirement at its required level of funding 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 Utility System.

Subject to the foregoing, the District shall cause all fees, rates and other charges pertaining to the Utility System 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 54. **Record and Account.** So long as any of the Bonds remain outstanding, proper records and accounts 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 Utility System and to all moneys pertaining thereto, including, without limitation, the Gross Revenues.

SECTION 55. **Tax Covenant.** The District covenants for the benefit of the owners of the 2024A Bond that it will not take any action or omit to take any action with respect to the Bond, the proceeds thereof, any other funds of the District or any facilities financed with the proceeds of the 2024A Bond if such action or omission (i) would cause the interest on the 2024A Bond 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 2024A Bond to lose its exclusion from alternative minimum taxable income as defined in Section 55(b) of the Tax Code. The

foregoing covenant shall remain in full force and effect notwithstanding the payment in full or defeasance of the 2024A Bond until the date on which all obligations of the District in fulfilling the above covenant under the Tax Code have been met. The District makes no covenant with respect to taxation of interest on the 2024A Bond as a result of the inclusion of that interest in the "adjusted financial statement income" of "applicable corporations" (as defined in Sections 56A and 59(k), respectively, of the Tax Code).

SECTION 56. **Defeasance**. When all Bond Requirements of the Bond have been duly paid, the pledge, the lien, and all obligations hereunder 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, an amount sufficient (including the known minimum yield available for such purpose from the 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 maturities of the Bond, or upon any redemption date as of which the State Treasurer shall have consented to and the District shall have exercised or shall have obligated itself to exercise its prior redemption option by a call of Bond for payment then. The Federal Securities shall become due before the respective times on which the proceeds thereof shall be needed, in accordance with a schedule established and agreed upon between the 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 issuer thereof. When such defeasance is accomplished the Paying Agent shall mail written notice of the defeasance to the registered owners of the Bond at the addresses last shown on the registration records for the Bond maintained by the Registrar.

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, or any prior redemption premium due in connection therewith, or both, is not made when the same becomes due and payable, either at maturity or by proceedings for prior redemption, 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 Utility System, or otherwise, including, without limitation, this Resolution, and such failure continues for 60 days after receipt of notice from the owners of at least 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 Utility System 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 Utility System or for the Net Revenues and any other moneys subject to the lien to secure the payment of the Bonds, or both the Utility System 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 Defaults.** 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 Utility System, 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 and the bond funds established for Parity Bonds, on a pro rata basis. 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 any such owners of Outstanding Bonds shall be subrogated to all rights of the District under any agreement or other contract involving the Utility System 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 Utility System or any Person paying fees, rates or other charges pertaining thereto or to Net Revenues, or to both such Utility System 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 Utility System 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 State Treasurer at the time of the adoption of the amendatory or supplemental instrument, excluding bonds which may then be held or owned for the account of the District, but including such refunding securities as may be issued for the purpose of refunding any of the Bond if the refunding securities are not owned by the District. 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 without the consent of the State Treasurer; or

(b) A reduction in the principal amount of any Bond, the rate of interest thereon, without the consent of the State Treasurer; or

(c) A reduction of the principal amount or percentages or otherwise affecting the description of Bond or the consent of the State Treasurer of which is required for any modification or amendment; or

(d) The establishment of priorities as between Bond 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 State.

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 State Treasurer. 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 District 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 District Secretary an instrument or instruments executed by the State Treasurer 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. Any consent given by the State Treasurer pursuant to the provisions hereof shall be irrevocable.

Any Bond authenticated and delivered after the effective date of any action taken as provided in this Section may bear a notation by endorsement or otherwise in a 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 State Treasurer 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, a new Bond 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 the Bond then outstanding upon surrender of such Bond.

SECTION 1. SECTION 65. **Replacement of Registrar or Paying Agent.** If the Registrar or Paying Agent initially appointed hereunder shall resign, or if the City as directed by the Director of Finance shall determine to replace said Registrar or Paying Agent, the City may, upon notice sent by electronic mail or otherwise, to each Owner of the Bond at such Owner's 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. It shall not be required that the same person or institution serve as both Registrar and Paying Agent hereunder, but the City shall have the right to have the same person or institution serve as both Registrar and Paying Agent. Any successor by merger with the Registrar and Paying Agent is automatically appointed as Registrar and Paying Agent hereunder without any further action of the Council, as long as the successor otherwise is qualified to act as Registrar and Paying Agent pursuant to this section. Any bank, trust company or national banking association into which the Registrar and/or Paying Agent or its successor may be converted, merged or with which it may be consolidated, or to which it may sell or otherwise transfer all or substantially all of its corporate trust business shall be the successor of the Registrar and/or Paying Agent under this Resolution with the same rights, powers, duties and obligations and subject to the same restrictions, limitations, and liabilities as its predecessor, all without the execution or filing of any papers or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

SECTION 66. **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;
- B. The execution of such certificates as may be reasonably required by the State, relating, inter alia,
 - (1) to the signing of the Bonds,
 - (2) to the tenure and identity the officials of the District,

- (5) the exemption of interest on the 2024A Bond from federal income taxation,
 - (6) the delivery of the Bonds and the receipt of the Bond purchase price,
 - (7) the completeness and accuracy of any information provided the State 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 assembly and dissemination of financial and other information concerning the District and the Bonds; and
- D. The execution of the Loan Contracts by the Director of Finance or the General Manager.

SECTION 67. **Implied 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 68. **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.

PASSED, ADOPTED AND APPROVED on December 13, 2023.

INCLINE VILLAGE GENERAL

—

(SEAL)

ATTEST:

Chairman

District Secretary

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 Section 1 thereof by the short title "2024AB Sewer Bond Resolution".

2. The resolution designated above was voted on by the Board at a meeting held on December 13, 2023 as follows:

Those Voting Aye:

Those Voting Nay:

Those Absent:

Those Abstaining:

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. Written notice of the meeting was given pursuant to and in full compliance with NRS 241.020.

6. A copy of the notice so given of the meeting of the Board held on December 13, 2023, is attached to this certificate as Exhibit A.

IN WITNESS WHEREOF, I have hereunto set my hand on December 13, 2023.

—

District

Secretary, Board of Trustees
Incline Village General Improvement

EXHIBIT A

(Attach Copy of December 13, 2023 Meeting Notice)